



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
Manila

December 17, 2015

The HONORABLE CESAR V. PURISIMA

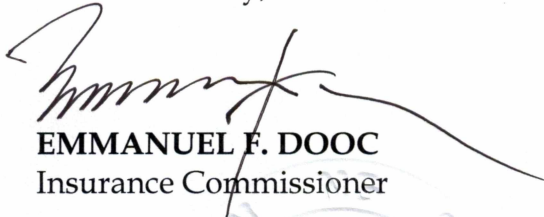
Secretary of Finance
Department of Finance
Manila

Dear Sir:

We are pleased to submit herewith our Annual Report for the year ended 31 December 2014 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 99 domestic and foreign insurance companies were granted Certificates of Authority (CA) to transact insurance business in the country for the license year 2014-2015. These companies include 4 composite, 27 life and 67 non-life insurance companies and 1 reinsurance company.

Table 1 : Insurance Companies, Mutual Benefit Associations and Pre-Need Companies Authorized to Transact Business in the Philippines As of 31 December 2014					
I. Insurance Companies					
Classification of Companies	Direct Insurers			Prof. Reinsurance	TOTAL
	Composite	Life	Non-Life		
A. Domestic	3	21	60	1	85
B. Foreign					
Domestically Incorporated	1	6	4	0	11
Branch	0	0	3	0	3
Total	4	27	67	1	99
II. Mutual Benefit Associations (MBAs)					
A. Microinsurance MBAs					24
B. Regular MBAs					10
Total					34
III. Pre-Need Companies					
A. Domestic					14

During the year under review, while FWD Life Insurance Corporation was granted CA to operate as a life insurance company in the country effective April 2, 2014, New Hampshire Insurance Company ceased its insurance operations in the country.

Monarch Insurance Company had its name changed to SGI Philippines General Insurance Company, Inc. effective May 26, 2014.

Thirty-four (34) Mutual Benefit Associations (MBAs) were also issued CA during the year, 24 of which were microinsurance MBAs and 10 were regular MBAs.

Moreover, fourteen (14) pre-need companies were granted certificates of authority to transact pre-need business in the country.

License of one pre-need company was not renewed due to non-compliance with requirements of the Insurance Commission.

To support insurers and pre-need providers in the conduct of business, the Insurance Commission issued licenses and granted accreditations to insurance intermediaries and technical support services as shown in the table below.

Table 2: Licenses/Certificates of Registration Issued to Insurance/ Pre-Need Intermediaries and Technical Support Individuals/Entities - 2014			
Intermediaries	New	Renewal	Total
Ordinary Agents	28,662	26,507	55,169
Life	25,898	15,864	41,762
Non-Life	2,751	10,608	13,359
Microinsurance	13	35	48
General Agents	14	315	329
Life	8	70	78
Non-Life	6	245	251
Variable Life Agents	32,025	9,718	41,743
Brokers	2	82	84
Insurance	2	61	63
Reinsurance	0	21	21
Pre-Need Sales Counselor	8,214	16,394	24,608
Technical Support			
Non-Life Company Underwriters	26	304	330
Resident Agents	3	57	60
Accredited Actuaries	1	34	35
Pre-Need Actuaries	2	5	7
Public Adjusters	0	1	1
Independent Adjusters	2	46	48
External Auditors	10	38	48
Firm	5	29	34
Individual	5	9	14
TOTAL	68,971	53,539	122,510

B. Financial Surveillance

In 2014, the Commission conducted on-site and off-site examinations on 223 entities under its jurisdiction to determine their financial condition and methods of doing business.

As a result, a total of 85 synopses of insurance and pre-need annual financial statements for 2012 and 2013 showing the conditions of their businesses as well as their resources and liabilities were approved for

publication in two newspapers of general circulation for the information of their policyholders and stakeholders.

There were also 170 examinations and verification reports on the affairs, financial condition and methods of doing business of insurance and pre-need companies, mutual benefit associations and brokers which were transmitted to these companies during the year.

C. Tariff Compliance Monitoring

Violations of tariff rules for the year reached 3,368 breaches which resulted in the collection of ₱5.41 million fines/penalties collected by the Commission.

Of the total breaches, 65.77% and 21.56% were attributed mainly to motor car and fire policies, respectively.

D. Policy/Forms/ Reinsurance/Investments

The Commission acted upon and approved 1,268 life and 972 non-life insurance policies/contract forms and 347 pre-need plans/forms during the year under review.

Approval of 1,828 reinsurance treaties and facultative placements abroad and investments was also recorded this year.

E. Security Deposits/ Security Fund /Guaranty Fund

The total amount of security deposits and security fund deposited with the Insurance Commission as of year-end for the benefit and security of the policyholders and creditors of the insurance companies and payment of valid claims against these companies reached ₱9.36 billion.

The mutual benefit associations (MBAs) on the other hand, deposited with the Commission a combined guaranty fund amounting to ₱0.87 billion to answer for any valid benefit claims of their members.

F. Adjudication, Public Assistance and Mediation

A total of 3,749 claims, cases, complaints, disputes, inquiries and mediations on insurance and pre-need matters were acted upon by the Commission within the prescribed period.

On public assistance for informal cases, the Commission obtained a rating of 98.69% from the customer satisfaction survey results.

G. Conservatorship/Receivership/Liquidation

To preserve the assets of the companies and safeguard the interest of the policyholders, planholders and creditors, the following insurance and pre-need companies were placed under conservatorship/receivership/ liquidation during the year:

1. Insurance Companies under Conservatorship Date
 - a. Philippine Phoenix Surety & Ins., Inc. - Feb. 19, 2014
 - b. Summit Guaranty & Insurance, Inc. - Feb. 21, 2014
 - c. Security Pacific Assurance Corp. - Aug. 12, 2014
 - d. CAP General Ins. Corporation - Aug. 13, 2014
 - e. R & B Insurance Corporation - Sept. 15, 2014
 - f. Great Domestic Ins. Co. of the Phils. - Oct. 22, 2014

2. Insurance Companies under Receivership
 - a. Philippine Phoenix Surety & Ins. Inc. - Aug. 6, 2014

3. Insurance Companies under Liquidation
 - a. Summit Guaranty & Insurance, Inc. - May 26, 2014
 - b. South Sea Surety & Ins. Co., Inc. - June 2, 2014

4. Pre-Need Companies under Liquidation
 - a. First Interstate Multiplex Pension Plans - June 2, 2014
 - b. Global Family Protection Plans Phils., Inc. - June 2, 2014
 - c. Grayline Plans, Inc. - Feb. 25, 2014
 - d. Holy Life Plan - June 2, 2014
 - e. Pension and Retirement Plans, Inc. - Jan. 28, 2014
 - f. Primanila Plans, Inc. - June 2, 2014
 - g. Special Plans, Inc. - June 2, 2014

During the year under review, the above-mentioned pre-need companies which were under conservatorship then in 2010 were placed under liquidation:

H. Regulatory Updates

For the effective enforcement of the provisions of the New Insurance Code and Pre-Need Code, efficient regulation of the insurance and pre-need industries, and protection of the insuring public, the Insurance Commission issued the following circular letters during the year under review.

The particulars of these regulatory issuances as well as the other circulars issued during the year setting out the rules, regulations and guidelines in the implementation of the pertinent provisions of the New Insurance Code and Pre-Need Code are all found in the Appendices.

Circular Letter (CL) No.	Date Issued	Subject
1. CL No. 2014-03	29 January 2014	Valuation of Life Insurance Liabilities as of December 31, 2013

Requiring that for the annual valuation of life insurance liabilities under all policies outstanding as of December 31, 2013, all life insurance companies and mutual benefit associations shall make the valuation using such standards as net premium basis, and standard mortality table with interest rate at not more than 6% previously approved by the Insurance Commission.

2. CL No. 2014-15 15 May 2014 Fees and Charges

Informing the regulated entities of the new schedule of fees applicable to licensing, supervision, products approval, accreditation, etc. and penalties for breach of tariff and non-compliance with the regulatory requirements within the prescribed deadline as approved by the Secretary of the Department of Finance.

**3. CL No. 2014-17 15 May 2014 Admitted Assets Under
the New Insurance Code**

Enumerating the assets that are legally or beneficially owned by insurance companies as determined by the Commissioner which are considered admitted assets. These assets include among others investments in mutual funds, real estate investment trusts, salary loans, unit investment trust funds and special deposit account.

**4. CL No. 2014-19 15 May 2014 Amended Guidelines for
Foreign Currency Denominated
Investments and Insurance
Policies**

Amending the guidelines governing foreign currency denominated investments and insurance policies in accordance with the pertinent provisions of the New Insurance Code.

Under the guidelines:

- i. Only foreign currencies acceptable to the Bangko Sentral ng Pilipinas as part of its international reserves are allowed.
- ii. The total foreign currency denominated investments excluding issues of the Philippine government shall not exceed 20% of the company's latest verified total admitted assets for a life insurance company and 20% of the networth for a non-life insurance company.
- iii. Premiums, policy benefits and claims shall be payable in the same currency of the policy issued. However, payment may be made in another currency subject to the agreement between the policyholder and the insurance company.

5. CL No. 2014-22 15 May 2014 Collateral Loans

Promulgating rules and regulations on the granting of loans with collateral other than real estate under the pertinent provisions of the New Insurance Code. Insurance companies are not allowed to grant loan when the amount of such loan is in excess of 100% of the market value of bonds issued by the government, 90% of the market value of bonds issued by the private companies or 75% of the market value of stocks of listed corporations.

6. CL No. 2014-26 3 June 2014 Transitory Period for (a) Renewal and Validity of Existing Licenses, Certificates of Authority or Accreditation and (b) Issuance and Periods of Validity of New Licenses, Certificates of Authority or Accreditation under the Amended Insurance Code (RA No 10607)

Providing that renewal of existing licenses, certificates of authority or accreditation expiring on June 30, 2014 shall be valid until December 31, 2015. Licenses that will expire on December 31, 2015 shall be renewed on or before December 31, 2015 and shall be valid from January 1, 2016 until December 31, 2018 in compliance with the period stated under Section 445 of New Insurance Code. Subsequent renewals may be made on or before the end of the third year following the date of issuance.

7. CL No. 2014-27 5 June 2014 Guidelines in the Application of Sec. 84 of RA No. 10607 Amending Circular Letter 23-2007 dated 21 December 2007 and Circular Letter 41-2006 dated 20 December 2006 on the Rules on Contingency Funds, Future Funds, Benefit Enhancement Funds and similar riders.

Modifying the rules on contingency funds, future funds, benefit enhancement funds and similar riders as outlined in Circular Letter Nos. 23-2007 and 41-2006 in view of the amendatory provisions of the New Insurance Code. Under this Circular, insurance companies and mutual benefit associations may accept deposits or contributions from policyholders to the fund up to the combined amount of the total future premiums and the amount of insurance or pure endowment. All existing riders before the issuance of this Circular shall be resubmitted to the Commission for evaluation and approval.

8. CL No. 2014-28 18 June 2014 Submission of Monthly Report

Requiring all pre-need companies to submit a monthly report on their sales and collections to serve as basis for the regular review of compliance with Deposits to Trust Fund

9. CL No. 2014-29 19 June 2014 Guidelines on the Registration and Operation of Self-Regulatory Organization

Prescribing the rules and regulations which are necessary or appropriate in the public interest or for the protection of investors to govern self-regulatory organizations. Under the Circular, any group or association of supervised persons or entities may form a non-profit company or corporation, register with the Securities and Exchange Commission and may make an application with the Insurance Commission for grant of certificate of registration as a self-regulatory organization. The groups to be represented by a self-regulatory organization include, among other things, life and non-life insurance companies, mutual benefit associations, insurance and reinsurance brokers and life and non-life insurance agents.

10. CL No. 2014-31 8 July 2014 Guidelines for Securities Borrowing and Lending

Allowing insurance and reinsurance companies and mutual benefit associations to participate in securities borrowing transactions for the development of the Philippine capital market but as lenders only and subject to the guidelines set forth by the Insurance Commission.

11. CL No. 2014-32 9 July 2014 Expeditious Approval of Life Insurance Products

Revising the existing circulars on the expeditious approval of life insurance products pursuant to the New Insurance Code. The revised Circular provides that the Insurance Commission may conduct a post-audit within three (3) years from the date of product approval. After such 3-year period, the Insurance Commission can no longer recall the approval of the life insurance product for violation of the Insurance Code and circulars and guidelines issued by the Insurance Commission. However, the

Commission may order the insurance company to refrain from further selling the product even after the 3-year period if there is a finding of violation of the New Insurance Code, circulars and guidelines by the Commission.

**12. CL No. 2014-34 18 July 2014 Submission Of Total
Monthly Withdrawal
Reports**

Requiring pre-need companies to submit total monthly withdrawal reports on their withdrawal from their respective trust banks pursuant to the provisions of Rule 8, Section 32 (c) of the Implementing Rules and Regulations (IRR) and Section 30 of the Pre-Need code of the Philippines (RA 9829).

**13. CL No. 2014-35 13 August
2014 Dissemination of Financial
Action Task Force (FATF)
Public Statement and
Compliance Document both
dated 27 June 2014.**

Disseminating the FATF Public Statement and Compliance Document calling on its members and other jurisdictions to apply countermeasures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/TF) risks emanating from their jurisdictions.

**14. CL No. 2014-41 25 September
2014 Standard Chart of Accounts
(SCA) for Mutual Benefit
Associations (MBAs)**

Prescribing the revised SCA to be maintained in the books of MBAs. The revised SCA aims to 1) establish uniform, comprehensive and minimum chart of accounts to improve financial data collection and reporting 2) ensure that MBAs comply with the generally accepted accounting principles and 3) provide full disclosure of the financial position of the MBAs to their members and regulator.

**15. CL No. 2014-42-A 30 October
2014 Valuation Standards for
Life Insurance Policy
Reserves**

Promulgating the new set of valuation standards for life insurance policy reserves pursuant to the provisions of the New Insurance

Code. In accordance with this Circular, for 2014 and 2015 year-end valuations, parallel runs using both the existing net premium basis/standard and new gross premium valuation shall be done. However, for balance sheet and financial reporting purposes the existing valuation standards shall still apply for 2014 while the new valuation standards shall apply starting 2015 and thereafter.

**16. CL No. 2014-49 11 December Term Limits For
2014 Independent Directors**

Prescribing the rules on the election of and term limits for independent directors in life and non-life insurance companies. An independent director can serve for 5 consecutive years, after which should undergo a cooling off period of two (2) years before he can be elected as an independent director for another 5 consecutive years. He shall then be barred from being elected as such in the same company, without prejudice to being elected as such in other companies outside of the business conglomerate.

**17. CL No. 2014-50 11 December Investments in Mutual
2014 Funds and Unit Investment
Trust Funds**

Prescribing the guidelines on investments in mutual funds and unit investment trust funds by the insurance and reinsurance companies and mutual benefit associations. These funds may only be placed in fixed income securities, equities and combination of these instruments provided the aggregate placement in each fund does not exceed 10% of total admitted assets for a life insurance company or MBA and 20% networth for a non-life insurance or professional reinsurance company.

II. THE INSURANCE INDUSTRY

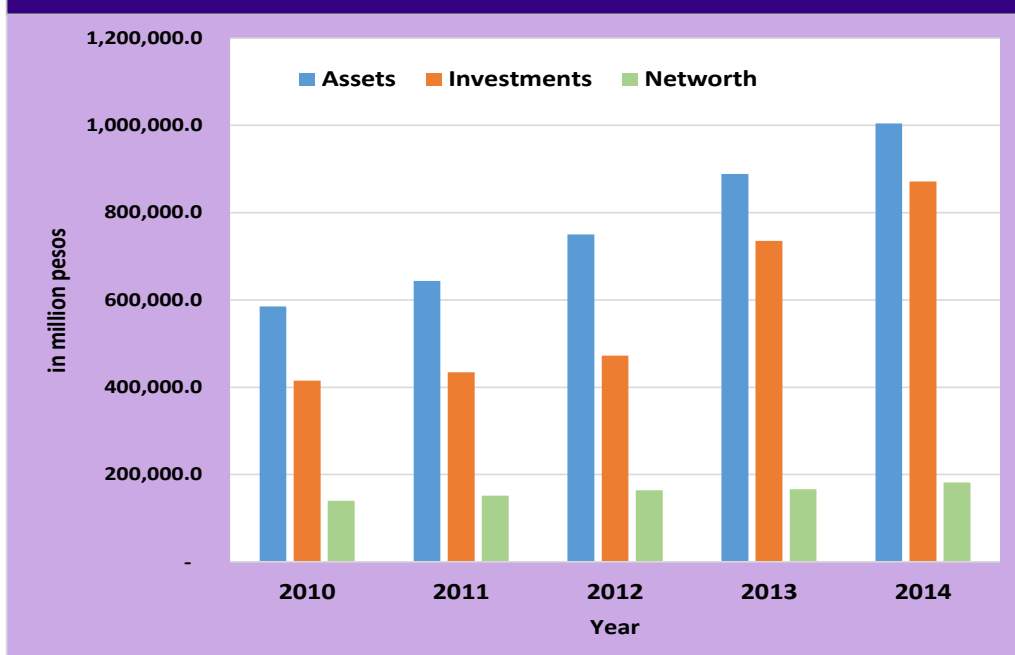
A. Overview

The combined premiums generated by the life and non-life companies in 2014 reached ₱190.79 billion, slightly lower by 4.74% than the previous year's ₱200.29 billion. Premium income of the life sector comprised 83.20% of the total premium production, registering a 7.26% decrease from that of the previous year. This was brought about by the 11.81% year-on-year decline in the production of the variable life products from the previous year's ₱121.96 billion.

The total assets of the industry amounted to ₱1,004.39 billion in 2014, 12.98% higher than the ₱889.01 billion in 2013. Of these assets, 84.37% was contributed by the life sector while the remaining 15.63% by the non-life sector. Analysis of these assets revealed that the life sector's assets increased by 16.09% to ₱847.42 billion while that of the non-life sector declined by 1.31% to ₱156.97 billion.

The total investments made by the industry during the year comprised 86.79% of the total assets or ₱ 871.73 billion, 93.49% of which was accounted for by the life sector. Its total networth during the year grew by 9.07% year-on-year to ₱181.42 billion.

Chart 1: Assets, Investments and Networth of Private Insurance Industry 2010-2014



On a macro level, life sum insured as percentage of Gross Domestic Product (GDP) was computed at 37.13%, 17.09% higher than that of last year while the insurance penetration or combined premiums of the life and non-life sectors was 1.56% of the GDP. Insurance density or amount of premium per capita for the year slightly slid to ₱1, 974.2, 5.27% lower than the previous year's ₱2, 084.0. Estimated life insurance coverage or market penetration rate for the year was calculated at 37.39% of the population of 99.9 million, 15.22% higher than that of last year's 32.45%.

Table 3: Philippine Economic Indicators, 2010-2014

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2010	2011	2012	2013	2014
GROSS NATIONAL INCOME					
At Current Prices (₱ M)	10,852,432	11,598,205r	12,608,730r	13,850,89r	15,327,336p
	6,851,138r	7,039,948r	7,496,546r	8,069,033r	8,640,645p
GROSS DOMESTIC PRODUCT					
At Current Prices (₱ M)	9,003,480	9,706,268	10,564,886r	11,548,191r	12,642,736p
At Constant Prices (₱ M)	5,701,539	5,909,000r	6,311,671r	6,765,458r	7,164,017p
POPULATION (in millions)	92.6r	94.2	96.4	98.8	99.9p
PER CAPITA GROSS NATIONAL INCOME (₱)	117,196.9	123,123.3	130,796.0	141,047.8	153,426.8p
LABOR FORCE (Average) (In million persons)	38.91	40.00	40.43	41.02	40.05
Employed	36.05	37.19	37.60	38.12	37.31
Unemployed	2.86	2.81	2.83	2.90	2.74
EXCHANGE RATE (per US\$)	43.88	43.93	41.19	44.41	44.62
INFLATION RATE	1.51%	2.72%	3.20%	2.90%	4.10%
Insurance Density (₱)	1,055.6	1,241.5	1,592.0	2,084.0	1,974.2p
Life Insurance	807.8	966.4	1,301.6	1,789.1	1,653.3p
Non-Life Insurance	247.8	275.1	290.4	294.9	320.9p
Life Sum Assured as % of G D P	25.56%	30.80%	34.85%	33.23%	37.13%p
% of G N I	21.21%	25.78%	29.20%	27.70%	30.63%p
Insurance Penetration As % of GDP	1.09%	1.20%	1.45%	1.78%	1.56%p
Premiums as % of G N I	0.90%	1.01%	1.22%	1.49%	1.29%p
ESTIMATED LIFE INSURANCE COVERAGE (Market Penetration Rate)	16.33%	18.29%	24.43%	32.45%	37.39%p

r = revised figures

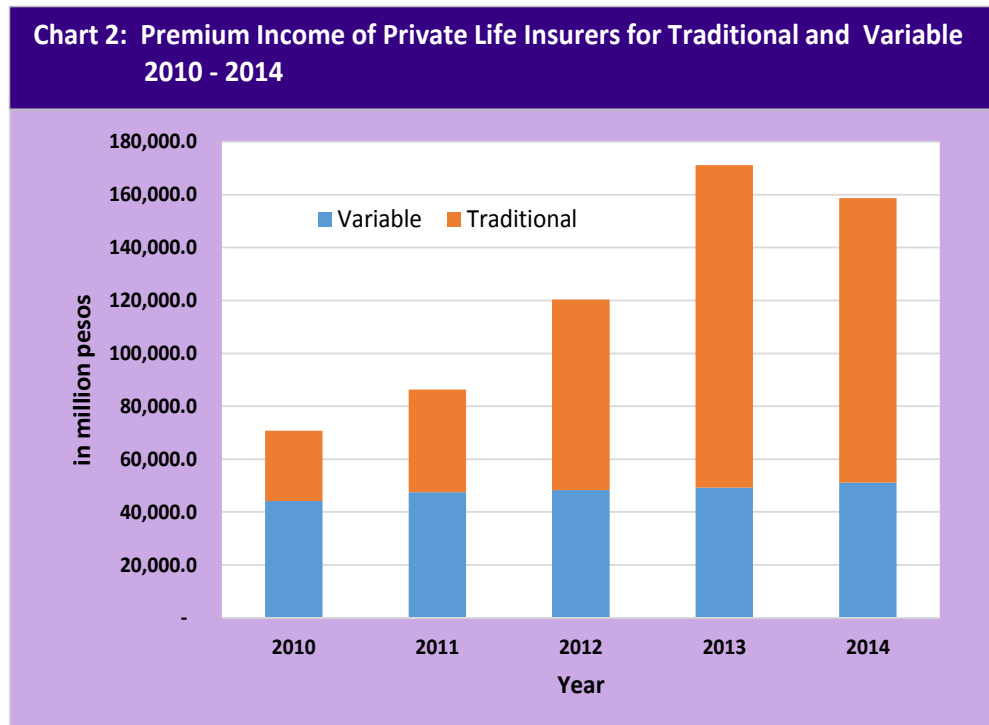
p = preliminary figures

B. The Life Insurance Sector

1. Premium Income

During the year, the life sector produced ₱158.73 billion in premium income, a 7.26% decrease compared to last year's production. In spite of a 4.00% increase in premium income generated by the traditional insurance products, the total premium income declined in view of the

11.81% drop in the premium income of variable life products, which accounted for 67.76% of the total premium income.



2. *New Business*

During the year under review, there were 640,819 life insurance policies issued, a 3.72% improvement from last year's 617,813 policies, which resulted in 11,058,108 insured lives, up by 84.41% year-on-year. Likewise, the corresponding sum assured grew by 99.79%, from ₱917.26 billion to ₱1,832.61 billion.

Of the life insurance policies issued, 273,114 were traditional which correspond to 10,715,507 insured lives. Though there was an 88.06% increase in insured lives, the number of policies issued dropped by 6.63% which was mainly due to 50.83% decrease in health and accident policies issued. Corresponding sum assured grew by 122.77%, from ₱705.05 billion to ₱1,570.64 billion.

Further, a total of 367,705 variable life policies were issued, a 13.04% increment from the previous year's 325,294 policies. Corresponding 342,601 insured lives and P 261.97 billion sum assured grew by 14.74% and 23.45% respectively compared to previous year's 298,575 insured lives and ₱212.21 billion sum assured.

Table 4: New Business Generated, 2010-2014						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
A. Traditional Insurance Products						
2014	273,114	(6.63)	13.19	15.10	1,570.64	122.77
	(10,715,507)	88.06				
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				
B. Variable Life Products						
2014	367,705	13.04	91.65	(17.86)	261.97	23.45
	(342,601)	14.74				
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

3. Terminations

During the year, 479,273 policies were terminated, a 23.13% improvement from the previous year's 623,524. The said decrease was caused mainly by a 56.04% drop in surrendered policies, from 222,265 to 97,706 policies. As shown in Table 5, Expiry had the highest terminations with 161,714 or 33.74% of the total terminated policies, followed by lapsation with 33.06% and the rest comprised the remaining 33.2%.

The total terminated sum assured increased by 7.12%, from ₱1,095.64 billion to ₱1,173.67 billion. This was due to the 281.17% and 62.83% increase in terminated sum assured under surrender and expiry, respectively.

Group and industrial business which had the highest number of terminations in terms of insured lives, accounted for 72.54% of the total terminated sum assured or ₱851.39 billion

**Table 5: Terminated Insurance Policies and Sum Insured
as of 31 December 2014**

Types of Policies	Number of Policies (Insured Lives)						TOTAL
	Death	Maturity	Surrender	Lapsation	Expiry	Others	
Ordinary	8,105 (7,876)	32,283 (30,176)	54,692 (53,315)	109,477 (107,711)	12,950 (12,153)	16,891 (16,797)	234,398 (228,028)
Group & Industrial	2,837 (235,870)	- (14,238)	115 (175,442)	1,297 (2,560,080)	2,429 (8,453,906)	110 (2,462,982)	6,788 (13,902,518)
Health & Accident	129 (3,423)	- -	263 (263)	15,935 (131,300)	143,014 (1,220,951)	21 (30,319)	159,362 (1,386,256)
Variable Life	903 (840)	93 (92)	42,636 (36,383)	31,737 (41,505)	3,321 (2,142)	35 (11)	78,725 (80,973)
TOTAL	11,974 (248,009)	32,376 (44,506)	97,706 (265,403)	158,446 (2,840,596)	161,714 (9,689,152)	17,057 (2,510,109)	479,273 (15,597,775)
Terminated Sum Assured (in billion pesos)							
Types of Insurance	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Ordinary	2.36	8.87	21.83	53.13	3.18	9.21	98.58
Group & Industrial	6.96	2.31	67.45	187.72	422.12	164.83	851.39
Health & Accident	0.09	0	0.05	16.22	130.82	6.01	153.19
Variable Life	0.54	0.11	27.04	39.04	1.41	2.37	70.51
TOTAL	9.95	11.29	116.37	296.11	557.53	182.42	1,173.67

4. Insurance in Force

As of year-end, there were 4,104,664 in-force policies, a 6.91% increment compared to prior year's 3,839,252. Of these policies, 72.66% or 2,982,578 were traditional life policies and the remaining 27.34% or 1,122,086 were variable life policies. Corresponding sum assured, likewise, increased by 27.33%, from ₱3,662.30 billion to ₱4,663.18 billion.

Of the in-force traditional policies, 79.68% were ordinary, 16.09% were group and industrial, and the remaining 4.23% were health and accident. As presented in table 9, although group and industrial policies increased by 18.92% the total number of in-force traditional policies dropped because of the 0.37% and 4.06% decrements in ordinary and health and accident policies, respectively. However, this had no negative effect in the total number of in-force policies of the life sector. The total sum assured and premium income of traditional policies grew by 23.27% and 4.02%, respectively.

Table 6: Life Insurance in Force/Premium Income , 2013-2014

Types of Policies	Number of Policies (Insured Lives)			Insurance-in-Force (In billion pesos)			Premium Income (In billion pesos)		
	2014	2013	% Change	2014	2013	% Change	2014	2013	% Change
	A. Traditional Insurance Products								
Ordinary	2,376,544 (2,313,459)	2,385,283 (2,343,938)	(0.37) (1.30)	882.76	897.37	(1.63)	35.85	35.06	2.25
Group & Industrial	479,791 (17,686,283)	403,455 (13,480,574)	18.92 31.20	2,835.95	2,057.93	37.80	10.30	9.55	7.85
Health & Accident	126,243 (1,736,032)	212,693 (1,888,747)	(4.06) (8.09)	235.11	252.21	(6.78)	5.02	4.58	9.61
SUB-TOTAL	2,982,578 (21,735,774)	3,001,431 (17,713,259)	(5.70) 26.90	3,953.82	3,207.51	23.27	51.17	49.19	4.02
B. Variable Life Products									
	1,122,086 (1,047,598)	837,821 (769,485)	33.93 36.14	709.36	454.79	55.98	107.56	121.96	(11.81)
GRAND TOTAL	4,104,664 (22,783,372)	3,839,252 (18,482,744)	6.91 23.27	4,663.18	3,662.30	27.33	158.73	171.15	(7.26)

On the other hand, in-force variable life policies rose by 33.93% year-on-year from 837,821 policies to 1,122,086 policies. Corresponding sum assured grew also by 55.98%, from ₱454.79 billion to ₱709.36 billion. However, premium income fell by 11.81%, from ₱121.96 billion to ₱107.56 billion due to 23.43% decrement in single premiums of variable life policies, from ₱103.08 billion to ₱78.93 billion.

5. Summary of Operations

Net income of the life insurance sector for the year reached ₱17.94 billion, 30.38% higher than the prior year's ₱13.76 billion, which can be attributed mainly to the 46.78% and 23.41% growth in the net income of domestic and foreign companies, respectively.

Although the premium income for the year declined by 7.26%, this did not affect the net income due to the 12.41% increment in other income coupled with an 8.00% decrease in other underwriting expenses.

Table 7: Summary of Operations of Life Insurance Sector 2014
(₱ billion)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Underwriting Income	55.82	91.90	147.72
Premium Income	70.76	87.97	158.73
Less: Inc./ (Dec) in Reserves	16.48	5.74	22.22
Commissions Earned	0.00	0.01	0.01
Other Underwriting Income	1.54	9.66	11.20
Less: Underwriting Expenses	55.40	93.43	148.83
Benefit Payments	22.38	32.73	55.11
Commissions Expenses	4.70	7.47	12.17
Premium Tax Incurred	0.42	0.59	1.01
Other Underwriting Expenses	27.90	52.64	80.54
Underwriting Gain/Loss	0.42	(1.53)	(1.11)
Add: Gross Investment Income	10.00	23.13	33.13
Other Income/Expenses	5.23	5.91	11.14
SUB – TOTAL	15.65	27.51	43.16
Less: Taxes other than Premium & Income Taxes	1.22	3.94	5.16
Other General Expenses	8.21	11.47	19.68
Income Tax	0.29	0.09	0.38
Net Income / Loss for the year Including Capital Gains	5.93	12.01	17.94

6. Investments

Life insurers' investments, valued at cost, amounted to ₱815.00 billion, a 20.18% increase from last year's ₱678.13 billion. The growth was attributed to the 161.57%, 45.00% and 20.20% increases in collateral loans, investments under variable life and stocks, respectively. Moreover, investments under variable life accounted for the largest share in the total investments with 43.37% followed by bonds with 36.62% and the remaining investment instruments accounted for 20.01%.

Table 8: Investments by Category, 2014
(₱ billions)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Bonds	74.48	223.95	298.43
Stocks	24.99	22.37	47.36
Real Estate	10.40	4.34	14.74
Purchase Money Mortgages	0.00	0.00	0.00
Mortgage Loans	1.86	0.15	2.01
Collateral Loans	9.69	18.90	28.59
Guaranteed Loans	0.05	4.63	4.68
Policy Loans	10.27	22.03	32.30
Other Loans	5.00	0.37	5.37
Short –Term Investments	0.00	0.00	0.00
Other Investments	4.28	0.65	4.93
Fixed Deposits	15.97	7.19	23.16
Investments under variable Life	141.11	212.32	353.43
TOTAL	298.10	516.90	815.00

Foreign companies accounted for ₱ 516.90 billion or 63.42% of the total investments made in 2014.

Total investments in government securities stood at ₱264.01 billion, a 2.32% increase compared to that made in prior year, in which Treasury Notes comprised 76.13% of the total government securities.

Table 9: Investments of Life Insurers in Bonds & Government Securities, 2014 (₱ billions)	
TYPES OF BONDS/SECURITIES	
Long-Term Government Bonds	<u>264.01</u>
<i>Treasury Notes</i>	200.98
<i>Land Bank Bonds</i>	0.00
<i>Pag-ibig Bonds</i>	0.05
<i>ROP Bonds</i>	26.52
<i>Retail Bonds</i>	34.57
<i>Other Government Bonds</i>	1.89
Short-Term Government Securities	<u>0.00</u>
<i>Treasury Bills</i>	0.00
Total Government Securities	<u>264.01</u>
<i>Private Bonds</i>	25.67
<i>Foreign Bonds</i>	8.75
GRAND TOTAL	<u>298.43</u>

7. Balance Sheet

Total assets of the life sector as of the year-end amounted to ₱847.42 billion, 16.09% higher than the previous year's ₱729.95 billion. The growth was attributed to the 38.48% year-on-year increase in variable life-separate account assets which comprised 40.79% of the total assets.

Of the total liabilities recorded, variable life contract liabilities comprised 46.36% of the total or ₱337.95 billion, followed by legal policy reserves with 41.04% or ₱299.13 billion.

Total networth, likewise, grew by 9.68%, from ₱108.01 billion of the previous year to ₱118.47 billion. The improvement was due to the 19.17% increase in unassigned surplus.

Table 10: Consolidated Balance Sheet of Life Insurers, 2014
(₹ billions)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
ASSETS			
Bonds	73.42	216.19	289.61
Stocks	44.59	25.05	69.64
Real Estate Owned	13.19	2.43	15.62
Purchase Money Mortgages	0.00	0.00	0.00
Mortgage Loans	1.86	0.13	1.99
Collateral Loans	9.69	18.75	28.44
Guaranteed Loans	0.05	4.63	4.68
Policy Loans	10.25	21.95	32.20
Other Loans	4.56	0.35	4.91
Short – Term Investments	0.00	0.00	0.00
Security Fund	0.00	0.01	0.01
Other Investments	4.43	0.94	5.37
Variable Life – Separate Account Assets	148.94	196.70	345.64
Cash on Hand & in Banks	20.90	12.66	33.56
Net Premiums Due & Uncollected	1.16	1.39	2.55
Due From Ceding Companies	0.03	0.27	0.30
Funds Held by Reinsurers	0.62	0.53	1.15
Accrued Interest & Other Investment Income	1.52	5.25	6.77
Accounts/Notes Receivable	1.57	1.08	2.65
EDP Equipment	0.52	0.60	1.12
Other Assets	1.17	0.04	1.21
TOTAL ASSETS	338.47	508.95	847.42
LIABILITIES			
Legal Policy Reserves	109.43	189.70	299.13
Policy & Contract Claims	5.88	2.36	8.24
Policyholders Dividends	9.46	36.15	45.61
Dividends Payable to Stockholders	0.15	0.00	0.15
Liability for Premium Deposit Funds	4.29	2.99	7.28
Premiums Due to Reinsurers	0.99	0.84	1.83
Prem./Loss Reserves Withheld For Reinsurers	0.29	0.74	1.03
Taxes/Licenses Payable	0.70	1.39	2.09
Commission & Other Charges Payable	1.55	3.13	4.68
Accounts/Notes Payable	1.49	2.22	3.71
Unearned Investment Income	0.36	0.04	0.40
Variable Life Contract Liabilities	142.05	195.90	337.95
Other Liabilities	6.63	10.22	16.85
TOTAL LIABILITIES	283.27	445.68	728.95
EQUITY			
Paid-Up Capital/Statutory Deposits	7.78	6.58	14.36
Paid-In Capital	0.88	0.84	1.72
Deposit on Stock Subscription	0.00	0.00	0.00
Investment Fluctuation Reserves	22.91	7.97	30.88
Contributed Surplus	0.79	1.18	1.97
Contingency Surplus	2.06	0.45	2.51
Other Assigned Surplus	0.26	0.02	0.28
Unassigned Surplus	19.99	45.83	65.82
Seed Capital on Variable	0.53	0.40	0.93
TOTAL NETWORTH	55.20	63.27	118.47
TOTAL LIABILITIES & NETWORTH	338.47	508.95	847.42

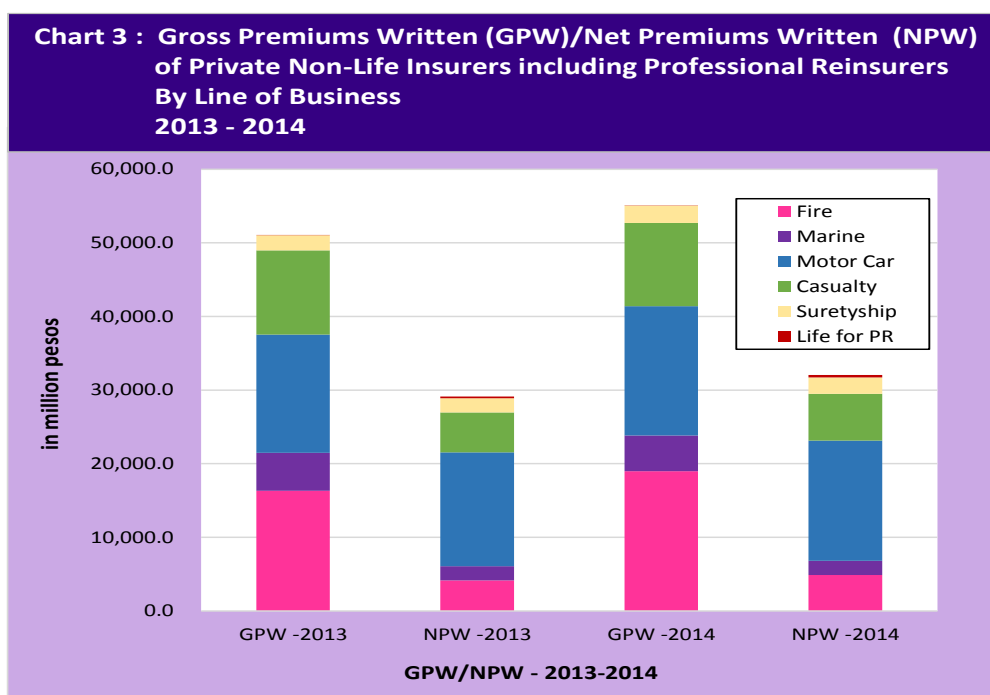
C. The Non-Life Insurance Industry

1. Gross Premiums

Table 11 : Gross Premiums Written by Private Non-Life Companies & Professional Reinsurer, 2013-2014 (₱ billions)				
LINE OF BUSINESS	2014		2013	
	Amount (₱ B)	% to Total	Amount (₱ B)	% to Total
Fire	18.98	34.45	16.33	31.97
Marine	4.85	8.81	5.16	10.10
Motor Car	17.58	31.91	16.04	31.40
Casualty	11.30	20.51	11.45	22.42
Suretyship	2.37	4.30	2.07	4.05
Life for PR	0.01	0.02	0.03	0.06
TOTAL	55.09	100.00	51.08	100.00

The non-life sector's gross premiums written grew by 7.85%, from ₱51.08 billion in 2013 to ₱55.09 billion in 2014. The growth was attributable mainly to such lines of business as fire, motor car and suretyship which posted an increment of 16.23%, 9.60% and 14.49%, respectively.

Of the total gross premiums written, the largest share of 34.45% was from the fire business with a total production of ₱18.98 billion, followed by motor car with a share of 31.91% or ₱17.58 billion then by casualty with 20.51% or ₱11.30 billion. The remaining 13.13% were contributed by marine, suretyship and life for professional reinsurers.



2. Net Premiums Written

Table 12: Net Premiums Written by Non-Life Companies & Professional Reinsurer, 2013-2014 (₱ billions)			
LINE OF BUSINESS	2014	2013	% Increase/(Decrease)
Fire	4.88	4.15	17.59
Marine	1.93	1.91	1.05
Motor Car	16.34	15.49	5.49
Casualty	6.35	5.40	17.59
Suretyship	2.21	1.94	13.92
Life for PR	0.35	0.25	40.00
TOTAL	32.06	29.14	10.02

Moreover, the total net premiums written was higher by 10.02% to reach ₱32.06 billion as compared to ₱29.14 billion in 2013. The improvement was brought about by the overall increase in all lines of business. As a result, the net retention ratio increased to 58.20% in 2014, 1.15% higher than the 57.05% of 2013.

Consistent with the trend in previous years, the bulk of the total net premiums written in 2014 came from motor car business, with a 50.97% share, followed by casualty at 19.81%, then by fire at 15.22%, while the other three lines of business comprised the remaining 14.00%.

3. Premiums Earned

As shown in Table 13, the total premiums earned rose by 10.38%, from ₱28.14 billion in 2013 to ₱31.06 billion in 2014. While all lines of business exhibited higher premiums earned in 2014, marine posted the highest percentage increase at 17.65% while motor car business reported the lowest percentage increase at 6.98%. However, in terms of amount, motor car had the largest share at ₱15.79 billion or 50.84% of the total premiums earned while marine business got the lowest at ₱2.00 billion or 6.44% of the total.

4. Losses Incurred

In 2014, total losses incurred amounted to ₱12.49 billion, a 12.23% decline compared to the ₱14.23 billion of the previous year. Consequently, with the increase in premiums earned, the overall loss ratio for 2014 improved to 40.21% from 50.57%. Although loss ratios for all lines of business were lower, fire and allied perils showed the highest improvement of 41.90% from 101.69% in 2013 to 59.79% in 2014.

**Table 13: Loss Ratios of Non-Life Companies &
Professional Reinsurer
2013-2014**

LINE OF BUSINESS	2014			2013		
	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*
1. Fire and Allied Perils	2.81	4.70	59.79	4.22	4.15	101.69
a. Fire	2.05	3.34	61.38	0.48	3.08	15.58
b. Earthquake	0.08	0.84	9.52	0.77	0.76	101.32
c. Typhoon	0.30	0.18	166.67	2.09	(0.01)	(20,900.00)
d. Flood	0.29	0.18	161.11	0.35	0.18	194.44
e. Extended Coverage	0.09	0.16	56.25	0.53	0.14	378.57
2. Marine	0.65	2.00	32.50	0.59	1.70	34.71
a. Marine Cargo	0.33	1.22	27.05	0.25	0.98	25.51
b. Aviation	0.05	0.44	11.36	0.02	0.42	4.76
c. Marine Hull	0.27	0.34	79.41	0.32	0.30	106.67
3. Motor Car	6.75	15.79	42.75	6.53	14.76	44.24
a. CMVL-LTO	0.21	0.56	37.50	0.04	0.56	7.14
b. CMVL-Non-LTO	0.25	2.75	9.09	0.33	1.67	19.76
c. Other Than CMVL-	0.07	0.19	36.84	0.08	0.19	42.11
d. Other Than CMVL-Non-	6.22	12.29	50.61	6.08	12.34	49.27
4. Casualty	2.12	6.48	32.72	2.58	5.67	45.50
a. Health	0.33	0.83	39.76	0.25	0.65	38.46
a. Personal Accident	0.79	3.34	23.65	0.94	2.82	33.33
b. Engineering	0.47	0.66	71.21	0.85	0.76	111.84
c. Miscellaneous	0.42	1.34	31.34	0.43	1.16	37.07
d. Life, for Prof.	0.11	0.31	35.48	0.11	0.28	39.29
5. Suretyship	0.16	2.09	7.66	0.31	1.86	16.67
TOTAL	<u>12.49</u>	<u>31.06</u>	<u>40.21</u>	<u>14.23</u>	<u>28.14</u>	<u>50.57</u>

5. Summary of Operations

The over-all net income of the non-life sector amounted to ₱1.989 billion, or 117.58% higher compared to the previous year's ₱0.91 billion. The improvement can be attributed to the 53.68% increase in the underwriting gain coupled with a 13.21% reduction in taxes.

**Table 14: Summary of Operations of Non-Life Companies
& Professional Reinsurer, 2014**
(₱ billions)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
<i>Underwriting Income</i>	<u>30.48</u>	<u>4.29</u>	<u>34.77</u>
Premiums Earned	27.72	3.35	31.07
Commissions Earned	2.50	0.84	3.34
Other Underwriting Income	0.26	0.10	0.36
<i>Less: Underwriting Expenses</i>	<u>22.86</u>	<u>2.72</u>	<u>25.58</u>
Losses Incurred	11.15	1.34	12.49
Loss Adjustment Expenses	0.26	0.04	0.30
Commission Expenses	8.73	1.20	9.93
Premium Tax Incurred	-	-	-
Other Underwriting Expenses	2.72	0.14	2.86
<i>Underwriting Gain/Loss</i>	<u>7.62</u>	<u>1.57</u>	<u>9.19</u>
Add: Gross Investment Income	2.01	0.37	2.38
Other Income/Expenses	0.87	0.17	1.05
SUB – TOTAL	<u>10.50</u>	<u>2.12</u>	<u>12.62</u>
Less: Taxes other than Premium Tax & Income Tax	0.37	0.09	0.46
Other General Expenses	8.14	1.57	9.71
Income Tax	0.41	0.06	0.47
Net Income / Loss for the year Including Capital Gains	<u>1.58</u>	<u>0.40</u>	<u>1.98</u>

6. Investments

**Table 15: Investments by Category of Non-Life Companies
& Professional Reinsurer, 2014**
(₱ Billions)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Bonds	20.61	5.59	26.20
Stocks	11.20	0.41	11.61
Real Estate	5.30	0.18	5.48
Mortgage Loans	0.12	0.02	0.14
Collateral Loans	0.28	-	0.28
Guaranteed Loans	0.18	-	0.18
Purchase Money Mortgage	-	-	-
Other Loans	0.23	0.04	0.27
Short -Term Investments – <i>Treasury Bills</i>	1.62	-	1.62
Other Investments	1.18	0.05	1.23
Fixed Deposits	8.14	1.58	9.72
TOTAL	<u>48.86</u>	<u>7.87</u>	<u>56.73</u>

The total invested funds of the non-life companies declined slightly by 1.05%, from ₱57.33 billion in 2013 to ₱56.73 in 2014. Bonds, the leading investment instrument of non-life companies, comprised 46.18% or ₱26.20 billion of the total invested assets. Came in next was stocks with 20.47%, then fixed deposits with 17.13% and the remaining investments accounted for 16.22% of the total invested funds.

Table 16: Investments in Bonds & Government Securities of Non-Life Companies & Professional Reinsurer , 2014 (₱ billions)	
TYPES OF BONDS/SECURITIES	(₱ Billions)
Long-Term Government Bonds	<u>19.18</u>
<i>Treasury Notes</i>	12.93
<i>Land Bank Bonds</i>	0.13
<i>Pag-ibig Bonds</i>	0.09
<i>ROP Bonds</i>	1.18
<i>Retail Bonds</i>	4.56
<i>Others</i>	0.29
Short-Term Government Securities	<u>1.62</u>
<i>Treasury Bills</i>	1.62
Total Government Securities	<u>20.80</u>
<i>Private Bonds</i>	5.28
<i>Foreign Bonds</i>	1.74
GRAND TOTAL	<u>27.82</u>

As in the previous years, most investments were accounted for by the domestic non-life companies with 86.13% while the remaining 13.87% were contributed by the foreign non-life companies.

As reflected in Table 16, the total investments in bonds and government securities decreased by 1.56% from ₱21.13 billion in 2013 to ₱20.80 billion in 2014. This was due to a 34.68% decrease in placements in treasury bills.

7. Balance Sheet

The total assets of the non-life sector which was attributed mainly to domestic companies, amounted to ₱156.97 billion as of end 2014. The 1.31% decrease in total assets compared with ₱159.06 billion in 2013 was mainly due to the 16.68% decline in reinsurance recoverable on losses.

The corresponding total liabilities amounted to ₱94.01 billion, a 6.66% drop from the previous year's ₱100.72 billion. Losses and claims payable which comprised 52.80% of the total liabilities decreased by 18.33% from ₱60.78 billion in 2013 to ₱49.64 billion in 2014.

The total networth stood at ₱62.96 billion, a 7.92% increment compared with the total networth of ₱58.34 billion in 2013. Of this amount, paid-up capital accounted for 40.60% or ₱25.56 billion.

**Table 17: Consolidated Balance Sheet of Non-life Companies
& Professional Reinsurer, 2014
(₱ billions)**

PARTICULARS	Domestic	Foreign	Total
ASSETS			
Bonds	20.48	5.80	26.28
Stocks	24.96	0.52	25.48
Real Estate Owned	7.81	0.12	7.93
Mortgage Loans	0.12	0.02	0.14
Collateral Loans	0.28	0	0.28
Guaranteed Loans	0.18	0	0.18
Other Loans	0.22	0.04	0.26
Short-Term Investments	1.76	0	1.76
Security Fund	0.00	0	0
Other Investments	1.97	0.05	2.02
Cash on Hand & in Banks	16.05	3.23	19.28
Premiums Receivable	13.23	1.16	14.39
Due From Ceding Companies	4.29	0.57	4.86
Prem./Loss Reserve Withheld By Ceding Companies	0.47	0.02	0.49
Reins. Recoverable on Losses	41.84	4.58	46.42
Other Reins. Accts. Receivable	0.33	0.01	0.34
Commissions/Accounts Receivable	1.01	0.17	1.18
Salvage Recoverable	0.08	0	0.08
Accrued Interest & Other Investment Income	0.30	0.09	0.39
EDP Equipment	0.50	0.07	0.57
Other Assets	3.84	0.80	4.64
TOTAL ASSETS	<u>139.72</u>	<u>17.25</u>	<u>156.97</u>
LIABILITIES			
Reserve for Unearned Premiums	12.39	1.56	13.95
Losses & Claims Payable	44.33	5.31	49.64
Loss Adjustment Expenses	0.25	0.03	0.28
Catastrophe Loss Reserves	0.44	0.07	0.51
Premiums Due to Reinsurers	10.97	1.70	12.67
Prem./Loss Reserves Withheld For Reinsurers	1.91	0.83	2.74
Other Reins. Accounts Payable	0.38	0.01	0.39
Taxes/Licenses Payable	3.75	0.27	4.02
Accrued Expenses Payable	0.78	0.20	0.98
Commission & Other Charges Payable	1.70	0.06	1.76
Accounts/Notes Payable	3.76	0.19	3.95
Other Liabilities	2.97	0.15	3.12
TOTAL LIABILITIES	<u>83.63</u>	<u>10.38</u>	<u>94.01</u>
NETWORTH			
Paid-Up Capital/Statutory Deposits	21.29	4.27	25.56
Treasury Shares			
Paid-In Capital	5.02	0.13	5.15
Contributed Surplus	1.43	1.00	2.43
Deposit on Stock Subscription	0.39	0	0.39
Investment Fluctuation Reserves	15.69	0.14	15.83
Contingency Surplus	1.42	0.10	1.52
Other Assigned Surplus	0.18	0.01	0.19
Unassigned Surplus/H.O. Accounts	10.67	1.22	11.89
TOTAL NETWORTH	<u>56.09</u>	<u>6.87</u>	<u>62.96</u>
TOTAL LIABILITIES & NETWORTH/TRUSTED SURPLUS	<u>139.72</u>	<u>17.25</u>	<u>156.97</u>

D. Mutual Benefit Associations (MBAs)

**Table 18: Mutual Benefit Associations
Key Insurance Statistics, 2013-2014**

PARTICULARS	2014	2013	% Increase (Decrease)
	(₱ billions)		
Assets	55.01	43.68	25.94
Liabilities	36.29	27.73	30.87
Members' Equity	18.72	15.95	17.37
Guaranty Fund	0.86	0.62	38.71
Investments	50.06	39.51	26.70
Premiums	6.44	5.61	14.79
Net Income	2.68	2.29	17.03
No. of Licensed MBAs	34	28	21.43
No. of Members	3,979,257	3,633,366	9.52

Thirty four (34) licensed MBAs reported an aggregate assets of ₱55.01 billion, an increase of 25.94%, from ₱43.68 billion of the prior year, with five MBAs sharing 84.37% or ₱43.68 billion of the total assets. The Armed Forces of the Philippines Mutual Benefit Association Inc. (AFPMBAI) represented 26.16% of the total, followed by Public Safety Mutual Benefit Fund (PSMBF) with 21.91%, Manila Teachers Mutual Aid System, Inc. (MTMAS) with 16.13%, Card Mutual Benefit Association, Inc. (Card MBAI) with 12.00% and Knights of Columbus Fraternal Association of the Philippines, Inc. (KC) with 8.16%, all posting increments of 10.00%, 12.17%, 27.76%, 26.70% and 7.09% in their reported assets, respectively.

Total liabilities for the year rose by 30.87%, year-on-year, from ₱27.73 billion to ₱36.29 billion.

The total members' equity grew to ₱18.72 billion, posting a 17.37% increase compared to the ₱15.95 billion of the previous year. The guaranty fund rose by 38.71%, from ₱0.62 billion to reach ₱0.86 billion in view of the additional guaranty fund deposited by the newly licensed MBAs.

The combined investments of the MBAs reached ₱50.06 billion, 26.70% higher than that in the previous year, of which 85.08% were accounted for by AFPMBAI, PSMBF, MTMAS, CARD MBAI and KC. As in the previous year, most of the investments were placed in other loans and bonds which stood at ₱16.31 billion and ₱14.25 billion, an increase of 41.88% and 21.90%, respectively, compared to those of the year before.

Moreover, the premiums generated by the MBAs improved by 14.79%, from ₱5.61 billion last year to ₱6.44 billion this year.

Total net income reported by the MBAs as of the year-end amounted to ₱2.86 billion, a 17.03% increment from its year-ago level of ₱2.29 billion. The increase can be attributed to the 95.56% drop in direct underwriting expenses which resulted in a 65.80% increase in net underwriting income coupled with 14.91% increase in investment income.

E. Insurance and Reinsurance Brokers

The premiums generated by the insurance and reinsurance brokers amounted to ₱48.54 billion, an increase of 8.40% compared to the ₱44.77 billion of 2013. The increase in premium production can be attributed to the health, motor vehicle and marine hull businesses which improved by 33.05%, 19.08% and 16.96%, respectively.

As in the prior year, fire insurance business had the biggest share in the total premium production contributing 27.74%, followed by health and accident with 19.77%, life with 13.97% and the other lines of business accounted for the remaining 38.52%.

Due to the increase in premium production, the corresponding commissions earned by the insurance and reinsurance brokers also went up by 9.91%, from ₱5.02 billion to ₱5.52 billion for 2014.

Line of Business	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	6,778.72	911.12	0.00	0.00
Fire	12,398.19	974.67	1,067.12	58.36
Ocean Marine	563.25	109.71	95.69	3.17
Inland Marine	407.42	66.00	11.41	1.13
Marine Hull	972.32	72.78	212.28	18.43
Aviation	1,058.32	40.64	17.65	1.43
Fidelity & Surety	918.64	227.86	10.85	0.42
Motor Vehicle	4,306.54	1,023.03	46.66	2.30
Health	9,594.89	817.39	-	-
Accident	4,516.89	434.93	183.65	10.80
Engineering	2,474.01	346.88	329.46	14.07
Miscellaneous	2,294.36	349.05	276.97	36.75
TOTAL	46,283.55	5,374.06	2,251.74	146.86

III. THE PRE-NEED INDUSTRY

The total reported assets of fourteen (14) pre-need companies reached ₱107.00 billion in 2014, an increase of 7.06% from ₱99.94 billion in 2013. Philplans First, Inc., St. Peter Life Plan, Inc. and Manulife Financial Plans, Inc. comprised 72.75% of the total assets or ₱77.84 billion and the remaining pre-need companies accounted for 27.25% or ₱29.16 billion. Moreover, investments in Trust Fund which accounted for 88.75% of the total assets grew by 6.83%, from ₱88.89 billion to ₱94.96 billion.

PARTICULARS	2014	2013	% Increase (Decrease)
	(₱ billions)		
Assets	107.00	99.94	7.06
Liabilities	88.51	83.34	6.20
Net worth	18.49	16.60	11.39
Paid-up capital	3.03	2.60	16.54
Trust Fund	94.96	88.89	6.83
Pre-Need Reserves	84.13	78.78	6.79
Investments	96.11	88.79	8.24
Premiums	13.29	12.23	8.67
Net Income	2.00	2.62	(23.66)
No. of Licensed Pre-need Companies	14	15	(6.67)
No. Plans Sold	674,149	643,062	4.83
Life	650,373	620,740	4.77
Pension	22,445	20,219	11.01
Education	1,331	2,103	(36.71)

Total liabilities of the industry amounted to ₱88.51 billion, up by 6.20% from the prior year's ₱83.34 billion. This can be attributed to the 6.79% growth in Pre-Need Reserves which comprised 95.05% of the total liabilities.

Similarly, the industry's networth rose by 11.39%, from ₱16.60 billion to ₱18.49 billion. The increment was due to the 58.43% increase in Retained Earnings on Trust Fund, from ₱12.51 billion to ₱19.82 billion, coupled with a 15.77% improvement in the Paid-Up Capital, from ₱2.60 billion to ₱3.01 billion.

On the other hand, the total investments of the pre-need industry was valued at ₱96.11 billion, an 8.24% increase from the prior year's ₱88.79 billion. The increase can be attributed to the 21.42% and 16.81% improvement in stocks and bonds, respectively, which comprised 70.68% of the total investments.

Although premium production expanded by 8.67%, from ₱12.23 billion in 2013 to ₱13.29 billion in 2014, the net income contracted by 23.65%, from ₱2.62 billion to ₱2.00 billion. This was brought about by the 18.99% and 2.57% increases in taxes other than premium and income taxes and benefit payments, respectively.

Altogether, the pre-need companies sold a total of 674,149 plans, some 4.83% higher than that of the prior year, mainly due to the 4.77% and 11.01% increase in the memorial life and pension business, respectively.

IV. THE GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)

The total assets reported by the GSIS, amounted to ₱915.28 billion, 15.82% more than the prior year's ₱790.24 billion. Assets of its life insurance business accounted for 95.90% or ₱877.72 billion.

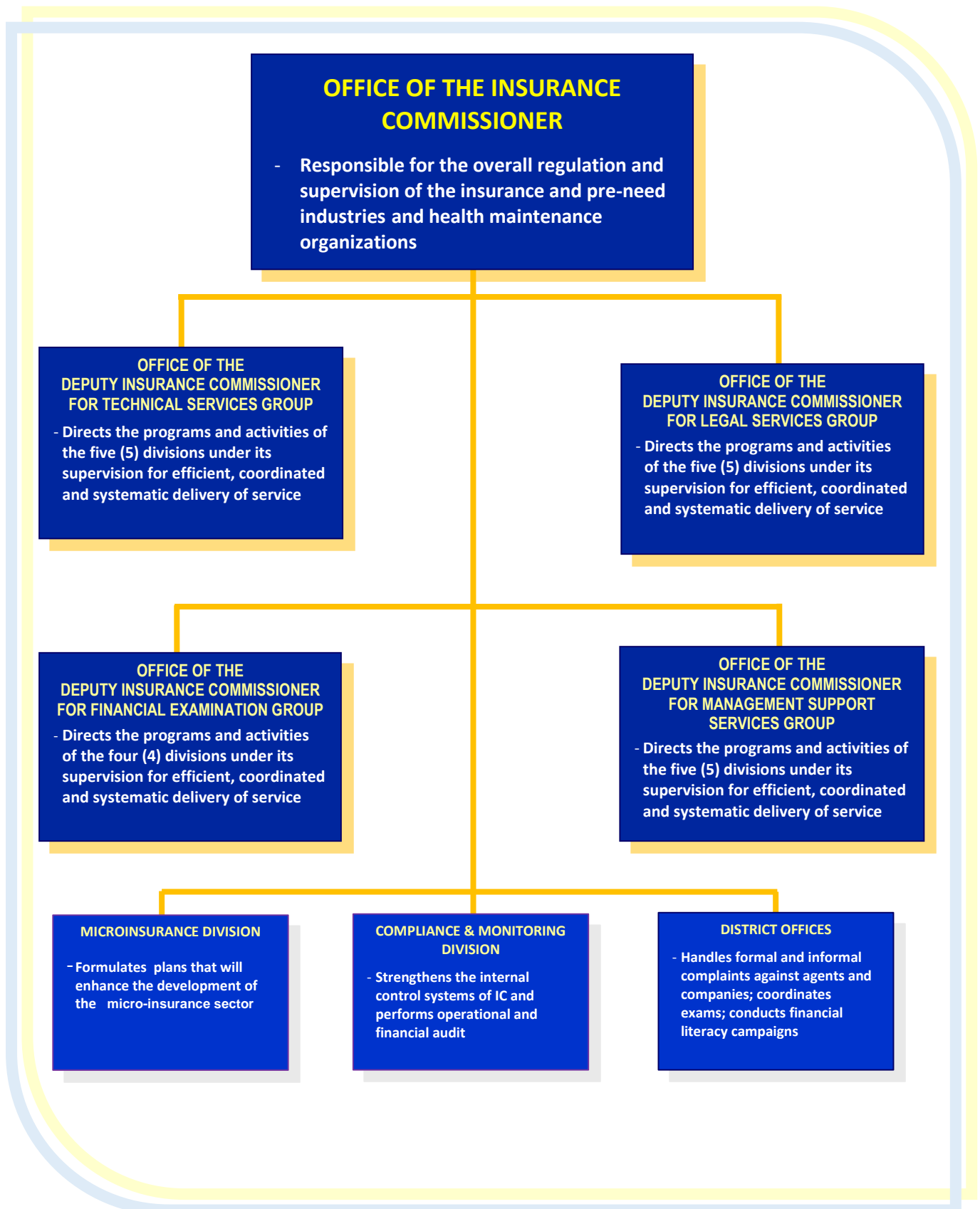
Of these assets, 92.43% or ₱846.03 billion was placed in a variety of investments, 23.20% higher than the investments of the prior year.

The corresponding net worth amounted to ₱85.38 billion, a decrease of 17.59% compared to ₱103.61 billion in 2013.

For the total premiums, the GSIS generated a total of ₱81.55 billion, slightly up by 0.90% from the ₱80.82 billion of the year before.

Table 21: Government Service Insurance System Key Insurance Statistics , 2013-2014 (₱ billions)			
PARTICULARS	2014	2013	% Increase(Decrease)
Assets	<u>915.28</u>	<u>790.24</u>	<u>15.82</u>
Life	877.72	755.00	16.25
Non-Life	37.56	35.24	6.58
Networth	<u>85.38</u>	<u>103.61</u>	<u>(17.59)</u>
Life	63.00	83.21	(24.29)
Non-Life	22.38	20.40	9.71
Investments	<u>846.03</u>	<u>690.76</u>	<u>23.20</u>
Life	826.54	672.20	22.96
Non-Life	19.49	18.56	5.01
Premiums	<u>81.55</u>	<u>80.82</u>	<u>0.90</u>
Life	80.26	79.28	1.24
Non-Life	1.29	1.54	(16.23)

Functional Chart



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

ACTUARIAL DIVISION

- Reviews and evaluates insurance and pre-need products submitted by life and pre-need companies, and MBAs

INVESTMENT SERVICES DIVISION

- Monitors compliance of companies with investment regulations

RATING DIVISION

- Examines the underwriting and rating practices of insurance companies

REINSURANCE DIVISION

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

STATISTICS AND RESEARCH DIVISION

- Collects and analyzes industry data and statistics; creates comparative analysis of insurance industries in the ASEAN Region

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

ANTI-MONEY LAUNDERING DIVISION

- Ensures compliance with Anti-Money Laundering Act of 2001 from institutions regulated by the Commission

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

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 differences amicably

**REGULATION, ENFORCEMENT AND
PROSECUTION DIVISION**

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

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

BROKERS DIVISION

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

LIFE/MBA's/TRUST DIVISION

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

NON-LIFE DIVISION

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

PRE-NEED DIVISION

- Conducts offsite, on-site and actuarial examination on the affairs, financial condition and methods of doing business of all pre-need companies, including health maintenance organizations

**OFFICE OF THE
DEPUTY INSURANCE COMMISSIONER
FOR MANAGEMENT SUPPORT SERVICES GROUP**

ACCOUNTING DIVISION

- Handles all accounting affairs and transactions

ADMINISTRATIVE DIVISION

- Coordinates and provides overall general services

BUDGET DIVISION

- Manages all budgetary affairs and transactions

HUMAN RESOURCES DIVISION

- Develops and implements human resource management and development programs

INFORMATION TECHNOLOGY DIVISION

Designs, evaluates, controls, and maintains the automated information system

INFORMATION SYSTEMS DIVISION

- Develops and designs the software programs for the automated licensing of insurance agents and/or companies

**PLANNING AND MANAGEMENT
DIVISION**

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

Officers of the Insurance Commission



OFFICE OF THE INSURANCE COMMISSIONER

Emmanuel F. Dooc
Insurance Commissioner



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**DAVAO DISTRICT
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Attorney III

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**

Quality Policy

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

To achieve these objectives, we shall:

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