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Newsletter

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The Insurance Commission (IC) has issued Circular Letter No. 2025-05, 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 (HMO)

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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 Health Maintenance Organizations (HMOs) in the Philippines

The Insurance Commission (IC) has issued **Circular Letter No. 2025-05**, 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 of **Health Maintenance Organizations (HMOs)**. 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 all Health Maintenance Organizations (HMOs) in the Philippines that are subject to the requirements under IC Circular Letter No. 2025-05:

- 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 are required to continue preparing Quarterly Reporting, Annual Reporting, and Actuarial Valuation Reports (AVR).
- c. Companies are required to submit quarterly PFRS 17 status reports, duly approved by key executives, through the IC Online Uploading Portal in Excel format. These reports must outline implementation activities, challenges encountered, preparedness assessments, and accounting policies, with submissions commencing on May 31, 2025, for the first quarter.
- d. Companies implementing PFRS 17 must provide an additional schedule in their annual reports that outline changes or movements in reserve valuations.

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

All HMOs 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. PREPARATION OF IC REPORTORIAL REQUIREMENTS

All HMOs shall continue to prepare the following IC reportorial requirements based on the existing CLs:

Reportorial Requirements	Basis for Preparation
a. Quarterly Reporting	CL no. 2018-88
b. Annual Reporting	
c. Actuarial Valuation Report (AVR)	CL Nos. 2020-22 and 2022-49

III. SUBMISSION OF QUARTERLY PFRS 17 STATUS REPORTS

All companies shall be required to submit PFRS 17 status reports as required attachments to their quarterly Interim Financial Statements (IFS). 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 taken to address them.
- c. An assessment of PFRS 17 preparedness.
- 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 A**) 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 15*
June 30	July 15
September 30	October 15
December 31	January 15

**For Q1 2025, the report is due on 31 May.*

IV. REPORTING OF PFRS 17 VALUATIONS

Companies implementing PFRS 17 shall include an additional schedule (**Annex B**) in their annual reporting. 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 CL Nos. 2020-22 and 2022-49.

Our view:

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

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

[IC Circular Letter No. 2025-05. 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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