



Circular Letter (CL) No.:	2022-23
Date:	18 May 2022
Supersedes:	CL No. 2014-21 CL No. 2014-30 CL No. 2015-41-A
Supplements	CL No. 2014-50 CL No. 2019-27

CIRCULAR LETTER

TO : ALL INSURANCE/REINSURANCE COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : GUIDELINES ON DOMESTIC INVESTMENTS THAT DO NOT REQUIRE PRIOR APPROVAL

WHEREAS, Section 202 of Republic Act No. 10607, otherwise known as the Amended Insurance Code (the Code), provides the list of assets that may be allowed and admitted in the determination of the financial condition of IC-regulated entities;

WHEREAS, IC Circular Letter No. 2014-21, dated 15 May 2014, currently provides the general guidelines on local investment placements for all Insurance/Reinsurance companies authorized to transact business in the Philippines;

WHEREAS, to align with the mandate of the *Capital Market Development Council* to increase the participation of the insurance industry in the local market and to help achieve *AmBisyon Natin 2040*¹, there is a need to update and promulgate guidelines governing the investment activities of IC-regulated entities;

WHEREAS, there have been some calls from industry participants, investment banks and industry associations to revisit the guidelines on local investment placements to adapt with the trends and development of the global financial market and the regulatory space;

WHEREAS, Republic Act No. 11032, otherwise known as the *Ease of Doing Business and Efficient Government Service Delivery Act of 2018*, provides the guidelines for government agencies to ensure the timely and efficient delivery of government services;

¹ https://pdp.neda.gov.ph/wp-content/uploads/2021/12/122421_updated-pdp.pdf

NOW, THEREFORE, in view of all the foregoing and in accordance with the Insurance Commissioner's power under Section 437 of the Code, the following guidelines are hereby promulgated:

SECTION 1: INVESTMENTS THAT REQUIRE NO PRIOR APPROVAL

*The following investments which qualify under the specific Sections of the Code, **provided they are in accordance with the conditions and limitations set forth therein**, DO NOT REQUIRE PRIOR APPROVAL from the Commissioner:*

1.1 For Life and Non-Life Insurance Companies and MBAs:	Applicable Sections:
1.1.1. Loans upon security of any of the following:	
a. First mortgage or deeds of trust of real estate, condominiums and cultivated agricultural land;	204 (a), (b) and 205
b. Purchase money mortgages, lease purchase agreements;	204 (c)
c. Bonds/instruments of indebtedness, whether PHP or Foreign Currency-Denominated, of Government of the Philippines or its political subdivisions;	204 (d)
d. Obligations issued or guaranteed by commercial banks, universal banks, offshore banking units, investment houses or other financial intermediaries duly registered with the Bangko Sentral ng Pilipinas (BSP);	204 (e)
e. Pledges of shares of stocks, bonds or other instruments of indebtedness specified in Section 209;	204 (h)
f. Chattel mortgages over equipment not more than three (3) Years old;	204 (i)
1.1.2. Real/personal property acquired by reason of loan;	206 (a)
1.1.3. Real properties which are actually/currently used as a main place of business and/or branch offices provided that the subject property is free from any liens or encumbrances;	206 (b)(1)

1.1.4. Bonds or other instruments of indebtedness, whether PHP or Foreign Currency-Denominated, of the Government of the Philippines or its political subdivisions;	206 (b) (2)
1.1.5. Bonds or other instruments of indebtedness, whether PHP or Foreign Currency-Denominated, of government-owned or controlled corporations and entities including the BSP;	206 (b) (3)
1.1.6. Equity securities issued by an institution included in the <i>Philippine Stock Exchange Index</i> ² ;	206 (b) (5) and (b) (6)
1.1.7. Equity securities not included under Sections 1.1.5 and 1.1.6, provided, however, that the issuer or the issue obtained a minimum credit rating of Baa by Philratings, BBB by CRISP or an equivalent from a local Credit-rating agency accredited by the Securities and Exchange Commission (SEC);	206 (b) (5) and (b) (6)
1.1.8. Listed Equity Securities of other Financial Institutions covered under Section 207 of the Amended Insurance Code, provided, however that the subject institution obtained a minimum composite rating of "3" from the BSP's SAFr ³ ;	207 (1)
1.1.9. PHP-Denominated Corporate Debt Securities listed in the <i>Philippine Dealing Exchange</i> ;	206 (b) (4)
1.1.10. Debt securities not included under Section 1.1.9, provided, however, that the issuer or the issue obtained a minimum credit rating of Baa by Philratings, BBB by CRISP or an equivalent from a local Credit-rating agency accredited by the SEC;	206 (b) (4)
1.1.11. Debt Securities fully secured with any of the following:	
a. First mortgage or deeds of trust of real estate, condominiums cultivated agricultural land;	204 (a), (b) and 205

² *Philippine Stock Exchange Index*, as used in this Circular Letter, pertains to the basket of assets composing the top 30 listed companies in the Philippine Stock Exchange Main Board. The same bears the ticker PCOMP:IND in Bloomberg.

³ <https://www.bsp.gov.ph/Regulations/Issuances/2020/m005.pdf>

b. Purchase money mortgages, lease purchase agreements;	204 (c)
c. Bonds/instruments of indebtedness, whether PHP or Foreign Currency-Denominated, of Government of the Philippines or its political subdivisions;	204 (d)
d. Obligations issued or guaranteed by commercial banks, universal banks, offshore banking units, investment houses or other financial intermediaries duly registered with the BSP;	204 (e)
e. Pledges of shares of stocks, bonds or other instruments of indebtedness specified in Section 209;	204 (h)
f. Chattel mortgages over equipment not more than three (3) Years old;	204 (i)
1.1.12. Placements in Philippine Stock Exchange (PSE) listed Real Estate Investment Trust and PSE-listed Exchange Traded Fund (ETF) approved by their respective regulatory agencies, provided, however, that for ETF, only those linked with composite stock market indices and those managed by a fund manager with at least three (3) years of solid experience in fund management shall be allowed;	202 (j)
1.1.13. Investments in Mutual Funds duly registered with the SEC and local Unit Investment Trust Fund (UITF) approved by the BSP, provided, however, that the underlying securities are all PHP-denominated;	202 (j)
1.1.14. Investment Management Agreements (IMAs) with institutions duly licensed by the BSP with a satisfactory SAFr / Trust Rating of "3", provided, however, that the following provisions shall be incorporated in the IMA:	-
<p><i>a. All investments under the Agreement shall be registered in the name of the company;</i></p>	
<p><i>b. All investments shall be in accordance with the provisions of the Amended Insurance Code and applicable circulars</i></p>	

<p><i>and regulations issued by the Insurance Commission; and</i></p> <p><i>c. Investment risk exposures should be clearly defined and measured in accordance with the Risk-Based Capital framework;⁴</i></p> <p>1.1.15. Securities issued by registered enterprise as defined in Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987;</p> <p>1.1.16. Certificates, notes and other obligations issued by trustees or receivers of any institution;</p> <p>1.1.17. Placements of monetary instruments such as cash deposits, time deposits, special savings accounts, deposit certificates, fixed income securities with maturity of 365 days or less or other similar instruments of financial intermediaries or other private institutions provided, however, that such institution obtained a minimum composite rating of 3 from the BSP's SAFr or that such issue or issuer obtained a minimum credit rating of PRS 3 by Philratings, B1 by CRISP or an equivalent from a local Credit-rating agency accredited by the SEC;</p> <p>1.2. For Life Insurance Companies and MBAs:</p> <p>1.2.1. Policy loans</p>	<p>206 (b) (7)</p> <p>206 (b) (8)</p> <p>204 (g)</p> <p>204</p>
---	---

SECTION 2: INVESTMENTS THAT REQUIRE PRIOR APPROVAL

All other securities and investments not enumerated above shall require prior approval from the Commissioner.

SECTION 3. APPLICABILITY OF RELEVANT LAWS

The provisions under this circular are without prejudice to application of pertinent laws, rules and regulations being implemented by other government regulatory agencies.

SECTION 4. SEPARABILITY CLAUSE

If any provision of this Circular Letter shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

⁴ Upon examination, the IC-regulated entity shall submit to the Commission a Notarized copy of the IMA and the relevant Board Resolution.

SECTION 5. REPEALING CLAUSE

All circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Circular are deemed repealed, superseded, or modified accordingly.

SECTION 6. EFFECTIVITY

This Circular shall take effect immediately.



DENNIS B. FUNA
Insurance Commissioner

