



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Circular Letter (CL) No.:	2022-30
Date:	21 June 2022
Supersedes	CL nos. 2020-58 and 2021-43

CIRCULAR LETTER

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

SUBJECT : REGULATORY RELIEF ON THE ADMITTANCE OF PREMIUMS RECEIVABLE DUE TO THE COVID-19 PANDEMIC FOR THE PERIODS ENDING 31 DECEMBER 2020 UP TO 30 JUNE 2022

WHEREAS, on 11 July 2021, this Commission issued CL No. 2021-43 with the subject “*Extension of the Regulatory Relief on the Admittance of Premiums Receivable due to the Covid-19 Pandemic*”;

WHEREAS, pursuant to the said CL, the following were stated:

Section 1: Relaxation on the Admittance of Premiums Receivable

- a. *The basis for admitting 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**; and*
- 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. *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.*

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.

WHEREAS, the Commission has received comments, including a formal letter, on the issue of the application of the inception date as the reckoning period on the admittance of premiums receivable instead of the issuance date.

WHEREAS, this Commission has revisited the application of date of issuance as the reckoning period on the admittance of premiums receivable and consequently found it inconsistent with the Philippine Financial Reporting Standards (PFRS);

WHEREAS, the corresponding liability of the insurer commences on the date of inception and the calculation of the premium reserve is also reckoned from the date of inception.

WHEREAS, this Commission finds it necessary to use the **date of inception** as a reckoning period, instead of the **date of issuance** of the policies, in the preparation of Premiums Receivable Aging Schedule for prudential reporting.

NOW, THEREFORE, in view of the foregoing and pursuant to the undersigned's statutory powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, the following rules and regulations are hereby 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 inception** of the policies.
- b. Undue installment premiums shall be considered admitted assets as long as the **date of inception** 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 only to:

- a. Quarterly reports and annual statements covering the periods 2020 and 2021; and
- b. 1st and 2nd quarter reports for the year 2022, provided, that the non-life insurance company shall submit a proof allowing the credit term beyond ninety (90) days to its policyholders, and a separate premiums receivable aging schedule with supporting documents.

SECTION 3: EFFECTIVITY:

This Circular Letter shall take effect immediately.



DENNIS B. FUNA
Insurance Commissioner

