CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : GUIDELINES FOR FOREIGN CURRENCY DENOMINATED INVESTMENTS

Pursuant to the provisions of Sections 34 & 35 of the Pre-Need Code, following are the guidelines for foreign currency denominated investments for pre-need companies:

A. Foreign Currencies Allowed

Only foreign currencies acceptable to the Bangko Sentral ng Pilipinas (BSP) as part of its international reserves shall be allowed.

B. Investments

1. The following foreign currency denominated investments may be allowed for pre-need companies:

   a. Issues of the Philippine government or Philippine government – owned or controlled corporations.

   b. Issues of Philippine private corporations provided these shall have a credit rating equivalent to or better than that of the Philippine government.

   c. Issues of foreign governments provided these shall have a minimum credit rating of: BBB rated by S&P, or Baa2 as rated by Moody's, or its equivalent as rated by other international credit rating agencies acceptable to the Insurance Commission; or one notch above the credit rating of the Philippine government whichever is higher.
d. Issues of foreign corporations provided these shall have a minimum credit rating of **BBB+** as rated by S&P, or **Baa1** as rated by Moody's, or its equivalent as rated by other international credit rating agencies acceptable to the Insurance Commission, or two notches above the credit rating of the Philippine government, whichever is higher.

e. Mutual funds and equities of publicly listed foreign corporations which are dividend paying.

2. Only the excess of the Trust Funds over the reserve liability shall be allowed for offshore investments.

3. Aggregate investments mentioned from items b to d shall not exceed 10% of the company's latest verified networth, exclusive of Paid up Capital.


Please be guided accordingly.

[Signature]

EMMANUEL F. DOOC
Insurance Commissioner