CIRCULAR LETTER

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

SUBJECT: REGULATORY REQUIREMENTS AND ACTIONS FOR THE NEW REGULATORY FRAMEWORK

As part of this Commission’s implementation of the regulatory requirements and actions indicated under Circular Letter Nos. 2017-15 and 2017-30 dated 10 March 2017 and 02 May 2017, respectively, all Life, Non-Life and Professional Reinsurance Companies upon submission of the quarterly reports within two (2) months after the end of each quarter shall be subject to the following:

1. In addition to the regulatory actions that shall be enforced to all life, non-life and professional reinsurance companies doing business in the Philippines who were not able to comply with the required minimum net worth and RBC2 as prescribed under CL 2015-02 A and CL No. 2016-68, respectively, all significant concerns shall also be addressed by the company within ten (10) working days.

2. Significant Concerns shall include, but not limited to the following:

   a. Any material findings to the effect that the total admitted assets of the company, on a going-concern basis, are no longer adequate to cover the total liabilities of the company.
   b. Internal Control weaknesses that could materially lead to financial reporting problems.
   c. Discovery of material breach of laws or IC’s rules and regulations.
   d. Matters on corporate governance that may require urgent action by the Commission.
   e. Net worth and/or RBC2 requirement that is projected to be non-compliant by 2019 and onwards.
3. Only the life, non-life and professional reinsurance companies who failed to comply with the above requirements shall receive a report on the result of the quarterly submission and shall be required to respond within the prescribed period including the following:
   a. Company's plan of action duly approved by the Board of Directors; and
   b. Five (5) year financial projections indicating the key assumptions duly certified and attested to by the actuary.

This Circular shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner