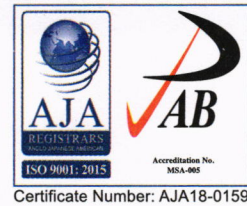




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2019-03
Date:	26 February 2019
Supersedes	None

TO : ALL LIFE INSURANCE COMPANIES

SUBJECT : ADOPTION OF NEW BUSINESS ANNUAL PREMIUM EQUIVALENT (NBAPE) OF LIFE INSURANCE COMPANIES AS A STATISTICAL OUTPUT

WHEREAS, Section 437 of the Insurance Code, as amended, gives the Commissioner the authority to issue circulars as may be deemed necessary to secure the enforcement and efficient regulation of the insurance industry.

WHEREAS, to measure and compare life insurance revenue amount of new business gained in a period by life insurance companies, Annual Premium Equivalent is being used.

WHEREAS, the term "New Business" is understood as newly issued policies of life insurance companies within the calendar year.

WHEREAS, Annual Premium Equivalent (APE) is used when sales contain both single premium and regular premium business. This calculation is used by the insurance industry to allow comparisons of new business won in a given time period.¹

WHEREAS, the formula used in the determination of the New Business APE is the sum of the 100% of actual first year (regular) premiums plus 10% of single premiums.

WHEREAS, the said method of determining new business premiums of life insurance companies affords a more accurate evaluation of the life insurance industry performance.

WHEREAS, presently the statistical output with respect to premiums is only on Total Premiums, which includes renewal premiums as well as first year premiums and single premiums.

¹ (<https://www.investopedia.com/terms/a/annualpremiumentbasis.asp>)