

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

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/2df94163e13e/>

Adopted: 30 May 2018

Date Filed: 01 June 2018

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 insurance companies or MBAs under liquidation are required to reinsure or increase the reinsurance coverage of the companies’ outstanding policies; provided, that, the respective financial circumstances of said companies permit said reinsurance or increase of reinsurance coverage.

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

3. Assumption Reinsurance Agreements. - In the alternative, Conservators, Receivers and Liquidators, representing the companies under conservatorship, receivership, or liquidation, may enter into Assumption

Reinsurance Agreements (ARAs) or similar contracts, with reinsurer/s.

Said Conservators, Receivers, or Liquidators shall include the proposal to enter into ARAs or similar contracts in their respective Rehabilitation or Liquidation Plans to be submitted for consideration and approval by the Insurance Commissioner.

No ARA or similar contract shall bind the Conservator, Receiver, or Liquidator; the company under conservatorship, receivership or liquidation and its policyholders; and/or the reinsurers, unless said ARA or similar contract is duly approved by the Insurance Commissioner.

4. Supplemental Guidelines. - This Commission shall issue supplemental guidelines to explain or complement the provisions of this Circular Letter, if later found to be necessary under the circumstances and upon industry consultation.

5. Effectivity. - This Circular Letter shall take effect immediately.

For guidance and strict compliance of concerned parties.

(SGD) DENNIS B. FUNA

Insurance Commissioner

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.