



Circular Letter No.:	2024-19
Date:	17 October 2024
Amends:	Section 2 of CL No. 2018-69

CIRCULAR LETTER

TO : ALL MUTUAL BENEFIT ASSOCIATIONS (MBAs) DOING BUSINESS IN THE PHILIPPINES

SUBJECT : APPLICATION OF PHILIPPINE FINANCIAL REPORTING STANDARD (PFRS) 17 – INSURANCE CONTRACTS IN THE AUDITED FINANCIAL STATEMENTS (AFS)

WHEREAS, the International Accounting Standards Board (IASB), an international accounting standard-setting body, issued International Financial Reporting Standards 17 – Insurance Contracts (IFRS 17) for implementation beginning 1 January 2023;¹

WHEREAS, IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued, and likewise requires similar principles to be applied to reinsurance contracts held;

WHEREAS, the Securities and Exchange Commission (SEC) adopted IFRS 17 as PFRS 17 through SEC Memorandum Circular (MC) Nos. 8, s. 2020 and 1, s. 2022;²

WHEREAS, pursuant to paragraph 1 (B), Rule 68 of the Securities Regulation Code (SRC), the SEC shall consider the pronouncements and interpretation of the Insurance Commission as the primary regulator in prescribing the applicable financial reporting framework for particular entities covered by the Rule;⁴

WHEREAS, consistent with Rule 68 of the SRC, the Commission issued Circular Letter No. 2018-69⁵ directing MBAs to comply with the current accounting standard (i.e., PFRS 4 – Insurance Contracts) until further required by the Insurance Commission to adopt PFRS 17;

¹ IFRS 17 has global effectivity date of 01 January 2023 based on the Amendments to IFRS 17 issued by the IASB in June 2020.

² Philippine Financial Reporting Standards (PFRS) are currently fully converged with International Financial Reporting Standards (IFRS).

⁴ <https://www.sec.gov.ph/wp-content/uploads/2019/11/SRC-Rule-68-as-amended.pdf>

⁵ Entitled, “Deferral of Implementation of International Financial Reporting Standard 17 – Insurance Contracts.”



WHEREAS, the MBA industry is currently transitioning its reserving methodology from Net Premium Valuation to Gross Premium Valuation, and said transition is necessary to prepare the industry prior to PFRS 17 adoption;

NOW, THEREFORE, in view of the foregoing and pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Republic Act No. 10607 or the Amended Insurance Code, the following rules and regulations are hereby promulgated:

SECTION 1. APPLICATION OF PFRS 17 IN THE AUDITED FINANCIAL STATEMENTS (AFS) OF MBAs

All MBAs shall adopt PFRS 17 starting 1 January 2030. However, MBAs are not precluded from implementing PFRS 17 in their AFS before said effectivity date.

SECTION 2. DISCLOSURE REQUIREMENTS FOR MBAs

MBAs shall disclose in the notes to the financial statements the disclosure requirements of the Philippine Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates, and Errors (PAS 8) in relation to the impending adoption of new accounting standards (e.g., PFRS 17).


REYNALDO A. REGALADO
Insurance Commissioner

