



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

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CIRCULAR LETTER

TO : ALL INSURANCE/REINSURANCE COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : Investments Under the Amended Insurance Code (RA 10607)

Pursuant to the provisions of Chapter III, Title 4 on INVESTMENTS under the Amended Insurance Code, the following general guidelines are hereby promulgated:

1. INVESTMENTS WHICH DO NOT REQUIRE PRIOR APPROVAL OF THE INSURANCE COMMISSION (IC)

The following investments which qualify under the specific Sections of the Amended Insurance Code **provided they are in accordance with the conditions and limitations set forth therein, DO NOT REQUIRE PRIOR APPROVAL:**

1.1 FOR LIFE/NON-LIFE COMPANIES **APPLICABLE SECTIONS**

1.1.1 Loans upon security of any of the following:

- First mortgage or deeds of trust of real estate, condominiums, cultivated agricultural lands; 204 (a), (b) and 205
- Purchase money mortgages, lease purchase agreements; 204 (c)
- Bonds/instruments of indebtedness of Government of the Philippines or its political subdivisions; (d)

- Obligations issued or guaranteed by the commercial banks, universal banks, offshore banking units, investment houses or other financial intermediaries duly registered with the the Bangko Sentral ng Pilipinas	204 (e)
- Pledges of shares of stocks, bonds or other instruments of indebtedness specified in Section 209;	(h)
- Chattel mortgages over equipment not more than three (3) years old;	(i)
1.1.2. Real/personal property acquired by reason of loan;	206 (a)
1.1.3. Lot and building for office use;	206 (b) (1)
1.1.4. Bonds or other instruments of indebtedness of the Government of the Philippines or its political subdivisions;	(2)
1.1.5. Bonds or other instruments of debt of government-owned or controlled corporations and entities including the Bangko Sentral ng Pilipinas;	(3)
1.1.6. Bonds, debentures or other instruments of indebtedness of any solvent corporation or institution;	(4)
1.1.7. Preferred or guaranteed stocks of any solvent corporation or institution;	(5)
1.1.8. Common stocks of solvent corporation;	(6)
1.1.9. Securities issued by registered enterprise as defined in Executive Order No. 226;	(7)
1.1.10 Certificates, notes and other obligations issued by trustees or receivers of any institution;	(8)
1.1.11 Equipment trust obligations or certificates adequately secured; and	(9)

1.1.12 Equities of other financial institutions listed in the Philippine Stock Exchange 207 (2)

1.2. FOR LIFE COMPANIES

1.2.1 Policy loans; 204
1.2.2 Housing projects; and 208 (a)
1.2.3 Other income producing real estate properties 208 (b)

2. INVESTMENTS WHICH REQUIRE PRIOR APPROVAL OF THE INSURANCE COMMISSION (IC)

FOR LIFE/NON-LIFE COMPANIES	APPLICABLE SECTIONS
2.1 Obligations issued/guaranteed by foreign banks or corporations with total net worth of at least US\$ 150,000,000.00 or as prescribed by IC;	204 (f)
2.2 Assignments of monetary instruments such as cash deposit, deposit certificates or other similar instruments of universal banks, commercial banks, investments houses or other financial intermediaries duly registered with the Bangko Sentral ng Pilipinas;	(g)
2.3 Such other securities and investments as may be approved by the Commissioner;	206 (b) (11) and 204 (j)
2.4 Equities of other financial institutions;	207 (1)
2.5 Long-term debt instruments;	207 (2)
2.6 Investments in mutual funds, real estate investment trusts, salary loans, unit investment trust funds and special deposit accounts, subject to the conditions as may be provided by the Commissioner;	202 (j)
2.7 Securities issued by any registered enterprise in such amounts as may be approved by the Commissioner;	212
2.8 Only investments in excess of the 20%-20% limitations set forth therein;	197,198,199,210(b) and 211

- 2.9 Transactions between a controlled insurer and any person in its holding company system like loans or extension of credit of investments involving 5% or more of the insurer's admitted assets as of the 31st day of December next preceding; and 299 and 300(a)
- 2.10 Such other securities and investments not included in Item I.

For life insurance companies: All investments not requiring prior approval as enumerated in Item I above are considered/qualified as reserve investments while investments enumerated under Item II may, upon prior approval by the Insurance Commission be considered/qualified as either reserve or surplus investment.

For non-life insurance companies: Only investments made under Sections 206 and 210 which do not require prior approval are considered/qualified as reserve investments. Investments made under the following Sections are classified as surplus investments:

Sections: 204(a), (b), (c), (f), and (i);
206(b)(1) (in excess of 20% of the net worth limitation); and
211 (in excess of 20%-20% limitation)

All other investments enumerated under Item II may, upon prior approval by the Insurance Commission, qualify as either reserve or surplus investment.

For strict compliance.


EMMANUEL F. DOOC
Insurance Commissioner