



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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**INSURERS' AND MBAs' PREMIUMS EARNED,
NET INCOME, AND BENEFITS PAID
EXHIBIT UPWARD TREND IN Q2 2021**

Based on data gathered from unaudited Quarterly Reports on Selected Financial Statistics (“QRSFS”) submitted by life and non-life insurance companies and mutual benefit associations (“MBAs”) as of the quarter ending 30 June 2021 (“Q2 2021”), said industries’ premiums earned, net income, and benefits paid reported significant growth year-on-year.

“Based on the QRSFS, life and non-life insurers’ and MBAs’ total Premiums Earned increased by 37.50% year-on-year, while their total Net Income and Benefits Paid likewise increased by 29.39% and 46.73%, respectively,” said Insurance Commissioner Dennis B. Funa.

Said three (3) industries’ aggregate Premiums Earned grew from ₱136.10 billion in Q2 2020 to ₱187.13 billion in Q2 2021. Aggregate Net Income likewise increased year-on-year during the same period from ₱19.03 billion to ₱24.63 billion. The three (3) industries’ Benefits Paid substantially increased from ₱44.26 billion in Q2 2020 to ₱64.94 billion in Q2 2021.

The insurers’ and MBAs’ Investments, too, performed very well. Aggregate Investments grew by 12.10% from ₱1.56 trillion in Q2 2020 to ₱1.75 trillion in Q2 2021. Meanwhile, Total Assets also increased by 10.43% year-on-year from ₱1.79 trillion in Q2 2020 to ₱1.98 trillion in Q2 2021.

The Q2 2021 figures were obtained from submissions from 128 out of the 135 licensed insurers and MBAs in Q2 2021.

“The growth of the life and non-life insurers’ and MBAs’ aggregate premiums and contributions earned and their aggregate net income in Q2 2021 are indicative of economic recovery amid the COVID-19 pandemic. Moreover, the year-on-year increase in benefits paid during the same quarter highlighted the responsiveness of our insurers and MBAs to the needs of the insuring public despite the challenges posed by the COVID-19 pandemic,” Commissioner Funa stressed.

Life Insurance Sector

The aggregate assets of the life insurance sector grew 11.20% from ₱1.41 trillion in Q2 2020 to ₱1.57 trillion in Q2 2021.

“This is mainly attributable to a 28.45% increase in ‘Total Segregated Fund Assets’ and ‘Reinsurance Accounts Receivables’ by 22.04%. ‘Segregated Fund Assets’ constituted 51.78% of the industry’s total assets,” Commissioner Funa explained.

“However, the life insurers’ total Net Worth contracted by 19.38%, due to a decrease in ‘Reserve Accounts and Contingency Surplus’, as well as ‘Home Office Inward Remittances’, by 118.91% and 36.45%, respectively. In effect, Liabilities rose by 17.27%,” he added.

Meanwhile, the aggregate paid-up capital of the life insurance sector grew slightly by 2.77% from ₱25.13 billion in Q2 2020 to ₱25.83 billion in Q2 2021.

The total investments of the life insurance sector posted a 12.14% growth year-on-year from ₱1.35 trillion in Q2 2020 to ₱1.51 trillion in Q2 2021. Notably, more than 90% of the sector’s total investments were placed in “Financial Assets at Fair Value through Profit or Loss” and “Available for Sale Financial Assets”.

Also, the life insurance sector generated a remarkable ₱155.17 billion total premium income in Q2 2021 compared to ₱107.98 billion in Q2 2020, which translated to a 43.70% increase.

“Of the total premiums generated, 78.12%, or ₱121.21 billion, was contributed by variable life insurance premiums while the remaining 21.88%, or ₱33.95 billion, was contributed by traditional life insurance premiums. The remarkable increase can be attributed to the good performance of variable life insurance single premiums that posted a 159.82% increase year-on-year, from ₱21.54 billion in Q2 2020 to ₱55.97 billion in Q2 2021. Traditional life insurance premiums, on the other hand, posted a 15.08% growth year-on-year from ₱29.50 billion in Q2 2020 to ₱33.95 billion in Q2 2021. For the same period, single premiums, first year, and renewal premiums for traditional life insurance increased by 13.09%, 26.16%. and 15.28%, respectively,” said Commissioner Funa.

Notably, the life insurance sector’s total Net Income rose by 33.11% year-on-year, from ₱14.30 billion in Q2 2020 to ₱19.03 billion in Q2 2021. This is due to a 35.38% increase in total underwriting income, which, in turn, was attributable to the increase in Premium Income.

Non-Life Insurance Sector

The non-life insurance sector’s Total Assets grew by 5.73% year-on-year, from ₱275.08 billion in Q2 2020 to ₱290.85 billion in Q2 2021. Its Total Liabilities also increased by 2.34%, as the total amount rose from ₱172.64 billion to ₱176.67 billion year-on-year.

Meanwhile, the non-life industry's aggregate Net Worth slightly increased by 11.46% year-on-year, from ₱102.44 billion in Q2 2020 to ₱114.18 billion in Q2 2021.

The non-life insurers' Total Invested Assets likewise increased by 10.47% year-on-year from ₱118.69 billion in Q2 2020 to ₱131.12 billion in Q2 2021.

"This growth is attributed to the 23.98%, 28.76%, and 7.06% increases in the values of Time Deposits, Equity Securities, and Debt Securities (bonds) or Government Securities, respectively. These three (3) accounts comprise 62.94% of Total Investments," noted Commissioner Funa.

Net Premiums Written (NPW) grew 12.55% from ₱22.66 billion in Q2 2020 to ₱25.51 billion in Q2 2021.

"This increase is explained by increases in almost all lines of non-life insurance business, except for Accident, which decreased by 1%, and Aviation, which contracted by a staggering 140.30%. The huge decline in NPW for Aviation is mainly due to the negative NPW of one company, i.e., the company's cessions/retrocessions were greater than direct and assumed business. Nevertheless, consistent with the trend in past reporting periods, Motor Car business still had the highest contribution per line of business, with a 43.51% share in the total NPW and increasing by 4.02% year-on-year from ₱10.67 billion in Q2 2020 to ₱11.10 billion in Q2 2021," explained Commissioner Funa.

Conversely, the non-life insurance industry's Net Income slightly contracted by 0.57%, from ₱3.35 billion in Q2 2020 to ₱3.33 in Q2 2021.

"The decreases in 'Premiums Earned' and 'Other Underwriting Income', coupled with a ₱503.9 million increase in 'General & Administrative Expenses', may account for the slight contraction," Commissioner Funa stated.

Mutual Benefit Associations

"Based on the unaudited QRSFS, almost all performance indicators for MBAs increased year-on-year between Q2 2020 and Q2 2021, except for the industry's total Guaranty Fund, which contracted by 4.21%. The industry's Total Assets, Total Liabilities, Total Fund Balance, Total Investments, Total Contributions / Premiums, Total Benefits Payment / Expenses, and Total Net Surplus grew across the board by 12.37%, 12.20%, 12.62%, 13.63%, 18.41%, 52.01%, and 63.65%, respectively," Commissioner Funa highlighted.

MBAs' aggregate assets grew 12.37% from ₱107.46 billion to ₱120.76 billion between Q2 2020 and Q2 2021.

"The MBA industry's Total Investments amounting to ₱106.99 billion in Q2 2021, which grew 13.63% year-on-year from ₱94.15 billion in Q2 2020, comprised 88.59% of the

industry's Total Assets. As in the previous year of the same quarter, most of the investments were placed in 'Long Term Investments' which stood at ₱45.02 billion and in loans amounting to ₱33.13 billion, increasing year-on-year by 5.17% and 5.72%, respectively," said Commissioner Funa.

Said sector's liabilities are higher by 12.20 % in Q2 2021 at ₱72.28 billion from ₱64.42 billion in Q2 2020 due to increases in 'Liability on Individual Equity Value', 'Claims Payable on Optional Benefit', 'Optional Benefit Reserve', and 'Other Liabilities' by 12.75%, 12.24%, 11.16%, and 15.47%, respectively.

The MBA sector's corresponding Total Fund Balance increased from ₱43.04 billion in Q2 2020 to ₱48.47 billion in Q1 2021. Meanwhile, Premium / Contribution Income amounted to ₱6.46 billion in Q2 2021, from ₱5.45 billion in Q2 2020.

"The sector's aggregated Net Surplus significantly increased by 63.65% year-on-year, from ₱1.38 billion in Q2 2020 to ₱2.26 billion in Q2 2021. This can be explained by the increases in 'Premium Income' and 'Gross Investment Income' by 18.41% and 30.14%, respectively, as 'Operating Expenses' decreased by 37.46%. 'Operating Expenses' decreased notwithstanding the 52.01% increase in 'Benefit Expense'," added Commissioner Funa.



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