



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



Circular Letter (CL) No.	:	2022-25
Date:	:	19 May 2022
Supplements:	:	CL No. 2017-28 dated 02 May 2017

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES AND TRUST ENTITIES AUTHORIZED TO ACT AS TRUSTEE FOR PRE-NEED COMPANIES

SUBJECT : TWO PERCENTAGE (2%) UPWARD ADJUSTMENT ON THE INVESTMENT THRESHOLD ALLOCATION UNDER THE PRE-NEED CODE

WHEREAS, under Section 6 (c) of Republic Act (R.A.) No. 9829 known as the "Pre-need Code of the Philippines", the Insurance Commission (IC) has the power to regulate, supervise and monitor the operations and management of pre-need companies to ensure compliance with the provisions of the Pre-need Code;

WHEREAS, Section 34 of the Pre-need Code provides, that:

"xxx

Investment of the trust fund which is not in accordance with the provisions of the said section, shall not be allowed unless the prior written approval of the Commission had been secured: Provided, further, That no deposit or investment in any single entity shall exceed 15% of the total value of the trust fund: Provided, finally, That the Commission is authorized to adjust the percentage allocation per category set forth therein not in excess of two percentage (2%) points upward or downward and no oftener than once every five (5) years. The first adjustment hereunder may be made no earlier than five (5) years from the affectivity of this Act. The Pre-Need company shall not use the trust fund to extend any loan to or to invest in its directors, stockholders, officers or its affiliates."

WHEREAS, the IC, in the exercise of such power issued the Circular Letter (CL) No. 2017-28 dated 02 May 2017 for the first upward adjustment of two percentage (2%) points to long-term commercial papers, direct loans, equities and real estate subject to rules and regulations that would ensure prudent investment management and protection of the interest of the planholders;

WHEREAS, under Section 6 (k) of the Pre-Need Code, the IC has the authority to prepare, approve, amend or repeal rules, regulations and orders, and issue opinions and provide guidance on and supervise compliance with such rules, regulations and orders;

NOW, THEREFORE, in view of all the foregoing and in accordance with the Insurance Commissioner's power under Section 6 of the Pre-Need Code of the Philippines, the following guidelines are hereby promulgated:

SECTION 1. APPLICABILITY

This Circular Letter shall be applicable for the reporting period starting 3rd quarter of 2022 onwards.

SECTION 2. TWO PERCENTAGE (2%) UPWARD ADJUSTMENT ON THE INVESTMENT THRESHOLD ALLOCATION UNDER THE PRE-NEED CODE

In order to provide additional flexibility and to maximize the gains on higher yield investments of the trust fund, the additional upward adjustment of two percentage (2%) points shall apply to long-term commercial papers, direct loans, equities and real estate subject to the rules and regulations that would ensure prudent investment management and protection of the interest of the planholders.

The total maximum percentage limit of the abovementioned investments shall be in accordance with the following:

Investments of the Trust Fund	Maximum Percentage Limit per Pre-Need Code (Sec. 34) ¹	First Upward Adjustment	Additional Upward Adjustment	Total Maximum Percentage Limit
Long-term commercial papers	15%	2%	2%	19%
Direct loans to corporation	5%	2%	2%	9%
Direct loans to planholders	10%	2%	2%	14%
Equities	30%	2%	2%	34%
Real Estate	10%	2%	2%	14%

SECTION 3. SEPARABILITY CLAUSE

¹ Maximum percentage limit is based on the total trust fund

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

SECTION 4. 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 5. EFFECTIVITY CLAUSE

This Circular shall take effect immediately.



DENNIS B. FUNA
Insurance Commissioner

