



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

Circular Letter (CL) No.:	2015- 31
Date:	10 June 2015
Supersedes	

CIRCULAR LETTER

TO : ALL LIFE AND NON-LIFE INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : TRANSITION PERIOD AND FULL IMPLEMENTATION REQUIREMENTS FOR FINANCIAL REPORTING FRAMEWORK, VALUATION STANDARDS FOR INSURANCE POLICY RESERVES, AND NEW RISK-BASED CAPITAL FRAMEWORK

This circular seeks to discuss the transition period and full implementation details for the new regulatory requirements, specifically:

1. Financial Reporting Framework (FRF): CL No. 2015- 29
2. Valuation Standards for Life Insurance Policy Reserves: CL No. 2014-42-A
3. Valuation Standards for Non-Life Insurance Policy Reserves: CL No. 2015- 32
4. Risk-Based Capital (RBC2) Quantitative Impact Study (QIS) : CL No. 2015- 30

These transition requirements also intend to supersede timelines discussed in CL No. 2014-42-A.

The new regulatory requirements in the Circulars mentioned above shall take effect after a transition period, the purpose of which is to allow the insurance industry to assess the collective impact of implementing FRF, Reserving, and RBC2-QIS simultaneously. This will also allow the IC an opportunity to engage the industry in a meaningful dialogue and obtain feedback prior to the full implementation date on **30 June 2016**.

The transition period shall encompass three (for Life companies) and five (for Nonlife and Professional Reinsurance companies) parallel runs as follows:

For Life Insurance Companies:

1. As of 31 December 2014
2. As of 30 June 2015
3. As of 31 December 2015

For Non-Life Insurance and Professional Reinsurance Companies:

1. As of 31 December 2014
2. As of 31 March 2015
3. As of 30 June 2015
4. As of 30 September 2015
5. As of 31 December 2015

For each of these parallel runs, companies shall have three regulatory submissions to the IC, as follows:

1. A completed **Financial Reporting Template** under the new Financial Reporting Framework, as outlined in **Appendices A and B** of this Circular;
2. A completed **Actuarial Valuation Report** under the new Valuation Standards for Life and Non-Life Insurance Policy Reserves (whichever is applicable), as outlined in the annexes of their respective circulars; and
3. A completed latest **RBC2-QIS Template** as provided to the industry.

The figures used in the regulatory submissions need not be audited but shall be approved by the management (FRF). The Actuarial Valuation Reports for life companies shall be certified by an Actuary, while the Actuarial Valuation Reports for non-life insurance and professional reinsurance companies shall be in accordance with CL No. 32.

Regulatory submission dates for each of the parallel runs are as follows. However, companies are encouraged to submit their figures as early as possible:

For Life Insurance Companies:

	FRF, Reserving	RBC2-QIS
As of 31 December 2014	31 October 2015	30 November 2015
As of 30 June 2015	28 February 2016	31 March 2016
As of 31 December 2015	15 June 2016	15 June 2016

For Non-Life Insurance and Professional Reinsurance Companies:

	FRF, Reserving	RBC2-QIS
As of 31 December 2014	15 July 2015	31 July 2015
As of 31 March 2015	31 July 2015	31 August 2015
As of 30 June 2015	30 September 2015	31 October 2015
As of 30 September 2015	30 November 2015	31 December 2015
As of 31 December 2015	31 March 2016	31 March 2016

It is expected that the periods after regulatory submissions will be a period of data consolidation, study and meaningful dialogues between the IC and the industry.


Full implementation of FRF, Reserving and RBC2 will be on **30 June 2016**, with a transition cut-off date as at **01 January 2016**. The IC will also require quarterly reporting for all periods thereafter, as follows:

Period Covered	Submission Date
As of 31 March 2016	31 August 2016
As of 30 June 2016	30 September 2016
As of 30 September 2016	15 November 2016
As of 31 December 2016	30 April 2017

For 2017 onwards, quarterly submissions shall be within thirty (30) days after the end of each reporting period while the period ending 31st of December shall be submitted on the 30th day of April of the succeeding year.

It is understood that during the transition period for the FRF, Reserving and RBC2-QIS, the current regulations shall still be in effect. Therefore, insurance companies are still required to submit their respective Annual Statements for 31 December 2014 and 2015 on their due dates.

Please be guided accordingly.


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 Insurance Commissioner
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