



Circular Letter No.:	2021-43
Date:	11 July 2021
Amends:	None

CIRCULAR LETTER

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

SUBJECT : EXTENSION OF THE REGULATORY RELIEF ON THE ADMITTANCE OF PREMIUMS RECEIVABLE DUE TO THE COVID-19 PANDEMIC

WHEREAS, due to the COVID-19 outbreak in the Philippines, the Insurance Commission (IC) has issued Circular Letter (CL) No. 2020-58 dated 14 May 2020, providing for regulatory relief to non-life insurance and professional reinsurance companies, with respect to the extended grace period for the payments of premiums provided to their policyholders, by adjusting the basis for admitting the Premiums Receivable account (direct agents, general agents and insurance brokers) from ninety (90) days to one hundred and eighty (180) days from the date of issuance of the policies;

WHEREAS, such relief shall be applied for financial reporting year 2020 unless extended or changed as deemed necessary by this Commission;

WHEREAS, the NCR+ (Metro Manila and its neighboring provinces) was placed under General Community Quarantine (GCQ) "with additional restrictions" from 22 March to 04 April 2021 in view of the surge of COVID-19 cases, and later intensified to Enhanced Community Quarantine (ECQ) on 29 March 2021, while the rest of the Philippines was placed under Modified GCQ (MGCQ);

WHEREAS, on 13 May 2021, the quarantine classification of the NCR+ was downgraded to GCQ "with heightened restrictions" from 15 to 31 May 2021 while the rest of the country was placed under different quarantine classifications;

WHEREAS, the COVID-19 pandemic and the implementation of community quarantine continuously affect the business environment and economy;

WHEREAS, non-life companies continue to provide relief to the insuring public by extending the grace period and allowing installment payments on insurance premiums up to this current year;

WHEREAS, extending the grace period and allowing installment arrangements may result to non-admitted Premiums Receivable, which would have an unfavorable impact on the Net Worth of the insurance companies;

WHEREAS, the IC finds it imperative to extend the regulatory relief prescribed by CL No. 2020-58 on the admittance rule over Premiums Receivable account of non-life insurance and professional reinsurance companies for reporting year 2021;

NOW, THEREFORE, in view of all the foregoing and in accordance with the undersigned's powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, the following are promulgated:

SECTION 1. RELAXATION ON THE ADMITTANCE OF PREMIUMS RECEIVABLE

- a. The basis for admitting the Premiums Receivable account (direct agents, general agents and insurance brokers) for all non-life insurance and professional reinsurance companies shall be adjusted from 90 days to 180 days from the date of issuance of the policies.
- b. Undue installment premiums shall be considered admitted assets as long as the issuance of the policy is within 180 days from the cut-off date. However, in case of default in any installment due, all remaining unpaid installments shall be treated as non-admitted assets.
- c. In case of any deficiency in the Net Worth, collections during the first quarter of the following year of the over 180-day Premiums Receivable shall be considered as after-date transactions.

SECTION 2. APPLICABILITY

This rule shall be applied to annual and quarterly financial reports for the year 2021 unless extended or changed as deemed necessary by this Commission.

This Circular shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner

