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Newsletter

Issue No. 04

March 2025



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**APPLICATION OF PHILIPPINE FINANCIAL REPORTING STANDARD 17-
INSURANCE CONTRACTS (PFRS 17) IN THE AUDITED FINANCIAL
STATEMENTS (AFS) AND PREPARATION OF IC REPORTORIAL
REQUIREMENTS**

**TO: All Insurance and Professional Reinsurance Companies Doing Business
in the Philippines**

The Insurance Commission (IC) has issued Circular Letter No. 2025-04, outlining the Application of Philippine Financial Reporting Standard 17-Insurance Contracts (PFRS 17) in the Audited Financial Statements (AFS) and Preparation of IC Reportorial Requirements. This is to ensure the smooth implementation of Philippine Financial Reporting Standard 17 (PFRS 17) within the insurance and reinsurance sectors. This circular outline the adoption timeline, preparation of required supplemental reports, ongoing compliance with IC reportorial requirements, submission deadlines for PFRS 17 progress reports and quantitative impact assessments, and additional schedules for reserve valuations under PFRS 17.

GUIDELINES

This covers insurance and professional reinsurance companies that fulfill any of the following conditions under IC Circular Letter No. 2025-04:

- a. Philippine Financial Reporting Standard 17 (PFRS 17) must be adopted in the Audited Financial Statements (AFS) starting January 1, 2027, with optional early adoption beginning January 1, 2025.
- b. Companies applying PFRS 17 must provide a supplemental report detailing insurance and reinsurance asset and liability accounts.
- c. Companies are required to continue preparing Quarterly Financial Reporting Framework (FRF) Reports, Annual Statements (AS), Actuarial Valuation Reports (AVR), and Risk-Based Capital (RBC2) Workbooks based on existing circular letters.
- d. Quarterly PFRS 17 status reports must be submitted, outlining implementation progress, challenges, risks, and accounting policies, using prescribed templates.
- e. Companies are to complete and submit QIA templates at specified intervals.
- f. Companies implementing PFRS 17 are required to provide additional schedules reflecting reserve valuation changes in compliance with Sections 216 and 219 of the Amended Insurance Code.

I. APPLICATION OF PFRS 17 IN THE AUDITED FINANCIAL STATEMENTS (AFS)

All companies shall adopt PFRS 17 in their AFS for submission to the SEC effective **January 1, 2027**. However, companies are allowed to adopt PFRS 17 in their AFS beginning January 1, 2025.

II. SUPPLEMENTAL REPORT TO THE AFS ON PFRS 17.

All companies applying for PFRS 17 in their AFS shall provide a supplemental report covering specific insurance and reinsurance asset and liability accounts. This supplemental report shall be used for prudential analysis and admittance assessment as mandated under the Code.

Please refer to **Annex A** for the template and details of the supplemental report.

III. PREPARATION OF IC REPORTORIAL REQUIREMENTS

All companies shall continue to prepare the following IC reportorial requirements in accordance with CLs:

Reportorial Requirements	Basis for Preparation
a. Quarterly Financial Reporting Framework (FRF) Report	CL No. 2016-65
b. Annual Statement (AS)	
c. Actuarial Valuation Report (AVR)	CL No. 2016-66 and 2018-18
d. Risk-Based Capital (RBC2) Workbook	CL No. 2016-68

IV. SUBMISSION OF PFRS 17 AFFIDAVIT OF UNDERTAKING

All companies shall be required to submit the following documents as part of their AS for the year 2024, which is due on **April 30, 2025**:

Requirements	Remarks
a. PFRS 17 Status Report	This report outlines the company's progress in adopting PFRS 17 as of March 31, 2025. Detailed instructions for completing this report can be found in Annex B .
b. PFRS 17 Implementation Affidavit of Undertaking	This affidavit serves as a formal declaration of the company's commitment to implementing PFRS 17. Further information is available in Annex C .

V. SUBMISSION OF QUARTERLY PFRS 17 STATUS REPORTS

All companies shall be required to submit PFRS 17 status reports as required attachments to their quarterly FRF. These reports shall be duly approved and signed by the company's President, Chief Executive Officer, or its authorized representative.

At a minimum, the status report shall include the following:

- a. A summary of implementation activities in preparation for the adoption of PFRS 17 by January 1, 2027;
- b. An overview of risks, challenges, and issues encountered with corresponding mitigation measures or action steps to address them;
- c. An assessment of PFRS 17 preparedness; and
- d. The company's PFRS 17 accounting policies.

The PFRS 17 status report shall be submitted in Excel format (.xls/.xlsx) using the attached template (**Annex D**) and must be uploaded to the IC Online Uploading Portal (<https://onuploading.insurance.gov.ph>) on or before the specified dates:

Quarter Ending	Submission Due Date 2025 and 2026
March 31	April 20*
June 30	July 20
September 30	October 20
December 31	January 20

**For March 31 (Q1) 2026 only*

VI. CONDUCT OF PFRS 17 QUANTITATIVE IMPACT ASSESSMENT (QIA)

Companies shall submit the completed PFRS 17 QIA templates under IC Advisory No. RS-2024-013 according to the following schedule:

Period Covered	Submission Due Date
December 31, 2024	June 30, 2025
June 30, 2025	August 31, 2025
December 31, 2025	June 30, 2026
June 30, 2026	August 31, 2026
December 31, 2026	June 30, 2027

This ensures that all assessments are conducted and reported in a timely manner.

VII. REPORTING OF PFRS 17 VALUATIONS

Companies implementing PFRS 17 shall include an additional schedule (**Annex E**) in their AFS. This schedule shall detail the changes or movements in the PFRS 17 reserve valuations, which shall form part of the Commission's reserve requirements pursuant to Sections 216 and 219 of the Amended Insurance Code.

Our view:

The adoption of PFRS 17 introduces changes in how insurance companies report their financials, aiming for clearer and more consistent reporting. It requires businesses to prepare in advance, ensuring compliance with the new standards.

For the full text of the Circular, refer to the link below.

[*IC Circular Letter No. 2025-04. Application of Philippine Financial Reporting Standard 17 Insurance Contracts in the AFS and Preparation of IC Reportorial Requirements*](#)

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Comments and suggestions are welcome.

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