



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila



PRESS RELEASE

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SEVEN INSURERS VOLUNTARILY SURRENDER LICENSES TO ACT AS INSURERS

Seven (7) insurance companies—six non-life and one life insurance firm—voluntarily surrendered their licenses to engage in the business of insurance, according to Insurance Commissioner Dennis B. Funa.

These insurance companies are: Centennial Guarantee Assurance Corporation, CAP Life Insurance Corporation¹, FLT Prime Insurance Corporation, Manila Surety and Fidelity Company, Inc., Meridian Assurance Corporation, The Solid Guaranty, Inc., and United Insurance Company, Inc.

As a consequence of the surrender of their licenses to act as insurance companies, 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 such other related services.

Commissioner Funa stressed, “The existing policyholders of these companies numbering to more or less one hundred seventy thousand (170,000) will not be affected by this as all existing contracts issued by these companies will remain effective and that they are still bound to honor their contractual obligations and settle the insurance claims that may be filed,” he said.

Commissioner Funa said that 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 paid and settled as they become due.

According to Commissioner Funa, majority of these companies voluntarily surrendered their licenses to act as insurer due to their inability to comply with the P550-million minimum net worth requirement.

¹ CAP Life Insurance Corporation is a life insurance company, an entity separate and distinct from CAP General Insurance Corporation—a non-life insurance company, College Assurance Plan, Inc. (CAP Education)—a pre-need company; and Comprehensive Annuity Plans and Pension Corporation (CAP Pension)— a pre-need company.

He clarified, "While these 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."

"These companies voluntarily surrendered their licenses not because they experienced losses but for different reasons, majority of which is that it is no longer viable to continue their business operations as insurance companies. Meanwhile, there are shareholders of one company that divested their shares to better maximize their investment in other business ventures," Commissioner Funa added.

Under the Amended Insurance Code, the minimum net worth requirement of insurance companies will increase every three (3) years until 2022.

Coming from the previous P250 million-minimum net worth, insurance companies were required to have a P550 million net worth effective 31 December 2016.


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