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Department of Finance
INSURANCE COMMISSION
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INSURERS' AND MBAs' NET INCOME, PREMIUMS EARNED, AND INVESTMENTS GROW IN Q1 2021

Based on data gathered from the 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 31 March 2021 ("Q1 2021"), said industries' net income, premiums earned, and investments reported significant growth year-on-year.

"Based on the QRSFS, insurers' and MBAs' total net income grew by 45.84% year-on-year, while their total premiums earned and investments likewise increased by 27.81% and 16.52%, respectively," reported Insurance Commissioner Dennis Funa.

Said three (3) industries' aggregate net income grew from ₱8.13 billion in Q1 2020 to ₱11.85 billion in Q1 2021. Aggregate premiums earned likewise increased year-on-year during the same period from ₱78.15 billion to ₱99.89 billion. The three (3) industries' investments performed very well, increasing from ₱1.43 trillion in Q1 2020 to ₱1.67 trillion in Q1 2021.

The insurers' and MBAs' total assets, too, grew by 15.02% from ₱1.65 trillion in Q1 2020 to ₱1.89 trillion in Q1 2021.

"Considering the COVID-19 pandemic, the upward trends in the respective performance indicators of the life and non-life insurance sectors and the MBA sector are very good news not only for such industries but for the Philippine economy as well," Commissioner Funa said.

"In addition to other factors, we feel that three (3) factors contributed to these upward trends. First is the shift towards digitalization or the timely adoption of InsurTech, or insurance technologies. Second, health insurance providers were categorized as health frontliners pursuant to IATF-EID Resolution No. 19, Series of 2020, and the IC's Circular Letter Nos. 2020-33 and subsequent related issuances, which led to such workers of said able to work and deliver health insurance services despite the imposition of community quarantine measures. Third, the IC institutionalized the remote selling of insurance products via videoconferencing technologies through Circular Letter No. 2020-109, which made permanent such remote videoconference selling initiatives that were previously authorized under Circular Letter Nos. 2020-29, 36, 46, 54, and 55," Commissioner Funa added.

Life Insurance Companies

The total accumulated assets of the life insurance sector grew by 17.38% as of Q1 2021, from ₱1.27 trillion as of the quarter ending 31 March 2020 (“Q1 2020”) to ₱1.49 trillion.

“Notably, fifty percent (50%) of the total assets of the life insurance sector reportedly came from segregated fund assets. Consequently, the 35.51% year-on-year increase in the industry’s total segregated fund assets and 19.93% increase in due and uncollected premiums translated in such 17.38% growth in total accumulated assets,” said Commissioner Funa.

Conversely, the sector’s aggregate net worth contracted by 20.38% from ₱201.62 billion as of Q1 2020 to ₱160.53 billion as of Q1 2021, which can be attributed to the 292.40% decrease in reserve accounts and 36.38% decrease in contingency surplus and home office inward remittances.

Meanwhile, the life insurance sector’s paid-up capital slightly increased by 3.20% from ₱25.05 billion in Q1 2020 to ₱25.85 billion in Q1 2021.

In terms of the life sector’s total investments, the same also grew by 17.67% between Q1 2020 and Q1 2021 from ₱1.22 trillion to ₱1.44 trillion.

“This increase is attributable to the 34.38% increase in investments in Financial Assets at Fair Value Through Profit or Loss and the 9.67% increase in investments in Available for Sale Financial Assets, which two (2) investment portfolios comprise ninety (90%) of the life insurance sector’s total investments,” Commissioner Funa explained.

Total premium income generated by the sector reached ₱83.20 billion in Q1 2021, which is up by 36.62% from Q1 2020’s ₱60.89 billion. This remarkable increase can be attributed to the 47.77% increase in variable life insurance premiums earned during the same period. In the meantime, income from single premiums increased by 131.67% and renewal premiums likewise increased by 21.53% during the same period. Traditional life insurance premiums grew by 6.78% between Q1 2020 and Q1 2021, which was brought about by the 9.76% increase in single premiums and 13.10% increase in renewal premiums, respectively.

“The life insurance sector exhibited good performance this Q1 2021 by posting a ₱9.42 billion total net income, which is 38.16% greater than the previous year’s ₱6.82 billion. We also observed that this ₱9.42 billion total net income in Q1 2021 is likewise higher than the pre-pandemic net income during the same quarter of 2019 of ₱9.1 billion. Aside from the increase in premium income between Q1 2020 and Q1 2021, this increase in the total net income is also attributable to the 124.10% increase in capital gains income and 9.71% increase in net investments income, year-on-year, while decreasing the other expenses account by 23.57%” Commissioner Funa noted.

Non-Life Insurance Industry

“Most notably, the non-life insurance industry’s total net income in Q1 2021 grew by a staggering 626.19% to ₱1.19 billion pesos from Q1 2020’s ₱164.2 million. This is also higher than the pre-pandemic figure of ₱1.04 billion in Q1 2019,” reported Commissioner Funa.

For the same period between Q1 2020 and Q1 2021, the sector’s total capital gains grew by 293.38%. Net underwriting gains increased by 10.87% for the same period, which can be attributed to the 20.27% decrease in total underwriting expenses as compared with the 12.21% increase in total underwriting income. Gross investment income also increased year-on-year despite decreases in real estate income earned, interest income earned and other income.

Meanwhile, the non-life sector’s Gross Premiums Written (GPW), Net Premiums Written (NPW) and Premiums Earned (PE) declined year-on-year by 7.95%, 6.22%, and 10.33%, respectively. The Engineering, Casualty, and Health insurance lines, which comprise 19.48% of the total NPW for Q1 2021, showed a significant increase of 102.60%, 28.80%, and 14.70% year-on-year. Meanwhile, the NPW for the other insurance lines exhibited a downward trend.

The non-life industry’s total assets also grew by 5.06% to ₱283.12 billion in Q1 2021 from ₱269.47 billion in Q1 2020, with the industry’s Cash and Invested Assets growing by 5.09% and Other Assets also growing by 53.95%, respectively, year-on-year. The sector’s total investments also grew 8.96% year-on-year from ₱116.78 billion in Q1 2020 to ₱127.24 billion in Q1 2021.

In terms of the non-life insurance industry’s net worth, the same also increased by 7.39% from ₱100.37 million in Q1 2020 to ₱107.78 million in Q1 2021. The industry’s aggregate paid-up capital likewise increased by 15.94% from ₱36.36 billion in Q1 2020 to ₱42.15 billion in Q1 2021.

Mutual Benefit Associations

“Based on the unaudited QRSFS, all performance indicators for MBAs increased year-on-year between Q1 2020 and Q1 2021. The industry’s total assets, total liabilities, total fund balance, total guaranty fund, total investments, total contributions / premiums, total benefits payment / expenses, and total net surplus grew across the board by 11.94%, 13.46%, 9.76%, 1.97%, 10.92%, 11.53%, 37.05%, and 7.16%, respectively,” Commissioner Funa noted.

MBAs’ aggregate assets grew 11.94% from ₱105.46 billion to ₱118.05 billion between Q1 2020 and Q1 2021. 88% of said industry’s assets are invested assets amounting to ₱104.07 billion.

Said sector’s liabilities are higher in Q1 2021 at ₱70.55 billion from ₱62.18 billion in Q1 2020. Meanwhile, the sector’s corresponding total fund balance increased from ₱43.28 billion in Q1 2020 to ₱47.50 billion in Q1 2021.

“The MBAs’ premium / contribution income in Q1 2021 amounted to ₱3.18 billion from ₱2.86 billion in Q1 2020. As in previous years, this constitutes bulk of the MBA sector’s gross revenue. Benefits payment / expenses also increased in Q1 2021 at ₱2.61 billion from ₱1.91 billion in Q1 2020. Despite this, the sector still posted an improvement in net surplus from ₱1.15 billion in Q1 2020 to ₱1.23 billion in Q1 2021,” added Commissioner Funa.



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