



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



Circular Letter (CL) No.:	2019-50
Date:	16 September 2019
Supersedes:	NONE

### CIRCULAR LETTER

**TO : ALL PRE-NEED COMPANIES DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : GUIDELINES FOR THE DETERMINATION OF COMPLIANCE WITH STATUTORY MINIMUM UNIMPAIRED PAID-UP CAPITAL REQUIREMENTS FOR PRE-NEED COMPANIES**

---

**WHEREAS**, Section 9 of Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines, provides that existing pre-need companies shall comply with the following minimum unimpaired paid-up capital: (a) One Hundred Million Pesos (P 100,000,000.00) for companies selling at least three (3) types of plan; (b) Seventy-Five Million Pesos (P 75,000,000.00) for companies selling two (2) types of plan; and (c) Fifty Million Pesos (P 50,000,000.00) for companies selling a single type of plan;

**WHEREAS**, pursuant to said provision of the Pre-Need Code of the Philippines, the maintenance of a prescribed minimum unimpaired paid-up capital is dependent upon the number of types of plans a pre-need company **"sells"**;

**WHEREAS**, consequently, the threshold amount of said minimum statutory unimpaired paid-up capital shall be determined based on the number of types of plans a particular pre-need company actually offers for sale in the market;

**WHEREAS**, for the avoidance of confusion, this Commission likewise finds the need to prescribe minimum unimpaired paid-up capital requirements for pre-need companies with servicing licenses and/or those that are not offering any type of plan for sale in the market;

**NOW, THEREFORE**, pursuant to the power granted to this Commission to "[p]repare, approve, amend or repeal rules, regulations and orders x x x" under Section 6 (k) of the same Code, the following *Guidelines for the Determination of Compliance with Statutory Minimum Unimpaired Paid-Up Capital Requirements for Pre-Need Companies* are hereby promulgated and adopted, to wit:

1. **Determination of Required Minimum Unimpaired Paid-Up Capital.** – For the purposes of determining a pre-need company's compliance with statutory minimum unimpaired paid-up capital requirements for a given calendar year, the threshold amount of said minimum capital shall be based on the number of pre-need plans such company actually offered for sale in the market during said calendar year as confirmed by this Commission's examination into said company's affairs, financial condition and methods of doing business.
2. **Required Minimum Unimpaired Paid-Up Capital for Pre-Need Companies with Servicing Licenses and/or Those That are Not Selling Any Type of Plans.** – Pre-need companies with servicing licenses and/or those that are not offering any type of plan for sale in the market shall be required to maintain a minimum unimpaired paid-up capital of Fifty Million Pesos (Php 50,000,000.00).
3. **Withdrawal from Trust Funds of Type of Plan/s Discontinued For Sale.** – Notwithstanding the reduction of the required minimum unimpaired paid-up capital resulting from the confirmed actual cession of sale of one (1) or more types of pre-need plans from a given calendar year to succeeding calendar year/s, no withdrawal shall be made from the respective trust funds of the type/s of plans that were discontinued for sale except for the instances mentioned in Section 30 of the Pre-Need Code of the Philippines.
4. **Effectivity.** – This Circular Letter shall take effect immediately.

**DENNIS B. FUNA**  
Insurance Commissioner

