



Circular Letter No.	<b>2023-05</b>
Date	<b>25 January 2023</b>
Supplements	<b>Circular Letter No. 2019-07</b> <b>Circular Letter No. 2021-70</b>

**CIRCULAR LETTER**

**TO : ALL MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES**

**SUBJECT : CAP ON PENALTY FOR LATE SUBMISSION OF REPORTORIAL REQUIREMENTS OF MUTUAL BENEFIT ASSOCIATIONS**

**WHEREAS**, Section 403 of the Republic Act No. 10607 defines mutual benefit associations as “any society, association or corporation, without capital stock, formed or organized not for profit...”

**WHEREAS**, once a mutual benefit association is issued a valid Certificate of Authority, they are mandated to submit all reportorial requirements of the Insurance Commission from the date of such issuance;

**WHEREAS**, on 15 May 2014, the Insurance Commission issued Circular Letter (CL) No. 2014-15 entitled "Fees and Charges" which penalizes mutual benefit associations, and life and non-life insurance companies, at the same rate on delays in the submission of annual and quarterly reportorial requirements;

**WHEREAS**, on 18 March 2019, this Commission issued CL No. 2019-07 providing the guidelines and grounds for the reduction of penalties due to delays in the submission of reportorial requirements;

**WHEREAS**, on 10 December 2021, this Commission issued CL No. 2021-70 amending CL No. 2019-07 increasing the penalty reduction from thirty percent (30%) to fifty percent (50%);

**WHEREAS**, even with the reduction of penalties incurred by mutual benefit associations, as they are organized not for profit, the same still proved to be burdensome for them;

**WHEREAS**, this Commission further finds the need to limit the amount of imposable penalties against a mutual benefit association's late submission of reportorial requirements as prescribed under CL No. 2014-15.

**NOW, THEREFORE**, and pursuant to the powers vested in the Insurance Commissioner under Section 437 (a), (d), (o) and (p) of Republic Act No. 10607, the following guidelines on the imposition of penalty for late submission of reportorial requirements of mutual benefit associations are hereby promulgated:

**Section 1.** This circular shall apply to the penalties imposed under Item No. VII, paragraphs A, B and D of CL No. 2014-15 (Fees and Charges) and the other circular letters subsequently issued by the Commission which requires the regulated entities' submission of reportorial requirements and imposes penalty for any delay.

**Section 2.** In view of the effects of the ongoing pandemic and the imposition of community quarantine restrictions for the past years, a mutual benefit association which has incurred an aggregate late penalties amounting to more than Three Hundred Thousand Pesos (₱ 300,000.00) relative to the submission of its reportorial requirements *prior to the date of issuance* of this Circular Letter may request for its penalties to be capped at Three Hundred Thousand Pesos (₱ 300,000.00) per year, subject to the same grounds and procedure for reduction of penalties set forth in Sections 2 and 3 of CL No. 2019-07.

**Section 3.** In case of aggregate penalties amounting to more than Three Hundred Thousand Pesos (₱ 300,000.00) for late submission of reportorial requirements incurred *after the effectivity* of this Circular Letter, the Insurance Commission, may, upon request of the MBA concerned, in accordance with Sections 2 and 3 of CL No. 2019-07, cap the aggregate imposable penalty for any given year at Three Hundred Thousand Pesos (₱ 300,000.00).

**Section 4.** Notwithstanding the foregoing, any MBA incurring an aggregate penalty of at least Three Hundred Thousand Pesos (₱ 300,000.00) for a year shall be given a warning, or have their license suspended or revoked, at the discretion of the Insurance Commissioner.

**Section 5.** Any mutual benefit association availing the reliefs under this Circular Letter shall no longer be eligible to apply for reduction of penalty under CL No. 2019-07, as amended by CL No. 2021-70.

**Section 6.** All other provisions of CL No. 2019-07 and CL No. 2021-70 shall remain effective and be read and construed as a single issuance.

**Section 7.** This circular shall take effect immediately.

  
**DENNIS B. FUNA**  
Insurance Commissioner

