



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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PRESS RELEASE
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**PRE-NEED INDUSTRY'S PREMIUM INCOME GROWS
BY 11.51% AS OF 31 DECEMBER 2019 ACCORDING
TO INDUSTRY PERFORMANCE REPORT**

Insurance Commissioner Dennis Funa reported that based on unaudited interim financial statements submitted by fourteen (14) pre-need companies, the pre-need industry's total premium income as of 31 December 2019 ("4Q 2019") grew by 11.51% to ₱22 billion, from ₱19.73 billion as of 31 December 2018 ("4Q 2018").

"This can be attributed to the 18.94% increase in plans sold year-on-year from 778,033 plans as of 4Q 2018 to 925,370 plans as of 4Q 2019. Notably, 914,781 plans out of the 925,370 plans sold as of 4Q 2019, or 98.86% of the plans sold during said period, are life plans," said Commissioner Funa.

Total assets of the pre-need industry increased 3.86% from ₱126.51 billion as of 4Q 2018 to ₱131.39 billion as of 4Q 2019.

Likewise, the industry's aggregate net worth exhibited an upward trend by 4.18% from ₱17.86 billion as of 4Q 2018 to ₱18.61 billion as of 4Q 2019. However, the industry's capital stock decreased by 7.40% from ₱3.94 billion to ₱3.65 billion during the same time interval.

On the other hand, the pre-need industry's total liabilities increased by 3.81% as of 4Q 2019 to ₱112.78 billion from ₱108.64 billion at the close of 2018, according to the same unaudited interim financial statements.

The industry's total reserve liabilities also increased from ₱104.05 billion as of 4Q 2018 to ₱108.65 billion, or a change of 4.42%. From these total reserve liabilities, the industry's combined pre-need reserve as of 4Q 2019 amounted to ₱103.33 billion from ₱99.66 billion as of 4Q 2018, translating to a 3.68% increase. Meanwhile, the industry's payables or benefit obligations jumped by 21.31% year-on-year, from ₱4.39 billion as of 4Q 2018 to ₱5.32 billion as of 4Q 2019.

"This considerable increase in the pre-need industry's liabilities contributed to the net loss that it sustained as of 31 December 2019 amounting to ₱718.6 million. This is in stark contrast with the industry's profit position as of 31 December 2018 with a net income of ₱2.16 billion—a 133% decrease," Commissioner Funa remarked.

On a positive note, the pre-need industry's investment in trust funds increased by 4.59% from ₱112.68 billion as of 4Q 2018 to ₱117.85 billion as of 4Q 2019.

Likewise, the industry's collective retained earnings jumped by 133.20% from ₱4.05 billion pesos as of 4Q 2018 to ₱9.44 billion as of 4Q 2019.

"The figures mentioned from the pre-need companies' unaudited interim financial statements were obtained before the effectivity of the community quarantine due to the 2019 Coronavirus Disease ('COVID-19') pandemic. We in the Commission hope that the economic and financial impact of the pandemic in the succeeding reporting quarter will, to a certain extent, be cushioned by the measures in the various COVID-19-related Circular Letters that we have issued," Commissioner Funa said.



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