CIRCULAR LETTER

TO: ALL INSURANCE COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS (MBAs)

SUBJECT: AMENDED RULES ON CONTINGENCY FUNDS, FUTURE FUNDS, BENEFIT ENHANCEMENT FUNDS AND SIMILAR RIDERS

IC Circular Letter No. 41-2006 dated December 20, 2006 is hereby amended as follows:

1. The Insurance Commission shall no longer allow insurance companies and MBAs to issue contingency funds, future funds, benefit enhancement funds and other similar riders that accumulate or permit the accumulation of fund deposits or contributions in excess of total future premiums under insurance policies after effectivity hereof.

2. Insurance companies and MBAs may continue issuing Premium Deposit Fund riders provided that they limit the maximum amount that may be held at any time in the fund to the total future premiums due under the insurance policy. In the case of a renewable policy, the maximum amount that may be held in the fund must not exceed the total premiums payable until its last renewal date. In no case shall a policyholder make any additional deposit to his Premium Deposit Fund if the existing balance thereof is already equal or greater than the sum of all future premiums payable on his policy.

3. For subject riders already issued, the directive for insurance companies and MBAs to refund to the policyholders the amount in the fund in excess of the total future premiums due under the policies is hereby revoked provided that all such amounts already refunded may no longer be recovered.
4. Subject to the provisions of the Premium Deposit Fund rider or agreement, any excess premium shall be refunded to the policyholders only after their policies have been paid-up.

All other terms and conditions of IC Circular Letter No. 41-2006 that are not inconsistent with the foregoing shall remain in force.

This Circular shall take effect immediately.

EDUARDO T. MALINIS
Insurance Commissioner