



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



Circular Letter No.:	2022-22
Date:	4 May 2022
Supersedes:	CL No. 2018-11, dated 25 January 2018
Supplements	CL No. 2021-52, dated 10 September 2021

CIRCULAR LETTER

TO : ALL DOMESTIC INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : LICENSING REQUIREMENTS DURING THE PENDENCY OF MERGERS AND CONSOLIDATION OF INSURANCE COMPANIES

WHEREAS, on 25 January 2018, this Commission issued Circular Letter (“CL”) No. 2018-11, establishing the licensing requirements during the pendency of mergers and consolidation of insurance companies.

WHEREAS, a Certificate of Authority (“CA”) is a continuing requirement under the insurance Code, as amended, for the constituent companies to be able to transact insurance business during the pendency of Merger or Consolidation.

WHEREAS, after careful review of the said CL and other pertinent rules and regulations as regards the merger and consolidation of insurance companies, this Commission recognizes the need to amend Item No. 1 of CL No. 2018-11 to ensure the continuing compliance of the constituent companies to the required CA; and that the insurance business of the constituent companies will not be hampered while the companies are awaiting the Commission’s issuance of the new CA of the surviving company after receiving from the SEC of the certificate of approving the Articles of Merger or Articles of Consolidation and the Plan of Merger or Plan of Consolidation.

NOW, THEREFORE, in accordance with the statutory powers of the undersigned under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, Item no. 1 of CL No. 2018-11 dated 25 January 2018 is hereby amended as follows:

- 1. Licensing Requirements During Pendency of Merger and Consolidation.-** From the notification of the intent to merge or consolidate until such time **that the new Certificate of Authority of the surviving company or the consolidated corporation is issued by this Commission pursuant to Sections 11 and 12 of CL No. 2021-52, the concerned companies shall maintain their respective Certificate of Authority in order to be able to transact insurance business during the pendency of the merger or consolidation process. Accordingly, the constituent companies shall immediately surrender their respective CAs upon receipt of the new CA of the surviving or consolidated company.**

If either of the concerned merging or consolidating companies is found to be non-compliant with the statutory net worth requirements under the Amended Insurance Code of the Philippines during the pendency of the merger and consolidation process, said company shall be deemed as a servicing company and its license shall be converted into a Servicing License under pertinent rules and regulations issued by this Commission, if applicable.

If both of the concerned merging or consolidating companies are found to be non-compliant with the statutory net worth requirements under the Amended Insurance Code of the Philippines during the pendency of the merger and consolidation process, both companies shall be deemed as servicing companies and its licenses shall be converted into Servicing Licenses, respectively, under pertinent rules and regulations issued by this Commission, if applicable.

This is without prejudice to any and all other regulatory actions that this Commission may take by reason of the companies' non-compliance with the statutory net worth requirements during the pendency of the merger and consolidation process, if warranted; such as, but not limited to, the issuance of cease and desist orders and/or placement of the concerned company/ies under conservatorship.

All other unaffected provisions of CL No. 2021-52 shall remain effective.

For the information and guidance of all concerned parties.

DENNIS B. FUNA
Insurance Commissioner

