



Advisory No.:	RS-2024-008
Classification	Regulatory and Supervisory Advisory
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**ADVISORY NO. 2024 - 008**

**TO : ALL INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES**

**SUBJECT : SECURITY DEPOSIT REQUIREMENT**

To ensure the proper implementation of the following provisions of Republic Act No. 10607, otherwise known as the “Amended Insurance Code,” the Insurance Commission issues this Advisory to reiterate the compliance requirements relative to Security Deposits:

1. Section 197 provides that “no insurance company organized or existing under the government or laws **other than those of the Philippines** shall engage in business in the Philippines unless possessed of unimpaired capital or assets and reserve of not less than One billion pesos (P1,000,000,000.00), xxx Provided, That at least fifty percent (50%) of such securities shall consist of bonds or other instruments of debt of the Government of the Philippines, its political subdivisions and instrumentalities, or of government-owned or -controlled corporations and entities”;
2. Section 209 provides that “**every domestic insurance company** shall, to the extent of an amount equal in value to twenty-five percent (25%) of the minimum net worth required under Section 194, invest its funds only in securities, satisfactory to the Commissioner, consisting of bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or -controlled corporations and entities”; and
3. Section 289 provides that “any partnership, association, or corporation **authorized to transact solely reinsurance business** must have a capitalization of at least Three billion pesos (P3,000,000,000.00) paid in cash of which at least fifty percent (50%) is paid-up and the remaining portion thereof is contributed surplus, which in no case shall be less than Four hundred million pesos (P400,000,000.00) or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the Commissioner: Provided, That twenty-five percent (25%) of the paid-up capital must be invested in securities satisfactory to the Commissioner consisting of bonds or

other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or -controlled corporations and entities.”

Relative to the above-enumerated provisions, the Commission reiterates the following security deposit requirements:

IC Regulated Entities	Security Deposit Requirements	Codal Provision
Domestic life and non-life insurance companies	PHP325,000,000.00	Section 209
Branches of foreign life and non-life insurance companies	650,000,000.00	Section 197
Reinsurance companies authorized to transact solely reinsurance business	25% of Paid-up Capital	Section 289

Any failure to comply with the Commission's directive shall constrain the Commission to take regulatory actions pursuant to Section 254 of the Amended Insurance Code which provides, “the Commissioner is authorized to suspend or revoke all certificates of authority granted to such insurance company, its officers and agents, and no new business shall thereafter be done by such company or for such company by its agent in the Philippines while such suspension, revocation or disability continues or until its authority to do business is restored by the Commissioner.”

For your information and guidance.

  
**REYNALDO A. REGALADO**  
Insurance Commissioner

