



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



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CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES, PRE-NEED COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

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

Pursuant to the provisions of Section 202 (j) of the Insurance Code, as amended by R.A. No. 10607 and in addition to the provisions of Section 34 of the Pre-need Code, salary loans extended to DepEd teachers shall qualify as admitted assets for insurance companies, mutual benefit associations (MBAs) and allowable investments for pre-need companies, subject to the following conditions:

1. Qualification- The following can extend salary loans to DepEd teachers:
 - (a) Only those insurance companies and MBAs with funds representing earned surplus;
 - (b) Those MBAs whose members are purely teachers and;
 - (c) Pre-need companies with trust fund not lower than Php 100,000,000.00 can extend salary loans to DepEd teachers
2. The Salary Loan Program shall be duly approved by the insurance or pre-need company's Board of Directors or MBA's Board of Trustees;
3. The loans should be paid regularly in equal installments under the terms and conditions of such loans;
4. The loan 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 should not exceed thirty percent (30%) of the total assets for **life insurance companies and MBAs** and fifty percent (50%) of the net worth for **non-life insurance companies** as shown in the latest approved financial statements;