



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue, Manila



4 February 2025

PC/SUPT TOMAS G. RENTOY III (Ret.)
Chairman
LAKAN MUTUAL BENEFIT ASSOCIATION, INC.
Unit 704-C, Regalia Park Towers
150 P. Tuazon Blvd., Brgy. Socorro
Cubao, Quezon City 1109
pnpalakanmbai@gmail.com

SUBJECT: Closing of the 2023 Annual Statement (AS) Examination

Dear **PC/SUPT Rentoy III**:

This refers to your letter dated 11 November 2024 on the Association's response to the other audit findings, proof of payment for the imposed penalty, and request for reconsideration of (i) *Liability on Individual Equity Value (LIEV)* and (ii) *Property and Equipment* accounts.

Upon evaluation of the submitted reconciliation statement showing the differences in computation of *LIEV* between the IC and the Association, an amount of ₱954,157.06 was reconsidered as a reduction to the non-ledger liability. This adjustment increased the total fund balance from ₱1,529,946.80 to **₱2,484,103.86**, while the Risk-Based Capital (RBC) ratio increased from 108% to **175%**.

However, the condominium properties valued at ₱3,548,963.99 cannot be classified as investment properties based on the following grounds:

1. The Association booked the said assets as *Property and Equipment*, which is subject to the 20% limit under Section 206[b][1] of the Code; and
2. These properties are used for office purposes, as observed by the examiners during the on-site visit to the Association's office premises.

In view of the Association's compliance with the regulatory requirements and directives of the Commission, the figures in the attached summary of accounts shall be the final balances of the 2023 AS. We now consider the 2023 AS examination **CLOSED**.

Nonetheless, we reiterate the continuous monitoring of the Association's compliance with the provisions of the Code and directives of the Commission in the succeeding AS examination or verification.

Thank you.

Very truly yours,


REYNALDO A. REGALADO
Insurance Commissioner



LAKAN MUTUAL BENEFIT ASSOCIATION, INC.
FINAL BALANCE OF THE ANNUAL STATEMENT
AS OF 31 DECEMBER 2023

ADMITTED ASSETS

Cash and cash equivalents	P 19,248,817.93
Financial assets at amortized cost (FAAC) - current	5,729,266.97
Member's Contributions Due and Uncollected	938,100.00
Financial Assets at Fair Value (FAFV)	221,873.46
Loans and Receivables-net	358,428.09
Property and equipment-net	516,357.34
TOTAL ADMITTED ASSETS	P 27,012,843.79

LIABILITIES

Liability on individual equity value	P 18,579,592.94
Basic contingency benefits reserve	34,492.50
Members Contributions Received in Advance - current	61,500.00
Accounts Payable	154,198.42
Other Long-term Liabilities	5,698,956.07
TOTAL LIABILITIES	P 24,528,739.93

FUND BALANCE

Free and Unassigned Fund Balance	P (2,737,720.63)
Assigned fund balance:	
Funds Assigned for Guaranty Fund	5,221,824.49
TOTAL FUND BALANCE	P 2,484,103.86
TOTAL LIABILITIES AND FUND BALANCE	P 27,012,843.79

ADDITIONAL INFORMATION

Capital Adequacy Ratio, as prescribed under existing regulations	175%
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