



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



Circular Letter (CL) No.	:	2017-31
Date	:	09 May 2017
Supersedes	:	CL No. 2015-21

CIRCULAR LETTER

**TO : ALL INSURANCE BROKERS, REINSURANCE BROKERS,
AND BOTH INSURANCE AND REINSURANCE BROKERS
DOING BUSINESS IN THE PHILIPPINES**

SUBJECT : FILING OF AUDITED FINANCIAL STATEMENTS

Republic Act (RA) No. 10607, otherwise known as the "Amended Insurance Code," provides the following:

SECTION NO.	PROVISION
307 (Insurance Brokers)	No person shall act as an insurance agent or as an insurance broker in the solicitation or procurement of applications for insurance, or receive for services in obtaining insurance, any commission or other compensation from any insurance company doing business in the Philippines, or any agent thereof, without first procuring a license so to act from the Commissioner, which must be renewed every three (3) years thereafter. <u>The Commissioner shall satisfy himself as to the competence and trustworthiness of the applicant and shall have the right to refuse to issue or renew and to suspend or revoke any such license in his discretion.</u>
320 and 321 (Reinsurance Brokers)	Upon application and payment of the corresponding fee hereinafter prescribed, and the filing of two (2) errors and omissions (professional liability or professional indemnity) policies hereinafter described, <u>a person may, if found qualified, be issued a license to act as a reinsurance broker by the Commissioner.</u> The Commissioner may recall, suspend or revoke the license granted to a reinsurance broker for violation of any existing laws, rules and regulations, or any provision of the Amended Insurance Code after due notice and hearing.

Additionally, Section 437(d) of the Amended Insurance Code provides that the Commission shall have the power to prepare, approve, amend or repeal rules, regulations and orders, and issue opinions and provide guidance on and supervise compliance with rules, regulations and orders.

Pursuant to the above-quoted provisions, all insurance brokers, reinsurance brokers, as well as both insurance and reinsurance brokers, are required to submit one (1) hard copy and one (1) soft copy of their respective Audited Financial Statements, including their attachments as can be seen in **ANNEX A** of this Circular Letter (CL), on or before 31 May of every year. The prescription of the guidelines in this CL is without prejudice to the power of the Commission under Section 437(k) and 437(l) of the Amended Insurance Code to require other relevant information in the conduct of examination to determine compliance with laws and regulations and investigate whether an institution is conducting its business on a safe and sound basis. 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 437(o) of the Amended Insurance Code, which authorizes the Commission to fix and assess fees, charges and penalties in the exercise of regulation.

Failure to submit the necessary documents within the prescribed deadline shall cause the imposition of a penalty of P5,000.00 per day of delay pursuant to Title VII.B of IC Circular Letter No. 2014-15 (Fees and Charges) dated 15 May 2014.

For strict compliance.

A handwritten signature in black ink, appearing to read 'Dennis B. Funa', is positioned above the printed name and title.

DENNIS B. FUNA
Insurance Commissioner

PARTICULARS

Detailed Schedules and Supporting Documents of the following accounts:

- _____ 8. **Cash on Hand and in Banks**
- i. Certification of Petty Cash Custodian for Petty Cash Fund, Revolving Fund, etc. signed by the authorized officer.
 - ii. Detailed schedule of deposit in transit showing in columnar format the official receipt number, date of official receipt, date deposited, name of depository bank and to be supported by Official Receipts, Bank Validated Deposit Slips, Passbook and Bank Statement.
 - iii. Bank statements/passbooks showing the name of the Company and account number for the whole month of December 20__ and January 20__.
 - iv. Bank reconciliation statements using adjusted book and bank balance method as of December 31, 20__ and January 31, 20__.
 - v. Certificate of Time Deposits, Proof of Roll-over (such as Official Receipts, Bank Validated Deposit Slips, Passbook and Bank Statement) and proof of proceeds of maturity/pre-termination, whichever is applicable.
- _____ 9. **Investment in Bonds and Treasury Bills**
- i. Confirmation of sales of investments in bonds and treasury bills, together with Statement of Securities Account of BTr- ROSS as of December 31, 20__.
- _____ 10. **Investment in Stocks and Other Investments**
- i. Photocopies of stock certificates. (front and back portion)

HARD COPY	SOFT COPY (in USB)	
	PDF	EXCEL
X	X	
X		X
X	X	
X	X	
X	X	
X	X	
X	X	

PARTICULARS

	HARD COPY	SOFT COPY (in USB)	
		PDF	EXCEL
ii. Certification from Philippine Depository & Trust Co. for scriptless stocks as of December 31, 20__ showing that the investment is for the account of the broker.	X	X	
iii. Breakdown/Computation/Schedule of Fluctuation Reserve – Stocks.	X		X
11. Real Estate Owned			
i. Photocopies of Owner's Duplicate Copy and Transfer of Certificate Titles (TCTs) and Condominium Certificate of Titles (front and back portion), Latest Payment of Real Estate Tax, Conditional or Absolute Deed of Sale/Deed of Assignment, and other applicable supporting documents.	X	X	
ii. Breakdown/Computation/Schedule of Revaluation Reserve including appraisal increase during the year.	X		X
iii. Latest Appraisal Report by an Accredited Appraiser, if any.	X	X	
12. Accounts/Notes/Loans Receivable			
i. Documents to support accounts/notes/loans receivable account such as board resolution, term of payments/amortization schedule.	X	X	
ii. Proof of collection such as official receipts, bank validated deposit slips, passbook/bank statements and other applicable documents.	X	X	

PARTICULARS

- _____ 13. **Premium Receivable/Due From Reinsurers**
- i. Detailed aging schedule of within 90 and over 90 days due with the following information:
 - Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Inception Date
 - Amount of Premiums Receivable
 - Date Collected
 - Commission, Vat on Commission
 - Net Due to (Premiums Payable)
 - Date Remitted

 - ii. Schedule of collection of within 90 and over 90 days due with the following information:
 - Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Date Collected
 - Amount Collected

 - iii. Proof of collection of 90 and over 90 days due such as official/acknowledgement receipts, bank validated deposit slips, passbook/bank statements and proof of remittances such as official/acknowledgement receipts from insurance companies including direct payment.

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X		X
X	X	

Handwritten signature and initials in the bottom right corner of the page.

PARTICULARS

- _____ 14. **Commissions Receivable**
- i. Detailed aging schedule of (including direct payment to insurance company) within 90 and over 90 days due with the following information:
 - Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Inception Date
 - Amount of Commission Receivable
 - Date Collected
 - ii. Schedule of collection of within 90 and over 90 days due commission with the following information:
 - Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Date Collected
 - Amount Collected
 - iii. Proof of collection of within 90 and over 90 days due commission receivable such as VAT official receipts.
- _____ 15. **EDP Equipment**
- i. Lapsing Schedule
 - ii. Sales invoices and official receipts to support purchases of EDP equipment during the year

HARD COPY	SOFT COPY (in USB)	
	PDF	EXCEL
X		X
X		X
X	X	
X		X
X	X	

PARTICULARS

- _____ 16. **Other Assets**
- i. Documents to support Other Assets accounts such as Bureau of Internal Revenue (BIR) Form 2307 for the unused/unapplied portion and its summary schedule and other assets
- _____ 17. **Premiums Payable/Due to Insurers/Reinsurers**
- i. Detailed aging schedule of within 90 and over 90 days due with the following information:
- Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Inception Date
 - Amount of Premiums Payable
 - Date Remitted
- ii. Schedule of remittances of within 90 and over 90 days due with the following information:
- Name of Insurance Company
 - Name of Assured
 - Policy Number
 - Date Remitted
 - Amount Remitted
- iii. Proof of remittances of within 90 and over 90 days due payables such as official receipts/acknowledgement receipts from insurance companies.
- _____ 18. **Accounts/Notes/Loans Payable**
- i. Documents to support accounts/notes/loans payable account.

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X	X	

PARTICULARS

- _____ 19. **Advances to/from Officers and Stockholders**
 - i. Documents to support advances to/from officers and stockholders. (such as terms of payment, collaterals and Board Resolution)
 - ii. Proof of collections such as official receipts, bank validated deposit slips and passbook/bank statements.
- _____ 20. **Taxes Payable**
 - i. BIR Form No. 1702 (Annual Income Tax Return) duly stamped by BIR.
- _____ 21. **Stockholders' Equity**
 - i. Detailed schedule of the following:
 - Capital Stock Paid Up
 - Fluctuation/Revaluation Reserve – Stocks, Bonds, Real Estate and Foreign Exchange.
 - Deposit for Future Subscriptions with attached amended articles of incorporation filed with Securities and Exchange Commission (SEC).

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X	X	
X	X	

Submitted by:

Signature over Printed Name and Designation of Responsible Officer

Received by: _____

Date Received: _____

“ANNEX A”

Name of Insurance Broker/ Reinsurance Broker/ Both Insurance and Reinsurance Broker
As of December 31, 20__

**LIST OF DOCUMENTS TO BE SUBMITTED BY INSURANCE BROKER/ REINSURANCE BROKER/ BOTH
INSURANCE AND REINSURANCE BROKER**

PARTICULARS		HARD COPY	SOFT COPY (in USB)	
			PDF	EXCEL
_____ 1.	Audited Financial Statements, signed by external auditor accredited by this Commission and duly stamped “received” by the Bureau of Internal Revenue (BIR).	X	X	
_____ 2.	Adjusted Trial Balance as of December 31, 20__, signed by the Chief Accountant.	X		X
_____ 3.	Statement of Business Operations (SBO) as of December 31, 20__, signed by the chief accountant and certified by the external auditor.	X		X
_____ 4.	Reconciliation statement of figures/accounts in the Adjusted Trial Balance to tally with the figures/accounts in the Audited Financial Statements.	X		X
_____ 5.	Certification of IC Accredited Auditor – Individual/Firm and Signing Partner	X	X	
_____ 6.	Latest General Information Sheet filed with the SEC.	X	X	
_____ 7.	List of Current Members of the Board of Directors and Officers with their respective addresses and positions.	X	X	

M N [Signature]

PARTICULARS

Detailed Schedules and Supporting Documents of the following accounts:

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 - i. Certification of Petty Cash Custodian for Petty Cash Fund, Revolving Fund, etc. signed by the authorized officer.
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ii. Certification from Philippine Depository & Trust Co. for scriptless stocks as of December 31, 20__ showing that the investment is for the account of the broker.

iii. Breakdown/Computation/Schedule of Fluctuation Reserve – Stocks.

11. **Real Estate Owned**

i. Photocopies of Owner's Duplicate Copy and Transfer of Certificate Titles (TCTs) and Condominium Certificate of Titles (front and back portion), Latest Payment of Real Estate Tax, Conditional or Absolute Deed of Sale/Deed of Assignment, and other applicable supporting documents.

ii. Breakdown/Computation/Schedule of Revaluation Reserve including appraisal increase during the year.

iii. Latest Appraisal Report by an Accredited Appraiser, if any.

12. **Accounts/Notes/Loans Receivable**

i. Documents to support accounts/notes/loans receivable account such as board resolution, term of payments/amortization schedule.

ii. Proof of collection such as official receipts, bank validated deposit slips, passbook/bank statements and other applicable documents.

PARTICULARS

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 - Deposit for Future Subscriptions with attached amended articles of incorporation filed with Securities and Exchange Commission (SEC).

Submitted by:

Signature over Printed Name and Designation of Responsible Officer

Received by: _____

Date Received: _____