



Advisory No.:	RS-2024-024
Classification:	Regulatory and Supervisory Advisory
Date:	14 November 2024

INSURANCE COMMISSION ADVISORY

TO : ALL INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS, AND PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : REVISED DRAFT CIRCULAR LETTER ENTITLED "OMNIBUS GUIDELINES ON INVESTMENTS"

The Commission will be conducting a public consultation relative to the attached revised draft Circular Letter with the objective of enhancing the investment adaptability of the Insurance Commission regulated entities and to foster a more dynamic and responsive approach to the market environment.

Relative thereto, we would like to solicit your comments, suggestions and recommendations on the herein attached revised draft Circular Letter for the Commission to come up with appropriate and applicable regulation. Kindly use the attached template.

Article/ Section	Comments and Suggestions	Name of the Entity

Please submit your comments, suggestions, and recommendations on or before 29 November, 2024 at ocom@insurance.gov.ph.

Thank you.


REYNALDO A. REGALADO
Insurance Commissioner





Circular Letter (CL) No.:	
Date:	
Supersedes:	CL Nos. 2023-25; 2022-23; 2022-08; 2021-53; 2019-29; 2019-27; 2019-19; 2018-74; 2017-43; 2016-16; 2015-56; 2014-50; 2014-18; 2013-34; 2013-26; and 02-2013.
Supplements:	CL Nos. 2023-10; and 2022-44.
Amends:	Sections 1 and 2 of CL No. 2022-37

CIRCULAR LETTER

TO : ALL INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS, AND PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : OMNIBUS GUIDELINES ON INVESTMENTS

WHEREAS, Section 437 of Republic Act ("RA") No. 10607, otherwise known as the "Amended Insurance Code," authorizes the Commission to issue rulings and circular letters as may be deemed necessary to ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public;

WHEREAS, Section 6 of RA No. 9829, otherwise known as the "Pre-Need Code," authorizes the Commission to prepare, approve, amend or repeal rules, regulations in the performance of its mandate; and

WHEREAS, there is a need to emphasize effective oversight and prudent management of investments by insurance entities, thereby ensuring the financial stability and integrity of the insurance industry.

NOW, THEREFORE, pursuant to the powers vested to the Insurance Commissioner under Section 437 of the Amended Insurance Code and Section 6 of the Pre-Need Code, the following rules and guidelines are hereby promulgated:

ARTICLE I
OBJECTIVE AND SCOPE

SECTION 1. OBJECTIVE

The objective of this Circular Letter ("CL") is to enhance the investment adaptability of insurance and professional reinsurance companies, mutual benefit associations ("MBAs") and pre-need companies (collectively referred to as the *"Insurance Commission Regulated Entities" {"ICREs"}*), and to foster a more dynamic and responsive approach to ever-changing market environment. This will empower ICREs to make well-informed investment decisions, ensuring the continued stability and growth of its financial assets while safeguarding the interests of its policyholders.

SECTION 2. SCOPE

This CL shall apply to all investments denominated in Philippine Peso ("PHP") and in foreign currencies acceptable to the Bangko Sentral ng Pilipinas ("BSP") as part of its international reserves.

ARTICLE II
ADMISSIBLE INVESTMENTS AND NON-ADMITTED ASSETS

SECTION 1. ADMISSIBLE INVESTMENTS OF INSURANCE COMPANIES, PROFESSIONAL REINSURANCE COMPANIES AND MBAS

The following are considered as admissible investments subject to the conditions set forth by the Amended Insurance Code and circular letters:

- a. Cash, time deposits, special savings accounts, deposit certificates, money market instruments and fixed income securities with maturity of one (1) year or less, arising from an investment transaction, in currencies acceptable to the BSP as part of its international reserves. If the above-enumerated assets are not pursuant to any investment transaction, Section 202(a) of the Amended Insurance Code will continue to apply.
- b. Marketable securities, as enumerated below, provided that the conditions per security are satisfied as of transaction date:
 1. Sovereign issuers
 - i. Debt securities of the Government of the Philippines or its political subdivisions authorized by law to incur such obligations, including Government-owned or -controlled corporations; and
 - ii. Debt securities of a foreign government, provided, however, that the foreign government has obtained a minimum credit rating of B as rated by S&P, B2 as rated by Moody's, B as rated by Fitch, or its equivalent rating as rated by at least two reputable credit rating agencies.

2. Corporate Issuers

- i. Debt securities listed in the Philippine Dealing Exchange ("PDEX") or successor exchanges;
- ii. Equity Securities listed in the Philippine Stock Exchange ("PSE") or successor exchanges; and
- iii. Debt or Equity securities issued by an institution with securities listed in either PDEX or PSE, or successor exchanges;
- iv. Php-denominated debt or equity securities, provided that the issue, the issuer or its outstanding debt issue has obtained a minimum credit rating of B by CRISP or its equivalent rating by PhilRatings or other SEC-accredited credit rating agency. If the rating is not available, the issuer or the issue must be explicitly guaranteed by an entity with a minimum credit rating of B by CRISP or its equivalent rating by PhilRatings or other reputable credit rating agency;
- v. Foreign currency-denominated debt or equity securities, provided that the issuer or the issue has obtained a minimum credit rating of B by S&P, B2 by Moody's, B by Fitch, or an equivalent rating from at least two reputable credit rating agencies. If the rating is not available, the issuer or the issue must be explicitly guaranteed by an entity with a minimum credit rating of B by S&P, B2 by Moody's, B by Fitch, or an equivalent rating from at least two reputable credit rating agencies. In addition, below investment grade and unrated financial instruments may be allowed provided that the securities are listed in recognized foreign exchanges subject to the limitations specified in Article IV, Section 2 of this CL; and
- vi. Debt securities issued by Supranational organizations and/or Multilateral agencies provided that the issuer or the issue has obtained a minimum credit rating of B by S&P, B2 by Moody's, B by Fitch, or an equivalent rating from at least two reputable credit rating agencies.

3. Structured Products, such as Credit-Linked Notes, Equity-Linked Notes, Funded Fixed Rate Notes, Principal Protected Notes, Bond-Linked Notes, and Structured Deposits, which are issued by a financial institution or a Special Purpose Vehicle/Special Purpose Trust sponsored by a financial institution, provided that the issuer/sponsor or the reference asset/underlying asset obtained credit rating from at least two reputable credit rating agencies, and should have a minimum credit rating of B as rated by S&P, B2 as rated by Moody's, B as rated by Fitch, or its equivalent rating by other reputable credit rating agencies.
4. Financial Derivatives, such as Forward Contracts, Futures Contracts, Options and Swaps, which shall only be used as a risk management tool for reducing risk and costs. Every derivative transaction should be in

accordance with the International Swaps and Derivatives Association ("ISDA") guidelines and shall comply with the required documentations, including the ISDA Master Agreement and Credit Support Annex. ICRE counterparties must possess the requisite registration and authorization from the pertinent regulatory authority governing its operational jurisdiction.

c. Investment Vehicles

Investment vehicles designed to enable the aggregation of capital from multiple investors, with the explicit aim of collectively participating in a diversified portfolio of securities and other financial instruments; provided that said vehicles and their fund managers and/or the investment management company are subject to professional and regulatory oversight and possesses the requisite registration and authorization from the pertinent regulatory authority governing its operational jurisdiction; provided further, that only admissible assets enumerated under Article II, Section 1 of this CL, and other investments as may be approved by the Commission, shall be allowed as underlying assets of these investment vehicles:

1. Mutual Funds;
2. Exchange-Traded Funds ("ETFs");
3. Real Estate Investment Trusts ("REITs");
4. Unit Investment Trust Funds ("UITFs");
5. Fund of Funds;
6. Money Market Funds;
7. Corporate Debt Vehicle; and
8. Other investments and pooled funds with similar nature.

d. Loans

1. Secured loans:
 - i. Secured by assets listed in items (a) to (i) of Section 204 of the Amended Insurance Code; and
 - ii. Secured by assets specified under item (2) of Section 204, and other securities as may be approved by the Commissioner.
2. For MBAs, Loans to Partner Microfinance Institutions subject to the conditions and requirements of CL No. 2016-33;
3. Loans and Financial Assistance Programs to officers, employees and sales associates under contractual relations of insurance/reinsurance companies, subject to the conditions and requirements of CL No. 2014-20:
 - a. Car/Motorcycle Loans/lease-purchase plans;
 - b. Calamity and/or emergency loans;
 - c. Information Technology Equipment loan; and
 - d. Salary loans.

182 4. Loans to MBA members upon the security of a pledge or chattel mortgage
183 of personal properties of the borrowers, or in the absence thereof, on the
184 security of the membership certificate of the borrowing members, in which
185 event such loan shall become a first lien on the proceeds thereof.

186
187 5. Salary loan to Department of Education Teachers subject to the conditions
188 and requirements of CL No. 2017-42;

189
190 e. Purchase of accounts or loans receivables subject to the conditions and
191 requirements of CL No. 2018-73;

192
193 f. Real Estate Properties

194
195 1. Real properties used as main place of business and/or branch offices;

196
197 2. Real properties acquired or constructed for the production of income, or
198 properties to be developed for such investment purpose;

199
200 3. Real properties acquired by foreclosure or by deed in lieu thereof; and

201
202 4. Housing projects.

203
204 The valuation of these real estate properties shall be conducted by an appraiser
205 accredited by the Securities and Exchange Commission ("SEC"), subject to the
206 submission of documentary requirements listed in Annex A of this CL.

207
208 g. Investments in infrastructure projects under the Philippine Development Plan;

209
210 h. Investment in equities of other financial institutions;

211
212 i. Securities issued by registered enterprise as defined in Executive Order No. 226
213 (s. 1987), entitled the "Omnibus Investment Code";

214
215 j. Certificates, notes and other obligations issued by the trustees or receivers of
216 any institution created or existing under the laws of the Philippines which, or the
217 assets of which, are being administered under the direction of any court having
218 jurisdiction: Provided, however, that such certificates, notes or other obligations
219 are adequately secured as to principal and interests;

220
221 k. Electronic Data Processing (EDP) machines or Information and
222 Communications Technology (ICT) Systems and Infrastructure, the acquisition
223 cost of which to be amortized in equal annual amounts within a period of five (5)
224 years from the date of acquisition thereof;

225
226 1. Hardware;

227 2. Software;

228 3. Storage Media; and

229 4. Other EDP machines or ICT Systems and Infrastructure with similar nature.

230
231 l. Proprietary club shares; and

m. Investment Management Agreement (IMA) or other forms of contract primarily for financial return whereby an investment/fund manager binds itself to handle or manage investible funds or any investment portfolio in a representative capacity as financial or managing agent, adviser, consultant or administrator of financial or investment management advisory, consultancy or any similar arrangement which does not create or result in a trusteeship. The abovementioned representative must possess the requisite registration and authorization from the BSP or from the pertinent regulatory authority governing its operational jurisdiction. Further the following provisions shall be incorporated in such agreement:

1. All investments under the agreement shall be registered in the name of the company;
2. All investments shall be in accordance with the provisions of this CL and other regulations issued by the Insurance Commission; and
3. Investment risk exposures should be clearly defined and measured in accordance with the Risk-Based Capital framework.

SECTION 2. NON-ADMITTED ASSETS OF INSURANCE COMPANIES, PROFESSIONAL REINSURANCE COMPANIES AND MBAS

The following assets shall in no case be allowed as admitted assets of insurance/professional reinsurance companies and MBAs doing business in the Philippines in the determination of its financial condition:

- a. Goodwill, trade names, and other like intangible assets;
- b. Prepaid or deferred charges for expenses and commissions paid by such insurance company;
- c. Advances to officers (other than policy loans), which are not adequately secured and which are not previously authorized by the Commissioner, as well as advances to employees, agents, and other persons on mere personal security;
- d. Shares of stock of such insurance company, owned by it, or any equity therein as well as loans secured thereby, or any proportionate interest in such shares of stock through the ownership by such insurance company of an interest in another corporation or business unit;
- e. Furniture, furnishing, fixtures, safes, equipment, library, stationery, literature, and supplies;
- f. Items of bank credits representing checks, drafts or notes returned unpaid after the date of statement; and
- g. The amount, if any, by which the aggregate value of investments as carried in the ledger assets of such insurance company exceeds the aggregate value thereof as determined in accordance with the provisions of this Code and/or the rules of the Commissioner.

All non-admitted assets and all other assets of doubtful value or character included as ledger or non-ledger assets in any statement submitted by an insurance company to the Commissioner, or in any insurance examiner's report to him, shall also be reported, to the extent of the value disallowed as deductions from the gross assets of

such insurance company, except where the Commissioner permits a reserve to be carried among the liabilities of such insurance company in lieu of any such deduction.

SECTION 3. ADMISSIBLE INVESTMENTS OF PRE-NEED COMPANIES

The following are considered as admissible investments subject to the conditions set forth by the Pre-Need Code and circular letters:

- a. Cash, time deposits, special savings accounts, deposit certificates, money market instruments and fixed income securities with maturity of one (1) year or less in currencies acceptable to the BSP as part of its international reserves;
- b. Marketable Securities under Article II, Section 1(b) of this CL;
- c. Investment vehicles under Article II, Section 1(c) of this CL;
- d. Loans under Section 34(a) of the Pre-need Code; and,
- e. Real estate under Section 34(c) of the Pre-need Code.

These investments shall be covered by a trust fund agreement (Annex B) executed by the pre-need company and a trust corporation which possesses the requisite registration and authorization from the pertinent regulatory authority. Trust fund agreements, prior to issuance of this CL, will remain effective.

ARTICLE III INVESTMENT PORTFOLIO EXAMINATION

SECTION 1. CONDUCT OF INVESTMENT PORTFOLIO EXAMINATION

The Commission shall conduct periodic review, both on-site and off-site, of ICREs to ensure that investment activities and portfolios are consistent with the IPF and existing rules and regulations. Further, the Commission may, at any time, implement appropriate regulatory measures for prudential reasons if the ICRE failed to maintain an adequate risk management system and conducted business in an unsafe and unsound manner. The Commission reserves the right to issue warnings, order liquidation of investments, non-admit assets, and suspend, modify, downgrade, limit or revoke any ICRE's investment authority, among others.

SECTION 2. REPORTORIAL REQUIREMENTS

All ICRE's must submit to the Commission the following reportorial requirements:

- a. For Insurance and Professional Reinsurance Companies (General Account):
 1. EQRSFS under CL No. 2023-10; and
 2. Investments Made and Sold ("IMS") under CL No. 2021-06.
- b. For MBAs:
 1. Quarterly Investment Portfolio Report (see Annex C); and
 2. IMS under CL No. 2021-06.

- c. For Pre-need Companies:
1. Quarterly Investment Portfolio Report (see Annex D)
- d. For ICREs with investments in complex instruments under Article II, Section 1 (b) (3) and (4), and Section 1 (c):
1. Investment Policy Framework (see Annex E) to be submitted three (3) months from effectivity of this CL.

ARTICLE IV GENERAL PROVISIONS

SECTION 1. INVESTMENT APPROVALS OF THE COMMISSION

- a. **No Prior Approval.** Investments under Sections 1 and 3 of Article II of this CL shall not require prior approval from the Commission, except for investments enumerated in item (b) of this section.
- b. **Prior Approval.** Investments under Article II, **Sections 1 (d)(1)(ii), (d)(2), (d)(3), (d)(5), (e), (f), (g), (h), (k) and (l), and Section 3 (e)**, shall require prior approval from the Commission subject to the conditions of this CL and the documentary requirements under Annex A.

Unless otherwise approved by the Commission, all other investments not enumerated in Sections 1 and 3 of Article II of this CL shall be considered non-admitted assets.

SECTION 2. INVESTMENT LIMITATIONS

The following are the investment limitations provided under the provisions of the Amended Insurance Code, the Pre-Need Code and circular letters of the Commission:

Type of Investments	Limitations			Reference (Amended Insurance Code / Pre-need Code /Circular Letters)		
	LIFE / MBAs (TAA)	NON-LIFE (NW)	Pre-Need (TF)	LIFE and MBAs	NON-LIFE	Pre-Need
Government Bonds	None	None	10%	§206 b (2)	§206(b)(2)	§34(a-i)
Corporate Bonds	25%	20%	19%	§206 b (4)	§206(b)(4)	§34(a-iii); CL No. 2022-25; & CL No. 2017-28
Common Stocks	10%	20%	34%	§206 b (6)	§210(b)	§34(b)
Preferred Stocks	10%	20%	Residual%	§206 b (5)	§210(b)	CL No. 2022-37

Type of Investments	Limitations			Reference (Amended Insurance Code / Pre-need Code /Circular Letters)		
	LIFE / MBAs (TAA)	NON-LIFE (NW)	Pre-Need (TF)	LIFE and MBAs	NON-LIFE	Pre-Need
Foreign Currency Denominated Investments – Aggregate	50%	50%	10% (of NW exclusive of PUC)	CL No. 2021-53	CL No. 2021-53	CL No. 2013-34
Foreign Currency Denominated Investments - Below investment grade and unrated	5%	5%	N/A	CL No. 2021-53	CL No. 2021-53	N/A
Derivatives	10%	20%	N/A	CL No. 2015-56	CL No. 2015-56	N/A
Mutual Fund	10%	20%	None	CL No. 2014-50	CL No. 2014-50	§34(a-2)
REITS	10%	20%	Residual%	CL No. 2019-27	CL No. 2019-27	CL No. 2019-27
UITF	10%	20%	Residual%	CL No. 2014-50	CL No. 2014-50	CL No. 2022-37
Policy Loans	None	N/A	N/A	§204	N/A	N/A
Loans to Planholders	N/A	N/A	14%	N/A	N/A	§34(a-4) CL 2022-25
Loans to Partner Microfinance Institutions (for MBAs only)	10%	N/A	N/A	CL No. 2016-33	N/A	N/A
Financial Assistance Program	6% (of NW)	6%	N/A	CL No. 2014-20	CL No. 2014-20	N/A
Salary Loan to DepEd Teachers	60%	60%	15%	CL No. 2023-25	CL No. 2023-25	CL No. 2017-42
Purchase of Accounts / Loans Receivable	25%	20%	N/A	CL No. 2018-73	CL No. 2018-73	N/A
Office use real properties	20% (of NW)	20%	N/A	§206 (b)(1)	§206(b)(1)	§34(c); CL No. 2022-25; & CL No. 2017-28
Income producing real properties	25%	20%	14%	§208	CL No. 2017-43	
Housing Projects	25%	N/A	N/A	§208 (a)	N/A	

Type of Investments	Limitations			Reference (Amended Insurance Code / Pre-need Code /Circular Letters)		
	LIFE / MBAs (TAA)	NON-LIFE (NW)	Pre-Need (TF)	LIFE and MBAs	NON-LIFE	Pre-Need
Investments in infrastructure projects under the Philippine Development Plan	40%	40%	N/A	CL No. 2019-19	CL No. 2019-19	N/A
EDP machines or ICT Systems and Infrastructure	5%	5% of TAA	N/A	§206 2 (i) and CL No. 2014-18	§206 2 (i) and CL No. 2014-18	N/A

SECTION 3. APPLICABILITY OF RELEVANT LAWS

The provisions under this CL 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 CL shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 5. REPEALING CLAUSE

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

SECTION 6. EFFECTIVITY

This CL shall take effect immediately.

REYNALDO A. REGALADO
Insurance Commissioner

Annex A - Checklist of Documentary Requirements

1. Purchase of Real Properties

General Requirements

- Copy of TCT/CCT. Must be free from any lien or encumbrances.
- Board Resolution to include the following:

a. Purpose of the property:

Allowable Properties	Legal Basis
Occupied by the Company	Section 206(b)(1)
Housing Projects	Section 208(a)
Held for Income Production	Section 208(b)

b. Development plan, as applicable.

- Photocopy of Notarized Deed of Absolute Sale
- All other terms and conditions of the purchase

Additional Requirements for Properties Held for Income Production

- Statement of Rental Income/5-year Projected Income
- Rental/Lease Contract
- All other terms and conditions of the purchase

Additional Requirements for Housing Projects

- License issued by relevant regulatory authority
- All other terms and conditions of the purchase

2. Valuation of Real Properties

- Appraisal Report by an appraisal company duly accredited by SEC
- Copy of TCT/CCT. Must be free from any lien or encumbrances.
- Latest real estate tax declaration
- Latest real estate tax payment official receipt
- List of existing real properties classified per asset class

3. Infrastructure Projects under the Philippine Development Plan

- Written request addressed to the Insurance Commissioner for approval to invest in an infrastructure project/ activity;
- Regulated entity's Board Resolution approving the investment in the infrastructure project;
- Latest Audited Financial Statement of the Private Proponent (for existing projects);
- Copy of the Government Approval of the Project; and
- Financial projections accompanied by supporting documents and scenario analysis or stress testings to assess the company's resilience against severe

but plausible macroeconomic stresses affecting the infrastructure projects/activities.

4. Electronic Data Processing (EDP) Equipment/Machines

- Copy of Official Receipt/Proof of Acquisition
- Summary of Purchased Equipment
- Board Resolution
- Aggregate amount of EDP as of the date of request

ANNEX B - TRUST AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (the "Agreement") made and entered into this day of _____ in the City of Taguig, Republic of the Philippines, by and between:

XXXXXXXXXXXXXX, a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at XXXXXXXXXXXXXXXX, represented in this act by its President, XXXXXX, and its Treasurer, XXXXXXXXXXXXX, duly authorized for this purpose and hereinafter referred to as the "TRUSTOR";

- and -

XXXXXXXXXXXXXX, a trust corporation duly organized and existing under the laws of the Republic of the Philippines and licensed to engage in trust and other fiduciary business by the Bangko Sentral ng Pilipinas (BSP), with office address at _____, Republic of the Philippines, represented herein by its President, XXXXXXXXXXXXX, and its Chief Operations Officer, XXXXXXXXXXXXX, duly authorized for this purpose and hereinafter referred to as the "TRUSTEE";

(the TRUSTOR and the TRUSTEE are hereinafter collectively referred to as the "PARTIES").

WITNESSETH THAT:

WHEREAS, Republic Act No. 9829, otherwise known as the "Pre-Need Code of the Philippines ("Pre-Need Code") require issuers of pre-need plans to establish a Trust Fund with a trust company, trust department of a bank or investment house that is authorized to perform trust and other fiduciary functions by the Bangko Sentral ng Pilipinas (the "BSP") for the benefit of the Planholders;

WHEREAS, the Trust Fund is established to ensure the delivery of the guaranteed benefits and services to its planholders and/or their designated beneficiary/ies provided under a pre-need plan contract;

WHEREAS, in compliance with the Pre-Need Code, the TRUSTOR wishes to establish a Trust Fund for its Education Plan (indicate the "Plan") with the TRUSTEE for the benefit of the planholders and/or their designated beneficiary/ies;

WHEREAS, the Trust Fund and this Agreement shall be governed by the Pre-Need Code and its Implementing Rules and Regulations, present pertinent rules

and regulations and such other rules that the Insurance Commission (hereinafter referred to as "Commission") may issue in the future;

WHEREAS, the **TRUSTOR** has designated the **TRUSTEE** for such amounts as the **TRUSTOR** will from time to time remit, deliver and deposit in trust into such a Trust Fund out of the payments or installments collected by it from the Planholders in such amounts based on or in accordance with the rates used in the actuarial studies submitted by the **TRUSTOR**, and approved by the Commission in connection with the registration of the Plan, for the account of the Planholders, who are the beneficiaries of the TRUST and the **TRUSTEE** has accepted the appointment to be the Trustee of the Trust Fund;

NOW THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants, undertakings and stipulations set herein, the parties hereto agree as follows:

ARTICLE I

Creation or the Trust Fund

The **TRUSTOR** hereby creates and establishes with the **TRUSTEE** a Trust Fund, designated as Trust Fund (Account) No. _____, in trust for the planholders of **XXXXXXXXXXXX**, consisting of an initial deposit in the amount of PESOS: _____, Philippine currency, made concurrently with the delivery hereof and such money as shall, from time to time, be deposited or delivered to the **TRUSTEE**, and such earnings, profit, increments and accrual thereon, as may occur from time to time. All such money and all investments made therewith and proceeds thereof, and all earnings and profits thereon, less payments, if any which at the time of reference shall have been made by the **TRUSTEE**, as authorized herein, are hereinafter referred to as the "**TRUST FUND**". The **TRUST FUND** is hereby being established exclusively and solely for the **Education Plan**, pursuant to the **Pre-Need Code** that requires a separate trust to be established for each plan type.

The management of this Trust shall be subject to the provisions of the **Pre-Need Code, its Implementing Rules and Regulations**, present pertinent rules and regulations and such other rules that the Commission may issue in the future. In the event that more than one trustee manages or will manage the Trust Fund for a particular plan type, the provisions of the New Pre-Need Code and its Implementing Rules and Regulations on limits, schedules and conditions on Trust Fund deposits, disbursements, withdrawals, investments, as well as other relevant matters shall be applied to the totality of the fund per plan type managed by the trustees. In such case, the **TRUSTEE** shall closely coordinate with the **TRUSTOR** and other trustee/s, if necessary, to ensure compliance herewith.

ARTICLE II

Amount and Schedule of Deposits to the Trust Fund

The **TRUSTOR** shall make monthly deposits to the **TRUST FUND** in an amount determined by the accredited actuary, sufficient to pay the benefits promised under the contract.

For plans paid in full, the **TRUSTOR** shall deposit into the TRUST FUND at least forty-five percent (45%) for life plans and fifty one percent (51%) for education and pension plans of said full payment or such higher amounts as determined by the actuary. In case of installment payments, the minimum limits of the deposit contributions to the TRUST FUND, unless the viability study done by the actuary requires otherwise, shall be in accordance with the following schedule:

	Life Plans	Other Plans
Collection of the 1st 20% of Contract Price	5%	5%
Collection of the 2nd 20% of Contract Price	10%	10%
Collection of the 3rd 20% of Contract Price	70%	80%
Collection of the 4th 20% of Contract Price	70%	80%
Collection of the 5th 20% of Contract Price	70%	80%

Contributions to the **TRUST FUND** shall not form part of the income or gross receipts of the TRUSTOR and, therefore, shall not be available for dividend declaration or payment to creditors.

The deposits to the **TRUST FUND** shall be made within twenty (20) days from the end of each reference month for payments received from plans whether paid for in full or in installments.

Should the Commission discover a deficiency in the **TRUST FUND**, it shall give notice of the same to the **TRUSTOR** and require the latter to make additional deposits.

The **TRUSTOR** shall have thirty (30) days from receipt of notice to make the said deposits and correct the deficiency.

For plans sold prior to the effectivity of the **Pre-Need Code**, the minimum contributions to the **TRUST FUND** shall be governed by the rules and regulations in force at the time of sale.

ARTICLE III

Withdrawals and Payments made out of the Trust Fund

No withdrawal shall be made from the Trust Fund except for paying the Benefits such as monetary consideration, the cost of services rendered, or property delivered, trust fees, bank charges and investment expenses in the operation of the Trust Fund, termination values payable to the Planholders, annuities, and taxes on Trust Funds. Furthermore, only reasonable withdrawals for minor repairs and costs of ordinary maintenance of trust fund assets shall be allowed. Except as otherwise provided under this Article, the Pre-Need Code and its Implementing Rules and Regulations, no withdrawal shall be made from the TRUST FUND unless approved by

the Commission. The TRUST FUND shall at all times be sufficient to cover the required pre-need reserve.

ARTICLE IV

Responsibilities, Duties and Liabilities of the TRUSTEE

The Trust Fund, inclusive of earnings, shall be administered and managed by the **TRUSTEE**, for the protection of the planholders. The Trust Fund shall be under the management and control of the **TRUSTEE**. The **TRUSTEE** shall administer and manage the Trust Fund with utmost good faith, care and prudence required by a fiduciary relationship. Any provision or stipulation allowing the direction of the Trust Fund by the **TRUSTOR** or any arrangement requiring prior approval or consent by the **TRUSTOR** on any matter involving the management of the Trust Fund is not allowed.

The **TRUSTEE** shall have exclusive management and control over the Trust Funds and the right at any time to sell, convert, invest, change, transfer or otherwise change or dispose of the assets comprising the Trust Fund within the parameters prescribed by the **TRUSTOR** and provided that these parameters are compliant with the Commission's regulations.

The **TRUSTEE** shall not use the Trust Fund to invest in or extend any loan or credit accommodation to the **TRUSTOR**, its directors, officers, stockholders, and related interests as well as to persons or enterprises controlling, owned, or controlled by, or under common control with said **TRUSTOR**, its directors, officers, stockholders and related interests except for entities which are direct providers of the **TRUSTOR**.

The **TRUSTEE** shall abide by the rules and regulations of the Commission with respect to the Trust Fund.

Except for its failure to exercise the skill, care and prudence required by the Pre-Need Code and its Implementing Rules and Regulations or due to its fraud, gross negligence or evident bad faith, the **TRUSTEE** shall not be liable for any loss or depreciation in the value of the assets of the Trust Fund resulting from any of the investment or reinvestment operations made by it pursuant to this Agreement and the exercise of discretionary powers given to it under the same. In case of substantial losses of the Trust Fund as a result of the **TRUSTEE's** fraud, gross negligence or bad faith, it shall be liable to the **TRUSTOR** to the extent of the actual and/or incidental losses to the Trust Fund proven to be the result of such fraud, gross negligence or bad faith.

ARTICLE V

Investment of the Trust Fund

To ensure the liquidity of the Trust Fund, guarantee the delivery of the benefits to the planholders under the plan contract, and likewise to obtain sufficient capital growth to meet the growing actuarial reserve liabilities, all investments of the Trust Fund of the **TRUSTOR** shall be limited to the following and subject to limitations to wit:

1. Fixed Income Instruments – These may be classified into short-term and long-term instruments. The instrument is short-term if the maturity period is three hundred sixty- five days (365) or less. This category includes:

- i) Government securities which shall not be less than ten percent (10%) of the trust fund amount;
- ii) Savings/time deposits and unit investment trust funds maintained with and managed by a duly authorized bank with satisfactory examination rating as of the last examination of the BSP;
- iii) Commercial papers duly registered with the SEC with a credit rating of "1" for short-term and "AAA" for long-term based on the rating scale of an accredited Philippine Rating Agency or its equivalent at the time of investment;

The maximum exposure to long-term commercial papers shall not exceed fifteen (15%) of the total Trust Fund amount while the exposure to each commercial paper of the issuer shall not exceed ten percent(10%) of the allocated amount; and

- iv) Direct loans to corporations which are financially stable, profitable for the last three (3) years and have a good track record of paying their previous loans.

These loans shall be fully secured by a real estate mortgage up to extent of sixty percent (60%) of the zonal valuation of the property at the time the loan was granted.

The property shall be covered by a transfer certificate of title registered in the name of the mortgagor and free from any liens and encumbrances.

The maximum amount to be allocated for direct loans shall not exceed five percent (5%) of the total Trust Fund amount while the amount to be granted to each corporate borrower shall not exceed ten percent (10%) of the amount allocated. The maximum term of the loan should be no longer than four (4) years.

Direct loans to planholders are exempt from the limitations set forth under this item provided, that such loans to planholders shall not exceed ten percent (10%) of the total Trust Fund amount.

2. Equities – Investment in equities shall be limited to stocks listed on the main board of a local stock exchange.

Investments in duly registered collective investment instruments such as mutual funds are allowed provided, that such funds are invested only in fixed income instruments and blue-chip securities, subject to the limitations prescribed by laws, rules and regulations. These investments

shall include stocks issued by companies that are financially stable, actively traded, possess good track record for growth and have declared dividends for past three (3) years.

Notwithstanding the prohibition against transactions with directors, officers, stockholders, and related interests, the **TRUSTEE** may invest in equities of companies related to the **TRUSTEE** provided these companies comply with the foregoing criteria provided in this item for equity investments.

The amount allocated for this purpose shall not exceed thirty percent (30%) of the Trust Fund while the investment in any particular issue shall not exceed ten percent (10%) of the allocated amount. The investment shall be recorded at the aggregate of the lower of cost or market.

Existing investment which are not in accordance herewith shall be disposed of within three (3) years from the effectivity of this Act.

3. Real Estate – Income generating commercial and residential real estate properties, unless otherwise disallowed by the Commission.

These shall include real estate properties located in strategic areas of cities and first-class municipalities. The Transfer Certificate of Title (TCT) shall be under the name of the seller, free from any liens and encumbrances and shall be transferred in the name of the **TRUSTEE** in trust for the planholders unless the seller/transferor is the **TRUSTOR** wherein an annotation to the TCT relative to the sale/transfer may be allowed. It shall be recorded at acquisition cost.

The real estate shall be appraised every three (3) years by a licensed real estate appraiser, accredited by the Philippine Association of Real Estate Appraisers, to reflect the increase or decrease in the value of the property. In case the appraisal would result in an increase in the value, only sixty percent (60%) of the appraisal increase is allowed to be recorded in the books of the Trust Fund but in case of decline in value, the entire decline shall be recorded. Appraisal increment should not be used to cover up the required monthly contribution to the Trust Fund.

The total recorded value of the real estate investment shall not exceed ten percent (10%) of the total Trust Fund amount. In the event that the existing real estate investment exceeds the aforesaid limit, the same shall be leveled off to the prescribed limit within three (3) years from the effectivity of the Pre-Need Code.

Investment to the Trust Fund, which is not in accordance with the preceding paragraphs, shall not be allowed, unless prior written approval of the Commission is secured and provided further, that no depositor or investment in any single entity shall exceed fifteen percent (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 herein not in excess of two percentage (2%) points upward or downward and no oftener than once every five (5) years. The first adjustment

hereunder maybe made no earlier than five (5) years from the effectivity of the Pre-Need Code. The **TRUSTOR** shall not use the Trust Fund to extend any loan or to invest in its directors, stockholders, offices or affiliates.

These rules remain in effect until superseded by subsequent circulars letters issued by the Commission. Upon issuance of said new circular letters, the rules contained therein shall take precedence.

ARTICLE VI

No Guarantee of Income

No PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) Coverage

This account is not a deposit but a trust account. It is understood that a fixed rate of interest or a fixed return on the Trust Fund is neither assured nor guaranteed by the **TRUSTEE**. THIS AGREEMENT IS NOT COVERED BY THE PDIC, and losses, if any, shall be for the account of the Trust Fund.

ARTICLE VII

The Liquidity Reserve Fund

The **TRUSTEE** shall at all times maintain a liquidity reserve which shall be sufficient to cover at least fifteen percent (15%) of the Trust Fund but in no case less than one hundred twenty – five percent (125%) of the amount of the availing plans for the succeeding year. For this purpose, the **TRUSTOR** timely shall submit to the **TRUSTEE** a summary of benefits payable for the succeeding year.

The following shall qualify as investments for the Liquidity Reserve Fund:

1. Loans secured by a hold-out on assignment or pledge deposits maintained either with the **TRUSTEE** or other banks, or of deposit substitute of the **TRUSTEE** itself or mortgage and chattel mortgage bonds issued by the **TRUSTEE**;
2. Treasury notes or bills, other government securities or bonds, and such other evidences of indebtedness or obligations the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
3. Repurchase agreements with any of those mentioned in item (2) above, as underlying instruments thereof; and
4. Savings or time deposits with government-owned banks or commercial bank.

ARTICLE VIII

Prohibited Investments

Unless otherwise allowed by the Pre-Need Code, the Implementing Rules and Regulations or by the Commission, the **TRUSTEE** shall not use the Trust Fund to invest in or extend any loan or credit accommodation to the **TRUSTOR**, its directors, officers, stockholders, and related interests as well as to persons or enterprises controlling, owned or controlled by, or under common control with said **TRUSTOR**, its directors, officers, stockholders and related interests, and to/from any of the **TRUSTEE's** departments, directors, officers, stockholders and related interests.

ARTICLE IX

Recognition and Measurement of Trust Fund Assets and Liabilities

The Trust Fund assets and liabilities shall be recognized in accordance with the provisions of the effective Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS) and their interpretations including the PAS 39 for Financial Instruments and PAS 40 for Investment Property.

ARTICLE X

Accounting and Reporting

The **TRUSTEE** shall keep and maintain books of accounts and other accounting records as required by law, the Pre-Need Code, its Implementing Rules and Regulations, present pertinent rules and regulations and such other rules which may in the future be issued by the Commission, the BSP, and other regulatory agencies.

An **Annual Investment Strategy** shall be submitted by the **TRUSTEE** to the Commission and to the **TRUSTOR** on or before the end of February of each year, showing the allocation of the proposed investment for the next three (3) years.

A **monthly report** on the Trust Fund shall be submitted by the **TRUSTEE** to the **TRUSTOR** and the Commission within twenty (20) days after the end of each month for reconciliation purposes of the **TRUSTOR** and the Commission and shall include at least the following:

a) **Balance Sheet**

The equity portion of the Trust Fund Balance Sheet shall state the following:

- i) Contributions and withdrawals for the reporting period shall be segregated from the prior year's accumulated figures.
- ii) Retained earnings for the reporting period shall be segregated from the prior year's accumulated surplus.

- b) An Income Statement, three (3) column report to include:
 - i) Month to Date income with equivalent Return On Investment (ROI)
 - ii) Year to Date income with equivalent ROI
- c) ROI Computation Schedule
 - i) For the Month
 - ii) Year to Date

The total portfolio shall be computed net of taxes and fees and inclusive of mark-to-market gains and losses. The standard formula for computing ROI shall be as provided in the applicable rules and regulations of the Commission.

- d) Schedule of Earning Assets including Mark-to-Market (M-T-M) Gains and Losses as of each ROI reporting date in the preceding paragraph.
- e) Special Transactions Report which lists transactions, outstanding balances, and pertinent investment details on DOSRI Investments
- f) Investment Activity Report/Summary of Transactions Schedule
- g) Portfolio analysis schedule
- h) **TRUSTEE's** Certificate on Trust Fund Balance
- i) Summary of accounting policies on each significant trust fund assets and liabilities. If there would be no change in the policies for the succeeding months, a mere statement of consistent application would suffice.
- j) Explanatory or disclosure notes on significant items as required under PAS 32, 39, 40 and PFRS 7
- k) Such other statements and schedules as may be reasonably requested by the **TRUSTOR**.

An annual statement of the Trust Fund shall be submitted by the TRUSTEE to the Commission and to the TRUSTOR. The annual statement shall be in the form prescribed by the Commission and shall include details such as the income, disbursements, assets and liability items and such other details as may be required by the Pre-Need Code, its Implementing Rules and Regulations and such pertinent rules and regulations as may be promulgated from time to time by the Commission, the BSP and other regulatory agencies. The annual statement shall be certified under oath by at least two (2) of the highest ranking officers of the TRUSTEE. (Section 46 (b)

of the Implementing Rules and Regulations). These rules remain in effect until superseded by subsequent circulars letters issued by the Commission. Upon issuance of said new circular letters, the rules contained therein shall take precedence.

The **TRUSTEE** undertakes to submit other data or information as may be prescribed or required by the Commission and shall submit to the continuing power of the Commission's duly authorized representatives to examine and verify the Trust Fund.

ARTICLE XI

Trust Fees

For services rendered under this Agreement, the **TRUSTEE** shall charge a trust fee of _____. (Please provide an itemized breakdown of fees.)

ARTICLE XII

Powers of the Commission

Inspection of the Books of the Trust Fund – The books of accounts and all other relevant records including the securities held in custody by the **TRUSTEE** shall be subject to examination by the Commission from time to time to the extent and in the manner prescribed by the Commission. The Commission shall provide the **TRUSTEE** prior written notice containing the proposed date of inspection including the specific purpose and records to be reviewed.

Relevant Information – The Commission may demand any relevant information from the **TRUSTEE**.

Amendments to the Contract – This Agreement shall not be amended or modified without prior approval by Commission. Should there be any side, additional or other material agreements between the **TRUSTOR** and the **TRUSTEE** apart from the provisions of this Agreement, the same shall be submitted for approval to the Commission within forty-eight (48) hours from the date of execution thereof. The provisions of the side agreement shall take effect only after approval of the Commission is secured.

Termination of the Contract - Termination of the Agreement by either the **TRUSTOR** or **TRUSTEE** shall be subject to prior notice and approval by the Commission. In the event that the termination of the Trust Agreement is allowed by the Commission, the **TRUSTEE** shall submit within sixty (60) days from such termination its **final Termination Report** to the **TRUSTOR** and the Commission. The trust agreement with the successor-trustee shall be executed only upon prior approval of the Commission of the terms and conditions stated therein. In the event that there is already an existing trust agreement

with the trustor pre-need corporation and the successor-trustee, there must be a clear acceptance on the part of the trustee of its designation/ appointment as such.

Conversion of Trust Fund Assets - The Commission may, at its discretion, demand for the conversion to cash or other near cash assets of the investments made by the **TRUSTEE** to protect the interest of the Planholders.

Amendment or Revocation of Trust Agreement – The Commission may require amendment of the Trust Agreement or revoke the same to ensure compliance with the **Pre-Need Code and its Implementing Rules and Regulations, other pertinent rules and regulations** to protect the interest of the planholders and the investing public.

Inconsistency with other Rules and Regulations- In the event of inconsistency between the provisions of this Agreement and the **Pre-Need Code and its Implementing Rules and Regulations**, and such other rules, the rules of the Commission shall prevail.

ARTICLE XIII **Compliance with the AMLA, as amended**

The **PARTIES** hereby agree to abide by the provisions of the Revised Rules and Regulations Implementing Republic Act No. 9160, otherwise known as The Anti-Money Laundering Act of 2001, as amended by Republic Act No. 9194 and Republic Act 10167 (the AMLA, as amended) particularly with regard to requirements on customer identification, record keeping and reporting of covered and suspicious transactions reports, with the end view of preventing money laundering and terrorism financing.

The **TRUSTOR** hereby declares that it is acting for the account of the beneficial owners of the trust fund who are planholders of the plans.

Any other stipulation that may be agreed upon by the **PARTIES** shall be contained in a supplemental document which shall be submitted to the Commission for review and approval.

IN WITNESS WHEREOF, the parties hereto affix their signatures on the date and place above written.

XXXXXXXXXXXXX
TRUSTOR

By:

XXXXXXXXXXXXX
President

XXXXXXXXXXXXX
TRUSTEE

By:

XXXXXXXXXXXXX
President

XXXXXXXXXXXXXX
Treasurer

XXXXXXXXXXXXXX
Chief Operations Officer

Signed in the presence of:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

) S. S.

BEFORE ME, a Notary Public, for and in the above jurisdiction, this day of _____, personally appeared the following:

Name	Government Issued ID	Date/Place Issued
XXXXXXXXXXXXXX		
XXXXXXXXXXXXXX		
XXXXXXXXXXXXXX		
XXXXXXXXXXXXXX		

all known to me to be the same persons who executed the foregoing Trust Agreement and they acknowledge to me that the same is their own free and voluntary net and deed of will as that of the Corporation herein requested.

WITNESS MY HAND AND NOTARIAL SEAL on the date and at the place first above written.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

ANNEX C

QUARTERLY INVESTMENT PORTFOLIO REPORT
(Name of MBA)

As of _____

Asset Class	Asset Code	Description	Date Acquired	CCY	Location	Counterparty	Quantity	Purchase Price in Php	Market Value in Php	Unrealized Gains/Losses	Maturity Date	Interest Rate	Credit Rating	Credit Rating Agency	Coupon Rate
Cash and cash equivalents															
Sovereign issues															
Corporate issues															
Structured products															
Financial derivatives															
Investment vehicles															

Total
Total Non-marketable
Should match with Invested Assets per EQRSFS

Legends:

For Asset Code, please refer to Asset Code tab

For Description:
If cash and cash equivalent, indicate type (cash, time deposits, special savings account, deposit certificates, money market instruments, and fixed income securities)
If debt securities, indicate ISIN or CUSIP
If listed equity, indicate equity ticker (i.e. Jollibee - JFC PM)
If not listed, indicate full corporate name of issuer
If structured products, indicate type (i.e. Credit-Linked Notes, Equity-Linked Notes, Funded Fixed Rate Notes, Principal Protected Notes, and Structured Deposits)
If derivatives, indicate type (forward, future, options, and swaps)

For Location, please indicate country to where investments is situated

For Counterparty:
Except for cash and cash equivalents, indicate full name of issuer
If cash and cash equiivalents, indicate name of bank

Maturity Date, Interest Rate, and Coupon Rate - for debt securities only

For Asset Class and Asset Code, please select using the drop-down list

ANNEX C

QUARTERLY INVESTMENT PORTFOLIO REPORT

(Name of MBA)

As of _____

Asset Class	Asset Code	Description	Date Acquired	CCY	Location	Quantity	Purchase Price in Php	Market Value in Php
Policy Loans								
Loans								
Loans and Financial Assistance Programs								
Salary Loan to DepEd Teachers								
Real Estate								
Investment in Infrastructure Projects								
EDP								
Debt Securities exempted from registration under Securities Regulation Code								
Investments under the Omnibus Investment Code								
Other Investments (Section 1.g, 1.j, 1.l)								

Legends:

For Asset Code, please refer to Asset Code tab

For Description, indicate nature of investment

For Location:

Except for real estate and proprietary clubshares, please indicate country to where investments is situated

For real estate and proprietary clubshares, please indicate complete address

For Real Estate, and Investments in Infrastructure Projects, Debt Securities exempted from registration under Securities Regulation Code, and Investments under the Omnibus Investment Code, please itemize all investments

For others, please report the aggregate amount only

For Asset Class and Asset Code, please select using the drop-down list

QUARTERLY INVESTMENT PORTFOLIO REPORT
(Name of Pre-Need Company)
As of _____

Asset Class	Asset Code	Pre-Need Plan Type	Description	Date Acquired	CCY	Location	Counterparty	Quantity	Purchase Price in Php	Market Value in Php	Unrealized Gains/Losses	Maturity Date	Interest Rate	Credit Rating	Credit Rating Agency	Coupon Rate
Cash and cash equivalents																
Sovereign issues																
Corporate issues																
Structured products																
Financial derivatives																
Investment vehicles																

Legends:

For Asset Code, please refer to Asset Code tab

For Description:
If cash and cash equivalent, indicate type (cash, time deposits, special savings account, deposit certificates, money market instruments, and fixed income securities)
If debt securities, indicate ISIN or CUSIP
If listed equity, indicate equity ticker (i.e. Jollibee - JFC PM)
If not listed, indicate full corporate name of issuer
If structured products, indicate type (i.e. Credit-Linked Notes, Equity-Linked Notes, Funded Fixed Rate Notes, Principit Protected Notes, and Structured Deposits)
If derivatives, indicate type (forward, future, options, and swaps)

For Location, please indicate country to where investments is situated

For Counterparty:
Except for cash and cash equivalents, indicate full name of issuer
If cash and cash equiivalents, indicate name of bank

Maturity Date, Interest Rate, and Coupon Rate - for debt securities only

For Asset Class and Asset Code, please select using the drop-down list

ANNEX D

QUARTERLY INVESTMENT PORTFOLIO REPORT
(Name of Pre-Need Company)
As of _____

Asset Class	Asset Code	Pre-Need Plan Type	Description	Date Acquired	CCY	Location	Quantity	Purchase Price in Php	Market Value in Php
Loans									
Direct loans to planholders									
Salary Loan to DepEd Teachers									
Income Producing Real Estate									

Legends:

For Asset Code, please refer to Asset Code tab

For Description, indicate nature of investment

For Location:

Except for real estate, please indicate country to where investments is situated

For real estate, please indicate complete address

For Real Estate, please itemize all investments

For others, please report the aggregate amount only

For Asset Class and Asset Code, please select using the drop-down list

Annex E – Investment Policy Framework

ICREs must have an Investment Policy Framework duly approved by their respective Board of Directors ("BOD") or Board of Trustees ("BOT").

The BOD/BOT has the responsibility of ensuring that a risk management framework is in place that appropriately captures its risk exposures and affords proper management of inherent risks in their investment activities.

The IPF should contain, at the minimum, the following information:

- a. Overall investment objectives and strategies that are consistent with the ICRE's financial condition and risk tolerance;
- b. Portfolio objectives that set out the acceptable instruments, diversification parameters and other elements of sound investment management practices;
- c. Internal process to identify, monitor, and manage risks and BOD/BOT approved limits relating to credit risk, market risk, liquidity risk, settlement risk, counterparty risk, issuer risk, and concentration risk, among others;
- d. Periodic and timely reviews of the investment strategy and performance to be conducted at the individual and portfolio levels; and
- e. Appropriate valuation procedures and mark-to-market methodology that enables the ICRE to value its investments on a continuing and consistent basis and to measure their sensitivity to market movements. This should include performing, at regular intervals, stress tests that reflect extreme market conditions.

The IPF must also include a detailed discussion of the ICRE's risk management system and approved process for new product approvals and risk limit monitoring and renewals. It should also specify the appropriate valuation methodology including the ability to obtain prices from recognized third party data providers or calculation agent on a regular basis.

Any amendment to the IPF shall require review and approval by the ICREs' respective BOD/BOT, and shall be submitted to the Insurance Commission within sixty (60) calendar days after obtaining the relevant Board approval. The amended IPF must be accompanied by a comprehensive narrative report outlining the rationale behind the revision, along with an analytical report detailing the financial repercussions and risk-return implications of said revision.