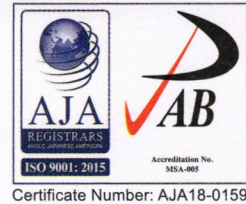




Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila



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.

**2. Whether or not the independent director requirement pursuant to Circular Letter No. 2018-36 applies to companies that have been issued with servicing licenses?**

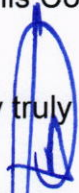
The Commission welcomes your query regarding the above-mentioned Circular Letter No. 2018-36 entitled "*Rules on Number of Seats, Qualifications and Term Limits of Independent Directors*".

Considering the restrictions/limitations imposed under Part V of Circular Letter No. 2017-26 on servicing companies and the appointment and engagement of independent and competent overseers pursuant to Part VIII of the same Circular Letter, the Commission finds that it would indeed be superfluous to still require compliance by servicing companies to the provisions of Circular Letter No. 2018-36.

In light of the forgoing, we have issued the attached Circular Letter exempting all servicing companies from independent director requirements under Circular Letter No. 2018-36, subject to reappointment when circumstances would warrant and for a valid reason, such as but not limited to violation of the corporate governance standards or other acts inimical to the interest of the stakeholders.

Thank you for your support to this Commission.

Very truly yours,



**DENNIS B. FUNA**  
Insurance Commissioner

