



<b>Circular Letter (CL) No.</b>	<b>2023-01</b>
<b>Date:</b>	<b>10 January 2023</b>
<b>Amends:</b>	<b>CL No. 2017-40</b>
<b>Supplements:</b>	<b>CL No. 2014-15</b>

**CIRCULAR LETTER**

**TO : ALL INSURANCE AND PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES**

**SUBJECT : CAP ON PENALTY FOR LATE SUBMISSION OF AUDITED ANNUAL REPORTS FOR THE COMPILATION OF THE OTHER FINANCIAL CORPORATION SURVEY**

**WHEREAS**, in line with the objective of the International Monetary Fund (IMF) and Bangko Sentral ng Pilipinas (BSP) to expand the financial sector database, the Insurance Commission (IC) issued Circular Letter (CL) No. 2017-40 dated 11 August 2017 mandating all insurance and pre-need companies authorized to transact business in the Philippines to submit (a) unaudited quarterly reports and (b) audited annual report for the compilation of the Other Financial Corporations Survey (OFCS);

**WHEREAS**, OFCS is a tool to provide a comprehensive measure of the claims (assets) and funding sources (liabilities) of non-bank financial institutions or the Other Financial Corporations (OFS) sub-sector;

**WHEREAS**, CL No. 2017-40 provides that delayed submission of the OFCS reports shall be subject to a penalty of Five Thousand Pesos (Php 5,000.00) for each day of delay;

**WHEREAS**, the IC issued CL No. 2019-07 dated 18 March 2019 entitled “Guidelines and Grounds for the Reduction of Penalties due to Delays in the Submission of Reportorial Requirements” which provides for a thirty percent (30%) reduction of penalty based on the grounds and procedure provided therein;

**WHEREAS**, CL No. 2021-70 dated 10 December 2021 was issued to further allow reduction of penalties up to fifty percent (50%);

**WHEREAS**, the preparation and consolidation of OFCS-Audited Annual Report in CL 2017-40 involve several factors that may not be within the control of the entities concerned;

**WHEREAS**, the continued delay caused by these factors necessarily means higher amount of penalty which may be too burdensome if not unreasonable, and may greatly disrupt or affect the business operation of the entities concerned despite application of CL No. 2021-70;

**WHEREAS**, to obviate the above scenario, there is a need to further rationalize the imposition of penalties for delayed submission of OFCS reports;

**NOW THEREFORE**, pursuant to the powers vested in the Insurance Commissioner by Section 437 (d), (o) and (p) of the Insurance Code, as amended by Republic Act (R.A.) No. 10607; and Section 6 (b), (k) and (n) of R.A. No. 9829, otherwise known as the Pre-Need Code of the Philippines, the penalty provision under CL No. 2017-40 dated 11 August 2017 is hereby amended to read as follows:

**“The penalty for late filing shall be Five Thousand Pesos (Php 5,000.00) for each day of delay pursuant to CL No. 2014-15 dated 15 May 2014.**

**In case of late submission of the OFCS-Audited Annual Report, the Insurance Commission may, upon request of the company in accordance with Section 2 and 3 of Circular Letter No. 2019-07, cap the impossible penalty at Three Hundred Thousand Pesos (Php 300,000.00).**

**Any company availing of the abovementioned cap shall no longer be eligible to apply for the reduction of penalty under Circular Letter No. 2019-07, as amended by Circular Letter No. 2021-70.**

**The foregoing notwithstanding, the company shall not be dispensed with the submission of OFCS reports.**

**A penalty of Five Hundred Pesos (Php 500.00) for every wrong data entry of material information shall likewise be imposed.”**

This amendatory Circular Letter shall take effect immediately. Except as amended and supplemented hereby, all other provisions of Circular Letter Nos. 2014-15 and 2017-40 shall remain effective.

For strict implementation.

**DENNIS B. FUNA**  
Insurance Commissioner

