Circular Letter (CL) No.:	2014-49
Date:	11 December 2014

CIRCULAR LETTER

TO   : ALL LIFE AND NON-LIFE INSURANCE COMPANIES

SUBJECT   : TERM LIMITS FOR INDEPENDENT DIRECTORS

To ensure good governance and promote infusion of new ideas and perspective in the boards of directors, the following rules on the election of Independent Directors in Life and Non-Life Insurance Companies are hereby promulgated pursuant to Section 437 of Republic Act No. 10607 otherwise known as the Amended Insurance Code:

1. Independent Directors (IDs) can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;

2. After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company;

3. An ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph 1 above;

4. After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in this Circular;

5. The foregoing rules shall take effect on January 2, 2015. All previous terms served by existing IDs shall not be included in the application of the term limits subject of this Circular.

All issuances inconsistent herewith are hereby revoked.

For strict compliance.

EMMANUEL F. DOOC
Insurance Commissioner