

Annual Report 2015



INSURANCE COMMISSION

INSURANCE COMMISSION

1071 United Nations Avenue, Ermita, Manila
www.insurance.gov.ph





Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
Manila

December 27, 2016

SECRETARY CARLOS G. DOMINGUEZ III
DEPARTMENT OF FINANCE
Manila

Dear Sir:

We respectfully submit herewith our Annual Report for the year ended December 31, 2015 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.

Very truly yours,

DENNIS. B. FUNA
Insurance Commissioner

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I. ADMINISTRATION OF INSURANCE AND PRE-NEED CODES

A. Licensing and Market Structure

During the year under review, the Insurance Commission issued Certificates of Authority (CAs) to ninety-seven (97) insurance companies consisting of four (4) composite, twenty-six (26) life, sixty-six (66) non-life insurance companies and one (1) professional reinsurer.

It also granted CAs to thirty-four (34) Mutual Benefit Associations (MBAs) twenty-two (22) of which were Microinsurance MBAs and twelve (12) were regular MBAs. Likewise granted CAs to do pre-need business in the country were seventeen (17) pre-need companies.

Table 1 : Insurance Companies, Mutual Benefit Associations and Pre-Need Companies Authorized to Transact Business in the Philippines As of 31 December 2015					
I. Insurance Companies					
Classification of Companies	Direct Insurers			Prof. Reinsurance	TOTAL
	Composite	Life	Non-Life		
A. Domestic	3	19	59	1	82
B. Foreign*	1	7	7	0	15
Total	4	26	66	1	97
II. Mutual Benefit Associations (MBAs)					
A. Microinsurance MBAs					22
B. Regular MBAs					12
Total					34
III. Pre-Need Companies					
A. Domestic					17

*Foreign companies - with more than 51% foreign participation

On the other hand, in view of their inability to comply with the solvency and capitalization requirements, the Commission placed one (1) life insurance company and one (1) non-life insurance company under receivership and liquidation respectively.

During the same year, two non-life insurance companies, PGA Sampo Japan Insurance Inc. and Federal Phoenix Assurance

Company changed their corporate names to PGA Somp Insurance Corporation effective February 1, 2015 and FPG Insurance Company, Inc. effective February 18, 2015 respectively.

Table 2: Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals/Entities - 2015			
INTERMEDIARIES	NEW	RENEWAL	TOTAL
Ordinary Agents	46,469	29,803	76,272
<i>Life</i>	43,955	17,506	61,461
<i>Non-Life</i>	2,482	12,197	14,679
<i>Microinsurance</i>	32	100	132
General Agents	10	439	449
<i>Life</i>	6	128	134
<i>Non-Life</i>	4	311	315
Variable Life Agents	47,147	11,161	58,308
Brokers	2	84	86
<i>Insurance</i>	1	63	64
<i>Reinsurance</i>	1	21	22
Pre-Need Sales Counselors	10,377	16,961	27,338
TECHNICAL SUPPORT			
Non-Life Company Underwriters	7	337	344
Resident Agents	8	60	68
Life Insurance Actuaries	7	30	37
Pre-Need Actuaries	1	5	6
Public Adjusters	-	1	1
Independent Adjusters	1	47	48
External Auditors	4	42	46
Firm	4	29	33
Individual	0	13	13
TOTAL	<u>104,033</u>	<u>58,970</u>	<u>163,003</u>

In support of the insurance and pre-need companies in the conduct of their business, the Commission likewise issued a total of 163,003 licenses, certificates of registration and accreditation to intermediaries and technical support services that were able to comply with its licensing/accreditation requirements.

B. Financial Surveillance

To ascertain the solvency and financial soundness of the insurance and pre-need companies and MBAs, the Commission conducted on-site and off-site examinations into their affairs, financial condition and methods of doing business. As a result of such examination and evaluation of their compliance with the examination requirements,

rules and regulations, the Commission, as shown in Table 1, renewed the certificates of authority to transact business of ninety-seven (97) insurance companies, seventeen (17) pre-need and thirty-four (34) MBAs.

C. Tariff Compliance Monitoring

Examinations of premium rates applied on motor car policies, fire policies and bonds issued in favor of the government were conducted on non-life companies to monitor compliance with tariff rates and other rules and regulations of the Commission. During the year under review, these companies were found compliant with tariff rates. However, there were some companies which were penalized in view of late submission of reportorial requirements.

D. Public Assistance, Claims and Adjudication

Pursuant to the mandate of the Insurance Commission to assist the general public on matters relating to insurance and pre-need, a total of about 24,871 claims, cases, complaints, disputes, inquiries and mediations were acted upon within the prescribed period in 2015.

In view of this, the Commission obtained a 96.78% customer satisfaction survey results on public assistance for informal cases.

E. Conservatorship/ Receivership/Liquidation

There were forty (40) insurance companies and three (3) mutual benefit associations (MBAs) under conservatorship, receivership or liquidation as of the end of the year. Two of these insurance companies were placed under receivership and liquidation during the year under review to preserve their assets and protect the interest of their policyholders.

F. Security Deposits/Guaranty Fund/Security Fund

The total security deposits lodged with the Bureau of Treasury and the security fund administered by the Insurance Commission and earmarked for the payment of valid claims by reason of insolvency of insurance companies amounted to ₱9.57 billion as of the year-end.

The mutual benefit associations (MBAs), on the other hand, had deposited with the Commission a combined guaranty fund of ₱0.89 billion to answer for any valid benefit claims of their members.

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

There were 3,694 applications/requests for approval of life and non-life insurance products and contract forms, and pre-need plans/forms, investments, reinsurance treaties and facultative placements received during the year under review.

Of the total applications, 3,325 or 90% were acted upon and approved in 2015 after receipt of compliance with documentary and regulatory requirements within the prescribed period.

H. Regulatory Updates

To secure enforcement of the provisions of the New Insurance Code or Republic Act (R.A.) 10607 and Pre-Need Code, regulation of the insurance and pre-need industries and protection of the insuring public, the Commission issued the necessary circulars during the year under review.

Moreover, the Insurance Commission has recently assumed jurisdiction over the regulation and supervision of Health Maintenance Organizations (HMOs) with the signing of Executive Order No. 192, S. 2015 by the President of the Republic of the Philippines on November 12, 2015.

Hereunder are the regulatory issuances made by the IC in 2015:

Circular Letter (CL) No.	Date Issued	Subject
CL No. 2015-2A	13 January 2015	Minimum Capitalization Requirements under Sections 194,197,200 and 289 of RA10607

Prescribing the following minimum capitalization requirements for insurance and reinsurance companies pursuant to provisions of the New Insurance Code:

1. For New Insurance Companies

Paid-Up Capital/ Statutory Deposit - ₱ 1 Billion
Contributed Surplus/ Additional Fund - ₱ 100 Million

2. For Existing Insurance Companies

Minimum Networth/ Trusted Surplus	Compliance Date
₱ 250 Million	December 31, 2013
₱ 550 Million	December 31, 2016
₱ 900 Million	December 31, 2019
₱ 1.30 Billion	December 31, 2022

3. For New Professional Reinsurance Companies

Capitalization Requirement - ₱ 3 Billion
Paid-Up Capital – At least 50% of Capitalization Requirement
Contributed Surplus – At least ₱ 400 Million

4. For Existing Professional Reinsurance Companies

Minimum Networth	Compliance Date
₱ 2.00 Billion	December 31, 2013
₱ 2.25 Billion	December 31, 2016
₱ 2.50 Billion	December 31, 2019
₱ 3.00 Billion	December 31, 2022

**CL No. 2015-10 18 March 2015 Implementing Guidelines
on Indemnification Under
Section 437 of Amended
Insurance Code**

Prescribing the implementing guidelines on indemnification of officials and employees of the Insurance Commission as mandated by the New Insurance Code. The Commissioner, Deputy Commissioners and other officials of the Commission including personnel performing supervision and examination functions shall be indemnified for all costs and expenses incurred in connection with any civil or criminal actions, suits or proceedings by reason of the performance of their duties and functions unless adjudged otherwise.

CL No. 2015-20 27 April 2015

**Rules Implementing Title G,
Chapter IV of the Amended
Insurance Code on
Bancassurance**

Setting out the rules and requirements in the conduct of bancassurance activities and the offering and sale of insurance products, including variable life insurance products in bank premises.

The Circular prescribes, among other things, that:

1. Bancassurance or cross-selling of insurance products by the insurance companies may be conducted only in the premises of the banks with the prior approval of the Monetary Board
2. Insurance products that shall be offered to banks clients by the insurance companies must bear the prior approval of the Insurance Commissioner
3. The role of bank employees in bancassurance shall be limited to the referral of bank clients to the representatives of insurance companies and such bank employees shall not be required to obtain an insurance agent's license. However, the Commissioner, should he deem it proper, may require bank employees to obtain a license to act as an insurance agent from the Insurance Commission.

CL No. 2015-23

8 May 2015

**ASEAN Corporate Governance
Scorecard**

Prescribing the adoption by the covered companies of the ASEAN Corporate Governance Scorecard (ACGS) in preparation for the 2015 ASEAN Financial Integration as endorsed during the ASEAN Capital Markets Forum (ACMF). The circular sets out the guidelines for proper guidance of the covered companies in the

accomplishment of the ACGS template for uploading in their respective websites.

**CL No. 2015-27 1 June 2015 Mandatory Membership to
the Philippine Federation of
Pre-Need Plan Companies,
Inc.**

Prescribing all Pre-Need companies authorized to transact business in the country and those intending to do pre-need business to become a member of the Philippine Federation of Pre-Need Plan Companies, Inc. (Pre-Need Federation) which shall be one of the criteria in the issuance or renewal of the Certificate of Authority.

**CL No. 2015-33 10 June 2015 Accreditation of Non-Life
Actuaries**

Promulgating rules and regulations for accreditation of an actuary for non-life insurance companies. Under the Circular, any person may be officially accredited by the Insurance Commissioner to act as an actuary for a non-life insurance company provided that:

1. He is a Fellow of good standing of the Actuarial Society of the Philippines (ASP) at the time of appointment; or
2. He is an Associate of good standing of ASP at the time of appointment. However, he shall be allowed to perform only such duties and responsibilities of a non-life actuary until December 31, 2017, and may continue to do so beyond this date only after satisfying all the requirements to become a Fellow of the ASP.
3. He must have completed at least the Basic Non-Life Insurance Course and passed the corresponding examinations conducted by the Insurance Institute for Asia and the Pacific (IIAP) as a pre-requisite to undertake actuarial work pertaining to non-life insurance business.

CL No. 2015-40 29 July 2015 Expectations of the Insurance Commission (IC) for an Effective External Audit Function

Promulgating the guiding principles for an effective external audit function in order to assess the quality of audits of financial statements and evaluate the continuing qualifications of the external auditors accredited by IC. These principles set out the responsibilities of the board of directors and management of every IC-covered institution, the roles of the external auditors, and the relationship between IC and the external auditors.

CL No. 2015-43 7 August 2015 Guidelines on the Management of the Trust Fund Surplus Of Pre-Need Companies

Prescribing the guidelines on the Management of the Trust Fund Surplus Of Pre-Need Companies with the following objectives:

1. to govern the management and administration of the Trust Fund established for the payment of pre-need benefits under plan contracts; and
2. to provide an updated and more flexible choice of investments for the Net Surplus Fund subject to rules and regulations that would ensure prudent investment management and protection of the interests of the Plan holders, including the promotion of the sound, stable and sustainable growth of the pre-need industry as provided for in Section 24 of the Pre-Need Code.

CL No. 2015-45 8 September 2015 Authority of the Insurance Commission to Assume Jurisdiction over Complaints against Insurance Agents Terminated due to Settlement /Compromise

Providing that in the event that a complaint filed at the company level by a policy owner against an erring agent is terminated by virtue of a settlement/compromise between the policy owner and the agent, the settlement/compromise shall be without prejudice to:

1. the right of the company to refer the matter to the Insurance Commission, through its Licensing Division, for appropriate action; or
2. the right of the Insurance Commission to assume jurisdiction over the complaint *motu proprio*.

CL No. 2015-46 8 September 2015 Rules in the Application of Section 408, Paragraph 3 of the Amended Insurance Code on Free and Unassigned Surplus

Promulgating the rules in the implementation of Section 408, Paragraph 3 of the New Insurance Code which provides that a Mutual Benefit Association shall only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Commissioner. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services.

CL No. 2015-49 1 October 2015 Guidelines in the Renewal of Licenses Expiring on 31 December 2015

Setting out the Guidelines in the Renewal of Licenses expiring on 31 December 2015 for the guidance of all regulated entities of the Insurance Commission.

CL No. 2015-51 9 October 2015 Adoption and Implementation of the Micro Pre-Need Regulatory Framework

Prescribing the adoption and implementation of Micro Pre-Need Framework aiming to (1) provide an opportunity to the low income sector to have access to pre-need products and services that will cater to their needs; (2) encourage the participation of the pre-need industry in offering micro pre-need products and services to promote the financial well-being of the low-income sector; and (3) provide the mechanism to ensure the protection of plan holders' rights and privileges.

**CL No. 2015-53 15 October 2015 Adoption and Implementation
of Agriculture Microinsurance
Framework**

Prescribing the adoption and implementation of Agriculture Microinsurance Framework that promotes and encourages the provision of agriculture microinsurance products, and services that are simple, affordable and accessible to the vast of the population dependent on agriculture for the guidance of the insurance companies.

**CL No. 2015-54 16 October 2015 Adoption and Implementation
of Enhanced Microinsurance
Regulatory Framework**

Prescribing the adoption and implementation of Enhanced Microinsurance Regulatory Framework which provides an improved policy and regulatory environment that will:

1. broaden the scope and deepen the outreach of microinsurance providers without sacrificing their viability and sustainability, and protect the consuming public, and
2. clarify and delineate the roles and functions of microinsurance regular agents, brokers and distribution channels, guidelines on product bundling and on transfer of risks among local and foreign insurance entities

for the guidance of all regulated entities and persons under the Insurance Commission.

**CL No. 2015-56 1 December 2015 Regulations Governing
Investments in Derivatives and
Limiting the same to Contracts
in the form Of Forwards And
Swaps**

Promulgating regulations governing investments in derivatives which are limited to contracts in the form of forwards and swaps in order to manage financial risks through hedging and promotes investment diversification.

CL No. 2015-57 9 December 2015 Guidelines Defining Pre-Need Life Plans And Other Contracts And Agreements Within Its Scope

Providing details on what constitutes a pre-need plan contract specifically for “life” or “memorial” pre-need plans and guidelines on, among other things delineation of insurance products and pre-need life plans.

CL No. 2015-58 14 December Assumption of Regulation And Supervision of Health Maintenance Organizations by the Insurance Commission

Announcing to all Health Maintenance Organizations (HMOs) the assumed jurisdiction of the Insurance Commission in the regulation and supervision of HMOs pursuant to Executive Order No. 192, Series of 2015, which was signed by the President of the Republic of the Philippines on November 12, 2015.

CL No. 2015-59 22 December Endorsement of all Complaints Filed Against Health Maintenance Organizations (HMOS) with the Grievance Machinery of the Association of Health Maintenance Organizations of the Philippines, Inc. (AHMOPI) for Mediation During the Transition Period

Authorizing the Association of Health Maintenance Organizations of the Philippines, Inc. (AHMOPI) to conduct mediation proceedings on the complaints filed against Health Maintenance Organizations (HMOs) filed and received by the Insurance Commission, for a transitory period until such time that the Commission has already issued the appropriate implementing rules and regulations or until this Circular Letter is expressly revoked.

CL No. 2015-60	23 December 2015	Guidelines in the Renewal of HMO Clearances to Operate/ Licenses Expiring on 31 December 2015
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Issuing the guidelines and requirements in the renewal of HMO Clearances to Operate/Licenses Expiring on 31 December 2015.

CL No. 2015-61	23 December 2015	Quarterly Reportorial Requirement
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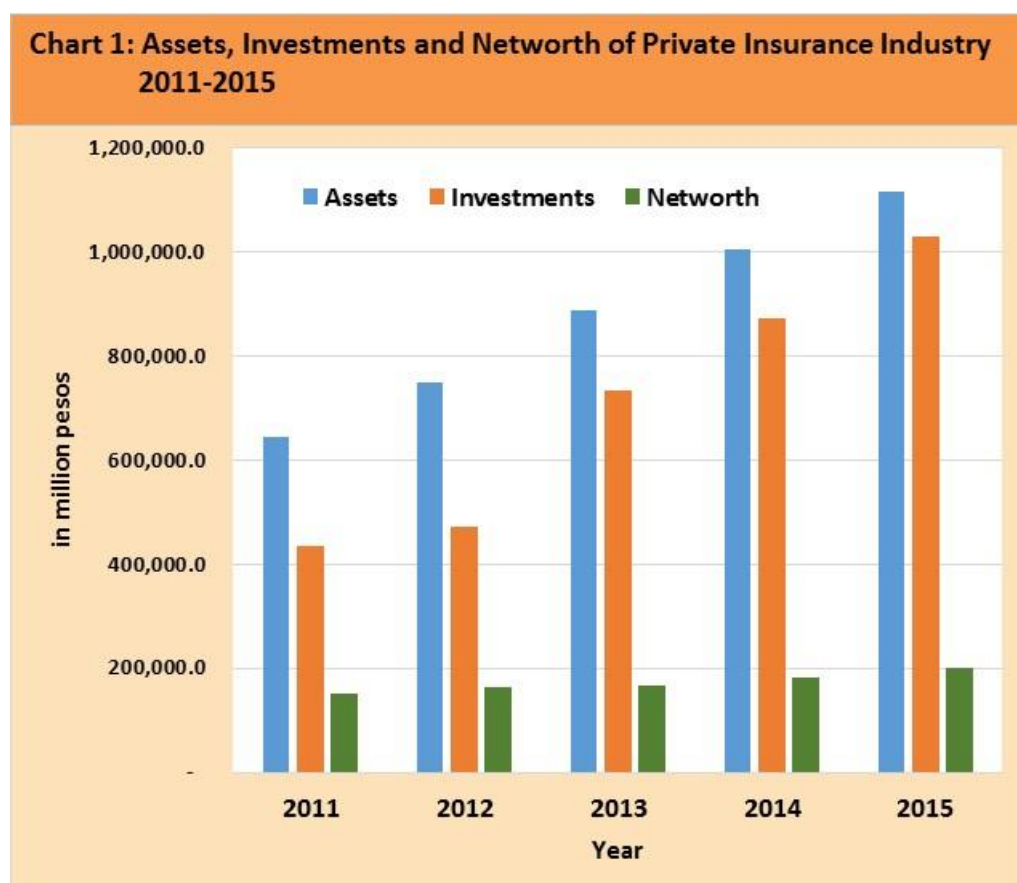
Promulgating the submission of quarterly reportorial requirement of pre-need companies consisting of their Financial Statements together with the Consolidated Trust Fund Statements in accordance with the uniform chart of accounts.

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

II. THE INSURANCE INDUSTRY

A. Overview

The insurance industry generated an aggregate premiums of ₱232.27 billion in 2015, 17.77% higher than the previous year's ₱197.23 billion. Premium income of the life sector consisting of life insurance companies and Mutual Benefit Associations (MBAs) amounted to ₱195.70 billion or 84.26% of the total premium production, registering an 18.48% increase from that of the previous year. This was brought about by the 28.94% year-on-year rise in the premium production of variable products from the previous year's ₱107.56 billion.



The total assets of the industry amounted to ₱1,175.98 billion in 2015, 11.00% higher than the ₱1,059.40 billion in 2014. Of these assets, 86.24% was accounted for by the life sector while the remaining 13.76% by the non-life sector. Analysis of these assets revealed that the assets of the life sector grew by 12.38% while that of the non-life sector slightly increased by 3.08% to amount to ₱1,014.18 billion and ₱161.80 billion respectively as of the year-end.

Total investments made during the year amounted to ₱1,082.12 or 92.02% of the total industry's assets, 17.39% more than the placements made in 2014.

Total network likewise posted an increase of 12.11% to amount to ₱224.38 billion as of the year-end.

Table 3: Philippine Economic Indicators, 2011-2015

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2011	2012	2013	2014	2015
GROSS NATIONAL INCOME (GNI)					
At Current Prices (₱ M)	11,598,205r	12,608,730r	13,850,892r	15,327,336p	16,096,913p
At Constant Prices (₱ M)	7,039,948r	7,496,546r	8,069,033r	8,640,645	9,134,679p
GROSS DOMESTIC PRODUCT (GDP)					
At Current Prices (₱ M)	9,706,268	10,564,886r	11,548,191r	12,642,736p	13,307,265p
At Constant Prices (₱ M)	5,909,000r	6,311,671r	6,765,458r	7,164,017	7,593,769p
POPULATION (in million persons)	94.2	96.4	98.8	99.9	101.6
PER CAPITA GROSS NATIONAL INCOME (₱)	123,123.3	130,796.0	141,047.8	153,426.8	158,434.2p
LABOR FORCE (Average) (In million persons)	40.00	40.43	41.02	40.05	41.34
Employed	37.19	37.60	38.12	37.31	39.00
Unemployed	2.81	2.83	2.90	2.74	2.34
EXCHANGE RATE (per US\$)	43.93	41.19	44.41	44.62	47.166
INFLATION RATE	2.72%	3.20%	2.90%	4.10%	1.40%
INSURANCE DENSITY (₱)	1,241.5	1,592.0	2,084.0	1,974.2	2,218.3p
Life Insurance	966.4	1,301.6	1,789.1	1,653.3	1,858.4p
Non-Life Insurance	275.1	290.4	294.9	320.9	359.9p
LIFE SUM ASSURED AS % OF G D P	30.80%	34.85%	33.23%	37.13%	40.07%
LIFE SUM ASSURED AS % OF G N I	25.78%	29.20%	27.70%	30.63%	33.13%
PREMIUMS AS % OF G D P	1.20%	1.45%	1.83% r	1.56%	1.75%p
PREMIUMS AS % OF G N I	1.01%	1.22%	1.49%	1.29%	1.44%
ESTIMATED LIFE INSURANCE COVERAGE	18.29%	24.43%	32.45%	37.39%	41.30%p

r = revised figures

p = preliminary figures

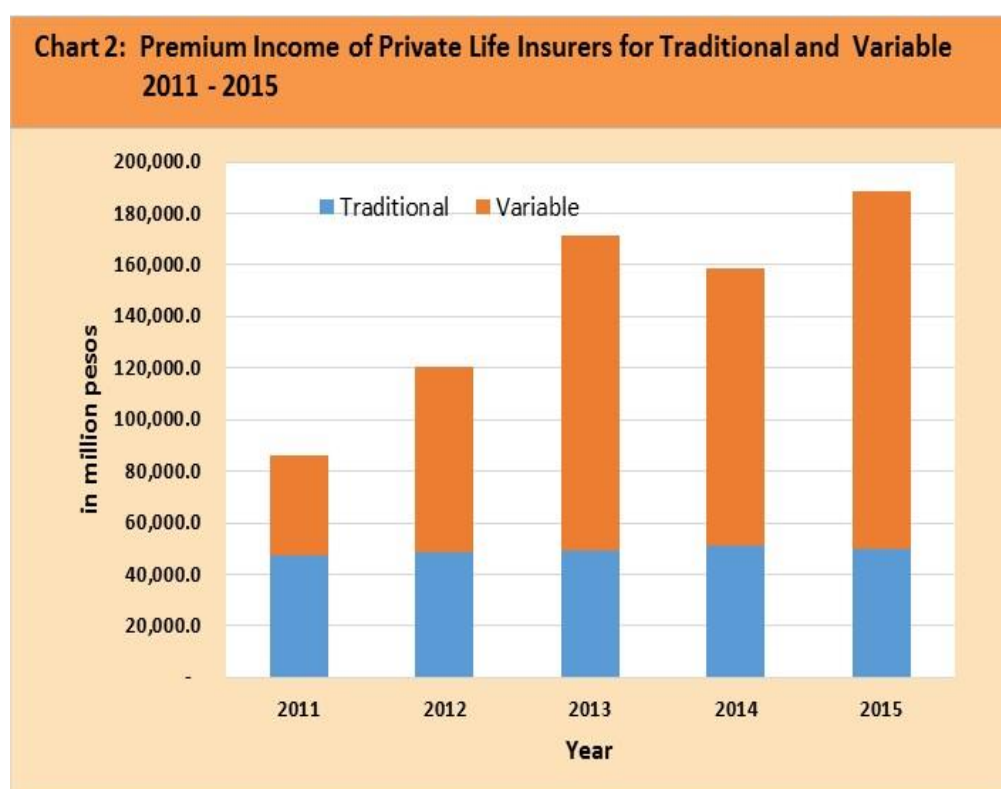
On a macro level, life sum insured as a percentage of GDP was computed at 40.07%, 7.92% higher than last year's 37.13%, while the insurance penetration or the industry's total premiums as a percentage of the GDP was 1.75% up by 12.18% over the previous year's 1.56%.

Insurance density or the amount of average spending of each individual on insurance for the year rose to ₱2,218.30, 12.36% higher than the previous year's ₱1,974.20. The estimated life coverage or market penetration rate was 41.30% of the total population of 101.6 million, up by 10.46% over the last year's 37.39%.

B. Life Insurance Companies

1. Premium Income

In 2015, the life companies generated ₱188.82 billion in premium income, an 18.96% increase compared to ₱158.73 billion premium production in 2014. This was primarily brought about by the 28.94% increase in the premiums produced by variable life products, from ₱107.56 billion in 2014 to ₱138.69 billion in 2015, and 12.04% increment in the traditional group life products, from ₱10.30 billion in 2014 to ₱11.54 billion in 2015.



2. New Business

There were 692,884 traditional and variable life insurance policies issued, during the year, an 8.12% improvement from last year's 640,819 life insurance policies issued, which resulted in 10,476,263 insured lives with corresponding sum assured of ₱1,567.39 billion.

Of the life insurance policies issued, 216,173 were traditional life products, a 20.85% drop from previous year's 273,114. The setback was attributable to the 20.62% and 23.57% decreases in the issuance of ordinary and accident and health policies, respectively. Corresponding insured lives and sum assured, likewise, decreased by 6.36% and 21.18%, respectively.

Table 4: New Business Generated, 2011-2015						
Year	Policies (Insured Lives)		Annual Premium		Sum Assured	
	Number	% Change	₱ billion	% Change	₱ billion	% Change
A. Traditional Insurance Products						
2015	216,173	(20.85)	13.07	(0.91)	1,237.92	(21.18)
	(10,034,417)	(6.36)				
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				
B. Variable Life Products						
2015	476,711	29.65	112.77	23.05	329.47	25.77
	(441,846)	28.97				
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)

Moreover, a total of 476,711 variable life products were issued, 29.65% higher compared to last year's 367,705 policies. As a result, corresponding insured lives and sum assured increased by 28.97% and 25.77%, respectively.

3. Terminations

During the year, there were 436,921 terminated life insurance policies, an 8.84% decrease compared to 479,273 policies terminated last year. The said decrease was brought about by the 56.20% year-on-year decrease in terminated health and accident policies.

Terminations due to lapsation had the highest number of terminations accounting for 38.11% of the total terminations followed by surrendered policies with 23.48% and the rest comprised the remaining 38.41%.

Moreover, terminated sum assured amounted to ₱1,700.74 billion this year with group and industrial policies accounting for the biggest chunk or 77.52% of the total.

**Table 5: Terminated Insurance Policies and Sum Insured
as of 31 December 2015**

Types of Policies	Number of Policies (Insured Lives)						TOTAL
	Death	Maturity	Surrender	Lapsation	Expiry	Others	
Ordinary	7,167 (6,945)	34,575 (33,964)	46,439 (45,712)	97,291 (95,618)	20,386 (20,063)	46,429 (45,816)	252,287 (248,118)
Group & Industrial	2,600 (33,409)	- (8,427)	92 (243,428)	2,801 (1,620,632)	1,097 (9,215,614)	161 (1,129,191)	6,751 (12,250,701)
Health & Accident	230 (8,981)	- -	445 (465)	18,490 (135,381)	50,607 (1,019,822)	24 (24,695)	69,796 (1,189,344)
Variable Life	1,064 (976)	3,302 (2,976)	55,606 (48,775)	47,948 (45,216)	72 (37)	95 (9)	108,087 (97,989)
TOTAL	11,061 (50,311)	37,877 (45,367)	102,582 (338,380)	166,530 (1,896,847)	72,162 (10,255,536)	46,709 (1,199,711)	436,921 (13,786,152)
Terminated Sum Assured (in billion pesos)							
Types of Insurance	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Ordinary	2.41	7.48	18.82	41.09	8.52	11.34	89.66
Group & industrial	3.88	3.97	24.67	155.23	851.76	278.98	1,318.49
Health & Accident	0.20	-	0.06	12.77	194.23	8.52	215.78
Variable Life	0.66	3.85	36.75	32.80	0.05	2.70	76.81
TOTAL	7.15	15.30	80.30	241.89	1,054.56	301.54	1,700.74

4. Insurance in Force

Total in-force policies for the year increased by 7.84%, from 4,104,664 in 2014 to 4,426,405 this 2015. Of these policies, 66.11% were traditional policies while the remaining 33.89% were variable policies. Corresponding sum assured, likewise, improved by 14.36%, from ₱4,663.18 billion in 2014 to ₱5,332.54 billion this 2015.

Total in-force traditional policies decreased by 1.89%, from 2,982,578 in 2014 to 2,926,294 this 2015. This was brought about by the 1.89%, 0.04% and 8.88% decreases in ordinary, group and industrial and health and accident policies, respectively. Of the outstanding traditional policies, 79.67% were ordinary, 16.39% were group and industrial and the remaining 3.94% were health and accident. Likewise, the corresponding premiums dropped by 2.03%.

On the other hand, in-force variable policies increased to 1,500,111, a 33.69% increase from last year's 1,122,086. Corresponding sum assured grew by 35.01%, from ₱709.36 billion to ₱957.67 billion. Also, the premium income rose by 28.94%, from ₱107.56 billion in 2014 to ₱138.69 billion this 2015.

Table 6: Life Insurance in Force/Premium Income , 2014-2015

Types of Policies	Number of Policies			Sum Assured			Premium Income		
	(Insured Lives)			(In billion pesos)			(In billion pesos)		
	2015	2014	% Change	2015	2014	% Change	2015	2014	% Change
A. Traditional Insurance Products									
Ordinary	2,331,634 (2,268,529)	2,376,544 (2,313,459)	(1.89) (1.94)	872.14	882.76	(1.20)	33.44	35.85	(6.72)
Group & Industrial	479,621 (19,682,403)	479,791 (17,686,283)	(0.04) 11.29	3,242.90	2,835.95	14.35	11.54	10.30	12.04
Health & Accident	115,039 (1,532,198)	126,243 (1,736,032)	(8.88) (11.74)	259.83	235.11	10.52	5.15	5.02	2.59
SUB-TOTAL	2,926,294 (23,483,130)	2,982,578 (21,735,774)	(1.89) 8.04	4,374.87	3,953.82	10.65	50.13	51.17	(2.03)
B. Variable Life Products									
	1,500,111 (1,399,742)	1,122,086 (1,047,598)	33.69 33.62	957.67	709.36	35.01	138.69	107.56	28.94
GRAND TOTAL	4,426,405 (24,882,872)	4,104,664 (22,783,372)	7.84 9.22	5,332.54	4,663.18	14.36	188.82	158.73	18.96

5. Summary of Operations

During the year, life insurers' net income reached ₱21.25 billion, up by 18.45% over last year's ₱17.94 billion. Although there was a 12.55% rise in underwriting expenses, the 14.85% increase in underwriting income, as a result of the 18.96% improvement in premium income, more than compensated for the increase in the said expenses.

**Table 7: Summary of Operations of Life Insurance Sector 2015
(₱ billions)**

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Underwriting Income	<u>68.66</u>	<u>101.00</u>	<u>169.66</u>
Premium Income	73.12	115.70	188.82
Less: Inc./ (Dec) in Reserves	7.75	23.90	31.65
Commissions Earned	0.00	0.22	0.22
Other Underwriting Income	3.29	8.98	12.27
Less: Underwriting Expenses	<u>65.16</u>	<u>102.35</u>	<u>167.51</u>
Benefit Payments	18.49	31.47	49.96
Commissions Expenses	4.96	10.63	15.59
Premium Tax Incurred	0.49	0.61	1.10
Other Underwriting Expenses	41.22	59.64	100.86
Underwriting Gain/Loss	<u>3.50</u>	<u>(1.35)</u>	<u>2.15</u>
Add: Gross Investment Income	9.62	22.94	32.56
Other Income/Expenses	2.68	11.79	14.47
SUB – TOTAL	<u>15.80</u>	<u>33.38</u>	<u>49.18</u>
Less: Taxes other than Premium & Income Tax	1.14	3.80	4.94
Other General Expenses	8.63	13.60	22.23
Income Tax	0.53	0.23	0.76
Net Income / Loss for the year Including Capital Gains	<u>5.50</u>	<u>15.75</u>	<u>21.25</u>

6. Investments

The investments, valued at cost, of life insurance companies amounted to ₱966.78 billion, an 18.62% increment from last year's ₱815.00 billion. The said growth was attributed to the 34.06% and 17.06% increases in investments under variable life and stocks, respectively.

Moreover, investments under variable life accounted for the largest share in the total investments with 49.01% followed by bonds with 33.36% and rest accounted for the remaining 17.63%.

Table 8: Investments by Category, 2015 (₱ billions)			
PARTICULARS	LIFE		
	Domestic	Foreign	Total
Bonds	81.09	241.44	322.53
Stocks	32.94	22.50	55.44
Real Estate	9.55	5.98	15.53
Purchase Money Mortgages	0.00	0.00	0.00
Mortgage Loans	1.70	0.13	1.83
Collateral Loans	8.49	0.25	8.74
Guaranteed Loans	0.48	23.38	23.86
Policy Loans	9.51	21.98	31.49
Other Loans	4.57	0.36	4.93
Short –Term Investments	0.41	0.29	0.70
Other Investments	4.04	2.58	6.62
Fixed Deposits	15.69	5.61	21.30
Investments under variable Life	128.32	345.49	473.81
TOTAL	296.79	669.99	966.78

Investments made by foreign companies contributed ₱669.99 billion or 69.30% of the total investments during the year, up by 29.62% over the previous year's investments of ₱516.90 billion.

Total investments in government securities grew by 6.77%, from ₱264.01 billion in 2014 to ₱281.88 billion this 2015. The growth was attributed to the 6.52% increase in government bonds and the ₱0.65 billion investments in short term government securities.

Table 9: Investments of Life Insurers in Bonds & Government Securities, 2015 (₱ billions)	
TYPES OF BONDS/SECURITIES	
Long-Term Government Bonds	<u>281.23</u>
<i>Treasury Notes</i>	152.63
<i>Land Bank Bonds</i>	0.00
<i>Pag-ibig Bonds</i>	0.00
<i>ROP Bonds</i>	92.77
<i>Retail Bonds</i>	33.92
<i>Other Government Bonds</i>	1.91
Short-Term Government Securities	<u>0.65</u>
<i>Treasury Bills</i>	0.65
Total Government Securities	<u>281.88</u>
<i>Private Bonds</i>	39.87
<i>Foreign Bonds</i>	1.42
GRAND TOTAL	<u>323.17</u>

7. Balance Sheet

As of year-end, the total assets of the life insurers stood at ₱953.19 billion, 12.48% higher from last year's ₱847.42 billion. The increase was brought about by the 19.83% and 10.68% increases in variable life-separate account asset and bonds, respectively, which comprised 77.08% of the total assets.

The total liabilities likewise increased by 11.81%, from ₱728.95 billion in 2014 to ₱815.05 billion this 2015. The increase was accounted for by 13.55% and 5.35% increases in variable life contract liabilities and legal policy reserves, respectively, which comprised 85.75% of the total liabilities.

Also, total networkth grew by 16.60%, from ₱118.47 billion in 2014 to ₱138.14 billion this 2015. The growth was due to the significant increase of 30.57% in unassigned surplus.

Table 10: Consolidated Balance Sheet of Life Insurers, 2015
(₱ billions)

PARTICULARS	Domestic	Foreign	Total
ASSETS			
Bonds	80.40	240.15	320.55
Stocks	51.36	23.14	74.50
Real Estate Owned	13.21	3.44	16.65
Purchase Money Mortgages	0.00	0.00	0.00
Mortgage Loans	1.70	0.13	1.83
Collateral Loans	8.49	0.26	8.75
Guaranteed Loans	0.48	23.38	23.86
Policy Loans	9.51	21.87	31.38
Other Loans	4.22	0.34	4.56
Short – Term Investments	0.40	0.29	0.69
Security Fund	0.00	0.01	0.01
Other Investments	4.09	2.81	6.90
Variable Life – Separate Account Assets	129.00	285.19	414.19
Cash on Hand & in Banks	21.52	11.98	33.50
Net Premiums Due & Uncollected	1.52	1.10	2.62
Due From Ceding Companies	0.04	0.79	0.83
Funds Held by Reinsurers	0.31	0.92	1.23
Accrued Interest & Other Investment Income	1.40	5.12	6.52
Accounts/Notes Receivable	1.49	0.62	2.11
EDP Equipment	0.55	0.60	1.15
Other Assets	1.03	0.33	1.36
TOTAL ASSETS	<u>330.72</u>	<u>622.47</u>	<u>953.19</u>
LIABILITIES			
Legal Policy Reserves	121.90	193.25	315.15
Policy & Contract Claims	6.47	2.92	9.39
Policyholders Dividends	9.09	36.31	45.40
Dividends Payable to Stockholders	0.12	0.00	0.12
Liability for Premium Deposit Funds	4.81	2.82	7.63
Premiums Due to Reinsurers	1.13	1.23	2.36
Prem./Loss Reserves Withheld For Reinsurers	0.19	1.16	1.35
Taxes/Licenses Payable	0.66	1.34	2.00
Commissions & Other Charges Payable	1.45	4.94	6.39
Accounts/Notes Payable	2.23	3.30	5.53
Unearned Investment Income	0.37	0.06	0.43
Variable Life Contracts Liabilities	119.90	263.84	383.74
Other Liabilities	5.54	30.02	35.56
TOTAL LIABILITIES	<u>273.86</u>	<u>541.19</u>	<u>815.05</u>
NETWORTH			
Paid-Up Capital/Statutory Deposits	8.88	5.82	14.70
Paid-In Capital	1.14	0.84	1.98
Deposit on Stock Subscription	0.00	0.00	0.00
Investment Fluctuation Reserves	21.37	7.17	28.54
Contributed Surplus	0.86	2.24	3.10
Contingency Surplus	2.06	-0.61	1.45
Other Assigned Surplus	0.06	0.00	0.06
Unassigned Surplus	20.51	65.43	85.94
Seed Capital on Variable Life	1.98	0.39	2.37
TOTAL NETWORTH	<u>56.86</u>	<u>81.28</u>	<u>138.14</u>
TOTAL LIABILITIES & NETWORTH	<u>330.72</u>	<u>622.47</u>	<u>953.19</u>

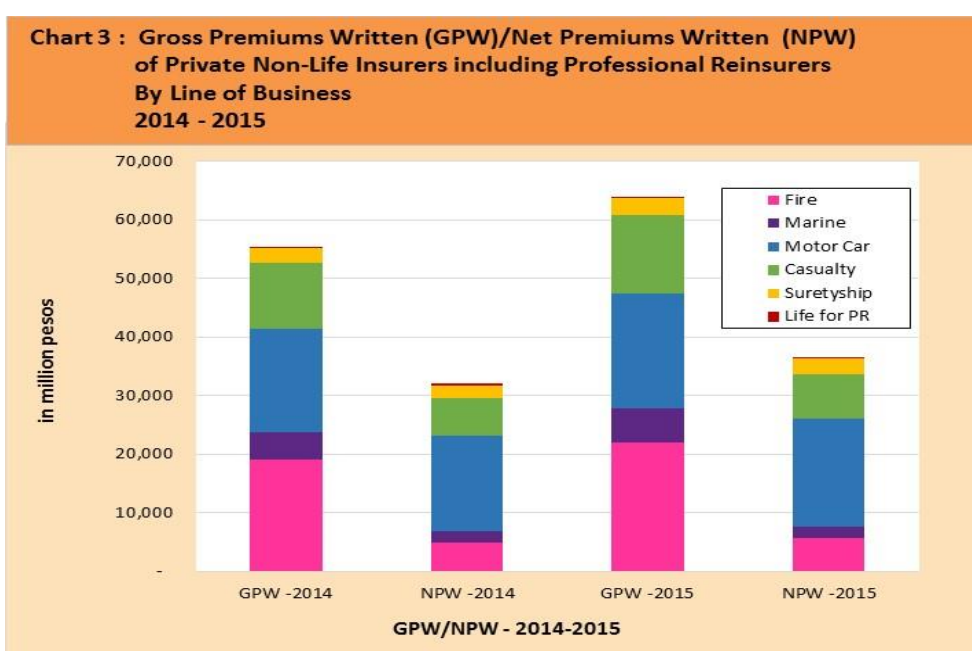
C. Non-Life Insurance Companies

1. Gross Premiums

Table 11 : Gross Premiums Written of Private Non-Life Companies & Professional Reinsurer, 2014-2015 (₱ billions)				
LINE OF BUSINESS	2015		2014	
	Amount (₱ B)	% to Total	Amount (₱ B)	% to Total
Fire	21.98	34.53	18.98	34.45
Marine	5.80	9.11	4.85	8.81
Motor Car	19.68	30.91	17.58	31.91
Casualty	13.41	21.06	11.30	20.51
Suretyship	2.78	4.37	2.37	4.30
Life for PR	0.01	0.02	0.01	0.02
TOTAL	63.66	100.00	55.09	100.00

During the year, the combined gross premiums written by non-life companies amounted to ₱63.66 billion, a 15.56% increment from last year's ₱55.09 billion. This was attributed to the 18.67%, 15.81% and 11.95% increases in casualty, fire and motor car businesses, respectively.

Of the total gross premiums written, fire business had the largest share accounting for 34.53% of the total production, followed by motor car which accounted for 30.91%, then by casualty with a share of 21.06%. The remaining lines of business accounted for the remaining 13.50%.



2. Net Premiums Written

Total net premiums written, likewise, rose by 14.07%, from ₱32.06 billion in 2014 to ₱36.57 billion this year. This was due to the 21.42%, 16.80% and 12.18% increases in casualty, fire and motor car businesses, respectively, which constituted 86.79% of the total net premiums written.

As in the prior year, the bulk of the total net premiums written came from motor car business accounting for the 50.12% of the total net premiums written, followed by casualty business at 21.08% and the other lines of business composed the remaining 28.80%.

Table 12: Net Premiums of Non-Life Companies & Professional Reinsurer, 2014-2015 (₱ billions)			
LINE OF BUSINESS	2015	2014	% Increase/ (Decrease)
Fire	5.70	4.88	16.80
Marine	1.96	1.93	1.55
Motor Car	18.33	16.34	12.18
Casualty	7.71	6.35	21.42
Suretyship	2.60	2.21	17.65
Life for PR	0.27	0.35	(22.86)
TOTAL	36.57	32.06	14.07

3. Premiums Earned

As shown in Table 13, total premiums earned of the non-life insurers grew to ₱34.38 billion this year, a 10.69% increment compared to last year's ₱31.06 billion. The growth was due to the 16.51%, 14.83% and 9.69% increases in premiums earned from casualty, suretyship and motor car businesses.

Of the total premiums earned, motor car business had the biggest share contributing 50.38%, followed by casualty business with 21.96%. The remaining 27.66% were contributed by the other lines of business.

**Table 13: Loss Ratios of Non-Life Companies & Professional Reinsurer
2014-2015**

LINE OF BUSINESS	2015			2014		
	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*	Losses Incurred (₱ B)	Premiums Earned (₱ B)	Loss Ratio (%)*
1. Fire and Allied Perils	2.50	5.15	48.54	2.81	4.70	59.79
a. Fire	1.68	3.49	48.14	2.05	3.34	61.38
b. Earthquake /Fire/shock	0.10	0.94	10.64	0.08	0.84	9.52
c. Typhoon	0.20	0.32	62.50	0.30	0.18	166.67
d. Flood	0.33	0.21	157.14	0.29	0.18	161.11
e. Extended Coverage	0.19	0.19	100.00	0.09	0.16	56.25
2. Marine	0.59	1.96	30.10	0.65	2.00	32.50
a. Marine Cargo	0.35	1.36	25.74	0.33	1.22	27.05
b. Aviation	0.08	0.19	42.11	0.05	0.44	11.36
c. Marine Hull	0.16	0.41	39.02	0.27	0.34	79.41
3. Motor Car	8.05	17.32	46.48	6.75	15.79	42.75
a. CMVL-LTO	0.15	0.48	31.25	0.21	0.56	37.50
b. CMVL-Non-LTO	0.27	2.58	10.47	0.25	2.75	9.09
c. Other Than CMVL-LTO	0.09	0.20	45.00	0.07	0.19	36.84
d. Other Than CMVL-Non- LTO	7.54	14.06	53.63	6.22	12.29	50.61
4. Casualty	2.38	7.55	31.52	2.12	6.48	32.72
a. Health	0.43	0.85	50.59	0.33	0.83	39.76
b. Personal Accident	0.96	3.55	27.04	0.79	3.34	23.65
c. Engineering	0.23	0.95	24.21	0.47	0.66	71.21
d. Miscellaneous	0.63	1.95	32.31	0.42	1.34	31.34
e. Life, for Prof. Reinsurer	0.13	0.25	52.00	0.11	0.31	35.48
5. Suretyship	0.24	2.40	10.00	0.16	2.09	7.66
TOTAL	<u>13.76</u>	<u>34.38</u>	<u>40.02</u>	<u>12.49</u>	<u>31.06</u>	<u>40.21</u>

4. Losses Incurred

Losses incurred went up by 10.17%, from ₱12.49 billion in 2014 to ₱13.76 billion this year. The increase was attributed mainly to the 50.00%, 19.26% and 12.26% increases in losses from suretyship, motor car and casualty businesses, respectively.

In 2015, over-all loss ratio slightly declined by 0.47% year-on-year, from 40.21% to 40.02% this year. The improvement was brought about by the 18.82% and 7.38% decreases in the loss ratio of fire and allied perils and marine, respectively.

5. Summary of Operations

Table 14: Summary of Operations of Non-Life Companies & Professional Reinsurer , 2015 (₱ billions)			
PARTICULARS	Domestic	Foreign	Total
<i>Underwriting Income</i>	<u>33.80</u>	<u>4.58</u>	<u>38.38</u>
Premiums Earned	30.90	3.48	34.38
Commissions Earned	2.62	1.09	3.71
Other Underwriting Income	0.28	0.01	0.29
<i>Less: Underwriting Expenses</i>	<u>24.28</u>	<u>2.83</u>	<u>27.11</u>
Losses Incurred	12.44	1.32	13.76
Loss Adjustment Expenses	0.39	0.05	0.44
Commission Expenses	9.24	1.31	10.55
Premium Tax Incurred	0.00	0.00	0.00
Other Underwriting Expenses	2.21	0.15	2.36
<i>Underwriting Gain/Loss</i>	<u>9.52</u>	<u>1.75</u>	<u>11.27</u>
Add: Gross Investment Income	2.01	0.35	2.36
Other Income/Expenses	0.96	0.23	1.19
SUB – TOTAL	12.49	2.33	14.82
Less: Taxes other than Premium	0.48	0.12	0.60
Other General Expenses	8.86	1.77	10.63
Income Tax	0.79	0.07	0.86
Net Income / Loss for the year Including Capital Gains	<u>2.36</u>	<u>0.37</u>	<u>2.73</u>

The non-life insurers posted a net income of ₱2.73 billion, up by 37.88% from ₱1.94 billion recorded a year ago. This was brought about by the 22.63% increase in underwriting gain coupled with a 13.33% growth in other income.

6. Investments

Non-life insurers' total invested funds grew by 9.66%, from ₱56.73 billion in 2014 to ₱62.21 billion this year. The improvement was attributed to the 16.67%, 10.61% and 9.85% increases in fixed deposits, bonds and real estate, respectively, which comprised 74.48% of the total investments.

As in the previous years, the domestic non-life insurers contributed significantly to the total invested funds accounting for 85.63% while the foreign non-life insurers shared the remaining 14.37%

Table 15: Investments by Category of Non-Life Companies & Professional Reinsurer, 2015 (₱ Billions)			
PARTICULARS	Domestic	Foreign	Total
Bonds	21.92	7.06	28.98
Stocks	11.17	0.53	11.70
Real Estate	5.74	0.28	6.02
Mortgage Loans	0.08	0.02	0.10
Collateral Loans	0.28	0.00	0.28
Guaranteed Loans	0.13	0.00	0.13
Purchase Money Mortgage	0.00	0.00	0.00
Other Loans	0.24	0.04	0.28
Short -Term Investments	1.87	0.00	1.87
Other Investments	0.44	0.04	0.48
Mutual Funds/UITF	1.03	0.00	1.03
Fixed Deposits	10.37	0.97	11.34
TOTAL	<u>53.27</u>	<u>8.94</u>	<u>62.21</u>

Table 16 shows total investments in bonds and government securities which grew by 10.89%, from ₱27.82 billion in 2014 to ₱30.85 billion this year. This was attributed to the 23.43% rise in treasury notes coupled with 15.43% increase in treasury bills.

Table 16: Investments in Bonds & Government Securities of Non-Life Companies & Professional Reinsurer , 2015 (₱ billions)	
TYPES OF BONDS/SECURITIES	
Long-Term Government Bonds	<u>20.82</u>
<i>Treasury Notes</i>	15.96
<i>Land Bank Bonds</i>	0.21
<i>Pag-ibig Bonds</i>	0.00
<i>ROP Bonds</i>	1.09
<i>Retail Bonds</i>	3.35
<i>Others</i>	0.21
Short-Term Government Securities	<u>1.87</u>
<i>Treasury Bills</i>	1.87
Total Government Securities	<u>22.69</u>
<i>Private Bonds</i>	6.51
<i>Foreign Bonds</i>	1.65
GRAND TOTAL	<u>30.85</u>

7. Balance Sheet

Table 17: Consolidated Balance Sheet of Non-life Companies & Professional Reinsurer, 2015 (₱ billions)			
PARTICULARS	Domestic	Foreign	Total
ASSETS			
Bonds	21.55	7.19	28.74
Stocks	25.34	0.53	25.87
Real Estate Owned	8.01	0.24	8.25
Mortgage Loans	0.08	0.02	0.10
Collateral Loans	0.28	0.00	0.28
Guaranteed Loans	0.13	0.00	0.13
Other Loans	0.23	0.04	0.27
Short-Term Investments	1.89	0.00	1.89
Security Fund	0.01	0.00	0.01
Other Investments	1.91	0.05	1.96
Cash on Hand & in Banks	21.24	2.09	23.33
Premiums Receivable	15.27	1.01	16.28
Due From Ceding Companies	3.29	0.84	4.13
Prem./Loss Reserve Withheld By Ceding Cos.	0.51	0.02	0.53
Reins. Recoverable on Losses	33.91	4.42	38.33
Other Reins. Accts. Receivable	1.50	0.03	1.53
Commissions/Accounts Receivable	0.49	0.17	0.66
Salvage Recoverable	0.09	0.00	0.09
Accrued Interest & Other Investment Income	0.25	0.10	0.35
EDP Equipment	0.51	0.06	0.57
Other Assets	7.48	1.02	8.50
TOTAL ASSETS	<u>143.97</u>	<u>17.83</u>	<u>161.80</u>
LIABILITIES			
Reserve for Unearned Premiums	18.34	1.71	20.05
Losses & Claims Payable	37.45	4.55	42.00
Loss Adjustment Expenses	0.61	0.07	0.68
Catastrophe Loss Reserves	0.29	0.08	0.37
Premiums Due to Reinsurers	12.24	1.90	14.14
Prem./Loss Reserves Withheld For Reinsurers	1.78	1.30	3.08
Other Reins. Accounts Payable	0.27	0.03	0.30
Taxes/Licenses Payable	4.28	0.37	4.65
Accrued Expenses Payable	0.88	0.26	1.14
Commissions & Other Charges Payable	1.88	0.05	1.93
Accounts/Notes Payable	3.94	0.23	4.17
Other Liabilities	4.23	0.48	4.71
TOTAL LIABILITIES	86.19	11.03	97.22
NETWORTH			
Paid-Up Capital/Statutory Deposits	21.65	4.27	25.92
Treasury Shares	0.00	0.00	0.00
Paid-In Capital	4.52	0.33	4.85
Contributed Surplus	1.81	0.84	2.65
Deposit on Stock Subscription	0.33	0.04	0.37
Investment Fluctuation Reserves	16.79	0.13	16.92
Contingency Surplus	1.75	0.13	1.88
Other Assigned Surplus	(0.08)	(0.02)	(0.10)
Unassigned Surplus/H.O. Accounts	11.01	1.08	12.09
TOTAL NETWORTH	57.78	6.80	64.58
TOTAL LIABILITIES & NETWORTH/TRUSTED SURPLUS	<u>143.97</u>	<u>17.83</u>	<u>161.80</u>

The non-life insurers' total assets during the year slightly climbed to ₱161.80 billion, up by 3.08% from ₱156.97 billion a year ago, with the domestic companies sharing 88.92% of these assets. The growth in the reported total assets was brought about mainly by the increase in assets of the domestic companies from last year's ₱139.72 billion to ₱143.90 billion this year.

Corresponding liabilities for the year likewise slightly grew to ₱97.22 billion, registering a minimal increase of 3.41% compared to ₱94.01 billion in 2014. Although there was a 15.39% decrease in losses and claims payable, which comprised the 43.20% of the total liabilities, the increase was due to the 50.96%, 43.73% and 11.60% increases in other liabilities, reserves for unearned premiums and premiums due to reinsurers, respectively.

Likewise, total network reached ₱64.58 billion, slightly up by 2.57% year-on-year from ₱62.96 billion. This was mainly due to the 6.89%, 1.68% and 1.41% increases in investments in fluctuation reserves, unassigned surplus and paid-up capital, respectively, which constituted 85.06% of the total network.

D. Mutual Benefit Associations (MBAs)

Table 18: Mutual Benefit Associations Key Insurance Statistics, 2014-2015			
PARTICULARS	2015	2014	% Increase (Decrease)
	(₱ billions)		
Assets	60.99	55.01	10.87
Liabilities	39.33	36.29	8.38
Members' Equity	21.66	18.72	15.71
Guaranty Fund	0.88	0.86	2.33
Investments	53.13	50.06	6.13
Premiums	6.88	6.44	6.83
Net Income	3.11	2.68	16.04
No. of Licensed MBAs	34	34	-

The thirty four (34) licensed MBAs remained fundamentally sound and stable in 2015. Total assets rose by 10.87% to ₱60.99 billion as of the year-end from its year-ago level of ₱55.01 billion, with five (5) MBAs sharing ₱51.44 billion or 84.36% of the total assets. Armed Forces of the Philippines Mutual Benefit Association Inc. (AFPMBAI) contributed 26.50% of the total amount, followed by Public Safety Mutual Benefit Fund (PSMBF) with 21.34%, Manila Teachers Mutual Aid System, Inc. (MTMAS) with 15.21%, Card Mutual Benefit

Association Inc. (Card MBAI) with 13.35% and K of C Fraternal Association of the Philippines, Inc. (KC) with 7.94%.

With a lower 8.38% increase in total liabilities from ₱36.29 billion to ₱39.33 billion this year, the corresponding total members' equity expanded to ₱21.66 billion, up by 15.71% year-on-year from ₱18.72 billion.

Moreover, the guaranty fund which the MBAs can use in paying any valid claims by their members, rose to ₱0.88 billion, slightly up by 2.33% from last year's ₱0.86 billion.

Investments at cost of the MBAs recorded in 2015 amounted to ₱53.13 billion, 6.13% higher than that in 2014. Most of the investments were placed in other loans which stood at ₱19.28 billion and in bonds at ₱16.26 billion, an increase of 18.23% and 14.14%, respectively from those of the previous year. The bulk of the investments were contributed by AFP Mutual Benefit Association of the Phils. Inc. with ₱15.35 billion or 28.90% of the total placements.

The premiums generated by the MBAs likewise improved by 6.83% to ₱6.88 billion this year from ₱6.44 billion last year. The aggregate net income reported by the MBAs as of the year – end amounted to ₱3.11 billion, 16.04% higher than the previous year's ₱2.68 billion.

E. Insurance and Reinsurance Brokers

In 2015, insurance and reinsurance brokers contributed ₱53.27 billion direct premiums to the insurance industry, 9.75% higher than the ₱48.54 billion contribution in 2014. The insurance brokers accounted for 95.41% of the total premiums while the reinsurance brokers shared the remaining 4.59%.

The increase in the premium production can be attributed to the 36.57% 28.78%, 24.60% and 12.21% boost in health, life, engineering and fire business, respectively, which constituted 75.92% of the total premiums produced.

As in the prior years, fire insurance business had the biggest share contributing 28.37% of the total premiums, followed by health with 24.60%, life with 16.39%, motor vehicle with 8.94% and other lines of business accounting for the remaining 21.70%.

Table 19:Brokers' Business Operations, 2015
(₱ millions)

Line of Business	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	8,729.54	1,832.76	0.00	0.00
Fire	14,047.70	1,097.12	1,061.85	63.80
Ocean Marine	777.69	131.47	80.04	1.64
Inland Marine	326.44	64.71	8.39	0.54
Marine Hull	1,055.66	78.48	187.63	18.53
Aviation	1,324.35	46.72	23.58	2.26
Fidelity & Surety	1,129.75	267.78	5.23	0.51
Motor Vehicle	4,736.46	1,116.54	24.64	1.72
Health	13,104.22	1,254.71	0.00	0.00
Accident	650.42	155.72	253.04	15.72
Engineering	2,966.74	237.15	526.45	48.02
Miscellaneous	1,972.54	399.04	274.72	33.28
TOTAL	50,821.51	6,682.20	2,445.57	186.02

As a result of the increased premium production, the commissions earned by the brokers likewise improved by 24.40% from ₱5.52 billion last year to ₱6.87 billion this year.

III. PRE-NEED INDUSTRY

**Table 20: Pre-Need Companies' Key Statistics
2014-2015**

PARTICULARS	2015	2014	% Increase (Decrease)
	(₱ billions)		
Assets	115.61	107.00	8.05
Liabilities	99.25	88.51	12.13
Net worth	16.36	18.49	(11.52)
Paid-up capital	3.88	3.03	28.05
Trust Fund	98.52	94.96	3.75
Pre-Need Reserves	93.04	84.13	10.59
Investments	103.87	96.11	8.07
Premiums	16.27	13.29	22.42
Net Income	1.46	2.00	(27.00)
No. of Licensed Pre-need Companies	17	14	21.43
No. Plans Sold	694,159	674,149	2.97
Life	671,564	650,373	3.26
Pension	21,680	22,445	(3.41)
Education	915	1,331	(31.25)

The total reported assets of seventeen (17) pre-need companies rose to ₱115.61 billion in 2015, up by 8.05% from ₱107.00 billion in 2014. Philplans First, Inc., St. Peter Life Plan, Inc. and Manulife Financial Plans, Inc. contributed 72.38% of the total assets or ₱83.68 billion and the remaining pre-need companies accounted for 27.62% or ₱31.93 billion. Moreover, investments in Trust Fund which accounted for 85.22% of the total assets grew by 3.75% year-on year from ₱94.96 billion to ₱98.52 billion.

Total liabilities of the industry went up to ₱99.25 billion, up by 12.13% from the prior year's ₱88.51 billion. This was attributed to the 10.59% growth in Pre-Need Reserves which comprised 93.74% of the total liabilities.

The industry's networth dropped by 11.52%, from ₱18.49 billion to ₱16.36 billion. The drop was due to the 38.85% decrease in Retained Earnings on Trust Fund, from ₱19.82 billion to ₱12.12 billion.

On the other hand, the total investments of the pre-need industry was valued at ₱103.87 billion, an 8.05% increase from the prior year's ₱96.11 billion. The increase was attributed to the 75.29%, 20.39% and

11.99% improvement in real estate, bonds and stocks, respectively, which comprised 82.90% of the total investments.

Although premium production expanded by 22.42%, from ₱13.29 billion in 2011 to ₱16.27 billion in 2015, the net income contracted by 27.00%, from ₱2.00 billion to ₱1.46 billion. This was brought about by the 152.81% increase in taxes.

The pre-need companies sold a total of 694,159 plans, some 2.97% higher than that of the prior year, mainly due to the 3.26% increase in the memorial life business.

IV. GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)

The GSIS, the social security agency of the government, reported total assets of ₱958.38 billion for both its life and non-life units, an increment of 4.71% from the previous year's ₱915.28 billion. Assets for life business accounted for 96.51% or ₱924.89 billion of the total amount.

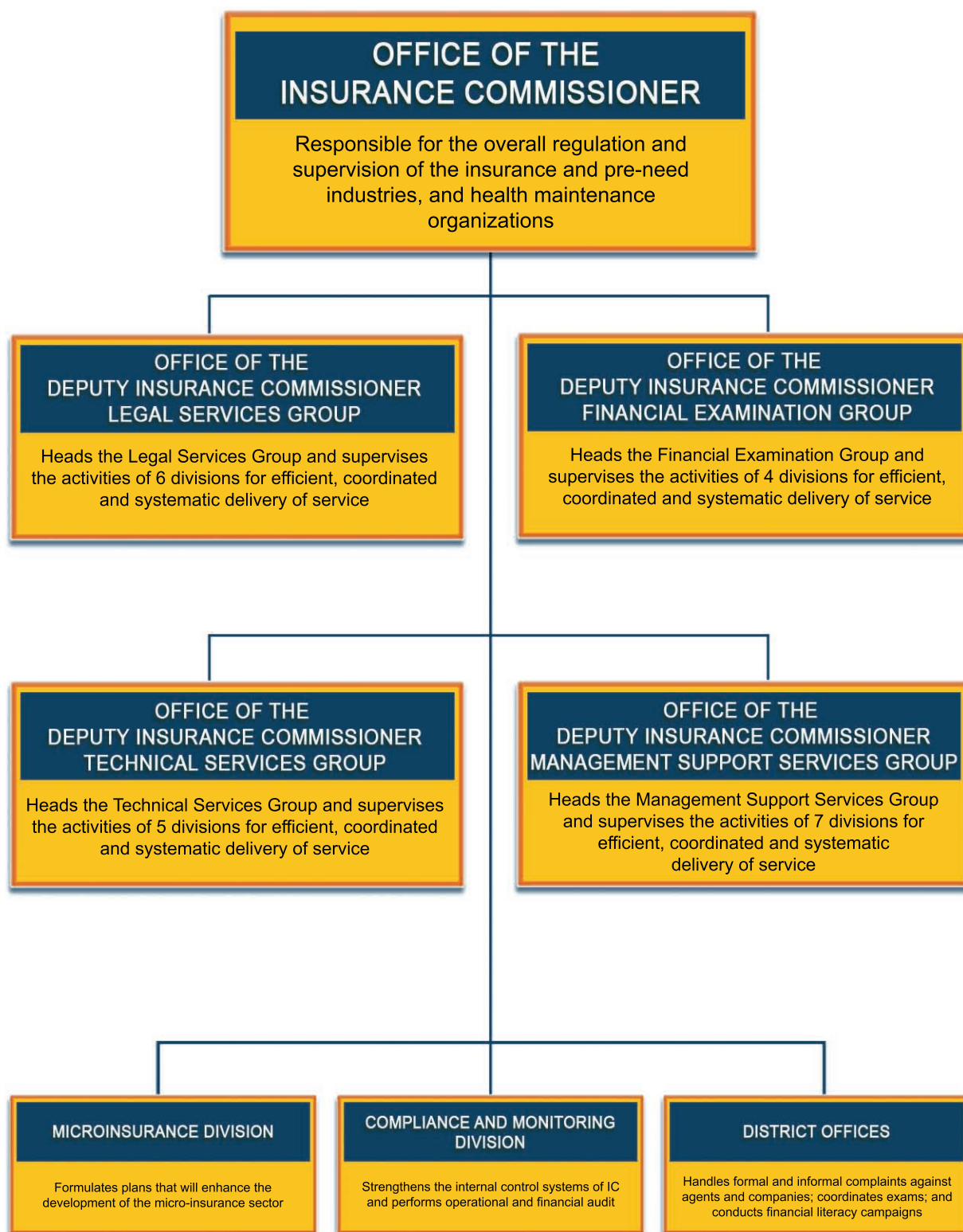
Of these assets, 94.53% or ₱906.00 billion was placed in various investments, 7.09% higher than the placements made last year.

Corresponding net worth amounted to ₱65.60 billion, a decrease of 23.17% compared to last year's ₱85.38 billion.

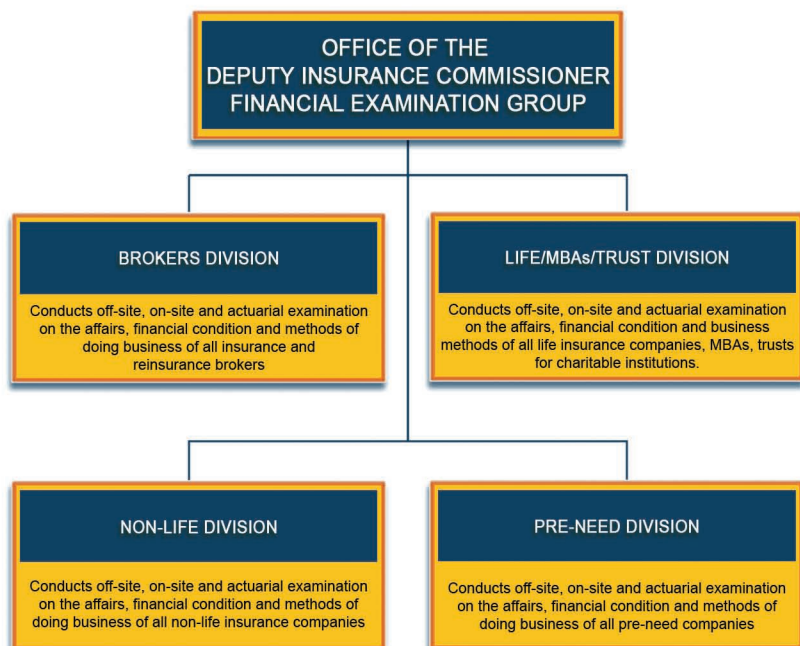
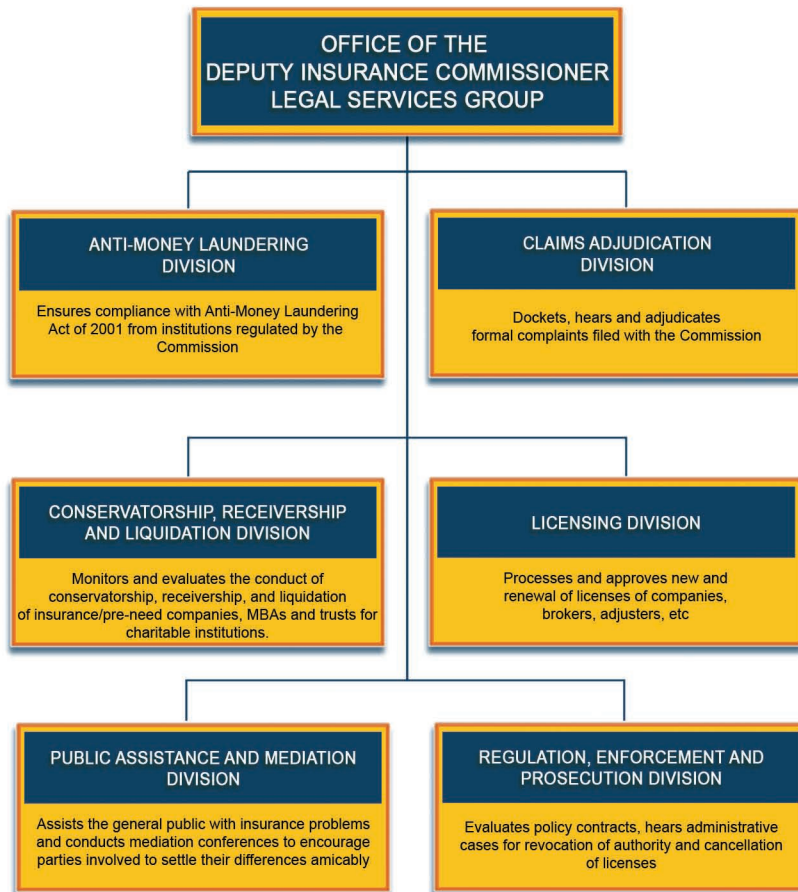
Total premiums generated during the year under review amounted to ₱89.32 billion, up by 9.53% from the previous year's ₱81.55 billion.

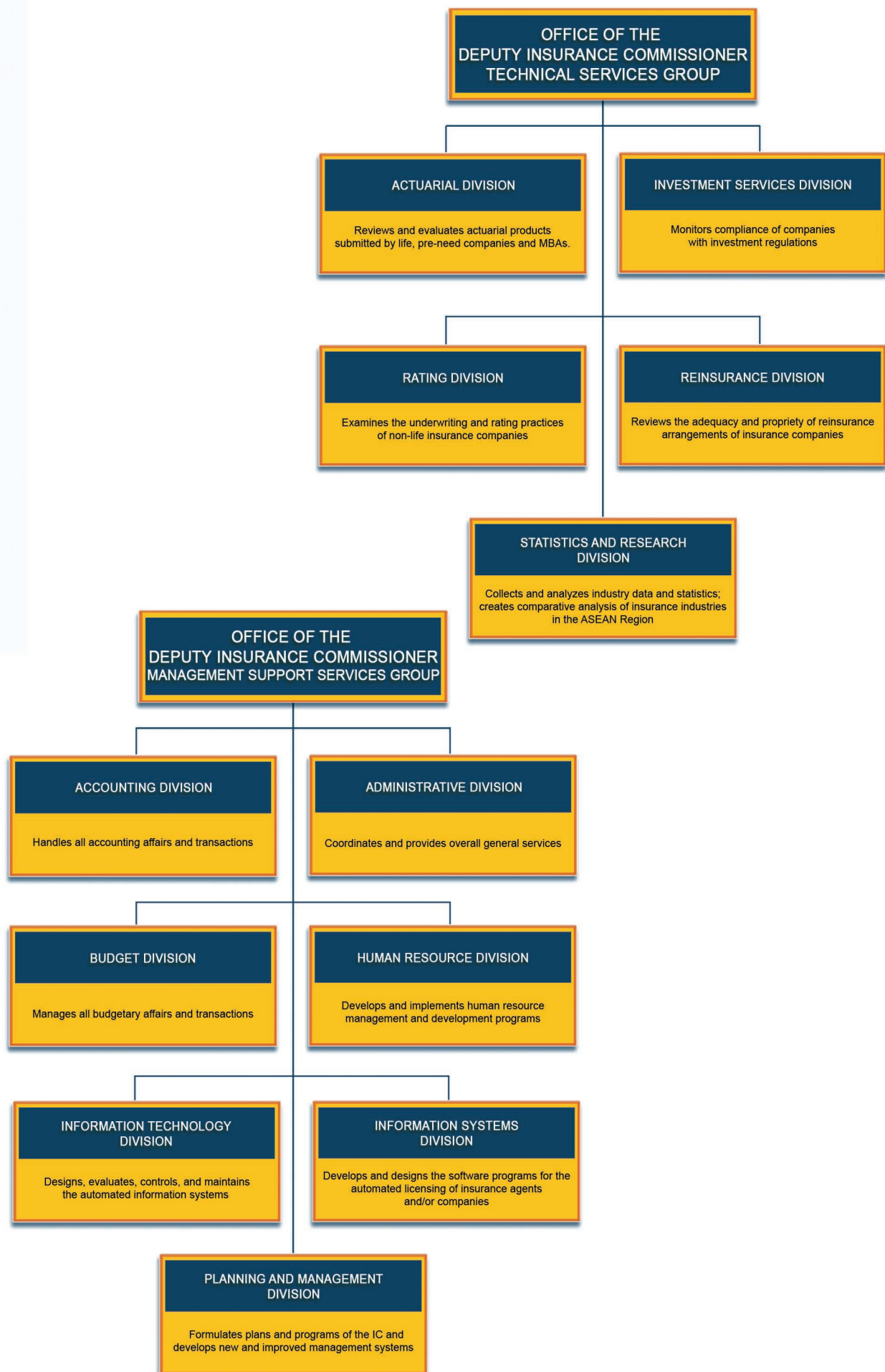
Table 21: Government Service Insurance System Key Insurance Statistics , 2014-2015 (₱ billions)			
PARTICULARS	2015	2014	% Increase(Decrease)
Assets	<u>958.38</u>	<u>915.28</u>	<u>4.71</u>
Life	924.89	877.72	5.38
Non-Life	33.49	37.56	(10.84)
Networth	<u>65.60</u>	<u>85.38</u>	<u>(23.17)</u>
Life	41.70	63.00	(33.81)
Non-Life	23.90	22.38	6.79
Investments	<u>906.00</u>	<u>846.03</u>	<u>7.09</u>
Life	879.19	826.54	6.37
Non-Life	26.81	19.49	37.56
Premiums	<u>89.32</u>	<u>81.55</u>	<u>9.53</u>
Life	86.25	80.26	7.46
Non-Life	3.07	1.54	99.35

FUNCTIONAL CHART



Note: Deputy Insurance Commissioners for Legal Services Group and Technical Services Group have yet to be appointed.





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MANDATE

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

VISION

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

MISSION

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

SHARED CORE VALUES

Integrity
Commitment
Responsibility

QUALITY POLICY

We, the Insurance Commission, commit to provide quality regulatory services to protect the 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.

“Alleviating Poverty through Inclusive Insurance Protection”

