



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



PRESS RELEASE
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DOF AFFIRMS IC DECISION DECLARING BFPMBAI'S BUSINESS OPERATION AS ILLEGAL

In a Decision dated 24 May 2022, Finance Secretary Carlos G. Dominguez III upheld the Insurance Commissioner Dennis Funa's 2017 ruling in an administrative case filed by the Fire Service Mutual Benefit Association, Inc. ("FSMBAI") against the Bureau of Fire Protection Mutual Aid and Beneficiary Association, Inc. ("BFPMBAI") declaring the latter's business operations illegal for operating as a mutual benefit association ("MBA") without a license issued by the Insurance Commission ("IC").

In the IC's decision appealed by BFPMBAI to the Department of Finance, the IC ordered BFPMBAI to immediately cease and desist from continuing its operations and pay a fine of Two Hundred Thousand Pesos (PHP 200,000.00) for operating as an MBA without a license from the IC.

In the administrative case filed before the IC, BFPMBAI argued that it was not operating as an MBA, but as a mutual aid and beneficiary association organized under Section 30 (c) of the National Internal Revenue Code ("NIRC") and denied that it is not engaged in the provision of insurance benefits because its members are covered by policies issued by a private insurance company.

BFPMBAI, in its appeal, argued that the IC did not have jurisdiction over it, that it did not operate as an MBA, that it was denied due process of law, that the imposition of a cease-and-desist order and fine by the IC against it is incorrect, and that FSMBAI could not validly file an action against BFPMBAI for being under conservatorship at the time.

However, the DOF ruled that IC had jurisdiction over the instant case, since IC is the "sole government agency mandated to ensure the faithful execution and enforcement of the provisions of the Insurance Code as well as the efficient regulation of the insurance industry".

The DOF also maintained that "records show that BFPMBAI complied with all the requisites to be considered as a mutual benefit association as stated in Section 430 of the Insurance Code", thereby affirming the IC's findings of illegal business operations. The DOF also affirmed the IC's statutory power to issue the cease-and-desist order and to impose fines.

Also, in the DOF's Decision, Secretary Dominguez III held that the IC did not fail to afford BFPMBAI due process of law as it was "given the opportunity to be heard when

BFPMBAI attended the pre-trial conference, hearings, and filed its pleadings” in the administrative case decided by the IC in 2017. Secretary Dominguez III further held that any procedural defect that occurred in the proceedings was subsequently cured by BFPMBAI’s filing of a motion for reconsideration and its appeal to the DOF, pursuant to a Supreme Court ruling.

In the same Decision, the DOF likewise agreed with the IC’s finding that FSMBAI had the juridical personality to institute the administrative case against BFPMBAI, as it had the statutory power under the Corporation Code to sue under its own name as a private corporation that had an existing Certificate of Incorporation issued by the Securities and Exchange Commission (“SEC”).

“As mentioned by the Honorable Secretary in his Decision dated 24 May 2022, the IC takes to heart its duty to ensure the faithful execution and enforcement of the provisions of the Insurance Code. The IC very much appreciates the DOF’s acknowledgment and affirmation in its Decision of our mandate to safeguard the rights and interests of the insuring public against the deleterious effects of unsanctioned and unsupervised activities of unregistered entities,” Commissioner Funa said.

A handwritten signature in black ink, appearing to read 'Alwyn', with a long, sweeping underline that extends to the right.

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