



Circular Letter (CL) No.:	2022-40
Date:	9 August 2022
Supplements:	CL No. 2014-15 dated 15 May 2014 (Schedule of Fees and Charges)

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : GUIDELINES ON VOLUNTARY CESSATION AND WITHDRAWAL OF PRE-NEED BUSINESS IN THE PHILIPPINES

WHEREAS, Circular Letter (CL) No. 2014-14 or *the Definition and Licensing of Servicing Insurance Companies*, CL No. 2017-26 *establishing the guidelines on voluntary cessation of non-life insurance business in the Philippines*, CL No. 2018-25 *establishing the guidelines on companies that fail to comply with the net worth requirement of Section 194* and CL No. 2018-30 *establishing the guidelines for non-life insurance companies with (1) existing servicing licenses prior to 5 May 2017; or (2) pending applications for servicing licenses prior to 5 May 2017* were issued to guide all non-life insurance companies to properly run-off its non-life insurance business.

WHEREAS, Circular Letter No. 2019-50 dated 16 September 2019 or the *Guidelines for the Determination of Compliance with Statutory Minimum Unimpaired Paid-up Capital Requirements for Pre-Need Companies* was issued to establish, among other things, the required minimum unimpaired paid-up capital for pre-need companies with servicing licenses and/or those that are not selling any type of plans.

WHEREAS, Circular Letter No. 2020-112 dated 02 December 2020 or the *Guidelines on Formal Closure of Liquidation Proceedings for Pre-Need Companies under Liquidation and Final Disposal and Distribution of Assets Including Unclaimed Benefits* was issued to provide guidelines for companies with sufficient corporate assets to satisfy the company's corporate liabilities or if there are no remaining corporate liabilities and the company has no intention to continue its corporate life.

WHEREAS, prior to this issuance, several Pre-Need Companies have already been operating as a servicing pre-need company or have pending applications.

WHEREAS, for the avoidance of confusion, there is a need to establish specific guidelines for the proper run-off or cessation and withdrawal of pre-need business in the Philippines.

NOW, THEREFORE, pursuant to the authority of the Insurance Commissioner provided under Section 6 of Republic Act No. 9829 or the Pre-Need Code of the Philippines, this Circular Letter on “**Guidelines on Voluntary Cessation and Withdrawal of Pre-Need Business in the Philippines**” is hereby adopted:

SECTION I - APPLICABILITY

This Guidelines shall apply to any **domestic pre-need company** intending to voluntarily cease the sales and registration of its pre-need plans and withdraw its pre-need business in the Philippines.

This Guidelines shall likewise apply to all pre-need companies with currently issued servicing licenses opting to voluntarily cease their business operations, insofar as applicable.

Voluntary cessation or withdrawal of pre-need business is anticipatory or preventive in nature. Hence, this Circular Letter shall **not** apply to- (1) a company placed under conservatorship, receivership and liquidation; (2) a company that has been issued an existing Cease and Desist Order by this Commission; or, (3) a company with existing paid-up capital and/or trust fund deficiency.

SECTION II - SUBMISSION OF LETTER OF INTENT

A domestic pre-need company intending to voluntarily cease and cancel the registration of all of its pre-need plans and run-off its business must submit a letter of intent to voluntarily cease the sales and the cancellation of the registration of its pre-need plans and withdraw its pre-need business before the Insurance Commission.

SECTION III. - DOCUMENTARY REQUIREMENTS FOR APPLICATION AS A SERVICING PRE-NEED COMPANY

A domestic pre-need company intending to voluntarily cease its pre-need business shall submit the aforementioned letter of intent together with the following documentary requirements:

- a. Copy of its latest Certificate of Authority (CA);
- b. Board resolution stating that at least a majority of the members thereof has approved the company's cessation of sales and cancellation of registration of its pre-need plans and the withdrawal of business operations related thereto and that the same has been ratified by the stockholders of the company owning at least two thirds (2/3) of the outstanding capital stock;
- c. Latest audited financial statements for the preceding two (2) years and interim financial statements as of the end of the month immediately preceding the date of the submission of the proposal;
- d. Draft Notice to the Public to be published in accordance with Circular Letter No. 2016-34 and in the company's and Insurance Commission's respective websites, which shall contain the following: