



Legal Opinion (LO) No:	2023-11
Date:	27 March 2023

HUMAN RESOURCE DEPARTMENT (HRD)

Unhoop Philippines, Inc. (Unhoop)
 unhoopphils@gmail.com

SUBJECT: Request for Legal Opinion on the Assignment of Health Maintenance Organization (HMO) Benefits

Dear **Unhoop HRD**:

This refers to your email sent on 09 March 2023, and received by the Insurance Commission (Commission) on even date.

In the email, you asked “if it is legal or if there is any policy that the HMO rights of a resigned employee will be passed on to a newly regularized employee. x x x [and] if there are repercussions in line with this policy x x x.”

Per Circular Letter No. 2017-19,¹ both individual² and corporate³ contract provisions contain a standard provision providing for the non-transferability of HMO benefits:

NON-TRANSFERABILITY. All benefits in this Agreement are **not transferable or assignable**, Client may not assign any of its rights or delegate any of its obligations under this Agreement **without the prior written consent of <HMO>**. <HMO> may assign any of its rights or delegate any of its obligations upon written notice to Client. Any purported assignment or delegation in **violation of this Agreement is null and void.**⁴

Based on the above provision, the client, whether individual or corporate, may only be allowed to assign any rights under their HMO Agreement with the prior written consent of the HMO. Any assignment without the HMO's prior written consent is void.

Since the prohibition applies to the client, it becomes imperative to identify who the client is in either contract. In an individual contract, the client is the individual owner (the principal member), who is any person of legal age; while in a corporate contract,

¹ Entitled, “Guidelines on the Approval of HMO Products and Forms.”

² Id., Annex A.

³ Id., Annex B.

⁴ Id., Annex A, X – No. 6; Annex B, XI – No. 6; Emphases supplied.

the client is the corporation, and the employees are the principal members who are given the benefits under the HMO agreement. Accordingly, when the contract is an individual account, the prohibition applies to the individual owner. But when the contract is a corporate account, the prohibition pertains to the corporation, not to the employee-members. The employee-members, nevertheless, have no right to assign their benefits in the HMO Agreement because it is the corporation that holds such a right.

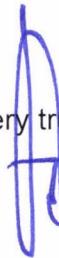
Applying the foregoing, if the account of the retired employee is an individual contract, then he or she is prohibited from assigning any benefits under the HMO agreement unless he or she can obtain prior written consent of the HMO. Now, if the retired employee's HMO is part of Unhoop's HMO employee benefits, then the retired employee has no right to assign the benefits. Meanwhile, Unhoop's HMO employee benefits extend to the newly regularized employee without the need for any assignment because it is the fact of employment that entitles him or her to such benefits.

In all, any policy concerning the assignment of HMO benefits is subject to the provisions of the HMO agreement, which contain the above standard provision. Violation of the said provision is considered void.

Please note that the above opinion rendered by this Commission is based solely on the particular facts disclosed in the query and relevant solely to the particular issues raised therein and shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in other cases whether for similar or dissimilar circumstances.

For your information and guidance.

Very truly yours,



DENNIS B. FUNA
Insurance Commissioner

