



Circular Letter No.:	2022-17
Date:	18 March 2022
Supplements:	CL No. 2019-39

CIRCULAR LETTER

TO : ALL EXTERNAL AUDITORS, AUDITING FIRMS AND INSURANCE COMMISSION (IC) REGULATED ENTITIES

SUBJECT : GUIDELINES ON MATERIALITY THRESHOLD

WHEREAS, the Insurance Commissioner under Section 437 of Republic Act (R.A.) No. 10607 (Amended Insurance Code) may issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure enforcement of R.A. No. 10607, to ensure efficient regulation of the insurance industry in accordance with global practices and to protect the insuring public;

WHEREAS, Section 6 (k), (l) and (n) of the R.A. No. 9829 (Pre-need Code) provides that the Insurance Commission (IC) have the power to:

- (k) Prepare, approve, amend or repeal rules, regulations, orders, and circulars and issue opinions and provide guidance on, and supervise compliance with, such rules, regulations, orders and circulars;
- (l) Formulate policies and recommendations on issues concerning the pre-need industry, including proposed legislations; and
- (n) Exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to carry out the express powers granted the Commission to achieve the objectives and purposes of the law.

WHEREAS, Section 4 of Executive Order (E.O.) No. 192 series of 2015, provides authority to the IC to formulate rules, regulations to regulate the Health Maintenance Organizations (HMOs) and its related services;

WHEREAS, IC Circular Letter (CL) No. 2019-39 dated 08 August 2019 superseded IC CL No. 2009-29, stated that (Sec. 4.3.2) the accredited external auditors shall directly report to IC within fifteen (15) calendar days upon discovery of any matter adversely affecting the financial condition of the regulated entity, such as, but not limited to any findings involving fraud or error that may result to losses or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated assets of the regulated entity is considered as material;