



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



Circular Letter (CL) No.:	2019-06
Date:	15 March 2019

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : Submission of Quantitative Impact Assessment Report relative to the Regulatory Relief provided to the Pre-Need Industry

WHEREAS, the Insurance Commission (IC) on 28 November 2012 issued Circular Letter (CL) No. 23-2012 entitled "Valuation of Transitory Pre-Need Reserves" to provide regulatory leeway to pre-need companies in the valuation of pre-need reserves for old basket of plans previously approved by the Securities and Exchange Commission (SEC);

WHEREAS, on 14 November 2018, IC issued CL No. 2018-58 entitled "Regulatory Relief for the Pre-Need Industry due to High Volatility in the Philippine Financial Market" in order to stabilize the impact on the pre-need industry of high volatility in the Philippine financial market;

NOW THEREFORE, pursuant to the authority vested to the Insurance Commission by the provisions of Section 6 of the Pre-Need Code, the following rules and regulations are hereby promulgated:

SECTION 1. OBJECTIVE

To monitor and assess the overall impact of the regulatory relief provided for under CL No. 2018-58 to pre-need companies for the year 2018 and to further improve the regulations for the pre-need companies.

SECTION 2. REPORTORIAL REQUIREMENT(S)

All pre-need companies authorized to transact business in the Philippines shall submit the following quantitative impact assessment reports:

- a. With and without regulatory relief comparative balance sheet (statement of financial position) as of 31 December 2018 of the pre-need company following the format prescribed in **Annex A**;

- b. With and without regulatory relief comparative balance sheet (statement of financial position) as of 31 December 2018 of the trust fund account(s) following the format prescribed in **Annex B**; and
- c. With and without regulatory relief comparative reserve valuation report as of 31 December 2018 following the format prescribed in **Annex C**.

All reports shall be duly certified and signed by the accountant and IC-accredited Actuary together with the Chief Financial Officer (CFO) or its equivalent.

The above reports shall form an **integral part** of the Annual Statement and must be submitted on or before 31 May 2019.

SECTION 3. PENALTY

Failure to submit and incomplete submission of the reportorial requirement(s) on the deadline of submission shall be subject to penalty of five thousand pesos (PHP5,000.00) per day of delay as prescribed under CL No. 2014-15 on Fees and Charges.

Moreover, wrong data entry of material information in said reports or revision of any material statement or figure shall be subject to a penalty of five hundred pesos (PHP500.00) per item in accordance with CL No. 2014-15.

SECTION 4. EFFECTIVITY

This Circular shall take effect immediately.

For strict compliance.


DENNIS B. FUNA
Insurance Commissioner



Quantitative Impact Assessment Report as of December 31, 2018 of _____

BALANCE SHEET

	(A)	(B)	(C)
ASSETS	With Regulatory Relief provided by CL No. 2018-58	Without Regulatory Relief provided by CL No. 2018-58	Difference
1. Investments in Trust Funds			-
2. Insurance Premium Fund			-
Corporate Assets:			
3. Government Securities			-
4. Cash on Hand and in Banks			-
5. Mutual Funds/UITF			-
6. Short Term Investments			-
7. Corporate Bonds			-
8. Mortgage Loans			-
9. Planholders' Loans			-
10. Stocks			-
11. Real Estate			-
12. Other Investment			-
13. Accrued Investment Income			-
14. Accounts/Notes Receivable			-
15. Property and Equipment			-
16. Inventories			-
17. Other Assets			-
18. Total Assets	-	-	-
LIABILITIES			
19. Pre-need Reserves			-
20. Insurance Premium Reserve			-
21. Other Reserves			-
22. Planholders' Benefits Payable			-
23. Planholders' Deposits			-
24. Counselors' Bond Reserves			-
25. Accounts/Notes Payable			-
26. Taxes Payable			-
27. Accrued Expenses			-
28. Other Liabilities			-
29. Total Liabilities	-	-	-
STOCKHOLDERS' EQUITY			
30. Paid-up Capital Stock			-
31. Additional Paid-in Capital			-
32. Deposit for Future Subscription			-
33. Special Surplus Funds:			-
34. Fluctuation/Revaluation Reserve - Trust Funds			-
35. Fluctuation/Revaluation Reserve -Corporate Assets			-
36. Retained Earnings - Trust Fund			-
37. Retained Earnings - Corporate Assets			-
38. Total Stockholders' Equity	-	-	-
39. Total Liabilities & Stockholders' Equity	-	-	-

Note: If the regulatory relief provided by CL No. 2018-58 was not applied, then values under columns A and B shall be equal.

I hereby certify that I have prepared and fairly presented the Quantitative Impact Assessment Report as of 31 December 2018 of _____ in accordance with the standards prescribed by the Insurance Commission.

Signature over Printed Name of Preparer
Accountant or Equivalent (Position)

APPROVED BY:

Signature over Printed Name of Responsible Officer
Chief Financial Officer or Equivalent (Position)

Quantitative Impact Assessment Report as of December 31, 2018 of _____

(TYPE OF PLAN)

BALANCE SHEET

	(A)	(B)	(C)
ASSETS	With Regulatory Relief provided by CL No. 2018-58	Without Regulatory Relief provided by CL No. 2018-58	Difference
1 Government Securities			-
2 Cash in Savings/Time DepositS			-
3 Mutual Funds/UITF			-
4 Short Term Investments			-
5 Corporate Bonds			-
6 Mortgage Loans			-
7 Planholders' Loans			-
8 Stocks			-
9 Real Estate			-
10 Other Investments			-
11 Accrued Investment Income			-
12 Other Assets			-
13 Total Assets	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
14 Accrued Trust Fees			-
15 Accrued Taxes			-
16 Other Liabilities			-
17 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY			
18 Fund Balance (beginning)			-
19 Additional Contribution (current year)			-
20 Withdrawals (current year)			-
21 Adjustments (prior periods)			-
22 Fund Balance (ending)	-	-	-
23 Retained Earnings (beginning)			-
24 Net Income (Loss) - (curent year)			-
25 Retained Earnings (end)	-	-	-
26 Net Unrealized Income (Loss)			-
27 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>
28 Total Liabilities & Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>

Note: If the regulatory relief provided by CL No. 2018-58 was not applied, values in columns A and B shall be equal.

I hereby certify that I have prepared and fairly presented the Quantitative Impact Assessment Report as of 31 December 2018 of _____ in accordance with the standards prescribed by the Insurance Commission.

Signature over Printed Name of Preparer
Accountant or Equivalent (Position)

APPROVED BY:

Signature over Printed Name of Responsible Officer
Chief Financial Officer or Equivalent (Position)

Quantitative Impact Assessment Report as of December 31, 2018 of

RESERVES	(A) With Regulatory Relief provided by CL No. 2018- 58	(B) Without Regulatory Relief provided by CL No. 2018- 58	(C) Difference
1 Pre-Need Reserves			-
a SEC-Approved Plans			
i. Pre-Need Reserves (PNR)	_____	_____	_____
ii. Transitory Pre-Need Reserves (TPNR)	_____	_____	_____
b IC-Approved Plans			
i. Pre-Need Reserves (PNR)	_____	_____	_____
c Sub-total	_____	_____	_____
2 Insurance Premium Reserve (IPR)	_____	_____	_____
3 Other Reserves	_____	_____	_____
4 Total Reserves	=====	=====	=====

Notes:

1. If the regulatory relief provided by CL No. 2018-58 was not applied, then Pre-Need Reserves under columns A and B shall be equal.
2. Pre-Need Reserves Sub-total shall be equal to item 19 of Annex A.
3. IPR under columns A and B shall be equal.
4. Valuation interest rates used in the computation of PNR for columns A and B are as follows:

[schedule of valuation interest rates]

5. Except for the valuation interest rate, all other assumptions used in the computation of reserves for columns A and B are the same.

I hereby certify that I have prepared and fairly presented the Quantitative Impact Assessment Report on Reserve Valuation as of 31 December 2018 of _____ in accordance with CL Nos. 2018-58 and 23-2012 issued by the Insurance Commission.

Signature over Printed Name of Actuary
Actuary (Position)