



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**



# ANNUAL REPORT

# 2017



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## 2017

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# I. ADMINISTRATION OF INSURANCE AND PRE-NEED CODES AND EXECUTIVE ORDER 192 s. 2015

## A. Licensing and Market Structure

The Insurance Commission (IC) maintained the validity of ninety (90) Certificates of Authority (CAs) issued in 2016 to 4 composite, 27 life, 58 non-life insurance companies and 1 professional reinsurer for the year 2017. The expiry of the said CAs will be on 31<sup>st</sup> of December of the following year.

The Commission also issued servicing licenses to two (2) life and six (6) non-life companies under Circular Letter No. 2014-14. These companies are as follows:

*For life:*

1. CAP Life Insurance Corp.
2. Sun Life Assurance Company of Canada

*For Non-Life:*

1. Centennial Guarantee Assurance Corporation
2. FLT Prime Insurance Corporation
3. Manila Surety and Fidelity Company, Inc.
4. Meridian Assurance Corporation
5. Solid Guaranty, Inc.
6. United Insurance Company, Inc.

**Table 1 :** Insurance Companies, Mutual Benefit Associations, Pre-Need Companies and Health Maintenance Organizations Authorized to Transact Business in the Philippines As of 31 December 2017

I. Insurance Companies					
Classification of Companies	Direct Insurers			Prof. Reinsurer	TOTAL
	Composite	Life	Non-Life		
A. Domestic	3	18	50	1	80
B. Foreign*	1	9	8	0	18
<b>Total</b>	<b>4</b>	<b>27</b>	<b>58</b>	<b>1</b>	<b>90</b>
II. Mutual Benefit Associations (MBAs)					
A. Microinsurance MBAs					23
B. Regular MBAs					12
<b>Total</b>					<b>35</b>
III. Pre-Need Companies					
A. Domestic					14
IV. Health Maintenance organizations (HMOs)					
A. Domestic					29
V. Servicing Companies					
A. Insurance					8
B. Pre-Need					3
<b>Total</b>					<b>11</b>

\*Foreign companies - with more than 50% foreign participation

One (1) non-life company changed its corporate name from Northwest Insurance and Surety Co., Inc. to AA Guaranty Assurance Co., Inc. The change took effect on 08 September 2017.

For Mutual Benefit Associations (MBAs), the CAs granted to 34 associations in 2016 were maintained in 2017, with the addition of one license granted to Nueva Segovia Consortium of Cooperatives Mutual Benefit Association (NSCC MBA), Inc. Of the 35 accredited MBAs, 23 were microinsurance MBAs (MicroMBAs) and 12 were Regular MBAs.

Fourteen (14) pre-need companies were granted CAs to do business in the country. This includes Cosmopolitan CLIMBS which was established effective 9 August 2017.

Three (3) companies were issued servicing company licenses, to wit:

1. Cocoplans, Inc.
2. Himlayan Pilipino Plans, Inc.
3. Mercantile Care Plans, Inc.

The licenses of two (2) pre-need companies were not renewed due to non-compliance with the requirements of the Insurance Commission. These companies are:

1. First Union Plans, Inc.
2. Paz Memorial Services, Inc.



The IC together with its private partners responds to the new risks and challenges faced by the insurance industry. (Photos: 14<sup>th</sup> General Insurance Summit – 26 April 2017)

The Insurance Commission issued twenty-nine (29) CAs to Health Maintenance Organizations (HMOs). The CAs will be valid for the years 2017-2019, subject to their compliance with pertinent rules and regulations.

To support the insurers, pre-need providers and HMOs in the conduct of their businesses, the Commission also issued licenses and accreditations to different intermediaries and technical support individuals/entities, as shown in Table 2.

**Table 2:** Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals/Entities 2017

INTERMEDIARIES	NEW	ACTIVE/ RENEWAL	TOTAL
<b>Ordinary Agents</b>	<b>9,758</b>	<b>35,904</b>	<b>45,662</b>
Life	7,987	26,775	34,762
Non-Life	1,767	9,060	10,827
Microinsurance	4	69	73
<b>General Agents</b>	<b>10</b>	<b>52</b>	<b>62</b>
Life	4	7	11
Non-Life	6	45	51
<b>Variable Life Agents</b>	<b>8,751</b>	<b>31,503</b>	<b>40,254</b>
<b>Brokers</b>	<b>4</b>	<b>75</b>	<b>79</b>
Insurance	3	62	65
Reinsurance	1	19	20
<b>Pre-Need Sales Counselors</b>	<b>5,438</b>	<b>12,519</b>	<b>17,957</b>
<b>TECHNICAL SUPPORT</b>			
Non-Life Company Underwriters	<b>108</b>	<b>290</b>	<b>398</b>
Resident Agents	2	69	71
Life Insurance Actuaries	1	37	38
Non-Life Insurance Actuaries	4	15	19
Pre-Need Actuaries	1	7	8
HMO Actuaries	<b>12</b>	-	<b>12</b>
Public Adjusters	-	1	1
Independent Adjusters	2	50	52
External Auditors	11	33	44
<i>Firm</i>	7	27	34
<i>Individual</i>	4	6	10



The IC Agents' Computerized Examinations (ACE) is fully operational in 2017. (Photos: Insurance agents-applicants taking qualifying exams at the ACE Laboratory, 2017)

## B. Financial Surveillance

For the year under review, the Insurance Commission conducted on-site and off-site examinations into the affairs, financial conditions and methods of doing business of 98 insurance companies, 35 MBAs, 17 pre-need companies, 75 insurance and reinsurance brokers and 30 HMOs to ascertain the solvency and the financial soundness of these covered entities.

With the implementation of the new Financial Reporting Framework, New Valuation Standards and Amended Risk Based Capital (RBC2) Framework this year, insurance companies were monitored on a quarterly basis on their compliance with the Risk Based Capital (RBC) Ratios and minimum Networth requirements.

In addition, IC also conducted quarterly evaluation and monitoring of the financial statements of 141 trust funds of pre-need companies in compliance with the Pre-Need Code and pertinent Circulars.

As a result of such examination, verification and evaluation, 98 synopses (57 non-life, 32 life and 9 pre-need) for years 2015-2016 were issued for publication in 2017.



A memorandum of understanding (MOU) was signed between the Philippine's Insurance Commission and Taiwan's Financial Supervisory Authority to promote bilateral cooperation in the cross-border supervision of the insurance business. The agreement covers several areas, ranging from information and data sharing, on-the-spot inspection, to the preservation of confidential data. (Photos: Signing of MOU, December 7, 2017, Manila)



### C. Tariff Compliance Monitoring

To monitor their compliance with tariff rates and other rules and regulations of the Commission, the IC conducted examination on 65 non-life insurance companies. The tariff review included verifications of premium rates applied on motor car policies, fire policies and bonds issued in favor of the government.

As a result, a total of ₱21.66 million penalty was collected for 830 breaches of tariff rates and other findings.

## D. Public Assistance, Claims and Adjudication

In the fulfillment of its mandate to assist the general public, the Insurance Commission acted on 3,531 complaints lodged against regulated entities and/or requests for mediation relating to insurance, pre-need and HMO matters in the prescribed year.

Of these, 1,679 cases/claims were closed/decided/resolved including 174 claims settled in IC's district offices.

## E. Conservation/Receivership/Liquidation

As of yearend 2017, there were 36 insurance companies (life and non-life), 3 MBAs and 31 pre-need companies under conservatorship, receivership or liquidation. Two (2) non-life companies, namely Investors Assurance Corporation and Metropolitan Insurance Co., Inc. were issued cease and desist order (CDO) on December 5 and 18, 2017, respectively.

## F. Security Deposits/Guaranty Fund/Security Fund

The total Security Deposits and Security Fund lodged with the Bureau of the Treasury combined with the Security Fund administered by the Insurance Commission amounted to ₱15.67 billion as of the year-end. These funds were reserved for the payment of valid claims in case of insolvency of insurance company.

On the other hand, the mutual benefit associations deposited with the Commission a combined Guaranty Fund amounting to ₱0.98 billion to answer for any valid benefit claims of their members.

## G. Policies (Plans)/Bond Forms/Reinsurance Treaties

The Commission evaluated and approved a total of 1,027 products/plans and 2,095 contract forms during the year under review. These plans include 416 traditional life, 166 variable life, 349 non-life insurance products, 48 microinsurance products and 45 pre-need/micro-pre-need products.

Moreover, a total of 429 reinsurance treaties and 397 particulars of reinsurance treaties were evaluated and found in order while 525 requests for facultative placements abroad were approved by the Commission.

## H. Regulatory Updates

For the efficient regulation of the insurance, pre-need and HMO industries and protection of the insuring public, pre-need and HMO customers the Commission issued following Circular Letters in 2017. These issuances were promulgated in accordance with the provisions of the Insurance and Pre-Need Codes as well as Executive Order (EO) No. 192 (s. 2015).

The following are the major circular letters issued:

- ▶ **CL No. 2017-04 issued on 17 January 2017 - Amendment to Circular Letter No. 2016-23 on "Key Features of Micro Pre-Need Products"**
  - Amends Circular Letter No. 2016-23 regarding installment payment period on Pension Plan of the Micro Pre-Need Products from "five (5) to ten (10) years" to "ten (10) years or less".
- ▶ **CL No. 2017-05 issued on 23 January 2017 - Dropping of the Phrase "Komisyon Ng Seguro" from the Official Seal and Replacing it with "Insurance Commission"**
  - Prescribes the dropping of the Filipino phrase "Komisyon Ng Seguro" from the Official Seal and replacing it with the English term "Insurance Commission".
- ▶ **CL No. 2017-06 issued on 23 January 2017 - Rules and Regulations on Demutualization of Domestic Mutual Life Insurance Companies Doing Business in the Philippines**
  - Promulgates the rules and regulations on demutualization of domestic mutual life insurance companies doing business in the Philippines.
- ▶ **CL No. 2017-07 issued on 31 January 2017 - Dissemination of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9160, as Amended**
  - Disseminates to all insurance and pre-need companies, mutual benefit associations, insurance and reinsurance brokers, health maintenance organizations and other covered persons the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9160, as Amended, also known as the "Anti-Money Laundering Act of 2007".
- ▶ **CL No. 2017-08 issued on 01 February 2017 - Recognition of Print-Outs of Digital Certificates of Good Moral Character and Training in Compliance with the Documentary Requirements In Applications for Qualifying Agents' Examinations**
  - Informs all insurance companies that the Insurance Commission shall recognize print-outs of Certificates of Good Moral Character and Training issued by insurance companies in digital form as compliance with the requirements for applications to take the qualifying insurance agents' examinations.
- ▶ **CL No. 2017-09 issued on 14 February 2017 - Guidelines Fixing the Documentary Requirements for Acquiring Ownership of a Domestic Insurance Broker and Reinsurance Broker**
  - Promulgates the guidelines fixing the documentary requirements for acquiring ownership of a domestic insurance broker and reinsurance broker by an individual or partnership/corporation.

- ▶ **CL No. 2017-10 issued on 14 February 2017 - Supplement to Circular Letter No. 2015-05 dated 05 February 2015, as Amended by Circular Letter No. 2015-13 dated 25 March 2015 on the Submission of the Names and Contact Details of AMLA Compliance Officer and Alternate Compliance Officer, Providing for a Gap on the Penalties that may be Imposed**
  - Directs all insurance companies, insurance/reinsurance brokers, mutual benefit associations, trusts for charitable uses and pre-need companies to submit to the Insurance Commission the names and contact details of their Anti-Money Laundering Act (AMLA) Compliance and Alternate Compliance Officers.



The Insurance Commission, as one of the members of the Anti-Money Laundering Council, co-signs the Implementing Rules and Regulations of Republic Act 10927 to include casinos as covered persons under AMLA. (Photos: Signing of Casino Implementing Rules and Regulations, October 25, 2017, Manila.)

- ▶ **CL No. 2017-11 issued on 14 February 2017 - Guidelines in the Life Underwriting of Applicants with Actual, Perceived or Suspected to be with Human Immunodeficiency Virus (HIV)**
  - Prescribes to all life insurance companies the guidelines in the assessment of risks of underwriting of applicants with actual, perceived or suspected to be with human immunodeficiency virus (HIV) to determine the parameters to be covered for life insurance risk classification and other underwriting purposes.

- ▶ **CL No. 2017-12 issued on 07 March 2017 - Guidelines on the Conduct of Insurance Agents' Qualifying Examinations Through the Agents' Computerized Examinations (Ace) System**
  - Disseminates to all insurance companies the guidelines governing the conduct of insurance agents' qualifying examinations through the Agents' Computerized Examinations (ACE) System of the Insurance Commission covering Life, Variable Life and Non-Life insurance.
  
- ▶ **CL No. 2017-13 issued on 07 March 2017 - Guidelines in the Processing of Requests for Legal Opinion**
  - Informs all IC regulated entities and the general public on the guidelines in the processing of requests for legal opinion relating to the interpretation and application of laws, rules and regulations being enforced and implemented by the Insurance Commission.
  
- ▶ **CL No. 2017-14 issued on 10 March 2017 - Minimum Members' Equity Requirements for Mutual Companies**
  - Prescribes that the minimum members' equity requirements for mutual companies must be at least ₱550 Million by 31 December 2016; ₱900 Million by 31 December 2019 and ₱1.3 Billion by 31 December 2022.



Employees of the IC underwent training course on Philippine Financial Reporting Standards (PFRS) conducted by the SyCip Gorres Velayo & Co. (SGV & Co.) (Photos: SGV Trainings, November - December 2017, Makati City)

- ▶ **CL No. 2017-15 issued on 10 March 2017 - Regulatory Requirements and Actions for the New Regulatory Framework**
  - Promulgates and adopts the regulatory requirements which include submission of quarterly and annual reports and regulatory actions for the new regulatory framework, namely, the Financial Reporting Framework, Valuation Standards for Non-Life Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework for all non-life insurance companies and professional reinsurers.
- ▶ **CL No. 2017-17 issued on 20 March 2017 - Exclusion of the Requirement for Submission of Clearances from Various Law Enforcement Agencies**
  - Prescribes the exclusion of clearances from the National Bureau of Investigation, the Barangay and other law enforcement agencies as part of any documentary requirement of the Insurance Commission indicated in IC Circular Letters Nos. 13-2004, 2014-37 and Insurance Memorandum Circular No. 4-93 in line with the intentions of the Anti-Red Tape Act of 2007 (RA No. 9485).
- ▶ **CL No. 2017-19 issued on 29 March 2017 - Guidelines on the Approval of HMO Products and Forms**
  - Issues rules and guidelines on the Approval of HMO Products and Forms in accordance with Executive Order (EO) No. 192, s. 2015 which mandates that jurisdiction over Health Maintenance Organizations (HMOs) shall be transferred from the Department of Health (DOH) to the Insurance Commission (IC) in order to regulate and supervise the establishment, operations and financial activities of HMOs.
- ▶ **CL No. 2017-20 issued on 31 March 2017 - Accreditation of HMO Actuaries**
  - Promulgates the rules and guidelines for the accreditation of HMO actuaries.
- ▶ **CL No. 2017-23 issued on 11 April 2017 - Supplement to Circular Letter No. 2016.48 dated 01 September 2016, issuing a Template of Joint Certification and Undertaking for Health Maintenance Organizations (HMOs)**
  - Issues the revised Template of Joint Certification and Undertaking for Health Maintenance Organizations (HMOs) in supplement to Circular Letter No. 2016.48 dated 01 September 2016, which intends to clarify and eliminate the term “pledge/d”.
- ▶ **CL No. 2017-26 issued on 11 April 2017 - Guidelines on Voluntary Cessation of Non-Life Insurance Business in the Philippines**
  - Prescribes the guidelines on voluntary cessation of non-life insurance business of domestic insurance companies excluding those (1) under conservatorship, receivership and liquidation, (2) which have been issued an existing Cease and Desist Order by this Commission, and (3) with existing net worth deficiency and/or not compliant with the RBC 2 requirement.

- ▶ **CL No. 2017-28 issued on 11 April 2017 - Two Percent (2%) Upward Adjustment on the Investment Threshold Allocation under the Pre-Need Code.**
  - Issues guidelines to Pre-Need companies authorized to sell pre-need plans on the upward adjustment of two percentage (2%) points on the investment threshold allocation which shall apply to long-term commercial papers, direct loans, equities and real estate for the trust fund, subject to rules and regulations that would ensure prudent investment management and protection of the interest of the planholders.
  
- ▶ **CL No. 2017-29 issued on 02 May 2017 - Guidelines on Related Party Transactions for Insurance Commission's (IC) Covered Institutions (CIs)**
  - Prescribes to all covered institutions (CIs) of the Insurance Commission the guidelines on related party transactions to ensure that such transactions are only undertaken on an arm's length basis for the financial, commercial and economic benefit of the given CIs and the entire group where the said institution belongs.
  
- ▶ **CL No. 2017-30 issued on 02 May 2017 - Regulatory Requirements and Actions for the New Regulatory Framework (Life Insurance Business)**
  - Promulgates the regulatory requirements which includes submission of quarterly and annual reports and regulatory actions for the new regulatory framework namely, the Financial Reporting Framework, Valuation Standards for Life Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework for all life insurance companies.
  
- ▶ **CL No. 2017-33 issued on 29 May 2017 - Formalization of Premium Rates and Benefits for Passenger Personal Accident Insurance (PPAI) For Public Utility Vehicles**
  - Promulgates the formalization of premium rates and increased benefits for Passenger Personal Accident Insurance (PPAI) for public utility vehicles in accordance with the IC approved 2015-2018 Enhanced PPAI which was coordinated with the Land Transportation Franchising and Regulatory Board (LTFRB).
  
- ▶ **CL No. 2017-34 issued on 15 June 2017 - Revised Guidelines on Variable Life Insurance Contracts**
  - Promulgates the Revised Guidelines on Variable Life Insurance Contracts which consolidates the unaffected provisions of the 2002 Guidelines on Variable Life Insurance Contracts and incorporates the amendments made by Circular Letters Nos. 23-2005, 16-2006 and 2015-20 for easy reference and compliance, and contains the updated sections in accordance with the Amended Insurance Code.



The Insurance Institute for Asia and the Pacific (IIAP) supports the country's insurance industry through education, training and research. (Photos: IIAP's 43th Anniversary Celebration, August 10, 2017)

- ▶ **CL No. 2017-35 issued on 07 July 2017 - Exemption from Payment of Docket Fees in Requests for Legal Opinion**
  - Promulgates the exemption from payment of docket fees for all requests for legal opinion by (a) National Government, its agencies and instrumentalities and local government units, or any of its employees or officers, (b) indigent persons, (c) persons raising plain and simple questions, and (d) such other persons which the Commissioner finds, in the exercise of his discretion should be exempt taking into consideration the public interest and the exigencies of public service.
  
- ▶ **CL No. 2017-38 issued on 14 July 2017 - Approval of Medical Information Database ("MID") User Guidebook**
  - Promulgates the Commission's approved Medical Information Database ("MID") User Guidebook for the Philippine Life Insurance Association's (PLIA's) implementation and observance pursuant to IC Circular Letter No. 2016-54 dated 9 September 2016 and in compliance with the provisions of Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012.

▶ **CL No. 2017-39 issued on 31 July 2017 - Amendment to Circular Letter No. 2015-23 dated 23 May 2015 on ASEAN Corporate Governance Scorecard**

- Amends Items 4.6 and 4.9 of Circular Letter No. 2015-23, under Guidelines on Compliance with the ASEAN Corporate Governance Scorecard regarding the time frame of assessment by the Institute of Corporate Directors (ICD) and the release of results by the Commission of the Assessment to the covered companies.

IC accredited the Institute of Corporate Directors (ICD) as a corporate governance training body in the Philippines. (Photos: Meeting between IC Officials and ICD officers, August 2017)



▶ **CL No. 2017-40 issued on 11 August 2017 - Guidelines in the Submission of Quarterly and Annual Reports for the Compilation of the Other Financial Corporations Survey**

- Issues to all insurance and pre-need companies the Guidelines in the Submission of Quarterly and Annual Reports for the compilation of the Other Financial Corporations Survey (OFCS) to the Bangko Sentral ng Pilipinas (BSP) under the Memorandum of Agreement entered into by the Insurance Commission with the BSP, Securities and Exchange Commission and the Governance Commission for Government-Owned or -Controlled Corporations.

▶ **CL No. 2017-41 issued on 14 August 2017 - Creation of a Technical Working Group tasked to Oversee the Adoption of the ASEAN Corporate Governance Scorecard**

- Prescribes the creation of a Technical Working Group tasked to oversee the adoption of the ASEAN Corporate Governance Scorecard (ACGS) and revisit, review and/or revise IC Circular Letter No. 31-2005 on Corporate Governance Principles and Leading Practices.

▶ **CL No. 2017-42 issued on 22 August 2017 - Salary Loans Extended to Department of Education (DepEd) Teachers**

- Promulgates the rules in considering the Salary Loans Extended to Department of Education (DepEd) Teachers as admitted assets for insurance companies and mutual benefit associations pursuant to the provisions of Section 202 (j) of the Insurance Code, as amended (R.A. No. 10607) and as allowable investments for pre-need companies in addition to the provisions of Section 34 of the Pre-need Code.

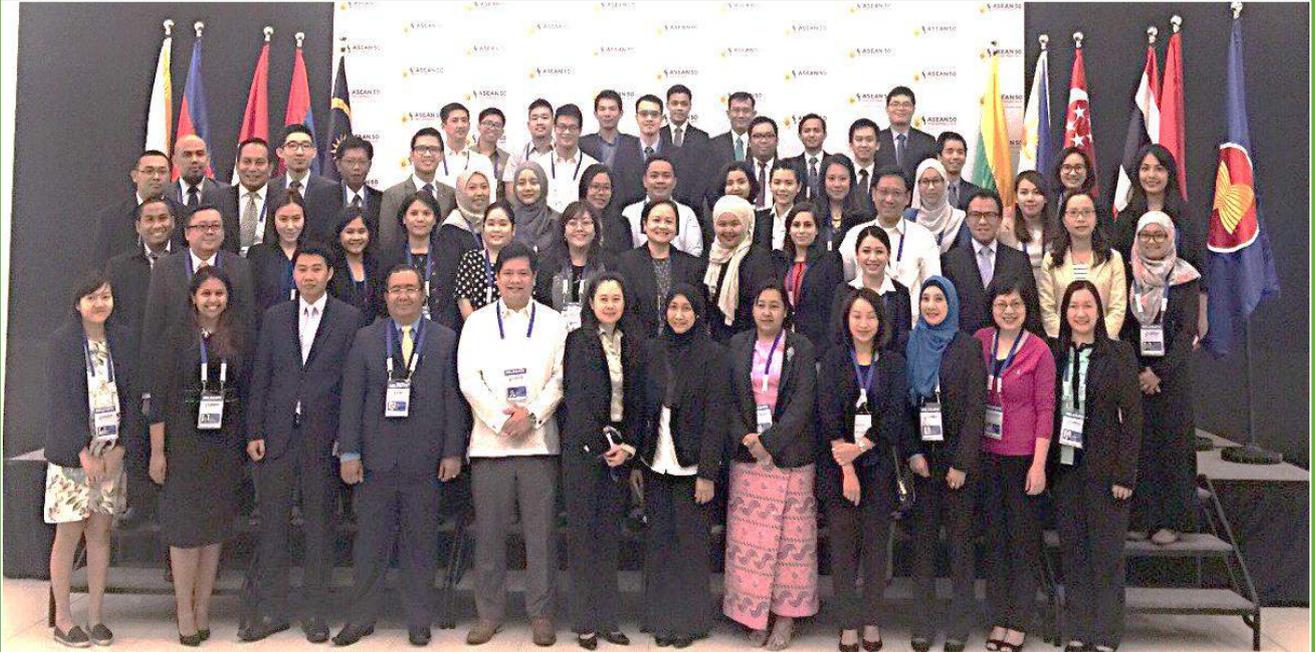
- ▶ **CL No. 2017-43 issued on 22 August 2017 - Investment in Income Producing Real Properties**
  - Prescribes to all non-life insurance companies the conditions wherein investment in income producing real properties shall be considered as admitted asset pursuant to the provisions of Section 202 of the Insurance Code, as amended (R.A. No. 10607).
  
- ▶ **CL No. 2017-44 issued on 23 August 2017 - Dissemination of the AMLC's Rules on the Imposition of Administrative Sanctions under Republic Act No. 9160, as Amended**
  - Disseminates to all IC regulated entities the AMLC's Resolution No. 24 dated 24 May 2017 Rules on the Imposition of Administrative Sanctions under Republic Act No. 9160, as Amended.
  
- ▶ **CL No. 2017-45 issued on 07 September 2017 - Submission of Status Report/ Action Plan and HMO Agreements**
  - Instructs all Health Maintenance Organizations (HMOs) to submit to the Commission the Status Report/Action Plan in conformity with IC CL 2017-27 and HMO Agreements under Advisory No. 06-2017 on or before 15 October 2017
  
- ▶ **CL No. 2017-49 issued on 30 October 2017 - Guidelines on the Insurability of Damages, Fines, and Penalties which are Exemplary in Nature Relative to Liability Insurance**
  - Informs all non-life insurance companies, their agents and the general public on the Insurance Commission's (IC) declaration that damages which are exemplary and punitive in nature are not insurable under Philippine laws on the ground that it is against public policy.
  
- ▶ **CL No. 2017-50 issued on 30 October 2017 - Amendment to Minimum Capitalization and Financial Capacity Requirements for HMOs**
  - Prescribes to all Health Maintenance Organizations (HMOs) the amendment to the provision of Section 1.3 of Circular No. 2016-41 wherein the total annual risk on membership fees in excess of the Maximum Gross Fees shall be covered up by cash infusion as paid-up capital or as additional deposit in relation to the Deposit Requirement.
  
- ▶ **CL No. 2017-52 issued on 17 November 2017 - Penalty for Payment of Commissions to Persons Acting as Insurance Agents Without the Required License**
  - Prescribes to all insurance and reinsurance companies and general agents the amended rules to rationalize and implement the proper penalty for the violation of Section 307 of the Insurance Code including an amendment to Circular No. 2014-15 wherein the payment of commissions to persons acting as insurance agents without the required license now provides impossible penalties for repetition of violation.

- ▶ **CL No. 2017-53 issued on 28 November 2017 - Quarterly Reports on Selected Financial Statistics**
  - Instructs all life insurance companies to use the revised templates prescribed in Circular Letter No. 2014-36 where Health Insurance and Accident Insurance are now accounted for separately in the Quarterly Reports on Selected Financial Statistics.
- ▶ **CL No. 2017-54 issued on 01 December 2017 - Compliance with the Data Privacy Act of 2012**
  - Directs all Health Maintenance Organizations to refrain from disclosing personal information to third persons in compliance with the Data Privacy Act and all applicable issuances of the National Privacy Commission.



IC Commissioner Dennis B. Funa addressed the Professional Insurance and Financial Advisors Association of the Philippines (PIFAAP), a non-stock, non-profit organization, and exclusive network of Insurance and Financial Services professionals belonging to the country's top institutions. (Photos: PIFAAP 14<sup>th</sup> Annual Congress, April 20, 2017, Pasay City)

- ▶ **CL No. 2017-55 issued on 06 December 2017 - Guidelines in the Submission of Clearance as a Requirement in the Application for Issuance of Agent's License to Solicit Business for Another Insurance Company**
  - Prescribes the adoption of the "Guidelines in the Submission of Clearance as a Requirement in the Application for Issuance of Agent's License to Solicit Business for Another Insurance Company" relative to processing and/or issuance of said clearance within a period of thirty (30) days.
- ▶ **CL No. 2017-56 issued on 12 December 2017 - Catastrophe/Property Insurance Reports**
  - Instructs all non-life insurance companies to comply with the annual submission of reports covering each calendar year of data using the attached reporting templates in line with the Department of Finance formulation and adoption of the Philippines' National Disaster Risk Financing and Insurance (DRFI) strategy which requires the updating and adoption of Catastrophe Risk Insurance Database Templates.



IC commits to various international programs that support development in insurance and financial services. (Photos: 52<sup>nd</sup> Meeting of ASEAN Working Committee on Financial Services Liberalization and ASEAN Disaster Risk Financing and Insurance – February 6-7, 2017, Davao City)

- ▶ **CL No. 2017-57 issued on 12 December 2017 - Guidelines on Group Insurance of Both Life and Non-life Insurance Companies**
  - Promulgates the guidelines on group insurance of both life and non-life insurance companies to address the issues on transparency, disclosures and obligations of the insurers and policyholders.
- ▶ **CL No. 2017-58 issued on 12 December 2017 - Guidelines on the Approval of Acquisition of Control of Health Maintenance Organizations**
  - Provides all Health Maintenance Organizations (HMOs) the procedure and documentary requirements for the approval of acquisition of control of an HMO.

- ▶ **CL No. 2017-59 issued on 29 December 2017 - Guidelines Defining Unsafe Business Practices or Acts and Providing Administrative Fines for Violation Thereof**
  - Promulgates to all insurance companies and Mutual Benefit Associations and Trust for charitable uses and intermediaries the guidelines defining Unsafe Business Acts or Practices and providing imposable administrative fines for the commission thereof.

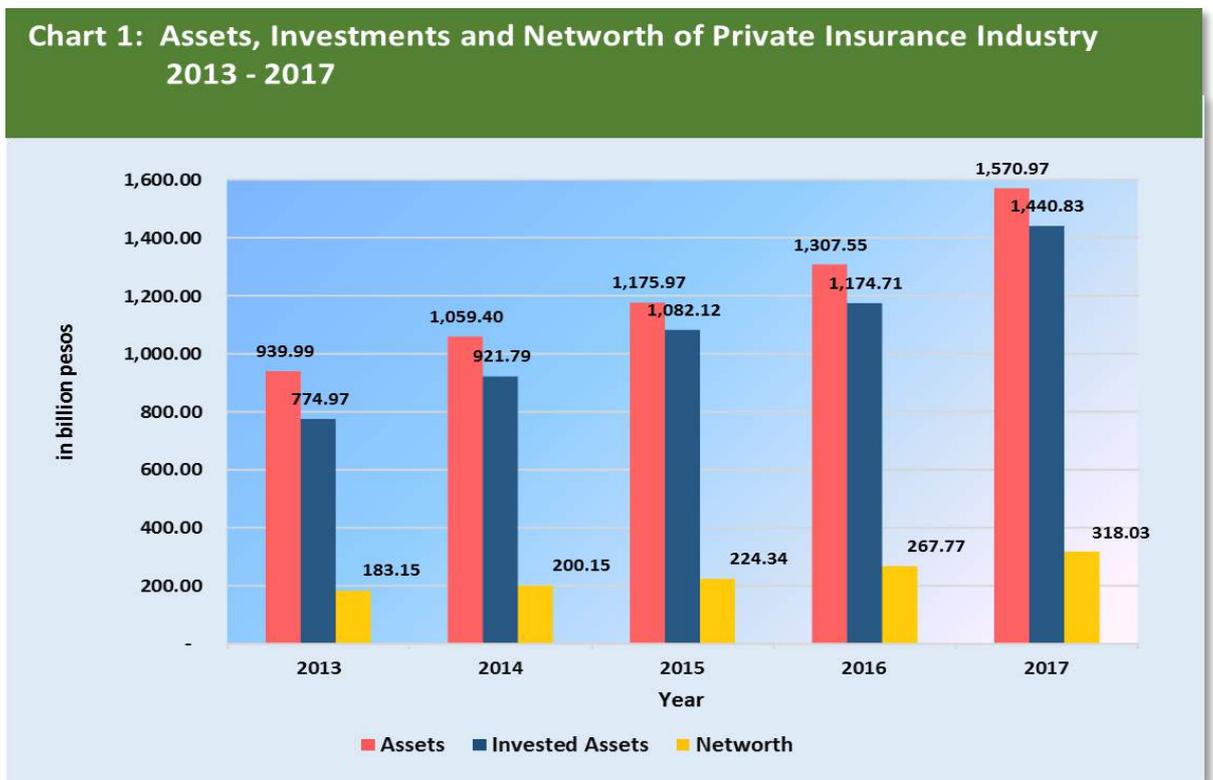
Other circular letters issued pertaining to anti-money laundering matters, investments and licensing guidelines and reportorial requirements are found in the Appendices.

## II. THE INSURANCE INDUSTRY

### A. Overview

The year 2017 has been an overwhelming success for the insurance industry.

The insurance industry reported an aggregate premiums of ₱260.39 billion, higher by 11.91% from the previous year's ₱232.67 billion. All sectors generated higher premiums, the life sector by 10.89%, the non-life by 15.80% and the Mutual Benefit Associations (MBAs) by 15.01%, posting premium amounting to ₱202.77 billion, ₱48.81 billion and ₱8.81 billion, respectively. The life sector and the MBAs contributed 81.25% of the total premiums while the non-life sector shared 18.75%.



The total assets of the industry climbed to ₱1.57 trillion, an increase of 19.85 % from ₱1.31 trillion recorded in 2016. Of the total assets, 81.05% was contributed by the life sector while the remaining 18.95% was shared by the non-life and MBA sectors. The assets of life, non-life and MBA sectors all grew by 19.40%, 28.15% and 11.45%, respectively.

The total investments made by the industry covered 91.72% of the total assets or ₱1.44 trillion, 88.92% of which was contributed by the life sector.

The total networth posted an increase of 18.77% from ₱267.77 billion in 2016 to ₱318.03 billion in 2017. All sectors reported increased networth.

The combined profit of the insurance industry grew remarkably by 52.42% which is ₱12.47 billion higher than the ₱23.79 billion of the previous year. This growth is mainly attributed to the big underwriting gain, particularly by the life sector.

**Table 3:** Philippine Economic Indicators, Years 2013-2017

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2013	2014	2015	2016	2017
<b>GROSS NATIONAL INCOME (GNI)</b>					
At Current Prices ( ₱ M)	13,850,892r	15,327,336	16,096,913	17,391,141	18,986,667p
At Constant Prices ( ₱ M)	8,069,033r	8,640,645	9,134,679	9,735,210	10,389,964p
<b>GROSS DOMESTIC PRODUCT (GDP)</b>					
At Current Prices ( ₱ M)	11,548,191r	12,642,736	13,307,265	14,449,925	15,797,503p
At Constant Prices ( ₱ M)	6,765,458r	7,164,017	7,593,769	8,113,170	8,668,287p
<b>POPULATION</b> (in million persons)	98.8	99.9	101.6	103.2	104.9p
<b>PER CAPITA GROSS NATIONAL INCOME (₱)</b>	141,047.8	153,426.8	158,434.2	168,518.8	180,997.8p
<b>LABOR FORCE (Average)</b> (In million persons)	41.02	40.05	41.34	43.36	42.78
Employed	38.12	37.31	39.00	41.00	40.34
Unemployed	2.90	2.74	2.34	2.36	2.44
<b>EXCHANGE RATE</b> (per US\$)	44.41	44.62	47.166	49.813	49.923
<b>INFLATION RATE</b>	2.90%	4.10%	1.40%	1.80%	3.20%p
<b>INSURANCE DENSITY (₱)</b>	2,084.0	1,974.2	2,218.3	2,254.1	2,482.3p
Life Insurance	1,789.1	1,653.3	1,858.4	1,845.6	2,017.0p
Non-Life Insurance	294.9	320.9	359.9	408.5	465.3p
<b>LIFE SUM ASSURED AS % OF G D P</b>	33.23%	37.13%	40.07%	40.42%	46.19%p
<b>LIFE SUM ASSURED AS % OF G N I</b>	27.70%	30.63%	33.13%	33.58%	38.43%p
<b>PREMIUMS AS % OF G D P</b>	1.83% r	1.56%	1.75%	1.61%	1.65%p
<b>PREMIUMS AS % OF G N I</b>	1.49%	1.29%	1.44%	1.34%	1.37%p
<b>ESTIMATED LIFE INSURANCE COVERAGE</b>	32.45%	37.39%	41.30%	46.22%	52.40%p
Life	18.70%	22.81%	24.49%	28.73%	32.91%
Mutual Benefit Associations (MBAs)	12.13%	14.58%	16.78%	17.49%	19.49%

*r = revised figures    p = preliminary figures*

On a macro level, life sum insured as percentage of Gross Domestic Product (GDP) was computed at 46.19%, which is 5.77 percentage points higher than last year's 40.42%. Meanwhile, the insurance penetration or the industry's total premiums as a percentage of GDP reached 1.65%, higher by 2.48% compared to the previous year's 1.61%.

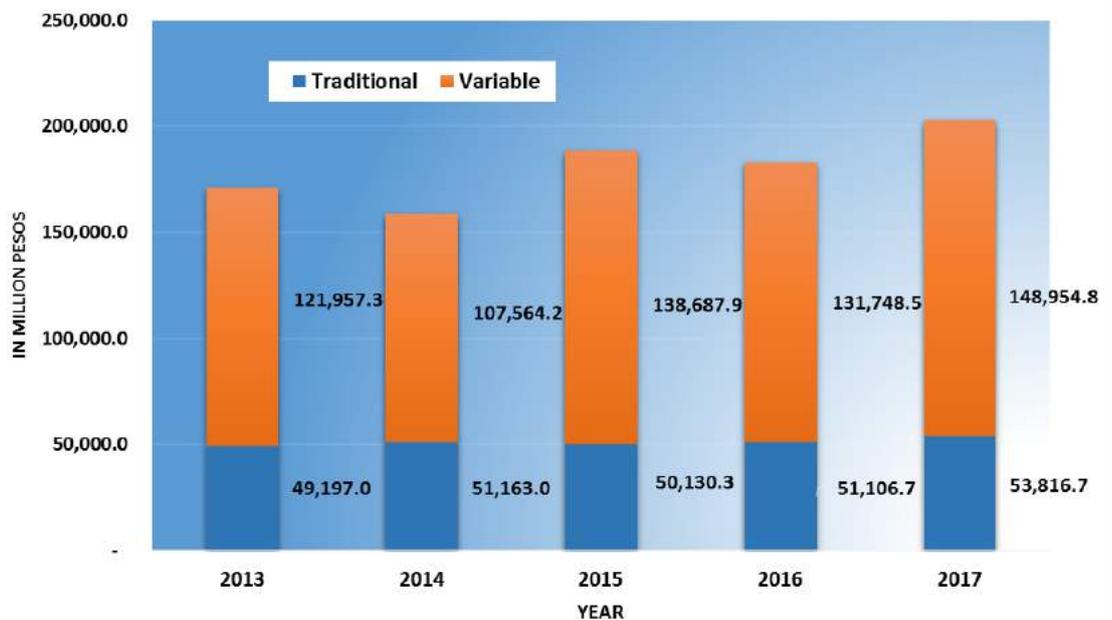
Insurance density or the amount of average spending on insurance by each individual for 2017 rose to ₱2,482.30, which is 10.12% higher than the previous year's ₱2,254.10. The estimated life coverage or market penetration rate was 52.4%, of the total population of 104.9 million. This includes MBA members and their dependents.

## B. Life Insurance Sector

### 1. Premium Income

The total premium income generated by the life sector was reported at ₱202.77 billion, a 10.89% increase from the ₱182.86 billion in 2016. Of the total premium income in 2017, ₱148.95 billion or 73.45% is attributed to variable life products.

Chart 2: Premium Income of Private Life Insurers for Traditional and Variable Products 2013 - 2017



First year premiums accounted for 19.39% of the total premiums in 2017 while single and renewal premiums accounted for 36.77% and 43.84%, respectively.

## 2. New Business

Annual Premiums for traditional and variable life insurance increased by 15.26% and 3.99%, respectively. However, while the number of policies and number of insured lives under variable life products increased by 21.13% and 22.84%, respectively, traditional products decreased by 22.40% in number of policies and 28.80% in number of insured lives.

The Total Sum Assured for new business under variable products also increased by 25.96% from ₱364.23 billion to ₱458.82. For traditional products, it decreased by 11.11% from ₱1.26 trillion in 2016 to ₱1.12 trillion in 2017.

**Table 4: New Business Generated, 2013-2017**

Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
<b>A. Traditional Insurance Products</b>						
2017	221,116 (7,310,260)	(22.40) (28.80)	16.08	15.26	1,123.80	(10.55)
2016	284,940 (10,268,039)	31.81 2.33	13.95	6.73	1,256.48	1.50
2015	216,173 (10,034,417)	(20.85) (6.36)	13.07	(0.91)	1,237.92	(21.18)
2014	273,114 (10,715,507)	(6.63) 88.06	13.19	15.10	1,570.64	122.77
2013	292,519 (5,697,827)	12.74 0.52	11.46	(8.76)	705.05	19.97
<b>B. Variable Life Products</b>						
2017	598,816 (568,788)	21.13 22.84	97.81	3.99	458.82	25.96
2016	494,335 (463,030)	3.70 4.79	94.05	(16.60)	364.23	10.55
2015	476,711 (441,846)	29.65 28.97	112.77	23.05	329.47	25.77
2014	367,705 (342,601)	13.04 14.74	91.65	(17.86)	261.97	23.45
2013	325,294 (298,575)	65.36 56.43	111.58	72.94	212.21	83.22

## 3. Terminations

The number of terminated life insurance policies as of yearend 2017 totaled 539,797, which is 21.93% more than the previous year's 442,692. Terminations due to lapsation had the highest occurrence, accounting for 32.38% of the total terminations followed by surrender with 26.34%.

The corresponding Sum Assured of terminated policies amounted to ₱1.65 trillion, posting a minimal increase of 0.61% from last year's ₱1.64 trillion, with the expiry of group and industrial policies causing 81.25% of the total terminations.

**Table 5: Terminated Insurance Policies and Sum Insured as of 31 December 2017**

Number of Policies (Insured Lives)							
Types of Policies	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Ordinary	6,581 (6,315)	42,560 (41,325)	41,809 (40,541)	83,073 (78,026)	13,296 (12,719)	36,248 (36,329)	223,567 (215,255)
Group & Industrial	1,432 (66,958)	- (89,650)	154 (80,218)	2,203 (1,442,830)	1,507 (5,583,091)	4 (1,297,727)	5,300 (8,560,474)
Accident	178 (2,255)	- (-)	17 (16)	21,256 (163,058)	100,289 (1,241,185)	16 (86,145)	121,756 (1,492,659)
Health	56 (1,020)	7 (7)	320 (322)	1,115 (62,147)	3,027 (78,188)	2 (3,706)	4,527 (145,390)
Variable Life	2,332 (2,239)	13,291 (13,253)	99,923 (91,003)	67,158 (64,799)	- (-)	1,943 (1,014)	184,647 (172,308)
<b>TOTAL</b>	<b>10,579</b> (78,787)	<b>55,858</b> (144,235)	<b>142,223</b> (212,100)	<b>174,805</b> (1,810,860)	<b>118,119</b> (6,915,183)	<b>38,213</b> (1,424,921)	<b>539,797</b> (10,586,086)
Terminated Sum Assured (₱ billion)							
Types of Policies	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Ordinary	2.43	8.83	19.23	38.11	2.71	15.84	87.15
Group & Industrial	5.51	0.15	0.51	389.98	572.01	247.99	1,216.15
Accident	0.07	-	0.00	30.23	103.74	47.98	182.02
Health	3.23	-	0.99	13.70	25.47	0.26	43.65
Variable Life	1.48	9.32	60.06	48.45	-	3.85	123.16
<b>TOTAL</b>	<b>12.72</b>	<b>18.30</b>	<b>80.79</b>	<b>520.47</b>	<b>703.93</b>	<b>315.92</b>	<b>1,652.13</b>

#### 4. Insurance in Force

The total number of in-force policies for traditional and variable life products grew by 7.84% from 4,798,038 in 2016 to 5,174,433 in 2017. The growth is attributable to the 2,290,466 variable life policies in force this year that posted a growth of 22.86% from the previous year.

The total in-force policies for traditional life products registered a 1.69% reduction, from 2,933,811 in 2016 to 2,883,967 in 2017. This was brought about by the decreases of 1.00% and 15.36% in number of policies for ordinary insurance and Health and Accident, respectively. However, the Group and Industrial insurance in force policies increased by 0.66%.

The corresponding Sum Assured for both traditional and variable life products increased by 24.69% and 25.99%, respectively, which, when combined, amounted to ₱5.82 trillion.

Likewise, premium income registered a 5.30% and 13.06% increase for traditional and variable life products, respectively.

**Table 6: Life Insurance in Force/Premium Income , 2016-2017**

Types of Policies	Number of Policies ( Insured Lives)			Sum Assured (In billion pesos)			Premium Income (In billion pesos)		
	2017	2016	% Change	2017	2016	% Change	2017	2016	% Change
	<b>A. Traditional Insurance Products</b>								
Ordinary	2,248,038 (2,195,377)	2,270,908 (2,214,922)	(1.00) (0.88)	857.10	858.92	(0.21)	29.99	31.22	(3.94)
Group & Industrial	470,180 (28,035,008)	467,066 (23,509,847)	0.66 19.24	4,663.67	3,550.65	31.35	16.44	13.80	19.13
Health & Accident	165,749 (2,125,727)	195,837 (2,165,654)	(15.36) (1.84)	297.48	256.45	16.00	7.39	6.09	21.35
<b>SUB-TOTAL</b>	<b>2,883,967 (32,356,112)</b>	<b>2,933,811 (27,890,423)</b>	<b>(1.70) 16.01</b>	<b>5,818.25</b>	<b>4,666.02</b>	<b>24.69</b>	<b>53.82</b>	<b>51.11</b>	<b>5.30</b>
<b>B. Variable Life Products</b>									
	2,290,466 (2,166,095)	1,864,227 (1,754,852)	22.86 23.43	1,479.11	1,174.01	25.99	148.95	131.75	13.06
<b>GRAND TOTAL</b>	<b>5,174,423 (34,522,207)</b>	<b>4,798,038 (29,645,275)</b>	<b>7.84 16.45</b>	<b>7,297.36</b>	<b>5,840.03</b>	<b>24.95</b>	<b>202.77</b>	<b>182.86</b>	<b>10.89</b>

## 5. Summary of Operations

**Table 7: Summary of Operations of Life Insurance Sector 2017**  
(in billion pesos)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
<b>Underwriting Income</b>	<b>62.41</b>	<b>145.81</b>	<b>208.22</b>
Premium Income	71.96	130.81	202.77
Less: Inc./ (Dec) in Reserves	13.54	1.39	14.93
Commissions Earned	0	0.37	0.37
Other Underwriting Income	3.99	16.02	20.01
<b>Less: Underwriting Expenses</b>	<b>49.67</b>	<b>136.63</b>	<b>186.3</b>
Benefit Payments	29.96	34.87	64.83
Commissions Expenses	5.21	13.9	19.11
Premium Tax Incurred	0.53	0.77	1.3
Other Underwriting Expenses	13.97	87.09	101.06
<b>Underwriting Gain/Loss</b>	<b>12.74</b>	<b>9.18</b>	<b>21.92</b>
Add: Gross Investment Income	10.20	24.56	34.76
Other Income/Expenses	1.10	3.51	4.61
<b>SUB – TOTAL</b>	<b>24.04</b>	<b>37.25</b>	<b>61.29</b>
Less: Taxes other than Premium & Income Tax	1.29	3.8	5.09
Other General Expenses	12.12	14.78	26.9
Income Tax	1.09	0.11	1.2
<b>Net Income / Loss for the year Including Capital Gains</b>	<b>9.54</b>	<b>18.56</b>	<b>28.10</b>

The Net Income of the life insurance sector reached ₱28.10 billion, a hefty increase of 58.57% from last year's ₱17.72 billion.

It was worthy to note that underwriting gain soared to ₱21.92 billion in 2017, a 512.29% from ₱3.58 billion in 2016.

As shown in Table 7, the domestic life insurers contributed ₱12.74 billion or 58.12% of the total underwriting gain. The foreign life insurers posted a higher share of the total net income at 66.04% or ₱18.56 billion.

This can be attributed to ₱24.56 billion earnings from investments by the foreign insurers which comprises 70.65% of the total Gross Investment Income.

## 6. Investments

Investments of life insurance companies rose by 23.08%, from ₱1.04 trillion in 2016 to ₱1.28 trillion. Of the total investments this year, 69.08% was contributed by foreign companies, higher by 21.35% compared to that of 2016.

Investments on segregated fund assets or variable life had the highest share of the Total Investments at 50.02%, followed by government securities with 27.42%. Investments in Equities and Private Securities accounted for 6.23% and 4.83%, respectively.

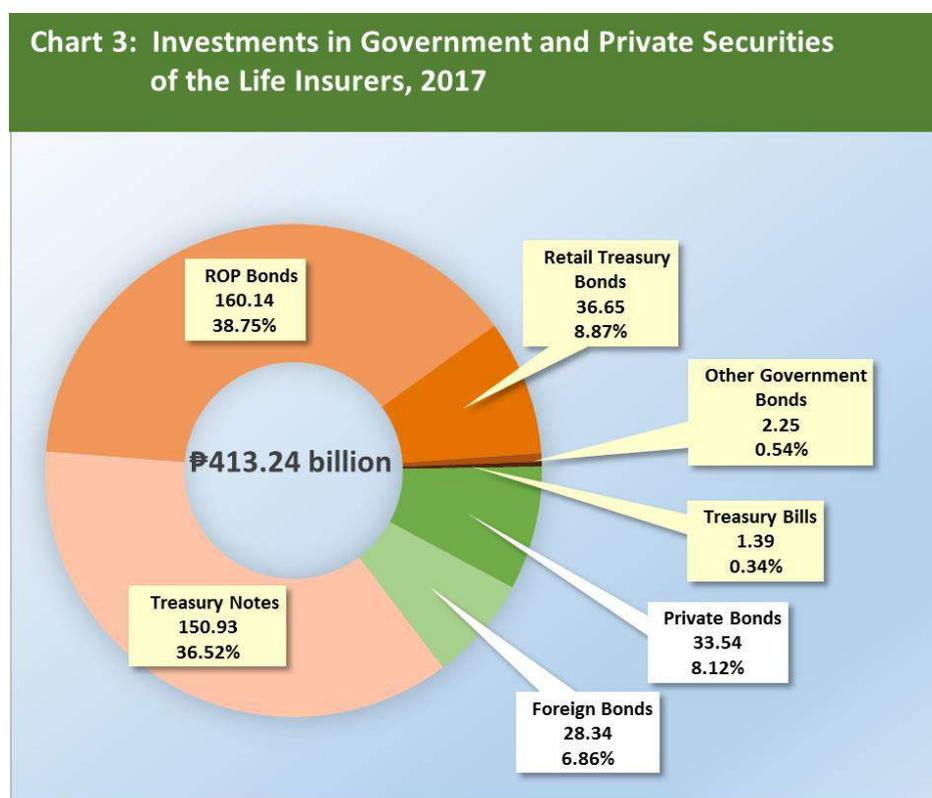
**Table 8:** Invested Assets by Category of Life Insurance Sector, 2017  
(in billion pesos )

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Government Securities	74.31	277.05	351.36
Private Securities	23.13	38.75	61.88
Equities	59.7	20.15	79.85
Investment Property	12.25	8.48	20.73
Mortgage Loans and other Similar Loans	2.91	0.92	3.83
Collateral Loans	8.08	0	8.08
Guaranteed Loans	0.56	5.05	5.61
Policy Loans	9.13	20.54	29.67
Other Loans	4.54	0.47	5.01
Unquoted Debt Securities	0.66	2.98	3.64
Other Receivables	0.67	17.3	17.97
Investments in Subsidiaries, Associates and Joint Ventures	14.94	12.65	27.59
Mutual Funds/UITF/Real Estate Investment Trusts/ Other Funds	5.86	1.34	7.20
Time Deposits	12.38	5.45	17.83
Segregated Fund Assets	166.92	473.98	640.90
<b>TOTAL</b>	<b>396.04</b>	<b>885.11</b>	<b>1,281.15</b>



The Bureau of Treasury issues, services, redeems government securities for the account of the National Government as may be authorized by the President pursuant to law. (Photo: Bureau of Treasury Building, Manila)

Investments in long term government securities amounted to ₱349.97 billion, 14.77% higher than the previous year's ₱304.93 billion. Treasury notes in Philippine currency and dollar denominated Treasury Notes and ROP Bonds comprised 88.88% of the investments in long term government securities.



Investments in short term government securities increased substantially from ₱0.12 billion to ₱1.39 billion, or by 1,058.33%. Investments in total private and foreign bonds increased by 20.15% from ₱51.50 billion in 2016 to ₱61.88 billion in 2017.

## 7. Balance Sheet

The total assets of life insurance companies reached ₱1.27 trillion, which is 18.69% higher than the ₱1.07 trillion of 2016. The accounts Financial Assets at Fair Value Through Profit or Loss (FVPL), Held-to-Maturity (HTM) Investments and Available for Sale (AFS) Financial Assets amounted to ₱501.85 billion, which is 39.41% of the total Assets. The composition of these accounts are investments in government and private securities, equities and investments in funds (mutual funds, UITF, etc.). Segregated Fund Assets for Variable Life accounted for 46.87% of the total assets of life insurers, or ₱596.78 billion.

The total liabilities also went up by 17.78%, from ₱0.90 trillion in 2016 to ₱1.06 trillion in 2017. Segregated Funds Liabilities and Legal Reserves made up 55.75% and 33.97%, respectively, of the total liabilities.

The total networth increased by 26.21% from ₱167.96 billion in 2016 to ₱211.99 billion in 2017.

**Table 9: Consolidated Balance Sheet of Life Insurers, 2017**

(in billion pesos)

<b>PARTICULARS</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<b>ASSETS</b>			
Financial Assets at FVPL	10.51	12.53	23.04
Held-to-Maturity (HTM) Investments	23.70	0.14	23.84
Available for Sale (AFS) Financial Assets	129.60	325.37	454.97
Loans and Receivables	24.87	45.48	70.35
Investments in Subsidiaries, Associates and Joint Ventures	13.89	12.65	26.54
Segregated Fund Assets	163.93	432.85	596.78
Investment Property	12.09	8.48	20.57
Derivative Assets Held for Hedging	-	-	0
Cash on Hand & in Banks	19.21	14.15	33.36
Investments Income Due and Accrued	1.63	5.37	7.00
Accounts Receivables	0.28	0.15	0.43
Premiums Due and Uncollected	1.30	1.21	2.51
Due From Ceding Companies, net	0.10	1.36	1.46
Funds Held by Ceding Companies, net	-	-	0
Amounts Recoverable from Reinsurers, net	0.74	3.16	3.90
Property and Equipment	2.12	1.87	3.99
Security Fund Contribution	0	0.01	0.01
Other Assets	1.42	3.11	4.53
<b>TOTAL ASSETS</b>	<b><u>405.39</u></b>	<b><u>867.89</u></b>	<b><u>1273.28</u></b>
<b>LIABILITIES</b>			
Legal Policy Reserves	134.86	225.75	360.61
Policy & Contract Claims/Maturities and Surrenders Payables	8.22	13.37	21.59
Due to Reinsurers	1.21	4.41	5.62
Funds Held for Reinsurers	-	0.29	0.29
Life Insurance/ Applicant's/ Remittances Unapplied Deposits	1.66	1.16	2.82
Segregated Funds Liabilities	159.01	432.74	591.75
Premium Deposit Fund	4.87	2.95	7.82
Premium Received in Advance	0.37	0.38	0.75
Policyholder's Dividend Due & Unpaid/ Accumulation	7.42	32.22	39.64
Commissions Payable	0.63	0.87	1.50
Return Premiums Payable	0.02	-	0.02
Taxes Payable	0.95	1.31	2.26
Accounts/Notes Payable	5.70	10.87	16.57
Deposit for Real Estate Under Contract of Sell	0.01	0.00	0.01
Dividends Payable	0.28	0.02	0.30
Pension Obligation	0.72	0.3	1.02
Accrual for Long-term Employee Benefits	0.07	0.06	0.13
Accrued Expenses	1.41	4.81	6.22
Derivative Liabilities Held for Hedging	0.04	0	0.04
Other Liabilities	1.84	0.49	2.33
<b>TOTAL LIABILITIES</b>	<b><u>329.29</u></b>	<b><u>732.00</u></b>	<b><u>1,061.29</u></b>
<b>NETWORTH</b>			
Paid-Up Capital/Statutory Deposits	11.34	9.65	20.99
Capital Stock Subscribed	-	-	-
Contributed Surplus	1.00	2.04	3.04
Contingency Surplus/Home Office Inward Remittances	0.76	5.92	6.68
Capital Paid-In Capital Excess of Par	3.00	0.89	3.89
Retained Earnings/ Home Account Office	29.35	94.66	124.01
Reserve Accounts	31.18	21.55	52.73
Remeasurement Gains(losses) on Retirement Pension Asset (Obligation)	(0.49)	1.29	0.80
Treasury stock	(0.04)	(0.11)	(0.15)
<b>TOTAL NETWORTH</b>	<b><u>76.10</u></b>	<b><u>135.89</u></b>	<b><u>211.99</u></b>
<b>TOTAL LIABILITIES &amp; NETWORTH</b>	<b><u>405.39</u></b>	<b><u>867.89</u></b>	<b><u>1,273.28</u></b>

## C. Non-Life Insurance Sector

### 1. Gross Premiums Written

The non-life sector's gross premiums written grew by 8.79%, from ₱70.44 billion in 2016 to ₱76.63 billion in 2017. The growth can be attributed mainly to such lines of business as motor car and fire and allied perils which posted growth of 17.50% , 7.80% and respectively.

Of the total gross premiums written, motor car had the highest share to the total premium production with 35.39% , followed by fire and allied perils with 32.65% and casualty with 19.65%. The other lines of business accounted for the remaining 12.31%.

**Table 10:** Gross Premiums Written of Private Non-Life Companies and Professional Reinsurer 2016-2017

LINE OF BUSINESS	2017		2016	
	Amount (in billion pesos)	% to Total	Amount (in billion pesos)	% to Total
Fire and Allied Perils	25.00	32.62	23.21	32.95
Marine	5.97	7.79	5.74	8.15
Motor Car	27.12	35.39	23.08	32.76
Casualty	15.08	19.68	15.29	21.70
Suretyship	3.45	4.50	3.13	4.44
Life for PR	0.01	0.01	(0.01)	0.00
TOTAL	76.63	100.00	0.44	100.00

The bulk of the total gross premiums written came from direct business, with 98.55% share or ₱75.52 billion. The remaining 1.45% or ₱1.11 billion was from reinsurance business.

Of the total direct business, the premium produced by individual agents, amounting to ₱27.70 billion, was the

biggest contributor. It accounted for 36.68% of the total direct business, followed by the production of brokers amounting to ₱25.33 billion or 33.54%, direct marketing with ₱11.03 billion or 14.60%, bancassurance with ₱5.67 billion or 7.51% and other distribution channels with ₱5.79 billion or 7.67%.

### 2. Net Premiums Written

**Table 11:** Net Premiums Written of Private Non-Life Companies & Professional Reinsurer 2016-2017

LINE OF BUSINESS	2017		2016	
	Amount (in billion pesos)	% Increase/ (Decrease)	Amount (in billion pesos)	% Increase/ (Decrease)
Fire and Allied Perils	7.25	9.85	6.60	
Marine	2.07	16.29	1.78	
Motor Car	24.94	17.59	21.21	
Casualty	10.78	16.04	9.29	
Suretyship	3.27	9.00	3.00	
Life for PR	0.50	85.19	0.27	
TOTAL	48.81	15.80	42.15	

The total net premiums written was higher by 15.80% reaching ₱48.81 billion in 2017 as compared to the previous ₱42.15 billion. The improvement was brought about by the overall increase in all lines of business. As a result, the net retention ratio increased to 63.70% in 2017, which is 3.86 percentage points higher than the 59.84% in 2016. This is the highest recorded retention ratio since 2013.

Consistent with the trend in previous years, motor car business had the highest contribution which amounted to P 24.94 billion, followed by casualty with ₱10.77 billion, then by fire and allied perils with ₱7.26 billion. The other three lines of business shared the remaining ₱5.84 billion.

**Chart 4: Gross Premiums Written (GPW) Net Premiums Written (NPW) of Private Non-Life Insurers and Professional Reinsurer 2013 - 2017**



### 3. Premiums Earned

As shown in Table 12, the total premiums earned grew to P 45.58 billion this year, up by ₱6.07 billion or 15.36 % from the ₱39.51 billion last year. Once again, the motor car business posted the highest premiums earned with ₱22.85 billion, representing 50.21 % of the total premiums earned. Casualty business was next with ₱10.80 billion or 23.69% of the total premiums earned. Fire and allied perils, suretyship and marine businesses rounded up the remaining 26.10% with corresponding premiums earned of ₱6.96 billion, ₱3.03 billion and ₱1.94 billion, respectively.

It was noted that except for suretyship, premiums earned for all lines of business showed marked improvement in 2017.

### 4. Losses Incurred

Total losses incurred by the non-life sector amounted to ₱19.54 billion, higher by 15.62% from the ₱16.90 billion reported for the previous year.

The overall loss ratio slightly increased by 0.10 percentage point year-on-year, from 42.77% to 42.87% this year. While there were improvements in some lines of business compared to those of the previous year, there were also higher loss ratios noted in marine, casualty and suretyship businesses.

**Table 12: Premiums Earned, Losses Incurred and Loss Ratios of Non-Life Companies and Professional Reinsurer 2016-2017**

LINE OF BUSINESS	2017			2016		
	Losses Incurred (P Billion)	Premiums Earned (P Billion)	Loss Ratio (%)	Losses Incurred (P Billion)	Premiums Earned (P Billion)	Loss Ratio (%)
<b>1. Fire and Allied Perils</b>	<b>3.71</b>	<b>6.95</b>	<b>53.38</b>	<b>3.41</b>	<b>6.16</b>	<b>55.36</b>
a. Fire	2.27	4.57	49.67	2.16	4.29	50.35
b. Earthquake /Fire/shock	0.59	1.31	45.04	0.47	1.19	39.50
c. Typhoon	0.26	0.48	54.17	0.62	0.06	1,033.33
d. Flood	0.37	0.35	105.71	0.03	0.33	9.09
e. Extended Coverage	0.22	0.24	91.67	0.13	0.29	44.83
<b>2. Marine</b>	<b>0.57</b>	<b>1.94</b>	<b>29.38</b>	<b>0.47</b>	<b>1.78</b>	<b>26.40</b>
a. Marine Cargo	0.34	1.46	23.29	0.33	1.34	24.63
b. Aviation	0.05	0.04	125.00	0.03	0.08	37.50
c. Marine Hull	0.18	0.44	40.91	0.11	0.36	30.56
<b>3. Motor Car</b>	<b>11.10</b>	<b>22.85</b>	<b>48.58</b>	<b>9.77</b>	<b>19.66</b>	<b>49.69</b>
a. PPAI	0.01	0.07	14.29	-	-	-
b. CMVL-LTO	0.12	0.43	27.91	0.15	0.42	35.71
c. CMVL-Non-LTO	0.17	1.98	8.59	0.43	2.07	20.77
d. Other Than CMVL-LTO	0.05	0.29	17.24	0.10	0.27	37.04
e. Other Than CMVL-Non- LTO	10.75	20.08	53.54	9.09	16.90	53.79
<b>4. Casualty</b>	<b>4.00</b>	<b>10.81</b>	<b>37.00</b>	<b>3.11</b>	<b>8.88</b>	<b>35.02</b>
a. Health	1.06	2.21	47.96	0.88	1.67	52.69
a. Personal Accident	1.07	3.63	29.48	0.80	3.14	25.48
b. Engineering	0.51	1.03	49.51	0.43	1.10	39.09
c. Miscellaneous	1.18	3.45	34.20	0.87	2.71	32.10
d. Life, for Prof. Reinsurer	0.18	0.49	36.73	0.13	0.26	50.00
<b>5. Suretyship</b>	<b>0.15</b>	<b>3.03</b>	<b>4.95</b>	<b>0.14</b>	<b>3.03</b>	<b>4.62</b>
<b>TOTAL</b>	<b>19.53</b>	<b>45.58</b>	<b>42.85</b>	<b>16.90</b>	<b>39.51</b>	<b>42.77</b>



Photos: 5<sup>th</sup> Asia Motor Insurance & Claims Management Conference - 27 March 2017, Manila



## 5. Summary of Operations

The overall net income of the non-life sector rose by 9.76%, or from ₱2.97 billion last year to ₱3.26 billion this year. This increase can be attributed to the 18.26 % rise in underwriting gain experienced by the non-life sector coupled with 10.17 % growth in income derived from investments.

As shown in Table 13, the domestic companies accounted for ₱2.45 billion or 75.15% of the total net income generated by the non-life companies in 2017.

**Table 13: Summary of Operations of Non-Life Companies & Professional Reinsurer , 2017**  
(in billion pesos)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
<b>Underwriting Income</b>	<b>38.33</b>	<b>10.96</b>	<b>49.29</b>
Premiums Earned	35.68	9.90	45.58
Commissions Earned	2.50	1.01	3.51
Other Underwriting Income	0.15	0.05	0.20
<b>Less: Underwriting Expenses</b>	<b>27.50</b>	<b>7.80</b>	<b>35.30</b>
Losses Incurred	15.21	4.33	19.54
Loss Adjustment Expenses	0.27	0.05	0.32
Commission Expenses	9.11	2.95	12.06
Premium Tax Incurred	-	-	-
Other Underwriting Expenses	2.91	0.47	3.38
<b>Underwriting Gain/Loss</b>	<b>10.83</b>	<b>3.16</b>	<b>13.99</b>
Add: Gross Investment Income	2.03	0.57	2.60
Other Income/Expenses	1.21	0.21	1.42
<b>SUB – TOTAL</b>	<b>14.07</b>	<b>3.94</b>	<b>18.01</b>
Less: Taxes other than Premium and Income Tax	0.38	0.12	0.50
Other General Expenses	10.59	2.83	13.42
Income Tax	0.65	0.18	0.83
<b>Net Income / Loss for the year Including Capital Gains</b>	<b>2.45</b>	<b>0.81</b>	<b>3.26</b>

## 6. Investments

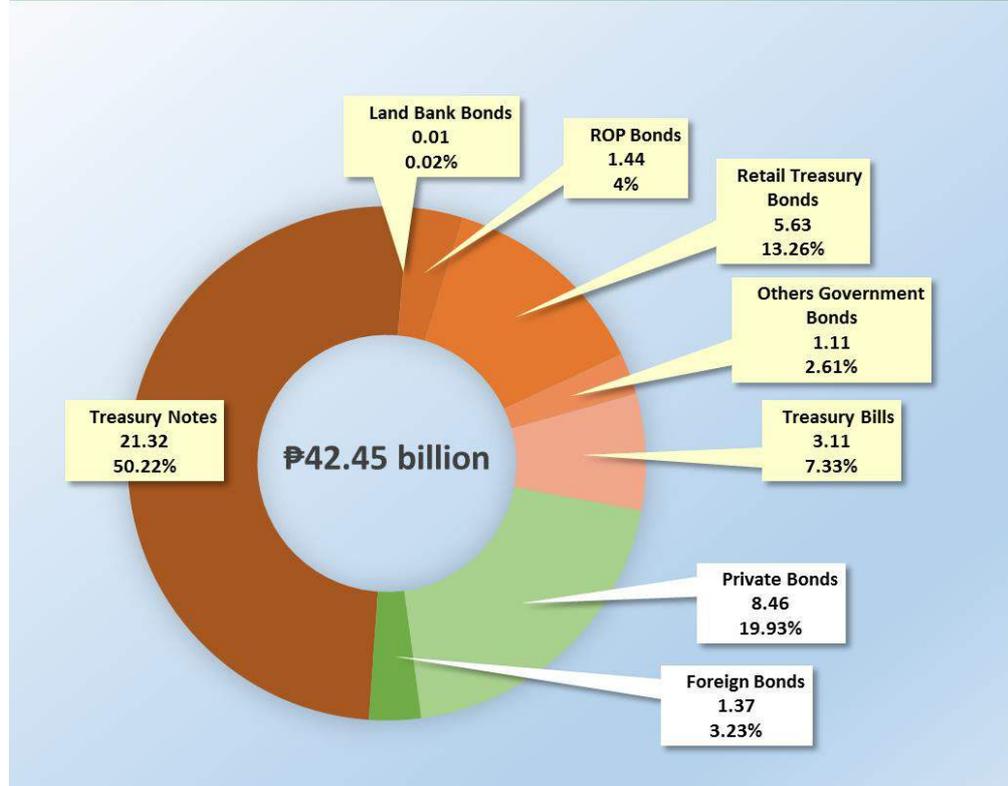
The non-life companies' total invested assets grew remarkably by 28.74 % from ₱74.64 billion in 2016 to ₱96.09 billion this year. This growth was attributed to the 119.42%, 23.61% and 10.66% increase in stocks, government securities and fixed deposits, respectively, which comprised 78.38% of total investments. Table 14 shows that the domestic non-life companies contributed 81.81 % of the total investments while the foreign non-life companies shared the remaining 18.19%.

Moreover, the total investments in government and private securities rose to ₱42.45 billion or an increase of 10.14% from the previous year's ₱38.54 billion. This was brought about by the increases of 13.70% and 12.29% in placements in government securities and foreign bonds, respectively.

**Table 14: Invested Assets by Category of Non-Life Companies and Professional Reinsurer, 2017**  
(in billion pesos)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Government Securities	22.09	10.53	32.62
Private Securities	8.30	1.53	9.83
Stocks	25.56	1.67	27.23
Investment Property	3.01	0.04	3.05
Mortgage Loans	0.55	0.01	0.56
Collateral Loans	0.00	-	0.00
Guaranteed Loans	0.24	-	0.24
Other Loans	0.68	0.03	0.71
Unquoted Debt Securities	0.10	-	0.10
Investments in Subsidiaries, Associates and Joint Ventures	4.03	0.04	4.07
Mutual Funds/UITF/Real Estate Investment Trusts/ Other Funds	1.29	0.92	2.21
Fixed Deposits	12.76	2.71	15.47
<b>TOTAL</b>	<b>78.61</b>	<b>17.48</b>	<b>96.09</b>

**Chart 5: Investments in Government and Private Securities of the Non-Life Insurers and Professional Reinsurer, 2017**



## 7. Balance Sheet

The total assets of the non-life sector during the year grew to ₱221.95 billion, up by ₱48.75 billion or 28.15 % over the previous year's ₱173.20 billion, with the domestic companies accounting for 83.56% of these assets.

Likewise, the total liabilities registered an increase of 48.29% as the total amount climbed to ₱145.53 billion, compared to ₱98.14 billion of last year. Claims liabilities constituted 46.45% of the total liabilities while premium liabilities accounted for 25.73%.

The total networth stood at ₱76.42 billion, a 1.81% increment over the ₱75.06 billion in 2016. Of this amount, paid-up capital accounted for 39.86% or ₱30.46 billion.



**Table 15: Consolidated Balance Sheet of Non-life Companies and Professional Reinsurer, 2017**  
(in billion pesos)

<b>PARTICULARS</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<b>ASSETS</b>			
Financial Assets at FVPL	2.84	0.53	3.37
Held-to-Maturity (HTM) Investments	11.69	2.79	14.48
Available for Sale (AFS) Financial Assets	42.62	11.33	53.95
Loans and Receivables	1.39	0.04	1.43
Investments in Subsidiaries, Associates and Joint Ventures	3.96	0.04	4.00
Investment Property	2.81	0.04	2.85
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	23.73	4.53	28.26
Premiums Receivable, net	16.24	3.48	19.72
Due From Ceding Companies, net	4.32	0.84	5.16
Funds Held by Ceding Companies, net	0.37	0.00	0.37
Loss Reserve Withheld by Ceding Companies, net	0.20	0.02	0.22
Amounts Recoverable from Reinsurers, net	48.95	6.79	55.74
Other Reins. Accts. Receivable, net	0.05	-	0.05
Surety Losses Recoverable	0.09	0.02	0.11
Investments Income Due and Accrued	0.23	0.10	0.33
Accounts Receivable	0.80	0.15	0.95
Property and Equipment	7.01	0.57	7.58
Security Fund Contribution	0.01	0.00	0.01
Other Assets	18.15	5.22	23.37
<b>TOTAL ASSETS</b>	<b>185.46</b>	<b>36.49</b>	<b>221.95</b>
<b>LIABILITIES</b>			
Claims Liabilities	58.33	9.27	67.60
Premium Liabilities	30.20	7.25	37.45
Due to Reinsurers	11.58	3.50	15.08
Funds Held for Reinsurers	1.83	1.34	3.17
Commissions Payable	2.23	0.45	2.68
Return Premiums Payable	-	-	-
Taxes/Licenses Payable	5.17	0.91	6.08
Deposit for Real Estate under Contract to Sell	-	-	-
Cash Collaterals	0.54	-	0.54
Account Payable	5.24	0.61	5.85
Dividends Payable	0.07	0.02	0.09
Financial Liabilities at Fair Value Through Profit and Loss	-	-	-
Accrued Expenses	0.80	0.25	1.05
Derivative Liabilities Held for Hedging	-	-	-
Notes Payable	0.91	0.00	0.91
Other Liabilities	3.94	1.09	5.03
<b>TOTAL LIABILITIES</b>	<b>120.84</b>	<b>24.69</b>	<b>145.53</b>
<b>NETWORTH</b>			
Paid-Up Capital/Statutory Deposits	23.30	7.16	30.46
Deposit for Future Subscription	0.79	-	0.79
Capital Stock Subscribed	0.77	0.04	0.81
Contributed Surplus/Home Office Inward Remittances	2.64	0.15	2.79
Contingency Surplus	3.59	1.05	4.64
Capital Paid in Excess of Par	4.22	0.83	5.05
Retained Earnings/Home Office Account	11.73	2.33	14.06
Cost of Share-Based Payment	0.00	0.09	0.09
Total Reserve Accounts	18.09	0.20	18.29
Remeasurement Gains(Losses) on Retirement, Pension Asset (Obligation)	(0.36)	(0.05)	(0.41)
Treasury Stock	(0.15)	-	(0.15)
<b>TOTAL NETWORTH</b>	<b>64.62</b>	<b>11.80</b>	<b>76.42</b>
<b>TOTAL LIABILITIES &amp; NETWORTH</b>	<b>185.46</b>	<b>36.49</b>	<b>221.95</b>

## D. Mutual Benefit Associations

The thirty- five (35) licensed Mutual Benefit Associations posted a ₱75.74 billion total assets for the year 2017, up by 11.45% from ₱67.96 billion assets of 2016. The growth can be attributed mainly to the ₱4.30 billion and ₱1.14 billion increase in bonds and stocks, respectively.



Microinsurance is one of the banner programs of the Insurance Commission. Various plans and activities were held during the year 2017 promoting microinsurance as part of the Strategy for Financial Inclusion of the Country. (Photos: Meeting with GIZ, a microinsurance partner, microinsurance advocacy literacy trainings and Disaster Resilience Forum sponsored by Cebuana Lhuillier, a microinsurance provider.)

The assets of the twenty- three (23) micro-insurance MBAs grew from ₱12.59 billion to ₱15.42 billion or 22.48%, while the twelve (12) Regular MBAs which covered 79.64% of the total assets reported 8.94% increase from ₱55.37 billion last year to ₱60.32 billion this year.

A minimal increase of 0.77% amounting to ₱480 million was noted in the invested assets of MBAs from last year's ₱63.11 billion. The bulk of investments were placed in bonds and other loans which comprised 39.07% and 20.79% of the total invested assets, respectively. There was a 5.26% or ₱2.71 billion decrease in the investments of regular MBAs, however this was offset by 27.77% or ₱3.2 billion increase in the investments of micro MBAs.

The contributions/ premiums generated by micro MBAs and regular MBAs for 2017 improved by 29.81% and 5.43% respectively, which resulted to a 14.97% or ₱1.15 billion increase in the total contributions/premiums. Compared to 2016, there was a reported decrease of 74.06% or ₱2.01 billion in the member's fees and dues however, this was compensated by 218.02% or ₱2.75 billion increase in net members' contributions and 11.10% or ₱410 million increase in net premiums collected by both micro MBAs and regular MBAs in 2017.

The micro MBAs posted a significant increase of 47.28% from last year's ₱540 million to ₱790 million net income this year. Likewise, the reported net income of regular MBAs improved considerably to ₱4.11 billion or a growth of 60.37% from ₱2.56 billion. The total net income of MBAs increased by 58.09% from ₱3.10 billion in 2016 to ₱4.90 billion in 2017.

**Table 16: Mutual Benefit Association's Key Insurance Statistics, 2016-2017**

Particulars	2017	2016	% Increase (Decrease)
	(in billion pesos)		
Assets	75.74	67.96	11.45
<i>micro</i>	15.42	12.59	22.48
<i>regular</i>	60.32	55.37	8.94
Liabilities	46.13	43.21	6.77
<i>micro</i>	11.61	9.48	22.50
<i>regular</i>	34.52	33.73	2.34
Members' Equity	29.61	24.75	19.62
<i>micro</i>	3.81	3.11	22.41
<i>regular</i>	25.80	21.64	19.22
Guaranty Fund	0.86	0.85	0.77
<i>micro</i>	0.47	0.45	4.00
<i>regular</i>	0.39	0.40	-2.88
Invested Assets	63.59	63.11	0.77
<i>micro</i>	14.73	11.53	27.77
<i>regular</i>	48.86	51.58	-5.26
Premiums	8.81	7.67	14.97
<i>micro</i>	3.89	3.00	29.81
<i>regular</i>	4.92	4.67	5.43
Net Income	4.90	3.10	58.09
<i>micro</i>	0.79	0.54	47.28
<i>regular</i>	4.11	2.56	60.37
No. of Licensed MBAs	35	34	

## E. Insurance and Reinsurance Brokers

Insurance and reinsurance brokers operations contributed ₱60.09 billion premiums to the insurance industry, up by 10.42% from ₱54.42 billion in 2016. An increase of 11.23% was noted in premiums generated by insurance brokers from ₱52.07 billion in 2016 to ₱57.92 billion in 2017. The insurance brokers accounted for 96.37% of the total premiums while the reinsurance brokers shared the remaining 3.63%. Health insurance business contributed 27.26% of the total premiums mediated by the insurance brokers this year followed by fire with 26.24% and life insurance with 15.02%.

Commissions earned by brokers increased by 9.25% from ₱6.70 billion in 2016 to ₱7.32 billion in 2017. On the other hand, commissions made by the reinsurance brokers declined by 8.62% from ₱168.75 million in 2016 to ₱154.21 million in 2017.

**Table 17: Brokers' Business Operations, 2017**  
(in million pesos )

Line of Business	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	8,696.18	1,060.70	-	-
Fire	15,204.83	1,311.60	1,185.46	73.49
Ocean	912.77	171.06	102.25	2.30
Inland	242.25	49.16	6.28	0.86
Marine	1,217.50	85.60	88.05	17.10
Aviation	692.77	53.92	23.87	3.11
Fidelity & Motor	1,189.62	294.46	3.75	0.12
Health	6,071.83	1,526.16	28.67	1.53
Accident	15,794.00	1,504.68	31.78	0.32
HMO	2,880.38	327.96	110.91	10.09
Engineering	837.34	95.83	-	-
Miscellaneous	2,032.54	307.44	317.17	12.85
Total	2,143.19	534.77	277.32	32.43
	<b>57,915.20</b>	<b>7,323.33</b>	<b>2,175.50</b>	<b>154.21</b>



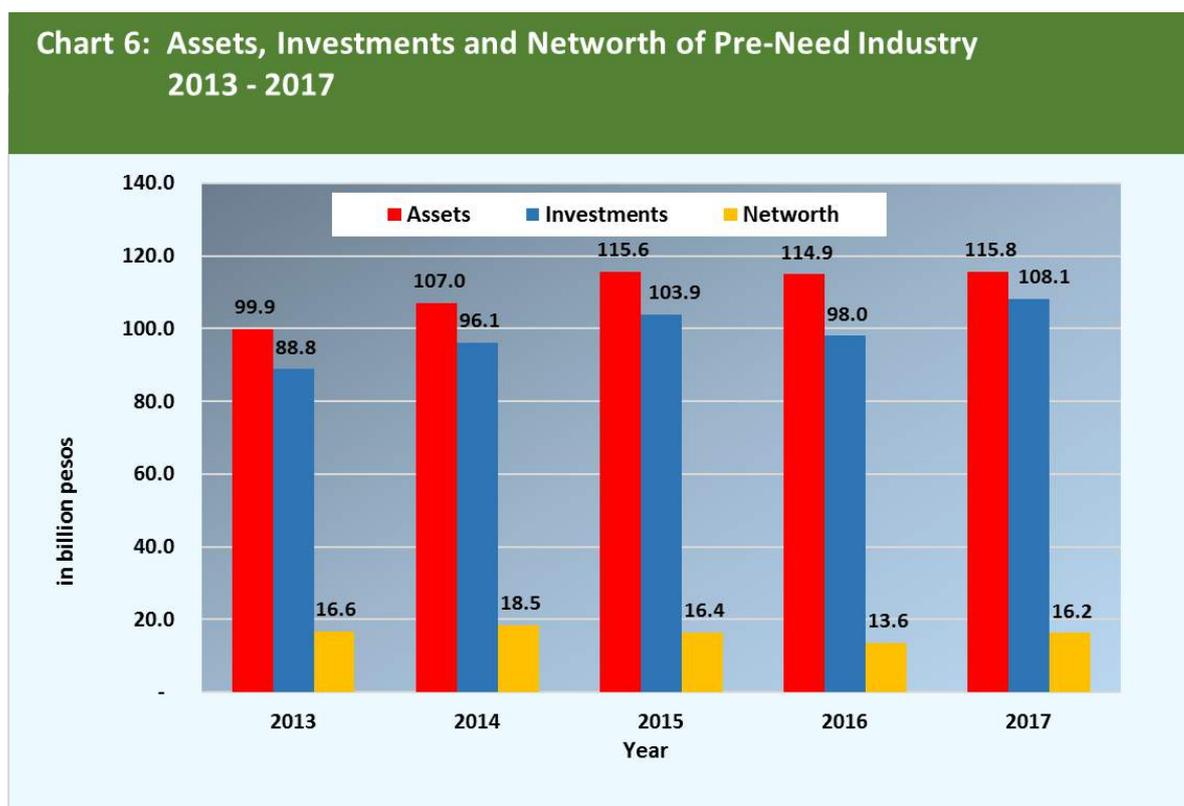
More than 20% of the insurance premiums generated by insurance industry in 2017 were mediated through insurance brokers. (Photo: Courtesy call to the Insurance Commissioner by the officers of Association of Insurance Brokers of the Philippines, 2017)

### III. THE PRE-NEED INDUSTRY

The total assets of the 17 pre-need companies grew by 0.70% from ₱114.94 billion in 2016 to ₱115.75 billion in 2017.

Investments in Trust Fund which accounted for 85.71% of the total assets grew only by 0.16% year-on-year from ₱99.05 billion to ₱99.21 billion.

Total liabilities decreased by 1.83%, from ₱101.38 billion in 2016 to ₱99.52 billion in 2017. Pre-need reserves, which accounted for the 92.58% of the industry's liabilities, also dropped by 2.53% from ₱94.53 billion to ₱92.14 billion.



Total net worth posted a double-digit increase of 19.69% from last year's ₱13.56 billion to ₱16.23 billion. The growth was largely attributed to the 39.49% increase in paid-in capital amounting to ₱897 million as well as to the 127.19% increase in Special Surplus Fund from a deficit of ₱995.48 million in 2016 to a surplus of ₱17.3 million in 2017.

On the other hand, the total investments of the pre-need industry were valued at ₱108.11 billion, a 10.29% increase from prior year's ₱98.02 billion. The growth was attributed to the 20.36% and 4.13% improvement in stocks and government securities, respectively, which comprised 87.79% of the total investments.

Despite an increase of 9.14% in premiums, from ₱16.09 billion last year to ₱17.56 billion this year, aggregate net income reported by the pre-need industry amounted only to ₱0.36 billion, 79.89% lower than that reported last year. The significant drop in Net Income was brought about by the increase in Pre-Need Reserves as well as in commission and other underwriting expenses and decrease in other direct income and gross investment income by the pre-need companies.

The number of plans sold this year increased by 24.92% from 697,869 plans in 2016 to 871,772 plans, mainly due to the 26.06% increase in plans sold in life business.

**Table 18:** Pre-Need Companies' Key Statistics, 2016-2017

PARTICULARS	2017	2016	% Increase (Decrease)
	(in billion pesos)		
Assets	115.75	114.94	0.70
Liabilities	99.52	101.38	(1.83)
Net worth	16.23	13.56	19.69
Paid-up capital	3.64	3.85	(5.45)
Trust Fund	99.21	99.05	0.16
Pre-Need Reserves	92.14	94.53	(2.53)
Investments	108.11	98.02	10.29
Premiums	17.56	16.09	9.14
Net Income	0.36	1.79	(79.89)
No. of Licensed Pre-need Companies	17	18	(16.67)
No. Plans Sold	871,722	697,869	24.92
Life	858,023	680,649	26.06
Pension	13,252	16,328	(20.06)
Education	697	892	(21.86)





The Commissioner encourages the Pre-Need Industry to look on various initiatives including the introduction of new pre-need products to further develop the industry. (Photos: 17<sup>th</sup> Pre-Need Consciousness Week, February 2018 and Pre-Need Dialogue, September 2017)



## IV. THE HEALTH MAINTENANCE ORGANIZATIONS

Since the IC assumed supervision over HMOs in 2015, there have been numerous regulatory issuances including rules on licensing, minimum capitalization and financial capacity requirements, product approval and manual of examination.

Based on the audited financial statements as of yearend 2017, the total assets of HMO industry amounted to ₱32.24 billion. Cash and cash equivalents, which consisted of cash on hand and in banks including short-term placements, and various investments accounted for ₱14.34 billion or 44.49% of the total assets. Loans and receivables, which mostly consisted of membership/service fees receivables and other receivables related to healthcare agreements/utilization, contributed ₱10.07 billion or 31.23% while other assets made up ₱7.83 billion or 24.28% of the total assets.

Invested assets of HMOs totaled ₱12.45 billion with investments in government and private bonds amounting to ₱2.28 billion or 18.31%. Other major placements were made in investment property which amounted to ₱2.13 billion or 17.08% and in time deposits which amounted to ₱2.00 billion or 16.08% of the total investments. Additionally, various investments were made in subsidiaries, associates, stocks, mutual funds, unit investment trust, real estate investment and other funds along with some placements in loans and receivables. All investments generated a total interest income of ₱140 million which is 0.36% of the total revenue.

**Table 19: Health Maintenance Organizations' Key Statistics, 2017**

PARTICULARS	2017
	(in billion pesos )
<b>ASSETS</b>	32.24
<b>LIABILITIES</b>	26.81
<b>NET WORTH</b>	5.43
<b>CAPITAL STOCK</b>	2.61
<b>INVESTED ASSETS</b>	12.45
Bonds	2.28
Stocks/Mutual Fund/Unit Investment Trust/ Real Estate Investment/Other Funds	1.83
Investment in Subsidiaries	1.96
Investment in Associates	1.98
Investment Property	2.13
Time Deposit	2.00
Loans and Receivables	0.27
<b>MEMBERSHIP FEES</b>	36.98
<b>HEALTHCARE BENEFITS AND CLAIMS</b>	29.24
<b>NET INCOME</b>	0.69
<b>NO. OF LICENSED HMOs</b>	29



Photo: Courtesy call and meeting with the Commissioner by the two HMO associations, the Association of Health Maintenance Organizations of the Philippines, Inc. (AHMOPI) and the Philippine Association of HMO Companies (PAHMOC), 2018

The total liabilities amounted to ₱26.81 billion with the unearned membership fees and health plan liabilities contributing 63.40% or ₱16.99 billion and 10.79% or ₱2.89 billion of the total liabilities, respectively. Accounts such as accrued expenses, commissions payable and payables due to related parties which were reported as other liabilities totaled ₱2.42 billion or 9.02% of the total liabilities.

The total net worth of HMOs amounted to ₱5.43 billion inclusive of ₱2.61 billion capital.

As part of their net income, HMOs collected ₱38.16 billion from membership fees while they spent ₱29.93 billion on healthcare benefits and claims. Overall, they reported a total net income of ₱740 million as of yearend 2017.



## V. GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)

The Government Service Insurance System (GSIS) saw growth across all key statistics for the year 2017. The total assets went from ₱1.01 trillion to ₱1.10 trillion for an overall increase of 8.83%. In particular, assets of the life business, which accounted for 96.51% of the total assets, posted an increase of 8.8% by going from ₱978.05 billion to ₱1.06 trillion. On the other hand, assets of the non-life business grew to ₱38.43 billion, which was 9.83% higher than last year's ₱34.99 billion. Also, this surpassed 2014's reported non-life assets of ₱37.56 billion.

Of the total assets, 93.65% were placed in various investments which amounted to ₱1.03 trillion, an increment of 7.68% from the placements made last year.

The total liabilities increased from ₱955.45 billion to ₱1.04 trillion for an overall increase of 8.42%. Specifically, the liabilities of the life business increased from ₱947.22 billion to ₱1.03 trillion while for the non-life business it increased from ₱8.23 billion to ₱9.38 billion.

For 2017, the net worth of the life business stopped its downward trend and went from ₱30.83 billion to ₱37.55 billion, for an increase of 21.8%. Meanwhile, the net worth of the non-life business continued to increase from ₱26.76 billion to ₱29.05 billion. Overall, the total net worth amounted to ₱66.6 billion compared to last year's ₱57.59 billion for an increase of 15.64%. Notably, this is the first increase of the total net worth in recent years and it lifted 2017's total net worth above 2015's reported total net worth of ₱65.6 billion.

Continuing its trend in recent years, the premiums generated for 2017 increased by 9.94% growing from ₱96.56 billion to ₱106.16 billion. Further, it saw significant increase in other income and underwriting gain for the life business. This resulted in the considerable increase of its total net income from ₱56.18 billion to ₱94.93 billion for an overall increase of 68.97%.

**Table 20 : Government Service Insurance System**  
Key Insurance Statistics , 2016-2017  
(in billion pesos)

PARTICULARS	2017	2016	% Increase/ (Decrease)
<b>Assets</b>	<b><u>1,102.52</u></b>	<b><u>1,013.04</u></b>	<b><u>8.83</u></b>
Life	1,064.09	978.05	8.8
Non-Life	38.43	34.99	9.83
<b>Liabilities</b>	<b><u>1,035.93</u></b>	<b><u>955.45</u></b>	<b><u>8.43</u></b>
Life	1,026.55	947.22	8.37
Non-Life	9.38	8.23	13.97
<b>Networth</b>	<b><u>66.59</u></b>	<b><u>57.59</u></b>	<b><u>15.64</u></b>
Life	37.55	30.83	21.8
Non-Life	29.05	26.76	8.56
<b>Investments</b>	<b><u>1,032.52</u></b>	<b><u>958.85</u></b>	<b><u>7.68</u></b>
Life	1,001.44	928.84	7.82
Non-Life	31.08	30.01	3.56
<b>Premiums</b>	<b><u>106.16</u></b>	<b><u>96.56</u></b>	<b><u>9.94</u></b>
Life	103.44	94	10.04
Non-Life	2.72	2.56	6.25
<b>Net Income</b>	<b><u>94.93</u></b>	<b><u>56.18</u></b>	<b><u>68.97</u></b>
Life	92.29	53.38	72.89
Non-Life	2.64	2.8	(5.71)

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### RATING DIVISION

Chona L. Cortez  
Officer-In-Charge



### REINSURANCE DIVISION

Edna G. Bernales  
IC Division Manager



### STATISTICS AND RESEARCH DIVISION

Ariel S. Sim  
Acting Division Manager



## **MANDATE**

To regulate and supervise the insurance, pre-need and health maintenance organization industries in accordance with the provisions of the Insurance Code, Pre-Need Code of the Philippines and Executive Order No. 192, S. 2015.

## **VISION**

Strong, sustainable and globally competitive regulated entities, as pillars of the economy, to serve every Filipino.

## **MISSION**

We are committed to implement prudent and progressive regulatory and supervisory policies at par with international standards.

## **SHARED CORE VALUES**

Integrity  
Commitment  
Responsibility

## **QUALITY POLICY**

We, the Insurance Commission, commit to provide quality regulatory services to protect the insurance, pre-need and HMO customers and to develop and strengthen the insurance, pre-need and HMO industries, and their related services.

To achieve these objectives, we shall:

- Institute sound policies and regulations;
- Keep abreast with trends and developments on standards for effective regulation and supervision;
- Enhance the competencies of our human resources;
- Provide and maintain adequate resources needed for the delivery of quality services; and
- Continually improve our Quality Management System in accordance with ISO 9001.



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**



# ANNUAL REPORT

2017



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