

[IC INSURANCE MEMORANDUM CIRCULAR NO. 1-85, July 23, 1985]

QUALIFICATIONS FOR AUTHORIZATION OF LIFE INSURANCE COMPANIES TO ISSUE, DELIVER, SELL, OR USE VARIABLE CONTRACTS

Pursuant to the provisions of Title 10, Chapter III, on variable contracts, in relation to Section 414 of the Insurance Code, any life insurance company authorized to transact business in the Philippines requesting authority to issue, deliver, sell, or use variable contracts must show to the satisfaction of the Commission that it has satisfied, in addition to the requirements of the Code relative to variable contracts, the following qualifications:

1. The company, during each of any 3 including the last 2 of the 5 fiscal years next preceding the date of authorization to issue, deliver, sell or use variable contracts, shall not have experienced a net loss from operations.
2. The company, during each of any 3 including the last 2 of the 5 fiscal years next preceding the date of authorization, shall have maintained surplus accounts in excess of the minimum margin of solvency required of not less than P1,000,000.00.
3. The company shall initially transfer and allocate to the designated separate variable contract account in cash or other acceptable investment or a combination of both, an amount equal to at least P1,000,000.00 from the unassigned surplus of the company, and
4. The company shall at all times maintain in the designated separate variable contract account a surplus which shall be an excess of the value of the admitted assets of such account over its liabilities and reserves of at least two per mille of the total amount of the insurance in force of its variable contracts as of the preceding year, or ten per centum of the total value of the admitted assets In the variable contract account as of the preceding year whichever Is greater; provided, that the surplus shall In no event be less than P1,000,000.00; and provided, further, that In the determination of the margin of solvency requirements of the company, the total amount of its insurance in force stated under Section 194 of the Insurance Code shall be deemed to exclude the insurance in force on the variable contracts.

This Memorandum Circular shall take effect immediately.

Adopted: 23 July 1985

(SGD.) GREGORIA CRUZ ARNALDO
Insurance Commissioner

Re-issued: 23 May 1991