



Advisory No.:	RS-2022-036
Classification:	Regulatory and Supervisory Advisory
Date:	26 August 2022

INSURANCE COMMISSION ADVISORY

TO : All Life Insurance Companies, Non-Life Insurance Companies, and Professional Reinsurers

SUBJECT : Adoption of Own Risk and Solvency Assessment Framework

As a member of the International Association of Insurance Supervisors (“IAIS”), the Insurance Commission adopts the Insurance Core Principles (“ICPs”) including the establishment by insurance companies within their respective risk management systems of an Enterprise Risk Management (“ERM”) Framework for solvency purposes to identify, measure, report and manage insurers’ risks in an ongoing and integrated manner. Relative thereto, the Commission has issued Circular Letter No. 2022- 41 dated 25 August 2022 on the **“Adoption of Own Risk and Solvency Assessment Framework”**.

Under CL No. 2022- 41, the conduct of Own Risk and Solvency Assessment (ORSA) shall be mandatory for the following regulated entities (“Covered Entities”):

- (a) Life insurance companies with premium income exceeding PHP10 Billion;
- (b) Non-life insurance companies with gross premiums written income exceeding PHP2 Billion; and
- (c) Professional reinsurers with gross premiums written income exceeding PHP2 Billion.

An insurance company or professional reinsurer whose premium income or gross premiums written based on its latest available Audited Financial Statements (AFS) does not meet the above-enumerated thresholds may still be required to conduct an ORSA as determined by the Commission when circumstances warrant.

Following the close of Fiscal Year (FY) 2023, Covered Entities shall be required to conduct their respective ORSAs as part of their risk-management systems. The ORSA shall be conducted at least once every year and at any time when there are significant changes to the Covered Entity’s risk profile, or where applicable, of the insurance group of which the Covered Entity is a member.