



**IN THE MATTER OF THE
CLOSURE AND TERMINATION
OF THE LIQUIDATION PROCEEDINGS
OF FILIPINO MERCHANTS INSURANCE
CORPORATION (FILMER)**

CRL Ref. No. 2022-03

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D I R E C T I V E

29 December 2022

This Directive is issued pursuant to Section 437, in relation to Section 256, of Republic Act No. 10607, otherwise known as the Amended Insurance Code, and for the purpose of closing and terminating the liquidation proceedings of **FILIPINO MERCHANTS INSURANCE CORPORATION (FILMER)**.

In March 2004, **FILMER** voluntarily ceased all its underwriting activities. On 21 July 2006, the company voluntarily ceased doing insurance business. Nevertheless, the company continued paying all legitimate claims arising from risks it had underwritten until 17 November 2006 when it was placed under conservatorship. The company likewise retired all its regular employees and paid-off all monies and benefits due to them under the law upon termination of their services. Subsequently, on 12 March 2007, the company was placed under liquidation.

In publications made in a newspaper of general circulation on 25 March, 01, 08 and 15 April 2007, the deadline set for the filing of verified claims against the company was on 31 May 2007. There were only seven (7) claims filed in compliance with the said publication.

A second and final Notice was published on 22 and 27 October and 03 November 2022 requiring those who were able to file their claims within the 31 May 2007 deadline to submit until 19 November 2022, proof of filing made. The Notice, likewise, gave last chance to all parties who were able to file their claims but failed to substantiate them and those who have not yet filed their claims with the said company, to file their claims under oath with this Commission's Conservatorship, Receivership and Liquidation (CRL) Division either personally or by mail not later than 19 November 2022, together with all supporting documents and/or relevant proofs detailing the character, basis and amount of each and every claim for consideration in the

1

DIRECTIVE - In the Matter of the Closure and Termination of the Liquidation Proceedings of Filipino Merchants Insurance Company, Inc.

company's liquidation in accordance with pertinent provisions of Republic Act No. 10607, otherwise known as The Amended Insurance Code of the Philippines. However, only the Government Service Insurance System (GSIS) filed its claim in compliance with the second and final publication.

Based on the available records of the Insurance Commission (IC), FILMER has existing liabilities to its policyholders, claimants and creditors in the aggregate amount **Six Million Four Hundred Nineteen Thousand Three Hundred Eighty-Five Pesos and 49/100 Centavos (P6,419,385.49)** Meanwhile, the current available and distributable assets of the company which are sourced from its existing security deposit and cash in bank (*excess of corporate assets*) amount to **One Million Forty-Four Thousand Three Hundred Twenty-Four Pesos and 27/100 Centavos (P1,044,324.27)** as of 30 June 2022. This amount is not sufficient to pay in full each and every claim against the company. Hence, the settlement of the claims shall be on a **pro-rata basis**. The liquidation ratio arrived at is **16.27%**. Thus, claims shall be settled at their equivalent liquidation values only. On the other hand, the lone corporate liability shall be settled in full since the available corporate asset is sufficient.

Moreover, in the event that other assets of the company will be found and accounted for, another batch of distribution will commence upon the availability of liquid assets.

In view of the foregoing and considering the long period of time that FILMER has been placed under conservatorship and liquidation and the considerable length of time given to its claimants and creditors to file their claims, the Commission has now decided to finally CLOSE and TERMINATE its liquidation proceedings and proceed with the settlement of claims at their equivalent liquidation values only.

The Commission shall appoint a Distribution Officer (DO) in accordance with IC Circular Letter No. 2022-31 dated 22 June 2022 to distribute FILMER's current available and distributable assets to its claimants with liquidation value equivalent to **16.27%** only of their total claims.

While the distribution of the said current available and distributable assets of FILMER is on-going, and depending on the result of the distribution, the Commission, through the CRL Division, with the assistance of the DO shall continue with its efforts to dispose any remaining property of FILMER and accordingly distribute the proceeds from said property, if any, in accordance with IC's existing guidelines, procedures and rules and regulations.

The proceeds of said sale/disposal of any real estate property of FILMER shall be distributed by the DO during the second tranche distribution to all its policyholders, claimants and creditors who were already considered by this Commission in the company's books of liabilities, until all the proceeds of any asset of the company are fully exhausted up to the extent of FILMER's liabilities to its policyholders, claimants and creditors.