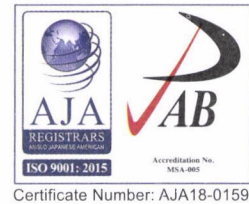




Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila



Legal Opinion (LO) No.:	2020 - 09
Date:	26 August 2020

**DIR. MARIO A. AVENIDO**

President and CEO  
Public Safety Mutual Benefit Fund, Inc.  
PSMBFI Building  
No. 318-320 Santolan Road, cor. 1<sup>st</sup> and 2<sup>nd</sup> West Streets  
San Juan, Metro Manila 1500

**SUBJECT: Validity of Deductions of MBA Member-Borrower's Outstanding Obligations from Post-Service Benefits**

Dear **Dir. Avenido**:

This refers to your letter dated 10 March 2020 requesting the Insurance Commission to issue a Legal Opinion on whether the members of Public Safety Mutual Benefit Fund, Inc. (PSMBFI) can authorize their respective employers to deduct outstanding obligations from their post-service benefits.

Per your letter, the pertinent facts are as follows:

“As a background, Public Safety Mutual Benefit Fund, Inc. (PSMBFI) is a Mutual Benefit Association (MBA) with majority of its membership consisting of active Philippine National Police (PNP) Personnel and employees of other public safety agencies. It was incorporated as a non-stock non-profit domestic corporation and was issued License to Operate by the Insurance Commission.

x x x

PSMBFI provides insurance coverage and extends loans to its members pursuant to Section 411 of the Insurance Code x x x

In the course of its operations, PSMBFI, as a licensed insurance company, has been consistently accredited by the PNP Committee on Accreditation for Automatic Deduction (CAAD) in its Salary Deduction and Loan Information System (SDLIS) where payment of contributions and loan amortizations are effected by way of