

PAID-UP CAPITAL AND SOLVENCY MARGIN REQUIREMENTS

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In response to the queries received concerning the effects of increases in paid-up capital relative to the provisions of Section 194 & Section 247 of the Insurance Code, the following rules and definitions shall apply:

- 1) Insurance companies are required to keep their paid-up capital in-tact or unimpaired at all times. The paid-up capital is considered in-tact or unimpaired if the total net assets or stockholders' equity is at least equal to the paid-up capital of the company.
- 2) For purposes of determining the surplus available for the margin of solvency compliance, the paid-up capital shall be taken to be equal to the minimum paid-up capital required of the company corresponding to the category in which it belongs as summarized below:
 - a) Direct writing companies already existing before March 1992 - P50 million
 - b) Professional reinsurers already existing before March 1992 - P75 million
 - c) Insurance companies organized under Department Order Nos. 27-92 & 100- 94

Companies with 60% or more Filipino equity - P75 million

Companies with less than 60% but more than 40% Filipino equity - P150 million

Companies with 40% or less Filipino equity - P250 million

This circular shall take effect immediately.

Adopted: 29 March 2004

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Officer-in-Charge

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