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Circular No.	: 21-2009
Date	: August 12, 2009
Supersedes	:

CIRCULAR LETTER

To : ALL LIFE, NON-LIFE AND PROFESSIONAL REINSURANCE COMPANIES

Subject : CORPORATE GOVERNANCE SCORECARD

Please find attached the Corporate Governance Scorecard for Insurance Companies and other Insurance Entities with the corresponding Guidance Notes. The scorecard requires full disclosure of company practices on corporate governance in accordance with the Principles and Leading Practices on Good Corporate Governance.

All concerned are enjoined to provide the requested information truthfully. The completed scorecard shall be attested to by the Compliance Officer signing jointly with the President/CEO of the company.

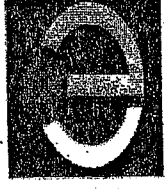
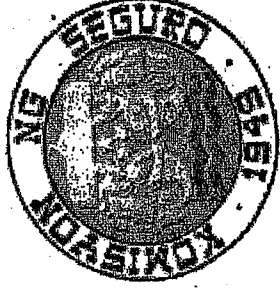
The first submission based on the 2008 company operations shall be on or before August 19, 2009. Subsequent submissions shall be on the 15th of May following the year being evaluated.

For strict compliance.


EDUARDO T. MALINIS
Insurance Commissioner

Encl.: a/s

**The Corporate Governance Scorecard for
Insurance Companies (Notes)**



**INSTITUTE OF
CORPORATE
DIRECTORS**

Notes to the Corporate Governance Scorecard

From the Code of Good Corporate Governance for Insurance Companies and other Insurance Entities, to the Self-Assessment Questionnaire issued by the Insurance Commission (IC) to obtain information on their corporate governance practices, this scorecard has been developed to further measure levels of compliance with corporate governance rules and regulations.

Work on this scorecard was started during the Annual Working Session of the Institute of Corporate Directors (ICD) held in November 2008 in Palawan by a group of compliance officers for both life and non-life insurance companies joined by officers from the Insurance Commission and in consultation with ICD. It took awhile before the scorecard has been finalized.

The ICD is a non-government organization that has been in the forefront of promoting corporate governance reforms in the Philippines. Through the Institute of Directors in East Asia Network (IDEA.Net) which the ICD took the lead in setting-up, it also works with similarly-oriented institutes in eight other

East Asian economies.

After the success of the Scorecard for Publicly Listed Companies (PLCs) in the Philippines which follows the IDEA.Net template initiated in Thailand and which has since been adopted in China, Hongkong and Indonesia, the ICD has pursued the formulation of specialized scorecards for key sectors in coordination with respective sector regulators.

The scorecard for the insurance sector is the first of its kind in the world and is expected to raise corporate governance standards in the sector.

The ratings in this scorecard are similar to that of PLCs. It varies from inadequate, to adequate or better. An inadequate rating translates to being non-compliant with the specific standard. With the ratings, the insurance companies can draw up a realistic roadmap towards improving their corporate governance practices. This supports the very essence of the scorecard serving as a measurement and communication tool to aim higher at becoming comparative to best practices.

As a government agency having jurisdiction, supervision and control over the insurance sector, the Insurance Commission has agreed to work together with ICD in institutionalizing the rating of corporate governance practices with the primary objective of raising the standards of actual corporate governance in the Philippines.

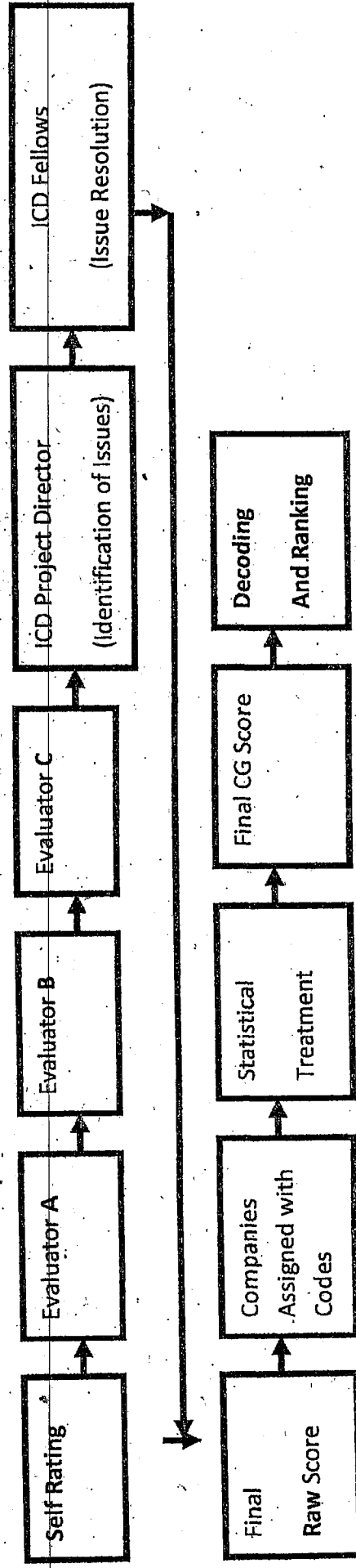
The results of the scorecard rating system shall be used as one more basis, among other things, in the determination of whatever supervisory action is necessary for a particular insurance entity.

SELF-ASSESSMENT AND VALIDATION

The insurance companies are given an opportunity to use the template of questions in the questionnaire and do a self-assessment.

A group of evaluators, working under the auspices of ICD, shall then validate the self-assessments made by the companies. Two evaluators shall independently validate each company's self-assessment (evaluators A & B). A third evaluator (evaluator C) consolidates the issues in case there are discrepancies between the two independent validations. He/she then presents the issues to the Project Director for processing and presentation to a group of ICD Fellows who shall resolve the issues after which, the Project Director shall come up with the raw scores.

To ensure confidentiality of the scores and independence of the process, codes will be assigned to each company with their raw scores attached. The raw scores are then given to a statistician for processing to generate the final corporate governance scores. It is then submitted to ICD for decoding and final ranking.



The Scorecard

This scorecard employs the "person-on-the-street" test serving as a reasonable approximation of the quality and quantity of public disclosure. In other words, the score an insurance company gets from the scorecard determines how much it discloses governance practices to the general public through the regulators as well as through its corporate website and corporate reports.

The approach traces its validity to the mantra of "disclosure, disclosure, and disclosure". It takes the side of an ordinary investor, with no special access to any privileged information. The easier for the ordinary investor to get information, the higher is the score. This is done for many items until an over-all Score can be given to a corporation. The weights per category are as follows:

Issues	Weights
I. Rights of Shareholders	15%
II. Equitable Treatment of Shareholders	15%
III. Role of Stakeholders	10%
IV. Disclosure & Transparency	30%
V. Board Responsibilities	30%
Total	<hr/> 100%

**CORPORATE GOVERNANCE SCORECARD
FOR INSURANCE (NOTES)**

#	ESSENTIAL STANDARDS	SUGGESTED INFORMATION SOURCE	INADEQUATE	ADEQUATE	BETTER	WEIGHTS
	CATEGORIES					
Part I. RIGHTS OF SHAREHOLDERS 15%						
1.	Rights Defined					
1.01	The company has allowed shareholders to elect board members individually.		No	Yes		.88%
1.02	The election of the members of the board is conducted annually.		No	Yes		.88%
2. Quality of Minutes of the Annual General Membership						
2.	Meeting					
2.01	The minutes includes voting method and vote counting system as agreed and declared before the meeting begins.		Declared but not indicated in the minutes	Declared and indicated in the minutes	The voting method and counting system are published in advance ahead of the Stockholders meeting	.88%
2.02	The minutes includes Issues and Motions raised during the meeting.		Not indicated in the minutes	Both issues and motions are indicated in the minutes	The minutes provides sufficient details of the issues taken up and the motions raised during the meeting	.88%
2.03	The minutes includes corporate acts which were disapproved by the stockholders.		Not indicated in the minutes	Indicated in the minutes	The minutes provides sufficient details of corporate acts which were disapproved by the stockholders citing the reasons therefore	.88%
2.04	The minutes has a record that there was an opportunity allowing all shareholders to ask questions/raise issues in the past year.		No	Yes	Material questions raised by the shareholders and their dispositions appear in the minutes	.88%
2.05	There is a record of shareholders questions and corresponding answers from directors/managers during the meeting.		None	Yes	Material questions raised by the shareholders and their dispositions appear in the minutes	.88%
2.06	The minutes of the meeting includes resolutions arrived at during the meeting.		Not indicated in the minutes	Indicated in the minutes	The minutes contain the specific resolutions presented during the meeting and the actions taken thereon	.88%

3. Attendance of the Board Chairman, CEO, Committee Chairman, and Individual Directors							
	3.01	The Chairman of the Board attended the last AGM.	No	Yes			.88%
	3.02	The CEO/Managing Director attended the last AGM.	No	Yes			.88%
	3.03	The Chairman of the Audit Committee the last AGM.	No	Yes			.88%
	3.04	The Chairman of the Compensation/Governance Committee attended the last AGM.	No	Yes			.88%
	3.05	The Chairman of the Nomination Committee attended the last AGM.	No	yes	Includes a list of board meeting attendance, but no individual breakdown was shown		.88%
	3.06	The company reported board and committee meeting attendance of all directors.	No			Includes a listing in the annual report/pertinent IC report of the attendance each board member.	.88%
4. Election/Re-elections							
	4.01	All directors/trustees have been subjected to the process of election by the shareholders/members at the AGM meeting following their nomination. The directors/trustees have been elected for a specified term and removed in accordance with the Corporation Code of the Philippines and By-laws.	No	Yes		Election is conducted Annually and whenever a vacancy occurs.	.88%
	4.02	The Board has informed the shareholders/members in a resolution to elect a non-executive director/trustee and the reason why they should be elected.	No	Yes		This should be duly documented and made available to stockholders and shareholders.	.88%
	4.03		No	Yes			.88%

Part II: EQUITABLE TREATMENT OF SHAREHOLDERS/MEMBERS 15%						
5	For the same class of shares, the principle of "one share one vote" applies.	No	Yes		The stockholder votes in person or by proxy and may cumulate his votes and give them all to one candidate of his choice. And this should be disclosed in the voting method and counting of votes.	2.5%

6	The company has mechanism that allows minority shareholders/members to influence board composition. It may be by cumulative voting or explicitly allowing minority shareholders/members to influence the nomination of independent directors/trustees.		No	Yes	Company by-laws or rules allow minority shareholders to nominate independent directors.	2.5%
7	The notice to shareholders/members specifies the documents required to exercise proxy voting.		No	Yes	The Corporate Secretary remains accessible to assist shareholder who may exercise proxy voting	2.5%
8	The company sends out notice of general stockholders' meetings in accordance with Corporation Code and By-Laws.		No	Compliance with By-laws and Corporation Code	The period of notice is longer than what the By-laws and Corporation Code required	2.5%
9	The company has established a policy or guideline to prevent the use of material inside information and inform all employees, management, and board members of the same.		No	Yes	To be included in the Annual Report, in the Information Statement and SEC and/or PSE records	2.5%
10	The Company has a policy on conflict of interest and related-party transactions.		No	Yes	The Company has a written Code of Conduct which severely deals with Conflict of Interest and related-party transaction.	2.5%
Part III. THE ROLE OF STAKEHOLDERS 10%						
11	The company addresses the safety and welfare of its employees.		No	Yes	Comprehensive coverage better than what the law/regulations provide	1.67%
12	The company provides long-term employee incentive plan linked to shareholder value creation, to employees.		No	Yes		1.67%
13	The company provides a retirement plan/fund or its equivalent for its employees.		No	Equal to minimum required by law	Provides better benefits on top of minimum required by law	1.67%
14	The company provides a continuing training program for its employees.		No	Yes	All employees have their own respective programs identified	1.67%

15	The company explicitly mentions its obligations to its customers and how these are being addressed, in its public communications/corporate documents.	No	Yes	The obligations and how they are addressed are comprehensively outlined and appears in several of the company's public communication and paper/documents	1.67%
16	The company provides programs to address its obligations to society and / or the community in its corporate papers.	No	Yes	The obligations and how they are addressed are comprehensively outlined and appears in several of the company's public communication and paper/documents	1.67%
Part IV. DISCLOSURE AND TRANSPARENCY 30%					
17	The Company has a transparent ownership structure. There is an adequate public information on the company's ownership structure				1.3%
17.01	Breakdown of shareholdings	No	Yes	Yes and published	.22%
17.02	Identify beneficial ownership.	No	Yes	Nominee/trustee is identified	.22%
17.03	The directors/trustees' shareholdings are disclosed.	No	Yes, collectively	Individually	.22%
17.04	The management shareholdings are disclosed.	No	Yes, collectively	Individually.	.22%
17.05	Board member's background	No	Yes (IC Bio Data)	Interest of relatives (within the 4th civil degree by affinity or consanguinity) within the Company are disclosed Identification shows name, position, education, experience and shareholding	.22%
17.06	Identification of independent directors/trustees	No	Yes		.22%
18	The company's Annual Report includes: a) the operation and various decisions made by the board; b) Identification of chairman, vice chairman, independent directors, as well as chairmen and members of the nomination, audit and remuneration committees; c) disclosure of the chairman's other significant commitments; d) number of meetings of the board and its committees as well as the attendance of their members as required by IC Corporate Governance Principles and Leading Practices (CGPLP).	No	Yes		1.3%

19	The minutes of board meetings reflects all issues and concerns taken up during the meeting as required under the IC Corporate Governance Principles and Leading Practices (CGPLP).	No	Yes	1.3%
20	The election of members of the Board is based on their qualification, merit, "fit and proper" rule test and other objective criteria.	No	Yes	1.3%
21	There was a careful deliberation and consideration to ensure that all nominees/elected Board members have enough time for the job	No	Yes	1.3%
22	There is an established succession plan for the Board and for Senior Management to ensure the presence/ maintenance of a balance of appropriate skills and experience within the Board and the Company.	None	Yes	1.3%
23	The company discloses its pending legal tax proceedings, tax assessment notices and voluntary assessment program availments.	No	Yes	1.3%
24	Related party transactions are conducted in a manner at least comparable to the normal commercial practices to safeguard the best interest of the Company, its Policyholders, Creditors, and Claimants pursuant to provisions of Title 20 Chapter 3 of the Insurance Code.	No	Yes	1.3%
25	Related Party Transactions had been disclosed fully to the Board and prior board approval had been obtained for related party transactions that are material in nature.	No	Yes	1.3%
26	The officers and directors have not been engaged in any unfair or deceptive act or conduct constituting unfair trade practices.	Established to have engaged in unfair or deceptive acts	No record of unfair or deceptive act	1.3%

27		The Company has not committed or performed as a general business practice unfair claims settlement practices as defined under Section 241 of the Insurance Code.		Has been found to have committed unfair settlement practices by IC within the past 12 months	Not found by IC to have committed any unfair claim settlement during the past 12 months	No complaints with just cause filed with the regulator against the Company for unfair claims settlement	1.3%
28		Board Remuneration					1.3%
28.01		The levels of remuneration have been sufficient to attract and retain the quality of directors/trustees in running the company successfully.		No	Yes		.22%
28.02		A significant proportion of executive directors remuneration has been structured, written as a matter of policy, so as to link rewards to corporate and individual performances.		No	Yes		.22%
28.03		The level of remuneration of non-executive directors has reflected experiences, responsibilities, time commitment, and performances.		No	Yes	Experience, responsibilities and performance are accordingly graded and incorporated in the company written remuneration and compensation policy	.22%
28.04		There has been a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors/trustees.		No	Yes	Such policy is published and any amendment thereto should be in writing	.22%
28.05		There is no director/trustee involved in deciding his or her own remunerations.		No	Yes		.22%
28.06		A clear, concise and understandable disclosure of compensation of an executive officer for the previous fiscal year and the ensuing year has been provided for in the annual report of the company.		No	Yes		.22%

29		The Directors possess the following criteria:							
	29.01	a. They are at least 25 years old and should have the necessary skills, competence and experience, in terms of management capabilities preferably, in the field of insurance or insurance-related disciplines.	No	Yes			Qualifications are documented and authenticated to supplement the fit and proper rule form		1.3%
	29.02	b. They are persons of integrity and credibility	No	Yes			Supported by documentation such as certificates of distinctions and awards of recognitions conferred by reputable institutions or distinguished societies/organization		43%
	29.03	e. Attended a special seminar on corporate governance conducted by a training provider accredited by the IC	Not All	All			Majority of the directors have attended more advance Corporate Governance Trainings conducted by reputable/ international Training providers / institutions. Completed fellowship programs in Corporate Governance		43%
30		The independent Director possesses all the qualifications and none of the disqualifications provided in the IC CGPLP. Changes in circumstances are immediately disclosed.	No	Yes					1.3%
31		A director does not possess any of the permanent disqualifications provided in the IC CGPLP. Changes in circumstances are immediately disclosed.	No	Yes					1.3%
32		No Director possesses any of the temporary disqualifications as provided in the IC CGPLP	No	Yes					1.3%

33	Internal Audit								1.3%
	The company has an independent internal audit which reports to the Audit Committee and the Board.	33.01			No	Yes		The Audit Committee's charter provides the reporting line of the internal auditor to the Audit Committee and the Board. A formal written report is submitted by the internal auditor every time the Audit Committee and the Board hold a meeting.	.65%
	The internal audit function provides an independent evaluation of the internal control processes of the company.	33.02			No	Yes		Such independent evaluation is conducted at least every Six (6) months and a written report of the results thereof is submitted to the Board	.65%
34	The company performs an annual audit using IC accredited external auditors and IC guidelines.				No	Yes			1.3%
35	The required financial report was disclosed / submitted to IC in a timely manner during the past year.				No	Yes		Such financial report was presented to, reviewed by, and approved by the Audit Committee and the Board before submission to the IC.	1.3%
36	There are NO accounting qualifications in the audited financial statements apart from the Qualification on Uncertainty of Situation.				No	Yes			1.3%
37	The Board has a timely and accurate disclosure on all material matters including the financial condition, performance, ownership and governance of the corporation.				No	Yes			1.3%
38	All the stakeholders concerned had been provided with a fair and timely cost-efficient access to financial and/or other relevant information, e.g. shareholders; policyholders; creditors; and claimants.				No	Yes			1.3%