



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
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## **PRESS RELEASE**

**12 November 2021**

### **PRE-NEED FIRMS' NET WORTH INCREASE IN 1Q 2021 NOTWITHSTANDING NET LOSSES**

Based on the unaudited interim financial statements submitted by eleven (11) pre-need companies, said companies' aggregate Net Worth increased by 44.14% year-on-year, from ₱10.78 billion as of the quarter ending 31 March 2020 ("1Q 2020") to ₱15.54 billion as of the quarter ending 31 March 2021 ("1Q 2021").

This is notwithstanding a staggering Net Loss of ₱1.15 billion for the entire industry in 1Q 2021, compared to the previous year's Net Income of ₱0.22 billion in 1Q 2020, a 618.06% contraction year-on-year.

"It should first be highlighted that the industry performance figures for 1Q 2021 were obtained from eleven (11) pre-need firms. In the same reporting period of the previous year, there were fifteen (15) companies included. Thus, the IC compared the performance of currently licensed companies vis-à-vis their performance during the previous year. This comparison methodology was deemed necessary as there were companies that had material contribution to the pre-need industry's performance but were not included in the current report," explained Insurance Commissioner Dennis Funa.

The 44.14% increase in the industry's total Net Worth was primarily driven by the increase in the industry's Retained Earnings from -₱2.92 billion to ₱1.89 billion. Meanwhile, the substantial Net Losses of the industry was due to the fact that only three (3) out of the eleven (11) firms exhibited Net Income.

Notably, the pre-need industry's Total Assets increased by 13.33% year-on-year, from ₱89.45 billion in 1Q 2020 to ₱101.38 billion in 1Q 2021.

"This increase in Total Assets may be attributed to the increase in the Investments in Trust Fund account from ₱77.91 billion to ₱88.49 billion and Other Investments/Inventories from ₱0.80 billion to ₱5.34 billion, year-on-year," said Commissioner Funa.

During the same period, an increase of 9.11% was also recorded as regards the pre-need firms' Total Liabilities, from ₱78.67 billion in 1Q 2020 to ₱85.83 billion in 1Q 2021.

“This increase in Total Liabilities, on the other hand, may be attributed to the 9.53% increase in Pre-Need Reserves, which consisted 95.79% of the Total Liabilities in 1Q 2021,” Commissioner Funa noted.

The pre-need sector’s Premium Income slightly contracted by 1.06%, from ₱4.81 billion in 1Q 2020 to ₱4.76 billion in 1Q 2021. Apart from the sector’s Premium Income, Trust Fund Income contracted by 414.14% (₱262.37 million in 1Q 2020 to -₱824.19 million in 1Q 2021) during the same period, while Investment Income and Other Income decreased by 177.47% (-₱136.69 million to -₱49.26 million during the same period) and 1.45% (₱282.97 million to ₱287.07 million during the same period), respectively.

Between 1Q 2020 and 1Q 2021, plans sold decreased from 191,868 units to 134,225 units, or by 30.04%. Life plans sold, accounting for 99.65% of the plans sold in 1Q 2021, decreased from 191,195 to 133,861. Pension plans sold decreased from 673 to 364 during the same period. Meanwhile, no educational plans were sold for both 1Q 2020 and 1Q 2021.



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