



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



Circular Letter (CL) No.	2017-09
Date:	14 February 2017
Supersedes	None

CIRCULAR LETTER

TO : ALL DOMESTIC INSURANCE BROKERS AND REINSURANCE BROKERS

SUBJECT : GUIDELINES FIXING THE DOCUMENTARY REQUIREMENTS FOR ACQUIRING OWNERSHIP OF A DOMESTIC INSURANCE BROKER AND REINSURANCE BROKER

Pursuant to the powers vested in the Insurance Commissioner by Section 437 of Republic Act No. 10607, "An Act Strengthening the Insurance Industry, further amending Presidential Decree No. 612, otherwise known as the Insurance Code", the following **Guidelines Fixing the Documentary Requirements for Acquiring Ownership of a Domestic Insurance Broker and Reinsurance Broker** are hereby adopted and promulgated:

Section 1. TITLE

These Guidelines shall be called the "Guidelines Fixing the Documentary Requirements for Acquiring Ownership of a Domestic Insurance Broker and Reinsurance Broker."

Section 2. DEFINITION OF TERMS

As used herein, and unless the context otherwise requires, the following terms have the respective meanings hereinafter set forth or indicated:

- (a) *Commission* – shall be referred to as the Insurance Commission;
- (b) *Insurance Broker* - as defined under Section 310 of the Amended Insurance Code, as any person who for any compensation, commission or other thing of value acts or aids in any manner in soliciting, negotiating or procuring the

making of any insurance contract or in placing risk or taking out insurance, on behalf of an insured other than himself.

- (c) *Reinsurance Broker* - as defined under Section 319 of the Amended Insurance Code, one who, for compensation, not being a duly authorized agent, employee or officer of an insurer in which any reinsurance is effected, acts or aids in any manner in negotiating contracts of reinsurance, or placing risks of effecting reinsurance, for any insurance company authorized to do business in the Philippines,.

Section 3. **DOCUMENTARY REQUIREMENTS**

Accordingly, no person shall acquire ownership of any domestic insurance broker and reinsurance broker without the prior written approval of the Insurance Commissioner.

Application for the approval of acquisition of a domestic insurance broker and reinsurance broker shall include the following:

A. In case the applicant is a corporation/partnership

1. Proof of prior written notice of the applicant to the domestic insurance broker and reinsurance broker of its intention to acquire control pursuant to Section 302 (a) (1) of the Amended Insurance Code;
2. Sworn declaration of assets, liabilities and net worth of applicant, to determine applicant's financial condition pursuant to Section 302 (b) (1) of the Amended Insurance Code;
3. Income Tax Return of the applicant corporation for the last three (3) years, for the Commission to determine its trustworthiness pursuant to Section 302 (b) (2) of the Amended Insurance Code;
4. Profile of board of directors of the applicant corporation, to determine the trustworthiness of its directors pursuant to Section 302 (b) (2) of the Amended Insurance Code; and
5. Board Resolution authorizing the acquisition of the domestic insurance broker and reinsurance broker.

B. In case an applicant is an individual

1. Proof of prior written notice of the applicant to the domestic insurance broker and reinsurance broker of its intention to acquire control pursuant to Section 302 (a) (1) of the Amended Insurance Code;
2. Sworn declaration of assets, liabilities and net worth of applicant, to determine applicant's financial condition pursuant to Section 302 (b) (1) of the Amended Insurance Code;

3. Income Tax Return of the applicant for the last three (3) years, for the Commission to determine applicant's trustworthiness pursuant to Section 302 (b) (2) of the Amended Insurance Code; and
4. Profile of the applicant, for the Commission to determine his/her trustworthiness pursuant to Section 302 (b) (2) of the Amended Insurance Code.

The foregoing shall be without prejudice to other requirements that the Commission may require from the applicant. A requirement may be waived by the Insurance Commissioner for a valid reason.

The application shall be evaluated by the Brokers Division, in coordination with the Licensing Division, who shall thereafter submit a joint recommendation to the Insurance Commissioner.

Section 4. **EFFECTIVITY.**

This Circular Letter shall take effect immediately.



DENNIS B. FUNA
Insurance Commissioner