



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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INSURANCE MEMORANDUM CIRCULAR NO. 1-2004

To : All Insurance Brokers/Reinsurance Brokers and General Agents Doing Business in the Philippines

Subject : Licensing and Regulation

It has been observed that some insurance/reinsurance brokers and general agents have had expenses more than their income thus incurring capital deficiencies which undermine their fiduciary responsibility.


In order to protect the insuring public and other stakeholders against misappropriation of funds held by those in trust and to complement the enforcement of the Insurance Code particularly Section 305 (e) and (f) thereof, as well as Insurance Memorandum Circular No. 2-86, the following rules and regulations are hereby promulgated:

1. Insurance/reinsurance brokers and general agents to be organized shall be possessed of a minimum paid up capital indicated hereunder:

a. Insurance Brokers	-P250,000.00
b. General Agents	-P250,000.00
c. Reinsurance Brokers	-P500,000.00
2. Existing insurance/reinsurance brokers and general agents shall have until April 30, 2005 to increase their paid-up capital as stated above.
3. If upon examination into the financial condition of these insurance entities, it is found that the paid-up capital stock is impaired, (i.e.) the total stockholders' equity is less than the paid up capital, the same shall be fully covered up in cash to be contributed proportionately by the stockholders within fifteen (15) days from receipt of the advice from the Insurance Commission.

4. The insurance entities mentioned above are under obligation to maintain complete sets of books of accounts and other financial records to be made readily available to the Insurance Commission. These records include but not limited to the broker's/agency agreement, information on policies, details on cessions or retrocessions, rates of commissions, premiums and losses.
5. All monies collected or received as premium payment shall be immediately remitted to the insurance or reinsurance company concerned, unless a period has been agreed upon which in no case shall exceed ninety (90) days from inception of the policy.

Please be guided accordingly.


EDUARDO T. MALINIS
Officer-In-Charge