

ANNEX A – SUPPLEMENTARY INFORMATION IN THE NOTES TO THE FINANCIAL STATEMENTS FOR PERIODS ENDING 31 DECEMBER 2023 AND/OR 2024

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

<p>The Board of Directors and Stockholders Company Name Company Address</p> <p>Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note ___ to the financial statements is presented for purposes of filing with the Insurance Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.</p> <p>Name and Signature of External Auditor / Auditing Firm</p>
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Disclosure requirements for those companies that will not adopt PFRS 17 on 01 January 2023

Status of the PFRS 17 implementation and its possible impact on the financials of the companies

Consistent with the provisions of CL No. 2022-36, **those companies that will not adopt PFRS 17 on 01 January 2023** shall provide additional disclosures to their AFS for the periods ending 31 December 2023 and/or 2024, as follows:

- a. The fact that although PFRS 17 has a global effectivity date of 01 January 2023, the IC defers the mandatory date of application for general purpose financial reporting for two (2) years thereafter;
- b. Information about the PFRS 17 implementation project – information about the structure and governance, work performed, management of risks and cost;
- c. Operational impacts – main impacts and changes to systems and processes that the entity performed to comply with the requirements of the new standard;
- d. Contracts that meet the definition of an insurance contract but the entity chose to apply PFRS 15 instead of PFRS 17;
- e. A description of the transition approach that will be used and whether any practical expedients will be applied;
- f. A description of the key judgements and estimates being considered;
- g. Amount of contractual service margin, if any;

- h. Amount of loss components on onerous contracts, if any;
- i. Quantitative information about the expected impact of PFRS 17 on profits and how it compares with PFRS 4; and
- j. Expected impact on Net Worth.

Disclosure requirements for companies that will adopt PFRS 17 on 01 January 2023 onwards

Insurance and reinsurance asset (liability) items subject to admittance requirements of the Amended Insurance Code

To implement the provisions of the Amended Insurance Code, those companies that will adopt PFRS 17 shall provide the following additional disclosures to their AFS:

a. For non-life insurance and professional reinsurance companies

- i. Premiums due and uncollected
- ii. Amounts recoverable from reinsurers;
- iii. Funds held by ceding companies; and
- iv. Funds held for reinsurers.

b. For life insurance companies

- i. Amounts recoverable from reinsurers;
- ii. Funds held by ceding companies;
- iii. Funds held for reinsurers;
- iv. Policy loans;
- v. Premiums due and uncollected; and
- vi. Segregated fund assets and liabilities.

The above accounts shall be defined in accordance with CL No. 2016-65 and/or any amendments thereto.

A. NON-LIFE INSURANCE AND PROFESSIONAL REINSURANCE COMPANIES

Item 1, Premiums Due and Uncollected, represents premiums due within the grace period but have not been paid as of the end of accounting period arising from direct business including those by general agents and insurance broker.

Item 2, Amounts Recoverable from Reinsurers, pertains to the uncollected share of the reinsurers in paid and unpaid losses and loss adjustment expenses in connection with treaty and facultative arrangements.

Item 3, Funds Held for Reinsurers, represents the portion of the reinsurance premiums ceded to reinsurers which is withheld by the company in accordance with the reinsurance agreements and/or laws, rules, and regulations.

DRAFT FOR EXPOSURE

Pursuant to Section 202(f) of the Amended Insurance Code, the admittance of reinsurance recoverable by the ceding insurer is as follows:

- i. From an insurer authorized to transact business in this country, the full amount thereof; or
- ii. From an insurer not authorized in this country, in an amount not exceeding the liabilities carried by the ceding insurer for amounts withheld under a reinsurance treaty with such unauthorized insurer as security for the payment of obligations thereunder if such funds are held subject to withdrawal by, and under the control of, the ceding insurer. The Commissioner may prescribe the conditions under which a ceding insurer may be allowed credit, as an asset or as a deduction from loss and unearned premium reserves, for reinsurance recoverable from an insurer not authorized in this country but which presents satisfactory evidence that it meets the applicable standards of solvency required in this country.

Item 4, Funds Held by Ceding Companies, represents amounts pertaining to a certain percentage of the total reinsurance premiums due within one year from date of retention being held by ceding companies.

Pursuant to Section 202(g) of the Amended Insurance Code, funds withheld by a ceding insurer under a reinsurance treaty is admitted, provided reserves for unpaid losses and unearned premiums are adequately provided.

B. LIFE INSURANCE COMPANIES

Item 1, Amounts Recoverable from Reinsurers, pertains to the uncollected share of the reinsurers in paid and unpaid losses and loss adjustment expenses in connection with treaty and facultative arrangements.

Item 2, Funds Held for Reinsurers, represents the portion of the reinsurance premiums ceded to reinsurers which is withheld by the company in accordance with the reinsurance agreements and/or laws, rules, and regulations.

Pursuant to Section 202(f) of the Amended Insurance Code, the admittance of reinsurance recoverable by the ceding insurer is as follows:

- i. From an insurer authorized to transact business in this country, the full amount thereof; or
- ii. From an insurer not authorized in this country, in an amount not exceeding the liabilities carried by the ceding insurer for amounts withheld under a reinsurance treaty with such unauthorized insurer as security for the payment of obligations thereunder if such funds are held subject to withdrawal by, and under the control of, the ceding insurer. The Commissioner may prescribe the conditions under which a ceding insurer may be allowed credit, as an asset or as a deduction from loss and unearned premium reserves, for reinsurance recoverable from an insurer not authorized in this country but which presents satisfactory evidence that it meets the applicable standards of solvency required in this country.

Item 3, Funds Held by Ceding Companies, represents amounts pertaining to a certain percentage of the total reinsurance premiums due within one year from date of retention being held by ceding companies.

Pursuant to Section 202(g) of the Amended Insurance Code, funds withheld by a ceding insurer under a reinsurance treaty is admitted, provided reserves for unpaid losses and unearned premiums are adequately provided.

Item 4, Policy Loans, represents the outstanding balances of loans granted to policyholders at prescribed interest rates, fully secured by the cash surrender value of the underlying insurance policy.

20xx Audited Financial Statement	
Insurance Contract Assets:	Amount
Policy Loan	xx
Insurance Contract Liabilities:	
Policy Loan	xx

Policy loans pertain to loans granted to policyholders. The loan is granted with the cash surrender value of the policyholder’s insurance policy as collateral. Interest rates on peso and dollar policy loans are granted at __% and __% in 20x1.

Aggregate details are as follows:

Original Amount of Loan	Balance Loan Current Year	Cash Value	Dividend Accumulations

Pursuant to Section 202(d) of the Amended Insurance Code, Policy loans and other policy assets and liens on policies, contracts or certificates of a life insurance company is admitted in an amount not exceeding legal reserves and other policy liabilities carried on each individual life insurance policy, contract or certificate.

Item 5, Premiums Due and Uncollected, represents premiums due within the grace period but have not been paid as of the end of accounting period on all life policies which are classified as in-force in the company's valuation records.

Particulars	Past-due but not impaired			Total past-due but not impaired	Past-due and impaired	Total
	< 90 days	91 to 180 days	More than 180 days			
Insurance Contract Assets:						
Regular						
Salary-deduction Scheme						
TOTAL						
Insurance Contract Liabilities:						
Regular						
Salary-deduction Scheme						
TOTAL						

Item 6, Segregated Fund Assets, represents the amount of investment fund owned by unit-linked policyholders in addition to insurance coverage. These constitute unit linked premium collections that are placed to segregated funds which are generally managed by a trustee bank.

Segregated Fund Liabilities represent the segregated funds belonging to the unit linked policyholders. Segregated fund liabilities are set up equal to the segregated fund assets less redemptions and plus subscriptions outside segregated funds.

	Fund 1 Amount	Fund 2 Amount	Fund 3 Amount
ASSETS			
Cash and cash equivalents	xx	xx	xx
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	xx	xx	xx
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	xx	xx	xx
Investment Securities at Amortized Cost (AC)	xx	xx	xx
Loans and Receivables	xx	xx	xx
Investments Income Due and Accrued	xx	xx	xx
Other Assets	xx	xx	xx
TOTAL	xx	xx	xx
LIABILITIES			
Accounts payables	xx	xx	xx
Accrued expenses	xx	xx	xx
Other Liabilities	xx	xx	xx
TOTAL	xx	xx	xx
SEED CAPITAL	xx	xx	xx
RESERVE LIABILITY FOR INSURANCE CONTRACTS	xx	xx	xx

	Consolidated
ASSETS	
Cash and cash equivalents	xx
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	xx
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	xx
Investment Securities at Amortized Cost (AC)	xx
Loans and Receivables	xx
Investments Income Due and Accrued	xx
Other Assets	xx
TOTAL	xx
LIABILITIES	
Accounts payables	xx
Accrued expenses	xx
Other Liabilities	xx
TOTAL	xx
SEED CAPITAL	xx
RESERVE LIABILITY FOR INSURANCE CONTRACTS	xx

DRAFT FOR EXPOSURE

Pursuant to Section 243 of the Amended Insurance Code, every life insurance company authorized under the provisions of this Code to issue, deliver, sell, or use variable contracts shall, in connection with the same, establish one or more separate accounts to be known as separate variable accounts. All amounts received by the company in connection with any such contracts which are required by the terms thereof, to be allocated or applied to one or more designated separate variable accounts shall be placed in such designated account or accounts. The assets and liabilities of each such separate variable account shall at all times be clearly identifiable and distinguishable from the assets and liabilities in all other accounts of the company.