



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

Circular Letter No.: 2015-42
Date : 5 August 2015

CIRCULAR LETTER

**TO : ALL INSURANCE COMPANIES AND MUTUAL
BENEFIT ASSOCIATIONS AUTHORIZED TO
TRANSACTION BUSINESS IN THE PHILIPPINES**

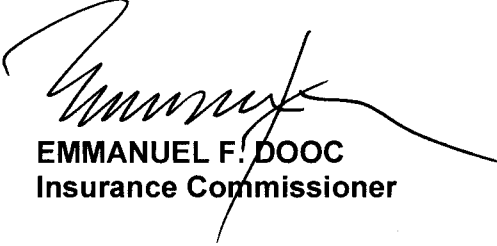
**SUBJECT : SALARY LOANS EXTENDED TO DEPARTMENT
OF EDUCATION (DepEd) TEACHERS**

Pursuant to the provisions of Section 202 (j) of the New Insurance Code, salary loans extended to DepEd teachers shall qualify as admitted assets of insurance companies and mutual benefit associations (MBAs), subject to the following conditions:

1. Only insurance company/MBA with funds representing earned surplus can extend salary loans to DepEd teachers;
2. The Salary Loan Program shall be duly approved by the insurance company's/MBA's Board of Directors/Trustees;
3. The loans shall be paid regularly in equal installments under the terms and conditions of such loans;
4. The loans shall not be used as an inducement to solicit other insurance business;
5. The aggregate amount of loans shall be valued according to their unpaid balances but shall not exceed twenty percent (20%) of the total assets of life companies/MBAs or twenty percent (20%) of the net worth of non-life companies as shown in their latest approved synopses;

6. The salary loan program shall be covered by a Memorandum of Agreement between the insurance company/MBA and the DepEd, copy furnished this office; and
7. The credit risk inherent to the loan granted shall be subject to the prescribed risk charge under the RBC framework.

For strict compliance.



EMMANUEL F. DOOC
Insurance Commissioner