



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



Circular Letter No.:	2020-63
Date:	18 May 2020
Amends:	None

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES

SUBJECT : REGULATORY RELIEF FROM THE EXPOSURE LIMIT APPLIED TO FINANCIAL ASSISTANCE PROGRAM OF INSURANCE COMPANIES

WHEREAS, the imposition of Enhanced Community Quarantine (ECQ) has curbed the people's freedom to earn a living and therefore caused financial hardship to most Filipinos;

WHEREAS, a relief is therefore vital for those suffering financially due to the pandemic caused by COVID-19;

WHEREAS, the economic impact of the crisis to the public, as well as the restricted business operations due to the extended quarantine has also caused adverse effects on the financial performance of insurance companies;

WHEREAS, CL 2014-20 dated 15 May 2014, provides that in addition to the assets enumerated in Section 202 of the Amended Insurance Code (RA 10607), the following shall qualify as admitted assets:

1. Car loans/lease-purchase plans for officers, employees and sales associates subject to a maximum availment per borrower;
2. Financial assistance/emergency loans to officers, employees and sales associates;
3. Loans to officers, employees and sales associates for the purchase of computers and office equipment, secured by chattel mortgage over such equipment; and
4. Salary loans up to a maximum of six (6) months salary.

WHEREAS, CL 2014-20 provides that the aggregate amount of the abovementioned loans shall not exceed six per centum (6%) of the net worth of the company as shown in its latest approved synopsis;

WHEREAS, the IC finds the need relax the limitation imposed on the aggregate amount of financial assistance granted to officers, employees and sales associates in order to support any insurance company that decides to provide assistance to its officers, employees and sales associates during this difficult times, while ensuring that such amounts of assistance will be admissible assets as compliance to the minimum net worth requirements.

NOW, THEREFORE, in view of all the foregoing and in accordance with the undersigned's powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, the following are promulgated as follows:

SECTION 1. REGULATORY RELIEF FROM THE EXPOSURE LIMIT APPLIED TO FINANCIAL ASSISTANCE PROGRAM OF INSURANCE COMPANIES

The threshold in granting financial assistance to officers, employees and sales associates, as defined on existing Insurance Commission Circular Letters, for all insurance companies authorized to do business in the Philippines shall be adjusted from six percent (6%) to twenty percent (20%) of the net worth of the company as shown in its latest approved synopsis.

SECTION 2. APPLICABILITY

This rule shall only be allowed for financial reporting periods covering the year 2020, unless extended or changed as deemed necessary by this Commission.

This Circular shall take effect immediately.


DENNIS B. FUNA
Insurance Commissioner

