

[CIRCULAR LETTER NO. 2018-11, February 06, 2018]

LICENSING REQUIREMENTS DURING THE PENDENCY OF MERGERS AND CONSOLIDATION OF INSURANCE COMPANIES

*Adopted: 25 January 2018
Date Filed: 06 February 2018*

WHEREAS, Section 437 of Republic Act No. 10607, also known as the Amended Insurance Code, provides that the Insurance Commissioner may issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure the enforcement of the provisions of said Code, to ensure the efficient regulation of the insurance industry and other regulated entities in accordance with global best practices and to protect the insuring public;

WHEREAS, in the exercise of such power, the Insurance Commissioner issued Circular Letter No. 2015-11 dated 18 March 2015, which provides for "Rules and Regulations on Consolidation and Merger of Insurance Companies";

WHEREAS, this Commission notes that existing insurance companies have resorted to mergers and consolidation as a way of complying with the increasing in statutory net worth requirements under the Amended Insurance Code;

WHEREAS, the pendency of the merger and consolidation process under Circular Letter No. 2015-11 dated 18 March 2015 does not suspend the continuing requirement of a Certificate of Authority under Section 193 of the same Code; and said Certificate is required in order for the merging and consolidating companies to be able to transact insurance business during such pendency;

NOW, THEREFORE, the following rules and regulations concerning the licensing requirements for domestic insurance companies doing business in the Philippines pending the merger and consolidation process are hereby promulgated as and by way of supplement to the provisions of Circular Letter No. 2015-11 dated 18 March 2015:

1. Licensing Requirements During Pendency of Merger and Consolidation. - From the notification of the intent to merge or consolidate until such time that the existing *Certificates of Authority* of the concerned domestic insurance companies are surrendered pursuant to Section 13 of Circular Letter No. 2015-11 dated 18 March 2015, the concerned companies shall maintain their respective Certificates of Authority in order to be able to transact insurance business during the pendency of the merger and consolidation process.

If either of the concerned merging or consolidating companies is found to be non-compliant with the statutory net worth requirements under the Amended Insurance