



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



Circular (CL) No.:	2018-57
Date:	13 November 2018
Supersedes:	CL No. 2018-13; IMC No. 2-93,

### CIRCULAR LETTER

**TO : ALL LIFE, NON-LIFE INSURANCE COMPANIES AND PROFESSIONAL REINSURERS DOING INSURANCE AND REINSURANCE BUSINESS IN THE PHILIPPINES**

**SUBJECT : PARTICULARS OF REINSURANCE TREATY REPORTING**

**WHEREAS, Section 222 of the Insurance Code (P.D. No. 612), as amended by R.A. No. 10607, allows an insurance company doing business in the Philippines to accept reinsurances on risks, and to retain risk within limits as it is authorized to insure;**

**WHEREAS, insurance companies are allowed to reinsure locally and abroad by the Insurance Code subject to the terms and conditions which the Insurance Commissioner may prescribe;**

**WHEREAS, Section 221 of the Insurance Code requires foreign and domestic non-life insurance company to retain only any risk on one subject of insurance in an amount not exceeding 20% of its net worth;**

**WHEREAS, Section 226 of the Insurance Code requires that "every insurance company authorized to do business in the Philippines shall report to the Commissioner on forms prescribed by him the particulars of reinsurance treaties of any new treaties or changes in existing treaties within three (3) months from their effectivity";**

**WHEREAS, the Insurance Commission seeks to improve the availability of reinsurance information from insurance companies and professional reinsurers in order to assess compliance and to have a complete picture on the prudential soundness of the insurance companies and professional reinsurers;**

**WHEREAS, the Insurance Commission shall maintain a reinsurance database and require insurance companies and professional reinsurers to report reinsurance information;**

**NOW, THEREFORE**, pursuant to the authority vested in me by Section 226 and 437(d) of the Insurance Code, the following are hereby promulgated:

**Section 1. Reinsurance Transactions** - All Insurance companies and professional reinsurers authorized to transact insurance/reinsurance business in the Philippines shall report to the Commission their respective **Particulars of Reinsurance Treaty**.

The **Particulars of Reinsurance Treaty** shall specify the material information in the treaty such as but not limited to the limits, retention, cession, period, commission premium reserve, interest reserve and special clauses limiting the reinsurer's liability or increasing cedant participation in losses.

**Section 2. Forms of the Particulars of Reinsurance Treaty** - All insurance companies and professional reinsurers shall submit a description of the reinsurance/retrocession treaty for each product or line of business, in accordance with the forms prescribed in this Circular. Such description shall include the precedence and relationship between treaties, as well as its respective plot plan as provided under **ANNEX C**. The company may also consider disclosing additional information, as it may deem material and necessary.

In case a treaty covers several lines of business and/or programs, the same shall be indicated in the Reinsurance Program. Forms for different kinds of proportional and non-proportional treaties for non-life insurance companies and professional reinsurers, and life insurance companies are provided in **ANNEXES A and B**, respectively.


**Section 3. Submission.** The Reinsurance Program shall also include a Table of Contents identifying each treaty and shall be submitted to the Reinsurance Division **annually** and **within three (3) months** after the treaty's inception or renewal date. For *existing* reinsurance treaties, the first report shall be submitted **on or before 31 March 2019**.

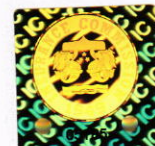
The Commission shall, whenever deemed necessary, examine the records of the company to verify the accuracy of the reports submitted.

**Section 4. Separability.** If any part or provision of this Circular is held invalid or unconstitutional, the remaining part not affected shall remain valid and effective.

**Section 5. Repealing Clause.** Provisions of IMC No 2-93, IC CL No. 2014-42, and all other circular letters, memoranda and issuances of the Insurance Commission contrary to or inconsistent herewith are deemed repealed.

**Section 6. Effectivity Clause.** This Circular shall take effect immediately.

  
**DENNIS B. FUNA**  
Insurance Commissioner



## SECTION 1: REINSURANCE PROGRAM TEMPLATE FOR NON-LIFE INSURANCE AND REINSURANCE COMPANIES

For each product or Line of Business (LoB) the non-life insurance/reinsurance companies shall submit a description of the reinsurance/retrocession treaty in full accordance with the templates prescribed in this section. The company may also consider disclosing additional material information, but should submit at least as requested.

For each product or Line of Business (LoB) the insurance/reinsurance company will submit a description of the reinsurance/retrocession program, such description shall include the precedence and relationship between treaties as well as the respective plot plan.

In case that a treaty, e.g. a Catastrophe Excess of Loss, covers several LoB and/or programs it should also be submitted.

### PROPORTIONAL TREATIES

#### QUOTA SHARE

Main Clauses:

Line of business	Description of the underlying insurance covered, e.g. all property insurance issued by your Fire Department.
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. "Loss Participation Clause"
Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Limit	Fixed amount indicating currency (PHP, US\$, etc.)
Retention	Percentage of Limit retained by the insurer
Cession	Percentage of Limit ceded to reinsurer Retention + Cession = 100%
Per Event Limit	Maximum amount payable under the contract for catastrophe events.
Ceding Commission	Fixed percentage of ceding commission
Sliding commission	Percentage of ceding commission in function of actual loss

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	ratio (LR): x% if range1 min < LR ≤ range1 max y% if range2 min < LR ≤ range1 max ... Definition of loss ratio Minimum and maximum ceding commission Provisional ceding commission for technical accounts
Profit Commission	Percentage profit commission and formulae to calculate.
Premium Reserve	Percentage premium reserve, time for devolution
Interest on reserve	Percentage, time for devolution
Technical accounts	Periodicity Deadline for sending them to reinsurers and for reinsurer's review Deadline for actual payment (to be sent or received)
Portfolio transfer	Definition, applicability, description of procedure
Cash Losses	Fixed amount in PHP/US\$, etc.
Applicable tax	If any

**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Resident Agent	Rating	Rating Agency	Class*	Subjectivities-Conditions	Limit	%	
			Total Authorized								
			Total Unauthorized								
			Total NRCP								

\*A – Authorized; U-Unauthorized; N- NRCP

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## SURPLUS TREATY

Main Clauses:

Line of business	Description of the underlying insurance covered, e.g. all property insurance issued by your Fire Department.
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. "Loss Participation Clause"
Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Limit	Fixed amount indicating currency (PHP, US\$, etc.)
Retention	Maximum fixed amount retained by the insurer
Lines	Maximum number of times the reinsurer will accept liability
Per Event Limit	Maximum amount payable under the contract for catastrophe events.
Ceding Commission	Fixed percentage of ceding commission
Sliding commission	Percentage of ceding commission in function of actual loss ratio (LR): x% if range1 min < LR ≤ range1 max y% if range2 min < LR ≤ range1 max ... Definition of loss ratio Minimum and maximum ceding commission Provisional ceding commission for technical accounts
Profit Commission	Percentage profit commission and formulae to calculate.
Premium Reserve	Percentage premium reserve, time for devolution
Interest on reserve	Percentage, time for devolution
Technical accounts	Periodicity Deadline for sending them to reinsurers and for reinsurer's review Deadline for actual payment (to be sent or received)
Portfolio transfer	Definition, applicability, description of procedure
Cash Losses	Fixed amount in PHP/US\$, etc.
Applicable tax	If any

**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Resident Agent	Rating	Rating Agency	Class*	Subjectivities-Conditions	Limit	%	
			Total Authorized								
			Total Unauthorized								
			Total NRCP								

\*A – Authorized; U-Unauthorized; N- NRCP

**FACULTATIVE OBLIGATORY (SEMI-AUTOMATIC CONTRACT)**

Main Clauses:

Line of business	Description of the underlying insurance covered, e.g. all property insurance issued by your Fire Department.
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. "Loss Participation Clause"
Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Capacity	Fixed amount indicating currency (PHP, US\$, etc.) and if there are different capacity for catastrophe and non-catastrophe.
Minimum rate	Minimum commercial insurance premium rate

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Retention	Usually automatic underwriting capacity, i.e. retention plus proportional reinsurance coverage
Per Event Limit	Maximum amount payable under the contract for catastrophe events.
Ceding Commission	Fixed percentage of ceding commission
Sliding commission	Percentage of ceding commission in function of actual loss ratio (LR): x% if range1 min < LR ≤ range1 max y% if range2 min < LR ≤ range1 max ... Definition of loss ratio Minimum and maximum ceding commission Provisional ceding commission for technical accounts
Profit Commission	Percentage profit commission and formulae to calculate.
Premium Reserve	Percentage premium reserve, time for devolution
Interest on reserve	Percentage, time for devolution
Technical accounts	Periodicity Deadline for sending them to reinsurers and for reinsurer's review Deadline for actual payment (to be sent or received)
Portfolio transfer	Definition, applicability, description of procedure
Cash Losses	Fixed amount in PHP/US\$, etc.
Applicable tax	If any

**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Resident Agent	Rating	Rating Agency	Class*	Subjectivities-Conditions	Limit	%	
			Total Authorized								
			Total Unauthorized								
			Total NRCP								

\*A – Authorized; U-Unauthorized; N- NRCP

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## NON-PROPORTIONAL TREATIES

### WORKING EXCESS OF LOSS (WXL)

Main Clauses:

Class/LoB	Description of underlying insurance covered, e.g. automobile insurance, etc.
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. sub-limits to catastrophe coverage
Territory	The Philippines, usually world-wide, etc.
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Profit Commission	Percentage profit commission and formulae to calculate.
Applicable tax	If any

Coverage details:

Layer	Limit	Priority	Rate	P.M.D		R.O.L	Reinstatements		Tax %
				Amount	Periodicity		Number	Conditions	
I	a	b							
II	c	d=(a+b)							
Last	e	f=(d+e)							
Total	e+f-b	b	---				---	---	

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**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Rating	Agency	Class *	Layer I		Layer II		Last Layer	
							Participation	Subjectivities	Participation	Subjectivities	Participation	Subjectivities
A			1									
			...									
B			1									
			...									
C			1									
			2									
			...									
TOTAL	100%	---	---	---	---		100%	---	100%	---	100%	---
			Total Authorized									
			Total Unauthorized									
			Total NRCP									

\*A – Authorized; U-Unauthorized; N- NRCP

**STOP LOSS (EXCESS OF LOSS RATIO)**

Main Clauses:

Class/LoB	Description of the underlying insurance covered, e.g. all property insurance issued by your Fire Department, etc.
Coverage description	Identification of underlying retention and proportional reinsurance in place. Identification of coverage (or not) of per-event limit of proportional reinsurance
Gross Net Premium income definition	This is the gross (without deduction of expenses) but net of reinsurance premium ceded, being the basis of this type of contract
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. sub-limits on catastrophe coverages

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Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Profit Commission	Percentage profit commission and formulae to calculate.
Contract liquidation	Definition of basis for contract adjustment at the end of coverage period
Applicable tax	If any

Coverage details<sup>1</sup>:

Layer	Limit	Priority	Rate	P.M.D		R.O.L	Reinstatements		Tax %
				Amount	Periodicity		Number	Conditions	
I	a	b							
II	c	d=(a+b)							
Last	e	f=(d+e)							
Total	e+f-b	b	---				---	---	

(1) Limit and Priorities expressed as multiple of retained premium.

**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Rating	Agency	Class *	Layer I		Layer II		Last Layer	
							Participation	Subjectivities	Participation	Subjectivities	Participation	Subjectivities
A			1									
			...									
B			1									
			...									
C			1									
			2									
			...									
TOTAL	100%	---	---	---	---		100%	---	100%	---	100%	---
			Total Authorized									
			Total Unauthorized									
			Total NRCP									

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## CATASTROPHE EXCESS OF LOSS (CXL)

Main Clauses:

Class/LoB	Description of the underlying insurance covered, e.g. all property insurance issued by your Fire Department, etc.
Coverage description	Identification of underlying retention and proportional reinsurance in place. Hazards covered Identification of coverage (or not) of per-event limit of proportional reinsurance
Cover Note	Inception date
Slips	Inception date
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Special clauses limiting reinsurers liability or increasing cedant participation in losses	e.g. a ceding percentage lower than 50% of layer
Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Profit Commission	Percentage profit commission and formulae to calculate.
Contract liquidation	Definition of basis for contract adjustment at the end of coverage period
Applicable tax	If any

Coverage details:

Layer	Limit	Priority	Rate	P.M.D		R.O.L	Reinstatements		Tax %
				Amount	Periodicity		Number	Conditions	
I	a	b							
II	c	d=(a+b)							
Last	e	f=(d+e)							
Total	e+f-b	b	---				---	---	

**SECURITY (BROKER(S) AND REINSURERS):**

Broker	Placing %	Brokerage	Reinsurer	Rating	Agency	Class *	Layer I		Layer II		Last Layer	
							Participation	Subjectivities	Participation	Subjectivities	Participation	Subjectivities
A			1									
			...									
B			1									
			...									
C			1									
			2									
			...									
TOTAL	100%	---	---	---	---		100%	---	100%	---	100%	---
			Total Authorized									
			Total Unauthorized									
			Total NRCP									

\*A – Authorized; U-Unauthorized; N- NRCP

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## SECTION 2: REINSURANCE PROGRAM TEMPLATE FOR LIFE INSURANCE AND REINSURANCE COMPANIES

For each product, insurance companies shall submit a description of the reinsurance/retrocession treaty in accordance with the pertinent templates prescribed. For long-term life insurance, the company shall use the templates prescribed in this section. For products on non-life techniques (e.g. group term life insurance, personal accident, etc.) the company must use the relevant template prescribed for non-life insurance/reinsurance companies.

The company may also consider disclosing additional material information, and should be submitted as requested.

For each product, the insurance company shall submit a description of the reinsurance/retrocession program, such description shall include the precedence between treaties as well the respective plot plan.

In case that a treaty, e.g. a Catastrophe Excess of Loss, covers several products and/or programs it should also be submitted.

### PROPORTIONAL TREATIES

#### SURPLUS SHARE

Main Clauses Traditional Life Insurance:

Product	Traditional insurance policies, e.g. whole life insurance, term life insurance, etc. Coverage (death, Accidental death, disability, etc.)
Reinsurer	Name of reinsurer(s)
Resident Agent	
Reinsurer Rating	Rating and rating agency
Reinsurance contract reception (including final signed & stamped slips)	Inception date
Territory	Usually world-wide,
Coverage period	From mm/dd/yy
Limit	Fixed amount indicating currency (PHP, US\$, etc.)

Retention	Maximum fixed amount retained plus terminal mathematical reserve, usually by age range:	
	Age range	Maximum Retention
	0 – 5 year old	A
	6 – 10	B
	11 – 25	C
	25 -55	D
	55+	E
	Definition of retention for sub-standard risk, e.g. extra-mortality up to 200% retention is lowered to 60%, for extra-mortality in excess of 200% retention is lowered to 30%	
Lines	Maximum number of times the reinsurer will accept liability	
Basis of premium ceded	Usually sum insured exposed to risk, i.e. sum insured minus Terminal Reserve minus Retention	
Basis of reinsurance rate	Normally x percent of $q_x$ of a particular mortality table (e.g. CSO-year). Specify if there is a different percentage for first year and following years. Basis for riders	
Ceding Commission	Fixed percentage of ceding commission (if ceded premium is on a gross basis)	
Reinsurance Rates Guarantee	Provide details of rates guarantee or state if rates may change and under which conditions.	
Subjectivities	Declare any relevant subjectivity or condition which may reduce the level of risk transfer and/or ability to recover claims.	
Profit Commission	Percentage profit commission and formulae to calculate.	
Bordereaux and technical accounts	Periodicity Deadline for sending them to reinsurers and for reinsurer's review Deadline for actual payment (to be sent or received)	
Portfolio transfer	Definition, applicability, description of procedure	
Cash Losses	Fixed amount in PHP/US\$, etc.	
Applicable tax	If any	

## SURPLUS SHARE

Main Clauses Unit-Linked Life Insurance:

Product	Unit-linked life insurance policies, Coverage (death, Accidental death, disability, etc.)
Reinsurer	Name of reinsurer(s)
Resident Agent	
Reinsurer Rating	Rating and rating agency

Reinsurance contract reception (including final signed & stamped slips)	Inception date
Territory	Usually world-wide
Coverage period	From mm/dd/yy
Limit	Fixed amount indicating currency (PHP, US\$, etc.)
Retention	Maximum fixed amount retained, usually independent of insured's age
	Definition of retention for sub-standard risk, e.g. extra-mortality up to 200% retention is lowered to 60%, for extra-mortality in excess of 200% retention is lowered to 30%
Lines	Maximum number of times the reinsurer will accept liability
Ceding premium	Normally set as a percentage of a specific mortality table, e.g. 50% first year, then 90% on monthly $q_x$ from CSO-2000. Extra premium for extra-mortality
Ceding Commission	Fixed percentage of ceding commission (if ceded premium is on a gross basis)
Profit Commission	Percentage profit commission and formulae to calculate.
Bordereaux and technical accounts	Periodicity
	Deadline for sending them to reinsurers and for reinsurer's review
	Deadline for actual payment (to be sent or received)
Portfolio transfer	Definition, applicability, description of procedure
Cash Losses	Fixed amount in PHP/US\$, etc.
Reinsurance Rates Guarantee	Provide details of rates guarantee or state if rates may change and under which conditions.
Subjectivities	Declare any relevant subjectivity or condition which may reduce the level of risk transfer and/or ability to recover claims.
Applicable tax	If any

## CATASTROPHE EXCESS OF LOSS

Main Clauses:

Product	Description of underlying insurance covered, e.g. life insurance, group life insurance, personal accident, etc.
Coverage description	Identification of underlying retention and proportional reinsurance in place. Hazards covered
Cover Note	Inception date
Slips	Inception date

Reinsurance contract reception (including final signed & stamped slips)	Inception date
Territory	The Philippines, usually world-wide
Coverage period	From mm/dd/yy to mm/dd/yy, local time, GMT
Profit Commission	Percentage profit commission and formulae to calculate.
Contract liquidation	Definition of basis for contract adjustment at the end of coverage period
Subjectivities	Declare any relevant subjectivity or condition which may reduce the level of risk transfer and/or ability to recover claims.
Applicable tax	If any

Coverage details:

Layer	Limit	Priority	Rate	P.M.D		R.O.L	Reinstatements		Tax %
				Amount	Periodicity		Number	Conditions	
I	a	b							
II	c	d=(a+b)							
Last	e	f=(d+e)							
Total	e+f-b	b	---				---	---	

Security (Broker(s) and Reinsurers):

Broker	Placing %	Broke rage	Reinsurer	Rating	Agency	Class*	Layer I		Layer II		Last Layer	
							Participation	Subjectivities	Participation	Subjectivities	Participation	Subjectivities
A			1									
			...									
B			1									
			...									
C			1									
			2									
			...									
TOTAL	100%	---	---	---	---		100%	---	100%	---	100%	---
			Total Authorized									
			Total Unauthorized									
			Total NRCP									

\*A – Authorized; U-Unauthorized; N- NRCP

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**PLOT PLAN**

The plot plan is a graphic representation of a reinsurance program, inclusive of treaties (proportional and non-proportional) and facultative policy. For example, complex facultative placings require a plot plan, otherwise, it is very difficult to understand the transaction. The plot plan is used to add clarity on which portfolio section a specific reinsurance contract applies as well as the order of applicability of the contracts, sometimes the security (and participation percentage) is included in the boxes.

