



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



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

**MANDATORY INCREASE IN INSURANCE CAPITAL REQUIREMENT TO
TAKE EFFECT BY END OF 2016**

By December 31, 2016, all existing insurance companies are required to increase their minimum net worth from P250 million to P550 million.

Five months before the deadline prescribed under the Amended Insurance Code, Insurance Commissioner Emmanuel F. Doooc reminded insurance companies to comply with the mandatory increase in the minimum net worth requirement.

This reminder is a follow-up to directive of Commissioner Doooc during the last quarter of 2015 requiring insurance companies to submit their respective capital build-up plans and programs.

"As early as November last year, we reminded them of the implementation of the increase in the minimum capitalization and required insurance companies to submit their respective capital build-up programs or plans for us to be informed on how will they comply with the mandatory increase in capitalization" Commissioner Doooc said

He mentioned that several meetings were conducted with some insurance companies to discuss their respective capital build-up plans. "This is our way of assisting the industry players to find solutions on how they can address the significant increase in the capital required for all insurance companies."

Based on the capital build-up plans submitted to the IC, Commissioner Doooc said that he can see more consolidations and mergers among the industry players because of the higher capitalization requirement which is almost double the current existing requirement of P250 million.

According to Commissioner Doooc, "While there are some insurance companies who are capable of infusing fresh funds to meet the increase, there are some companies who plan to merge or consolidate with other existing insurance companies while there are some who are looking for new investors and partners."

Commissioner Dooc emphasized the benefits of the imposition of higher capital requirement of insurance companies, particularly to the insuring public.

"By increasing the insurer's capital or net worth requirement substantially, the IC assures the public that all insurance providers are have solid capital and are financially robust to pay their claims and other liabilities.", Commissioner Dooc said

He further added, "A healthy and solid insurer is indispensable in regaining the trust and confidence of the policyholders. This is in line with the economic agenda of President Rodrigo Roa Duterte 'to improve social protection programs' which includes inclusive insurance "

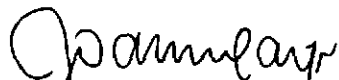
He also mentioned the implications of the increase in the required capital of insurance companies insofar as the industry players are concerned.

"With a higher capital requirement, industry players will be able to attain their economic objectives and to expand their activities that will assure the insuring public greater protection and security This will also enable our country's insurance industry to compete with their ASEAN counterparts."

- Whether though infusion of fresh capital, through merger or consolidation of existing companies, or through admission of new investors, Commissioner Dooc is hopeful that insurance companies will be able to comply with the higher capitalization requirement

"Considering the previous reminders and discussions which started during the last quarter of 2015, we are optimistic that insurance companies who wish to continue to engage in insurance business will be able to comply with the P550 million-net worth requirement considering the sufficient time given to them. We are also closely monitoring on how these companies implement and carry out their capital build-up programs and plans.

Under the Amended Insurance Code, the capital requirement of insurance companies will increase every three years until 2022 The required minimum net worth is at P250 at present, P550 million effective December 31, 2016, P900 million by December 31, 2019, and P1 3 billion by December 30, 2022.



ATTY. JOANNE FRANCES D.C. CASTRO

Media Relations Officer

+6325238461 to 70 loc. 115

jfdc.castro@insurance.gov.ph