NATIONAL ADMINISTRATIVE REGISTER · SEPTEMBER 4, 2018

GUIDELINES ON THE ISSUANCE OF STAY ORDERS

CIRCULAR LETTER NO. 2018-44, September 04, 2018

Read online (full-text search, related cases, audio case brief): https://batas.org/library/70fea5f5c923/

Adopted: 31 August 2018

Date Filed: 04 September 2018

WHEREAS, the statutory objectives of the conservatorship and receivership processes under Sections 255 & 256 of Republic Act No. 10607, otherwise known as the Amended Insurance Code of the Philippines, Sections 49 & 50 of Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines, and Section 4 (i) of Executive Order No. 192, s. 2015 are to: (1) restore distressed regulated companies to financial viability; and (2) preserve and administer the assets of the same for the benefit of said companies' policyholders, planholders, members, and creditors;

WHEREAS, this Commission has, on various occasions, issued Stay Orders in the interest of achieving the objective/s of the rehabilitation of concerned companies under conservatorship or receivership and/or preserving the assets of the same under for the benefit of said companies' policyholders, planholders, members, and creditors;

WHEREAS, to facilitate the conservatorship and receivership processes, this Commission deems it necessary and beneficial to issue uniform guidelines as regards the issuance of Stay Orders;

WHEREAS, in relation to the foregoing, corporate rehabilitation courts are empowered to issue Stay or Suspension Orders under Section 16 of Republic Act No. 10142, otherwise known as the Financial Rehabilitation and Insolvency Act (FRIA);

WHEREAS, this Commission is of the position that, by analogy, it is likewise statutorily empowered to issue Stay Orders as it essentially acts as a specialized "rehabilitation court" for the subject regulated entities;

NOW, THEREFORE, pursuant to the statutory powers of the Insurance Commissioner to prepare and approve rules, regulations and orders concerning the insurance, pre-need, and HMO industries under Section 437 of the Amended Insurance Code of the Philippines, Section 6 of the Pre-Need Code of the Philippines, and Section 4 of Executive Order No. 192, s. 2015, the following uniform guidelines on the issuance of Stay Orders are hereby issued and promulgated, viz:

> 1. When Issued. - In cases of conservatorship, a Stay Order may be issued by this Commission upon the favorable recommendation of the duly appointed conservator and/or this Commission's Conservatorship, Receivership and Liquidation (CRL) Division. The recommendation for the issuance of a Stay Order shall be substantiated by finding/s that the issuance of the Stay Order is necessary to:
> a. Achieve the objectives of the financial rehabilitation of the concerned company; and/or
>
> b. Preserve the assets of the company for the benefit of its policyholders, planholders, members, and/or creditors.

In cases of receivership, a Stay Order shall be issued simultaneously with the order placing the concerned company under receivership.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

2. Provisions of Stay Order. - All Stay Orders issued pursuant to this Circular Letter shall provide that:

a. All actions or proceedings, in court or otherwise, for the enforcement of claims against the concerned company under conservatorship or receivership shall be suspended; Provided, that, all such claims shall be referred or endorsed to the concerned conservator or receiver for appropriate action;

b. All actions to enforce any judgment, attachment or other provisional remedies against the concerned company shall likewise be suspended; Provided, that, any final and executory judgment of any court, tribunal, office, or agency of competent jurisdiction shall be treated by the conservator or receiver as a non-disputed claim;

c. Said company shall be prohibited from selling, encumbering, transferring or disposing in any manner any of its properties, except in the ordinary course of business and/or as may be approved by the Insurance Commissioner upon the favorable recommendation by the appointed conservator, receiver, and/or this Commission's CRL Division; and

d. Said company shall be prohibited from making any payment of its liabilities as of the date of the issuance of the Stay Order, except for approved administrative expenses and/or those approved by the Insurance Commissioner upon the favorable recommendation by the appointed conservator, receiver, and/or this Commission's CRL Division.

3. Only Right to Enforce Claim Suspended. - The issuance of the Stay Order shall not be deemed, in any way, to diminish or impair the right/s of the policyholders, planholders, members, and/or creditors to their respective claims; except that their right to enforce said claims shall be suspended during the term of the Stay Order.

4. Exceptions to the Stay Order. - The Stay Order shall not apply:

a. To cases already pending appeal in the Honorable Supreme Court at the time of the issuance of the Stay Order; Provided, that, any final and executor judgment arising from such appeal shall be referred to the conservator or receiver for appropriate action;

b. To any criminal or administrative action against individual owner/s, partner/s, director/s, or officer/s of the company under conservatorship or receivership; or

c. To cases specifically ordered excluded by the Insurance Commissioner upon the favorable recommendation of the conservator, receiver, and/or this Commission's CRL Division. The recommendation for the exclusion of such cases from the coverage of the Stay Order shall be substantiated by findings that such exclusion is necessary to: (1) Achieve the objectives of the financial rehabilitation of the concerned company; and/or (2) Preserve the assets of the company for the benefit of its policyholders, planholders, members, and/or creditors.

5. Exclusivity of Rehabilitation Proceedings and Contempt. - Attempts by policyholders, members, planholders, and/or creditors to seek legal or other recourse against the distressed company outside conservatorship or receivership proceedings shall constitute indirect contempt of this Commission punishable in accordance with the provisions of Section 437 (g) of the Amended Insurance Code or Section 6 (f) of the Pre-Need Code of the Philippines.

6. Publication of Stay Order. - A copy of the Stay Order including its annexes, if any, shall be posted at the entrance or at a conspicuous place at the main office and branches of the concerned company under conservatorship or receivership.

The conservator or receiver shall likewise cause the publication of the Stay Order in a newspaper of general circulation in the Philippines once a week for three (3) consecutive weeks. The first publication shall be made within ten (10) days from the issuance of the Stay Order. The concerned conservator or receiver is enjoined to

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

strictly observe the provisions of Circular Letter No. 2016-34 dated 21 June 2016 in the publication of the Stay Order.

In addition, the Stay Order shall be published in the Insurance Commission's website.

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

(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.