

INVESTMENTS UNDER THE INSURANCE CODE

IC CIRCULAR LETTER NO. 23-94, December 01, 1994

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Pursuant to the provisions of Chapter III — Title IV on Investments under the Insurance Code, the following general guidelines are hereby promulgated:

I

Investments Which Do Not Require Prior
Approval of this Commission

The following investments which qualify under the following Sections of the Insurance Code, provided they are in accordance with the conditions and limitations set forth therein, do not require prior approval, to wit:

- first mortgage loans
- Policy loans (for life companies)
- collateral loans
- purchase money mortgages

Sections 198 & 199

- real/personal property acquired by reason of loan

200 (1)

- lot and buildings for office use
- bonds of RP government and government owned or controlled corporations and entities
- bonds, preferred stocks and common stocks of "solvent" corporations as the term "solvent" is defined in the Code
- trustees' and receivers' obligations: equipment trust obligations and securities issued by enterprises registered under R.A. 5186 as amended

200 (2) (a) to (1)

- For life companies only:
 - i) housing projects; and
 - ii) other income-producing real estate

Section 202

- Securities issued by enterprises registered under R.A. 5186 (Investments Incentive Act)

204 & 205

- Life companies may invest their legal policy reserves in any of the classes of investments mentioned in Sections 198, 200, 201 and 202.

206

II

Investments which Require Prior Approval
of the Insurance Commission:

- such other securities as may be approved by the Commissioner

200 (2) (j)

- equities of other financial institutions
- short term debt instruments

201

- securities issued by any registered enterprises in such amounts as may be approved by the Commissioner (reserve and surplus investments of life insurance companies)

206

- only investments in excess of the 20%-20% limitations set forth therein

191, 192, 193 204 & 205

- transactions between a controlled insurer and any persons in its holding company system like loans or extension of credit or investments involving 5% or more of the insurer's admitted assets as of the 31st day of December next preceding.

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For life insurance companies all investments not requiring prior approval as enumerated in Item I above are considered/qualified as reserve investments while investments enumerated under Item II may, upon prior approval by the Insurance Commission, be considered/qualified as either reserve or surplus investment.

For non-life insurance companies: only investments made under Sections 200 and 204 which do not require prior approval are considered/qualified as reserve investments. Investments made under the following Sections are classified as surplus investments:

Sections 198, 201, 200(2)(a) (in excess of 20%-20% limitation), 205 (in excess of 20%-20% limitation).

All other investments enumerated under Item II may, upon prior approval by Insurance Commission be considered/qualified as either reserve or surplus investment.

This supersedes Circular Letters dated May 20, 1985 and December 24, 1986.

Adopted: 1 Dec. 1994

(SGD.) ADELITA A. VERGEL DE DIOS
Insurance Commissioner

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