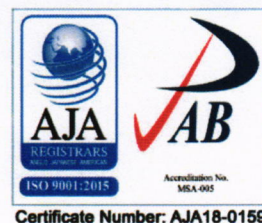




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2018-73
Date:	28 December 2018
Supersedes:	NONE

CIRCULAR LETTER

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

SUBJECT : GUIDELINES ON INVESTMENTS IN PURCHASE OF ACCOUNTS AND/OR LOANS RECEIVABLES

WHEREAS, Section 206, paragraphs (b) (4) and (11) of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, respectively provide that an insurance company may purchase, hold, and own “*x x x instruments of indebtedness of any solvent corporation or institution created or existing under the laws of the Philippines*” and “*such other securities as may be approved by the Commissioner*”;

WHEREAS, this Commission recognizes the importance of other means of investments, such as investments in purchase of accounts and/or loans receivables, to achieve financial sustainability and fully utilize the working capital of insurance/reinsurance companies and mutual benefit associations (MBAs);

NOW, THEREFORE, pursuant to the authority vested in the Insurance Commissioner under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, to “*issue such x x x circulars x x x as may be deemed necessary to secure the enforcement of [said Code], to ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public,*” the following *Guidelines on Investments in Purchase of Accounts and/or Loans Receivables* are hereby promulgated and adopted, to wit:

- 1. Prior Approval Required.** – Insurance/reinsurance companies and MBAs authorized to transact business in the Philippines may, at the discretion of the Insurance Commissioner, be allowed to invest in the purchase of accounts and/or loans receivables; *Provided, that*, the Insurance Commissioner’s prior approval shall be sought.
- 2. Definition of Terms.** – For the purpose of these guidelines, the following terms are defined as follows: