



Circular Letter (CL) No.:	2023-04
Date:	16 January 2023
Repealing:	Section 4 of CL No. 2015-46 dated 08 September 2015

CIRCULAR LETTER

TO : ALL MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES

SUBJECT : REPEALING OF SECTION 4 OF CIRCULAR LETTER NO. 2015-46 ON THE RULES IN THE APPLICATION OF SECTION 408, PARAGRAPH 3 OF THE AMENDED INSURANCE CODE ON FREE AND UNASSIGNED SURPLUS


WHEREAS, Insurance Commission (IC) Circular Letter (CL) No. 2015-46¹ was issued on 08 September 2015 to provide rules on the distribution of free and unassigned surplus by Mutual Benefit Associations (MBAs) by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services, or for use in capacity building and research and development such as developing new products and services, upgrading and improving operating systems and equipment and continuing member education.

WHEREAS, Section 4 of IC CL No. 2015-46 specifically provides the rule if free and unassigned surplus of an MBA is twenty percent (20%)² or less of its total liabilities,³ stating that, "If the free and unassigned surplus of an MBA is twenty percent (20%) or less of the total liabilities, the same shall not be available for distribution to its members."

WHEREAS, Section 4 of IC CL No. 2015-46 has no legal basis under Section 408 of Republic Act No. 10607, otherwise known as the "Amended Insurance Code".

NOW THEREFORE, by virtue of the powers vested in me by Section 437 of the Amended Insurance Code, Section 4 of IC CL No. 2015-46 is hereby repealed.

This CL shall take effect immediately.


DENNIS B. FUNA
 Insurance Commissioner



¹ Entitled, "Rules in the Application of Section 408, Paragraph 3 of the Amended Insurance Code on Free and Unassigned Surplus"

² This CL will refer to this percentage as "twenty percent (20%) ceiling"

³ As verified by the Insurance Commissioner