



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



Circular Letter (CL) No.:	2019-02
Date:	22 February 2019
Amends:	CL No. 2018-72, d. 28 December 2018

CIRCULAR LETTER

TO : ALL INSURANCE/REINSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : AMENDMENT TO CIRCULAR LETTER NO. 2018-72 DATED 28 DECEMBER 2018 ON GUIDELINES ON BUSINESS PROCESS OUTSOURCING (“BPO”) ACTIVITIES OF INSURERS/REINSURERS

WHEREAS, “*Business Process Outsourcing (‘BPO’)*” is defined under Section 1 (a) of Circular Letter (“CL”) No. 2018-72 on the *Guidelines on Business Process Outsourcing (‘BPO’) Activities of Insurers/Reinsurers* as follows:

“a. ‘Business Process Outsourcing’ (‘BPO’) refers to the contracting of operations and responsibilities for particular business process/es of an insurer/reinsurer to a third-party service provider; x x x”

WHEREAS, “*BPO Provider*” is defined under Section 1 (b) of CL No. 2018-72 as follows:

“b. ‘BPO Provider’ refers to an entity engaged in BPO activities, whether as its primary business or incidental to its ordinary business operations, whose services are retained by an insurer/reinsurer for a consideration;”

WHEREAS, it has been observed by this Commission that there is confusion as regards whether these definitions include entities already regulated by this Commission that provide support business services to insurers/reinsurers; and as such, there is a need to provide clarification to address such confusion;

WHEREAS, considering that this Commission already exercises regulatory and supervisory powers over both the outsourcing insurer/reinsurer and the regulated entity providing such support business services in such arrangement described in the immediately preceding paragraph, this Commission finds that the provisions of CL No. 2018-72 are superfluous as regards both persons/entities;

WHEREAS, accordingly, Section 1 (a) of CL No. 2018-72 must be amended to clarify that the term *“third-party service provider”* under the definition of *“Business Process Outsourcing”* as used therein pertains to a provider that is not regulated by this Commission;

WHEREAS, moreover, Section 1 (b) of CL No. 2018-72 must be amended to clarify that the term *“BPO Provider”* as used therein also pertains to an entity that is not regulated by this Commission;

NOW, THEREFORE, pursuant to the undersigned’s powers under Section 437 of Republic Act No. 10607, otherwise known as the Amended Insurance Code, to *“x x x issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure the enforcement of the provisions of [the Amended Insurance Code], to ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public,”* Sections 1 (a) & (b) of Circular Letter No. 2018-72 are hereby amended as follows, to wit:

*“a. ‘Business Process Outsourcing’ (‘BPO’) refers to the contracting of operations and responsibilities for particular business process/es of an insurer/reinsurer to a third-party service provider **that is not regulated by this Commission**;*

*b. ‘BPO Provider’ refers to an entity **that is not regulated by this Commission and** engaged in BPO activities, whether as its primary business or incidental to its ordinary business operations, whose services are retained by an insurer/reinsurer for a consideration;”*

Except as amended hereby, all other provisions of CL No. 2018-72 shall remain effective. The unamended portions of CL No. 2018-72 and the amendment introduced herein shall be read and construed as a single Circular Letter.

This Circular Letter shall take effect immediately.

For the information and guidance of concerned parties.



DENNIS B. FUNA
Insurance Commissioner

