



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



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NEW LAW LIFTS FOREIGN OWNERSHIP RESTRICTION IN ADJUSTMENT COMPANIES

Foreign investment restriction on adjustment companies as provided under Section 332 of the Insurance Code, as amended by Republic Act No. 10607, has been lifted by virtue of Republic Act No. 10881.

Republic Act No. 10881 entitled "An Act Amending Investment Restrictions in Specific Laws Governing Adjustment Companies, Lending Companies, Financing Companies and Investment Houses Cited In The Foreign Investment Negative List And For Other Purposes" lapsed into law without the signature of former President Benigno Aquino III last July 17, 2016.

The new law now allows foreign national and 100% foreign ownership, in case of partnership, association and corporation, in adjustment companies.

Previously, an adjustment company may only be owned by a Filipino citizen or at least sixty percent (60%) of its capital must be owned by Filipino citizens, in case of a partnership, association or corporation.

Insurance Commissioner Emmanuel F. Dooc said that the Insurance Commission welcomes the passage of the R.A. No. 10881.

"We welcome the passage of the law removing the restriction in foreign ownership equity in case of adjustment companies. With the passage of the law, we are expecting that this will make the insurance adjustment industry in our country attractive to foreign investors", Commissioner Dooc said.

Commissioner Dooc added, "During the deliberations before both houses of the 16th Congress, the Insurance Commission expressed its full support to the lifting of foreign equity restriction with respect to adjustment companies as part of the country's compliance with our commitments to the ASEAN Economic Community to open certain sectors of the economy. It is important to note the business of adjustment companies is the only activity under the Insurance Code which has a foreign-equity limitation."

According to Commissioner Dooc, the liberalization of foreign ownership in adjustment companies will also encourage best practices in the insurance loss adjustment in our country. Another positive effect is that it will compel

local players to shape up considering the competitive business climate which will ultimately inure to the benefit of the insuring public.

R.A. 10881 is a consolidation of Senate Bill No. 3023 and House Bill No. 6395 which was passed by the Senate and the House of Representatives on February 3, 2016 and May 23, 2016, respectively. The law will take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

R.A. No. 10881 was published in the August 01, 2016 issue of The Manila Bulletin. Thus, the law takes effect on August 16, 2016.



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