

Circular Letter No.	: <u>26-2006</u>
Date	: <u>6/28/06</u>

CIRCULAR LETTER

**TO : All Insurance Companies and Mutual Benefit Associations
Doing Business in the Philippines**

SUBJECT : Insured Deposits

Further to Circular Letter No. 5-2006 dated January 27, 2006 and pursuant to Section 196 (10) of the Insurance Code, "insured deposits" by the Philippine Deposit Insurance Corporation (PDIC) are assets deemed by the Insurance Commission to be readily available for payment of losses and claims.

The term "insured deposit" means the amount due to any depositor for deposits in an insured bank net of any obligation of the depositor to the insured bank as of the date of closure, but not to exceed two hundred fifty thousand pesos (₱ 250,000.00) (Republic Act No. 3591).

In view of the foregoing, deposits made in all banks, other than commercial bank or trust company, which are duly authorized by the Bangko Sentral ng Pilipinas, shall be admitted as Cash in Bank to the extent of ₱250,000.00, the maximum amount insured by the PDIC. Any deposit in excess of ₱ 250,000.00 shall also be admitted as other assets subject to the lowest of the following limitations:

1. The excess deposit in the said bank should not exceed 10% of the total admitted assets of the insurance company as of December 31 of the year next preceding the date of such investment;
2. The above amount should not exceed 25% of the total equity of the said bank during the preceding year as duly certified by the Bangko Sentral ng Pilipinas.
3. In no case should the total deposit, loan, equity, and other form of investments in the said bank exceed 25% of the total admitted assets of the insurance company as of December 31 of the year next preceding the date of such investment.

Please be guided accordingly.

(SGD.) EVANGELINE CRISOSTOMO-ESCOBILLO
Insurance Commissioner

cc: HON. MARGARITO B. TEVES
Secretary
Department of Finance