



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



Circular Letter (CL) No.:	2018-36
Date:	26 June 2018
Supplements:	CL No. 2016-51 dated 06 September 2016 and CL No. 2014-15 dated 15 May 2014
Supersedes:	CL No. 2014-49 dated 11 December 2014

CIRCULAR LETTER

- TO** : All Insurance/Reinsurance Companies, Insurance and Reinsurance Brokers, Mutual Benefit Associations, Pre-Need Companies, Health Maintenance Organizations and other Covered Entities
- SUBJECT** : Rules on Number of Seats, Qualifications and Term Limits of Independent Directors

In order to promote board independence to ensure good governance, the following **Rules on Number of Seats, Qualifications and Term Limits of Independent Directors of Insurance Companies, Insurance Brokers, Mutual Benefit Associations, Pre-Need Companies and Health Maintenance Organizations** are hereby adopted and promulgated:

A. Number of Seats of Independent Directors in the Board

The Board of **insurance companies, insurance brokers, mutual benefit associations, pre-need companies and health maintenance organizations** must have at least two (2) independent directors or twenty percent (20%) of the members of the board, whichever is higher.

Any fractional result from applying the foregoing required minimum proportion shall be rounded off to the nearest whole number.

In case of failure to comply with the required seat number for independent directors, a formal written justification for non-compliance must be