



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



PRESS RELEASE

13 March 2018

**INSURANCE COMMISSION ORDERS FIVE
INSURANCE COMPANIES TO STOP BUSINESS**

The Insurance Commission has shut down the operations of five (5) non-life insurance firms and placed them under conservatorship for failure to meet the statutory capital requirement.

The firms that were put under conservatorship were First Integrated Bonding & Insurance Co., Inc., Investors Assurance Corporation, Metropolitan Insurance Company, Inc., Plaridel Surety & Insurance Company, and Premier Insurance & Surety Corporation.

Insurance Commissioner Dennis B. Funa emphasized that the regulatory action to close down these companies is because of the inability of the insurance firms to comply with the statutory minimum net worth requirement.

These companies were ordered to cease from issuing new and renewing any kind or character of insurance business and were placed under conservatorship after the Commission's verification that they failed to comply with mandated increase in net worth requirement of P550 million.

"These companies are not operating on net losses. Based on the respective 2016 annual statements of these companies, all have positive net worth but short of the minimum amount required under the Insurance Code," said Commissioner Funa.

As a result, Commissioner Funa appointed a conservator for each of these companies who are mandated to take charge of the management of the company and its assets and liabilities.

"The process of placing a company under conservatorship is primarily aimed at restoring the viability of the company and allows the Commission, through the appointed conservator, to become more directly involved in the management of the company. To achieve this objective, a conservator is empowered by law to exercise all powers necessary to preserve the assets of the company," said Commissioner Funa.

Commissioner Funa said, "Under the regime of conservatorship, the operations of the company will be business as usual under the management of the IC-appointed conservatorship, including the processing of claims and payment of valid claims,

except that it cannot sell new insurance business. This means all insurance contracts issued before the conservatorship order remain valid and the obligation of the company towards its policyholders still exists until the expiration of their policies.”

Commissioner Funa clarified that the placing of these companies does not necessarily mean that they will close shop.

“The purpose of placing a company under conservatorship is to preserve the going concern value of the company returning it to health or ultimately resulting in a receivership. There are several routes that may result in the lifting of the conservatorship order including entering in a merger or consolidation with an existing insurer or a purchase and assumption agreement with an investor,” he said.

“This does not also prevent the company from infusing fresh capital either from its existing shareholders or from a new investor in order to meet the minimum net worth requirement,” he added.

Earlier, six (6) non-life insurers were issued with individual Servicing Licenses as a consequence of the voluntary surrender of their licenses due to their inability to comply with the P550-million minimum net worth requirement.

As a result of the placing of the five (5) insurers under conservatorship and the approval of the conversion of the regular license of six (6) non-life insurers to servicing licenses, the previous 66 non-life insurers in 2016 is reduced to fifty-five (55).

Under the Insurance Code, existing insurance companies are required to have a minimum net worth of P550 million, from the previous P250 million, by the end of 2016. The capitalization requirement will again increase to P900 million in 2019, and further jump to P1.3 billion by 2022.

In preparation for the next tranche of increase in net worth requirement for existing insurance companies by end of 2019, the Commission would again be requiring all insurers to submit their respective capital build-up plan.

Commissioner Funa said that despite the decrease in the number of insurance industry players, the insuring public can be assured of the financial strength of the insurance providers for the protection of the policyholders.


ATTY. JOANNE FRANCES D.C. CASTRO
Media Relations Officer
jfdc.castro@insurance.gov.ph