



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



Circular Letter (CL) No.:	2017-28
Date:	02 May 2017
Supersedes:	None

CIRCULAR LETTER

TO : (1) PRE-NEED COMPANIES

(2) ENTITIES AUTHORIZED TO ENGAGE IN TRUST OPERATIONS AND ACT AS TRUSTEE FOR PRE-NEED CORPORATIONS

SUBJECT : TWO PERCENT (2%) UPWARD ADJUSTMENT ON THE INVESTMENT THRESHOLD ALLOCATION UNDER THE PRE-NEED CODE

Pursuant to Section 34 of Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines, signed by the President of the Philippines on 03 December 2009, the Insurance Commission issues these guidelines to Pre-Need companies authorized to sell pre-need plans.

Section 34 of the Pre-Need Code provides, that:

“x x x

Investment of the trust fund which is not in accordance with the preceding paragraphs, shall not be allowed unless the prior written approval of the Commission had been secured: Provided, further, That no deposit or investment in any single entity shall exceed 15% of the total value of the trust fund: Provided, finally, That the Commission is authorized to adjust the percentage allocation per category set forth herein not in excess of two percentage (2%) points upward or downward and no oftener than once every five (5) years. The first adjustment hereunder may be made no earlier than five (5) years from the effectivity of this Act. The Pre-Need company shall not use the trust fund to extend any loan to or to invest in its directors, stockholders, officers or its affiliates.”

In order to maximize their gains on higher yield investments for the trust fund, the upward adjustment of two percentage (2%) points shall apply to long-term commercial papers, direct loans, equities and real estate subject to rules and regulations that would ensure prudent investment management and protection of the interest of the planholders.

For your information and guidance.


DENNIS B. FUNA
Insurance Commissioner