



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



Circular Letter (CL) No.:	2019-34
Date:	18 July 2019
Amends:	IC Circular Letter No. 2015-11 dated 18 March 2015

CIRCULAR LETTER

TO : ALL DOMESTIC INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : AMENDMENT OF THE RULES AND REGULATIONS ON CONSOLIDATION AND MERGER OF INSURANCE COMPANIES

WHEREAS, pursuant to Sections 258 and 437 of the Insurance Code of the Philippines, as amended, IC Circular Letter No. 2015-11 dated 18 March 2015 was issued to provide the rules and regulations on consolidation and merger of insurance companies;

WHEREAS, at the time of the issuance of aforementioned Circular, the Securities and Exchange Commission (SEC) required the absorbed corporation/s to amend its articles of incorporation to shorten its corporate term;

WHEREAS, on February 20, 2019, the Revised Corporation Code of the Philippines was signed into law;

WHEREAS, Section 79 of the Revised Corporation Code of the Philippines, provides that the separate existence of the constituent corporations shall cease in a merger or consolidation;

WHEREAS, there is a need to update the current documentary requirements under IC Circular No. 2015-11 dated 18 March 2015;

NOW, THEREFORE, by the powers vested in me, the following amendment is hereby issued and promulgated:

- Paragraph No. 11 of IC Circular Letter No. 2015-11 dated 18 March 2015 is hereby amended to read as follows:**

“11. Commissioner's Endorsement. - In accordance with Section 79 of the Corporation Code of the Philippines, insurance companies must secure the favorable recommendation of the Insurance Commissioner before submitting the articles of merger or consolidation with the Securities and Exchange

Commission (SEC).¹ To secure the endorsement of the Commissioner, the following must be submitted:

- a. Certified true copy of the articles of merger or consolidation duly approved by the board of directors, and adopted by the stockholders of the constituent companies;
- b. Copies each of the minutes of the board of directors' meeting and minutes of the stockholders' meeting of the constituent companies, approving and adopting respectively the articles of merger or consolidation;
- c. Deed of assignment or transfer of all the assets in favor of the absorbing or acquiring company in exchange for shares of the latter;
- d. Audited financial statements (Balance sheet and relative Profit and Loss Statement) of the constituent companies;
- e. Affidavit of publication of the notice of dissolution of the absorbed company or companies. Said notice of dissolution must be published once a week for three (3) consecutive weeks in a newspaper of general circulation in the Philippines, to the effect that it has or they have presented to the SEC and IC an amended articles of incorporation shortening its or their term of existence, together with the relative financial statement and advising the creditors of its or their willingness to settle claims.
- f. Certification about increase of capital stock of the acquiring or absorbing company executed in accordance with the Corporation Code, whenever necessary, to create shares of stock for issuance to the stockholders of the absorbed or dissolved company or companies in accordance with the plan or merger/consolidation;
- g. Written proof as to the discharge of accrued liabilities of the company or companies to be absorbed or dissolved; and
- h. Such other papers or documents which the Commissioner may require, for his consideration. The list of policy holders should be made available if and when it is required."

¹ Section 78. Effectivity of merger or consolidation - The articles of merger or of consolidation, signed and certified as required by this Code, shall be submitted to the Commission for its approval; Provided, That in the case of merger or consolidation of banks or banking institutions, loan associations, trust companies, insurance companies, public utilities, educational institutions and other special corporations governed by special laws, the favorable recommendation of the appropriate government agency shall first be obtained. If the Commission is satisfied that the merger or consolidation of the corporations concerned is inconsistent with the provisions of this Code and existing laws, it shall issue a certificate approving the articles and plan of merger or consolidation, at which time the merger or consolidation shall be effective. If, upon investigation, the Commission has reason to believe that the proposed merger or consolidation is contrary to or inconsistent with the provisions of this Code or existing laws, it shall set a hearing to give the corporations concerned the opportunity to be heard. Written notice of the date, time and place of hearing shall be given to each constituent corporation at least two (2) weeks before said hearing. The Commission shall thereafter proceed as provided in this Code.

This Circular Letter shall take effect immediately.
All concerned should be guided accordingly.



DENNIS B. FUNA
Insurance Commissioner

