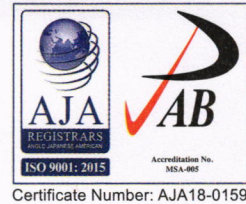




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



| | |
|---------------------------------------|--------------|
| Insurance Commission Ruling (ICR) No. | 2019-01 |
| Date: | 11 June 2019 |

MGen. ROMEO N. DELA CRUZ, AFP (RET)

President and CEO

Armed Forces and Police Mutual Benefit Association, Inc.

Col. Bonny Serrano Road cor. E. Delos Santos Ave.

Quezon City

SUBJECT: Clarifications Concerning the Insurance Commission's Issued Circulars

Dear MGen. Dela Cruz,

The Commission recognizes that your company's wholly-owned subsidiary, AFP General Insurance Corporation (AFPGen), is contemplating to apply for a Servicing License with the intention of withdrawing from its insurance business, if negotiation with its prospective investors becomes futile. Hence, the following clarifications concerning this Commission's issued Circulars are requested by your good selves, viz:

1. Whether or not the Commission will allow or endorse an amendment to the Articles of Incorporation and By Laws reducing the number of AFPGen's Board of Directors from fifteen (15) to five (5) and the frequency of Board meetings?

Note that Circular Letter No. 2017-26 dated 11 April 2017 entitled "*Guidelines on Voluntary Cessation of Non-Life Insurance Business in the Philippines*," provides, among other provisions, the consequences of an application for withdrawal and cessation of business, to wit –

*g. "No favorable endorsement for purposes of effecting any amendments in the company's Articles of Incorporation and By-Laws shall be granted during the pendency of the application for cessation and withdrawal of business **to reflect any shift to or inclusion of any other line of business/es.**" (Emphasis and underscoring supplied.)*

As clearly stated by the aforesaid Circular, only shift to or inclusion of any other line of business/es is prohibited once a company files its application for withdrawal and cessation of business. Hence, other amendments, such as reduction of the members of the Board of Directors may be favorably allowed or endorsed by this Commission provided that other requirements of the law, such as but not limited to that of the Corporation Code of the Philippines are complied with.