

7 insurers give up licenses

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Seven insurance firms have stopped operations and voluntarily surrendered their respective licenses as most of them were unable to comply with the higher net worth requirement.

In a statement, Insurance Commissioner Dennis B. Funa identified the six nonlife companies that surrendered their licenses to engage in insurance business as Centennial Guarantee Assurance Corp., FLT Prime Insurance Corp., Manila Surety and Fidelity Co. Inc., Meridian Assurance Corp., The Solid Guaranty Inc. and

United Insurance Co. Inc.

One life insurance player, CAP Life Insurance Corp., also stopped operations, Funa said.

Despite their closure, Funa said “policyholders of these companies numbering to about 170,000 will not be affected as all existing contracts issued by these companies will remain effective and that they (the insurers) are still bound to honor their contractual obligations and settle claims that may be filed.”

The Insurance Commission continues to closely monitor the limited business activities of these companies, specifically to ensure that all their liabilities to

their policyholders are settled as they fall due, Funa added.

According to Funa, the majority of these firms surrendered their licenses as their net worth fell short of the mandatory minimum of P550 million under the Amended Insurance Code or Republic Act (RA) No. 10607.

“While these companies are not compliant with the P550-million net worth requirement, their net worth are positive which means they have sufficient assets to settle their obligations to policyholders,” he said.

Following the surrender of their licenses, these companies were issued individual servicing

licenses for the orderly “run-off” of their insurance businesses. A company in an orderly ‘run-off’ is restricted from writing new insurance contracts or extending existing contracts and their activities are limited only to accepting premium payments from their policyholders, paying cash surrender values of outstanding policies to their policyholders, reviving lapsed policies, and other related services,” he said.

RA 10607 further increases the required minimum net worth of insurance firms to P900 million by the end of 2019 and to P1.3 billion by the end of 2022. **INQ**

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Seven insurers to halt operations

SEVEN insurance companies voluntarily surrendered their licenses to operate after failing to meet the minimum net worth requirement of the Insurance Commission (IC).

In a statement on Tuesday, IC said seven insurers, namely Centennial Guarantee Assurance Corp., CAP Life Insurance Corp., FLT Prime Insurance Corp., Manila Surety and Fidelity Co., Inc., Meridian Assurance Corp., The Solid Guaranty, Inc., and United Insurance Co., Inc. surrendered their licenses to act as insurers.

As a consequence, these companies — six non-life and one life insurance firms — were issued individual servicing licenses for

the orderly “run-off” of their businesses.

An insurance company in an orderly run-off is prohibited from writing new insurance product and extending existing contracts. The operations of the insurer are limited to only accepting premium payments from their policyholders, paying cash surrender values of outstanding policies, reviving lapsed policies and other related services.

Insurance Commissioner Dennis B. Funa said the seven insurers turned in their licenses due to their inability to comply with the regulator’s P550-million minimum net worth requirement.

“While their companies are not compliant with the present P550 million net worth requirement, the net worth of these companies are positive, which means that they have sufficient assets to settle their obligations to their policyholders,” Mr. Funa was quoted as saying in the statement.

The commissioner added that the “more or less than 170,000” existing policyholders of the said insurers will not be affected as existing contracts will remain effective, with the firms still bound to honor their financial obligations.

The insurers voluntarily surrendered their licenses mostly because it is no longer viable

to sustain business operations, Mr. Funa said, adding that some shareholders of one company had divested their shares.

The IC added that it will closely monitor the insurers to ensure their financial obligations to policyholders are paid and settled as they become due.

Under the amended Insurance Code, the minimum net worth of insurance companies shall increase every three years until 2022.

From the previous P250-million minimum net worth, IC required the insurers to have P550 million net worth effective end-2016. — **K.A.N. Vidal**