



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

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CIRCULAR LETTER

TO : All Insurance Companies Concerned

SUBJECT : Definition and Licensing of "Servicing Insurance Companies"

Pursuant to the Administrative Powers of the Insurance Commissioner under Section 437 of the amended Insurance Code (R.A. 10607), the following Circular on **Definition and Licensing of "Servicing Insurance Companies"** is hereby issued for the guidance, compliance and implementation of all Insurance Companies doing business in the Philippines:

A "servicing insurance company" may either be:

1. A domestic insurance company which is **(a) in a state of "run-off"¹; (b) "running-off" towards closure; (c) expressly allowed by the Insurance Commission to "run-off"; or (d) a distressed company expressly prohibited by the Insurance Commission to sell policies**, whose business transactions are confined to:

- i. accepting periodic premium payments from its policyholders, or
- ii. granting policy loans and paying cash surrender values of outstanding policies to its policyholders, or
- iii. reviving lapsed policies of its policyholders, and
- iv. such other related services.

¹ "Run-off" is defined as "the process of managing accounts and settling claims for an insurance business or investment fund that has stopped accepting new risks or has been closed to new business". (<http://www.encyclo.co.uk>)

Hence, all distressed companies under the Conservatorship, Receivership and Liquidation Division engaged in the above-mentioned business transactions should still obtain licenses as "Servicing Insurance Companies".

A separate circular on the procedure for distressed companies shall be issued.

Or,

2. A foreign life insurance company that withdraws from the Philippines whose business transactions are confined to accepting periodic premium payments from, or granting policy loans and paying cash surrender values of outstanding policies to, or reviving lapsed policies of, Philippine policyholders, and such other related services. (Section 286 of the amended Insurance Code)

Provided that, such domestic or foreign insurance company has obtained from the Insurance Commissioner a special certificate of authority to act solely and exclusively as a servicing company, as defined herein, upon application therefor and payment by the company of the prescribed fees. (Section 287 of the amended Insurance Code)

Accordingly, the Licensing Division may issue Certificates of Authority for "Servicing Insurance Companies", in accordance with this Circular.

The Deputy Insurance Commissioner for Legal Services, Atty. Dennis B. Funa, shall coordinate this matter with the Licensing Division and the Conservatorship, Receivership and Liquidation Division.

For information and guidance.


EMMANUEL F. DOOC
Insurance Commissioner