

[CIRCULAR LETTER NO. 2018-32, June 01, 2018]

REINSURANCE OF OUTSTANDING POLICIES OF INSURANCE COMPANIES AND MBAS UNDER CONSERVATORSHIP, RECEIVERSHIP, OR LIQUIDATION

*Adopted: 30 May 2018
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WHEREAS, Section 256 (3) of Republic Act No. 10607, otherwise known as the Amended Insurance Code of the Philippines, provides that a duly appointed Liquidator of an insurance company or MBA placed under liquidation "*shall x x x reinsure all its outstanding policies*";

WHEREAS, this Commission recognizes that the duly appointed Conservators and Receivers of insurance companies or MBAs under conservatorship or receivership may likewise reinsure said companies' outstanding policies as part of a rehabilitation strategy to restore said companies to financial viability, in accordance with Sections 255 and 256 (1) of the same Code;

WHEREAS, "outstanding policies," as used in this Circular Letter, refer to policies with unexpired policy periods, and/or policies with outstanding or potential liabilities, as of the date the concerned company is placed under conservatorship, receivership, or liquidation;

WHEREAS, there is a need to adopt a mechanism for the reinsurance of outstanding policies of companies under conservatorship, receivership, or liquidation;

NOW THEREFORE, by virtue of the powers vested in the undersigned in accordance with Section 437 of the same Code, the following rules and regulations as regards reinsurance of outstanding policies of companies under conservatorship, receivership, or liquidation are hereby prescribed and adopted, viz;

1. In cases of Conservatorship or Receivership. - The duly appointed Conservators and Receivers may opt to reinsure or increase the reinsurance coverage of the outstanding policies issued by the respective insurance companies' respective financial positions and/or strategic considerations.

Said Conservators and Receivers shall include the proposal to reinsure or increase said reinsurance coverage in their respective Rehabilitation Plans to be submitted for consideration and approval by the Insurance Commissioner.

2. In cases of Liquidation. - All duly appointed Liquidators of