



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



Legal Opinion (LO) No.:	2018 - 15
Date:	September 03, 2018

MR. TEDDY HAILAMSAH
President
ASIA INSURANCE (PHILIPPINES) CORP.
15th Floor, Tytana Plaza
Plaza Lorenzo Ruiz
Binondo, Manila

**SUBJECT: Request for Certification and/or Clarification
with regard to Foreign Equity Ownership of
Domestic Non-Life Insurance Company**

Dear Mr. Hailamsah:

This has reference to your letter dated 20 June 2018 asking for certification and/or clarification that your company, a domestic non-life insurance company, has no limit nor cap on foreign equity ownership under R.A. No. 8179 or the Foreign Investment Act (FIA) of 1996.

Please be informed that under R. A. No. 7042 or the Foreign Investment Act of 1991, as amended by R.A. 8179, foreign investors are allowed to acquire 100% equity in all areas of Philippine investment except those that are reserved for Filipinos under the Philippine Constitution and existing laws or the Foreign Investment Negative List, to wit:

“Sec. 7. Foreign Investment in Domestic Market Enterprises.
– Non-Philippine nationals may own up to one hundred percent (100%) of domestic enterprises unless foreign ownership therein is prohibited or limited by the Constitution, existing law or the Foreign Investment Negative List under Section 8 hereof .”

“Sec. 2. xxx In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in the negative list xxx”

“Sec. 3. (f) the term domestic market enterprise shall mean an enterprise which produces goods for sale, *or renders services to the domestic market entirely* or if exporting a portion of its output fails to consistently export at least sixty percent (60%) thereof” (emphasis supplied)

“Sec. 3. (g) the term Foreign Investment Negative List or Negative List shall mean a list of areas of economic activity whose foreign ownership is limited to a maximum of forty (40%) of the equity capital of the enterprises engaged therein.”

It is clear from the foregoing provisions that an insurance company is not among the list of investment areas/activities which is limited or prohibited by the Foreign Investment Negative List and the Tenth Regular Foreign Investment Negative List (provided for by Executive Order No. 184 “Promulgating the Tenth Regular Foreign Investment Negative List of 2015”).

Further, the Insurance Code, as amended by R.A. 10607, does not provide a limitation on insurance companies from doing insurance business based on its foreign equity ownership for as long as the capitalization requirements are met and certificate of authority is issued by the Commission, Sections 192 and 193 of which provides:

“Sec. 192. No corporation, partnership, or association of persons shall transact any insurance business in the Philippines except as agent of a corporation, partnership or association authorized to do the business of insurance in the Philippines, unless possessed of the capital and assets required of an insurance corporation doing the same kind of business in the Philippines and invested in the same manner; unless the Commissioner shall have granted it a certificate to the effect that it has complied with all the provisions of this Code.

Every entity receiving any such certificate of authority shall be subject to the insurance and other applicable laws of the Philippines and to the jurisdiction and supervision of the Commissioner”.

“Sec. 193. No insurance company shall transact any insurance business in the Philippines until after it shall have obtained a certificate of authority for that purpose from the Commissioner upon application therefor and payment by the company concerned of the fees hereinafter prescribed.”