



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

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CIRCULAR LETTER

**TO : ALL INSURANCE COMPANIES AUTHORIZED TO
TRANSACTION BUSINESS IN THE PHILIPPINES**


SUBJECT : COLLATERAL LOANS

In connection with the grant of loans secured by collaterals other than real estate securities under Section 204 of the Amended Insurance Code (RA 10607), the following rules and regulations are hereby promulgated:

1. No insurance company shall loan any of its money or deposits to any person, corporation or association, when the amount of such loan is in excess of:
 - 1.1. One hundred per centum (100%) of the market value of bonds or other instruments of indebtedness of the Government of the Philippines or its political subdivisions authorized by law to issue bonds or upon bonds or other instruments of debt of government-owned or controlled corporations and entities including the Bangko Sentral ng Pilipinas;
 - 1.2. Ninety per centum (90%) of the market value of bonds or other instruments of indebtedness of solvent private entities as are specified under Section 206 of the Amended Insurance Code; and
 - 1.3. Seventy five per centum (75%) of the market value of stocks of listed corporations as are specified in Section 206 of the Amended Insurance Code.

2. Collateral loans granted for a period longer than five (5) years shall be amortized monthly, quarterly, semi-annually or annually, provided that no such loans shall have a maturity in excess of ten (10) years.

For strict compliance.



EMMANUEL F. DOOC
Insurance Commissioner