

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
INSURANCE COMMISSION
Insurance Commission Building
United Nations Avenue, Ermita, Manila

**PROPOSAL FOR THE
CORPORATE REHABILITATION
OF NATIONAL LIFE INSURANCE
COMPANY OF THE
PHILIPPINES, INC. IN
CONNECTION WITH THE
CONSERVATORSHIP STATUS OF
THE COMPANY UNDER
SECTION 248 OF THE
INSURANCE CODE (NOW
SECTION 255 OF REPUBLIC ACT
NO. 10607)**

CRL Ref. No. 2016-005

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THIRD SUPPLEMENTAL DIRECTIVE
(12 July 2016)

This *Third Supplemental Directive* is issued pursuant to Section 437 in relation to Section 255 of Republic Act No. 10607, otherwise known as the Amended Insurance Code, and in the interest of facilitating the rehabilitation of National Life Insurance Company of the Philippines, Inc. ("NLIC") in accordance with the provisions of this Commission's *Directive* dated 8 November 2013.

During the course of the implementation of the *Modified Rehabilitation Plan* approved by this Commission, the NLIC's Interim Governance Board ("IGB") conducted a bidding for the qualification and selection of a Strategic Investor. The parties agreed that the Strategic Investor shall purchase and acquire one hundred percent (100%) of the existing NLIC's outstanding capital stock ("NLIC Shares"), as well as said company's debts, particularly the following: (a) premium deposit fund; (b) agency retirement fund; (c) advances from shareholders and related parties; and (d) deposit for future subscription account ("NLIC Debt"). The Bid Price offered by the Strategic Investor, which was later accepted, for this purchase and acquisition is **One Billion Fifty Three Million Nine Hundred One Thousand and Eight Pesos (PHP 1,053,901,008.00)**, subject only to certain post-closing adjustments as may be mutually agreed and found to be necessary and reasonable by the parties, and confirmed by this Commission. This is in accordance with the guidelines set forth in the *Directive* dated 08 November 2013 and the subsequent *Clarificatory Directive* dated 21 February 2014 and *Supplemental Directive* dated 21 July 2014.

This Commission issued a *Second Supplemental Directive* dated 29 April 2016, which resolved certain issues concerning the acquisition of said shares and debts by the Strategic Investor. These issues include, among other matters, what

constitutes the minimum terms and conditions of the *Sale and Purchase Agreement*, which terms and conditions this Commission deems to be mutually beneficial to all concerned.

Under the same *Second Supplemental Directive*, this Commission extended the rehabilitation period for one hundred eighty (180) days from the issuance of said *Second Supplemental Directive*, or until the *Modified Rehabilitation Plan* has been implemented to the satisfaction of this Commission. To reiterate, the rehabilitation period is deemed to have been satisfactorily complied with upon the consummation of the *Sale and Purchase Agreement* and this Commission's issuance of a *Certificate of Authority* in favor of the Rehabilitated NLIC.

On 6 May 2016, the *Sale and Purchase Agreement* was entered into by the Strategic Investor, 6762 Holdings Corporation, and NLIC's *Ex-Officio* Conservator, who represents the NLIC shareholders and holders of NLIC debt. Said *Agreement* was executed with the conformity of the Insurance Commissioner and the IGB.

Under the *Sale and Purchase Agreement*, the Strategic Investor, through its nominees, shall be represented in the NLIC-IGB in such number as shall be equivalent to thirty percent (30%) of the total number of seats in the IGB upon receipt of this Commission of the proceeds of a domestic letter of credit corresponding to thirty percent (30%) of the total consideration under the *Sale and Purchase Agreement*.

On 11 July 2012, this Commission received the proceeds of said domestic letter of credit corresponding to thirty percent (30%) of the total consideration under the *Sale and Purchase Agreement*.

In view of the foregoing, this Commission appoints **Mr. Ricardo P. Cuerva**, **Mr. Ricardo T. Veloso**, and **Atty. Ronaldo Modesto Ventura**, as recommended by 6762 Holdings Corporation, as members of the NLIC-IGB for the duration of the extended rehabilitation period. Accordingly, the number of members of the NLIC-IGB is increased to ten (10).

The Insurance Commission shall continue to release instructions from time to time in order to clarify or resolve other major issues submitted for consideration.

Accordingly, all stakeholders are enjoined to visit this Commission's website (www.insurance.gov.ph) and the NLIC's website for announcements.

SO ORDERED.

Manila, Philippines; 12 July 2016.


EMMANUEL F. DOOC
Insurance Commissioner

Copy furnished:

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