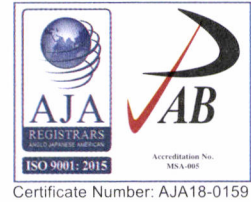


Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
July 2019

IC ISSUES CEASE AND DESIST ORDER AGAINST CARITAS HEALTH SHIELD

Insurance Commissioner Dennis B. Funa has issued a Cease and Desist Order against Caritas Health Shield, Inc. (Caritas Health), a health maintenance organization (HMO), ordering it to stop selling new HMO products and/or transacting new HMO business.

The issuance of the Cease and Desist Order was prompted by the numerous complaints received by the Commission on the alleged fraudulent swiping of credit/debit cards and alleged misrepresentations of the company's sales agents.

Commissioner Funa earlier required the company to show cause why it should not be ordered to stop selling new HMO products and/or transacting new HMO business.

According to the explanation of Caritas Health to the Commission, the company had already instituted and implemented various action plans to address said instances of unauthorized swiping of credit or debit cards and misrepresentations.

Unconvinced by the explanation given by Caritas Health and noting that the company acknowledged that there have been instances of unauthorized swiping and misrepresentations committed by its sales agents, Commissioner Funa proceeded with the issuance of the Cease and Desist Order dated 08 July 2019.

He noted that the Commission's continuing receipt of numerous complaints against Caritas Health from the general public demonstrates the prima facie inadequacy and unresponsiveness of the company's action plans.

In upholding the directive prohibiting Caritas Health from selling new HMO products and/or transacting new HMO business, Commissioner Funa explained that, "It should be stressed that the use of credit and/or debit cards as a mode for payment is not the main problem under the circumstances, but the unethical conduct of CHSI's erring agents/sales associates as well as the apparent lack of timely and effective supervisory intervention by CHSI management."

According to Commissioner Funa, "As this Commission is empowered under Section 4 (e) of Executive Order No. 192, series of 2015, to 'issue orders to prevent fraud and injury to the HMO plan holders and industry stakeholders,' this Commission is not precluded from enforcing prompt corrective regulatory action and addressing CHSI's problem with its unscrupulous agents/sales associates at this juncture before it progresses into an uncontrollable state. It will be utterly preposterous and a patent