

[IC CIRCULAR LETTER NO. 11/91, May 29, 1991]

NET PREMIUMS DUE AND UNCOLLECTED

In connection with the determination of the financial condition of any life insurance company doing business in the Philippines as of year end, this Commission, pursuant to Section 196 (5) of the Insurance Code, shall allow and consider as admitted assets the following net life insurance premiums due and uncollected:

A. Net life insurance premiums corresponding to net premiums due from October 1 to December 31 of a calendar/ valuation year which have not been recorded as paid as of December 31 of that year for all policies classified as premium paying on the company's valuation records and whose premiums are paid on a regular basis (i.e. the mode of premium is either annual, semi-annual, quarterly or monthly), provided -

1. the initial premium payments on these policies have been received by the company; and

2. the corresponding reserves have been set up by the company.

B. Net life insurance premiums corresponding to net premiums due from July 1 to December 31 of a calendar/valuation year which have not been recorded as paid as of December 31 of that year for all policies classified as premium - paying on the company's valuation records and whose premiums are paid on a monthly salary deduction scheme, provided -

1. the initial premium payments on these policies have been received by the company;

2. the corresponding reserves have been set up by the company; and

3. there has been no notice of cancellation or withdrawal from the policy holder.

It is understood that, in accordance with Section 77 of the Insurance Code, the policy or contract of insurance issued by a life insurance company is valid and binding only when the premium thereof has been paid or whenever the grace period provision applies.

This Circular Letter supersedes No. 1 of Circular Letter dated November 20, 1981.

This Circular takes effect beginning the calendar/valuation year 1991.

Adopted: 29 May 1991