

IMPLEMENTATION REQUIREMENTS FOR FINANCIAL REPORTING, VALUATION STANDARDS FOR INSURANCE POLICY RESERVES, AND AMENDED RISK-BASED CAPITAL (RBC2) FRAMEWORK

Circular Letter No. 2016-69, January 11, 2017

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/b0087ab812e1/>

Adopted: 28 December 2016

Date Filed: 11 January 2017

After due consultation with stakeholders and consideration of concerns raised, it has been decided that the following new regulatory requirements under their respective Circular Letters (CL) shall take effect beginning January 01, 2017:

1. Financial Reporting Framework (FRF): CL No. 2016-65.
2. Valuation Standards for Life Insurance Policy Reserves: CL No. 2016-66.
3. Valuation Standards for Non-Life Insurance Policy Reserves: CL No. 2016-67.

For the initial year of implementation, the requirements will be relaxed as follows:

a. Premium Liabilities

For 2017, companies shall be allowed to set up as Premium Liabilities the Unearned Premium Reserves (UPR) instead of the higher of the UPR and Unexpired Risk Reserve (URR), determined in accordance with Section 7.2 of the Circular Letter No. 2016-67.

Starting 2018, the Premiums Liabilities shall be determined in accordance with the valuation standards prescribed under the Circular Letter No. 2016- 67.

b. Claims Liabilities

Claims Liabilities shall be determined in accordance with the valuation standards prescribed under Section 8 of CL No. 2016-67.

For 2017, companies shall be allowed to set the Margin for Adverse Deviation (MfAD) to zero (0).

c. Margin for Adverse Deviation

MfAD shall be company-specific. The companies shall submit to the IC the documents and certification signed by an IC-accredited actuary to support the computation of their MfAD.

4. Amended Risk-Based Capital (RBC2) Framework: CL No. 2016-68

The level of sufficiency for the RBC2 Framework shall be at 95th percentile level of sufficiency for the year 2017, 97.5th percentile for the year 2018, and 99.5th percentile for the year 2019.

Starting 2017, the Quarterly Reports following the new regulatory requirements and using the prescribed templates (as attached) shall be submitted within two (2) months after the end of each reporting period, and for the

Annual Report for period ending 31st of December which shall be submitted on or before the 30th day of April of the succeeding year. The table below summarizes the period covered and the corresponding submission date.

Period Covered

Submission Date

As of 31 March

31 st of May

As of 30 June

31 st of August

As of 30 September

30th of November

As of 31 December

30th of April

All reports shall be duly signed by the accountant, and/or the duly accredited Actuary, as applicable, together with the Chief Financial Officer (CFO) or its equivalent.

Failure to submit and incomplete submission of the reportorial requirements on submission dates shall be subject to penalties as determined by the Insurance Commission.

This Circular shall supersede all previously issued timelines indicated in Circular Letter No. 2015-31.

Please be guided accordingly.

(SGD) DENNIS B. FUNA
Insurance Commissioner

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