



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila

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Circular Letter (CL) No.:	2014 - 07
Date :	03 March 2014

CIRCULAR LETTER

TO : ALL NON-LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : APPROVAL OF FACULTATIVE REINSURANCE PLACEMENTS ABROAD

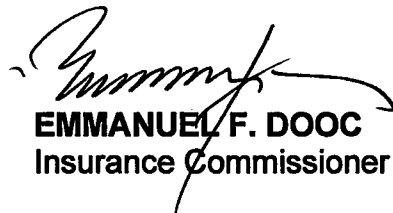
The following are the revised rules and regulations governing approval of applications for facultative reinsurance placements abroad:

- I. The application form shall contain the information as enumerated in the attached format.
- II. Attachments to the applications:
 1. Copy of the policy.
 2. List of accepting companies showing their respective shares in terms of absolute amounts and percentage participation.
 3. List of reinsurers showing their respective shares (amounts and percentage) in case of placements through brokers.
 4. List of declining companies together with supporting letters of declinations containing an explanation for their non-participation.
- III. The risk for which facultative reinsurance placement is being applied for shall first be offered locally as follows:
 1. For Marine Hull, Aviation, Money Securities Payroll and Robbery risks, to at least two (2) local direct writing companies, one (1) foreign authorized company and one (1) domestic professional reinsurer.
 2. For all other risks, to at least five (5) local direct writing companies, three (3) foreign authorized companies and one (1) domestic professional reinsurer.

- IV. In accordance with the provisions of Section 4 of P.D. 1270, all non-life and life companies shall cede to the National Reinsurance Corporation of the Philippines (PhilNaRe) at least ten percent (10%) of their outward reinsurance placed with unauthorized foreign reinsurers.
- V. The letters of declinations (No.II-4 above) required to be submitted shall contain the following:
1. The specific reasons why the facultative reinsurance offer was not accepted. Reasons for declination like "not considered" or "due to underwriting restrictions" shall not be considered as specific reasons and shall be further explained, i.e., **why** the company was not interested to accept the offer or **what** underwriting restriction was the basis of declination. The original copy of the declination letter shall be submitted.
 2. The signature of the company's duly registered underwriter. Companies are hereby requested to submit to this Office, at the Reinsurance Division, the names and specimen signatures of their respective registered company underwriters duly authorized to sign letters of declination, not later than 31 March 2014.
- VI. Submit signed confirmation of acceptance/binder from the unauthorized foreign reinsurer indicating the name of the assured, percentage rate of share and the corresponding policy number.

All issuances inconsistent herewith are hereby revoked.

This Circular Letter takes effect immediately.


EMMANUEL F. DOOC
Insurance Commissioner

To : Insurance Commission
 Subject : Request for Approval of Facultative Placement Abroad
 Attention : Reinsurance Division

I. Particulars of Application

- 1. Insurer :
- 2. Assured :
- 3. Line :
- 4. Sum Insured :
- 5. Interest(s) :
- 6. Perils Covered :
- 7. Rate/Premium :
- 8. Location/Trading Warranty :
- 9. Occupancy :
- 10. Inception/Voyage :
- 11. Expiry :
- 12. Co-insurance :

II. Underwriting Distribution

	<u>Amount/Accepted</u>	<u>Percent</u>
1. Ceding Company		
a. Retention		
b. Treaty Cessions	_____	_____
Sub-total	_____	_____
2. Local Facultative Placement		
a. Domestic Direct Ins. Co.		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
b. Foreign Authorized Cos.		
_____	_____	_____
_____	_____	_____
_____	_____	_____
c. Domestic Professional Reinsurer		
National Reins. Corp. of the Phils.	_____	_____
Sub-total	_____	_____
3. Facultative Placements Abroad		
(as per the attached list of reinsurers)	_____	_____
GRAND TOTAL	_____	_____
	=====	=====

 Authorized Signature