



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2016-52
Date:	07 September 2016
Supplements:	CL No. 2014-15 dated 15 May 2014 (Schedule of Fees and Charges)

CIRCULAR LETTER

TO : All Health Maintenance Organizations (HMOs)

SUBJECT : Guidelines on Licensing of HMOs

Pursuant to the authority granted to the Insurance Commission (IC) by Executive Order No. 192, Series of 2015, "Transferring the Regulation and Supervision over Health Maintenance Organizations from the Department of Health to the Insurance Commission, Directing the Implementation Thereof and for Other Purposes", the following **Guidelines on Licensing of HMOs** is hereby issued:

SECTION I. New Applications for Issuance of Certificates of Authority

A. The following are the documentary requirements to be submitted to the Licensing Division of this Commission for new applications for the issuance of Certificates of Authority to operate as an HMO:

1. Letter of intent addressed to the Insurance Commissioner;
2. Articles of Incorporation or Cooperation, as the case may be;
3. Certified true copy of the Certificate of Registration issued by the Securities and Exchange Commission or the Cooperative Development Authority;
4. List of officers and members of the board of directors;
5. If any of the incorporators is an alien, the latter's Alien Certificate of Registration for the current year and/or working visa from the Bureau of Immigration, if applicable;

6. Name, branch and address of the depository bank/s;
7. Waiver in favor of the IC to verify the existence of the capital deposit/s; and,
8. Pre-operational balance sheet.

B. Upon submission of complete documentary requirements, an on-site pre-licensing examination shall be conducted by the Licensing Division upon payment of pre-licensing examination fees of:

1. Php 10,000.00*, if the principal office is within Metro Manila;
2. Php 25,000.00*, if the principal office is in Luzon but outside Metro Manila;
3. Php 40,000.00*, if the principal office is in Visayas; or
4. Php 45,000.00*, if the principal office is in Mindanao.
*Plus 1% legal research fund

C. Upon recommendation of the Licensing Division and approval by the Insurance Commissioner, the applicant shall pay license fees in the amount of Php151,500.00 (inclusive of 1% legal research fund).

D. New Certificates of Authority issued by the Insurance Commissioner upon the effectivity of this Circular shall expire on the last day of December, three (3) years following its date of issuance, and shall be renewable every three (3) years thereafter, subject to the company's continuing compliance with the circulars, memoranda, rulings or decisions of this Commission.

SECTION II. Renewal of Certificates of Authority

A. The following are the documentary requirements to be submitted to the Licensing Division for the renewal of Certificates of Authority to operate as an HMO:

1. Copy of the valid Certificate of Authority issued by the IC or Clearance to Operate issued by the Department of Health (DOH); and,
2. Submission of - (a) list of current members of the board of directors/officers/stockholders; (b) audited financial reports; and, (c) any amendment/change in the documents submitted during its initial application.

B. Upon submission of complete documentary requirements, the applicant shall pay the corresponding renewal fee in the amount of Php151,500.00 (inclusive of 1% legal research fund).

Existing HMOs previously classified by the DOH as community-based¹ shall pay the corresponding renewal fee in the amount of Php45,450.00 (inclusive of 1% legal research fund) subject to the rules and regulations this Commission may issue regarding community-based HMOs.

C. Renewed licenses under this Section shall expire on the last day of December, three (3) years following its date of issuance, and shall be renewable every three (3) years thereafter, subject to the company's continuing compliance with the circulars, memoranda, rulings or decisions of this Commission

SECTION III. Transitory Rules on: (a) Renewal of Certificates of Authority and Clearances to Operate expiring on 31 December 2016; and, (b) Clearances to Operate expiring on 31 December 2017

A. Certificates of Authority and Clearances to Operate expiring on 31 December 2016

1. All Certificates of Authority previously issued by the IC and all Clearances to Operate previously issued by the DOH expiring on 31 December 2016 shall remain valid and effective and may be renewed on or before the said date of expiration subject to the requirements for renewal provided in Section 2 (A) hereof.
2. Those who fail to renew on or before the date of expiration shall be given until 30 June 2017 and shall be treated as late applications for renewal and shall be subject to appropriate penalties (reckoned from 1 January 2017).
3. Those who fail to renew until 30 June 2017 may apply for a certificate of authority and will be treated as new applications starting on the first working day of 2018.

B. Clearances to Operate expiring on 31 December 2017

1. Existing Clearances to Operate previously issued by the DOH expiring on 31 December 2017 shall remain valid and effective and may be renewed on or before the said date of expiration subject to the requirements for renewal provided in Section 2 (A) hereof.
2. Those who fail to renew on or before the date of expiration shall be given until 30 June 2018 and shall be treated as late applications for renewal and shall be subject to appropriate penalties (reckoned from 1 January 2018).

¹ A community-based HMO is a non-profit organization designed for the benefit of a particular community.

3. Those who fail to renew until 30 June 2018 may apply for a certificate of authority and will be treated as new applications starting on the first working day of 2019.

This Circular takes effect immediately.

All concerned should be guided accordingly.



EMMANUEL F. DOOC
Insurance Commissioner