



Circular Letter No.:	2024-20
Date:	17 October 2024
Amends:	Sec. 2 of CL No. 2022-12

**CIRCULAR LETTER**

**TO : ALL HEALTH MAINTENANCE ORGANIZATIONS (HMOs) IN THE PHILIPPINES**

**SUBJECT : APPLICATION OF PHILIPPINE FINANCIAL REPORTING STANDARD (PFRS) 17 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 (IFRS 17) for implementation beginning 1 January 2023;<sup>1</sup>

**WHEREAS**, IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued, which covers HMO agreements;

**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;<sup>2</sup>

**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;<sup>4</sup>

**WHEREAS**, consistent with Rule 68 of the SRC, the Commission issued Circular Letter No. 2022-12<sup>5</sup> deferring the adoption of PFRS 17 to 1 January 2025;

**WHEREAS**, the Commission is currently working on a new regulatory framework for the HMO industry’s improved capitalization and enhanced solvency position, and the revision of the framework is necessary to prepare the industry prior to PFRS 17 adoption;

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

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

<sup>4</sup> [https://www.sec.gov.ph/wp-content/uploads/2019/12/2019Rule\\_RSRCRule68.pdf](https://www.sec.gov.ph/wp-content/uploads/2019/12/2019Rule_RSRCRule68.pdf)

<sup>5</sup> Entitled, “Application of PFRS 17 for HMOs.”



**NOW, THEREFORE**, in view of the foregoing and pursuant to the powers granted to the Insurance Commissioner under Section 4 of Executive Order 192, s. 2015, the following rules and regulations are hereby promulgated:

**SECTION 1. APPLICATION OF PFRS 17 IN THE AUDITED FINANCIAL STATEMENTS OF HMOs**

All HMOs shall adopt PFRS 17 starting 1 January 2027. However, HMOs are not precluded from implementing PFRS 17 in their AFS before the effectivity date.

**SECTION 2. DISCLOSURE REQUIREMENTS FOR HMOs**

HMOs 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).

**SECTION 3. PFRS 17 PREPAREDNESS ASSESSMENT**

HMOs shall submit the PFRS 17 Preparedness Assessment Report which aims to monitor the progress in the preparation for the PFRS 17 adoption.

The above report shall be submitted quarterly with the Interim Financial Statements starting 15 January 2025 and thereafter on or before the following dates:

<b>Quarter Ending</b>	<b>Due Date</b>
March 31	April 15
June 30	July 15
September 30	October 15
December 31	January 15

Please refer to the **Annex<sup>6</sup>** for the template and details of the assessment report.

  
**REYNALDO A. REGALADO**  
Insurance Commissioner



<sup>6</sup> The Annex may be updated as necessary through an IC Issuance.