



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



<b>Circular Letter (CL) No.</b>	2017-14
<b>Date</b>	10 March 2017

### CIRCULAR LETTER

**TO : ALL MUTUAL INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : MINIMUM MEMBERS' EQUITY REQUIREMENTS FOR MUTUAL COMPANIES**

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**WHEREAS**, RA No. 10607, which amended the Insurance Code (P.D. No. 612) was signed by the President of the Philippines on 15 August 2013 and took effect on 20 September 2013.

**WHEREAS**, under Section 437 of RA No. 10607, the Commissioner may issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure the enforcements of The Insurance Code.

**WHEREAS**, under Section 194 of RA 10607, a mutual company, in lieu of such net worth requirement, must have available total members' equity in an amount to be determined by the Insurance Commission.

**WHEREAS**, Section 278 (h) of RA 10607 provides that all insurers mutualized under the provisions of Chapter III shall be subject to all other applicable provisions of this Code. The provisions of the Corporation Code shall apply in a suppletory manner.

**WHEREAS**, "Net Worth" is the total assets minus total outside liabilities of an individual or a company while the term "**Members' Equity/Owner's Equity**" equals total company assets minus total company liabilities.

**NOW, THEREFORE**, pursuant to the authority vested in me by the provisions of Sections 194 and 437 of The Insurance Code, the following rules and regulations are hereby promulgated for mutual company.