



<b>Circular Letter No.:</b>	<b>2022-09</b>
<b>Date:</b>	<b>2 March 2022</b>
<b>Supplements:</b>	<b>CL No. 2018-52</b>

## CIRCULAR LETTER

**TO :** ALL APPLICANTS AND EXISTING INSURANCE AND/OR REINSURANCE BROKERS AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES

**SUBJECT :** GUIDELINES ON THE LICENSING REQUIREMENTS OF INSURANCE AND/OR REINSURANCE BROKERS ENGAGED IN HEALTH MAINTENANCE ORGANIZATION (HMO) BUSINESS

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**WHEREAS**, Section 1 of Executive Order (EO) No. 192, s. 2015 mandates that jurisdiction over HMOs shall be transferred from the Department of Health to the Insurance Commission (IC or "Commission") in order to regulate and supervise the establishment, operations and financial activities of HMOs;

**WHEREAS**, this Commission issued Circular Letter (CL) No. 2018-52 dated 19 October 2018, providing the guidelines on the licensing requirements of Insurance and/or Reinsurance Brokers;

**WHEREAS**, this Commission recognizes HMOs as one of the growing business lines of the regulated brokers and upholds the importance of the separation of this line in the preparation of the IC annual reports;

**WHEREAS**, there is a need to establish Guidelines on the Licensing Requirements of regulated insurance and/or reinsurance brokers engaged in HMO Business;

**WHEREAS**, Insurance Core Principle (ICP) 18 on Intermediaries requires that insurance intermediaries operating in its jurisdiction to be licensed and, where appropriate, the insurance supervisor shall apply and observe supervisory measures on licensed insurance intermediaries;

**WHEREAS**, additional guidelines to the ICP 18 states that *"different types of insurance business involve different levels of complexity and risks and may require different levels of skill and experience in their intermediation. The supervisor may wish to specify in the license the range of intermediation activities that it permits the insurance intermediary to undertake, taking into account, for example, the intermediary's proposed business plan and areas of expertise."*

**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 EO, No. 192, s. 2015;

**WHEREAS**, under Section 437(d) of the Amended Insurance Code, the Insurance Commissioner shall have the powers and authority to prepare, approve, amend or repeal rules, regulations and orders, and issue opinions and provide guidance and supervise compliance with such rules, regulations and orders;

**NOW, THEREFORE**, pursuant to the powers of the Insurance Commissioner under Section 4(j) of EO No. 192 and Section 437(d) of the Amended Insurance Code, the following Supplemental Guidelines on the Licensing Requirements of Insurance and/or Reinsurance Brokers engaged in HMO Business are hereby promulgated:

**Section 1. Scope.** These Guidelines shall govern the licensing requirements of new and existing insurance and/or reinsurance brokers engaged in HMO business.

**Section 2. Definition of Terms.** In addition to the terms defined under CL No. 2018-52, the following terms shall mean:

- a. **“Health Maintenance Organization or HMO”** refers to an entity duly licensed by this Commission to engage in HMO business.
- b. **“HMO Broker”** shall mean a person or entity, who for compensation, commission or other thing of value, acts or aids in any manner in soliciting, negotiating, procuring, delivery, and/or enrolling a person to an HMO contract, on behalf of the HMO other than himself.”

**Section 3. Additional Qualifications of a Soliciting Official.** Further to the requirements of Sections 8 and 9 of CL No. 2018-52, to be qualified as a Soliciting Official, an individual must have at least three (3) years of experience in the HMO industry and occupying a managerial position or licensed as a general agent for at least three (3) years.

The minimum qualifications enumerated shall be without prejudice to any additional qualifications as may be prescribed by the Commissioner.

**Section 4. Prohibition.** No person licensed as an insurance agent, HMO agent or general agent shall be licensed as an insurance/HMO broker, nor shall a person licensed as an insurance/HMO broker be licensed as an insurance agent, HMO agent or general agent.

No official or employee of an insurance/HMO broker shall be licensed to act as an insurance agent, HMO agent or general agent.

No broker or its stockholders and officers shall have controlling interest in any insurance or reinsurance company, HMO or insurance adjustment company or vice versa.