

AMENDED INSURANCE CODE

4 NONLIFE INSURERS CLOSING SHOP

(1.) phil daily inquirer

By Ben O. de Vera
@bendeveraINQ

Four nonlife insurance firms, including Manila Surety and Fidelity Co. Inc., are expected to close down as they will not be able to hike their paid up capital as mandated under law, according to the Insurance Commission.

Insurance Commissioner Dennis B. Funa told reporters recently that on top of these four nonlife insurers that will fold up, eight were currently in talks to merge into four firms,

although he did not identify the concerned insurers.

Under the Amended Insurance Code, the paid up capital of all domestic life and nonlife insurance firms must have had more than doubled at end-2016 from the 2013 requirement of P250 million.

The capitalization requirement must again increase to P900 million in 2019, and further jump to P1.3 billion by end-2022.

In the life sector, all companies are expected to be compliant, citing that at least one firm

is expected to bring in a new investor to be able to raise its paid up capital.

The closure of four nonlife insurers and merger of eight will bring the number of non-life insurers in the country from 63 as of the end of 2016 to 55, according to Funa.

Funa said Manila Surety and Fidelity, which was established in the 1960s, would surely closing down operations.

The three other firms were still in the process of finalizing their respective closures, Funa said. INQ

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THE PHILIPPINE STAR

business

FRIDAY | MARCH 10, 2017

80 insurance firms comply with higher capital requirements

By **MARY GRACE PADIN**

A total of 80 players in the insurance industry are already compliant with the mandatory increase in insurance companies' minimum net worth to P550 million this year, the Insurance Commission (IC) reported yesterday.

Insurance Commissioner Dennis Funa said 26 life insurance companies and 47 non-life insurance firms have reported net worths of P550 million and above, while seven mutual benefit associations (MBAs) have already posted fund balances of at least P550 million.

The IC said these are based on the unaudited fourth quarter 2016 statistics submitted to the agency by the insurance companies. Funa said the final list will be determined once the firms have submitted their 2016 annual statements due on April 30.

Under Republic Act 10607 or the Amended Insurance

Code of the Philippines, new players in the industry are required to have P1 billion in paid-up capital when they establish their business in the country.

Existing insurers, for their part, must have a paid-up capital of at least P250 million by June 2013, P550 million by December 2016, P900 million by December 2019 and P1.3 billion by December 2022.

Meanwhile, Funa said one non-life insurance firm, Manila Surety and Fidelity Co., have already finalized its intent to exit the insurance business due to its inability to comply with the increase in paid-up capital.

The commissioner said the company was established in the 1960s, and was authorized to issue surety bonds in 1965.

Three other non-life insurance firms have also signified intent to close down, but Funa declined to name them as they are still finalizing their decision.