

7 insurers give up licenses

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Seven insurance firms have stopped operations and voluntarily surrendered their respective licenses as most of them were unable to comply with the higher net worth requirement.

In a statement, Insurance Commissioner Dennis B. Funa identified the six nonlife companies that surrendered their licenses to engage in insurance business as Centennial Guarantee Assurance Corp., FLT Prime Insurance Corp., Manila Surety and Fidelity Co. Inc., Meridian Assurance Corp., The Solid Guaranty Inc. and

United Insurance Co. Inc.

One life insurance player, CAP Life Insurance Corp., also stopped operations, Funa said.

Despite their closure, Funa said "policyholders of these companies numbering to about 170,000 will not be affected as all existing contracts issued by these companies will remain effective and that they (the insurers) are still bound to honor their contractual obligations and settle claims that may be filed."

The Insurance Commission continues to closely monitor the limited business activities of these companies, specifically to ensure that all their liabilities to

their policyholders are settled as they fall due, Funa added.

According to Funa, the majority of these firms surrendered their licenses as their net worth fell short of the mandatory minimum of P550 million under the Amended Insurance Code or Republic Act (RA) No. 10607.

"While these companies are not compliant with the P550-million net worth requirement, their net worth are positive which means they have sufficient assets to settle their obligations to policyholders," he said.

Following the surrender of their licenses, these companies were issued individual servic-

ing licenses for the orderly "run-off" of their insurance businesses. A company in an orderly "run-off" is restricted from writing new insurance contracts or extending existing contracts and their activities are limited only to accepting premium payments from their policyholders, paying cash surrender values of outstanding policies to their policyholders, reviving lapsed policies, and other related services," he said.

RA 10607 further increases the required minimum net worth of insurance firms to P900 million by the end of 2019 and to P1.3 billion by the end of 2022. INQ

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