



Advisory No.:	RS-2021-011
Classification:	Regulatory and Supervisory Advisory
Date:	23 September 2021

INSURANCE COMMISSION ADVISORY

TO : ALL MUTUAL BENEFIT ASSOCIATIONS (MBAS) AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : DRAFT CIRCULAR LETTER: NEW FINANCIAL REPORTING FRAMEWORK FOR MBAs

Section 189 of the Amended Insurance Code provides that all companies regulated by the Insurance Commission, unless otherwise required by law, should comply with the financial reporting frameworks adopted by the Commission. In relation thereto, the Commission issued Circular Letter (CL) No. 2016-66 dated 28 December 2016 on the valuation standards for life insurance policy reserves (i.e., Gross Premium Valuation or GPV), intended to be implemented by life insurers and MBAs alike, effective 01 January 2017. However, on 17 April 2018, Advisory No. 6-2018 was released deferring the implementation of the GPV for MBAs *“until such time that this Commission issues a new Financial Reporting Framework (FRF) for MBAs.”*

Since the MBAs are still using the Net Premium Valuation (NPV) approach in the valuation of life insurance policy reserves, there is a need to shift from NPV to GPV to align with the life insurance policy reserving model currently used by life insurance companies.

Moreover, the International Accounting Standards Board (IASB) issued new International Financial Reporting Standards (IFRS). Thus, there is also a need to include these standards in the new FRF to ensure consistent application of such rules and/or guidance with internationally accepted accounting standards;

Relative thereto, all MBAs are hereby requested to provide comments/feedback on the following documents, using the **prescribed format** below:

1. Draft CL- New FRF for MBAs;
2. Annex A - Standard Chart of Accounts; and
3. Template - New FRF for MBAs.

Prescribed format:

Document Name	Section/Provision/Accounts	Comment/s	Recommendation/s

The comments shall be submitted to the Life/MBAs/Trust Division (LMTD) through the following e-mail addresses on or before **31 December 2021**.

1. Ms. Amor G. Fat ag.fat@insurance.gov.ph
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DENNIS B. FUNA
Insurance Commissioner

