



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila



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**IC RELEASES PERFORMANCE STATISTICS
FOR LIFE AND NON-LIFE INSURANCE, MBA
INDUSTRIES AS OF 30 JUNE 2020**

The Insurance Commission has recently released the performance statistics for the life and non-life insurance industries, as well as for mutual benefit associations (“MBAs”), as of 30 June 2020 (“2Q 2020”).

“These figures are based on the data that we have gathered from the unaudited Quarterly Reports on Selected Financial Statistics (“QRSFS”) submitted online by companies per this Commission’s Circular Letter No. 2020-80,” Insurance Commissioner Dennis Funa said.

It will be remembered that the deadline for submission of the QRSFS was extended until 31 August 2020 in accordance with IC Advisory No. 23-2020 dated 17 July 2020, which superseded IC Advisory No. 17-2020, due to certain mobility restrictions brought about by the imposition of community quarantine guidelines due to the COVID-19 pandemic.

According to the reports, the life insurance industry’s total assets grew by 1.95% as of 2Q 2020, from ₱1.38 trillion as of 30 June 2019 (“2Q 2019”) to ₱1.41 trillion.

“This can be attributed to the increase in invested assets and reinsurance accounts receivable. On the other hand, the industry’s total net worth went down by 13.26% due primarily to the decrease in reserve accounts by 47.36%,” Commissioner Funa said.

The total paid-up capital of the life insurance sector showed continuous growth every quarter, increasing by 10.78% from ₱22.69 billion in 2Q 2019 to ₱25.13 billion in 2Q 2020. Total investments likewise increased by 1.20% from ₱1.33 trillion in 2Q 2019 to ₱1.35 trillion in the same quarter of 2020.

Total premium income generated by the life insurance industry slightly decreased by 0.41% from ₱108.42 billion in 2Q 2019 to ₱107.98 billion in 2Q 2020.

“This was brought about by the decrease in traditional life premiums by 5.35% or ₱1.67 billion compared with the same quarter of the previous year. The single and first-year premiums for traditional life insurance posted a decrease of 62.43% and 9.80%, while the renewal premiums increased by 2.17%, Commissioner Funa explained.

“We also noted that there was an increase in variable life premiums of ₱ 1.23 billion or 1.59% this 2Q 2020. The decrease in the first-year premiums for variable unit-linked (VUL) products by 17.65% was offset by the increase in single and renewal premiums by 4.89% and 7.70%, respectively,” he added.

As regards the non-life insurance sector, its total assets grew to ₱275.08 billion during the first half of 2020, up by 13.63% over the same reporting period last year at ₱242.08 billion. Likewise, the non-life sector’s total liabilities registered an increase of 11.98%, as the total amount rose to ₱172.64 billion compared to last year’s ₱154.16 billion. The non-life insurance industry’s aggregate net worth stood at ₱102.44 billion as of 2Q 2020, a 19.29% increase over the previous year’s ₱87.92 billion. Meanwhile, the non-life insurance sector’s total investments also slightly grew by 9.52%, from ₱108.37 billion in 2Q 2019 to ₱118.69 billion as of 2Q 2020.

“This growth was attributed to the 17.66%, 1.54% and 309.98% increase in debt securities (bonds) or government securities, time deposits, and other investments, respectively, which comprised 64.79% of the industry’s total investments. Considering the relatively stable investment portfolio, it can be observed that the industry’s investments remained largely unaffected by the adverse market effects of the COVID-19 pandemic,” remarked Commissioner Funa.

The Net Premiums Written (NPW) of the non-life insurance sector decreased by 17.93%, from ₱27.61 billion in the same period last year to ₱22.66 billion for the second quarter of 2020.

“This decline was brought about by the decrease in almost all lines of business, except for aviation which showed an increase of 314.81%. It can be presumed that this general decline may be attributed to the decrease in the general public’s capacity to pay premiums due to the adverse effects of the COVID-19 pandemic, as the second quarter of 2020 marked the pinnacle of the strict imposition of community quarantine guidelines by the National Government,” explained Commissioner Funa.

Consistent with the trend in the past reporting periods, motor car insurance still had the highest contribution per line of business, with 47.08% share to the total NPW. As such, it is also the highest contributor of the decrease in NPW, with 21.90% or a total of ₱2.99 billion decrease from ₱13.66 billion in 2Q 2019 to ₱10.67 billion in 2Q 2020,” he added.

However, the non-life insurance industry’s net income remarkably grew by 81.80% as of 2Q 2020, which is ₱1.51 billion higher than the previous year, from ₱1.84 billion in 2Q 2019 to ₱3.35 billion in 2Q 2020.

“The growth has been attributed to 30.70% rise in underwriting gain. There are still 35 companies, or more than half of the total companies, that reported increases in their net income,” Commissioner Funa explained.

Insofar as MBAs are concerned, thirty-five (35) MBAs reported total assets of ₱107.47 billion in the second quarter of 2020, a 13.30% increase over that of the previous year, with five (5) MBAs sharing ₱85.14 billion or 79.22% of the total reported assets.

The MBAs' investments as of 2Q 2020, which increased by 10.44% compared to the same quarter last year, amounted to ₱94.15 billion and comprised the biggest chunk of 87.61% of the total assets.

"As in the previous year of the same quarter, most of the investments were placed in long-term investments that stood at ₱42.80 billion and in loans at ₱ 31.34 billion," Commissioner Funa said.

The MBAs' total liabilities as of 2Q 2020 also rose by 15.45% from last year's ₱55.80 billion to ₱64.42 billion. Meanwhile, the MBAs' total fund balance also increased to ₱43.04 billion, or 10.22%, over the reported equity of ₱39.05 billion as of 2Q 2019.

The MBA industry's aggregate premium income during 2Q 2020 contracted by 7.23% from that of the previous year, amounting to ₱5.45 billion. Meanwhile, the aggregate net surplus reported by MBAs for the said quarter likewise declined to ₱1.38 billion from ₱3.08 billion, a 55.26% decrease from that of 2Q 2019.

"This can be attributed to the decrease in the collections and other income, which presumably may be attributed to the difficulties encountered in collection due to certain National Government community quarantine protocols brought about by COVID-19, and coupled by the increase in Operating Expenses by 68.91%," Commissioner Funa said.



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