

ANNEX A

GUIDELINES ON THE PREPARATION OF FORMS, NON-FINANCIAL REQUIREMENTS AND DISCLOSURE REQUIREMENTS TO THE NOTES TO THE AUDITED FINANCIAL STATEMENTS (AFS)

- A. All accounts to be used shall be in compliance with the latest Standard Chart of Accounts for Insurance and/or Reinsurance Brokers as issued by the Commission, and the applicable accounting standards in the Philippines.
- B. These schedules will be submitted in electronic format and uploaded to the IC Online Uploading Portal thru this link: <https://onuploading.insurance.gov.ph/templates/login>.
- I. Downloadable Schedules (Forms C and D)
- i. Summary Page (Computation of Net Worth, Fiduciary Ratio Schedule:
1. Indicate whether the Company is an insurance, reinsurance or both insurance and reinsurance broker;
 2. Indicate the period covered;
 3. Indicate other pertinent details (I.e. license number/s, issuance and expiration date); and
 4. The Company's Fiduciary Ratio will be automatically computed based on the amounts encoded in the schedules required above.
- ii. Schedule I – Clients' Money Account/s
1. The Company shall separate the cash on hand (if any) and those in the banks.
 2. The Company shall indicate the name of the bank/s and its branch/es and account number/s.
 3. The Company shall separate the fund for the premiums, claims and HMO fees collected through subsidiary ledgers/schedules.
 4. The Company shall provide signed digital/electronic copies of the bank reconciliation schedules and bank statements and/or passbooks. Signed Certification from the custodians (if any) and proof of subsequent clearing/deposit of significant reconciling items shall also be provided.
- iii. Schedule II – Premium-Related Receivable (i.e. Receivable from Insurance Companies' Clients, Ceding Company and/or HMOs' Members)
1. The detailed aging schedule shall include the name of the re/insurance companies and assured, policy number, movement of balances (beginning balances, premiums earned for the year, premiums collected, premiums collected but not yet remitted [payables], direct remittances, cancelled policies and allowance for

- impairment), commissions, VAT and taxes, date collected and date remitted.
2. The Company may opt to remove information in the schedule that are deemed confidential.
 3. The examiner may request for additional details as necessary (e.g. aging and a sample of proof of collections) during the verification/examination.
- iv. Schedule III – Premium-Related Payables (i.e. Payable to Insurance Companies, Reinsurer, Ceding Companies, Insured and/or HMO Providers)
1. In addition to the information provided under Item ii above, the related payables, its payment and remittance for within 90 days and over 90 days due shall also be supplied in the schedule.
 2. The Company may opt to remove information in the schedule that are deemed confidential.
 3. The examiner may request for additional details as necessary. The examiner/external auditor may request for details and a sample of proof of payment and remittance during verification/examination.

The Summary Page and Schedules I – III are found in Form C template.

- v. Schedule IV - Reconciliation of the premium-related receivables and payables (i.e. balances in the AFS, Statement of Business Operations) shall also be provided. This schedule is found in the Form D template.

II. Non-Financial Requirements:

In addition to the hard copy of the Statement of Financial Position and its supporting schedules, the Company may also be required to submit digital/electronic copies of non-financial records. Items 1-3 shall be provided when there are only changes thereto. On the other hand, items 4-12 shall be provided during examination/verification or upon request.

1. Stock and transfer books;
2. Articles of Incorporation; By-laws and Amendments;
3. Manual Operating Procedures;
4. Minutes of Stockholders' and Board of Directors meetings;
5. Surety Bond and Errors and Omissions Policies;
6. Auditor's management letter, where applicable;
7. Changes in key functions and significant owners;
8. Financial links with financial institutions; insurers and other intermediaries (such as through related party structures or service contracts);
9. Types of products sold;
10. Claims data;
11. Complaints data; and

12. Other data or information as deemed necessary.

The Company's management shall also submit a Certification that the schedules and supporting documents provided (either hard or digital copy) are true and complete.

III. Certification Template

(Company's Letterhead)

CERTIFICATION

To whom it may concern:

I hereby attest that I have reviewed all the documents and schedules as of 31 December 20__, submitted to the Insurance Commission per IC Circular Letter No. _____. I declare that all the documents and schedules are true and accurate to the best of my knowledge.

Sincerely,

Signature over printed name

President/Chief Executive/Chief Financial Officer

IV. Disclosure Requirements

The Insurance Commission, in promoting greater disclosure and transparency to the public, recognizes the importance of providing additional financial information on the insurance and/or reinsurance brokers, which will be useful to the public in understanding the true condition of the insurance and/or reinsurance brokers.

The following minimum disclosure requirements shall ensure that the matters regarding the insurance and/or reinsurance broker's financial condition and methods of doing business is properly disclosed.

The insurance and/or reinsurance broker has the option to disclose the following minimum information in its notes to the financial statements or in a separate supplementary report:

1. Segregation of Clients' Money Account;
2. Net Worth Compliance;
3. Fiduciary Ratio Computation; and
4. Offsetting Arrangements.

Option A – Additional disclosure to the notes to the AFS

Item 1, *Segregation of Client's Money Account*, may be considered as relevant information about or component of the Company's cash and cash equivalents OR in restricted cash account. The Company shall include a short description of the account, method of presentation (cash/other asset) and its balances.

Items 2, *Net Worth Compliance*, and 3, *Fiduciary Ratio Computation*, may be used in conjunction with required disclosures on externally imposed capital requirements under Philippine Accounting Standards 1 (paragraph 134-135). The Company shall disclose the fiduciary asset and liability accounts, the fiduciary computation and its compliance to the net worth and fiduciary requirements.

In case of non-compliance with Items 2 and 3, the Company shall disclose the management plan/s or action to address the deficiencies.

Item 4, *Offsetting Arrangements*, can be covered by disclosure requirements on offsetting financial assets and financial liabilities (PFRS 7.13A-13E)

Option B - SUPPLEMENTARY REPORT

Pro-forma Opinion

REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE INSURANCE COMMISSION

The Board of Directors and Stockholders
Company Name
Company Address

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of (the Company) as at and for the year ended (Date), on which we have rendered our report dated (Audit Report Date).

Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The supplementary information included in the "Annex" is the responsibility of the Company's management.

The supplementary information is presented for purposes of complying with the Insurance Commission Circular Letter No. _____ and is not a required part of the Company's financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Name and Signature of External Auditor/Auditing Firm

Annex to Option B

Item 1, *Segregation of Client's Money Account*, The Company shall include short description of the account, method of presentation (cash/ other asset) and its balances.

Items 2, *Net Worth Compliance*, and 3, *Fiduciary Ratio Computation*, The Company shall disclose the fiduciary asset and liability accounts, the fiduciary computation and its compliance to the net worth and fiduciary requirements.

In case of non-compliance with items 2 and 3, the Company shall disclose the management plan/s or action to address the deficiencies.

Item 4, *Offsetting Arrangements*, shall present and include short description on the financial assets and financial liabilities offsetted.