

[Circular Letter No. 2016-69, January 11, 2017]

**IMPLEMENTATION REQUIREMENTS FOR FINANCIAL REPORTING,
VALUATION STANDARDS FOR INSURANCE POLICY RESERVES,
AND AMENDED RISK-BASED CAPITAL (RBC2) FRAMEWORK**

Adopted: 28 December 2016

Date Filed: 11 January 2017

After due consultation with stakeholders and consideration of concerns raised, it has been decided that the following new regulatory requirements under their respective Circular Letters (CL) shall take effect beginning January 01, 2017:

1. Financial Reporting Framework (FRF): CL No. 2016-65.
2. Valuation Standards for Life Insurance Policy Reserves: CL No. 2016-66.
3. Valuation Standards for Non-Life Insurance Policy Reserves: CL No. 2016-67.

For the initial year of implementation, the requirements will be relaxed as follows:

a. Premium Liabilities

For 2017, companies shall be allowed to set up as Premium Liabilities the Unearned Premium Reserves (UPR) instead of the higher of the UPR and Unexpired Risk Reserve (URR), determined in accordance with Section 7.2 of the Circular Letter No. 2016-67.

Starting 2018, the Premiums Liabilities shall be determined in accordance with the valuation standards prescribed under the Circular Letter No. 2016- 67.

b. Claims Liabilities

Claims Liabilities shall be determined in accordance with the valuation standards prescribed under Section 8 of CL No. 2016-67.

For 2017, companies shall be allowed to set the Margin for Adverse Deviation (MfAD) to zero (0).

c. Margin for Adverse Deviation

MfAD shall be company-specific. The companies shall submit to the IC the documents and certification signed by an IC-accredited actuary to support the computation of their MfAD.

4. Amended Risk-Based Capital (RBC2) Framework: CL No. 2016-68