



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

December 16, 2013

**The HONORABLE CESAR V. PURISIMA**

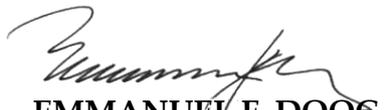
Secretary of Finance  
Department of Finance  
Manila

Dear Sir:

We have the honor to submit herewith our Annual Report for the year ended 31 December 2012 on the administration of the Insurance Code and the Pre-Need Code, as well as the performance of the insurance and pre-need industries.

Thank you.

Yours faithfully,



**EMMANUEL F. DOOC**  
Insurance Commissioner

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## I. ADMINISTRATION OF THE INSURANCE AND PRE-NEED CODES

### A. Licensing and Market Structure

As a result of the evaluation and review of the financial condition and methods of doing business of regulated entities employing such methods as on-site/off-site examinations, their compliance with the different requirements, rules and regulations and conduct of qualifying examinations, the Insurance Commission granted certificates of authority (CAs) for license year 2012-2013 to 110 insurance companies consisting of 4 composite, 29 life and 76 non-life companies and 1 reinsurance company.

**Table 1 : Insurance Companies Authorized to Transact Business in the Philippines As of 31 December 2012**

Classification of Company	Direct Insurers			Prof. Reins.	TOTAL
	Composite	Life	Non-Life		
<b>A. Domestic</b>	3	22	69	1	<b>95</b>
<b>B. Foreign</b>					
<b>Domestically Incorporated</b>	1	7	5	-	<b>13</b>
<b>Branch</b>	-	-	2	-	<b>2</b>
<b>Total</b>	<b>4</b>	<b>29</b>	<b>76</b>	<b>1</b>	<b>110</b>

The reduction in the number of licensed insurance companies during the year was caused by either voluntary withdrawal from the market or non-issuance of their certificates of authority for the license year 2012-2013.

Also issued licenses were 28 mutual benefit associations (MBAs), 17 of which are microinsurance MBAs, and 2 Trusts for Charitable Uses.

On the other hand, 21 pre-need companies received their licenses in January 2012 that shall expire 12 months thereafter.

To support the insurers in the conduct of their business, a total of 75,810 intermediaries and technical support entities were issued licenses and certificates of registration.

**Table 2: Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals - 2012**

Intermediaries	New	Renewal	Total
Ordinary Agents	10,887	25,959	36,846
Life	8,783	16,183	24,966
Non-Life	2,057	9,724	11,781
Microinsurance	47	52	99
General Agents	20	211	231
Life	16	65	81
Non-Life	4	146	150
Variable Life Agents	2,800	5,712	8,512
Brokers	0	77	77
Insurance	0	54	54
Reinsurance	-	23	23
Pre-Need Counselors	13,382	16,165	29,547
<b>TOTAL</b>	<b>27,089</b>	<b>48,124</b>	<b>75,213</b>
Technical Support			
Non-Life Underwriters	27	367	394
Resident Agents	1	55	56
Actuaries	6	34	40
Adjusters	1	51	52
External Auditors	12	43	55
Firm	7	28	35
Individual	5	15	20
<b>TOTAL</b>	<b>47</b>	<b>550</b>	<b>597</b>
<b>GRAND TOTAL</b>	<b>27,136</b>	<b>48,674</b>	<b>75,810</b>

## B. Financial Surveillance

To ensure their solvency positions, on-site and off-site examinations were made into the affairs, financial condition and methods of doing business of the regulated entities.

As a result, a total of 131 synopses of their annual financial statements for 2011 and 2010 showing the conditions of their business as well as their resources and liabilities were approved for publication in two newspapers of general circulation for the information of their policyholders and other stakeholders.

Certifications of Solvency were issued to 26 insurance companies. Moreover, applications for accreditation of 55 external auditors, signing partners and individual auditors were likewise evaluated and approved during the year.

## C. Tariff Compliance Monitoring

To monitor their compliance with the tariff and other rules and regulations, examinations of the premium rates applied on motor car policies, fire policies and bonds issued in favour of the government were conducted on 34 non-life companies. As a result, a total of 1,594 breaches of tariff were found to have been committed by these

companies for which a total of ₱5.25 million in penalties were collected during the year.

#### **D. Public Assistance/Claims Adjudication**

Pursuant to the mandate of the Commission to assist the general public on matters relating to insurance and pre-need matters, a total of 2,151 hearings/conferences on insurance and pre-need disputes/claims were held during the year which led to the:

- a. Resolution/disposition of 5 administrative cases;
- b. Settlement/termination of 647 informal cases; and
- c. Resolution/dismissal of 31 formal cases.

A total of 42,209 certifications required by the Department of Public Works and Highways (DPWH) were issued during the year from which ₱8.2 million was collected.

#### **E. Conservation/Receivership/Liquidation**

There were 29 insurance companies and 3 Mutual Benefit Associations under conservatorship, receivership or liquidation as of end of the year under review.

The thirty (30) pre-need companies with no license to transact pre-need business which were transferred to the Insurance Commission by the Securities and Exchange Commission were placed under conservatorship by the Insurance Commission in 2012.

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

The total security deposits and security fund held by the Commission for the benefit and security of the policyholders and creditors of the insurance companies and payment of valid claims against insurance companies that remain unpaid by reason of their insolvency reached ₱8.1 billion.

On the other hand, the MBAs had deposited with the Commission a combined guaranty fund in the amount of ₱0.7 billion to answer for any valid benefit claim of any of their members.

These deposits were in the form of government bonds, time deposits and stock certificates.

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

A total of 3,620 plans/riders/forms for various traditional life, variable life, microinsurance and migrant workers' compulsory insurance were approved during the year under review. For non-life, 308 policy/bond forms were acted upon and approved in 2012.

During the year, the Commission approved 981 reinsurance treaties and 534 facultative placements.

There were also 63 plans/forms for memorial/life, pension and educational plans of pre-need companies approved during the year.

## **H. Regulatory Updates**

### **1. Capitalization**

To further strengthen the financial condition of the insurance companies and stabilize the insurance industry which has a significant impact on the economy and national development, the Department of Finance, upon the recommendation of the Insurance Commission issued in 2012 Department Order No. 15-2012 prescribing step-up increases in the minimum paid-up capital requirements for insurance companies from ₱250 million by end of 2012 to ₱ 1 billion by year-end 2020.

Of the 110 licensed insurance companies, 63 companies (or 57%) were compliant with the ₱ 250 million minimum paid-up capital as of December 31, 2012.

### **2. Compulsory Insurance Coverage for Overseas Filipino Workers**

During the year, there were 9 insurance companies (4 life, 4 non-life and 1 composite) which were accredited by the Commission to participate in the compulsory insurance coverage for agency-hired Overseas Filipino Workers (OFWs). A total of 727,330 OFWs were covered during the year, 81.83% more than the 400,000 insured OFWs during the previous year.

Claims filed for death, disability, repatriation and termination benefits totalled 4,767 as of yearend, of which 4,630 claims or 97.13% amounting to about ₱ 176 million were settled.

### 3. Microinsurance

Microinsurance development in the country, a long-running project spearheaded by the Department of Finance-National Credit Council (DOF-NCC) and the Insurance Commission (IC), with the cooperative support of the private sector industry and other government agency-partners and with technical assistance by the Asian Development Bank (ADB) and German-based GIZ, culminated in October 2012. The technical assistance project which began in December 2008 produced the following: the Regulatory Framework for Microinsurance, the National Strategy for Microinsurance, the Roadmap to Financial Literacy on Microinsurance, prototype policies for life and non-life microinsurance products, circulars on regulation of microinsurance, performance standards for microinsurance providers and licensing of microinsurance agents, and joint memorandum circulars by the IC, Securities and Exchange Commission (SEC) and Cooperative Development Authority (CDA) defining the government's policy on informal insurance activities and guidelines on the treatment of funds collected from these informal insurance activities.

In 2012, the focus of the partnership was the conduct of roadshows to promote Financial Literacy on Microinsurance. The roadshows which were conducted in various regions of the country in 2012 aimed at encouraging individuals and educating/training them to be microinsurance advocates.

Within the last few months of 2012, the DOF-NCC and IC, still with technical assistance from GIZ and the reliable support of microinsurance providers, embarked on the development of an Alternative Dispute Resolution (ADR) mechanism for microinsurance. The first output of the collaboration was issued in October 2012, the Framework on ADR, which serves as the foundation for an efficient and effective mediation mechanism in settling claims disputes between microinsurance providers and policyholders at the local levels. The ADR will be very valuable when microinsurance reaches its full potential and claims disputes escalate as the process of going through a tedious and costly legal process will be avoided.

The next steps to be undertaken by the DOF-NCC and IC for the ADR mechanism include the drafting of the ADR guidelines which should integrate comments and suggestions from concerned stakeholders, the issuance of circulars on ADR, and information dissemination of the ADR Framework.

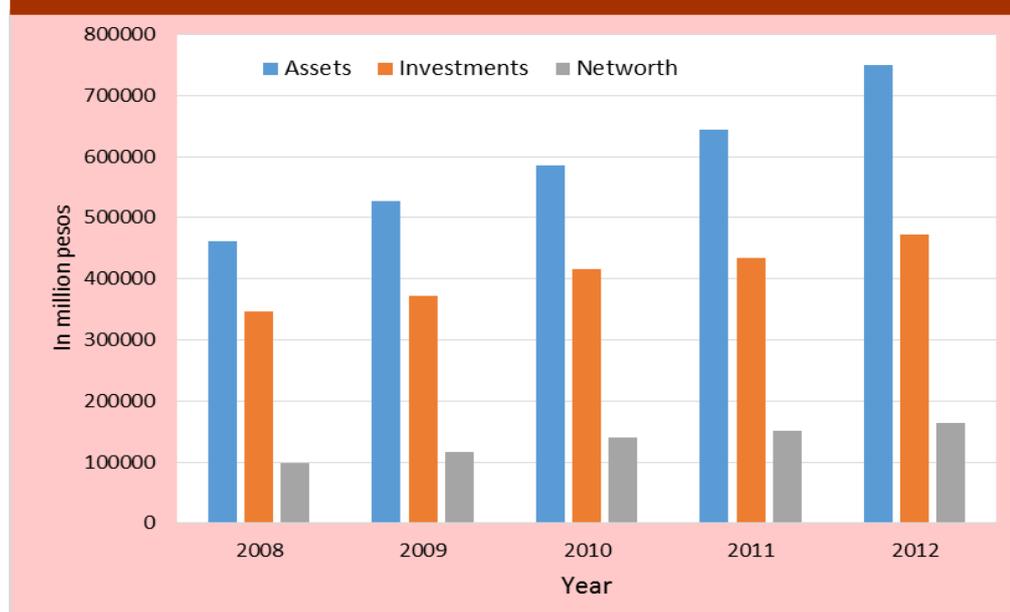
## II. PERFORMANCE OF THE INSURANCE INDUSTRIES

### A. Overview

The combined premium production by the private insurance companies (including MBAs) continued to rise over the years with the recorded ₱ 153.47 billion for 2012, 31.23% more than the previous year's ₱ 116.95 billion. Both the life and the non-life sectors contributed to the said increase with their premiums growing by 39.32% and 8.03% respectively during the year.

Aggregate assets amounted to ₱ 788.63 billion, 16.60% higher than the ₱ 676.37 billion total assets reported in 2011. Of these assets, a total of ₱ 472.62 billion were placed in such investments as government securities, stocks, real estate, short-term investments and other investments permitted under the provisions of the Insurance Code, the bulk of which or 57% were in government securities.

**Chart 1: Assets, Investments and Network of Private Insurance Industry 2008 - 2012**



The total network of the industry during the year amounted to ₱181.89 billion or an 8.67% increase from the reported network of ₱167.37 billion in 2011.

The combined profit of the industry as of the year-end amounted to ₱16.57 billion, 15.29% decrease from the previous year's ₱ 19.56 billion. While there was an increase of 34.76% in the underwriting

income posted in 2012, corresponding underwriting and general expenses rose by 19.05% and 18.85% respectively in addition to the higher income tax payments made during the year.

On a macro level, life sum insured of ₱ 3,681.36 billion as percentage of Gross Domestic Product (GDP) was computed at 34.85% while the insurance penetration or the combined premiums of the life sector including MBAs and non-life sector was 1.45% of the GDP, 21.74% higher than the previous year's 1.20%. Insurance density (amount of premium per capita or average spending of each individual on insurance) for the year was computed at ₱1,592.00 (₱ 1,301.60 for life and ₱ 290.40 for non-life). The estimated market penetration rate was 24.43% of the total population, up by 33.57% over the previous year's 18.29%

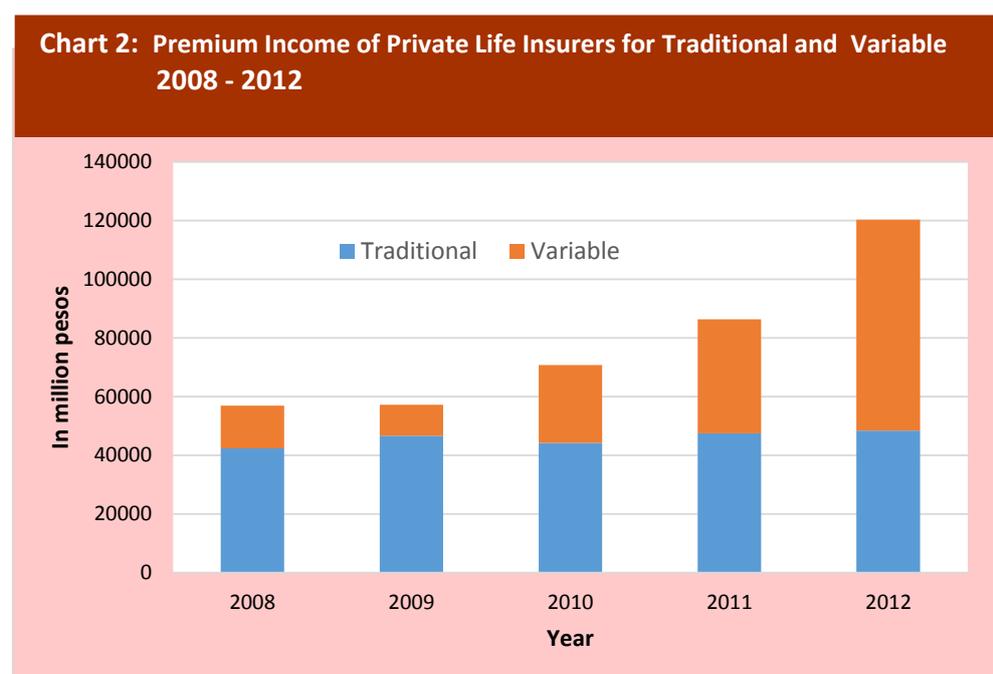
<b>Table 3: Philippine Economic Indicators, 2008-2012</b>					
<b>ECONOMIC AND INSURANCE DEVELOPMENT DATA</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GROSS NATIONAL INCOME</b>					
At Current Prices ( ₱ M)	9,776,185	10,652,466	10,852,432r	11,598,205r	12,608,730
At Constant Prices ( ₱ M)	6,590,009	6,988,767	6,851,138r	7,039,948r	7,496,546
<b>GROSS DOMESTIC PRODUCT</b>					
At Current Prices ( ₱ M)	7,720,903	8,026,143	9,003,480	9,706,268r	10,564,88
At Constant Prices ( ₱ M)	5,237,101	5,297,240	5,701,539	5,909,000r	6,311,671
<b>POPULATION (in millions)</b>	90.5	91.0	92.6r	94.2	96.4
<b>PER CAPITA GROSS NATIONAL INCOME (₱ )</b>	108,024.1	117,060.1	117,196.9	123,123.3	130,796.0
<b>LABOR FORCE (Average)</b> (In million persons)	36.81	37.89	38.91	40.00	40.43
Employed	34.09	35.06	36.05	37.19	37.60
Unemployed	2.72	2.83	2.86	2.81	2.83
<b>EXCHANGE RATE (per US\$)</b>	47.49	46.36	43.88	43.93	41.19
<b>INFLATION RATE</b>	4.26%r	2.09%r	1.51%	2.72%	3.20%
<b>Insurance Density (₱)</b>	859.5	845.4	1,055.6	1,241.5	1,592.0
Life Insurance	628.6	620.8	807.8	966.4	1,301.6
Non-Life Insurance	230.9	224.6	247.8	275.1	290.4
Life Sum Assured as % of G D P	25.99%	27.41%	25.56%	30.80%	34.85%
% of G N I	20.53%	20.57%	21.21%	25.78%	29.20%
Premiums					
Insurance Penetration As % of G D P	1.01%	1.02%	1.09%	1.20%	1.45%
Premiums as % of G N I	0.80%	0.77%	0.90%	1.01%	1.22%
Gross value added on insurance	83,241	86,983	99,169	112,946	127,779
<b>ESTIMATED LIFE INSURANCE COVERAGE</b>	14.01%	14.08%	16.33%	18.29%	24.43%

## B. The Life Insurance Industry

### 1. Premium Income

The life insurance sector has generated a total premium income of ₱ 120.30 billion in 2012, 39.32% more than the prior year's premiums of ₱ 86.35 billion. Data from the 2012 annual statements of life insurance companies showed higher sales of variable life products as indicated by their increased premium income of ₱ 71.96 billion, 84.94% over the ₱ 38.91 billion premiums of 2011. This accounted for 59.82% of the total premiums recorded during the year under review. Ordinary, group and health & accident contributed 29.19%, 7.72% and 3.27% of the total premiums respectively.

Premium income from the sale of microinsurance products amounted to ₱ 1.12 billion for the year under review.



### 2. New Business

There were 399,972 new policies issued during the year under review, 26.08% more than the 317,241 policies issued in 2011. Of these policies, 50.82% were traditional life policies while the remaining 49.18% were variable policies. Microinsurance and compulsory insurance for migrant workers which are included in traditional stood at 0.27% and 10.63% respectively of the total policies.

A total of 196,717 variable life policies were sold during the year, 130.83% more than reported sales in 2011. Corresponding increments of 92.83% and 170.80% in the annual premium and sum assured amounting to ₱64.52 billion and ₱115.82 billion were respectively posted

<b>Table 4: New Business Generated, 2008-2012</b>						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
<b>A. Traditional Insurance Products</b>						
2012	203,255	(12.35)	12.56	(8.39)	542.36	(12.79)
	(5,116,344)	(3.82)				
2011	232,019	1.23	13.71	8.90	621.89	103.99
	(5,319,581)	110.10				
2010	229,195	6.13	12.59	(12.69)	304.86	(25.76)
	(2,531,903)	24.93				
2009	215,962	13.78	14.42	50.21	410.65	54.28
	(2,026,619)	(12.63)				
2008	189,803	(5.64)	9.60	0.84	266.18	(1.14)
	(2,319,711)	(5.06)				
<b>B. Variable Life Products</b>						
2012	196,717	130.83	64.52	92.83	115.82	170.80
	(190,868)					
2011	85,222	(0.63)	33.46	54.26	42.77	(15.21)
2010	85,759	65.31	21.69	206.36	50.44	61.25
2009	51,878	(34.80)	7.08	(42.01)	31.28	(27.19)
2008	79,572	(30.92)	12.21	(62.93)	42.96	(2.05)

As shown in Table 4, a total of 1,078 microinsurance policies covering 3,052,511 insured lives were issued in 2012 with a corresponding ₱1.04 billion premium and ₱113.96 billion sum assured. During the year, 17 life insurance companies were offering microinsurance products to low income earners.

For the compulsory insurance for Overseas Filipino Workers (OFW) there were 383,865 insured lives reportedly covered under 42,532 policies issued in 2012.

Ordinary policies issued in 2012 totaled 197,218, lower by 12.98% than those issued in 2011 as shown in Table 5. These policies include whole life, endowment and term insurance. The lower sales of these products during the year under review resulted in lower annual premium. However, there was a slight increase in the corresponding sum assured.

Table 5: Ordinary New Business, 2008-2012						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ Billion	% Change	₱ Billion	% Change
2012	197,218	(12.98)	7.78	(11.69)	80.08	0.34
2011	226,648	1.36	8.81	(1.56)	79.81	(2.03)
2010	223,608	4.99	8.95	(25.10)	81.46	21.13
2009	212,977	14.37	11.95	63.25	67.25	(6.31)
2008	186,210	(5.86)	7.32	(5.30)	71.78	0.63

The annual premium and the corresponding sum assured under the group policies issued in 2012 decreased by 2.45% and 14.72% respectively which can be attributed to the decline in the number of insured lives under these policies.

Table 6: Group Insurance New Business, 2008-2012						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
2012	6,037 (4,920,849)	15.03 (7.50)	4.78	(2.45)	462.28	(14.72)
2011	5,371 (5,319,581)	(3.87) 110.10	4.90	34.25	542.08	142.66
2010	5,587 (2,531,903)	87.17 24.93	3.65	47.18	223.39	(34.95)
2009	2,985 (2,026,619)	(16.92) (12.63)	2.48	8.77	343.40	76.65
2008	3,593 (2,319,711)	7.57 (5.06)	2.28	27.37	194.40	(1.78)

### 3. Terminations

Policy terminations during the year totalled 914,539, 193.90% more than the 311,174 policies terminated in 2011. As revealed in the following table, expiry under the group and industrial plans has the highest number of terminations accounting for 65.65%, followed by lapsation 17.01%, surrender 9.03%, maturity 4.20%, others 2.81% and death 1.30%.

The corresponding total amount of terminated sum assured increased by 53.24% to ₱730.93 billion from ₱476.98 billion in 2011. Group and industrial insurance plans which has the highest number of terminations of in terms of policies and insured lives accounted for 73.06% of the total terminated sum assured and the rest for 26.94%.

**Table 7: Terminated Insurance Policies and Sum Insured as of 31 December 2012**

Types of Policies	Number of Policies (Insured Lives)						TOTAL
	Death	Maturity	Surrender	Lapse	Expiry	Others	
Ordinary	7,617 (7,617)	38,389 (38,389)	56,273 (56,273)	128,986 (128,986)	30,116 (30,116)	25,671 (25,671)	287,052 (287,052)
Group & Industrial	3,763 (31,963)	-	7 (4,572)	1,594 (2,453,928)	526,966 (5,346,283)	16 (705,531)	532,346 (8,542,277)
Health & Accident	290 (2,169)	-	6 (6)	12,367 (79,849)	41,126 (398,022)	- (111,456)	53,789 (591,502)
Variable Life	269 (269)	-	26,289 (26,289)	12,572 (12,572)	2,222 (2,222)	-	41,352 (41,352)
<b>TOTAL</b>	<b>11,939</b> <b>(42,018)</b>	<b>38,389</b> <b>(38,389)</b>	<b>82,575</b> <b>(87,140)</b>	<b>155,519</b> <b>(2,675,335)</b>	<b>600,430</b> <b>(5,776,643)</b>	<b>25,687</b> <b>(842,658)</b>	<b>914,539</b> <b>(9,462,183)</b>
Terminated Sum Assured (in billion pesos)							
Types of Insurance	Death	Maturity	Surrender	Lapse	Expiry	Others	TOTAL
Ordinary	2.60	7.37	19.85	54.63	5.52	9.75	99.72
Group & industrial	2.84	-	0.75	291.95	179.74	58.72	534.00
Health & Accident	0.06	-	-	5.78	37.68	29.11	72.63
Variable Life	0.16	-	7.29	15.88	0.24	1.01	24.58
<b>TOTAL</b>	<b>5.66</b>	<b>7.37</b>	<b>27.89</b>	<b>368.24</b>	<b>223.18</b>	<b>98.59</b>	<b>730.93</b>

#### 4. Insurance in Force

As shown in Table 8, there were 3,770,915 in force policies by the end of 2012, 7.57% more than the 3,505,704 policies in 2011. Traditional policies comprised the biggest share at 85.07% with 3,207,961 policies and variable policies at 14.93% with 562,954 policies. However, in terms of policies sold during the year under review, variable life products outperformed the traditional products as the former posted an increase 39.32% as against the latter's 3.43% increase.

The total premium income of the life insurance sector was recorded at ₱120.30 billion in 2012, 39.32% higher than the ₱86.35 billion of last year. Table 8 also shows that variable products became more saleable in 2012 as these products accounted for ₱71.96 billion or 59.82% of the total premium income and posted an increase of 84.94% in premiums.

**Table 8: Life Insurance in Force/Premium Income , 2012**

Types of Policies	Number of Policies ( Insured Lives)			Insurance-in-Force (In billion pesos)			Premium Income (In billion pesos)		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
	<b>A. Traditional Insurance Products</b>								
Ordinary	2,595,521 (2,595,521)	2,629,646 (2,629,646)	(1.30) (1.30)	920.94	899.06	2.43	35.12	35.72	(1.68)
Group & Industrial	470,742 (15,395,339)	471,981 (13,580,719)	(0.26) 13.36	2,163.14	1,861.96	16.18	9.29	11.64	20.19
Health & Accident	141,698 (1,696,933)	-	-	313.42	-	-	3.93	-	
<b>SUB-TOTAL</b>	<b>3,207,961</b> <b>(19,687,793)</b>	<b>3,101,627</b> <b>(16,210,365)</b>	<b>3.43</b> <b>21.45</b>	<b>3,397.50</b>	<b>2,761.02</b>	<b>23.05</b>	<b>48.34</b>	<b>47.36</b>	<b>2.07</b>
<b>B. Variable Life Products</b>									
	562,954 (562,954)	404,077 (404,077)	39.32 39.32	283.86	199.51	42.28	71.96	38.91	84.94
<b>GRAND TOTAL</b>	<b>3,770,915</b> <b>(20,250,747)</b>	<b>3,505,704</b> <b>(16,614,442)</b>	<b>7.57</b> <b>21.89</b>	<b>3,680.86</b>	<b>2,960.53</b>	<b>24.33</b>	<b>120.30</b>	<b>86.27</b>	<b>39.45</b>

## 5. Summary of Operations

As shown in Table 9, the total underwriting income of the life sector amounted to ₱104.47 billion, a 46.48% improvement over the previous year's ₱71.32 billion. This was brought about by the higher premium income amounting to ₱120.30 billion, 39.32% more than the previous year's reported premiums.

**Table 9: Summary of Operations of Life Insurance Industry, 2012  
(₱ billion)**

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Underwriting Income	40.25	64.22	104.47
Premium Income	54.30	66.00	120.30
Less: Inc./ (Dec) in Reserves	15.23	7.27	22.50
Commissions Earned	0.01	0.01	0.02
Other Underwriting Income	1.17	5.49	6.66
Less: Underwriting Expenses	40.33	50.00	90.33
Benefit Payments	21.84	28.19	50.03
Commissions Expenses	3.35	4.44	7.79
Premium Tax Incurred	0.36	0.47	0.83
Other Underwriting Expenses	14.78	16.90	31.68
Underwriting Gain/Loss	(0.08)	14.22	14.14
Add: Gross Investment Income	11.19	22.47	33.66
Other Income/Expenses	2.26	(17.43)	(15.17)
<b>SUB – TOTAL</b>	<b>13.37</b>	<b>19.26</b>	<b>32.63</b>
Less: Taxes other than Premium & Income Tax	0.92	3.63	4.55
Other General Expenses	7.47	8.38	15.85
Income Tax	0.16	0.02	0.18
<b>Net Income / Loss for the year Including Capital Gains</b>	<b>4.82</b>	<b>7.23</b>	<b>12.05</b>

The foreign companies shared 54.86% of the total premium income during the year. A look at the previous table revealed that the increased premiums from the sale of variable products contributed to an improved performance of the sector.

However, the net income including capital gains of ₦12.05 billion posted by the life sector declined by 16.51% from the previous year's ₦14.04 billion.

## 6. Investments

The total placements in allowable investments during the year under review amounted to ₦418.23 billion, a 9.26% improvement from the ₦382.78 billion of the previous year. As in previous years, bonds continued as the most preferred instruments with ₦262.06 billion or 62.66% of the total investments and grew by 6.81% in 2012. Foreign companies contributed 73.65% amounting to ₦193.02 billion of the total invested bonds in 2012.

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Bonds	69.04	193.02	262.06
Stocks	18.63	15.97	34.60
Real Estate	10.57	4.48	15.05
Purchase Money Mortgages	0.00	0.00	0.00
Mortgage Loans	1.66	0.21	1.87
Collateral Loans	15.25	0.00	15.25
Guaranteed Loans	0.29	26.62	26.91
Policy Loans	10.25	22.24	32.49
Other Loans	5.23	0.43	5.66
Short –Term Investments	0.05	0.00	0.05
Other Investments	2.72	1.45	4.17
Fixed Deposits	10.81	9.31	20.12
<b>TOTAL</b>	<b>144.50</b>	<b>273.73</b>	<b>418.23</b>

Stocks remained the second popular investment amounting to ₦34.60 billion or 8.27%, followed by policy loans ₦32.49 billion or 7.77%, guaranteed loans ₦26.91 billion or 6.43%, fixed deposit ₦20.12 billion or 4.81% and other forms of allowable investments.

Total investments in bonds and government securities in 2012 as shown in Table 11 grew by 8.60% to ₦262.11 billion from ₦241.36 billion in the previous year. Of these, ₦247.71 billion or 94.51% were long term government bonds, the highest of which was treasury notes amounting to ₦201.67 billion or 81.41%, a slight increase from the placements in 2011.

Investments in short term government securities, private and foreign bonds remain the same as in the previous year.

<b>Table 11: Investments of Life Insurers in Bonds &amp; Government Securities, 2012</b> (₱ billions)	
<b>TYPES OF BONDS/SECURITIES</b>	
<b>Long-Term Government Bonds</b>	<b><u>247.71</u></b>
<i>Treasury Notes</i>	201.67
<i>Land Bank Bonds</i>	0
<i>Pag-ibig Bonds</i>	.05
<i>ROP Bonds</i>	24.30
<i>Retail Bonds</i>	10.27
<i>Other Government Bonds</i>	11.42
<b>Short-Term Government Securities</b>	<b><u>0.05</u></b>
<i>Treasury Bills</i>	0.05
<b>Total Government Securities</b>	<b><u>247.76</u></b>
<i>Private Bonds</i>	11.46
<i>Foreign Bonds</i>	2.89
<b>GRAND TOTAL</b>	<b><u>262.11</u></b>

## 7. Balance Sheet

The total reported assets of the life sector as of the year-end amounted to ₱ 621.93 billion, 16.99% more than the previous year's ₱531.59 billion. The growth in the recorded assets was attributed to the noted increases in bonds, collateral loans and investments in variable life contracts.

Legal policy reserves and variable life contract liabilities likewise increased in 2012 as compared to the figures of 2011.

The total networth of the sector grew by 7.40% to ₱ 105.77 billion from ₱98.48 billion. The increase in the seed capital on variable, paid-up capital/statutory deposits, investment fluctuation reserves and unassigned surplus contributed to the growth of the networth.

**Table 12: Consolidated Balance Sheet of Life Insurers, 2012  
(₱ billions)**

PARTICULARS	LIFE		
	Domestic	Foreign	Total
<b>ASSETS</b>			
Bonds	66.82	191.43	258.25
Stocks	41.25	18.09	59.34
Real Estate Owned	13.93	2.97	16.90
Purchase Money Mortgages	0	0	0
Mortgage Loans	1.63	0.21	1.84
Collateral Loans	15.21	0	15.21
Guaranteed Loans	0.29	26.62	26.91
Policy Loans	10.25	22.16	32.41
Other Loans	5.02	0.17	5.19
Short – Term Investments	0.05	0	0.05
Security Fund	0	0	0
Other Investments	2.38	1.97	4.35
Cash on Hand & in Banks	13.88	11.72	25.60
Net Premiums Due & Uncollected	1.04	1.38	2.42
Due From Ceding Companies	0.03	0.12	0.15
Funds Held by Reinsurers	0.37	0.24	0.61
Accrued Interest & Other Investment Income	1.92	5.23	7.15
EDP Equipment	0.33	0.33	0.66
Investments for Variable Life Contracts	71.06	91.51	162.57
Other Assets	1.98	0.34	2.32
<b>TOTAL ASSETS</b>	<b><u>247.44</u></b>	<b><u>374.49</u></b>	<b><u>621.93</u></b>
<b>LIABILITIES</b>			
Legal Policy Reserves	98.49	194.90	293.39
Policy & Contract Claims	4.44	1.71	6.15
Policyholders Dividends	9.23	35.87	45.10
Dividends Payable to Stockholders	0.32	-	0.32
Liability for Premium Deposit Funds	4.83	3.09	7.92
Premiums Due to Reinsurers	0.58	0.36	0.94
Prem./Loss Reserves Withheld For Reinsurers	0.01	0.19	0.20
Taxes/Licenses Payable	0.32	0.48	0.80
Commission & Other Charges Payable	1.12	2.37	3.49
Accounts/Notes Payable	1.87	2.67	4.54
Unearned Investment Income	0.35	0.32	0.67
Variable Life Contracts Liabilities	68.22	42.50	110.72
Other Liabilities	3.85	38.07	41.92
<b>TOTAL LIABILITIES</b>	<b><u>193.63</u></b>	<b><u>322.53</u></b>	<b><u>516.16</u></b>
<b>NETWORTH</b>			
Paid-Up Capital/Statutory Deposits	7.17	6.63	13.80
Paid-In Capital	1.05	0.80	1.85
Deposit on Stock Subscription	0.03	-	0.03
Investment Fluctuation Reserves	26.71	5.99	32.70
Contributed Surplus	1.62	0.98	2.60
Contingency Surplus	1.78	0.45	2.23
Other Assigned Surplus	0.16	0.01	0.17
Unassigned Surplus	15.04	36.55	51.59
Seed Capital on Variable	0.25	0.55	0.80
<b>TOTAL NETWORTH</b>	<b><u>53.81</u></b>	<b><u>51.96</u></b>	<b><u>105.77</u></b>
<b>TOTAL LIABILITIES &amp; NETWORTH</b>	<b><u>247.44</u></b>	<b><u>374.49</u></b>	<b><u>621.93</u></b>

## C. The Non-Life Insurance Industry

### 1. Gross Premiums

The 2012 gross premiums written by the non-life insurance sector totalled ₱ 47.80 billion, a 12.18% increment over the ₱ 42.61 billion production in 2011. All lines contributed to the overall increase in premium production with fire accounting for 21.46%, followed by suretyship with 11.86%, casualty with 9.46%, motorcar with 8.06% and marine with 2.69%.

Table 13 : Gross Premiums Written of Private Non-Life Companies & Professional Reinsurer, 2011-2012 (₱ billions)				
LINE OF BUSINESS	2012		2011	
	Amount (₱ B)	% to Total	Amount (₱ B)	% to Total
Fire	15.62	32.68	12.86	30.18
Marine	4.58	9.58	4.46	10.47
Motor Car	14.62	30.59	13.53	31.75
Casualty	10.88	22.76	9.94	23.33
Suretyship	1.98	4.14	1.77	4.15
Life for PR	0.12	0.25	0.05	0.12
<b>TOTAL</b>	<b>47.80</b>	<b>100.00</b>	<b>42.61</b>	<b>100.00</b>

During the year, fire contributed the biggest share at 32.68% of the total gross premiums, followed by motor car sharing 30.59%, casualty 22.76%, marine 9.55% and suretyship at 4.14%. Life for professional reinsurer with the smallest share, increased by 140% from ₱ 0.05 billion of the previous year to ₱0.12 billion in 2012.



## 2. Net Premiums Written

The total net premiums written by the non-life insurance companies in 2012 rose by 8.03% to ₱ 27.99 billion from the ₱ 25.91 billion of 2011. As in the past years, net premiums written for motor car continued dominating the industry as it shared 49.59% of the total net premiums written in 2012.

During the year, a lower net retention ratio of 58.56% was recorded in 2012 from the 60.81% of the previous year.

Table 14: Net Premiums of Non-Life Companies & Professional Reinsurer, 2011-2012 (₱ billions)			
LINE OF BUSINESS	2012	2011	% Increase/(Decrease)
Fire	4.63	4.51	2.66
Marine	1.81	1.55	16.77
Motor Car	13.88	12.97	7.02
Casualty	5.42	5.01	8.18
Suretyship	1.80	1.60	12.50
Life for PR	0.45	0.27	66.67
<b>TOTAL</b>	<b>27.99</b>	<b>25.91</b>	<b>8.03</b>

## 3. Premiums Earned

Premiums earned during the year increased to ₱26.83 billion, 9.42% higher than the ₱ 24.52 billion of 2011. Table 15 reveals that all major lines of business reported increases in premiums earned. However, some sub-lines reported decreases in premiums such as fire, marine hull, CMVL-LTO, personal accident and engineering with marine having the highest decrease of 16.67%. There are also increases as high as 63.64% noted in other sublines which contributed to the overall increase in the total premiums earned as of the year-end.

## 4. Losses Incurred

In 2012, the total losses incurred by the non-life sector amounted to ₱11.27 billion, 10.49% higher than the previous year's ₱10.20 billion. While there were higher loss ratios noted in some lines of business compared to those of the previous year, there were also improvements in the loss ratios of Marine and Suretyship. We may also note improved loss ratios of some sub-lines namely Typhoon, Marine Hull, CMVL-LTO and Personal Accident.

**Table 15: Loss Ratios of Non-Life Companies & Professional Reinsurer  
2011-2012**

LINE OF BUSINESS	2012			2011		
	Losses Incurred (P B)	Premiums Earned (P B)	Loss Ratio (%)*	Losses Incurred (P B)	Premiums Earned (P B)	Loss Ratio (%)*
<b>1. Fire and Allied Perils</b>	<b>3.24</b>	<b>4.44</b>	<b>72.90</b>	<b>2.37</b>	<b>4.13</b>	<b>57.21</b>
a. Fire	2.59	3.16	81.99	1.85	3.19	57.81
b. Earthquake /Fire/shock	0.05	0.71	7.02	0.01	0.52	2.41
c. Typhoon	0.16	0.25	65.48	0.27	0.17	155.17
d. Flood	0.39	0.18	218.72	0.26	0.11	225.28
e. Extended Coverage	0.05	0.14	32.71	(0.02)	0.14	(11.82)
<b>2. Marine</b>	<b>0.72</b>	<b>1.81</b>	<b>39.86</b>	<b>0.78</b>	<b>1.61</b>	<b>48.55</b>
a. Marine Cargo	0.42	1.32	31.93	0.31	1.16	26.50
b. Aviation	0.07	0.24	28.74	0.03	0.15	23.64
c. Marine Hull	0.23	0.25	91.26	0.44	0.30	147.52
<b>3. Motor Car</b>	<b>5.40</b>	<b>13.45</b>	<b>40.12</b>	<b>5.29</b>	<b>12.29</b>	<b>43.06</b>
a. CMVL-LTO	0.04	0.46	8.96	0.07	0.52	13.71
b. CMVL-Non-LTO	0.73	2.05	35.29	0.68	1.98	34.53
c. Other Than CMVL-LTO	0.07	0.27	25.87	0.03	0.17	19.75
d. Other Than CMVL-Non-LTO	4.56	10.67	42.76	4.51	9.62	46.80
<b>4. Casualty</b>	<b>1.77</b>	<b>5.41</b>	<b>32.64</b>	<b>1.61</b>	<b>4.95</b>	<b>32.60</b>
a. Health	0.33	0.76	43.59	0.30	0.69	44.15
a. Personal Accident	0.60	2.06	26.82	0.80	2.30	35.26
b. Engineering	0.29	0.74	38.80	0.13	0.75	17.44
c. Miscellaneous	0.43	1.39	22.57	0.30	0.91	32.64
d. Life, for Prof. Reinsurer	0.12	0.46	25.57	0.08	0.30	28.69
<b>5. Suretyship</b>	<b>0.14</b>	<b>1.72</b>	<b>8.22</b>	<b>0.15</b>	<b>1.54</b>	<b>9.84</b>
TOTAL	<u>11.27</u>	<u>26.83</u>	<u>41.98</u>	<u>10.20</u>	<u>24.52</u>	<u>41.61</u>

\*Loss ratios based on actual figures

## 5. Summary of Operations

The non-life sector posted a net income of ₱2.48 billion, a 25.75% lower than the previous year's ₱ 3.34 billion. Despite the higher underwriting income of ₱29.91 billion reported during the year, the much bigger increases in underwriting expenses and general expenses caused a lower net income for the year-end.

Table 16 shows that premiums earned amounting to ₱26.83 billion which comprised 80.24% of the total underwriting income grew by 9.42% in 2012. However, a lower net income was recorded at the end of the year mainly due to higher losses incurred and tax payments made during the year.

**Table 16: Summary of Operations of Non-Life Companies  
& Professional Reinsurer , 2012  
(₱ billions )**

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
<b>Underwriting Income</b>	<b><u>26.05</u></b>	<b><u>3.86</u></b>	<b><u>29.91</u></b>
Premiums Earned	23.68	3.15	26.83
Commissions Earned	2.16	0.67	2.83
Other Underwriting Income	0.21	0.04	0.25
<b>Less: Underwriting Expenses</b>	<b><u>19.53</u></b>	<b><u>2.52</u></b>	<b><u>22.05</u></b>
Losses Incurred	10.12	1.14	11.26
Loss Adjustment Expenses	0.24	0.05	0.29
Commission Expenses	7.56	1.23	8.79
Premium Tax Incurred	-	-	-
Other Underwriting Expenses	1.61	0.10	1.71
<b>Underwriting Gain/Loss</b>	<b><u>6.52</u></b>	<b><u>1.34</u></b>	<b><u>7.86</u></b>
Add: Gross Investment Income	2.45	0.38	2.83
Other Income/Expenses	1.09	0.09	1.18
<b>SUB – TOTAL</b>	<b><u>10.06</u></b>	<b><u>1.81</u></b>	<b><u>11.87</u></b>
Less: Taxes other than Premium	0.35	0.11	0.46
Other General Expenses	6.96	1.57	8.53
Income Tax	0.36	0.04	0.40
<b>Net Income / Loss for the year Including Capital Gains</b>	<b><u>2.39</u></b>	<b><u>0.09</u></b>	<b><u>2.48</u></b>

## 6. Investments

Investments placed by non-life insurers amounted to ₱54.39 billion as of the year-end, slightly more by 5.20% than the previous year's ₱ 51.70 billion. Despite a minute decrease of 1.60%, investments in bonds still shared 46.44% of the total invested assets, reflective of a better preference for bonds. Fixed deposits placed second sharing 18.33%, followed by stocks with 16.53% and real estate with 10.04%.

**Table 17: Investments by Category of Non-Life Companies  
& Professional Reinsurer, 2012  
(₱ Billions)**

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Bonds	20.54	4.72	25.26
Stocks	8.01	0.98	8.99
Real Estate	5.28	0.18	5.46
Mortgage Loans	0.21	0.02	0.23
Collateral Loans	0.65	0.00	0.65
Purchase Money Mortgage	0	0.00	0.
Other Loans	0.51	0.03	0.54
Short -Term Investments	1.79	0.00	1.79
Other Investments	1.46	0.04	1.50
Fixed Deposits	9.04	0.93	9.97
<b>TOTAL</b>	<b><u>47.49</u></b>	<b><u>6.90</u></b>	<b><u>54.39</u></b>

The total investments in bonds and government securities totalled ₱27.05 billion, lower by 0.96% from the previous year's P 27.31 billion. Of these total investments, 74.45% are long term government bonds consisting of treasury notes, retail bonds and others amounting to ₱20.14 billion.

Investments in treasury bills amounted to ₱1.79 billion, 9.15% higher than that of the previous year.

A slightly higher placements in private bonds was noted during the year, however, a little decrease in foreign bonds was likewise observed.

**Table 18: Investments in Bonds & Government Securities of Non-Life Companies & Professional Reinsurer , 2012 (₱ billions )**

<b>TYPES OF BONDS/SECURITIES</b>	<b>(₱ Billions)</b>
<b>Long-Term Government Bonds</b>	<b><u>20.14</u></b>
<i>Treasury Notes</i>	14.71
<i>Land Bank Bonds</i>	0.04
<i>Pag-ibig Bonds</i>	0.01
<i>ROP Bonds</i>	1.33
<i>Retail Bonds</i>	3.93
<i>Others</i>	0.12
<b>Short-Term Government Securities</b>	<b><u>1.79</u></b>
<i>Treasury Bills</i>	1.79
<b>Total Government Securities</b>	<b><u>21.93</u></b>
<i>Private Bonds</i>	4.58
<i>Foreign Bonds</i>	0.54
<b>GRAND TOTAL</b>	<b><u>27.05</u></b>

## 7. Balance Sheet

The total assets of the non-life sector grew by 14.51% to ₱128.45 billion from ₱112.17 billion in 2011, with the domestic companies contributing 89.05%. The growth in the reported total assets of the sector was brought about by the 15.99% increase in the assets of domestic companies amounting to ₱114.39 billion from the previous year's ₱98.62 billion.

There were also increases in most of the assets as reflected in the following table.

Total liabilities amounted to ₱70.33 billion in 2012 with 87.81% shared by domestic insurers. During the year under review, reserve for unearned premiums amounted to ₱11.80 billion, an increase of 10.07% while losses and claims payable increased by 31.81% to ₱37.00 billion.

**Table 19: Consolidated Balance Sheet of Non-life Companies  
& Professional Reinsurer, 2012  
(₱ billions )**

<b>PARTICULARS</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<b>ASSETS</b>			
Bonds	20.81	4.86	25.67
Stocks	18.60	0.85	19.45
Real Estate Owned	7.24	0.13	7.37
Mortgage Loans	0.20	0.02	0.22
Collateral Loans	0.75	0.02	0.65
Guaranteed Loans	-	-	-
Other Loans	0.51	0.03	0.54
Short-Term Investments	1.80	-	1.80
Security Fund	-	-	-
Other Investments	2.02	0.04	2.06
Cash on Hand & in Banks	14.78	1.66	16.44
Premiums Receivable	10.04	0.60	10.64
Due From Ceding Companies	4.38	0.41	4.79
Prem./Loss Reserve Withheld By Ceding Companies	0.47	0.01	0.48
Reins. Recoverable on Losses	28.44	4.56	33.00
Other Reins. Accts. Receivable	0.58	0.01	0.59
Commissions/Accounts Receivable	0.80	0.06	0.86
Salvage Recoverable	0.08	-	0.08
Accrued Interest & Other Investment Income	0.35	0.10	0.45
EDP Equipment	0.43	0.05	0.48
Other Assets	2.21	0.67	2.88
<b>TOTAL ASSETS</b>	<b><u>114.39</u></b>	<b><u>14.06</u></b>	<b><u>128.45</u></b>
<b>LIABILITIES</b>			
Reserve for Unearned Premiums	10.20	1.60	11.80
Losses & Claims Payable	32.59	4.41	37.00
Loss Adjustment Expenses	0.20	0.03	0.23
Catastrophe Loss Reserves	0.42	0.07	0.49
Premiums Due to Reinsurers	7.31	1.08	8.39
Prem./Loss Reserves Withheld For Reinsurers	1.90	0.67	2.57
Other Reins. Accounts Payable	0.30	-	0.30
Taxes/Licenses Payable	2.90	0.25	3.15
Accrued Expenses Payable	0.57	0.22	0.79
Commission & Other Charges Payable	1.16	0.05	1.21
Accounts/Notes Payable	2.78	0.12	2.90
Other Liabilities	1.43	0.07	1.50
<b>TOTAL LIABILITIES</b>	<b><u>61.76</u></b>	<b><u>8.57</u></b>	<b><u>70.33</u></b>
<b>NETWORTH</b>			
Paid-Up Capital/Statutory Deposits	18.84	4.03	22.87
Treasury Shares	-	-	-
Paid-In Capital	4.74	0.26	5.00
Contributed Surplus	1.38	0.75	2.13
Deposit on Stock Subscription	0.78	0.20	0.98
Investment Fluctuation Reserves	15.98	(0.05)	15.93
Contingency Surplus	1.58	-	1.58
Other Assigned Surplus	0.26	0.04	0.30
Unassigned Surplus/H.O. Accounts	9.07	0.26	9.33
<b>TOTAL NETWORTH</b>	<b><u>52.63</u></b>	<b><u>5.49</u></b>	<b><u>58.12</u></b>
<b>TOTAL LIABILITIES &amp; NETWORTH/TRUSTED SURPLUS</b>	<b><u>114.39</u></b>	<b><u>14.06</u></b>	<b><u>128.45</u></b>

Total networth as of the year-end reached ₱58.12 billion, an increment of 9.15% over the ₱53.25 billion in 2011. Paid-up capital, paid in capital and investment fluctuation reserves posted increases of 13.89%, 16.27% and 35.57% respectively.

#### D. Mutual Benefit Associations (MBAs)

The twenty-eight (28) licensed MBAs remained fundamentally sound and stable in 2012. Total assets rose by 17.30% to ₱ 38.25 billion as of the year-end from its year-ago level of ₱ 32.61 billion. The increase can be attributed to the rise in placements in bonds and cash on hand and in banks. AFP Mutual Benefit Association, Inc. reported the biggest assets, followed by Public Safety Mutual Benefit Fund. These two associations continued to account for more than half of the total assets.

<b>PARTICULARS</b>	<b>2012</b>	<b>2011</b>	<b>% Increase (Decrease)</b>
Assets	38.25	32.61	17.30
Liabilities	20.26	16.96	19.46
Members' Equity	18.00	15.64	15.09
Guaranty Fund	0.57	0.44	29.55
Investments	34.13	29.05	17.49
Premiums	5.18	4.69	10.45
Net Income	2.05	2.17	(5.53)

Total liabilities amounted to ₱ 20.26 billion, a 19.46% increase over that of the previous year, with aggregate reserves for policy and contracts comprising 44.32% of the total amount.

Total members' equity expanded by 15.09% or ₱ 2.36 billion to ₱ 18.00 billion from ₱ 15.64 billion last year due to the ₱ 0.13billion additions to guaranty fund and gains in retained earnings of ₱ 1.53 billion. Guaranty fund grew to ₱ 0.57 billion from ₱ 0.44 billion in 2011 while retained earnings rose to ₱ 11.65 billion by year-end from ₱ 10.12 billion last year. The sector has been dominated by three (3) bigger MBAs namely Public Safety Mutual Benefit Fund, Manila Teachers Mutual Aid System, Inc. and AFP Mutual Benefit Association, Inc. sharing 83.43% of the total reported members' equity.

Investments at cost of the MBAs recorded in 2012 amounted to ₱ 34.13 billion, 17.49% higher than that in 2011. Most of investments were placed in other loans which stood at ₱ 12.58 billion and in bonds at ₱ 8.13 billion, an increase of 15.79% and 24.14%, respectively from those of the previous year. The bulk of the investments were

contributed by AFP Mutual Benefit Association of the Phils. Inc. with ₱9.90 billion or 29.01% of the total.

Aggregated net income reported by the MBAs amounted to ₱ 2.05 billion, 5.53% lower than that reported in 2011. The decrease in income was caused mainly by the 13.14% increase in the total underwriting expenses coupled with 17.22% increase in operating expenses. Public Safety Mutual Benefit Fund registered the highest income amounting ₱ 0.79 billion which was 38.54% of the total income generated by the MBAs in 2012.

#### E. Trusts for Charitable Uses

For license year 2012-2013, two Trusts for Charitable Uses renewed their Certificates of Authority (CA) namely, Teodoro R. Yupangco Memorial Foundation, Inc. and Ramona Arguelles Memorial, Inc.

#### F. Insurance and Reinsurance Brokers

In 2012, insurance and reinsurance brokers contributed ₱ 42.11 billion direct premiums to the insurance industry, 9.35% higher than the ₱ 38.51 billion contribution in 2011. The insurance brokers accounted for 95.31% of the total premiums while the reinsurance brokers shared the remaining 4.39%. The amount comprised 28.40% of the total premiums of ₱ 148.29 billion generated by the life and non-life insurance sectors during the year.

Line of Business	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	8,680.80	82.57	0.00	0.00
Fire	11,234.35	269.67	1,038.51	61.70
Ocean Marine	684.26	29.54	112.06	5.33
Inland Marine	315.57	24.63	41.96	4.02
Marine Hull	794.34	24.75	177.36	15.07
Aviation	816.08	19.67	23.17	1.13
Fidelity & Surety	962.49	70.32	4.41	0.17
Motor Vehicle	3,407.27	125.84	26.83	2.18
Health	5,854.29	151.06	0.00	0.00
Accident	3,932.34	206.11	54.32	4.58
Engineering	1,347.69	85.67	128.25	7.15
Miscellaneous	2,102.80	66.60	368.33	29.84
<b>TOTAL</b>	<b>40,132.28</b>	<b>1,156.41</b>	<b>1,975.20</b>	<b>131.18</b>

While premiums of most lines of business rose by as much as 44.93%, there were reductions in premiums in other lines specifically engineering.

Among the lines of business, fire continued to contribute the biggest share for the past three years. During the year under review, it shared 27.99%, followed by life with 21.63%, health 14.59%, accident 9.80%, motor vehicle 8.49% and other lines of business sharing the remaining 25.99%.

### III. PRE-NEED INDUSTRY

The pre-need industry fared reasonably well during the year 2012, with total sales reaching ₱ 23.58 billion showing a 32.25% increase. Correspondingly, total premiums generated amounted to ₱ 10.49 billion, a 13.90% growth from ₱ 9.21 billion in 2011. Key to the sustained growth pace was the strong sale of the life and pension plans. These two plans continue to register growth because of the active efforts of the 29,547 sales counselors to market these products to counter the customer's negative perception on education plans.

**Table 22 : Pre-Need Companies' Key Statistics  
2011-2012  
(₱ billions )**

PARTICULARS	2012	2011	% Increase (Decrease)
Assets	99.02	94.51	4.77
Liabilities	80.72	80.21	0.64
Networth	18.30	14.30	27.97
Trust Fund	88.01	84.23	4.49
Pre-Need Reserves	72.96	67.42	8.22
Investments	84.79	83.50	1.54
Premiums	10.49	9.21	13.90
Net Income	3.19	1.06	200.94

Total sales of life plans in 2012 grew by 38.17%, from ₱ 14.62 billion in 2011 to ₱ 20.20 billion while that of the pension plans expanded by 20.78% to ₱ 3.08 billion from ₱ 2.55 billion last year. However, sales of education plans dropped by 56.06% to ₱ 0.29 billion from ₱ 0.66 billion in 2011.

Total assets of the pre-need industry grew by ₱ 4.44 billion to reach ₱ 99.02 billion. This is 4.77% higher than the ₱ 94.51 billion posted in 2011. Loans receivables and cash and cash equivalents mainly accounted for the favorable growth in total assets.

Total liabilities as of year-end 2012 increased only by 0.64% to ₱ 80.72 billion from ₱ 80.21 billion of the previous year. Pre-need reserves, which continued to account for more than half of the industry's liabilities, increased by 8.22% to ₱ 72.96 billion relative to its year ago level of ₱ 67.42 billion.

Total networth posted a double-digit increase of 27.97% to ₱ 18.30 billion, from last year's ₱ 14.30 billion. The growth was mainly due to investment fluctuation reserve which increased by ₱ 6.94 billion and paid-in capital which rose by ₱ 0.72 million.

Net income earned for the year reached ₱ 3.19 billion, growing significantly by 200.94% from ₱ 1.06 billion in 2011. Again, the net income was propped up by the gross investment income of ₱ 9.48 billion and an 18.45% decrease in the total direct expenses recorded by the industry. Total direct expenses include among others benefit payments, commission expenses and other underwriting expenses.

#### **IV. GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)**

The GSIS, the social security agency of the government reported total assets of ₱738.54 for both its life and non-life units, an increment of 14.00% from the previous year's ₱ 647.82 billion. Its aggregate networth increased by 80.58% to ₱ 58.76 billion as of the year-end from ₱32.54 billion recorded during the previous year.

The total premiums generated by both units increased by 13.31% to ₱ 76.85 billion in 2012 from ₱ 67.82 billion in 2011. The total investments placed as of the year-end slightly grew by 1.01% to ₱ 544.56 billion from prior year's ₱ 539.13 billion.

**Table 23: Government Service Insurance System  
Key Insurance Statistics , 2011-2012  
(₱ billions)**

<b>PARTICULARS</b>	<b>2012</b>	<b>2011</b>	<b>% Increase (Decrease)</b>
<b>Assets</b>	<b><u>738.54</u></b>	<b><u>647.82</u></b>	<b><u>14.00</u></b>
Life	712.44	625.53	13.89
Non-Life	26.10	22.29	17.09
<b>Networth</b>	<b><u>58.76</u></b>	<b><u>32.54</u></b>	<b><u>80.58</u></b>
Life	39.39	16.43	139.74
Non-Life	19.37	16.11	20.24
<b>Investments</b>	<b><u>544.56</u></b>	<b><u>539.13</u></b>	<b><u>1.01</u></b>
Life	532.55	522.20	1.98
Non-Life	12.01	16.93	(29.06)
<b>Premiums</b>	<b><u>76.85</u></b>	<b><u>67.82</u></b>	<b><u>13.31</u></b>
Life	75.38	66.12	14.00
Non-Life	1.47	1.70	(13.53)

# Mandate

**To regulate and supervise the insurance and pre-need industries in accordance with the provisions of the Insurance Code and the Pre-Need Code of the Philippines.**

## Mission

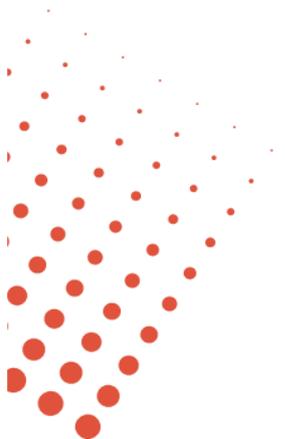
**We are committed to protect the interest and welfare of the insuring public and to develop and strengthen the insurance industry**

## Vision

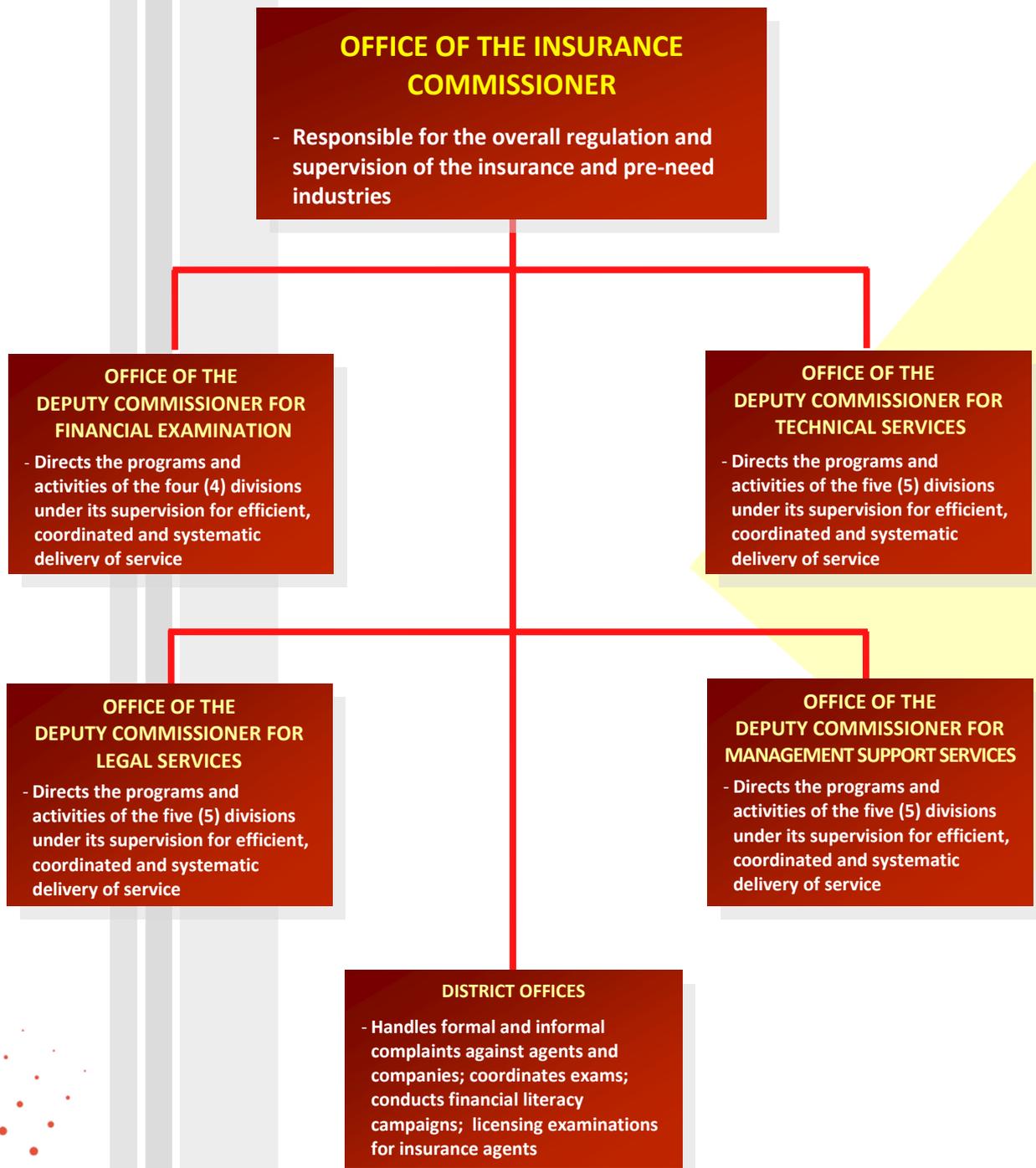
**By 2020, as Regulator, we shall provide an opportunity for every Filipino to secure insurance protection and we shall observe practices at par with regional and global standards.**

## Core Values

**L**ove of God  
**I**ntegrity  
**F**airness  
**P**rofessionalism  
**S**olidarity



# Functional Chart



**OFFICE OF THE  
DEPUTY COMMISSIONER FOR  
FINANCIAL EXAMINATION**

**NON-LIFE DIVISION**

- Conducts offsite and on-site examination on the affairs, financial condition and methods of doing business of all non-life insurance companies

**PRE-NEED DIVISION**

- Conducts offsite and on-site examination on the affairs, financial condition and methods of doing business of pre-need companies and trust entities

**LIFE/MBAs/TRUST DIVISION**

- Conducts offsite and on-site examination on the affairs, financial condition and methods of doing business of all life insurance companies, MBAs and Trusts for Charitable Uses

**BROKERS DIVISION**

- Conducts offsite and on-site examination on the affairs, financial condition and methods of doing business of all insurance and re-insurance brokers

**OFFICE OF THE  
DEPUTY COMMISSIONER FOR  
TECHNICAL SERVICES**

**ACTUARIAL DIVISION**

- Reviews and evaluates actuarial formulations and assumptions

**RATING DIVISION**

- Examines the underwriting and rating practices of insurance companies

**INVESTMENT SERVICES DIVISION**

- Monitors compliance of companies with investment regulations

**REINSURANCE DIVISION**

- Reviews the adequacy and propriety of reinsurance arrangements of insurance companies

**STATISTICS AND RESEARCH DIVISION**

- Analyzes statistical data and conducts researches based on statistical tools

**OFFICE OF THE  
DEPUTY COMMISSIONER FOR  
LEGAL SERVICES**

**REGULATION, ENFORCEMENT AND  
PROSECUTION DIVISION**

- Evaluates policy contracts; hears administrative cases for revocation of authority and cancellation of licenses

**LICENSING DIVISION**

- Process and approves new and renewal of licenses of companies. Brokers, adjusters, etc.

**PUBLIC ASSISTANCE AND MEDIATION  
DIVISION**

- Assists the general public with insurance problems and conducts conferences to encourage parties involved to settle their difference amicably.

**CLAIMS ADJUDICATION DIVISION**

- Dockets, hears and adjudicates formal complaints filed with the Commission

**CONSERVATORSHIP, RECEIVERSHIP AND  
LIQUIDATION DIVISION**

- Monitors and evaluates the conduct of conservatorship, receivership and liquidation of insurance/pre-need companies, MBAs and Trusts

**OFFICE OF THE  
DEPUTY COMMISSIONER for  
MANAGEMENT SUPPORT SERVICES**

**ADMINISTRATIVE DIVISION**

- Oversees the provision of general administrative services

**BUDGET DIVISION**

- Manage all budgetary affairs and transactions

**ACCOUNTING DIVISION**

- Handles all accounting affairs and transactions

**INFORMATION TECHNOLOGY DIVISION**

- Designs, evaluates, controls, and maintains the automated information system; provides technical assistance such as user support training

**PLANNING AND MANAGEMENT  
DIVISION**

- Formulates plans and programs of the IC; develops new and improved management systems

# Officers of the Insurance Commission



**OFFICE OF THE  
DEPUTY COMMISSIONER  
FOR FINANCIAL  
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Ferdinand George A. Florendo  
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**OFFICE OF THE  
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**BROKERS  
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**NON-LIFE  
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Julia C. Dueñas  
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**PRE-NEED  
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**ACTUARIAL  
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**INVESTMENT  
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**RATING  
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Ma. Victoria Y. Peralta  
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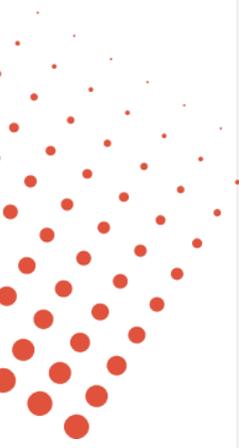
**REINSURANCE  
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**LICENSING  
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**PUBLIC ASSISTANCE  
AND MEDIATION  
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**OFFICE OF THE  
DEPUTY COMMISSIONER  
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SUPPORT SERVICES**

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**ACCOUNTING  
DIVISION**

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Chief Accountant



**ADMINISTRATIVE  
DIVISION**

Lorna D. De Leon  
Chief Admin. Officer



**BUDGET  
DIVISION**

Teresita S. Sureta  
Chief Admin. Officer



**INFORMATION  
TECHNOLOGY  
DIVISION**

Florefe M. Patricio  
Officer-in-Charge



**PLANNING  
DIVISION**

Gregory Vincent O. Ferrer  
Planning Officer V

**CEBU DISTRICT  
OFFICE**

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**DAVAO DISTRICT  
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