CIRCULAR LETTER

TO : ALL INSURANCE, REINSURANCE COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS

SUBJECT : GUIDELINES ON THE REGISTRATION OF CONTROLLED INSURERS

Pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act ("R.A.") No. 10607 and provisions of Chapter III (The Business of Insurance), Title 20 (Holding Companies) of the Insurance Code, as amended by R.A. No. 10607, the following Guidelines on the Registration of Controlled Insurers, are hereby issued:

SECTION 1. DEFINITION OF TERMS

In these Guidelines, unless the context otherwise requires, the following words have the following meaning:

a. "Control" - means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or management services, or otherwise.

This term includes "controlling", "controlled by" and "under common control with";
b. "Controlled insurer" - means an insurance company authorized to do insurance business in the Philippines that is controlled, directly or indirectly, by or a holding company;

c. "Controlled person" – any person, other than a controlled insurer, who is controlled directly or indirectly by a holding company;

d. "Holding company" –any person who directly or indirectly owns, controls an insurance company authorized to do insurance business in the Philippines and those who are determined as such by the Commissioner pursuant to Section 292 of the Insurance Code, as amended by R.A. No. 10607;

e. "Insurance holding company system" – a type of business organization two or more affiliated persons, one or more of which is an insurance company authorized to do insurance business in the Philippines;

f. "Person" - entities that are affiliated with insurance companies and not otherwise subject to such regulation.

SECTION 2. REGISTRATION OF A CONTROLLED INSURER

Every insurer authorized to do business in the Philippines and which is part of a holding company system shall register with this Commission in accordance with Section 294(a) of the Insurance Code, as amended by R.A. No. 10607 and shall furnish the Commission with the following information concerning its holding company in accordance with Section 294(b) of the Insurance Code, as amended by R.A. No. 10607:

1. A copy of the Charter or Articles of Incorporation and By-laws;
2. The identities of the principal or majority shareholders, officers, directors and controlled persons;
3. List of shareholders and percentage of ownership;
4. Information as to the capital structure and general financial condition of the holding company;
5. A description and list of the principal business/es; and
6. National Bureau of Investigation Clearance or similar clearance from foreign counterpart of the major shareholder or ultimate beneficial owner of the controlled insurer.

The registration shall only be one-time only and, shall not be recurring.

SECTION 3. PRESUMPTION OF CONTROL

Control is presumed to exist when a person directly or indirectly owns, controls or holds with the power to vote forty percent (40%) or more of the voting securities of any other person: Provided, That no person shall be deemed to control another person solely by reason of his being an officer or director of such other person,
Provided, further, that this presumption may be rebutted by a showing, upon application, that any person, either alone or pursuant to agreement with one or more other persons, does not or will not upon the taking of some proposed action control another person.

SECTION 4. WHO ARE NOT DEEMED HOLDING COMPANIES.

The following shall not be deemed holding companies:

a) Entities holding valid Certificate of Authority issued by this Commission; and

b) The Government of the Philippines, or any political subdivision, agency or instrumentality thereof, or any corporation which is wholly owned directly or indirectly by one or more of the foregoing.

SECTION 5. FEES

The applicant shall pay a one-time registration fee in the amount of Fifty thousand – five hundred Pesos (Php 50,500.00).

SECTION 6. AMENDMENT OF REGISTRATION

In case of change of identity of its holding company, the controlled insurer shall effect the amendment of its registration within thirty (30) days following the said change of identity, subject to reasonable extension/s as may be granted by the Commissioner based on reasonable grounds.

SECTION 7. PENALTY FOR FAILURE TO REGISTER OR DELAY IN THE REGISTRATION

In addition to any other penalty provided by law, the Commissioner, may, upon the willful failure of any person within a holding company system to comply with this Circular shall be proceeded upon in accordance with Section 306 of the Insurance Code, as amended by R.A. No. 10607.

SECTION 8. TRANSITORY PROVISION

All existing controlled insurer at the time of the effectivity of this Circular Letter are required to register within ninety (90) days from effectivity, subject to the payment of the fee provided under Section 5.

Those who previously registered as a controlled insurer prior to the effectivity of this Circular Letter and those granted with provisional registration prior to the effectivity of this Circular Letter are required to register anew pursuant to this Circular Letter within sixty (60) days from effectivity, such companies are required to present proof of prior...
registration and is required to pay the amount of Forty thousand - four hundred Pesos (Php 40,400.00).

SECTION 9. IMPLEMENTING DIVISION

The Licensing Division shall implement this Circular Letter.

SECTION 10. EFFECTIVITY

This Circular Letter shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner