



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

December 22, 2014


**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 2013 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

A total of 101 domestic and foreign insurance companies were granted Certificates of Authority (CA) to transact insurance business in the country for the license year 2013-2014. These companies include 4 composite, 26 life and 70 non-life companies and 1 reinsurance company.

Classification of Company	Direct Insurers			Prof. Reins.	TOTAL
	Composite	Life	Non-Life		
<b>A. Domestic</b>	3	20	63	1	<b>87</b>
<b>B. Foreign</b>					
<b>Domestically Incorporated</b>	1	6	4	0	<b>11</b>
<b>Branch</b>	0	0	3	0	<b>3</b>
<b>Total</b>	<b>4</b>	<b>26</b>	<b>70</b>	<b>1</b>	<b>101</b>

The Commission also issued certificates of authority or licenses to 28 mutual benefit associations, 2 trusts for charitable uses and 15 pre-need companies.

The reduction in the number of licensed insurance companies, from 110 last year to 101 this year, was caused by non-issuance of the certificates of authority due to non-compliance with capital or solvency requirements of the Commission as well as merger of some companies.

During the year under review, Starr International Insurance Company, a foreign company, was granted a CA to operate as a non-life insurance company in the country effective May 8, 2013. Pioneer Asia changed its corporate name to CARD Pioneer Microinsurance, Inc. effective September 13, 2013.

Premier Insurance and Surety Corporation merged with Manila Insurance Company, Inc. with the former as the surviving entity. QBE Insurance (Phils.) and Seaboard Eastern Insurance Company, Inc. merged and carried a new name of QBE Seaboard Insurance (Philippines), Inc. effective December 27, 2013.

On the other hand, 3 companies were placed under conservatorship, receivership or liquidation and one company ceased operations during the year.

To support insurers and pre-need companies in the conduct of their business and to maintain higher standard of competition, the Insurance Commission issued a total of 70,643 licenses and certificates of registration to agents, brokers, pre-need sales counselors and technical services who were compliant with the licensing requirements.

**Table 2: Licenses/Certificates of Registration Issued to Intermediaries and Technical Services - 2013**

Intermediaries	New	Renewal	Total
Ordinary Agents	8,717	23,859	32,576
Life	6,694	14,653	21,347
Non-Life	2,020	9,143	11,163
Microinsurance	3	63	66
General Agents	249	69	318
Life	110	38	148
Non-Life	139	31	170
Variable Life Agents	3,285	7,945	11,230
Brokers	2	82	84
Insurance	2	60	62
Reinsurance	0	22	22
Pre Need Sales Counselors	5,782	20,064	25,846
<b>Technical Services</b>			
Non-Life Underwriters	21	369	390
Resident Agents	8	53	61
Actuaries	2	32	34
Adjusters	0	50	50
External Auditors	13	41	54
Firm	9	30	39
Individual	4	11	15
<b>Total</b>	<b>18,079</b>	<b>52,564</b>	<b>70,643</b>

The total fees and charges collected during the year by the Insurance Commission from the issuance of licenses and certificates of registration amounted to ₱68.86 million.

## B. Financial Surveillance

To ascertain the solvency and financial soundness of the insurance companies and pre-need companies, on-site and off-site examinations were made into their affairs, financial condition and methods of doing business. As a result, a total of 129 synopses of their annual financial statements for 2012 and 2013 were approved for publication in newspapers of general circulation for the information of policyholders/planholders and stakeholders.

The supervision and other fees collected including fines and penalties imposed due to adverse findings from examination and monitoring amounted to ₱7.87 million.

### **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 were conducted on 56 non-life companies.

As a result of breaches of tariff noted, a total of ₱4.54 million fines/penalties were collected.

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

A total of 2,011 claims/complaints were filed with the Insurance Commission during the year. These included informal claims/cases which were settled/decided/resolved/terminated. Complaints received from walk-in clients were immediately acted upon while those received through mails were acted upon within 10 working days.

Conferences in relation to these claims/complaints held during the year totalled 2,235.

There were also 2 formal cases filed and subsequently settled, 9 administrative cases which were resolved and 89 resolutions/orders/decisions rendered/issued during the year.

Moreover, a total of ₱9.43 million was collected during the year for 47,888 certifications issued to bonding companies as required by the Department of Public Works and Highways (DPWH).

### **E. Conservatorship/Receivership/Liquidation**

During the year under review, the following insurance and pre-need companies were placed under conservatorship, receivership and liquidation pursuant to the provisions of the Insurance and Pre-Need Codes:

<u>Under Conservatorship</u>	<u>Date</u>
Equitable Insurance Corporation	February 12, 2013
<u>Under Receivership</u>	
CCC Insurance Corporation	April 24, 2013
Phil. General Insurance Corporation	November 26, 2013



### Under Liquidation

Pamana, Inc.	January 18, 2013
Celestial Memorial Life Plans, Inc.	February 12, 2013
Gillamac Life and Pension Plans, Inc.	March 25, 2013
Equitable Insurance Corporation	August 1, 2013
CCC Insurance Corporation	November 4, 2013

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

The total amount of security deposits lodged with the Bureau of Treasury combined with the security fund administered by the Commission and earmarked for the payment of valid claims by reason of insolvency of insurance companies was ₱9.26 billion.

The mutual benefit associations (MBAs), on the other hand, had deposited with the Commission a combined guaranty fund amounting to ₱0.74 billion to answer for any valid benefit claims of their members.

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

### **G. Reinsurance Treaties/Policy Forms/Investments**

A total of 8,590 applications for approval of insurance policies, various contract forms, investments, reinsurance treaties and facultative placements were received during the year. Of these applications, a total of 4,055 life and non-life policies/contract forms, 92 pre-need plans/ forms, 2,545 bond forms, 850 reinsurance treaties/ cover notes/ addenda, 506 facultative placements abroad and 309 investment placements were acted upon and approved.

### **H. Regulatory Updates**

#### **1. Enactment of the New Insurance Code or Republic Act (RA) No. 10607**

The New Insurance Code which is the legal framework for the supervision of the insurance industry was signed on August 15, 2013 by the President of the Philippines and took effect on September 20, 2013.

The amendments and additional provisions incorporated in the New Code which provided new business opportunities to the insurance industry, included, among other things, the following:

- a. Grant of a fixed six-year term to the Insurance Commissioner and a three-year license to the supervised entities;
- b. Increased jurisdictional amount of claims cases from ₱100,000 to ₱5 million for the Insurance Commission to adjudicate;
- c. Additional types of investment instruments considered admitted assets such as mutual funds, real estate investment trusts, salary loans, unit investment trust funds and special deposit accounts for purposes of determining the financial condition of the insurance companies;
- d. Additional provisions:

d.1 Prescribing the minimum capitalization requirements for new and existing insurance companies as follows:

- For New Insurance Companies:
  - Minimum Paid-Up Capital - ₱ 1 billion
  - Minimum Contributed Surplus - ₱ 100 million
- For Insurance Companies with Existing License:

<b>Minimum Networth Requirements</b>	<b>Compliance Date</b>
₱ 250 million	On or before June 30, 2013
₱ 550 million	On or before June 30, 2016
₱ 900 million	On or before June 30, 2019
₱ 1.3 billion	On or before June 30, 2022

d.2 Requiring all insurance companies to comply with the financial reporting framework prescribed by the Commission for purposes of creating statutory financial reports and the annual statements to be submitted to the Commission.

d.3 Granting the Commissioner the power to register associations of insurance companies, agents, brokers and other persons/ entities regulated by the Commissioner as self-regulatory organizations and to regulate their operations related to or connected with insurance market.

d.4 Establishing microinsurance as a financial product or service that meets the risk protection needs of the poor where the daily premium and guaranteed benefits do not exceed 7.5% and 1000 times of the current daily minimum wage rate for non-agricultural workers in Metro-Manila

d.5 Allowing an insurance company to:

- enter into a bancassurance arrangement with a bank;
- engage in limited trust business consisting of managing funds pertaining only to retirement and pre-need plans and;
- accept payments in addition to regular premium for the purpose of paying future premiums on the policy or to increase the benefits thereof.

## 2. Circulars Issued

To secure the enforcement of the Insurance and Pre-Need Codes and to protect both the clients and providers of microinsurance by providing them avenues to resolve disputes in the swiftest and most accessible manner, the Insurance Commission issued the following:

- a. **Circular Letter (CL) No. 2013-35 dated December 5, 2013** - Sets out the guidelines on the release of security deposits with the Insurance Commission (IC) in the event the insurance company ceases to do business upon its application and proving to the satisfaction of the Commissioner that it has no liability under any of its policies nor to its creditors.
- b. **CL No. 2013-34 dated December 3, 2013** - Sets forth the guidelines for currency denominated investments of pre-need companies pursuant to the provisions of Sections 34 and 35 of the Pre-Need Code.
- c. **CL No. 33-2013 dated November 4, 2013** - Prescribes the adoption and implementation of 2013 Market Conduct Guidelines for the guidance, compliance and implementation of all life insurance companies.

- d. **CL 32-2013 dated November 4, 2013** - Enjoins all life insurance companies to provide the necessary support to ensure the effective implementation of the Settlement Dispute Procedures in relation to the recruitment of employees and sales producers.
- e. **CL No. 23-2013 dated September 4, 2013** - Sets forth the guidelines relative to the approval of Personal Equity Retirement Account (PERA) Investment Products for the guidance of all life insurance companies.
- f. **CL Nos. 16, 17 & 18-2013 dated July 31, 2013**- Sets out guidelines for the implementation of Alternative Dispute Resolution Mechanism for Microinsurance (ADReM) involving mutual benefit associations, cooperative insurance societies and commercial insurance companies.
- g. **CL No. 15 -2013 dated July 31, 2013**- Prescribes the procedures for accreditation of mediators-conciliators in Alternative Dispute Resolution Mechanism for Microinsurance (ADReM).
- h. **CL No. 14-2013 dated July 1, 2013** - Prescribes the adoption of ASEAN Corporate Governance Scorecard (ACGS) by the regulated entities in preparation for the 2015 ASEAN Financial Integration.
- i. **CL No. 12-2013 dated April 19, 2013** - Prescribes the mandatory Social Security System (SSS) coverage of insurance agents and insurance/ reinsurance brokers and resident agents doing business in the Philippines.
- j. **CL No. 2-2013 dated February 5, 2013** - Issues the revised template of trust agreement to be used by all pre-need companies and trust entities authorized to act as trustee for pre-need trust funds.

The Commission also issued additional twenty-three (23) circulars in which three (3) were about the creation of advisory committees for the implementation of the Revised Insurance Code (Republic Act No. 10607), seventeen (17) about anti-money laundering matters and one (1) each about temporary relaxation of identification requirements during typhoon Yolanda, Philippine Insurers and Reinsurers Association Awards, and no gifts policy.

## II. PERFORMANCE OF THE INSURANCE INDUSTRY

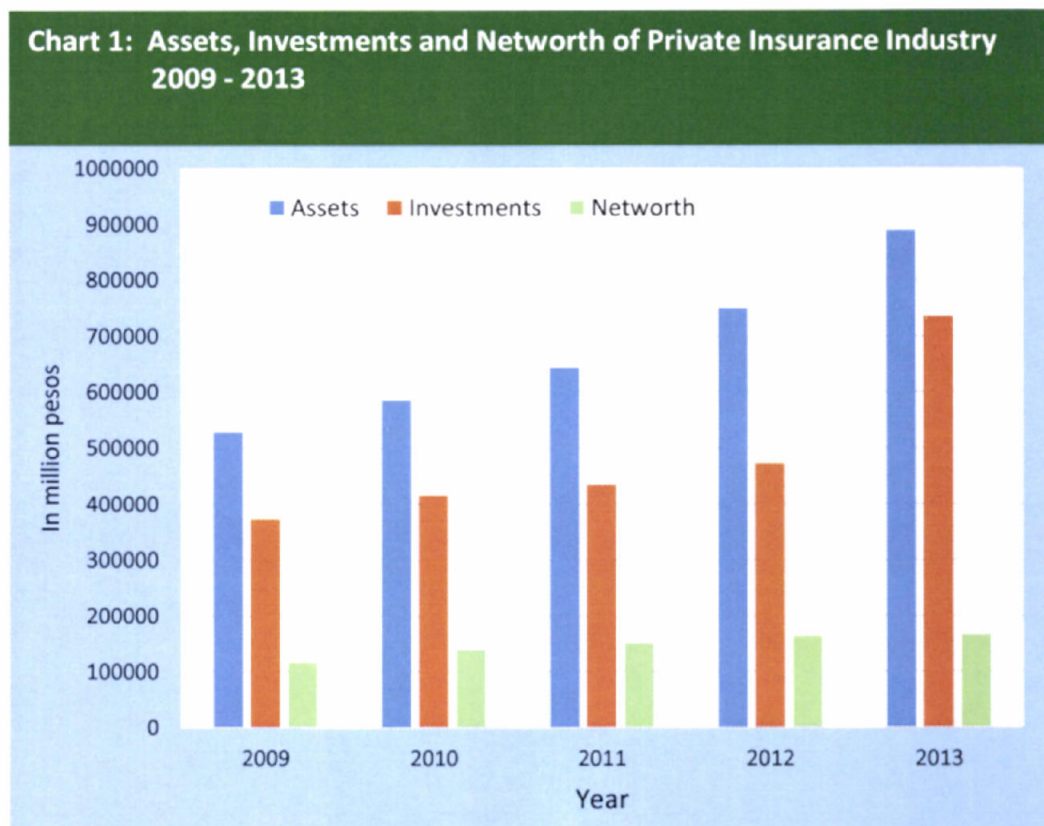
### A. Overview

The combined premiums generated by the life and non-life companies this year totalled ₱200.29 billion, 35.07% more than the previous year's ₱148.29 billion. Premium income of the life sector comprised 85.45% of the total premium production, registering a remarkable 42.27% increase over that of the previous year. This was brought about by the 69.48% rise in the production of the variable life products during the year under review.

The total assets of the industry expanded to ₱889.01 billion this year 18.48% higher than the ₱750.37 billion a year ago. Of these assets, 82.11% was contributed by the life sector while the remaining 17.89% by the non-life sector.

An evaluation of these assets revealed that the non-life sector grew by 23.84% and the life sector by 17.37% to amount to ₱159.06 billion and ₱729.95 billion respectively as of the year-end.

Total investments made during the year comprised 82.73% of the total assets or ₱735.46 billion, 92.20% of which was accounted for by the life sector. A slight increase of 1.50% was also noted in the industry's total net worth.



On a macro level, life sum insured as percentage of Gross Domestic Product (GDP) was computed at 33.23%, 4.65% lower than that of last year, while the insurance penetration or combined premiums of the life and non-life sectors was 1.78% of the GDP, 22.76% higher than the previous year's 1.45%. Insurance density (amount of premium per capita or average spending of each individual on insurance) for the year rose to ₱2,084, 30.90% higher than the previous year's ₱1,592.

The estimated life coverage for the year was calculated at 32.45% of the population of 98.8 million, 32.83% higher than last year's 24.43%.

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2009	2010	2011	2012	2013
<b>GROSS NATIONAL INCOME</b>					
At Current Prices ( ₱ M)	10,652,466	10,852,43	11,598,205	12,608,730	13,850,892
	6,988,767	6,851,138	7,039,948r	7,496,546	8,069,033
<b>GROSS DOMESTIC PRODUCT</b>					
At Current Prices ( ₱ M)	8,026,143	9,003,480	9,706,268r	10,564,886	11,548,191
At Constant Prices ( ₱ M)	5,297,240	5,701,539	5,909,000r	6,311,671	6,765,458
<b>POPULATION (in millions)</b>	91.0	92.6r	94.2	96.4	98.8
<b>PER CAPITA GROSS NATIONAL INCOME (₱ )</b>	117,060.1	117,196.9	123,123.3	130,796.0	141,047.8
<b>LABOR FORCE (Average)</b> (In million persons)	37.89	38.91	40.00	40.43	41.02
Employed	35.06	36.05	37.19	37.60	38.12
Unemployed	2.83	2.86	2.81	2.83	2.90
<b>EXCHANGE RATE (per US\$)</b>	46.36	43.88	43.93	41.19	44.41
<b>INFLATION RATE</b>	2.09%r	1.51%	2.72%	3.20%	2.90%
<b>Insurance Density (₱)</b>	845.4	1,055.6	1,241.5	1,592.0	2,084.0
Life Insurance	620.8	807.8	966.4	1,301.6	1,789.1
Non-Life Insurance	224.6	247.8	275.1	290.4	294.9
Life Sum Assured as % of G D P	27.41%	25.56%	30.80%	34.85%	33.23%
% of G N I	20.57%	21.21%	25.78%	29.20%	27.70%
<b>Premiums</b>					
Insurance Penetration As % of G D P	1.02%	1.09%	1.20%	1.45%	1.78%
Premiums as % of G N I	0.77%	0.90%	1.01%	1.22%	1.49%
Gross value added on insurance	86,983	99,169	112,946	127,779	153,391
<b>ESTIMATED LIFE INSURANCE COVERAGE</b>	14.08%	16.33%	18.29%	24.43%	32.45%

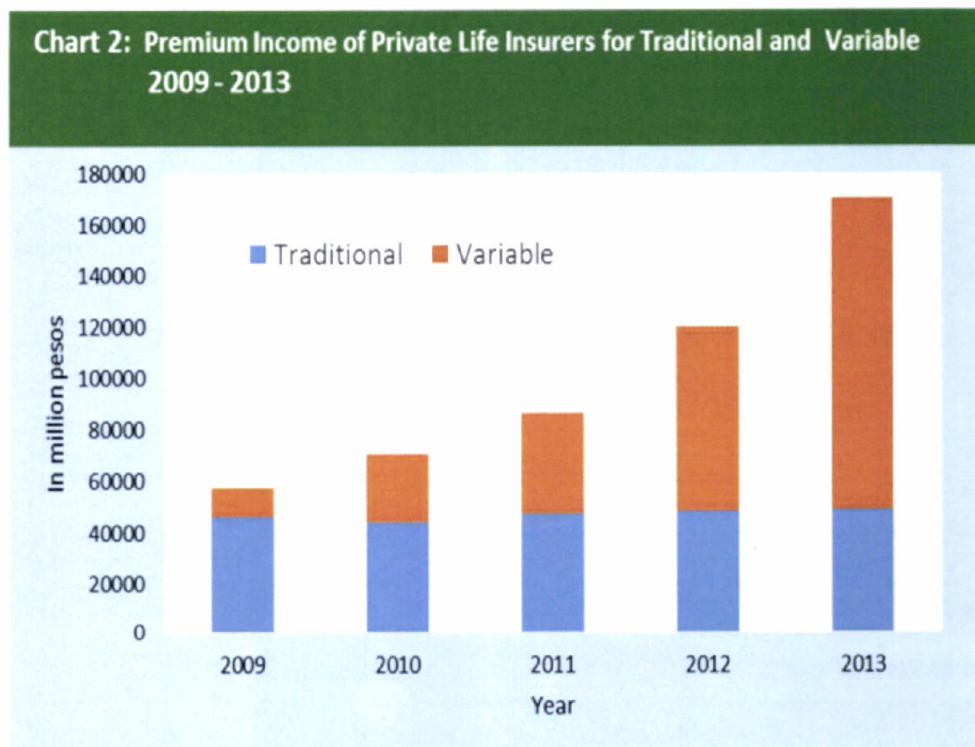
## B. The Life Insurance Sector

### 1. Premium Income

The total premium income generated by the life insurance sector this 2013 amounted to ₱171.15 billion, an increment of 42.27% over the previous year's ₱120.30 billion. While there was a slight increase of 1.80% in the amount produced by the traditional products, the change was largely

brought about by the 69.48% increase in the sale of variable life insurance products. Of the 15 companies offering variable products, 14 generated premiums that were more than 50% of their production in the previous year. Also, it is worthwhile noting that of the 14 companies, 3 improved their premium production with a remarkable percentage ranging from 400% to 500%.

While there were noted increases in accident and health and group insurance premiums, there was a minute decrease in ordinary insurance.



## 2. New Business

During the year under review, a total of 292,519 traditional policies were issued corresponding to a total of 5,697,827 insured lives. This is 12.74% more reported issued policies and 0.52% additional insured lives, during the year, compared to those of the previous year. Correspondingly, the sum assured amounting to ₱705.05 billion recorded during the year, grew by 19.97% from the previous year's ₱587.67 billion.

Variable life policies issued this year totalled 325,294 a remarkable 65.36% increment from the 196,717 policies issued last year. Corresponding sum assured and annual premiums for these policies increased by 83.22% and 72.94%, respectively, during the year under review. This can be attributed to a higher preference of the policyholders to this product over the traditional life insurance products.

Table 4: New Business Generated, 2009-2013						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
<b>A. Traditional Insurance Products</b>						
2013	292,519	12.74	11.46	(8.76)	705.05	19.97
	(5,697,827)	0.52				
2012	259,461	11.83	12.56	(8.39)	589.67	(5.50)
	(5,668,606)	6.56				
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)				
<b>B. Variable Life Products</b>						
2013	325,294	65.36	111.58	72.94	212.21	83.22
	(298,575)	(56.43)				
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)

As reflected in Table 5, there was a drop of 26.65% in the sale of ordinary policies this year with 144,664 new issuances as compared to 197,218 policies of the previous year. Corresponding decreases can also be noted in the annual premiums and sum assured.

Table 5: Ordinary New Business, 2009-2013						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ Billion	% Change	₱ Billion	% Change
2013	144,664	(26.65)	6.47	(16.84)	55.36	(30.87)
	(142,900)	(26.90)				
2012	197,218	(12.98)	7.78	(11.69)	80.08	0.34
	(195,495)					
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)

For group insurance, 39.62% setback was incurred during the year with 3,645 new policies issued compared to 6,037 policies last year.



**Table 6: Group Insurance New Business, 2009-2013**

Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
2013	3,645 (4,323,837)	(39.62) (12.13)	3.83	(18.16)	543.87	17.65
2012	6,037 (4,920,849)	15.03 (7.50)	4.68	(4.49)	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

A total of 144,210 health and accident policies were issued this year, with ₱105.82 billion sum assured and ₱1.16 billion annual premiums.

**Table 7: Health & Accident New Business, 2012-2013**

Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
2013	144,210 (1,231,090)	156.57 122.92	1.16	1,060	105.82	133.55
2012	56,206 (552,262)		0.10		45.31	

### 3. Terminations

This year, there were 623,524 terminated policies, a 31.82% drop compared to last year's 914,539, which can be attributed to a significant 75.65% decrease on terminated policies due to Expiry, from 600,430 to 46,230. As shown in Table 8, surrendered policies has the highest number of terminations accounting for 35.65% of all the total terminated policies, followed by lapsation with 28.13%, expiry with 23.45%, maturity with 6.42%, others with 4.68% and death with 1.67%.

On the other hand, the total terminated sum assured this year amounting to ₱1,095.64 billion, went up by 49.90% from the previous year's ₱730.93. This was due to the significant 255.60% and 53.42% rise in terminated sum assured under Others and Expiry, respectively.

Group and industrial insurance business which has the highest number of terminations in terms of insured lives accounted for 68.79% of the total terminated sum assured and the rest for 31.21%

**Table 8: Terminated Insurance Policies and Sum Insured  
as of 31 December 2013**

Types of Policies	Number of Policies (Insured Lives)						TOTAL
	Death	Maturity	Surrender	Lapsation	Expiry	Others	
Ordinary	7,507 (7,231)	40,014 (39,474)	192,797 (191,936)	123,764 (112,052)	16,356 (16,313)	29,085 (30,785)	409,523 (397,791)
Group & Industrial	2,243 (26,273)	- (513)	110 (9,886)	1,527 (3,307,575)	68,217 (11,058,354)	68 (1,953,160)	72,615 (16,355,761)
Health & Accident	171 (2,158)	- -	179 (179)	12,065 (96,932)	61,113 (452,977)	1 (331,907)	73,529 (884,153)
Variable Life	512 (451)	25 (25)	29,179 (26,485)	38,047 (36,932)	544 -	- -	68,307 (63,893)
<b>TOTAL</b>	<b>10,433</b> <b>(36,113)</b>	<b>40,039</b> <b>(40,012)</b>	<b>222,265</b> <b>(228,486)</b>	<b>175,403</b> <b>(11,527,644)</b>	<b>146,230</b> <b>(11,527,644)</b>	<b>29,154</b> <b>(2,315,852)</b>	<b>623,524</b> <b>(17,701,598)</b>
Terminated Sum Assured (in billion pesos)							
Types of Insurance	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Ordinary	2.29	7.85	17.53	57.53	4.62	9.53	99.35
Group & Industrial	2.60	0.25	0.27	255.89	311.05	193.48	753.64
Health & Accident	0.05	-	0.03	8.06	26.47	146.59	181.20
Variable Life	0.31	0.04	12.70	37.25	0.26	0.99	51.55
<b>TOTAL</b>	<b>5.25</b>	<b>8.14</b>	<b>30.53</b>	<b>358.73</b>	<b>342.40</b>	<b>350.59</b>	<b>1,095.64</b>

#### 4. Insurance in Force

A total of 3,839,252 in-force policies was registered as of the end of the year, up by 1.81% than the total in-force as of the previous year. This was composed of 78.18% or 3,001,431 traditional policies and 21.82% or 837,821 variable policies. The total sum assured which decreased slightly by 0.52% amounted to ₱3.662.30 billion while the premium income increased significantly by 42.31% to ₱171.20 billion.

Of the 3,001,431 traditional policies, 79.47% were ordinary, 13.44% were group and industrial and the remaining 7.09% were health and accident policies. It can be observed from Table 9 that while ordinary policies and group and industrial policies fell by 8.10% and 14.29%, respectively, compared to the previous year's in-force, health and accident products posted a remarkable improvement of 50.10%.

On the other hand, there was a significant increment of 48.83% for variable life products, from 562,954 in-force policies last year to 837,821 policies this year. The corresponding sum assured and premium income likewise grew by 60.22% and 69.48% which amounted to ₱454.79 billion and ₱121.96 billion, respectively.

**Table 9: Life Insurance in Force/Premium Income , 2012-2013**

Types of Policies	Number of Policies ( Insured Lives)			Insurance-in-Force (In billion pesos)			Premium Income (In billion pesos)		
	2013	2012	% Change	2013	2012	% Change	2013	2012	% Change
	<b>A. Traditional Insurance Products</b>								
Ordinary	2,385,283 (2,343,938)	2,595,521 (2,595,521)	(8.10) (9.69)	897.37	920.94	(2.56)	35.06	35.12	(0.17)
Group & Industrial	403,455 (13,480,574)	470,742 (15,395,339)	(14.29) (12.44)	2,057.93	2,163.14	(4.86)	9.60	9.29	3.34
Health & Accident	212,693 (1,888,747)	141,698 (1,696,933)	50.10 11.30	252.21	313.42	(19.53)	4.58	3.93	16.54
<b>SUB-TOTAL</b>	<b>3,001,431</b> <b>(17,713,259)</b>	<b>3,207,961</b> <b>(19,687,793)</b>	<b>(6.44)</b> <b>(10.03)</b>	<b>3,207.51</b>	<b>3,397.50</b>	<b>(5.59)</b>	<b>49.24</b>	<b>48.34</b>	<b>1.86</b>
<b>B. Variable Life Products</b>									
	837,821 (769,485)	562,954 (562,954)	48.83 36.69	454.79	283.86	60.22	121.96	71.96	69.48
<b>GRAND TOTAL</b>	<b>3,839,252</b> <b>(18,482,744)</b>	<b>3,770,915</b> <b>(20,250,747)</b>	<b>1.81</b> <b>(8.73)</b>	<b>3,662.30</b>	<b>3,681.36</b>	<b>(0.52)</b>	<b>171.20</b>	<b>120.30</b>	<b>42.31</b>

## 5. Summary of Operations

The life insurance sector posted ₱13.76 billion net income this year, an increment of 14.19% from the ₱12.05 billion net income last year. This was attributed to the increases in underwriting income, premium income and other income of 40.89%, 42.27% and 165.33% that amounted to ₱147.19 billion, ₱171.15 billion and ₱9.91 billion, respectively, this year.

**Table 10: Summary of Operations of Life Insurance Sector 2013  
(₱ billion)**

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Underwriting Income	59.66	87.53	147.19
Premium Income	76.29	94.86	171.15
Less: Inc./ (Dec) in Reserves	18.03	15.13	33.16
Commissions Earned	-	0.01	0.01
Other Underwriting Income	1.40	7.79	9.19
Less: Underwriting Expenses	59.67	94.32	153.99
Benefit Payments	21.82	32.94	54.76
Commissions Expenses	4.36	6.43	10.79
Premium Tax Incurred	0.37	0.52	0.89
Other Underwriting Expenses	33.12	54.43	87.55
Underwriting Gain/Loss	(0.01)	(6.79)	(6.80)
Add: Gross Investment Income	10.24	23.06	33.30
Other Income/Expenses	3.19	6.72	9.91
<b>SUB – TOTAL</b>	<b>13.42</b>	<b>22.99</b>	<b>36.41</b>
Less: Taxes other than Premium & Income Tax	1.07	3.57	4.64
Other General Expenses	7.93	9.68	17.61
Income Tax	0.38	0.02	0.40
<b>Net Income / Loss for the year Including Capital Gains</b>	<b>4.04</b>	<b>9.732</b>	<b>13.76</b>

On the other hand, underwriting expenses and other general expenses including taxes increased by 70.47% and 9.07% which amounted to ₱153.99 billion and ₱22.65 billion, respectively. These however, did not adversely affect the positive performance of the life insurance sector, during the year.

## 6. Investments

Invested assets during the year under review amounted to ₱678.13 billion, 62.14% more than the previous year's ₱418.23 billion investments. The increase was contributed mainly by the investments/ instruments backing up variable life products. Investments in bonds grew by 7.49% to ₱281.70 billion this year and remained the most preferred with 41.54% share of the total invested assets. Stocks followed sharing 5.81% or ₱39.40 billion which is 13.87% higher than the previous year's amount.

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Bonds	72.22	209.48	281.70
Stocks	21.00	18.40	39.40
Real Estate	10.75	3.96	14.71
Purchase Money Mortgages	0	0	0
Mortgage Loans	1.72	0.19	1.91
Collateral Loans	10.93	0	10.93
Guaranteed Loans	0.36	22.78	23.14
Policy Loans	10.46	22.46	32.92
Other Loans	4.82	0.45	5.27
Short –Term Investments	0.10	0	0.10
Other Investments	3.64	0.91	4.55
Fixed Deposits	13.91	5.84	19.75
Investments under variable Life	109.23	134.52	243.75
<b>TOTAL</b>	<b>259.14</b>	<b>418.99</b>	<b>678.13</b>

Investments made by domestic and foreign companies which increased by 79.34% and 53.07% amounted to ₱259.14 billion and ₱418.99 billion, respectively. Of the total investments in bonds, 91.56% were in long term, 78.21% of which was in treasury notes as shown in Table 12.

**Table 12: Investments of Life Insurers in Bonds &  
Government Securities, 2013  
(P billions)**

TYPES OF BONDS/SECURITIES	
<b>Long-Term Government Bonds</b>	<b><u>257.92</u></b>
<i>Treasury Notes</i>	201.73
<i>Land Bank Bonds</i>	0.01
<i>Pag-ibig Bonds</i>	0.05
<i>ROP Bonds</i>	29.42
<i>Retail Bonds</i>	24.55
<i>Other Government Bonds</i>	2.16
<b>Short-Term Government Securities</b>	<b><u>0.10</u></b>
<i>Treasury Bills</i>	0.10
<b>Total Government Securities</b>	<b><u>258.02</u></b>
<i>Private Bonds</i>	18.84
<i>Foreign Bonds</i>	4.94
<b>GRAND TOTAL</b>	<b><u>281.80</u></b>

## 7. Balance Sheet

This year, the total assets of the life sector amounted to ₱729.95 billion, a growth of 17.37% from the previous year's ₱621.93 billion. As in previous years, the foreign companies had a bigger share than the domestic companies accounting for almost 60.00% of the life sector's assets.

Legal policy reserves set up for future claims slightly rose by 7.21% which reached ₱314.54 billion as of the end of the year. Likewise, the total recorded net worth slightly went up by 2.12% from ₱105.77 billion a year ago to ₱108.01 billion this year.

**Table 13: Consolidated Balance Sheet of Life Insurers, 2013**  
(P<sup>3</sup> billions)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
<b>ASSETS</b>			
Bonds	71.36	204.71	276.07
Stocks	43.61	18.45	62.06
Real Estate Owned	14.03	2.32	16.35
Purchase Money Mortgages	0	0	0
Mortgage Loans	1.72	0.18	1.90
Collateral Loans	10.93	0	10.93
Guaranteed Loans	0.36	22.78	23.14
Policy Loans	10.44	22.37	32.81
Other Loans	4.24	0.21	4.45
Short – Term Investments	0.10	0	0.10
Security Fund	0	0	0
Other Investments	3.72	1.35	5.07
Variable Life – Separate Account Assets	109.79	139.81	249.60
Cash on Hand & in Banks	17.44	14.15	31.59
Net Premiums Due & Uncollected	1.04	1.30	2.34
Due From Ceding Companies	0.16	0.35	0.51
Funds Held by Reinsurers	0.41	0.34	0.75
Accrued Interest & Other Investment Income	1.65	5.29	6.94
Accounts/Notes Receivable	1.56	1.20	2.76
EDP Equipment	0.41	0.45	0.86
Other Assets	1.36	0.36	1.72
<b>TOTAL ASSETS</b>	<b>294.33</b>	<b>435.62</b>	<b>729.95</b>
<b>LIABILITIES</b>			
Legal Policy Reserves	104.85	209.69	314.54
Policy & Contract Claims	5.83	1.92	7.75
Policyholders Dividends	8.89	36.17	45.06
Dividends Payable to Stockholders	0.10	0	0.10
Liability for Premium Deposit Funds	4.45	3.87	8.32
Premiums Due to Reinsurers	0.62	0.65	1.27
Prem./Loss Reserves Withheld For Reinsurers	0.01	0.29	0.30
Taxes/Licenses Payable	0.68	0.54	1.22
Commission & Other Charges Payable	1.39	2.97	4.36
Accounts/Notes Payable	2.29	2.84	5.13
Unearned Investment Income	0.36	0.04	0.40
Variable Life Contracts Liabilities	104.70	114.51	219.21
Other Liabilities	4.98	9.30	14.28
<b>TOTAL LIABILITIES</b>	<b>239.15</b>	<b>382.79</b>	<b>621.94</b>
<b>EQUITY</b>			
Paid-Up Capital/Statutory Deposits	7.29	5.59	12.88
Paid-In Capital	1.08	0.51	1.59
Deposit on Stock Subscription	0	0	0
Investment Fluctuation Reserves	27.51	5.94	33.45
Contributed Surplus	1.28	0.70	1.98
Contingency Surplus	1.96	0.31	2.27
Other Assigned Surplus	0	(0.09)	(0.09)
Unassigned Surplus	15.61	39.62	55.23
Seed Capital on Variable	0.45	0.25	0.70
<b>TOTAL NETWORTH</b>	<b>55.18</b>	<b>52.83</b>	<b>108.01</b>
<b>TOTAL LIABILITIES &amp; NETWORTH</b>	<b>294.33</b>	<b>435.62</b>	<b>729.95</b>

## C. The Non-Life Insurance Industry

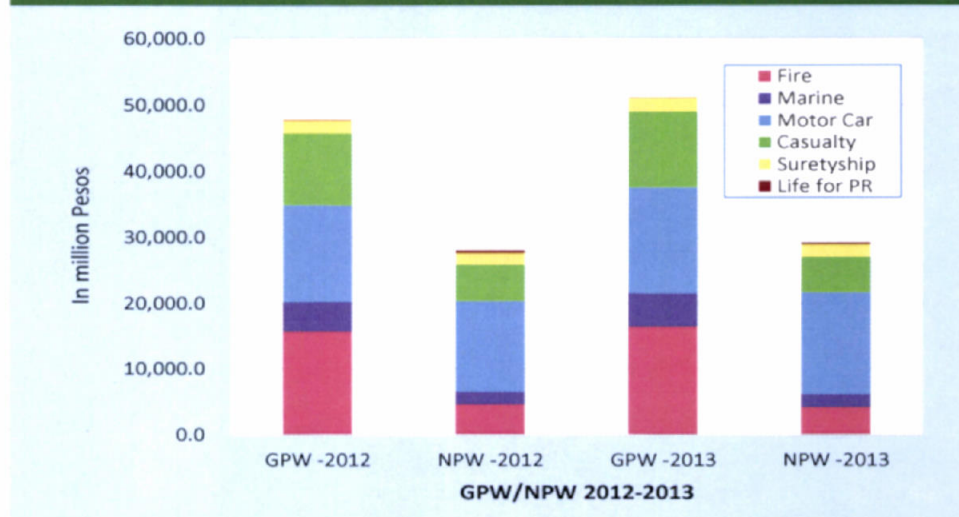
### 1. Gross Premiums

The non-life sector continued to grow with its year-on-year increases in gross premiums written. This year, the total gross premiums rose by 6.86% from ₱47.80 billion to ₱51.08 billion. All lines except life for professional reinsurers grew modestly during the year, marine by 12.66%; followed by motor car by 9.71%; casualty by 5.24% , fire and suretyship by 4.55%.

LINE OF BUSINESS	2013		2012	
	Amount (₱ B)	% to Total	Amount (₱ B)	% to Total
Fire	16.33	31.97	15.62	32.68
Marine	5.16	10.10	4.58	9.58
Motor Car	16.04	31.40	14.62	30.59
Casualty	11.45	22.42	10.88	22.76
Suretyship	2.07	4.05	1.98	4.14
Life for PR	0.03	0.06	0.12	0.25
<b>TOTAL</b>	<b>51.08</b>	<b>100.00</b>	<b>47.80</b>	<b>100.00</b>

Of the total gross premiums written, fire shared the biggest chunk of the total premium production with 31.97%, followed by motor car with 31.40%, casualty with 22.42%, marine with 10.10%, and suretyship with 4.05%.

**Chart 3 : Gross Premiums Written (GPW)/Net Premiums Written (NPW) of Private Non-Life Insurers including Professional Reinsurers By Line of Business 2012 - 2013**



## 2. Net Premiums Written

On the other hand, the net premiums written posted an improvement of 4.07%, from ₱27.99 billion last 2012 to ₱29.14 billion this 2013. This pegged the net retention ratio at 57.05% during the year, which is 1.51% lower than the 58.56% of 2012.

As in the previous year, motor car business had the highest contribution which amounted to ₱15.49 billion, followed by casualty business with ₱5.40 billion and fire business with ₱4.15 billion. The domestic insurers had the upper hand over their foreign counterparts with 89.31% of the total net premiums written.

LINE OF BUSINESS	2013	2012	% Increase/(Decrease)
Fire	4.15	4.63	10.37
Marine	1.91	1.81	5.52
Motor Car	15.49	13.88	11.60
Casualty	5.40	5.42	(0.37)
Suretyship	1.94	1.80	7.78
Life for PR	0.25	0.45	(44.44)
<b>TOTAL</b>	<b>24.14</b>	<b>27.99</b>	<b>4.11</b>

## 3. Premiums Earned

Table 16 shows that premiums earned grew to ₱28.14 billion this year, up by ₱1.31 billion or 4.88% from the ₱26.83 billion last year. Motor car business posted the highest premium earned, during the year, with ₱14.76 billion representing 52.45% of the total premiums earned. Casualty business was next with ₱5.39 billion or 19.15% of the total premiums earned. Fire, marine, suretyship and life for PR summed up the remaining 28.40% with corresponding premiums earned of ₱4.15 billion, ₱1.70 billion, ₱1.86 billion and ₱0.28 billion, respectively.

It can be noted that while there were decreases in the premiums earned in some lines of business, other lines such as motor car, casualty and suretyship recorded higher increases, hence the overall growth in premiums earned.



#### 4. Losses Incurred

Total losses incurred by the non-life sector for the year amounted to ₱14.23 billion, higher by 26.26% than the ₱11.27 billion reported in the previous year.

LINE OF BUSINESS	2013			2012		
	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*
<b>1. Fire and Allied Perils</b>	<b>4.22</b>	<b>4.15</b>	<b>101.69</b>	<b>3.24</b>	<b>4.44</b>	<b>72.90</b>
a. Fire	0.48	3.08	15.58	2.59	3.16	81.99
b. Earthquake /Fire/shock	0.77	0.76	101.32	0.05	0.71	7.02
c. Typhoon	2.09	-0.01	-20,900.	0.16	0.25	65.48
d. Flood	0.35	0.18	194.44	0.39	0.18	218.72
e. Extended Coverage	0.53	0.14	371.43	0.05	0.14	32.71
<b>2. Marine</b>	<b>0.59</b>	<b>1.70</b>	<b>34.71</b>	<b>0.72</b>	<b>1.81</b>	<b>39.86</b>
a. Marine Cargo	0.25	0.98	25.51	0.42	1.32	31.93
b. Aviation	0.02	0.42	4.76	0.07	0.24	28.74
c. Marine Hull	0.32	0.30	106.67	0.23	0.25	91.26
<b>3. Motor Car</b>	<b>6.53</b>	<b>14.76</b>	<b>44.24</b>	<b>5.40</b>	<b>13.45</b>	<b>40.12</b>
a. CMVL-LTO	0.04	0.56	7.14	0.04	0.46	8.96
b. CMVL-Non-LTO	0.33	1.67	19.76	0.73	2.05	35.29
c. Other Than CMVL-LTO	0.08	0.19	42.11	0.07	0.27	25.87
d. Other Than CMVL-Non- LTO	6.08	12.34	49.27	4.56	10.67	42.76
<b>4. Casualty</b>	<b>2.58</b>	<b>5.67</b>	<b>45.50</b>	<b>1.77</b>	<b>5.41</b>	<b>32.64</b>
a. Health	0.25	0.65	38.46	0.33	0.76	43.59
a. Personal Accident	0.94	2.82	33.33	0.60	2.06	26.82
b. Engineering	0.85	0.76	111.84	0.29	0.74	38.80
c. Miscellaneous	0.43	1.16	37.07	0.43	1.39	22.57
d. Life, for Prof. Reinsurer	0.11	0.28	39.29	0.12	0.46	25.57
<b>5. Suretyship</b>	<b>0.31</b>	<b>1.86</b>	<b>16.67</b>	<b>0.14</b>	<b>1.72</b>	<b>8.22</b>
<b>TOTAL</b>	<b>14.23</b>	<b>28.14</b>	<b>50.57</b>	<b>11.27</b>	<b>26.83</b>	<b>41.98</b>

The overall loss ratio for the year deteriorated to 50.57% which was 8.59% higher than the 41.98% recorded last year. Except for marine, loss ratios for all other lines of business increased considerably from 2012 to 2013.

Loss ratios for fire and allied risks went up to 101.69%, during the year, from 72.90% of the previous year. This is mainly due to the devastation brought about by the typhoons by the end of 2013 as shown by the 194.44% and 371.43% loss ratios registered by flood and extended coverage, respectively.

## 5. Summary of Operations

The overall net income of the non-life sector went down by 63.31% from ₱2.48 billion last year to ₱0.91 billion this year. The decrease in the overall income can be attributed to the 7.77% reduction in income derived from investments coupled with 15.37% increase in underwriting expenses and losses of ₱0.02 billion incurred by foreign companies.

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
<b><i>Underwriting Income</i></b>	<b><u>27.40</u></b>	<b><u>4.02</u></b>	<b><u>31.42</u></b>
Premiums Earned	24.89	3.25	28.14
Commissions Earned	2.32	0.76	3.08
Other Underwriting Income	0.19	0.01	0.20
<b><i>Less: Underwriting Expenses</i></b>	<b><u>22.60</u></b>	<b><u>2.84</u></b>	<b><u>25.44</u></b>
Losses Incurred	12.64	1.59	14.23
Loss Adjustment Expenses	0.26	0.05	0.31
Commission Expenses	7.96	1.12	9.08
Premium Tax Incurred	0	0	0
Other Underwriting Expenses	1.74	0.08	1.82
<b><i>Underwriting Gain/Loss</i></b>	<b><u>4.80</u></b>	<b><u>1.18</u></b>	<b><u>5.98</u></b>
Add: Gross Investment Income	2.22	0.39	2.61
Other Income/Expenses	1.79	0.07	1.86
<b>SUB – TOTAL</b>	<b>8.81</b>	<b>1.64</b>	<b>10.45</b>
Less: Taxes other than Premium	0.45	0.08	0.53
Other General Expenses	7.33	1.53	8.86
Income Tax	0.10	0.05	0.15
<b>Net Income / Loss for the year Including Capital Gains</b>	<b><u>0.93</u></b>	<b><u>-0.02</u></b>	<b><u>0.91</u></b>

## 6. Investments

The non-life companies' total invested funds grew slightly by 5.41% from ₱54.39 billion last year to ₱57.33 billion this year. Bonds, the leading investment by the non-life companies comprised 44.53% or ₱25.53 billion of the total invested assets. Came in next, in a far margin, was fixed deposits with 19.26% share followed by stocks with 17.76% contribution to the total investment assets. Table 18 shows that the domestic non-life companies contributed 86.15% of the total investment while the foreign non-life companies shared the remaining 13.85%.

Table 19 gives the total investments in government securities which inched down to ₱21.13 billion or a decrease of 3.65% from previous year's ₱21.93 billion. This was brought about by a 21.69% decline in placements in treasury notes.

Table 18: Investments by Category of Non-Life Companies & Professional Reinsurer, 2013 (₱ Billions)			
PARTICULARS	NON-LIFE		Total
	Domestic	Foreign	
Bonds	20.05	5.48	25.53
Stocks	9.70	0.48	10.18
Real Estate	5.49	0.18	5.67
Mortgage Loans	0.18	0.03	0.21
Collateral Loans	0.02	0	0.02
Purchase Money Mortgage	0	0	0
Other Loans	0.27	0.04	0.31
Short -Term Investments	2.48	0	2.48
Other Investments	1.65	0.24	1.89
Fixed Deposits	9.55	1.49	11.04
<b>TOTAL</b>	<b><u>49.39</u></b>	<b><u>7.94</u></b>	<b><u>57.33</u></b>

Table 19: Investments in Bonds & Government Securities of Non-Life Companies & Professional Reinsurer , 2013 (₱ billions )	
TYPES OF BONDS/SECURITIES	(₱ Billions)
<b>Long-Term Government Bonds</b>	<b><u>18.65</u></b>
<i>Treasury Notes</i>	11.52
<i>Land Bank Bonds</i>	0.08
<i>Pag-ibig Bonds</i>	0.00
<i>ROP Bonds</i>	1.62
<i>Retail Bonds</i>	5.17
<i>Others</i>	0.26
<b>Short-Term Government Securities</b>	<b><u>2.48</u></b>
<i>Treasury Bills</i>	2.48
<b>Total Government Securities</b>	<b><u>21.13</u></b>
<i>Private Bonds</i>	5.15
<i>Foreign Bonds</i>	1.73
<b>GRAND TOTAL</b>	<b><u>28.01</u></b>

## 7. Balance Sheet

The total assets of the non-life sector during the year under review grew to ₱159.06 billion, up by ₱30.61 billion or 23.83% over the previous year's ₱128.45 billion, with the domestic companies accounting for 88.86% of these assets.

Total liabilities for the year rose to ₱100.72 billion, registering a hefty increase of 43.21% compared to ₱70.33 billion of last year. Losses and claims payable which constituted 60.35% of the total liabilities increased by 64.27% to ₱60.78 billion from ₱37 billion reported last year. Reserve for unearned premiums increased by 7.71% to reach ₱12.71 billion contributing 12.62% share in the total liabilities.

As of the year end, the total net worth stood at ₱58.34 billion, a minimal increase of 0.38% over the previous year's ₱58.12 billion. Of this amount, paid - up capital accounted for 42.29% or ₱24.67 billion.

**Table 20: Consolidated Balance Sheet of Non-life Companies  
& Professional Reinsurer, 2013**

(P billions )

<b>PARTICULARS</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<b>ASSETS</b>			
Bonds	20.19	5.72	25.91
Stocks	20.06	0.49	20.55
Real Estate Owned	7.55	0.11	7.66
Mortgage Loans	0.19	0.03	0.22
Collateral Loans	0.27	0.00	0.27
Guaranteed Loans	0.00	0.00	0.00
Other Loans	0.27	0.04	0.31
Short-Term Investments	2.49	0.00	2.49
Security Fund	0.00	0.00	0.00
Other Investments	2.18	0.24	2.42
Cash on Hand & in Banks	17.40	2.36	19.76
Premiums Receivable	11.52	0.82	12.34
Due From Ceding Companies	4.92	0.54	5.46
Prem./Loss Reserve Withheld By Ceding Companies	0.48	0.01	0.49
Reins. Recoverable on Losses	49.31	6.40	55.71
Other Reins. Accts. Receivable	0.40	0.01	0.41
Commissions/Accounts Receivable	0.69	0.06	0.75
Salvage Recoverable	0.09	0.00	0.09
Accrued Interest & Other Investment Income	0.29	0.10	0.39
EDP Equipment	0.50	0.07	0.57
Other Assets	2.54	0.72	3.26
<b>TOTAL ASSETS</b>	<b><u>141.34</u></b>	<b><u>17.72</u></b>	<b><u>159.06</u></b>
<b>LIABILITIES</b>			
Reserve for Unearned Premiums	11.25	1.46	12.71
Losses & Claims Payable	53.88	6.90	60.78
Loss Adjustment Expenses	0.21	0.03	0.24
Catastrophe Loss Reserves	0.39	0.07	0.46
Premiums Due to Reinsurers	10.03	1.28	11.31
Prem./Loss Reserves Withheld For Reinsurers	2.77	0.75	3.52
Other Reins. Accounts Payable	0.48	0.00	0.48
Taxes/Licenses Payable	3.23	0.24	3.47
Accrued Expenses Payable	0.70	0.22	0.92
Commission & Other Charges Payable	1.36	0.02	1.38
Accounts/Notes Payable	2.99	0.18	3.17
Other Liabilities	2.19	0.09	2.28
<b>TOTAL LIABILITIES</b>	<b><u>89.48</u></b>	<b><u>11.24</u></b>	<b><u>100.72</u></b>
<b>NETWORTH</b>			
Paid-Up Capital/Statutory Deposits	20.40	4.27	24.67
Treasury Shares	-0.10	0.00	-0.10
Paid-In Capital	5.61	0.33	5.94
Contributed Surplus	1.12	0.18	1.30
Deposit on Stock Subscription	0.91	0.5	1.42
Investment Fluctuation Reserves	13.41	0.10	13.51
Contingency Surplus	1.15	0.00	1.15
Other Assigned Surplus	0.31	0.00	0.31
Unassigned Surplus/H.O. Accounts	9.05	1.09	10.14
<b>TOTAL NETWORTH</b>	<b><u>51.86</u></b>	<b><u>6.48</u></b>	<b><u>58.34</u></b>
<b>TOTAL LIABILITIES &amp; NETWORTH/TRUSTED SURPLUS</b>	<b><u>141.34</u></b>	<b><u>17.72</u></b>	<b><u>159.06</u></b>

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

Table 21: Mutual Benefit Associations Key Insurance Statistics, 2012-2013 (P billions)			
PARTICULARS	2013	2012	% Increase (Decrease)
Assets	43.80	38.25	14.51
Liabilities	27.73	20.26	36.87
Members' Equity	16.07	18.00	(10.72)
Guaranty Fund	0.62	0.57	8.77
Investments	39.51	34.13	15.76
Premiums	5.61	5.18	8.30
Net Income	2.29	2.05	11.71
No. of Licensed MBAs	28	28	0

This year, twenty-eight (28) MBAs reported total assets amounting to P43.80 billion, a 14.51% increase over that of the previous year, with five (5) MBAs sharing P40.17 billion or 91.71% of the total assets. Armed Forces of the Philippines Mutual Benefit Association Inc. (AFPMBAI) contributed 29.86% of the total amount, followed by Public Safety Mutual Benefit Fund (PSMBF) with 24.59%, Manila Teachers Mutual Aid System, Inc. (MTMAS) with 15.84%, Card Mutual Benefit Association Inc. (Card MBAI) with 11.89% and K of C Fraternal Association of the Philippines, Inc. (KC) with 9.57%. All of these MBAs posted increases of 12.18%, 15.14%, 19.30%, 16.08% and 8.26% in their reported assets, respectively.

With a 36.87% increase in total liabilities from P20.26 billion to P27.73 billion this year, the corresponding total members' equity contracted to P16.07 billion, a decrease of 10.72% over the reported equity of P18.00 billion last year.

However, the guaranty fund which the MBAs shall use in the payment of any valid benefit claims of any of their members rose to P0.62 billion, up by 8.77% year-on-year.

Investments at cost of the MBAs this year aggregated to P39.51 billion, 15.76% higher than that of 2012. The bulk of the investments were accounted for by AFPMBAI and PSMBF with 28.25% and 27.89% of the total investments, respectively. As in the previous years, most of the investments were placed in other loans which stood at P13.38 billion and in bonds at P10.04 billion, an increase of 6.36% and 23.49%, respectively, over those of the previous year.

The premiums generated by the MBAs likewise improved by 8.30% to P5.61 billion this year from P5.18 billion last year.

Aggregate net income reported by the MBAs as of the year - end amounted to ₱2.29 billion, 11.71% higher than the previous year's ₱2.05 billion. The increase in net income can be attributed to the 7.71% increase in total underwriting income coupled with a 10.24% increase in investment income and a 12.50% drop in corresponding direct underwriting expenses. MTMAS registered the highest net income amounting to ₱0.74 billion which accounted for 32.31% of the total net income generated by the MBAs this 2013.

#### **E. Trusts for Charitable Uses**

Total assets reported by two (2) Trusts for Charitable Uses as of year-end amounted to ₱47.94 million. The amount was invested mostly in short-term investments and largely contributed by Teodoro R. Yangco Memorial Foundation.

Total receipts during the year stood at ₱6.40 million. After considering the ₱2.63 million total disbursements, the total cash fund as of year-end amounted to ₱3.93 million.

#### **F. Insurance and Reinsurance Brokers**

Premiums solicited by insurance and reinsurance brokers totalled ₱44.77 billion during the year under review, an increase of 6.32% from the previous year's ₱42.11 billion. The insurance brokers shared 94.66% of the total amount of premiums while the reinsurance brokers contributed the remaining 5.34%. The said amount accounted for 22.35% of the total generated premiums of ₱200.29 billion by the insurance industry, during the year.

The increase in the premium production can be attributed to the boost in engineering business with premiums higher by 61.85% and 234.70% in insurance and reinsurance businesses, respectively, than those in the previous year.

As in the previous years, fire insurance business had the biggest share contributing 28.08% of the total premiums, followed by life with 16.77%, health with 16.11%, accident with 10.82%, motor vehicle with 8.17% and other lines of business accounting for the remaining 20.05%.

As a result of the increased premium production, the commissions earned by the brokers improved by 11.87% from ₱4.49 billion last year to ₱ 5.02 billion this year.

**Table 22: Brokers' Business Operations, 2013**  
(P millions)

Line of Business	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	7,507.15	990.72	0.00	0.00
Fire	11,437.89	929.01	1,123.00	66.02
Ocean Marine	482.68	101.46	148.64	5.52
Inland Marine	463.31	60.48	41.95	4.02
Marine Hull	844.89	52.49	167.94	18.30
Aviation	973.66	37.45	26.02	1.44
Fidelity & Surety	811.27	193.96	11.88	0.65
Motor Vehicle	3,620.99	880.65	34.82	2.95
Health	7,211.67	652.61	0.00	0.00
Accident	4,760.32	409.55	82.25	3.66
Engineering	2,181.25	258.78	429.26	14.98
Miscellaneous	2,081.07	308.91	332.05	29.34
<b>TOTAL</b>	<b>42,376.15</b>	<b>4,876.07</b>	<b>2,397.81</b>	<b>146.88</b>

### III. PRE-NEED INDUSTRY

This year, only fifteen (15) pre-need companies were granted certificates of authority (CA) to transact pre-need business in the country. The CA of six (6) pre-need companies were not renewed due to non-compliance with the regulatory requirements of the Insurance Commission.

PARTICULARS	2013	2012	% Increase (Decrease)
Assets	99.94	99.02	0.93
Liabilities	83.34	80.72	3.25
Net worth	16.60	18.30	(9.29)
Paid-up capital	2.60	2.98	(12.75)
Trust Fund	88.89	88.01	1.00
Pre-Need Reserves	78.78	72.96	7.98
Investments	88.79	84.79	4.72
Premiums	12.23	10.49	16.59
Net Income	2.62	3.19	(17.87)
No. of Licensed Pre-need Companies	15	21	(28.57)
No. of Licensed Pre-need Plans Sold	643,062	662,536	(2.94)

The total assets of the pre-need industry increased only by 0.93% to P99.94 billion this year from P99.02 billion of the previous year. The industry's Trust Funds, which continued to account for almost 90% of the total assets, slightly increased by 0.99% to P88.89 billion compared to its year ago level of P88.01 billion.

The total liabilities of the industry grew by P2.62 billion to reach P83.34 billion this year. This is 3.25% higher than the P80.72 billion posted last year. The increase can be attributed to an increment of 7.98 % in pre-need reserves which accounted for almost 95% of the total liabilities.

The total net worth decreased by 9.29% to P16.60 billion from last year's P18.30 billion. The decrease can be attributed to the drop in paid-in capital and investment fluctuation reserve of 39.12% and 31.38%, respectively.

This year, the investment portfolio of the pre-need industry, valued at cost, was P88.79 billion or 4.72% higher than previous year's P84.79 billion. The industry's investment in government bonds and securities was equivalent to P42.11 billion or 47.43% of the total portfolio while its investment in stocks reached P15.44 billion or 17.39% of its portfolio.



Despite a 16.59% increase in premiums, from ₱10.49 billion last year to ₱12.23 billion this year, aggregate net income reported by the pre-need industry amounted only to ₱2.62 billion, 17.87% lower than that reported last year. The drop in net income was caused mainly by 7.77% contraction in investment and other income earned coupled with 15.26% increase in total direct expenses incurred by the pre-need companies.

The total number of plans sold by the pre-need companies this year dropped by 2.94% from 662,536 last year to 643,062. The decrease can be attributed to 3.33% reduction in the sale of life plans which constituted 96.53% of the total plans sold by the pre-need companies.

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

The total reported assets of the GSIS amounted to ₱790.24 billion as of year-end, 7.00% more than the ₱738.54 billion of the previous year. Assets of the life business comprised 95.54% of the total amount or ₱755.00 billion.

Of these assets, 87.41% or ₱690.76 billion was placed in various investments, 26.85% higher than the placements made last year.

Corresponding net worth amounted to ₱103.61 billion, up by 76.33% from the previous year's ₱58.76 billion due to the increase in unassigned surplus.

Total premiums generated during the year amounted to ₱80.82 billion, up by 5.17% from the previous year's ₱76.85 billion.

PARTICULARS	2013	2012	% Increase(Decrease)
<b>Assets</b>	<b><u>790.24</u></b>	<b><u>738.54</u></b>	<b><u>7.00</u></b>
Life	755.00	712.44	5.97
Non-Life	35.24	26.10	35.02
<b>Networth</b>	<b><u>103.61</u></b>	<b><u>58.76</u></b>	<b><u>76.33</u></b>
Life	83.21	39.39	111.25
Non-Life	20.40	19.37	5.32
<b>Investments</b>	<b><u>690.76</u></b>	<b><u>544.56</u></b>	<b><u>26.85</u></b>
Life	672.20	532.55	26.22
Non-Life	18.56	12.01	54.54
<b>Premiums</b>	<b><u>80.82</u></b>	<b><u>76.85</u></b>	<b><u>5.17</u></b>
Life	79.28	75.38	5.17
Non-Life	1.54	1.47	4.76

# **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**

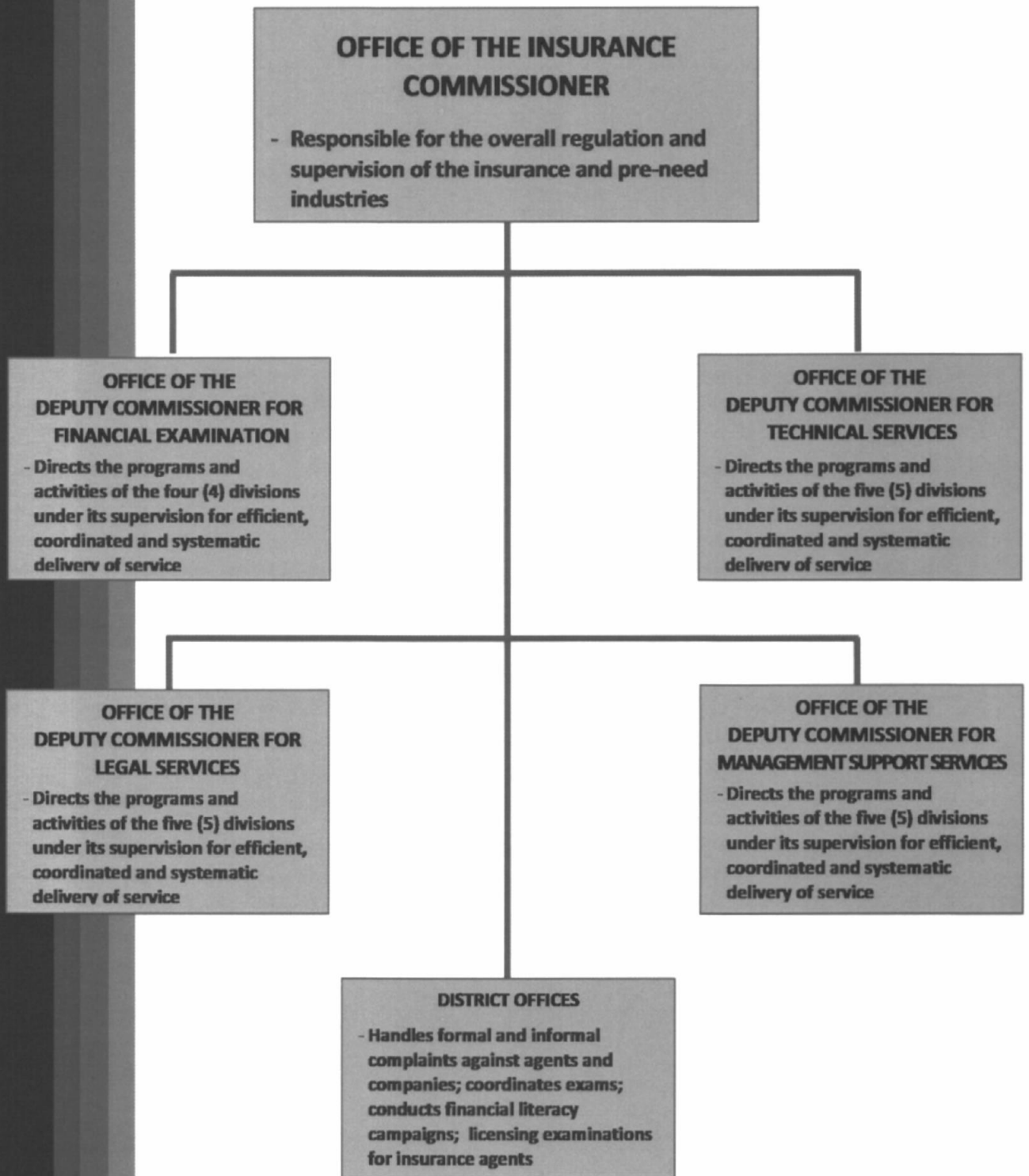
# **Vision**

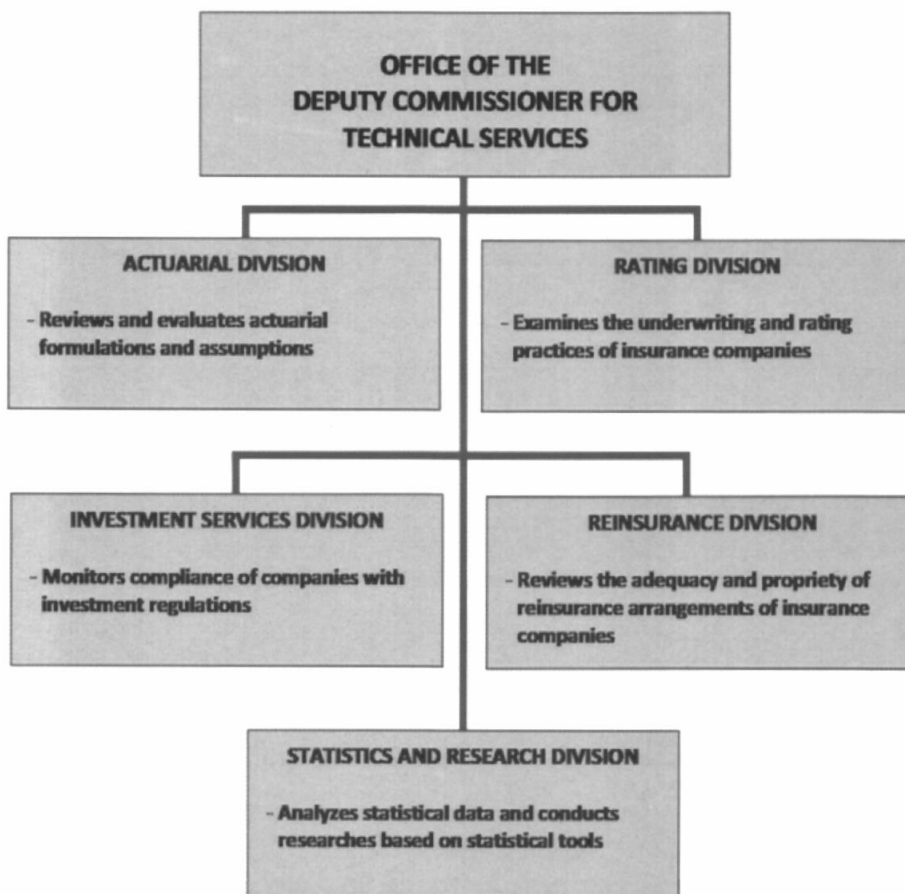
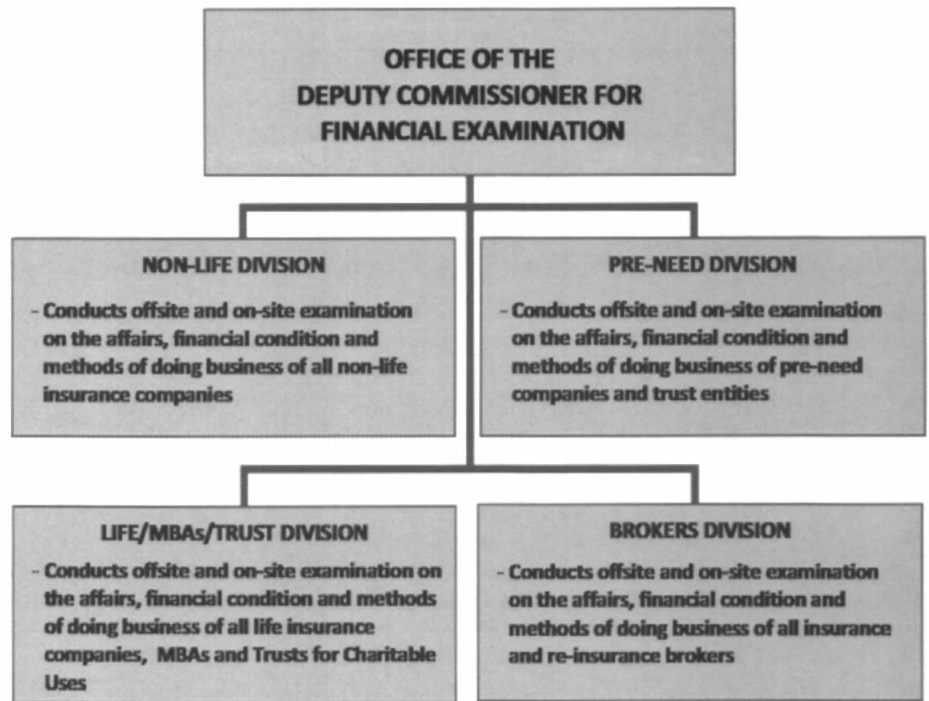
**By 2020, as Regulator, we shall provide an opportunity for every Filipino to secure insurance protection and we shall observe practices at par with regional and global standards.**

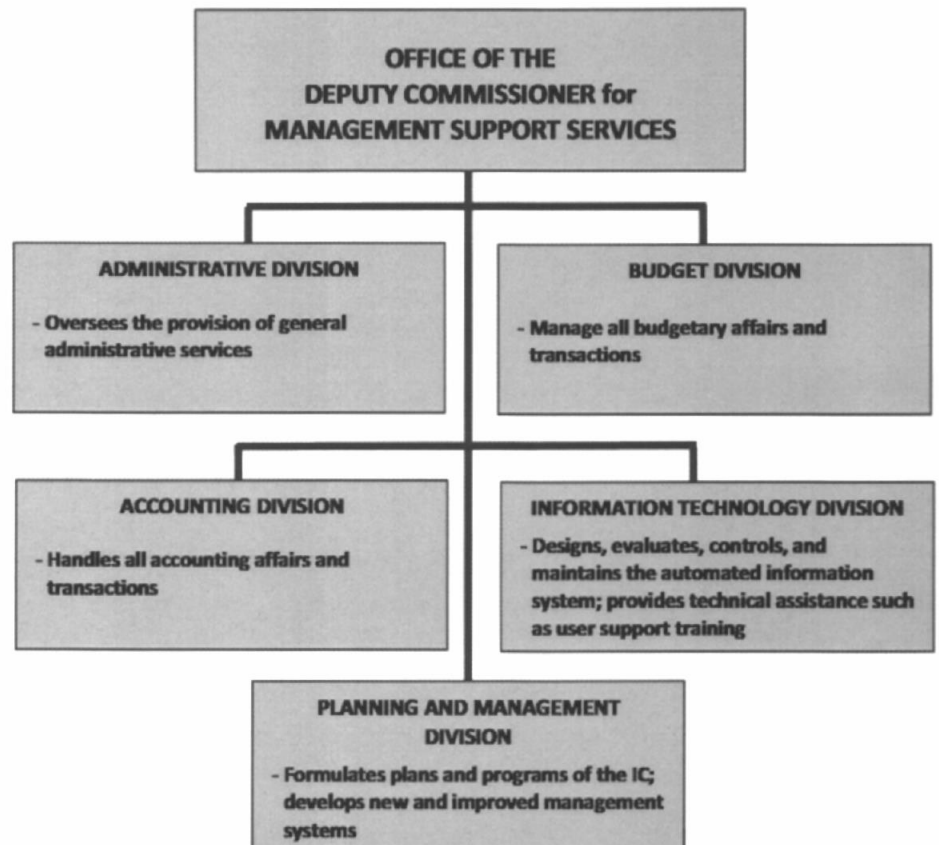
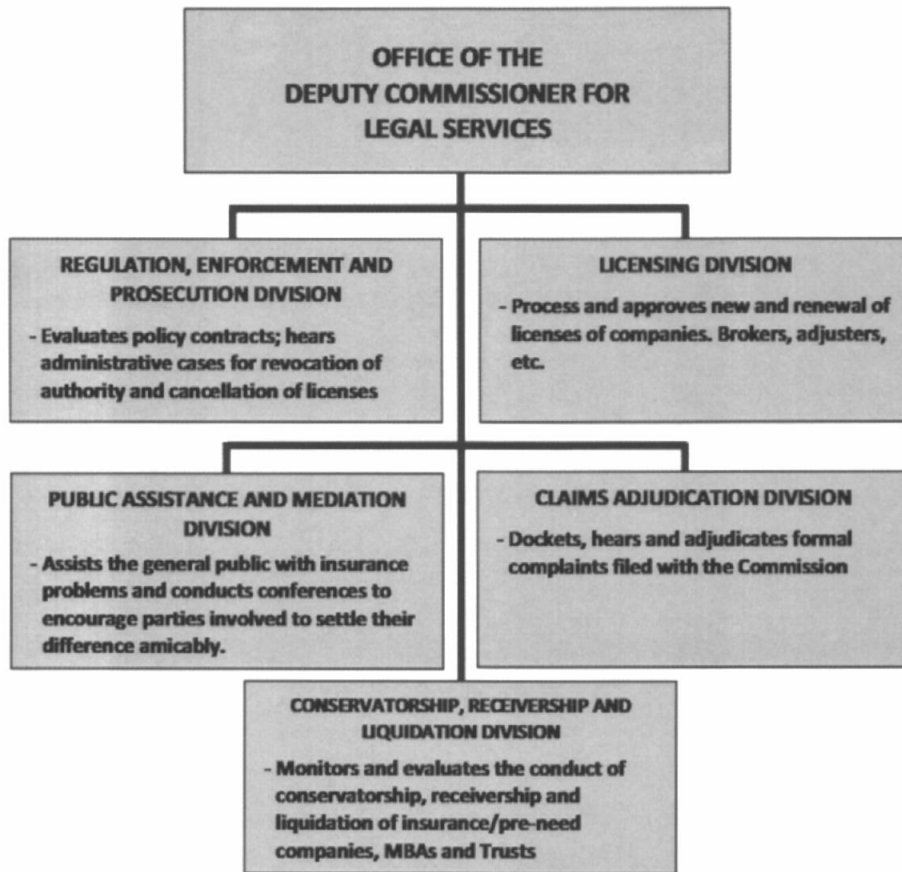
# **Core Values**

**Love of God  
Integrity  
Fairness  
Professionalism  
Solidarity**

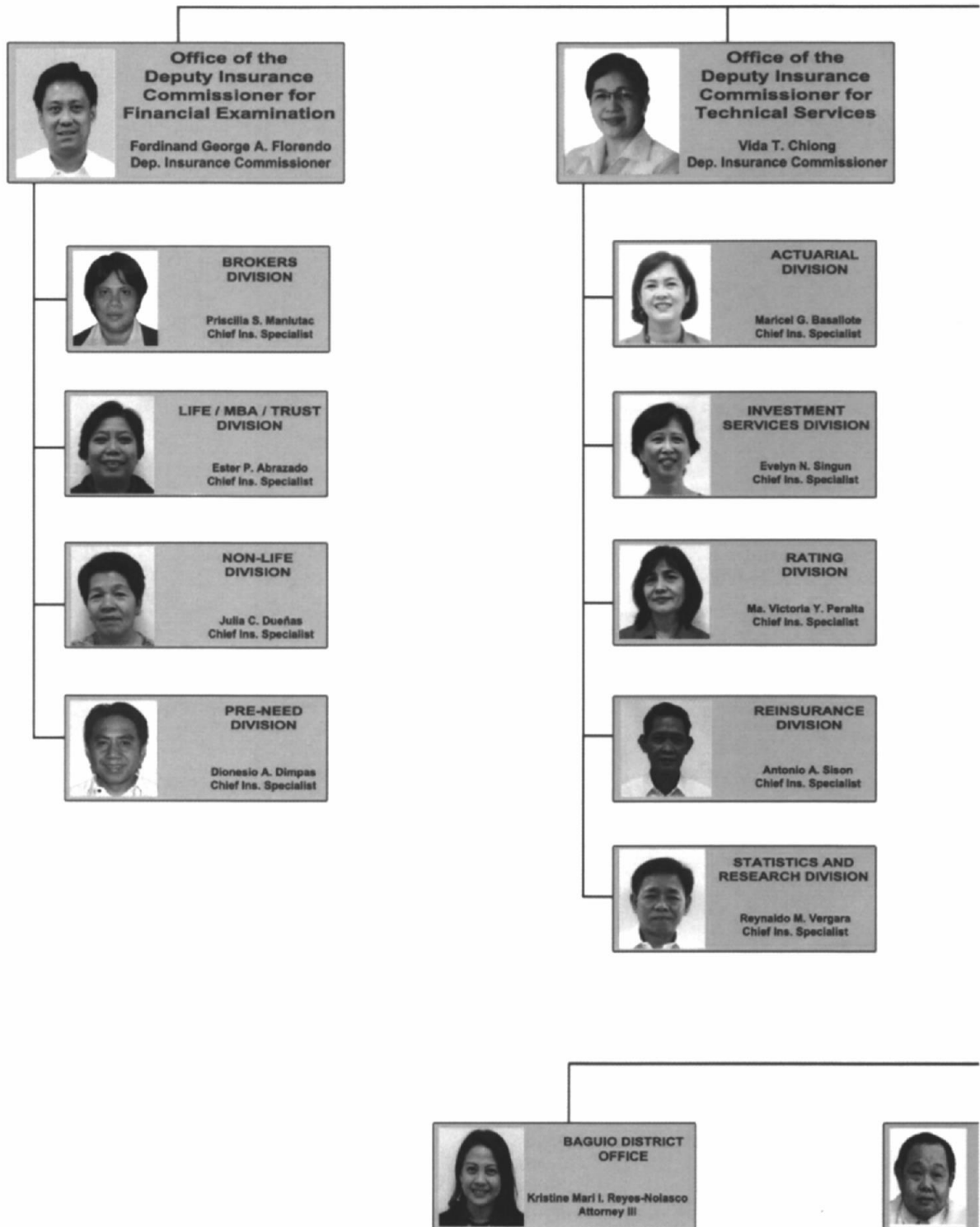
# Functional Chart








# Officers of the Insurance Commission




**Office of the Insurance Commissioner**  
Emmanuel F. Dooc  
Insurance Commissioner




**Office of the Deputy Insurance Commissioner for Legal Services**  
Dennis B. Funa  
Dep. Insurance Commissioner




**Office of the Deputy Insurance Commissioner for Management Support Services**  
Dorothy M. Calimag  
Dep. Insurance Commissioner




**CLAIMS ADJUDICATION DIVISION**  
Joseph P. Oslas  
Attorney III




**CONSERVATORSHIP, RECEIVERSHIP AND LIQUIDATION DIVISION**  
John A. Apatan  
Attorney III




**LICENSING DIVISION**  
Jose Mari F. Tolentino  
Attorney III




**PUBLIC ASSISTANCE AND MEDIATION DIVISION**  
Liza T. Tubilleja  
Officer-in-Charge




**REGULATION, PROSECUTION AND ENFORCEMENT DIVISION**  
Denis C. Cabucos  
Attorney III




**ACCOUNTING DIVISION**  
Pamela F. Pitas  
Chief Accountant




**ADMINISTRATIVE DIVISION**  
Lorna D. De Leon  
Chief Admin. Officer



**BUDGET DIVISION**  
Teresita S. Sureta  
Chief Admin. Officer




**INFORMATION TECHNOLOGY DIVISION**  
Edwin Cornelius A. Lauz  
I. T. Officer III



**PLANNING DIVISION**  
Gregory Vincent O. Ferrer  
Planning Officer V

**CEBU DISTRICT OFFICE**  
Cesar R. Olsar, Jr.  
Attorney III



**DAVAO DISTRICT OFFICE**  
Ernesto R. Gasas, Jr.  
Attorney III