



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila



**PRESS RELEASE**  
**23 September 2020**

## **INSURERS' TOTAL PRE-COVID-19 PREMIUMS EARNED IN Q1 2020 POST 10.53% INCREASE**

Premiums earned by the insurance industry, composed of all life and non-life insurance companies and mutual benefit associations (MBAs), as of the quarter ending 31 March 2020 ("Q1 2020") increased by 10.53% year-on-year based on the insurers' unaudited quarterly reports.

Notably, the schedule for the submission of the insurance industry's unaudited Quarterly Reports on Selected Financial Statistics ("QRSFS") were extended until 30 June 2020 in accordance with Circular Letter No. 2020-43 and extended again until 31 July 2020 through IC Advisory No. 23-2020 due to the effects of the 2019 Coronavirus Disease ("COVID-19") outbreak.

"Based on the unaudited QRSFS of the insurance industry as of Q1 2020, said industry reported total premiums earned amounting to ₱78.15 billion, which is up by 10.53% from ₱70.71 billion reported as of the end of the first quarter of 2019 ('Q1 2019')," noted Insurance Commissioner Dennis Funa.

Notably, the total premium income generated by the life insurance industry increased by 12.02% from ₱54.4 billion in Q1 2019 to ₱60.9 billion in Q1 2020.

"This can be attributed to the increase in variable life insurance premiums of 15.22%. Despite the decrease in first year variable life insurance premiums of 6.04%, single and renewal premiums posted a significant increase of 25.80% & 18.49%, respectively. Traditional life insurance products also posted an overall increase of 4.28%," Commissioner Funa highlighted.

However, the life insurance sector posted a remarkable decrease of 19.83% or ₱49.9 billion in its total net worth, from ₱251.5 billion in Q1 2019 to ₱201.6 billion in Q1 2020. This can be attributed to the decrease in fluctuation reserves of 80.89% from ₱73.0 billion in Q1 2019 to ₱14.0 billion this Q1 2020. There was also a decline in market value of investments in Q1 2020.

Non-life insurers' aggregate net worth surged by 21.24%, from ₱82.78 billion in Q1 2019 to ₱100.37 billion in Q1 2020. Said industry also registered an increase of 15.68% in total assets, from ₱232.94 billion in Q1 2019 to ₱269.5 billion in Q1 2020. Moreover, the net premiums written ("NPW") of the non-life insurance sector reported an increase of 7.01%, with a total of ₱14.40 billion in the first quarter of 2020 compared to ₱13.46 billion in the same period last year.

“The increase in NPW of the non-life sector is attributable to increases in Fire and Accident Insurance at 59.69% and 18.60%, respectively. Similar with the past reporting periods, Motor Car business still comprised the major share of the NPW with 44.44%, followed by Fire business with 19.88%, and Accident with 9.05% share. These three (3) lines of business accounted for 73.37% of the total NPW for Q1 2020,” Commissioner Funa explained.

The total fund balance and total assets of MBAs likewise grew year-on-year. The MBAs’ total assets posted a 15.41% increase, from ₱91.4 billion in Q1 2019 to ₱105.5 billion in Q1 2020. Said industry’s total fund balance grew from ₱37.1 billion in Q1 2019 to ₱43.3 billion in Q1 2020, translating to a growth of 16.66%.

“Notwithstanding the increase in total fund balance and total assets, the MBAs’ aggregated net surplus reportedly contracted by 28.20% to ₱1,151.19 million from the previous year’s ₱1,603.41 million. This can be attributed to the decrease in the collections and other income coupled with the increases in Operating Expense and Benefit Expense by 23.87% and 4.43%, respectively,” Commissioner Funa said.

The entire insurance industry’s aggregate net worth posted a 7.03% decrease year-on-year from ₱371.39 billion in Q1 2019 to ₱345.27 billion in the same quarter this year.

Nevertheless, insurance density, which is the amount of premium per capita or average spending of each individual on insurance, posted a growth of 9.89%.

“Considering that the National Government implemented the Enhanced Community Quarantine (“ECQ”) in Luzon on 16 March 2020, the stated figures per the insurance industry’s unaudited QRSFS do not yet fully reflect the effects of the COVID-19 pandemic. The Insurance Commission is hopeful that the economic and financial impact of the pandemic in the succeeding reporting quarter will, to a certain degree, be mitigated by the measures in the various COVID-19-related Circular Letters that we have issued,” Commissioner Funa emphasized.



**ATTY. ALWYN FRANZ P. VILLARUEL**

*Media Relations Officer*

afp.villaruel@insurance.gov.ph