

Chapter III
THE BUSINESS OF INSURANCE

Title 3
ASSETS

Sec. 196. In any determination of the financial condition of any insurance company doing business in the Philippines, there shall be allowed and admitted as assets only such assets owned by the insurance company concerned and which consist of:

- 1. Cash in the possession of the insurance company or in transit under its control, and the true and duly verified balance of any deposit of such company in a financially sound commercial bank or trust company.**
- 2. Investments in securities, including money market instruments, and in real property acquired or held in accordance with and subject to the applicable provisions of this Code and the income realized therefrom or accrued thereon.**
- 3. Loans granted by the insurance company concerned to the extent of that portion thereof adequately secured by non-speculative assets with readily realizable values in accordance with and subject to the limitations imposed by applicable provisions of this Code.**
- 4. Policy loans and other policy assets and liens on policies, contracts or certificates of a life insurance company, in an amount not exceeding legal reserves and other policy liabilities carried on each individual life insurance policy, contract or certificate.**
- 5. The net amount of uncollected and deferred premiums and annuity considerations in the case of a life insurance company which carries the full mean tabular reserve liability.**

6. Reinsurance recoverable by the ceding insurer:

(a) from an insurer authorized to transact business in this country, the full amount thereof; or

(b) from an insurer not authorized in this country, in an amount not exceeding the liabilities carried by the ceding insurer for amounts withheld under a reinsurance treaty with such unauthorized insurer as security for the payment of obligations thereunder if such funds are held subject to withdrawal by, and under the control of, the ceding insurer. The Commissioner may prescribe the conditions under which a ceding insurer may be allowed credit, as an asset or as a deduction from loss and unearned premium reserves, for reinsurance recoverable from an insurer not authorized in this country but which presents satisfactory evidence that it meets the applicable standards of solvency required in this country.

7. Funds withheld by a ceding insurer under a reinsurance treaty, provided reserves for unpaid losses and unearned premiums are adequately provided.

8. Deposits or amounts recoverable from underwriting associations, syndicates and reinsurance funds, or from any suspended banking institution, to the extent deemed by the Commissioner to be available for the payment of losses and claims and values to be determined by him.

9. Electronic data processing machines, as may be authorized by the Commissioner to be acquired by the insurance company concerned, the acquisition cost of which to be amortized in equal annual amounts within a period of five years from the date of acquisition thereof.

10. Other assets, not inconsistent with the provisions of paragraphs 1 to 9 hereof, which are deemed by the Commissioner to be readily realizable and available for the payment of losses and claims at values to be determined by him.

Sec. 197. In addition to such assets as the Commissioner may from time to time determine to be non-admitted assets of insurance companies doing business in the Philippines, the following assets shall in no case be allowed as admitted assets of an insurance company doing business in the Philippines, in any determination of its financial condition:

- 1. Goodwill, trade names, and other like intangible assets.**
- 2. Prepaid or deferred charges for expenses and commissions paid by such insurance company.**
- 3. Advances to officers (other than policy loans), which are not adequately secured and which are not previously authorized by the Commissioner, as well as advances to employees, agents, and other persons on mere personal security.**
- 4. Shares of stock of such insurance company, owned by it, or any equity therein as well as loans secured thereby, or any proportionate interest in such shares of stock through the ownership by such insurance company of an interest in another corporation or business unit.**
- 5. Furniture, furnishing, fixtures, safes, equipment, library, stationery, literature, and supplies.**
- 6. Items of bank credits representing checks, drafts or notes returned unpaid after the date of statement.**
- 7. The amount, if any, by which the aggregate value of investments as carried in the ledger assets of such insurance company exceeds the aggregate value thereof as determined in accordance with the provisions of this Code and/or the rules of the Commissioner.**

All non-admitted assets and all other assets of doubtful value or character included as ledger or non-ledger assets in any statement submitted by an insurance company to the Commissioner, or in any insurance examiner's report to him, shall also be reported, to the extent of the value disallowed as deductions from the gross assets of such insurance company, except where the Commissioner permits a reserve to be carried among the liabilities of such insurance company in lieu of any such deduction.

Title 8
ANNUAL STATEMENT

Sec. 223. Every insurance company doing business in the Philippines shall terminate its fiscal period on the thirty-first day of December every year, and shall annually on or before the thirtieth day of April of each year render to the Commissioner a statement signed and sworn to by the chief officer of such company showing, in such form and details as may be prescribed by the Commissioner, the exact condition of its affairs on the preceding thirty-first day of December.

Any entry in the statement which is found to be false shall constitute a misdemeanor and the officer signing such statement shall be subject to the penalty provided for under section four hundred nineteen.

Sec. 224. Every insurance company authorized under title ten of this chapter to issue, deliver or use variable contracts shall annually file with the Commissioner separate annual statement of its separate variable accounts. Such statement shall be on a form prescribed or approved by the Commissioner and shall include details as to all of the income, disbursements, assets and liability items of and associated with the said separate variable accounts. Said statement shall be under oath of two officers of the company and shall be filed simultaneously with the annual statement required by the preceding section.

Sec. 225. Within thirty days after receipt of the annual statement approved by the Commissioner, every insurance company doing business in the Philippines shall publish in two newspapers of general circulation in the City of Manila, one published in English and one in Pilipino, a full synopsis of its annual financial statement showing fully the conditions of its business, and setting forth its resources and liabilities.