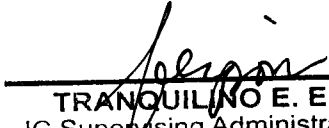




Republic of the Philippines
 Department of Finance
INSURANCE COMMISSION
 1071 United Nations Avenue
 Manila



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TRANQUILINO E. ESPEJON
 IC Supervising Administrative Officer
 Administrative Division
 Insurance Commission

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|----------------------|--|
| Circular Letter No.: | 2020-87 |
| Date: | 27 August 2020 |
| Supplements: | CL No. 2020-43; CL No. 2020-47; CL No. 2020-68; and CL No. 2020-75 |

Date: _____ **CIRCULAR LETTER**

TO : ALL ENTITIES REGULATED BY THE INSURANCE COMMISSION

SUBJECT : GUIDELINES ON THE IMPOSITION OF PENALTY FOR THE LATE FILING AND/OR SUBMISSION OF VARIOUS REGULATORY DOCUMENTARY REQUIREMENTS BY REASON OF THE IMPOSITION OF COMMUNITY QUARANTINE IN DIFFERENT AREAS IN THE PHILIPPINES

WHEREAS, the coronavirus disease 2019 (COVID-19) has spread in different parts of the world, including the Philippines;

WHEREAS, the COVID-19 outbreak has been characterized by the World Health Organization (WHO) as a pandemic;

WHEREAS, per a Memorandum from the Executive Secretary dated 16 March 2020, the entirety of Luzon was placed under enhanced community quarantine (ECQ);

WHEREAS, by reason of the COVID-19 outbreak and the imposition of community quarantine in different areas in the country, the Insurance Commission has issued various Circular Letters extending the deadlines for the filing and submission of various regulatory documentary requirements;

WHEREAS, the President issued Administrative Order No. 30 dated 21 April 2020, "Directing All Government Offices to Formulate and Issue Guidelines on the Interruption of Periods for the Filing of Documents, Payment of Taxes, Charges and Other Fees, and Cancellation of Proceedings Before Their

Respective Offices, and on the Movement of Timelines for the Release of Benefits”, enjoining all heads of departments, agencies, offices, and instrumentalities of the government to immediately formulate and issue rules or guidelines to be applied in areas under community quarantine, as well as adopting and ratifying all issuances previously released by agencies pertaining to the extension, interruption or movement of the periods and timelines set by law for the filing of documents, conduct of proceedings, payment of taxes, fees, and other charges, and the grant of any benefit or claim due to COVID-19 insofar as the same are consistent with the guidelines set forth by the IATF and the directives of the Office of the President;

WHEREAS, the penalties for delay in the submission of reportorial requirements to the Commission is provided for in Circular Letter No. 2014-15 dated 15 May 2014 on “Fees and Charges”;

WHEREAS, the Commission has previously issued Circular Letter No. 2019-07 dated 18 March 2019 or the “Guideline and Grounds for the Reduction of Penalties Due to Delays in the Submission of Reportorial Requirements”;

WHEREAS, on 30 July 2020, the IATF-EID issued IATF Resolution No. 60-A, series of 2020, directing the implementation of localized lockdown/ECQ in areas in the National Capital Region (NCR) and Region IV-A identified with high community transmission, and placing several provinces, HUCs, and ICCs under Modified General Community Quarantine (MGCQ) or General Community Quarantine (GCQ) until 15 August 2020;

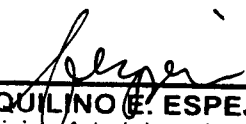
WHEREAS, on 02 August 2020, President Rodrigo Roa Duterte reverted the National Capital Region (NCR) and the provinces of Laguna, Cavite, Rizal and Bulacan to Modified Enhanced Community Quarantine (MECQ) effective 04 August 2020 until 18 August 2020;

WHEREAS, on 14 August 2020, the IATF-EID issued IATF Resolution No. 63, series of 2020, placing several provinces, HUCs, and ICCs in the country under Modified General Community Quarantine (MGCQ) beginning 15 August 2020 until 31 August 2020;

WHEREAS, this Commission recognizes that with the COVID-19 crisis still unfolding and the various declarations placing different areas in the country under different levels of community quarantine which, in turn, affect the operations of regulated entities and pose specific challenges to the preparation of various regulatory documentary requirements, there is a need to relax the imposition of penalties for delays in the submission of the said requirements and to provide guidelines for the reduction of such penalties;

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Administrative Division
Insurance Commission

Date: _____

NOW, THEREFORE, in view of all the foregoing and pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act No. 10607; Section 6 of Republic Act No. 9829, otherwise known as "The Pre-Need Code of the Philippines"; Section 4 of Executive Order No. 192, series of 2015; Implementing Rules and Regulations of Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001 (AMLA), as amended"; and Rule 27 of the Implementing Rules and Regulations of Republic Act No. 10168, otherwise known as "The Terrorism Financing Prevention and Suppression Act", the following **Guidelines on the Imposition of Penalty for the Late Filing and/or Submission of Various Regulatory Documentary Requirements by Reason of the Imposition of Community Quarantine in Different Areas in the Philippines** are hereby adopted and promulgated:

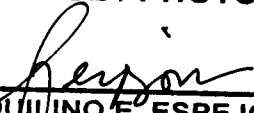
Section 1. Application. – This Circular shall apply to the penalties imposed under Item No. VII, paragraph B of CL No. 2014-15 and the other Circular Letters subsequently issued by the Commission which require the regulated entities' submission of reportorial requirements and impose penalty for any delay in the filing and/or submission thereof: *Provided, That this Circular shall only cover the filing and/or submission of reportorial requirements to the Commission due for the year 2020.*

Section 2. Imposition of Penalties. – Failure to file and/or submit regulatory documentary requirements on or before the new/extended deadlines as set out in earlier Circular Letters issued by this Commission shall merit the imposition of penalty set out in Item No. VII, paragraph B of CL No. 2014-15: *Provided, That the penalty to be imposed by the Commission for late filing and/or submission of regulatory documentary requirements shall not exceed one hundred thousand pesos (Php. 100,000.00).* For purposes of the computation of the applicable penalty for late submission of regulatory documentary requirements, the same shall be reckoned from the following dates, unless otherwise extended or modified by the Commission:

| Regulatory Requirement | New/Extended Deadline |
|--|---|
| 2019 Audited Financial Statements (AFS) and 2019 Annual Statements (AS) of All Insurance and Reinsurance Companies, and Mutual Benefit Associations Doing Business in the Philippines (CL No. 2020-43) | 30 June 2020, or forty-five (45) calendar days after the lifting of the ECQ Period, whichever comes later |
| 2019 AFS of All Insurance and/or Reinsurance Brokers Doing Business in the Philippines (CL No. 2020-43) | 30 June 2020, or forty-five (45) calendar days after |

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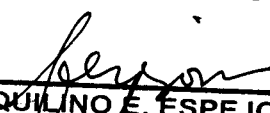

TRANQUILINO E. ESPEJON
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Date: _____

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| | the lifting of the ECQ Period, whichever comes later |
| 2019 AFS of HMOs (CL No. 2020-43) | 30 June 2020, or forty-five (45) calendar days after the lifting of the ECQ Period, whichever comes later |
| Negative List of Officers and Employees, Quarterly Reports on Selected Financial Statistics (QRSFS), Related Party Transactions (RPT), Statement of Paid-Up Capital, Reserves and Investments (SPUCRI), Audited Annual Report for the Compilation of the Other Financial Corporations Survey (OFCS), and Report on Compulsory Insurance for Agency-Hired Migrant Workers (CL No. 2020-43) | 30 June 2020 |
| 2019 AS of Pre-Need Companies and the 2019 AS of the Trust Fund/s for Each Type of Plan of Said Companies (CL No. 2020-43) | 30 June 2020, or forty-five (45) calendar days after the lifting of the ECQ Period, whichever comes later |
| Status Reports Relative to IFRS 17 Covering the Period 31 December 2019 (CL No. 2020-47) | Forty-five (45) calendar days from the date of the lifting of the ECQ |
| Making of Necessary Form and System Changes and Updating of the Regulated Entities' Respective Money Laundering and Terrorism Financing Prevention Program (MTPPS) Under Section 29 of CL No. 2019-65 (CL No. 2020-68) | 30 July 2020 |
| Submission of Duly Accomplished and Certified Under Oath AML and CTF Compliance Questionnaire Under CL No. 2020-08 (CL No. 2020-68) | 30 July 2020 |
| Interim Financial Statements of HMOs for the Quarters Ending in 31 March 2020 and 30 June 2020 (IC Letter dated 28 July 2020) | 31 July 2020 |
| Catastrophe Exposures – Property Insurance Reports for 2019 (CL No. 2020-75) | 31 August 2020 |
| Other regular reportorial requirements not falling within the purview of those previously mentioned (CL No. 2020-43) | 30 June 2020 |

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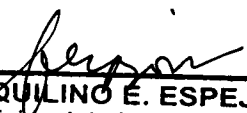
Section 3. Reduction of Penalties. – In accordance with CL No. 2019-07, the Commission may, upon evaluation, consider any application for the reduction of penalties due to delays in the filing and/or submission of reportorial requirements by reason of the imposition of community quarantine in different areas in the Philippines and reduce the penalty imposed in an amount not exceeding thirty percent (30%) of the total sum of the penalty.

The written application to reduce the amount of the penalty imposed shall be filed within ten (10) calendar days from the receipt of any order or notice to pay and must be addressed to the Insurance Commissioner, in accordance with the form and requirements set out in CL No. 2019-07.

Section 4. Separability Clause. – If any provision of this Circular Letter shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.



Section 5. Effectivity. – This Circular shall take effect immediately.

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TRANQUILINO E. ESPEJON
IC Supervising Administrative Officer
Administrative Division
Insurance Commission

Date: _____



DENNIS B. FUNA
Insurance Commissioner