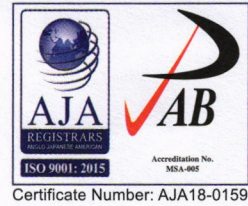




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2019-41
Date:	19 August 2019
Amendment:	Item No.5 of CL. No. 2018-43

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES, PRE-NEED COMPANIES AND MUTUAL BENEFIT ASSOCIATIONS (MBAs) AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : AMENDMENT TO CIRCULAR LETTER NO. 2018-43 RE: ITEM NO. 5 OF CIRCULAR LETTER NO. 2017-42 ON SALARY LOANS EXTENDED TO DEPARTMENT OF EDUCATION (DepEd) TEACHERS

In connection with the issuance of Circular Letter No. 2018-43 dated 10 August 2018 on the amendment of Item No. 5 of Circular Letter No. 2017-42 on Salary Loans Extended to Department of Education (DepEd) Teachers, Item No. 5 of Circular Letter No. 2018-43 is hereby amended to read as follows:

5. The aggregate amount of loans shall be valued according to their unpaid balances but shall not exceed forty percent (40%) of the total assets for life insurance companies and MBAs and fifty percent (50%) of the net worth for non-life insurance companies as shown in the latest approved financial statements.

“This limitation or ceiling shall not apply to Insurance Companies, MBAs, and Pre-Need Companies under Conservatorship as a way to extend relief and rehabilitation assistance (to encourage increased business). In lieu of the ceiling, the Insurance Commissioner may, at his discretion and upon recommendation of the conservator or receiver, adjust said ceiling for, or otherwise exempt, insurance companies, pre-need companies or MBAs under conservatorship or receivership; Provided, that, the lowering of or exemption from such ceiling will promote

the objectives of the conservatorship or receivership of the concerned distressed companies.

The conservator shall determine and recommend the extent within which the aggregate amount of loans receivables can be admitted, taking into account such parameters as efficiency rate, default risk, contribution to earnings and other factors that would minimize risk and optimize income opportunities.”

This Circular Letter shall take effect immediately. Except as amended and supplemented hereby, all other provisions of Circular Letter No. 2017-42 shall remain effective. The unamended provisions of the said Circular and the amendments introduced herein shall be read and construed as a single Circular.



DENNIS B. FUNA
Insurance Commissioner

