CIRCULAR LETTER

TO: ALL INSURANCE BROKERS (IBs), REINSURANCE BROKERS (RBs) AND BOTH INSURANCE AND REINSURANCE BROKERS (IBRBs)

SUBJECT: ISSUANCE AND IMPLEMENTATION OF THE REVISED STANDARD CHART OF ACCOUNTS (SCA)

WHEREAS, the Insurance Commissioner under Section 437 of the Amended Insurance Code may issue such rulings, instructions, circulars, orders and decisions, as may be deemed necessary, to secure enforcement of the Amended Insurance Code and ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public;

WHEREAS, the fiduciary responsibilities of a broker to its clients and partner insurance companies requires that a broker has an adequate level of financial resources and has established safeguards on the risks attached to its business model;

WHEREAS, rules and/or guidance on financial reporting framework (FRF) need to be implemented to ensure transparent and consistent application of such rules and/or guidance by the brokers;

WHEREAS, this FRF includes economic valuation of assets and liabilities based on internationally accepted accounting and insurance core principles;

NOW, THEREFORE, pursuant to the authority vested in me under Section 437 of the Amended Insurance Code, the following rules and regulations concerning the financial reporting are hereby promulgated.

SECTION 1. OBJECTIVES

A Revised Standard Chart of Accounts (SCA) for Insurance and/or Reinsurance Brokers, as set forth in Annex A of this Circular, is hereby issued and implemented in order to meet the following objectives:

1) To provide guidance on the accounts to be used in recording transactions;
2) To establish a uniform and comprehensive presentation of accounts in the Audited Financial Statements (AFS);
3) To aid in the efficient conduct of on-site examination/off-site verification aligned with the latest rules and procedures issued by the Commission; and
4) To update the definition of accounts based on the new applicable accounting standards.

SECTION 2. APPLICATION OF PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS)

The recognition and measurement of accounts of all Insurance and/or Reinsurance Brokers shall be in accordance with the current generally accepted accounting principles in the Philippines at reporting date.

SECTION 3. ADOPTION OF THE REVISED SCA

All Insurance and/or Reinsurance Brokers with valid Certificate of Authority are required to adopt the requirements of this Circular Letter in the preparation of their 2022 audited financial statements and other documentary submissions\(^1\) to the IC on 31 May 2023.

SECTION 4. EFFECTIVITY

This Circular Letter shall take effect immediately. All other Circular Letters providing for guidelines on the chart of accounts for Insurance and/or Reinsurance Brokers previously issued by the Insurance Commission are hereby deemed superseded.

DENNIS B. FUNA
Insurance Commissioner

Attachment:
Annex A – Standard Chart of Accounts

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\(^1\) As provided in Circular Letter No. 2021-65 (Revised On-Site Examination/Off-Site Verification Rules and Procedures) and any subsequent amendments