



<b>Circular Letter (CL) No.:</b>	<b>2021-10</b>
<b>Date:</b>	<b>16 February 2021</b>

### CIRCULAR LETTER

**TO : ALL HEALTH MAINTENANCE ORGANIZATIONS (HMOs)  
DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : GUIDELINES ON ELECTRONIC COMMERCE OF HMO  
PRODUCTS**

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**WHEREAS**, regulatory jurisdiction over Health Maintenance Organizations ("HMOs") was transferred from the Department of Health to the Insurance Commission by virtue of Executive Order No. 192, series of 2015;

**WHEREAS**, this Commission has the statutory power over HMOs to "prepare, approve or amend rules, regulations, orders and circulars, and issue opinions, provide guidance on and supervise compliance with such rules, regulations, orders and circulars" under Section 4 (j) of Executive Order No. 192, series of 2015;

**WHEREAS**, the selling and issuance of HMO products through electronic form may offer consumers new and substantial benefits, convenience, and access to a wide range of HMO products and services;

**WHEREAS**, considering that the ease and speed with which HMOs can communicate information about HMO products and services by electronic media may create commercial situations which are unfamiliar to consumers and which may put the interests of the latter at risk, it becomes increasingly important for consumers and HMOs to be informed and aware of their rights and obligations in the electronic marketplace;

**WHEREAS**, the distribution of HMO products via the internet offers many advantages for HMOs, such as increased penetration of new markets and lower costs as compared to conventional distribution methods;

**WHEREAS**, consumer confidence in electronic commerce is enhanced by the continued development of transparent and effective consumer protection mechanisms that limit the occurrence of fraudulent, misleading or unfair commercial conduct online;

**NOW THEREFORE**, pursuant to the powers granted to this Commission under Section 4 of Executive Order No. 192, series of 2015, the following *Guidelines on Electronic Commerce of HMO Products* are hereby adopted and promulgated:

## 1. TITLE

These Guidelines shall be called the “Guidelines on Electronic Commerce of HMO Products”.

## 2. DEFINITIONS

2.1. In these Guidelines, unless the context otherwise requires, the following terms have the following meaning:

- (a) **Consumer** - an individual or entity who engages in commercial activity for the purpose of securing HMO products or to act as a member or client in the contract of HMO.
- (b) **Commission** - Insurance Commission of the Philippines.
- (c) **Electronic commerce** - a commercial activity that involves buying, selling, or providing HMO products and services online or via the internet
- (d) **HMO product** - refers to a pre-agreed or designated health care services to the enrolled members for a fixed pre-paid fee for a specified period of time through the use of selected network of health care providers. An HMO Product must follow the features of an HMO product under Circular Letter No. 2017-19.
- (e) **Health Maintenance Organization (HMO)** - refers to a licensed HMO, as defined in Section 2 of Executive Order No. 192, s. 2015, engaging in electronic commerce directly with consumers for the issuance of an HMO contract or to provide HMO services. It may include licensed intermediaries as may be authorized by the HMO to conduct electronic commerce of its HMO products.
- (f) **Personal information** - any information that can be used on its own or with other information to identify, contact, or locate an individual or person.
- (g) **Transaction** - any agreement between an HMO and a consumer in relation to the provision of HMO product.

## 3. APPLICABILITY

These Guidelines shall apply to HMOs engaging in electronic commerce of HMO products.

#### **4. PRINCIPLES**

4.1. These Guidelines are based on, and seeks to attain, the following principles of good business practice for HMOs engaging in electronic commerce with consumers:

- (a) Consumers who participate in electronic commerce shall be afforded a level of transparent and effective consumer protection that is not less than that afforded in other forms of commerce.
- (b) HMOs engaged in electronic commerce of HMO products shall pay due regard to the interests of consumers and act in accordance with fair business, advertising and marketing practices.
- (c) HMOs engaged in electronic commerce with consumers shall provide accurate, clear and easily accessible information about themselves sufficient to allow, at a minimum:
  - 1) Identification of the HMO;
  - 2) Prompt, convenient and effective consumer communication with the HMO;
  - 3) Appropriate and effective modes of dispute resolution;
  - 4) Service of legal process; and
  - 5) Location of the business and its principals by law enforcement and regulatory officials.
- (d) Where an HMO publicizes its membership in any relevant self-regulatory body, business association, dispute resolution organization or other certification body, the HMO shall provide consumers with appropriate contact details and an easy method of verifying that membership and of accessing the relevant codes and practices of the certification body.
- (e) HMOs engaged in electronic commerce with consumers shall provide accurate and easily accessible information describing the HMO product or services offered; sufficient to enable consumers to make an informed decision about whether to enter into the transaction and in a manner that makes it possible for consumers to maintain an adequate record of such information.
- (f) HMOs engaged in electronic commerce shall provide sufficient information about the terms, conditions and costs associated with a transaction to enable consumers to make an informed decision whether or not to enter into the transaction.
- (g) To avoid ambiguity concerning the consumer's intent to make a purchase, the consumer should be able, before concluding the purchase, to:

- 1) identify precisely the HMO products the consumer wishes to purchase;
  - 2) identify and correct any errors or modify the order, express an informed and deliberate consent to the purchase; and
  - 3) retain a complete and accurate record of the transaction.
- (h) Consumers shall be provided with easy-to-use, secure payment mechanisms and information on the level of security such mechanisms afford.
- (i) The Commission, HMOs, consumer representatives and other relevant organizations should work together to educate consumers about electronic commerce, to foster informed decision making by consumers participating in electronic commerce, and to promote consumer awareness of the consumer protection framework that applies to their online activities.

## **5. INFORMATION ON THE WEBSITE**

5.1. HMOs shall provide consumers with sufficient information to make an informed choice about whether and how to complete a transaction. All information that the HMO is required to provide pursuant to these Guidelines must be:

- (a) clearly presented in plain language;
- (b) truthful;
- (c) conspicuous and easily accessible on HMOs' websites at appropriate stages of consumers' decision making, especially before consumers confirm transactions or provide any personal information; and
- (d) capable of being saved or printed by consumers.

5.2. HMOs shall ensure that their marketing practices, information and links on their web sites are current, accurate and not deceptive or misleading to consumers, and that all objective claims can be substantiated.

5.3. HMOs shall identify themselves on their websites and provide information about their policies, including to whom consumers should direct claims, ask questions, register complaints, and obtain support related to the HMO agreement or services available through the sites. The information that should be available to consumers before they engage in transactions shall include:

- (a) The HMO's legal name and the name(s) under which the HMO conducts its business;
- (b) The address, telephone and fax numbers, and e-mail address of the HMO's principal office and, when applicable, of local offices, branches and/or agents;

- (c) Any geographic, age or similar restrictions on transactions;
- (d) The currency used by the HMO to quote the price and the payment methods and currencies the HMO accepts;
- (e) A statement that the HMO is registered with the Commission, including its license/registration number;
- (f) Contact information for consumer complaint, service and support, including days and hours of operation, when applicable, and any associated charges;
- (g) Details of the HMO's complaints process and a link to the Commission's website;
- (h) The HMO's policies on privacy and unsolicited e-mail; and
- (i) Contact information for any seal or other self-regulatory programs or applicable dispute resolution processes in which the HMO participates, and, whenever possible, an online method of verifying its certification or membership.

## **6. LANGUAGE**

6.1. When an HMO offers an HMO product or service in its web sites in a given language, the HMO shall use that language to:

- (a) Provide all of its material information about the HMO product or service, the HMO, the HMO's relevant policies, and the terms and conditions of the transaction and all other material information described in 5.3;
- (b) Conduct online transactions regarding the HMO product or service; and
- (c) Provide customer service regarding the HMO product or service.

6.2. The HMO may explain the terms and conditions of the HMO agreement and other services in the contract implementation in the local dialect of the member or client.

## **7. CONTRACT FORMATION AND EXECUTION**

7.1. HMOs shall take deliberate and pro-active steps to ensure that consumers are well-informed about the HMO product and in agreement with the provisions of the contract. In particular, consumers shall be provided with a meaningful opportunity to correct or cancel the transaction or application before it is accepted and processed.

7.2. HMOs shall make information available about the HMO product for sale in order that consumers can see it before they initiate transactions. The information shall include:

- (a) Main characteristics of the product, including the benefits and services covered;
- (b) Options and coverage provided by the product including insurance benefits, if any;
- (c) Exclusions and limitations associated with the product, if any;
- (d) The total premium and other charges that the consumer will have to pay (including all applicable taxes);
- (e) The consumer's right to cancel the agreement including his/her right to free look, if applicable, as well as the duration of the cancellation period and procedures for exercising that right; and
- (f) Any time limit on the validity of the information provided.

7.3. Prior to the conclusion of transactions, HMOs shall ensure that all terms and conditions related to the transactions are available to consumers. Such information shall include:

- (a) A description of the HMO product or services;
- (b) The full price to be charged from consumers, including:
  - 1) The applicable currency; and
  - 2) Any delivery charges, taxes, and specific reference to any other charges that the HMO is responsible for collecting provided that, when the HMO cannot reasonably ascertain the amount of potentially applicable charges, a statement that such charges may apply.
- (c) Payment terms, including the methods of payment available to consumers and any associated surcharges or discounts;
- (d) Cancellation policies on the transaction or application;
- (e) Method of contacting the consumer in the future (e.g. by e-mail, telephone, SMS, facsimile, letter);
- (f) Any restrictions, limitations or conditions of purchase, such as parental/guardian approval requirements, the length of contracts, or any geographic limitations applying to the offer;

- (g) The time frame for delivery of HMO product or activating service, and how consumers will be notified when the HMO is unable to complete the delivery request within this time frame;
- (h) The option of the consumer to request for a copy of the HMO agreement, endorsement, rider and other related documents in paper form, and the associated charges in the exercise of such option; and
- (i) The frequency and the address of statements of account for delivery and how consumer can change and correct such information.

7.4. HMO shall refer the consumer to its customer service personnel for queries or clarifications about the HMO product.

7.5. Considering that consumers themselves complete the HMO application form on the internet, the process may be subject to error. To prevent the consequences of such errors, the information from the application form shall be recapitulated in a summary and presented to consumers before the contract is concluded, giving them the opportunity to validate their answers once more. In lieu of an actual specimen signature from the consumer to validate the information indicated in the on-line application form, the consumer may signify his consent by clicking the confirmation button to finalize the processing of the application. The use of the confirmation button does not prevent the HMO from using other modes of capturing consent (i.e. digital electronic signature pads, software application)."

7.6. Due to the importance of the exclusions and limitations, the HMO must highlight or provide a separate section for it and consumers must be required to confirm that they have read and understood the said information. This would reduce the risks that consumers might pursue products for which they are ineligible and closes the expectation gap between a consumer and an HMO.

7.7. HMOs shall provide consumers with the completed electronic application, HMO agreement, endorsement and certificate of insurance coverage, if applicable, immediately after the transaction has been completed.

7.8. HMOs shall inform the consumer to retain or store the electronic document or HMO agreement after the consumer agrees to such delivery.

7.9. HMOs shall remind the consumer to inform the beneficiary/ies that he/she has been designated as such.

7.10. HMOs shall ensure that each statement of account identifies the HMO, the agreement or document in question and the amount billed.

7.11. HMOs shall make available on the website the agreement form which the consumer or client may read information on the complete terms and conditions.