



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



CIRCULAR LETTER (CL) No.	:	2017-27
DATE	:	12 April 2017

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES

SUBJECT : FILING OF 2016 ANNUAL STATEMENT

Sections 42 and 43 of Republic Act (RA) No. 9829, otherwise known as the "Pre-Need Code," directs all pre-need companies authorized to do business in the Philippines to submit the following:

- a. Annual Audited Financial Statements signed and sworn to by its chief executive officer, chief finance officer and external auditors, within one hundred twenty (120) days after the calendar or fiscal year; and
- b. Annual Statement of its trust fund for each type of plan, in a form prescribed by the Commission and shall include details as to all income, disbursements, assets and liability items of and associated with the said trust fund accounts.

Pursuant to the above-quoted provisions, the following guidelines are being issued in relation to the submission of the 2016 Annual Statements (AS).

1. A separate Annual Statement (AS) showing the financial condition of the pre-need company and Annual Statement of the Trust Fund **for each type of plan (see attached pro-forma template)** shall be submitted to the Pre-Need Division;
2. It shall be on a legal size bond paper (8 1/2 x 14 inches), using either the Times New Roman font size #12 or Arial font size # 10 and **must be bound with ring binding**;
3. The exact formats, columnar headings and footnote instruction found in every page of the attached blank forms of the prescribed AS, including the Annual Statement of the Trust Fund for each type of plans, shall be **strictly observed**;

4. The submitted AS shall include supporting documents necessary to authenticate the contents of the AS, as seen in **Annex "A."**
5. Any AS not in accordance with the prescribed format, with missing data/information, and incomplete attachments shall not be accepted.

Pursuant to Section 42 & 43 of the Pre-Need Code, all AS are required to be submitted on or before 30 April 2017. The prescription of the guidelines in the CL is without prejudice to the power of the Commission under Section 6(c) of the Pre-Need Code to require other relevant information in the regulation, supervision and monitoring of the operations and management of pre-need companies to ensure compliance with the Pre-Need Code, as well as existing laws, rules, regulations and procedures. Further, any instance of noncompliance with the prescribed guidelines shall be subject of penalties in accordance with CL No. 2014-15, dated 15 May 2014, and pursuant to Section 6(b) of the Pre-Need Code, which authorizes the Commission to fix and assess fees, charges and penalties in the exercise of regulation.



DENNIS B. FUNA
Insurance Commissioner

**CHECKLIST OF DOCUMENTS TO BE SUBMITTED TO FORM PART OF THE ANNUAL STATEMENTS OF
(NAME OF COMPANY)**

For the Year Ended 31 December 20__

A. One (1) copy of each of the following:

1. Audited Financial Statements (AFS) duly stamped by the Bureau of Internal Revenue (BIR);
2. Adjusted Trial Balance (ATB) signed by the Chief Accountant;
3. Reconciliation Statement of the AFS versus the ATB figures;
4. Detailed Reconciliation Statement of Trust Fund Balances per Trustee Bank(s) versus AFS/AS;
5. Annual Pre-need Reserve Valuation Report together with:
 - a. Certification by the actuary and/or any accountable officer of the company on the actuary and completeness of the in-force files used in valuation of reserves; and
 - b. Certification on the prudent adequacy of the Pre-need reserve that it shall provide at least the guaranteed contractual benefits under each pre-need contract of the company.
6. List of current members of board of directors and officers, their respective addresses, position and committee membership;
7. Sworn Statement from the responsible officers of the company stating that:
" Any deficiency in Trust Funds has been duly addressed, attaching the necessary documents as proofs thereof";
8. Sworn Statement of the company's insurer certifying the coverage on the life insurance policies or guarantees on premium payments assumed by the insurance company, indicating the extent, term and duration of such coverage/guarantees;
9. Documents supporting the accounts held as corporate assets:
 - a. Certification of Custodian for Petty Cash Fund, Revolving Fund, etc.;
 - b. Bank reconciliation statements as of 31 December 20__ and 31 January 20__ using adjusted balance method, together with bank statements, pasbooks and certificates of all current, savings and time deposit accounts, respectively;
 - c. Official receipts, bank validated deposit slips and bank statements to support year-end deposit in transit, if any;
 - d. Confirmation of Sales of Investment in Bonds and Treasury Bills (Government Securities) together with Statement of Securities Account of BTr-ROSS as 31 December 20__, if any;
 - e. Statement of Holdings as of year-end from the company's custodian bank for dollar denominated bonds, if any;
 - f. Statement of Accounts as of year-end from Philippine Depository and Trust Corporation (PDTCC) for scriptless stock investments;
 - g. Statement of Net Asset Value (NAV/PU) of Unit Investment Trust Fund (UITF), Mutual Funds and related investments;
 - h. Report from a licensed real estate appraiser accredited by the Philippine Association of Real Estate Appraisers to support any increase or decrease in fair value of real estate properties;
 - i. Documents supporting investments in commercial papers;
 - j. Documents supporting mortgage loans and other loans accounts;
 - k. BIR tax returns/payments for the year on Income Tax and Value Added Tax (VAT);
 - l. Summary of taxes paid including Documentary Stamps Tax (DST), withholding taxes and all other taxes;
 - m. Other documents to support all other corporate assets and liability accounts.

B. USB Flash drive containing excel files of the following:

1. Annual Statements showing the financial condition of the pre-need company and all its exhibits and schedules, with amendments on the following:
 - a. Table of Contents showing the Summary of Investment for the year ended December 31, 20__ and Certification, Notarized and Sealed on pages 48 and 49, respectively;
 - b. Exhibit 4 - Summary of Monthly Deposits to the Trust Fund with modified columns such as:
 - (1) Month
 - (2) Amount Collected
 - (3) Amount of Required Deposit
 - (4) Amount of Actual Deposit
 - (5) Remarks

	c.	Exhibit 5 - Summary of Monthly Withdrawals from the Trust Fund with modified columns such as:
	(1)	Month
	(2)	Total Amount of Benefits Paid
	(3)	Total Amount of Withdrawal
	(4)	Planholders' Benefits
	(5)	Trustee's Fees
	(6)	Taxes
	(7)	Others
	(8)	Description for "Others"
		2. Annual Statements of Trust Funds per type of plan and all its exhibits and schedules;
		3. Complete details of Exhibit 6, Exhibit 7 and Exhibit 8;
		4. Adjusted Trial Balance (ATB);
		5. Reconciliation Statement of the AFS versus the ATB figures;
		6. Detailed Reconciliation Statement of Trust Fund Balances per Trustee Bank(s) versus AFS/AS;
		c. PDF copy of Audited Financial Statements (AFS) duly stamped by the Bureau of Internal Revenue (BIR);