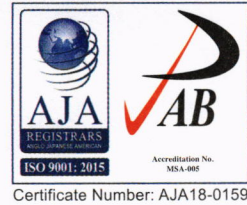




Republic of the Philippines  
 Department of Finance  
**INSURANCE COMMISSION**  
 1071 United Nations Avenue  
 Manila



Circular Letter (CL) No.:	2019-36
Date:	23 July 2019
Amending:	CL No. 2018-36 dated 26 June 2018

**CIRCULAR LETTER**

**TO :** All Insurance/Reinsurance Companies, Insurance and Reinsurance Brokers, Mutual Benefit Associations, Pre-Need Companies and Health Maintenance Organizations

**SUBJECT :** Amendments to Items A and B of Circular Letter (CL) No. 2018-36 dated 26 June 2018 on Rules on Number of Seats, Qualifications and Term Limits of Independent Director

**WHEREAS**, the required minimum number of independent director provided for under Section 22<sup>1</sup> of the Revised Corporation Code is at least twenty percent (20%) of the board.

**WHEREAS**, under item A of the existing Insurance Commission Circular Letter No. 2018-36 dated 26 June 2018, the required number of independent director must be at least two (2) or twenty percent (20%) of the members of the board, whichever is higher.

<sup>1</sup> Section 22 of the Revised Corporation Code provides:

**“Section 22 – The Board of Directors or Trustees of a Corporation; Qualification and Term. –** Unless otherwise provided in this Code, the board of directors or trustees shall exercise the corporate powers, conduct all business, and control all properties of the corporation.

xxx

**The board of the following corporations vested with public interest shall have independent directors constituting at least twenty percent (20%) of such board:**

xxx

b) Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, **pre-need**, trust and **insurance companies**, and other financial intermediaries;

xxx

**WHEREAS**, there is a need to amend item A of CL No. 2018-36 to conform with Section 22 of the Revised Corporation Code.

**ACCORDINGLY**, pursuant to the power of the Insurance Commission (IC) under paragraph 3, Section 437 of the Insurance Code, as amended, Section 6 (k) of the Pre-Need Code of the Philippines and Section 4 (j) of Executive Order No. 192, Series of 2015 to issue circulars or rules and regulations, the undersigned Insurance Commissioner enacts the following:

SECTION 1. Item A of CL No. 2018-36 is hereby amended to read as follows:

*“A. Number of Seats of Independent Directors in the Board.*

*The Board of the insurance companies, insurance and reinsurance brokers, mutual benefit associations, pre-need companies and health maintenance organizations **shall have independent directors constituting at least twenty percent (20%) of such board.***

xxx ”.

SECTION 2. Item B(7) of the same Circular is hereby deleted. Succeeding sub-items are hereby renumbered accordingly.

This Circular shall take effect immediately.

For your information and strict compliance.



**DENNIS B. FUNA**  
Insurance Commissioner

