

by such entity of the fees hereinafter prescribed. As used in this Code, the term 'professional reinsurer' shall mean any entity that transacts solely and exclusively reinsurance business in the Philippines.

"The Commissioner may refuse to issue a certificate of authority to any such entity when such refusal will best promote public interest. No such certificate of authority shall be granted to any such entity unless and until the Commissioner is satisfied by such examination and such evidence as may be required that such entity is qualified by the laws of the Philippines to transact business therein as a professional reinsurer.

"Before issuing such certificate of authority, the Commissioner must be satisfied that the name of the applicant is not that of any other known company transacting insurance or reinsurance business in the Philippines, or a name so similar as to be calculated to mislead the public.

"Such certificate of authority shall expire on the last day of December the third year following its issuance unless it is renewed.

"Every such partnership, association, or corporation receiving such certificate of authority shall be subject to the provisions of this Code and other related laws, and to the jurisdiction and supervision of the Commissioner.

"SEC. 289. Any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least Three billion pesos (P3,000,000,000.00) paid in cash of which at least fifty percent (50%) is paid-up and the remaining portion thereof is contributed surplus, which in no case shall be less than Four hundred million pesos (P400,000,000.00) or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the Commissioner: *Provided*, That twenty-five percent (25%) of the paid-up capital must be invested in securities

satisfactory to the Commissioner consisting of bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or -controlled corporations and entities, including the Bangko Sentral ng Pilipinas, and deposited with the Commissioner, and the remaining seventy-five percent (75%) in such other securities as may be allowed and permitted by the Commissioner, which securities shall at all times be maintained free from any lien or encumbrance: *Provided, further*, That the aforesaid capital requirement is without prejudice to other requirements to be imposed under any risk-based capital method that may be adopted by the Commissioner: *Provided, finally*, That the provisions of this chapter applicable to insurance companies shall as far as practicable be likewise applicable to professional reinsurers.

## "TITLE 20

### "HOLDING COMPANIES

"SEC. 290. As used in this title, the following terms shall have the respective meanings hereinafter set forth unless the context shall otherwise require:

"(a) *Person* means an individual, partnership, firm, association, corporation, trust, any similar entity or any combination of the foregoing acting in concert.

"(b) *Control*, including the terms *controlling*, *controlled by* and *under common control with*, means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities by a contract other than a commercial contract for goods or non-management services or otherwise. Subject to Section 292, control shall be presumed to exist if any person directly or indirectly owns, controls or holds with the power to vote forty percent (40%) or more of the voting securities of any other person: *Provided*, That no person shall be deemed to control another person solely by reason of his being an officer or director of such other person.