



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



Legal Opinion (L.O.) No.	LO-2018-05
Date	March 5, 2018

**MS. JILL MARIE B. LOPEZ**

Assistant Corporate Secretary  
AXA Philippines  
34<sup>th</sup> Floor GT Tower International  
6813 Ayala Ave. Cor. H.V. Dela Costa St.  
Makati City.

**SUBJECT: Shared Services Agreement between Philippine  
AXA Life Insurance and AXA Shared Services  
Centre Philippines**

**Dear Ms. Lopez:**

This pertains to your letter dated 28 September 2017 informing this Commission of the intent of Philippine AXA Life Insurance Corporation (AXA Philippines) to enter into a shared services arrangement with AXA Shared Services Centre Philippines (AXA SSCP) on a regular systematic basis.

AXA SSCP is registered with the Philippine Economic Zone Authority (PEZA) with the primary purpose of providing information technology enabled services.

The following services are proposed to be shared by and between AXA Philippines and AXA SSCP, namely:

- a. Human Resource and Recruitment;
- b. Compensation, benefits and Rewards;
- c. Procurement and Purchasing;
- d. Legal and Compliance;
- e. Finance and Accounting;
- f. Information Technology;
- g. Facilities Management;
- h. Internal Audit; and
- i. Marketing

In order to determine the propriety of the proposed shared services agreement, the Commission, through its Regulation, Enforcement and Prosecution Division, requested additional documents *i.e.* audited financial statements of AXA Philippines and AXA SSCP and compensation structure of AXA Philippines and AXA SSCP.

In a letter dated 06 December 2017, your company submitted the following documents in support of its request for approval to enter into separate shared services arrangement with AXA Shared Services Centre Philippines (AXA SSCP) on a regular systematic basis.

For AXA Philippines:

- 1) Audited Financial Statements
- 2) Current Salary Structure
- 3) Organizational Structure

For AXA Shared Services Centre

- 1) Current Salary Structure
- 2) Organizational Structure
- 3) Project Brief for PEZA IT Enterprise

The Commission duly notes that AXA SSCP is an affiliate of AXA Philippines. It must be noted that while AXA SSCP or AXA Philippines does not fall under the holding company system or controlled insurer as defined under the Insurance Code, as amended by R.A. 10607, the criteria set forth under Section 298 is relevant for determining the propriety of a shared services agreement between the companies which are the following:

**"(a) The terms shall be fair and equitable;**

**"(b) Charges or fees for services performed shall be reasonable;**

**"(c) Expenses incurred and payments received shall be allocated to the insurer on an equitable basis in conformity with customary insurance accounting practices consistently applied.**

"The books, accounts and records of each party to all such transactions shall be maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties."

Upon thorough perusal of the documents submitted, the Commission finds that the terms and conditions are compliant with Section 298 of the Insurance Code, as amended by R.A. 10607.

Thus, this Commission hereby approves AXA Philippines shared services agreement with AXA SSCP provided that the continuing requirements under

Section 298 of the Amended Insurance Code and other applicable laws are present.

Please note that the opinion rendered by this Commission is based solely on the particular facts disclosed in the query and relevant solely to the particular issues raised therein. This opinion shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in the other cases whether for similar or dissimilar circumstances. If upon investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered null and void.

Also, please be advised that the above-mentioned findings of the Commission does not affect the validity or invalidity of the employment contract/relationship of AXA SSCP absorbed employees considering that the determination of the same falls under another jurisdiction.

Please be guided accordingly.

Thank you.

Very truly yours,

**DENNIS B. FUNA**  
Insurance Commissioner

