



Circular Letter (CL) No.:	2025-16
Date:	28 July 2025

CIRCULAR LETTER

TO : ALL MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES

SUBJECT : TRANSITION PERIOD FOR THE PARALLEL RUNS ON THE ADOPTION OF THE NEW FINANCIAL REPORTING FRAMEWORK, VALUATION STANDARDS, AND RISK-BASED CAPITAL FRAMEWORK

WHEREAS, Section 189 of Republic Act No. 10607 or the Amended Insurance Code provides that the regulated entities must comply with the financial reporting frameworks for preparing the financial reports and Annual Statements;

WHEREAS, Circular Letter (CL) No. 2022-24 prescribes the new Financial Reporting Framework (FRF) for Mutual Benefit Associations (MBAs), aligning the economic valuation of assets and liabilities with international accounting and actuarial standards, as well as core insurance principles;

WHEREAS, CL No. 2025-12 provides the updated valuation standards for MBAs, requiring that policy reserves for both basic and optional life insurance coverages be determined at the end of each valuation period in accordance with the valuation standards;

WHEREAS, CL No. 2025-15 introduces the amended Risk-Based Capital (RBC) framework for MBAs, incorporating new accounts and their corresponding RBC factors, ensuring alignment and consistency with the updated reporting standards;

WHEREAS, to align with the requirements of Section 189 of the Code and current standards in the Philippines, it is necessary to provide a transition period for the conduct of parallel runs for the adoption of the new FRF, valuation of policy reserves, and RBC framework;

NOW THEREFORE, pursuant to the authority conferred to the Insurance Commissioner under the Code, the following are hereby promulgated:

SECTION 1. SCOPE AND COVERAGE

This CL shall govern the transition period for the implementation of the following regulatory frameworks for MBAs:

- a. Financial Reporting Framework: CL No. 2022-24;
- b. Valuation of Policy Reserves: CL No. 2025-12; and
- c. Risk-Based Capital Framework: CL No. 2025-15.

SECTION 2. TRANSITION PERIOD FOR PARALLEL RUNS

To assess the quantitative impact of the new regulatory frameworks, the MBAs shall be subject to a transition period for the conduct of parallel runs on the adoption of the new Financial Reporting framework, valuation of policy reserves, and the Risk-Based Capital framework.

The parallel runs shall require submission of reports for the following cut-off dates:

Period Covered	Submission Date
As of 31 December 2024	30 October 2025
As of 30 June 2025	
As of 31 December 2025	30 June 2026

SECTION 3. PARALLEL RUN REQUIREMENTS

All MBAs shall submit the following regulatory requirements for each period covered:

Requirement	Reference
FRF Template	Annex A <i>(Note: Must be duly certified by the Association's Comptroller, Chief Financial Officer, or its equivalent)</i>
Actuarial Valuation Report	CL No. 2025-12
RBC Template	CL No. <u>2025-15</u>

SECTION 4. SEPARABILITY CLAUSE

If any provision of this Circular shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 5. REPEALING CLAUSE

All circulars, rules and regulations, or parts thereof, which are inconsistent with this Circular, are deemed repealed, superseded, or modified accordingly.

SECTION 6. EFFECTIVITY

This Circular shall take effect immediately.


REYNALDO A. REGALADO
Insurance Commissioner

