

NOTES:

- 1.Statistical Data is sourced from the submitted Annual Statements of regulated entities prior to the verification by the Insurance Commission.
- 2.Discrepancies in some totals may be due to rounding.
- 3.Data on Insured Lives may be overstated as it may include multiple policies of individuals from two or more companies.
- 4.Percent changes are usually based on tables within the Annual Report itself. Higher or lower percent changes may result when using the full figures as submitted.

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COMMISSIONER'S MESSAGE

The year 2020 will go down in history as the year that made the world stop on its track.

Here in the Philippines, 2020 began with a literal bang – Taal Volcano erupted and covered Taal, and its nearby towns, in toxic, gray ash. Within a couple of months, we soon faced one of the greatest challenges of our generation – the COVID-19 Pandemic which threw the world in panicked confusion over a microscopic virus. Then before the year was over, as if our troubles were not enough, our situation was compounded by a series of severe typhoons that ravaged through our provinces, further damaging our badly-battered economy.

Through all the challenges that we faced, I am grateful that our regulated entities continued to perform well, not only by keeping financially healthy, but by delivering benefits to their members and policy/plan holders, no matter the circumstances. After all, this is what we're here for — to offer insurance, pre-need and HMO healthcare services as effective risk-transfer and management tools that our people can count on when contingent events strike.

What had been key to our success? Innovation. The Insurance Commission, as well as the industries we regulate adapted into the world's new operating rhythms. The Commission rolled out several enabling policies to encourage the use of digital technology within our Office, and among our regulated entities, and as a result, we ended 2020 also with a bang – but a positive bang!

For our insurance sector (life and non-life companies and Mutual Benefit Associations), Assets managed to grow by 7.87%, that, is, from Php1.78 Trillion to Php1.92 Trillion. Premiums grew by a modest 2.04% and Investments by 8%. Our HMO sector likewise expanded. Its Assets increased by an impressive 30.06% and its Total Net Income by an even more impressive 466.20%. Even our pre-need sector grew. Its Assets increased by 3.41% and its Total Net Income by a huge 696.67%.

I would also like to mention that based on a survey conducted by the Commission, almost Php4 Billion was collectively paid out by our life, non-life companies, HMO and MBAs as COVID-19 - related benefits by year-end 2020. As I said, in the time of need, our providers delivered.

In the end, we will remember the year 2020 not only as a period of immense challenges, but, through innovation, cooperation, and united prayers, a time of weathering these challenges triumphantly.

Congratulations to our life, non-life, pre-need and HMO companies, the MBAs, all our other regulated entities, and of course, our dedicated IC staff for their unwavering service despite the challenges we faced.

This Annual Report is proof that the efforts have been all worth it.

DENNÍS B. FUNA
Insurance Commissioner



MANDATE

To regulate and supervise the insurance, pre-need, and HMO industries in accordance with the provisions of the Insurance Code, as amended, Pre-Need Code of the Philippines, and Executive Order No. 192 (s. 2015)

VISION

Strong, sustainable and globally competitive regulated entities, as pillars of the economy, to serve every Filipino.

MISSION

We are committed to implement prudent and progressive regulatory and supervisory policies at par with international standards.



The Insurance
Commission upholds the
highest standard of
honesty and transparency
in the fulfillment of its
duties and services



We sustain highest global standards and best practices in regulation and supervision.



In the achievement of its mandate, the Insurance Commission exercises accountability, dedication and drive.

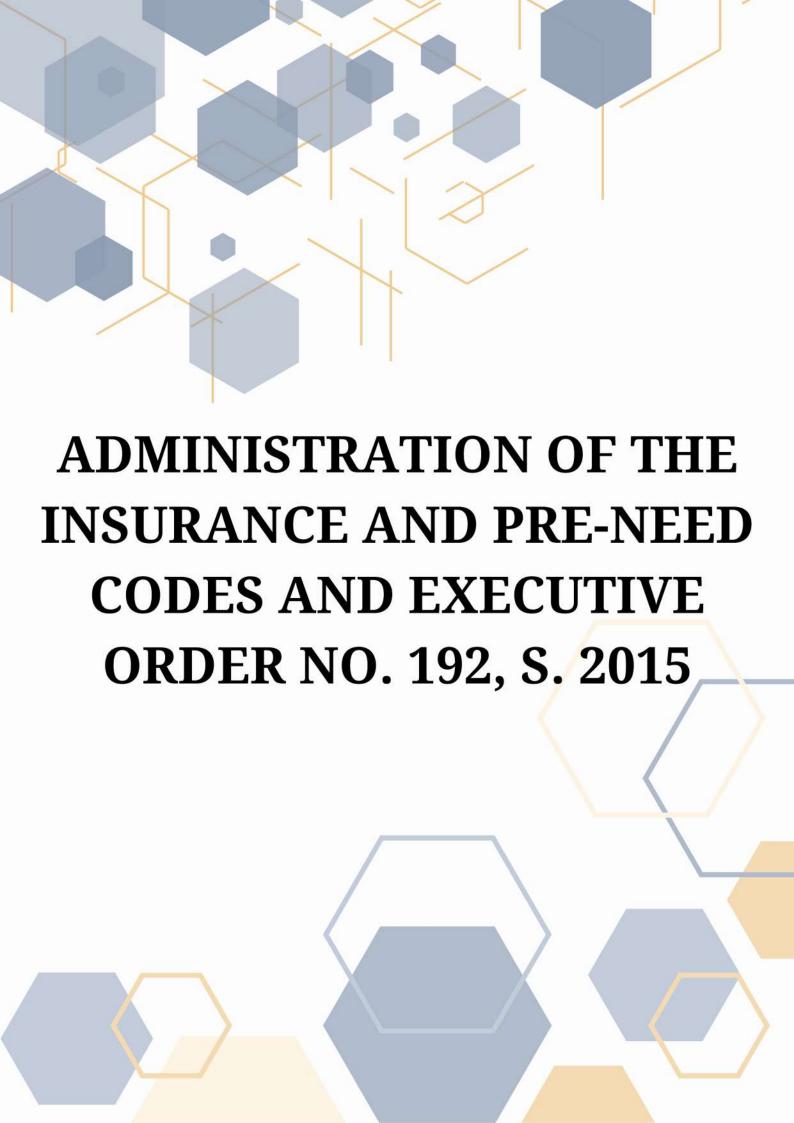
QUALITY POLICY



We, the Insurance Commission, commit to provide quality regulatory services to protect the insurance, pre-need and HMO customers, and to develop and strengthen the insurance, pre-need and HMO industries, and their related services.

To achieve these objectives, we shall:

- Institute sound policies and regulations;
- Keep abreast with trends and developments on standards for effective regulation and supervision;
- Comply with applicable statutory and regulatory requirements;
- Enhance the competencies of our human resources;
- Provide and maintain adequate resources needed for the delivery of quality services; and
- Continually improve our Quality Management System in accordance with ISO 9001.



A. Licensing and Market Structure

To ensure the effective regulation and monitoring of the insurance, pre-need, and health maintenance organizations (HMO) industries, the Insurance Commission issued certificates of authority to qualified entities.

A total of one hundred sixty-five (165) certificates of authority were issued in 2020, to five (5) composite companies, twenty-seven (27) life insurance companies, fifty-four (54) non-life insurance companies, one (1) professional reinsurer, thirty-six (36) mutual benefit associations (MBAs), thirteen (13) pre-need companies, and twenty-nine (29) HMOs. Further, there were ten (10) servicing companies identified – eight (8) insurance companies and two (2) pre-need companies.

Table 1. Insurance Companies, Mutual Benefit Associations, Pre-Need Companies, and Health Maintenance Organizations Authorized to Transact Business in the Philippines, 2020

Classification of Companies	Direct Insurers			Prof.	TOTAL	
	Composite	Life	Non-Life	Reinsurer	TOTAL	
A. Domestic	3	17	43	1	64	
B. Foreign ^a	2	10	11	0	23	
C. Servicing	0	1	7	0	8	
Total Insurance Companies	5	28	61	1	95	
II. Mutual Benefit Assoc	iations					
A. Microinsurance MBAs						
B. Regular MBAs						
Total Mutual Benefit Associations						
III. Pre-Need Companies	3					
A. Domestic						
B. Servicing						
IV. Health Maintenance	Organizations					
A. Domestic						
Total Regulated Entities with Certificate of Authority					165	

With more than 50% foreign participation

It may be noted that there was a decrease in the number of certificates issued from one hundred sixty-eight (168) certificates in 2019 to the current one hundred sixty-five (165). Meanwhile, there were two (2) additional insurance companies licensed under servicing in 2020, from only six in 2019.

Singapore Life (Philippines), Inc. was identified as a new player in the life insurance sector. The non-life insurance companies – Bankers Assurance Corporation and The First Nationwide Assurance Corporation, were acquired by Malayan Insurance Company, Inc. Meanwhile, Solid Guaranty, Inc. and Sun Life Assurance Company of Canada were issued servicing licenses in 2020. For the MBAs, Lakan Mutual Benefit Association, Inc. was issued a certificate of authority as a new MBA while New Life Memorial Plan was the new entrant for the pre-need industry for 2020.

b 1 MBA under Conservatorship, Receivership and Liquidation Division

ed includes I company with pending license as of preparation of Annual Report

From thirty-two (32) companies in 2019, there were only twenty-nine (29) HMOs with active license in 2020. The licenses of Fortune Medicare, Inc., Marzan Health Care, Inc., and Ultima Health System, Inc. were not renewed for the year.

The Commission also issued licenses and accreditations to different intermediaries and technical support individuals/entities to aid the insurers, pre-need providers and HMOs in the conduct of their businesses.

Table 2. Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals/Entities, 2019 to 2020

INTERMEDIARIES	2019	2020	% Increase/ (Decrease)
Ordinary Agents	76,969	108,729	41.26
Life	66,382	96,294	45.06
Non-Life	10,522	12,366	17.53
Microinsurance	65	67	3.08
General Agents	152	158	3.95
Life	47	54	14.89
Variable	10	13	30.00
Non-Life	95	93	(2.11)
Variable Life Agents	79,515	112,096	40.97
Brokers	87	86	(1.15)
Insurance	67	66	(1.49)
Reinsurance	20	20	0.00
Pre-Need Sales Counselors	14,199	17,378	22.39
TECHNICAL SUPPORT			
Non-Life Company Underwriters	408	350	(14.22)
Resident Agents	74	76	2.70
Insurance Actuaries	45	44	(2.22)
Life/Non-Life Actuaries	7	6	(14.29)
Life Insurance Actuaries	30	33	10.00
Non-Life Insurance Actuaries	8	5	(37.50)
Pre-Need Actuaries	10	9	(10.00)
HMO Actuaries	14	10	(28.57)
Public Adjusters	1	1	0.00
Independent Adjusters	43	42	(2.33)

B. Financial Surveillance

The Insurance Commission conducts examinations of its regulated entities regarding their financial condition, methods of doing business and compliance with laws, rules, and regulations. The mobility restriction enforced by the Philippine government because of the COVID-19 pandemic necessitated adjustments in how the Commission conducted its usual supervisory and regulatory activities. Utilizing information technology, the Commission conducted examinations of seventy-seven (77) insurance companies, twenty-five (25) MBAs, nineteen (19) pre-need companies, eight (8) HMOs, and sixty-nine (69) insurance and/or reinsurance brokers to ensure their solvency and financial soundness to serve their clients and stakeholders.

Apart from the annual examination of the companies, the Commission also monitors the insurance companies on a quarterly basis to ensure compliance with the Risk-Based Capital (RBC) Ratios and minimum Net Worth requirements following the implementation of the new Financial Reporting Framework, New Valuation Standards, Amended Risk-Based Capital (RBC2) Framework in 2017, and status reports relative to the implementation of IFRS 17 Insurance Contracts.

In 2020, a total of twenty-seven (27) Synopses of the Annual Statements were approved by the Commission consisting of sixteen (16) from life insurance companies and MBAs and eleven (11) from pre-need companies. The Commission has also approved thirty-six (36) Annual Statements from insurance companies.

Further, the Commission was able to monitor and evaluate a total of ninety-six (96) trust funds during the year, in compliance with the Pre-Need Code and pertinent Circular Letters.

C. Tariff Compliance Monitoring

The Insurance Commission also monitors and evaluates the compliance of the non-life insurance companies to pertinent rules and regulations of the Commission, particularly to tariff premium rates applied on motor car policies, fire policies, and bonds issued in favor of the government. The Commission issued Circular Letter No. 2019–73 in December 2019 on "Submission of Annual Report on the Fire and Motor Car Policies and Bonds Issued" allowing for a more comprehensive monitoring and evaluation of tariff compliance by the non-life insurance companies.

In 2020, the Commission was able to identify three hundred ninety-eight (398) breaches of tariff rates and other violations, resulting in a total of ₱10.06 million in penalties.

D. Public Assistance, Claims and Adjudication

The Commission addressed nine hundred fifty-six (956) formal and informal complaints filed through its Main Office, Cebu, and Davao District Offices against regulated entities and/or requests for mediation regarding insurance, pre-need and HMO matters in 2020. Thirty-five (35) of these are formal cases filed before the Commission, which were decided, resolved, or closed, while nine hundred twenty-one (921) were settled through mediation and conciliation. This is a significant drop from the 2019 figures of four thousand one hundred seventy-one (4,171) complaints. The decrease is primarily due to the lockdowns, mobility restrictions and temporary suspension of IC offices brought about by the COVID-19 pandemic.

The Commission utilized videoconferencing in the arbitration of cases, conduct of mediation/conciliation conferences and other alternative dispute resolution proceedings between claimants and regulated entities to counter the impact of the pandemic in performing its public service.

E. Conservatorship/Receivership/Liquidation

For the period under review, there were thirty-nine (39) life and non-life insurance companies, three (3) MBAs, eight (8) servicing insurance companies, and thirty (30) preneed companies under conservatorship, receivership, and liquidation (CRL) for the purpose of safeguarding, managing, and monitoring their remaining assets.

Entities placed under CRL may be in the process of "run-off" or closure, may be unable to make good its capital impairment and solvency deficiency, or may have been issued by the Commission with a "Cease and Desist Order' on their business operations.

For 2020, one (1) insurance company and two (2) pre-need companies were placed under CRL – Empire Insurance Company, Holy Gardens Memorial Plans, Inc., and PrimeCare Kaagapay Life Plan, Inc.

F. Security Deposits/Guaranty Fund/Security Fund

For 2020, the total security deposits and security fund of licensed insurance companies, including servicing companies reached \$23.12 billion, 36.40% higher than the \$16.95 previous year. The non-life insurance companies including the professional reinsurer posted the highest contribution with 62.46% of the total security funds and security deposits.

The total guaranty fund deposited of the MBAs in 2020 was ₱1.14 billion.

As prescribed by Circular Letter No. 2019-74 and pursuant to Executive Order 192 S.2015 of the President of the Philippines, security deposits of HMO industry for 2020 was calculated at \$0.70 billion.

Overall, a total of \$24.96 billion of security deposits, security fund and guaranty fund of licensed entities is being administered by the Insurance Commission and deposited under the custody of the Bureau of Treasury. These shall serve as payment to allowed/valid claims against these entities in case of insolvency of the said companies or associations.

G. Policies (Plans)/Bond Forms/Reinsurance Treaties

The Commission upholds its function to review and approve all life and non-life insurance products, and pre-need and HMO plans before sale to prospective clients. Given this, the Commission has evaluated and approved two hundred thirteen (213) products/plans and one thousand three hundred sixty-two (1,362) contract/endorsement forms in 2020. Approved plans consist of one hundred twenty-one (121) life insurance, sixty-eight (68) non-life insurance, eleven (11) microinsurance, and thirteen (13) HMO products.

Further, the Commission evaluates and approves/duly notes reinsurance treaties and facultative placements abroad to make sure that the Agreements entered into by the regulated entities are in accordance with the Amended Insurance Code. In 2020, the Commission evaluated and approved/duly noted one hundred fifty-three (153) particulars/reinsurance treaties and one thousand three hundred ten (1,310) facultative placements abroad.

H. Regulatory Updates

The Commission has released a total of one hundred thirteen (113) Circular Letters in 2020, the highest number of circular letters issued in a year, as part of its mandate of regulating and monitoring the insurance, pre-need, and HMO industries, ensuring sustainability of its regulated entities, and providing protection to stakeholders and consumers.

Starting March 2020, the onset of the COVID-19 pandemic, the Commission has issued Circular Letters on the guidelines on the conduct of business of the regulated entities during the Community Quarantine, including the management of COVID-19 related claims. These are in reference to the resolutions/guidelines issued by the Philippine Government's Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID).

Likewise, the Commission launched its IC Online Submission Portals for the submission of reportorial requirements that will ensure safety among stakeholders and its personnel.

Further, the Commission provided numerous regulatory relief such as extension of deadlines for submission of reportorial requirements, and ease on imposition of penalties for delayed submission. Circular Letter No. 2020–21 was issued by the Commission to hold the implementation of the minimum net worth requirement for all life and non-life insurance companies of \$\mathbb{P}900\$ million and minimum capital investment requirements set by Section 194 of the Amended Insurance Code and Circular Letter No. 2015–02–A.

The following are the major Circular Letters issued:

 CL No. 2020-01 issued on 24 January 2020 – Revised Guidelines on the Issuance of Certifications under R.A. No. 9184 and the Adoption of the Insurance Commission Electronic Application and Certification System (IC e-ACS) for the Implementation Thereof

Informs all concerned regulated entities of the adoption of the Insurance Commission Electronic Application and Certification System (IC e-ACS) for issuance of certifications for surety bonds/CARI policy of non-life insurance companies.

 CL No. 2020-02 issued on 07 February 2020 - Reference for Valuation of Publicly Listed Equities and the Foreign Currencies Exchange Rates as of Year-End 2019

Informs all concerned regulated entities of the reference on foreign currencies exchange rates using the close rates published by the Bangko Sentral ng Pilipinas (BSP), and the valuation of publicly listed equities as published by the Philippine Stock Exchange (PSE).

 CL No. 2020-03 issued on 07 February 2020 – Guidelines for the Monitoring of the Performance of the Microinsurance Providers in Accordance with Circular Letter No. 2016-63

Prescribes the guidelines for performance monitoring of microinsurance providers through SEGURO Framework, known as Enhanced Performance Indicators and Standards for Microinsurance.

• CL No. 2020-07 issued on 24 February 2020 - Revised Annual Statement Template

Revises the annual statement template for life and composite insurance companies as part of implementation of new Financial Reporting Framework, Valuation Standards for Life Insurance Policy Reserves and Amended Risk-Based Capital Framework.

 CL No. 2020-08 issued on 24 February 2020 – Insurance Commission Anti-Money Laundering and Counter-Terrorism Financing Risk Rating System for Insurance Commission Regulated Entities

Informs all concerned regulated entities the Insurance Commission Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Risk Rating System for Insurance Commission Regulated Entities (ICREs) as part of the implementing rules and regulation of Republic Act No. 9160 or "Anti-Money Laundering Act of 2001, As Amended", and Republic Act No. 10168 or "The Terrorism Financing Prevention and Suppression Act."

 CL No. 2020-09 issued on 03 March 2020 - Institutionalizing Selected Quarterly Financial Statistics for Non-Life

Informs all concerned regulated non-life insurance entities of providing quarterly financial statistics to the Insurance Commission for computation of the Non-Life Insurance Industry Performance.

 CL No. 2020-11 issued on 10 March 2020 – Dissemination of Guidelines on Digitization of Customer Records (DIGICUR)

Informs all concerned regulated entities of the guidelines on implementing the Digitization of Customer Records (DIGICUR), including timeline of implementation of the said program.

 CL No. 2020-12 issued on 16 March 2020 – Guidelines Governing the Conduct of Business in the Insurance Commission During the Community Quarantine Period

Prescribes the guidelines on conduct of business in the Insurance Commission as result of implementation of "Community Quarantine" in the National Capital Region (NCR) and suspension of work in the Executive Branch within the Quarantine Period.

 CL No. 2020-13 issued on 16 March 2020 - Guidelines Strengthening COVID-19 Coronavirus-Related Claims Management Policies

Prescribes the guidelines on strengthening of COVID-19 Coronavirus-Related Claims Management Policies of all concerned regulated entities of the Commission.

 CL No. 2020-15 issued on 17 March 2020 - Filing of 2019 Annual Statement for Life Insurance Companies and Life Units of Composite Insurance Companies

Informs all concerned regulated life insurance entities of submission of 2019 Annual Statement on or before 30 April 2020, along with the pro-forma and guidelines for submission.

CL No. 2020-17 issued on 17 March 2020 - Revised Annual Statement Template

Revises the annual statement template for Mutual Benefits Associations (MBAs) based on the revised Standard Chart of Accounts for MBAs under Circular Letter No. 2014–21 dated 25 September 2014.

 CL No. 2020-18 issued on 23 March 2020 – Guidelines Regarding the Extension of Grace Period of All Insurance, Pre-Need and HMO Policies/Plans/ Agreements due to COVID-19 Coronavirus Outbreak in the Philippines

Prescribes guidelines on the extension of grace period on payment of premiums/contributions, installment amounts and membership fees on all insurance, pre-need and HMO policies/plans/agreements as result of implementation of "Community Quarantine" in the National Capital Region (NCR) and suspension of work in the Executive Branch within the Quarantine Period.

 CL No. 2020-19 issued on 23 March 2020 – Guidelines Governing Initiatives of Life Insurance Companies to Grant Additional Benefits or Free Insurance Coverage to Customers Affected by COVID-19 Coronavirus Outbreak

Prescribes guidelines on initiatives of life insurance companies to grant additional benefits or free insurance coverage to customers affected by the COVID-19 outbreak as result of declaration by the World Health Oganization of COVID-19 as pandemic.

 CL No. 2020-21 issued on 24 March 2020 - Compliance with the P900 Million Minimum Net Worth and Minimum Capital Investment Requirements as of 31 December 2019

Prescribes the minimum net worth requirement as of 31 December 2019 of all life and non-life insurance companies as result of declaration of State of Public Health Emergency throughout the Philippines due to COVID-19, and implementation of Community Quarantine in the National Capital Region (NCR) and suspension of work in the Executive Branch within the Quarantine Period.

 CL No. 2020-24 issued on 25 March 2020 - A Call for Responsive Action on the Coverage of COVID-19 Coronavirus-Related Conditions in Health Insurance Policies and HMO Agreements

Encourages all insurance companies, MBAs and HMOs to extend coverage of their health insurance policies and HMO agreements to customers infected with COVID-19 or any other related conditions as result of declaration of State of Public Health Emergency throughout the Philippines due to COVID-19.

 CL No. 2020-25 issued on 25 March 2020 - Guidelines on the Issurance of Extensions of Coverage or Hold Cover in Insurance Policies, Pre-Need Plans and Agreements due to COVID-19 Pandemic in the Philippines

Prescribes the guidelines on the issuance of extensions of coverage or issuance of hold cover for all insurance policies or HMO agreements including basic terms and conditions of extended or temporary cover and its effectivity as result of declaration of State of Public Health Emergency throughout the Philippines due to COVID-19, and implementation of Community Quarantine in Luzon.

 CL No. 2020-28 issued on 27 March 2020 – A Call to Provide Relief and Assistance Programs to Aid Sales Agents that earn on Commission Basis during this COVID-19 Pandemic

Encourages all concerned regulated entities to provide relief and assistance programs to aid their respective sales agents that earn on commission basis for the duration of the COVID-19 coronavirus emergency as result of declaration by the World Health Organization of COVID-19 outbreak as pandemic.

 CL No. 2020-29 issued on 30 March 2020 – Guidelines Governing Initiatives of Life Insurance Companies to Sell Life Insurance Products to the Public during the Enhanced Community Quarantine ("ECQ") Period due to the COVID-19 Pandemic

Informs all concerned life insurance companies of the guidelines on allowing launch of sales initiatives during the Enhanced Community Quarantine Period, as result of declaration of State of Public Health Emergency and Calamity in the Philippines due to COVID-19 outbreak.

 CL No. 2020-30 issued on 30 March 2020 - Clarification as regards Section 5 of Circular Letter No. 2020-12 on Suspension of Automatic Approvals of Transactions and/or Applications or Requests for Services

Informs all concerned regulated entities that the Section 5 of Circular Letter 2020-12 shall not be construed as suspending the expeditious approval of products, as so provided in existing circulars.

• CL No. 2020-32 issued on 06 April 2020 - Submission of Reportorial Requirements

Informs all concerned regulated entities of acceptance of submission of reportorial requirements such as Negative List of Officers and Employees, Quarterly Reports on Selected Financial Statistics (QRSFS), Related Party Transactions (RPT), Statement of Paid-Up Capital, Reserves adn Investments (SPUCRI), Audited Annual Report for the Compilation of the Other Financial Corporation Survey (OFCS), and Report on Compulsary Insurance for Agency-Hired Migrant Workers until 01 June 2020 without imposing penalties for late submission, as result of declaration of State of Public Health Emergency throughout the Philippines due to COVID-19.

 CL No. 2020-33 issued on 07 April 2020 - Declaration of HMOs and Health Insurance Companies as Health Frontline Services and Exempting them from the Enhanced Community Quarantine (ECQ)

Declares all concerned HMOs and health insurance companies as part of health frontline services and may be exempted from the implementation of the Enhanced Community Quarantine (ECQ), pursuant to the IATF-EID Resolution No. 19 Series of 2020 dated 3 April 2020.

 CL No. 2020-36 issued on 07 April 2020 – Guidelines Governing Initiatives of Non-Life Insurance Companies to Sell Non-Life Insurance Products to the Public during the Enhanced Community Quarantine ("ECQ") Period due to the COVID-19 Pandemic

Informs all concerned non-life insurance companies of the guidelines on allowing launch of sales initiatives during the Enhanced Community Quarantine Period, as result of declaration of State of Public Health Emergency and Calamity in the Philippines due to COVID-19 outbreak.

 CL No. 2020-37 issued on 07 April 2020 - Relaxation of Customer Identification Documents during Enhanced Community Quarantine (ECQ) due to COVID-19 Pandemic

Informs all concerned regulated entities of relaxation of Customer Identification Document requirements during the Enhanced Community Quarantine (ECQ), except whenever there is suspicion of money laundering or terrorism financing (ML/TD) or where specific higher risk scenarios apply, as result of declaration of State of Public Health Emergency throughout the Philippines due to COVID-19, and implementation of Community Quarantine in Luzon.

 CL No. 2020-40 issued on 09 April 2020 – Implementing Guidelines Governing the Exemption of Health Insurance Providers and HMOs Personnel in the Implementation of the Enhanced Community Quarantine (ECQ) as directed under IATF Resolution No. 19

Prescribes guidelines on exemption of health insurance providers and HMOs personnel in the implementation of ECQ as directed under IATF Resolution No. 19, which supplements Circular Letter No. 2020–33 dated 7 April 2020.

 CL No. 2020-41 issued on 15 April 2020 – Clarification as regards Section 5 of Circular Letter No. 2020-12 on Suspension of Automatic Approvals of Transactions and/or Applications or Requests for Services

Informs all concerned regulated entities that the CL No. 2020–30 shall be repealed and the Section 5 of CL No. 2020–12 shall be implemented, including guidelines.

 CL No. 2020-42 issued on 16 April 2020 – Waiver of Notarization Requirement and Use of Electronic Signature on Applications for Issuance of Insurance Agent's License during the Enhanced Community Quarantine (ECQ)

Prescribed waiving notarization requirement and use of electronic signature on application for issuance of insurance agent's license, and resubmission of applications with notarization requirement and handwritten authorized signatures ten (10) days after ECQ.

 CL No. 2020-43 issued on 17 April 2020 – Extension of Periods for Filing and Submission of Various Regulatory Documentary Requirements by Reason of the Extension of the Enhanced Community Quarantine ("ECQ") Period until 30 April 2020

Informs all concerned regulated entities of acceptance of submission of various regulatory documentary requirements until 30 June 2020 without imposing penalties for late submission, as result of extension of ECQ over Luzon until 30 April 2020.

 CL No. 2020-44 issued on 17 April 2020 – Guidelines on the Electronic Filing of Complaints, Other Pleadings, and/or Motions during the Enhanced Community Quarantine ("ECQ") Period due to the Coronavirus Disease 2019 ("COVID-19") Pandemic

Prescribes the gudelines on the electronic filing of complaints, other pleadings, and/or motions during ECQ period due to COVID-19 pandemic, including format, commencement of actions, and submission of originals of the electronically transmitted documents.

 CL No. 2020-45 issued on 21 April 2020 - Amendments to Circular Letter No 2019-71 Product Oversight and Governance

Amends the Circular Letter No. 2019–71 Product Oversight and Governance on Product Inventory, Transitory Provision, and Sanctions and Penalties.

 CL No. 2020-46 issued on 22 April 2020 - Amendment to Section 1 of Circular Letter No. 2020-29 dated 30 March 2020 on Guidelines Governing Initiatives of Life Insurance Companies to sell Life Insurance Products to the Public during the Enhanced Community Quarantine ("ECQ") Period due to the COVID-19 Pandemic

Amends Section 1 of Circular Letter No. 2020–29 on guidelines governing initiatives of life insurance companies to sell life insurance products to the public during ECQ period due to COVID–19 pandemic on the possible extension of ECQ period or until 30 June 2020, whichever comes later, of launch of sales initiatives.

 CL No. 2020-47 issued on 28 April 2020 – Amended Guidance on the Submission of Quarterly Reports on Financial Reporting Framework (FRF), Risk-Based Capital (RB2) and Insurance Policy Reserve Valuation Standards, and Status Report on IFRS 17

Informs all concerned regulated entities of the submission of FRF, RBC2 and Insurance Policy Reserve Valuation Reports for First Quarter will no longer be required to be submitted, while Second and Third Quarters must be submitted two (2) months after the last day of the Quarter. Meanwhile, submission of status reports on IFRS 17 covering the period of 31 December 2019 shall be extended for a period of forty-five (45) calendar days from the date of the lifting of the ECQ.

 CL No. 2020-49 issued on 29 April 2020 – Dissemination of Anti-Money Laundering Council's Advisories on Submission of CTRs, STRs, and KYC Documents During the ECQ Period

Informs all concerned regulated entities of the Anti-Money Laundering Council's (AMLC) Advisories on submission of covered transaction reports (CTRs), suspicious transaction reports (STRs), and know-your-customers (KYC) documents during the enhanced community quarantine (ECQ) period.

 CL No. 2020-51 issued on 05 May 2020 - Supplemental Guidelines Governing the Exemption of Health Insurance Providers and HMO Personnel in the Implementation of the Enhanced Community Quarantines (ECQ)

Informs all concerned regulated entities of issuance of certification to health insurance providers and HMOs seeking exemption of their skeleton workforce in the implementation of ECQ, which supplements Circular Letters No. 2020–33 and 2020–40.

 CL No. 2020-52 issued on 07 May 2020 – Extension of Period to Upload the Covered Companies' Duly Accomplished ACGS Response Forms to their Respective Websites

Informs all concerned regulated entities of extension for uploading of the covered companies' duly accomplished ASEAN Corporate Governance Scorecard (ACGS) Response Forms until 15 July 2020, as result of declaration of State Public Health Emergency throughout the Philippines due to COVID-19 and implementation of Community Quarantine across NCR for management of spread of COVID-19.

 CL No. 2020-53 issued on 12 May 2020 – Privacy Law Implications of Disclosure of Certain Personal Information to the National Bureau of Investigation ("NBI")

Informs all concerned regulated entities of the implication of disclosure of certain personal information to the National Bureau of Investigation (NBI) in connection to their investigation with government officials for graft and corruption.

 CL No. 2020-54 issued on 14 May 2020 – Extension of Effectivity of Circular Letter No. 2020-36 dated 7 April 2020 on "Guidelines Governing Initiatives of Non-Life Insurance Companies to Sell Non-Life Insurance Products to the Public during the Enhanced Community Quarantine ("ECQ") Period due to the COVID-19 Pandemic"

Informs all concerned non-life insurance companies of the extension on allowing launch of sales initiatives during the Enhanced Community Quarantine Period until 31 December 2020, as result of declaration of State of Public Health Emergency and Calamity in the Philippines due to COVID-19 outbreak.

 CL No. 2020-55 issued on 14 May 2020 – Extension of Effectivity of Circular Letter No. 2020-29 dated 30 March 2020 on "Guidelines Governing Initiatives of Life Insurance Companies to Sell Life Insurance Products to the Public during the Enhanced Community Quarantine ("ECQ") Period due to the COVID-19 Pandemic"

Informs all concerned life insurance companies of the extension on allowing launch of sales initiatives during the Enhanced Community Quarantine Period until 31 December 2020, as result of declaration of State of Public Health Emergency and Calamity in the Philippines due to COVID-19 outbreak.

 CL No. 2020-56 issued on 14 May 2020 - Guidelines on the Issuance of Certification Pursuant to Republic Act (R.A.) No. 9184 during the Period of Community Quarantine

Prescribes the guidelines on the issuance of certification by the Surety Unit during the ongoing community quarantine period due to COVID-19.

 CL No. 2020-57 issued on 14 May 2020 – Operations of Regulated Entities under the Modified Enhanced Community Quarantine (MECQ)

Informs all concerned regulated entities of operations of up to maximum of fifty percent (50%) of workforce on-site during the MECQ period, which supersedes Circular Letters No. 2020-40 and 2020-51.

 CL No. 2020-58 issued on 14 May 2020 – Regulatory Relief on the Admittance of Premiums Receivable due to the COVID-19 Pandemic

Informs all concerned regulated non-life insurance and professional reinsurance companies on adjustment for admitting Premium Receivable account from ninety (90) days to one hundred eighty (180) days from date of issuance of policies, due to COVID-19 pandemic situation in the Philippines.

 CL No. 2020-59 issued on 14 May 2020 – Online Submission of Annual Statements, Audited Financial Statements and Attachments

Informs all concerned regulated entities of submission of their AS, AFS and attachments for the reporting periods starting 2019 onwards through electronic means.

 CL No. 2020-60 issued on 15 May 2020 – Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020

Informs all concerned regulated entities on the relief on quarterly compliance of net worth requirements of ₱ 900,000,000.00 and compliance with Circular Letter No. 2016-68 on Amended Risk-Based Capital (RBC2) Framework with corresponding submission dates.

CL No. 2020-62 issued on 18 May 2020 - Amendment of Sec 1 of CL No. 2018-69;
 Deferral of IFRS 17 Implementation

Amends Section of Circular Letter No. 2018-69 wherein the implementation of IFRS 17 is hereby deferred two (2) years after its effective date as decided by IASB.

 CL No. 2020-63 issued on 18 May 2020 – Regulatory Relief from the Exposure Limit Applied to Financial Assistance Program of Insurance Companies

Informs all concerned regulated entities of regulatory relief from the exposure limit applied to financial assistance program of insurance companies wherein the threshold in granting financial assistance was adjusted from six percent (6%) to twenty percent (20%) of the net worth of the company.

 CL No. 2020-64 issued on 20 May 2020 – Dissemination of the Anti-Money Laundering Council (AMLC) Regulatory Issuance A, B and C No. 1 Series of 2020 on the Amendments to Certain Provisions of the 2018 Implementing Rules and Regulations (IRR) of Republic Act No. 9160, as Amended

Informing all concerned regulated entities of the amendments to certain provisions of the 2018 IRR of Republic Act No. 9160, as Amended through the AMLC Regulatory Issuance A,B and C No. 1 Series of 2020.

 CL No. 2020-65 issued on 20 May 2020 – Insurance Commission's Compliance with National Budget Circular (NBC) No. 580 dated 22 April 2020 Issued by the Department of Budget and Management ("DBM")

Informs all concerned regulated entities and all other stakeholders of the compliance of Insurance Commission to the NBC No. 580 issued by the Department of Budget and Management.

 CL No. 2020-66 issued on 21 May 2020 – Interim Guidelines on the Declaration and/or Distribution of Dividends with the End in View of Conserving Capital Due to the Projected Economic Impact of the COVID-19 Pandemic

Prescribes interim guidelines on declaration and/or distribution of dividends in view of conserving capital due to the projected economic impact of the COVID-19 pandemic, including regulatory measures, prior approval, effect in case of violation, temporary suspension of CL No. 2019-60, and applicability of relevant laws.

 CL No. 2020-67 issued on 21 May 2020 – Dissemination of Anti-Money Laundering Council's Advisories on Submission of CTRs, STRs, and KYC Documents During the MECQ Period until 31 May 2020

Informs all concerned regulated entities of the Anti-Money Laundering Council's (AMLC) Advisories on submission of covered transaction reports (CTRs), suspicious transaction reports (STRs), and know-your-customers (KYC) documents during the modified enhanced community quarantine (MECQ) until 31 May 2020.

 CL No. 2020-68 issued on 22 May 2020 – Further Extension of Period to Comply with Section 29 of CL No. 2019-65 and Submit Duly Accomplished and Certified under Oath AML and CTF Compliance Questionnaire under CL No. 2020-08

Informs all concerned regulated entities of extension of deadlines for regulatory requirement in Circular Letters No. 2019-65 and 2020-08 to 30 July 2020 from 30 June 2020.

 CL No. 2020-69 issued on 11 June 2020 – Guidelines on Issuance of Temporary License to New Insurance Agent During the State of Public Health Emergency Due to the Corona Virus Disease 2019 (COVID-19)

Informs all insurance companies and the general public on the guidelines of issuing temporary license to new insurance agents during the state of public health emergency caused by COVID-19 pandemic.

 CL No. 2020-70 issued on 11 June 2020 – Recognition of Digital Payments as an Integral Part of Insurance Technology (Insurtech), Providing for its Framework, and Encouraging its Adoption in Insurance Transactions

Informs all regulated entities on the guidelines and frameworks issued in recognition of digital payments as an integral part of insurance technology (Insurtech) and encouraging its adoption in insurance transactions.

 CL No. 2020-71 issued on 11 June 2020 – Revised Code of Corporate Governance for Insurance Commission Regulated Companies

Issued to all regulated entities on the adoption and effectivity of Revised Code of Corporate Governance.

 CL No. 2020-73 issued on 14 June 2020 – Guidelines on the Adoption of a Regulatory Sandbox Framework for Insurance Technology (Insurtech) Innovations

Issued to all insurance companies, mutual benefit associations, insurance intermediaries and insurance aggregators the guidelines on the adoption of a Regulatory Sandbox Framework for Insurance Technology (Insurtech) Innovations in their business dealing.

 CL No. 2020-74 issued on 18 June 2020 – Guidelines on the Use of Videoconferencing for the Conduct of Hearings and other Proceedings before the CAD and REPD

Informs all litigants, their respective counsel, and other concerned parties before the Insurance Commission's Clams Adjudication Division (CAD) and Regulation, Enforcement, And Prosecution Division (REPD) the guidelines on the use of videoconferencing in the conduct of legal hearings and proceedings in response to COVID 19 pandemic.

 CL No. 2020-75 issued on 29 June 2020 - Submission of Catastrophe Exposures -Property Insurance Reports (Annex A, Manual for Annex A, Annex B, Manual for Annex B, Annex C, and Annex D)

Informs all non-life insurance companies on the extension of submission of their annual catastrophe reports and the procedures in the on-line submission of encrypted reports in relation to Data Privacy Act of 1992 and the Proclamation No. 922 s.2020 re: Public Health Emergency throughout the Philippines due to Corona Virus Disease 2019 (COVID-19).

 CL No. 2020-76 issued on 30 June 2020 – Online Submission of Requests for Approval of Products/Forms or any other Related Requests (Annex A)

Informs all concerned regulated entities on the online submission of requests for approval of products/forms or any other related requests to minimize contact rate and the risk of transmission/infection of COVID 19.

 CL No. 2020-77 issued on 07 July 2020 – Supplemental Guidelines on Annual Reporting of Business Process Outsourcing (BPO) Activities Under Section 1 of Circular Letter No. 2019-49, as Amended By Section 1 ff Circular Letter No. 2019-54

Promulgates to all insurance and reinsurance companies the supplemental guidelines on annual reporting of business process outsourcing (BPO) activities under the previously issued circulars.

 CL No. 2020-80 issued on 22 July 2020 – Online Uploading of Quarterly Reports on Selected Financial Statistics (QRSFS) (Annex A, Annex B, Annex C, Annex D, and Annex E)

Promulgates to all insurance companies and mutual benefit associations (MBAs) the guidelines on the Online Uploading of Quarterly Reports on Selected Financial Statistics (QRSFS) at par with the Financial Reporting Framework (FRF) under Section 189 of the Amended Insurance Code.

 CL No. 2020-81 issued on 03 August 2020 - Guidelines on the Operations of Regulated Entities Under the Modified Enhanced Community Quarantine (MECQ) Effective August 4 to 18, 2020

Promulgates to all regulated entities the adoption of Guidelines on the Operations of Regulated Entities Under the Modified Enhanced Community Quarantine (MECQ) in the aforementioned date in response to the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("IATF-EID") issued IATF Resolution No. 60-A, series of 2020.

 CL No. 2020-82 issued on 04 August 2020 - Guidelines on Suspension of Reglementary Periods during the Modified Enhanced Community Quarantine (MECQ) Period from 4 to 18 August 2020

Promulgates to all regulated entities the adoption of Guidelines on Suspension of Reglementary Periods in the Insurance Commission during the Modified Enhanced Community Quarantine (MECQ) Period from 4 to 18 August 2020.

 CL No. 2020-84 issued on 10 August 2020 - Off-Site Examination on the Underwriting and Rating Practices of Non-Life Companies (Template A, Template B, Template C, Risk Register Template, Certification Template, and System User Application Form)

Promulgates to all non-life insurance companies on the Commission's adoption of offsite examination on the underwriting and rating practices of non-life insurance companies in response to IATF approved the Omnibus Guidelines on the implementation of the Community Quarantine in the Philippines due to COVID 19 pandemic.

 CL No. 2020-85 issued on 11 August 2020 – Dissemination of Anti-Money Laundering Council's Advisory on CTRS, STRS, and KYC Document Submissions during the MECQ until 18 August 2020

Disseminates to all regulated entities the Anti-Money Laundering Council's Advisory on the submission of covered transaction reports (CTRs), suspicious transaction reports (STRs), and know-your-customer (KYC) documents during the modified enhanced community quarantine (MECO) until 18 August 2020.

 CL No. 2020-86 issued on 27 August 2020 – Guidelines to Protect Persons with Disabilities (PWDs) from any form of Discrimination in the Insurance Industry

Promulgates to all regulated entities offering and selling insurance products the guidelines to protect persons with disabilities (PWDs) from any form of discrimination in the insurance industry in accordance with Republic Act No. 7277, as amended, otherwise known as the "Magna Carta For Disabled Persons".

 CL No. 2020-87 issued on 27 August 2020 – Guidelines on the Imposition of Penalty for the Late Filing and/or Submission of Various Regulatory Documentary Requirements by Reason of the Imposition of Community Quarantine in Different Areas in the Philippines

Adopts and promulgates to all entities regulated by the Insurance Commission of the Guidelines on the Imposition of Penalty for the Late Filing and/or Submission of Various Regulatory Documentary Requirements by Reason of the Imposition of Community Quarantine in Different Areas in the Philippines, as result of the COVID- 19 outbreak and in accordance to the Administrative Order No. 30 from the Office of the President dated 21 April 2020, "Directing All Government Offices to Formulate and Issue Guidelines on the Interruption of Periods for the Filing of Documents, Payment of Taxes, Charges and Other Fees, and Cancellation of Proceedings Before Their Respective Offices, and on the Movement of Timelines for the Release of Benefits."

 CL No. 2020-88 issued on 28 August 2020 - Amendment to Circular Letter No. 2020-70 on the Digital Payments Process

Amends the Circular Letter No. 2020–70 entitled "Recognition of Digital Payments as an Integral Part of Insurance Technology (Insurtech), Providing for its Framework, and Encouraging its Adoption in Insurance Transactions," on Section 5 on Process, and Section 6 on Prohibited Acts.

 CL No. 2020-89 issued on 03 September 2020 – Guidelines in the Treatment of Creditable Withholding Taxes (CWTs)

Issues guidelines to all insurance and reinsurance companies authorized to transact business on Creditable Withholding Taxes (CWTs) in consideration of the regulated entities' request on considering CWTs as admitted assets.

 CL No. 2020-90 issued on 07 September 2020 – Online Submission of Reports on Negative List of Officers and Employees

Promulgates to all insurance companies, mutual benefit associations (MBAs), trusts for charitable uses, insurance and reinsurance brokers, and other insurance intermediaries the guidelines on the Online Uploading of Negative List of Officers and Employees.

 CL No. 2020-91 issued on 11 September 2020 - Amendment to Circular Letter No. 2018-10 on Rules and Regulations in the Use of Traffic Accident Investigation Report as an Alternative to Police Report as a Requirement in Processing Insurance Claims in Motor Insurance

Amends the Circular Letter No. 2018-10 on renaming of the report, amending the Section 2 on Definition, retention of Section 3 and deletion of Section 4, while Section 5 on Applicability to be renumbered as Section 4.

 CL No. 2020-92 issued on 14 September 2020 – Guidelines on Documentary Requirements for Processing Claims in Motor Insurance

Promulgates to all non-life insurance companies on the guidelines on documentary requirements for processing claims in motor insurance to lessen the burden on the part of the insured to secure Police Reports which are not easily accessible and to provide an alternative to Police Reports as a requirement in the processing of motor insurance claims.

 CL No. 2020-94 issued on 24 September 2020 – Amended Guidelines on Documentary Requirements for Processing Claims in Motor Insurance

Amends the Section 2(a) For Third Party Property Damage/Own Damage, and Section 2(d) For No Fault Indemnity of the Circular Letter No. 2020–92," Guidelines on Documentary Requirements for Processing Claims in Motor Insurance."

 CL No. 2020-95 issued on 01 October 2020 – Guidelines in the Interpretation and Application of Section 4 (UU) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act"

Promulgates to all insurance companies and Mutual Benefit Associations (MBAs) providing life insurance products and Pre-Need Companies doing business in the Philippines of the guidelines in relation to a life insurance policy or a pre-need plan with premiums or installments payable on a regular payment arrangement, of which more than one premium or installment fall due between the effectivity of the Republic Act No. 11494 until the prescribed coverage period of 30 December 2020.

 CL Nos. 2020-96 issued on 06 October 2020, 2020-96A issued on 08 October 2020 and 2020-108 issued on 10 November 2020 - Framework for Passenger Personal Accident Insurance (PPAI) for Public Utility Vehicles

Issues to all non-life insurance companies providing Passenger Personal Accident Insurance for Public Utility Vehicles (PUVs) the Framework for PPAI for PUVs, as part of the transfer of the assessment and evaluation of the qualifications and requirements of insurance providers of PPAI program to the Insurance Commission. Succeeding circular letters mentioned refers to amendments to the original issuance.

 CL No. 2020-99 issued on 12 October 2020 - Adoption of the Insurance Commission Financial Crisis Management and Resolution Handbook

Issues to all regulated entities of the Commission its adoption of Framework for Crisis Management and Resolution for Financial Institutions, as adopted in the time of crisis brought about by the COVID-19 pandemic.

 CL No. 2020-101 issued on 16 October 2020 – Guidelines on the Use of Videoconferencing for the Conduct of Mediation/Conciliation Conferences and other ADR Proceedings before the PAMD

Informs the parties in Alternative Dispute Resolution (ADR) Processes before the Insurance Commission's Public Assistance and Mediation Division (PAMD) on allowing the remote appearance of parties in ADR proceedings to eliminate the risks posed by the COVID-19 pandemic.

 CL No. 2020-102 issued on 26 October 2020 - Amendment to Section 5 of Circular Letter No. 2020-69 dated 11 June 2020, Re: Validity Period of Temporary Licenses

Informs all agents of life and non-life insurance companies and the general public of the amendment to Section 5 of CL No. 2020-69 on the validity of issued temporary licenses.

 CL No. 2020-103 issued on 30 October 2020 - Amendment to Section 1 of Circular Letter No. 2020-60 dated 15 May 2020 on "Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020"

Issues to all insurance and professional reinsurance companies of the amendment on the Section1 of the CL No. 2020-60 on Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for CY 2020.

• CL No. 2020-105 issued on 02 November 2020 – Dissemination of the Sanctions Guidelines

Informs all regulated entities on the Sanctions Guidelines prepared by the Anti-Money Laundering Council (AMLC) pursuant to Section 11 of the Terrorism Financing Prevention and Suppression Act of 2012 and implementing resolutions under the AMLC Resolution No. TF-01 and TF-02, Series of 2012.

• CL No. 2020-106 issued on 04 November 2020 – Guidelines Strengthening Super Typhoon "Rolly"-related Claims Management Policies

Promulgates to all insurance and reinsurance companies, Mutual Benefit Associations (MBAs), Pre-Need companies, Health Maintenance Organizations (HMOs) and other concerned parties on adopting and implementing claim management policies relative to the processing and/or payment of claims that are related to Super Typhoon "Rolly."

 CL No. 2020-107 issued on 08 November 2020 - Amendment to Section 3, Circular Letter No. 2020-86 dated 27 August 2020

Promulgates to all regulated entities offering or selling various insurance products of the amendment to CL No. 2020–86 entitled "Guidelines to Protect Persons with Disabilities (PWDs) from Any Form of Discrimination in the Insurance Industry," particularly on Section 3 on No Discrimination.

 CL No. 2020-109 issued on 26 November 2020 - Guidelines on Institutionalization of "Remote Selling Initiatives" as a Permanent Mode of Selling Insurance Products

Promulgates to all life and non-life insurance companies the guidelines on institutionalizing Remote Selling as a permanent mode of selling insurance products to the public brought about by the COVID-19 Pandemic.

 CL No. 2020-110 issued on 02 December 2020 – Guideline Strengthening Typhoon "Ulysses"-Related Claims Management Policies

Promulgates to all insurance and reinsurance companies, Mutual Benefit Associations (MBAs), Pre-Need companies, Health Maintenance Organizations (HMOs) and other concerned parties on adopting and implementing claim management policies relative to the processing and/or payment of claims that are related to Typhoon "Ulysses."

• CL No. 2020-111 issued on 07 December 2020 – Approval of Facultative Reinsurance Placements Abroad

Issues to all life and non-life insurance companies of the rules and regulation implementation of the Sections 222, 223, 224, and 225 of the Amended Insurance Code to ensure timely submission and expedite approval of facultative reinsurance placements abroad by life and non-life insurance companies.

Other circular letters issued pertaining to anti-money laundering matters, investments, discount rates, licensing guidelines and submission of reportorial requirements are found in the Appendices.



Commissioner Dennis B. Funa (R) with Executive Secretary Salvador

Medialdea (L) during the Insurance Commission 71st Anniversary Celebration
at the Philippine International Convention Center.
28 January 2020



Commissioner Dennis B. Funa meets with US Department of Treasury Deputy
Assistant Secretary Larry McDonald
10 February 2020

The **Financial Sector Forum** was established as a voluntary endeavor of the four agencies to provide an institutionalized framework for coordinating the supervision and regulation of the financial system while preserving each agency's mandate and to provide a venue for the agencies to update each other on the latest developments in their respective industries and any concerns that may have systemic repercussions.



Commissioner Dennis B. Funa signing the Memorandum of Agreement on the Electronic Information System of the Financial Sector Forum.

26 February 2020



Commissioner Dennis B. Funa with other members of the Philippine Financial Sector Forum Bangko Sentral ng Pilipinas Governor Benjamin E. Diokno, Philippine Deposit Insurance Corporation President Roberto B. Tan and Securities and Exchange Commission Commissioner Ephyro Luis B. Amatong (from L to R).

26 February 2020



Commissioner Dennis B. Funa attends Asian Reinsurance Corporation Council Meeting via Virtual Meeting 25 June 2020



Commissioner Dennis B. Funa attends launching of DiskarTech— a mobile financial application developed by the Rizal Commercial Banking Corporation for financial inclusion.

29 June 2020



Dialogue Meeting with the Actuarial Society of the Philippines (ASP) 28 September 2020



Insurance Commission hosts the first Virtual Joint Plenary of the ASEAN Insurance Regulators Meeting (AIRM) and ASEAN Insurance Council Meeting (AIC). The AIRM and AIC holds annual meetings bringing together insurance regulators and leaders of the insurance industry from the ASEAN member-countries, to exchange ideas, expertise and information towards developing the insurance industries in the ASEAN region. Makati Shangri-La Hotel, Makati City 28 October 2020



Commissioner Dennis B.Funa attends the Press Conference of the Financial Stability Coordinating Council (FSCC) chaired by Bangko Sentral ng Pilipinas Governor Benjamin E. Diokno. The FSCC is an inter-agency council where principals from the BSP, Department of Finance, Insurance Commission, Securities and Exchange Commission and Philippine Deposit Insurance Corporation convene quarterly. These meetings provide the venue to assess possible systemic risks and to decide appropriate macroprudential policy interventions.





Insurance Commissioner Dennis B. Funa signed Memorandum of Agreement between the Commission and the Land Transportation Office. The Memorandum of Agreement provides a linkage between the information technology systems of the Commission and the LTO that will enable real-time responses to queries concerning the verification of Confirmation of Cover of registered motor vehicles.

18 December 2020

A Macroeconomic Look on the Impact of COVID-19 in the Philippine Market

The emergence of the COVID-19 pandemic in 2020 certainly challenged the resilience of countries across the world. It strained health care systems and sporadically disrupted economic, social, and financial activities due to the adverse effects caused by the stringent community lockdowns. Governments and regulators exercised the best of their capacities to deploy medical interventions and provide relief to the vulnerable businesses and households while collectively acting to stimulate the credit and financial market and work on policies driving towards economic recovery.

The Philippines was not spared by the crisis demonstrated by a contraction of 8.09% on Gross Domestic Product (GDP) and 11.42% on Gross National Income (GNI), an inimitable economic downturn in the country since the global financial crisis. The diminution in the country's total output evidently impinged all sectors including institutional systems, firms, and households. Workers were also laid off as businesses were constrained to operate at a low capacity or close temporarily because of the lockdowns. As a result, total employment rate in the Philippines plummeted by 6.10% whereas unemployment rate spiked up by 99.12%.

The disruptions in business activities also mirrored the shock on the global value chain associated with the increased volume of sell off and high volatility in the market. The Philippine Stock Exchange index (PSEi) finished in 2020 at an average of ₱6,344.57, down by 19.78% from ₱7,908.89. The highest price cleared at ₱7,840.70 on 01 January 2020, whereas the lowest price of ₱4,623.42 took place on 19 March 2020 when the market reopened following the suspension of trading in line with the imposition of community lockdown.

In response, the Bangko Sentral ng Pilipinas (BSP) reduced its Reverse Repurchase Rate (RRR) by 200 basis points resulting to a low policy interest rate of 2.0% from 4.0% as part of its measures to enhance liquidity in the market and build up market confidence to cushion economic activities. Nonetheless, the Foreign Exchange (FX) Market exhibited resilience amidst the pandemic with appreciating peso currency by 5.16% against 1USD at \$\frac{1}{2}\$48.02 from \$\frac{1}{2}\$50.64 in 2019 reflecting that the market continued to attract investors, while inflation is kept relatively manageable. Moreover, the yield curve in the market with 1Y to 10Y tenors averages to 2.36%, a 41.95% dip from 4.06% in 2019. While debt securities issued at higher coupon rate before the pandemic temporally benefited investors on a low interest environment during the pandemic, long-term securities issued at low interest rates may decrease in value when interest rates abruptly increase. A low interest rate environment may also be a concern to insurance companies as it complicates discounting processes which may result to an increased value of their future obligations, impose an asset-liability mismatching, and produce low investment returns.

References: Bloomberg Market Data Philippine Stock Exchange

BSP 2020 Annual Report: Central Banking Amid the Pandemic for a Resilient New Economy

2020 HIGHLIGHTS

INSURANCE INDUSTRY

TOTAL ASSETS

₱1.92 TRILLION

from ₱1.78 Trillion in 2019

TOTAL INVESTED ASSETS

₱1.7 TRILLION

from ₱1.58 Trillion in 2019

TOTAL PREMIUMS

₱309 BILLION

from ₱303 Billion in 2019

TOTAL NET WORTH

₱348 BILLION

from \$369 Billion in 2019

TOTAL NET INCOME

₱39 BILLION

from ₱46 Billion in 2019

PRE-NEED INDUSTRY

TOTAL ASSETS

₱136.3 BILLION

from ₱131.5 Billion in 2019

TOTAL INVESTED ASSETS

₱126 BILLION

from ₱122.6 Billion in 2019

TOTAL NET WORTH

₱20.9 BILLION

from \$18.3 Billion in 2019

HMO INDUSTRY

TOTAL ASSETS

₱60.7 BILLION

from ₱46.7 Billion in 2019

TOTAL INVESTED ASSETS

₱25.9 BILLION

from \$15.6 Billion in 2019

TOTAL NET WORTH

₱13.9 BILLION

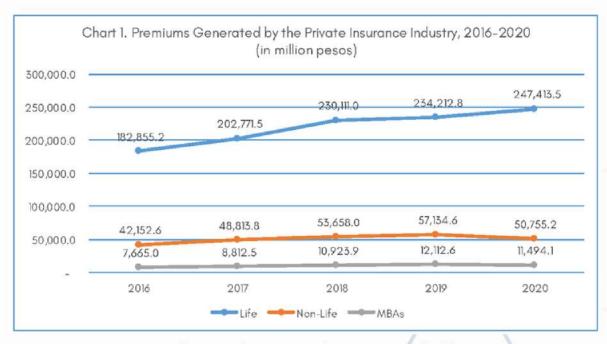
from ₱7.5 Billion in 2019



A. Overview

The insurance industry has not been immune to the effects of the pandemic. As such, the Insurance Commission (IC) has taken several actions to ensure the continuity of operations of insurance companies and at the same time provided relief to the policyholders who have been adversely affected by the COVID-19 pandemic. Insurance companies that failed to comply with the minimum net worth and minimum capital investment requirements of at least \$\mathbb{P}900\$ million and \$\mathbb{P}225\$ million, respectively were temporarily reprieved as financial leeway on the temporary suspension of business activities. IC also encouraged the insurance companies and MBAs to extend coverage of their health insurance policies to include COVID-19 related conditions in order to give the policyholders access to necessary medical treatments and health care services and provide extended grace period for payments of premiums/contributions and membership fees.

In a survey conducted by IC, a total of thirty-five thousand one hundred fifty-three (35,153) COVID-19 related insurance claims were paid by life and non-life insurance companies, and MBAs as of 31 December 2020 which includes in-patient and out-patient benefits, medical reimbursement, daily hospitalization benefits, and critical illness benefits amounting to \$1.59 billion paid within contractual obligation, and an additional \$390 million from ex-gratia. The life insurance companies incurred 73.98% of the total claims paid, the highest among the sectors. This is followed by MBAs with 17.93%, and non-life Insurance with 8.09%.



Note: Premiums reported are net of reinsurances (Premium Income for life insurance, Net Premiums Written for non-life insurance and Contributions/Premiums for MBAs)

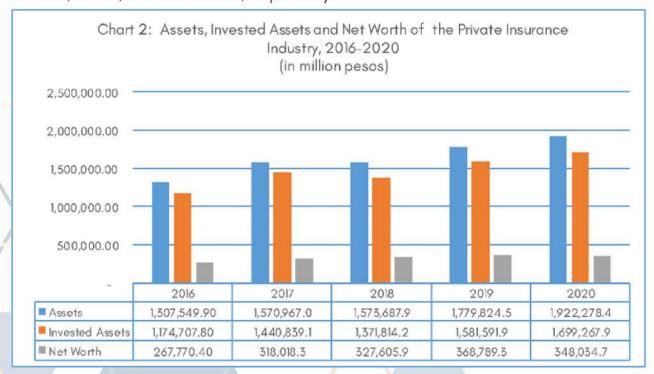




By the end of 2020, the insurance industry generated an aggregate premium of \$309.66 billion, an increase of 2.04% from \$303.46 billion. The life insurance sector reported higher premiums with an increase of 5.64%, whereas the non-life insurance sector and MBAs declined by 11.17% and 5.11%, posting premiums amounting to \$247.41 billion, \$50.76 billion, and \$11.49 billion, respectively. The life insurance sector and MBAs comprised 83.61% of the total premiums while the non-life insurance sector contributed 16.39%. Despite the slowdown in premium generation, the Insurance Penetration, or Premiums over GDP (at constant 2018 prices), reached 1.77%, a 0.20 percentage point rise from 1.57% in 2019. The significant increase can be explained by the contraction in GDP because of the pandemic against the increase in Premium Income. Moreover, Insurance Density or the amount of average spending on insurance per individual for 2020 increased to \$2,846.20 which is 0.64% higher than the previous year's \$2,828.20.

Further, the Total Assets of the industry increased by 7.87% to ₱1.92 trillion from the previous year's ₱1.78 trillion. Assets of the life and non-life insurance sector, and MBAs grew by 7.63%, 8.54%, and 11.94%, respectively. Of the Total Assets, 79.71% was contributed by the life insurance sector while the remaining 20.29% was shared by the non-life insurance and MBA sectors.

The insurance industry, as one of the largest investors in the market, sustained the growth momentum of its Invested Assets amidst the pandemic. The Total Invested Assets posed a growth of 7.60% from ₱1.58 trillion to ₱1.70 trillion y-o-y. The Segregated Fund Assets generated by the life insurance sector make up 46.05% of the industry's total while investments placed on Government Securities, Private Securities, and Equities accounted to 29.40%, 6.22%, and 4.37% share, respectively.



Government Securities increased by 11.50% while Equities and Private Securities decreased by 4.84% and 1.79%. Total Invested Assets cover 88.40% of the Total Assets, of which 87.23% were from the life insurance sector.

The non-life insurance sector's Net Worth and MBAs' Member's Equity (Net Worth equivalent) saw an increase of 11.01% and 8.06% at \$96.50 billion and \$41.16 billion, respectively. On the other hand, the Net Worth of the life insurers dropped by 13.70% from \$243.77 billion to \$210.37 billion which pulled down the overall Net Worth of the insurance industry to \$348.03 billion, a 5.63% dip from \$368.79 billion in 2019.

Table 3. Philippine Economic Indicators, Years 2016-2020

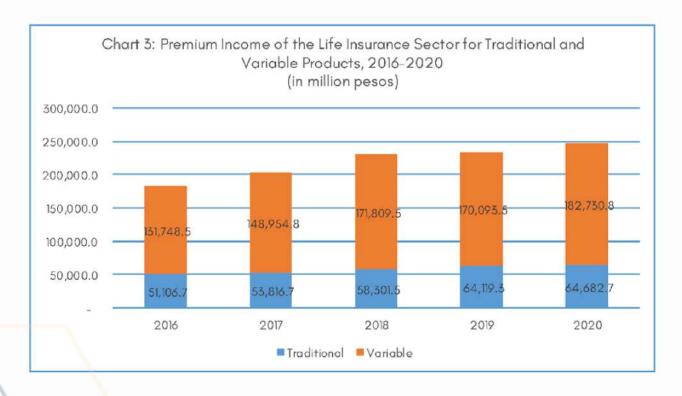
ECONOMIC AND INSURANCE DEVELOPMENT DATA	2016	2017	2018	2019	2020
GROSS NATIONAL INCOME (GNI)					
At Current Prices (P.M)	17,391,141	18,383,179r	20,212,349r	21,472,060r	19,319,848p
At Constant 2000 Prices (PM)	9,755,720	10,394,346	11,010,252	11,616,982	discontinued
At Constant 2018 Prices (PM)	17,862,678	19,084,224r	20,212,349p	21,299,032r	18,867,410p
GROSS DOMESTIC PRODUCT (GDP)					
At Current Prices (PM)	14,449,925	16,556,651p	18,265,190p	19,517,863p	17,938,582p
At Constant 2000 Prices (P.M.)	8,123,375	8,665,818	9,206,889	9,750,598	discontinued
At Constant 2018 Prices (PM)	16,062,676r	17,175,978p	18,265,190p	19,382,751p	17,527,234p
POPULATION (in million persons)	102.5r	104.2r	105.8r	107.3r	108.8p
PER CAPITA GROSS NATIONAL INCOME (P)	163,980.3r	176,474.2r	191,124.0r	200,134.5r	177,617.9p
LABOR FORCE (Average) (In million persons)	43.36	42.78	43.5	44.2	43.88p
Employed	41	40.34	41.2	41.94r	39.38p
Unemployed	2.36	2.44	2.30	2.26r	4.50p
EXCHANGE RATE (per US\$)	49.813	49.923	52.580	50.635p	48.023
INFLATION RATE	1.80%	3.20%p	5.10%p	2.50%p	2.60%
INSURANCE DENSITY (₽)	2,269.90	2,499.1r	2,785.4r	2,828.2r	2,846.2p
Life Insurance	1,858.70	2,030.6r	2,278.2r	2,295.7r	2,379.7p
Non-Life Insurance	411.2	468.5r	507.2r	532.5r	466.5p
INSURANCE PENETRATION				Ï	
GDP at Current Prices	1.61%	1.57%r	1.61%r	1.55%r	1.73%p
GDP at Constant 2000 Prices	2.87%	3.00%	3.20%r	3.11%r	discontinued
GDP at Constant 2018 Prices	1.45%	1.52%	1.61%	1.57%	1.77%p
LIFE SUM ASSURED AS % OF G D P	40.42%	44.08%r	43.06%r	46.70%r	58.90%p
LIFE SUM ASSURED AS % OF G N I	33.58%	39.70%r	38.91%r	42.45%r	54.69%p
PREMIUMS AS % OF GNI	1.34%	1.42%r	1.46%r	1.41%r	1.60%p
ESTIMATED LIFE INSURANCE COVERAGE	46.55%	52.75%r	59.53%r	67.19%r	68.05%p
Life	28.93%	33.13%r	37.24%r	42.12%r	41,23%p
Mutual Benefit Associations (MBAs)	17.62%	19.62%r	22.29%r	25.07%r	26.82%p

The recent revision and rebasing of the Philippine System of National Accounts released by the Philippine Statistical Authority in 2020 resulted to the revisions in the estimation of the Gross National Income and Gross Domestic Product of the Philippines which in turn resulted to revisions of various insurance statistical indicators indicated as "r" in Table 3.

B. Life Insurance Sector

Premium Income

The life insurance sector generated a Premium Income of ₱247.41 billion, a continuous increase for the last 5 years even with the surge of COVID-19 Pandemic in 2020. Despite the slowdown in the generation of Premiums in Group and Accident Insurance by 9.21% and 4.33%, other lines of business such as Ordinary, Health, and Variable Unit Link (VUL) Insurance still rose by 5.80%, 7.45%, and 7.43%, respectively.



Variable Life Insurance continued to dominate contribution to the Total Premium Income at 73.86% or ₱182.73 billion. Meanwhile, Traditional Life Insurance amounted to ₱64.68 billion, which accounts for the remaining 26.14% of the Total Premium Income. This is comprised of Ordinary Life Insurance at 13.64% of the Total Premium Income or ₱33.75 billion, Group Life Insurance at 7.60% or ₱18.81 billion, Health Insurance at 4.13% or ₱10.21 billion, and Accident at 0.77% or ₱1.91 billion.

New Business

For the year 2020, total policies issued by the sector decreased by 26.02% despite the significant increase in insured lives by 55.21% as compared to 2019. Analysis of the life insurance sector's data showed that the increase in insured lives was brought about by the significant increase in Group Life Insurance by 74.25% from 13.24 million in 2019 to 23.08 million in 2020, which may have been part of the COVID-19 response of big companies.

However, the total New Business Annual Premium Equivalent (NBAPE) of the life insurance sector went down by 18.09% from ₱56.74 billion in 2019 to ₱46.47 billion this year under review. The premiums generated from the Traditional and Variable Life Insurance Products both dropped by 17.78% and 18.23%, respectively.

The change in Total Sum Assured corresponds to the decrease in the number of policies and premiums posting ₱2,186.52 billion this 2020, an 8.78% decline from the previous year's ₱2,396.92 billion.

Table 4. New Business Generated, 2016-2020

	Poli	cies	Insured Lives		Annual Premium		Sum As	ssured
Year	Number	% Increase/ (Decrease)	Number	% Increase/ (Decrease)	₱ billion	% Increase/ (Decrease)	p billion	% Increase/ (Decrease)
A. Tradit	ional Life I	nsurance P	roducts					
2020	331,240	(20.00)	24,269,71	60.07	14.43	(17.78)	1,526.08	(0.62)
2019	414,050	51.21	15,161,943	20.07	17.55	26.17	1,535.59	14.74
2018	273,827	23.84	12,627,52	72.74	13.91	1.46	1,338.34	19.09
2017	221,116	(22.40)	7,310,260	(28.80)	13.71	23.51	1,123.80	(10.55)
2016	284,940	31.81	10,268,03	2.33	11.10	6.73	1,256.48	1,50
B. Variab	le Life Insu	ırance Prod	ucts					
2020	652,006	(28.75)	622,922	(28.92)	32.04	(18.23)	660.44	(23.33)
2019	914,987	14.50	876,278	15.32	39.18	3.57	861.33	42.90
2018	799,094	33.45	759,865	33.59	37.83	14.39	602.77	31.38
2017	598,816	21.13	568.788	22.84	33.07	11.27	458.82	25.96
2016	494,335	3.70	463,030	4.79	29.72	4.72	364.23	10.55

Note: Annual Premium is based on Premium Income for life insurance, which is net of reinsurances. Insured Lives may be overstated as it may include multiple policies of individuals from two or more companies.

Terminations

Table 5. Terminated Insurance Policies and Sum Assured as of 31 December 2020

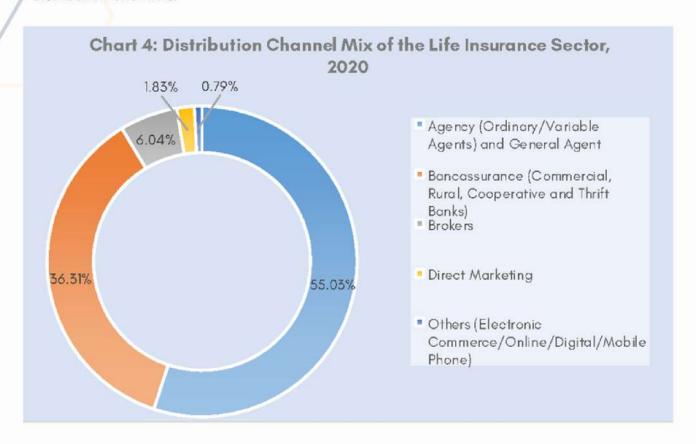
Types of Policies	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
			Number of P	olicies			
Ordinary	5,730	39,921	31,384	113,056	15,667	15,474	221,232
Group & Industrial	206	3	2	2,929	439,333	399	442,870
Accident	146	48	4	52,472	151,385	77	204,132
Health	24	1,013	360	5,859	20,062	2	27,320
Variable Life	4,735	2,713	99,932	233,933	1,433	222	342,968
TOTAL	10,841	43,698	131,680	408,249	627,880	16,174	1,238,522
			Insured L	ives		,	
Ordinary	5,477	37,994	30,126	112,332	15,245	15,604	216,778
Group & Industrial	57,938	17,993	336	1,100,054	24,222,39	1,907,829	27,306,549
Accident	1,144	42	3	127,791	1,012,842	43,526	1,185,348
Health	853	1,013	357	32,825	246,874	7,461	289,383
Variable Life	4,410	2,505	93,118	226,168	1,433	147	327,781
TOTAL	69,822	59,547	123,940	1,599,170	25,498,79	1,974,567	29,325,839
	·. · · · · · · · · · · · · · · · · · ·	Termin	ated Sum As	sured (P billio	n)		Ì
Ordinary	2.70	12.10	14.65	77.6	3.12	6.42	116.60
Group & Industrial	8.04	8.14	0.04	204.6	951.01	216.95	1,388.79
Accident	0.11	0.02	0.00	34.12	55.68	23.57	113.50
Health	0.12	0.19	2.94	125.06	34.95	14.61	177.87
Variable Life	3.76	2.43	62.64	211.72	1.34	(51.56)	230.33
TOTAL	14.73	22.88	80.27	653.12	1,046.10	209.99	2,027.09

The number of terminated life insurance policies dramatically increased by 84.71% from last year's 670,539 to 1,238,522 this year. Termination by Expiry caused 50.70% of the total terminations, followed by Lapsation and Surrender at 32.96% and 10.63%, respectively. In contrast, Lapsation was the highest cause of termination in 2019 with 47.64% while Expiry registered only at 15.58%.

Sum Assured of terminated policies amounted to ₱2.03 trillion, 0.66% higher than that of the previous year's ₱2.01 trillion. The group and industrial policies continue to contribute a large share at 68.52% of the total.

Distribution Channel Mix

The Total Premiums on direct business generated in 2020 amounted to ₱252.22 billion. The highest premium produced accounting for 55.03% of the total sales is sourced through licensed individual and general agents. This is followed by Bancassurance or marketing insurance through banks covering 36.31% of the Total Premiums. Meanwhile, the remaining 9.05% were sold through Brokers, Direct Marketing, E-commerce, mobile phones, and other distribution channels.



Insurance in Force

In-force policies under Variable Life Insurance increased by 10.41% while those under Traditional Life Insurance products decreased this year by 18.28% which caused a decline in the total policies in-force by 2.93% from 6,501,899 to 6,311,172. This also resulted to a decline by 0.74% in the total number of insured lives from 2019 to 2020.

Nevertheless, total Sum Assured and Premium Income grew by 15.93% and 5.64%, respectively. Although both products demonstrated growth, Variable life insurance policies generated a higher share at 60.85% compared to 39.15% share for traditional life insurance policies. Traditional life insurance products consist of 89.01% Ordinary Insurance, 6.91% Accident Insurance, 2.55% Health Insurance, and 1.53% Group and Industrial Insurance issued in 2020.

Table 6. Life Insurance In-Force/Premium Income, 2019-2020

1124	Nur	mber of Polici	es	Insured Lives			red Lives Sum Assured Premium Income (₱ billion) (₱ billion)			10		
Year	2019	2020	Increase/ (Decrease)	2019	2020	Increase/ (Decrease)	2019	2020	Increase/ (Decrease)	2019	2020	% Increase/ (Decrease)
Α.	Traditional Life	e Insurance P	roducts							=		
Ordinary	2,217,536	2,199,150	(0.82)	2,162,303	2,146,729	(0.72)	938.61	992.33	5.72	31,90	33.75	5.80
Group & Industrial	472,728	57,808	(92.00)	37,048,139	36,540,865	(1.57)	4,957.16	5,406.65	9.07	20.72	18.81	(9.22)
Accident	281,747	170,771	(39.39)	1,699,200	1,356,744	(20.15)	218.16	193.75	(11.19)	2.00	1.91	(4.50)
Health	51,571	62,955	22.04	989,804	1,174,907	18.70	235,23	655.61	177.86	9.50	10.21	7.47
SUB- TOTAL	5,025,582	2,470,664	(18.28)	41,899,446	41,219,245	(1.62)	6,549.16	7,246.34	14.15	64.12	64.68	0.87
В.	Variable Life I	nsurance Pro	ducts			•						
	3,478,517	5,840,508	10.41	3,294,649	3,641,224	10.52	2,765.39	5,320.34	20.07	170.09	182.73	7.43
GRAND TOTAL	6,501,899	6,311,172	(2.95)	45,194,095	44,860,469	(0.74)	9,114.55	10,566.68	15.95	254.21	247.41	5.64

Summary of Operations

Table 7. Summary of Operations of the Life Insurance Sector, 2020 (in billion pesos)

PARTICULARS		LIFE	
PARTICULARS	Domestic	Foreign	Total
Underwriting Income	73.19	182.81	256.00
Premium Income	83.89	163.52	247.41
Less: Inc./(Dec) in Reserves	16.75	12.08	28.83
Commissions Earned	0.00	1.10	1.10
Income from Variable	5.07	21.54	26.61
Other Underwriting Income	0.98	8.73	9.71
Less: Underwriting Expenses	58.75	149.31	208.06
Benefit Payments	34.17	40.75	74.92
Commissions Expenses	5.67	17.68	23.35
Premium Tax Incurred	0.69	1.20	1.89
Expense from Variable	14.86	74.64	89.50
Other Underwriting Expenses	3.36	15.04	18.40
Underwriting Gain/(Loss)	14.44	33.50	47.94
Add: Gross Investment Income	11.69	22.48	34.17
Other Income/(Expenses)	(2.21)	(1.78)	(3.99)
SUB - TOTAL	23.92	54.20	78.12
Less: Taxes other than Premium & Income Tax	1.70	2.59	4.29
Other General Expenses	14.15	25.14	39.29
Income Tax	1.22	3.69	4.91
Net Income / (Loss) for the year Including Capital Gains	6.85	22.78	29.63

The Net Income reported by the life insurance sector dipped at ₱29.63 billion in 2020, a 19.14% decrease from the previous year's ₱36.64 billion. The decline was brought about by the decrease in Gross Investment Income by 7.30% or ₱2.69 billion year-on-year and the Other Expenses reported for 2020 amounting to ₱3.99 billion compared to Other Income of ₱1.71 billion gained last year.

Majority or 71.41% of the life insurance industry Underwriting Income was accounted to the foreign life insurers while the remaining 28.59% came from domestic life insurers. The life insurance industry's Underwriting Gain improved by 9.10% at ₱4.00 billion compared to 2019 with a 9.51% decrease in the Benefit Payments.

Invested Assets

The Total Invested Assets placed by the Life Insurance Sector are at ₱1.48 trillion, 7.25% higher than that of the previous year's ₱1.38 trillion. Foreign companies contributed 69.14% or ₱1.02 trillion of the Total Invested Assets of the sector, which rose by 7.38% this year. The domestic companies shared the remaining 30.86% or ₱0.46 trillion, which also climbed up by 7.66% compared to 2019 figures.

Table 8. Invested Assets of the Life Insurance Sector by Category, 2020 (in billion pesos)

PARTICULARS.		LIFE	
PARTICULARS	Domestic	Foreign	Total
Government Securities	110.94	302.48	413.42
Private Securities	34.36	51.00	85.36
Equities	42.41	17.44	59.85
Investment Property	12.32	8.57	20.89
Mortgage Loans and other Similar Loans	2.66	1.06	3.72
Collateral Loans	4.83	0.00	4.83
Guaranteed Loans	0.05	8.04	8.09
Policy Loans	8.34	18.97	27.31
Other Loans	2.45	0.61	3.06
Unquoted Debt Securities	3.77	0.00	3.77
Other Receivables	1.95	12.62	14.57
Investments in Subsidiaries, Associates and Joint Ventures	7.98	13.07	21.05
Mutual Funds/UITF/Real Estate Investment Trusts/ Other Funds	3.94	5.70	9.64
Time Deposits	11.34	11.41	22.75
Segregated Fund Assets*	210.20	573.78	783.98
TOTAL	457.54	1,024.75	1,482.29

^{*} Reported Segregated Fund Assets includes fund liabilities and seed capital

Meanwhile, Segregated Fund Asset investments or Variable Universal Life insurance investments still account for most of the Total Invested Assets at 52.89% followed by placement in Government Securities with 27.89% and Private Securities at 5.76%.

Balance Sheet

The Total Assets of the life insurance sector amounted to ₱1.53 trillion as of the year-end 2020, a 7.75% increase from the previous year's ₱1.42 trillion. A substantial portion of the Total Assets are Segregated Fund Assets and Available for Sale Financial Assets which make up 84.42% of the reported Total Assets. Foreign companies account for 68.48% of the Total Assets while domestic companies account for 31.52%.

Table 9. Consolidated Balance Sheet of Life Insurers, 2020 (in billion pesos)

PARTICULARS	Domestic	Foreign	Total
ASSETS	7 /7 T	17.07.1	20.54
Financial Assets at FVPL	6.67	15.87	22.54
Held-to-Maturity (HTM) Investments	6.13	0.23	6.3
Available for Sale (AFS) Financial Assets Loans and Receivables	178.85	361.47	540.33
	24.05	40.35	64.40
Investments in Subsidiaries, Associates and Joint Ventures	7.98	13.07	21.05
Segregated Fund Assets	214.28	538.84 8.58	753,12 20,89
Investment Property Derivative Assets Held for Hedging	0.00	0.00	0.00
Cash on Hand & in Banks	19.22	29.71	48.93
Investments Income Due and Accrued	1,96	5.55	7.5
Accounts Receivables	(0.20)	19.02	18.82
Premiums Due and Uncollected	2.09	2.04	4,1
Due From Ceding Companies, net	0.25	1.10	1.35
Funds Held by Ceding Companies, net	0.00	0.00	0.00
Amounts Recoverable from Reinsurers, net	1,14	3.17	4.3
Property and Equipment	4.79	3.11	7.90
Security Fund Contribution	0.00	0.01	0.0
Other Assets	3.39	7.14	10.53
72001001007007000000			
TOTAL ASSETS	482.91	1,049.26	1,532.17
LIABILITIES			
Legal Policy Reserves	163.07	254.34	417.4
Policy & Contract Claims/Maturities and Surrenders Payables	13.22	15.62	28.84
Due to Reinsurers	2.33	4.71	7.04
Funds Held for Reinsurers	0.00	18.42	18.42
Life Insurance/ Applicant's/ Remittances Unapplied Deposits	1.86	1.88	3.74
Segregated Funds Liabilities	210,44	537.80	748.24
Premium Deposit Fund	4.98	2.17	7.15
Premium Received in Advance	0,67	1.34	2.0
Policyholder's Dividend Due & Unpaid/ Accumulation	7.11	32.59	39.70
Commissions Payable	0.82	1.08	1,90
Return Premiums Payable	0.05	0.00	0.05
Taxes Payable	0.85	2.48	3.33
Accounts/Notes Payable	6.12	17.33	23.45
Deposit for Real Estate Under Contract of Sell	0.02	0.00	0.02
Dividends Payable	0.33	0.04	0.37
Financial Liabilities at FV through Profit or Loss	0.00	0.02	0.02
Pension Obligation	1.99	0.17	2.16
Accrual for Long-term Employee Benefits	0.04	0.10	0.14
Accrued Expenses	1.86	6.72	8.58
Derivative Liabilities Held for Hedging	0.00	0.00	0.00
Other Liabilities	3.85	5.37	9.22
TOTAL LIABILITIES	419.61	902.18	1,321.79
NET WORTH			
Paid-Up Capital	13.93	11.94	25.87
Statutory Deposit	0.35	0.00	0.35
Capital Stock Subscribed	0.00	0.00	0.00
Contributed Surplus	1.32	1.53	2.85
Contingency Surplus/Home Office Inward Remittances	2.01	7.19	9.20
Capital Paid-In Capital Excess of Par	3,00	1.42	4,43
Retained Earnings/ Home Account Office	41.21	116.04	157. 25
Cost of Share-Based Payment	0.00	0.05	0.05
Reserve Accounts	2.17	6.64	8.8
Remeasurement Gains(losses) on Retirement Pension Asset	(0.69)	2.38	1.6
(Obligation)			1.5000
Treasury stock	0.00	(0.11)	(0.11
TOTAL NET WORTH	63.30	147.08	210.38
	482.91		1,532.17

The Total Liabilities of the industry increased by 11.87%, from ₱1.18 trillion in 2019 to ₱1.32 trillion in 2020. Segregated Funds Liabilities and Legal Policy Reserves contributed 56.61% and 31.58%, respectively of the Total Liabilities.

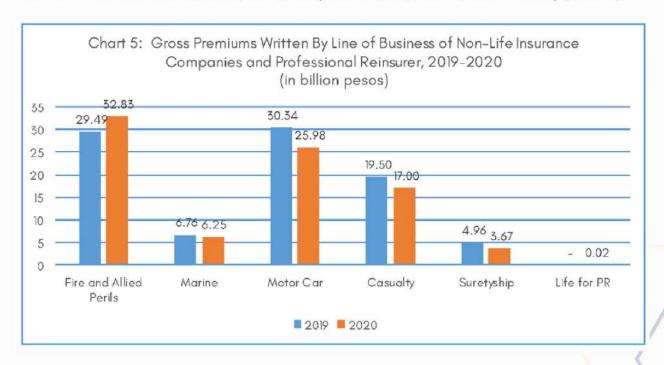
The Total Net Worth, however, decreased by 13.70% from ₱243.78 billion in 2019 to ₱210.38 billion in 2020.

C. Non-Life Insurance Sector

Gross Premiums Written

The non-life insurance sectors' Gross Premiums Written decreased by 5.82% in 2020, from ₱91.05 billion in 2019 to ₱85.75 billion in 2020. Except for Fire and Allied Perils, which saw a significant increase of 11.33%, almost all lines of business saw reductions.

After four (4) years of being second to the Motor Car Business, the Fire and Allied Perils business now has the highest overall Gross Premiums Written. In 2020, it accounted for 38.29% of Total Gross Premiums, followed by Motor Car (30.30%) and Casualty (19.83%).



Direct business accounted for ₱84.70 billion of the Total Gross Premiums Written, while reinsurance business accounted for the remaining ₱1.05 billion. Gross Premiums Written is the sum of Premiums on Direct Business and Assumed Premiums from unauthorized companies.

Net Premiums Written

The Net Premiums Written fell by 11.15% or ₱6.37 billion, year on year, from ₱57.13 billion to ₱50.76 billion. Except for Fire and Allied Perils and Life for Professional Reinsurer, which had a 1.95% and 17.17% gain, most of the lines suffered declines.

Meanwhile, the Motor Car Business, which comprises nearly half of the Total Net Premiums Written, fell 13.87% in 2020 compared to 2019. Despite the downturn, it continued to generate the highest Net Premiums Written among other lines of business totaling ₱24.59 billion, followed by Casualty with ₱12.34 billion, and then by Fire and Allied Perils with ₱7.33 billion, as has been the case for the previous four years.

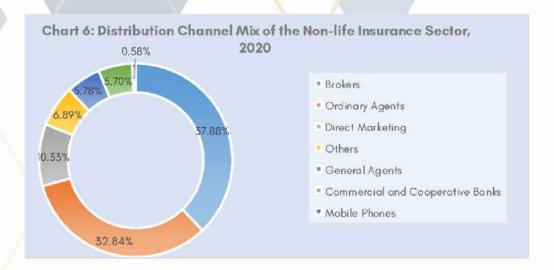
The Retention Ratio, which is computed as Net Premiums over Gross Premiums Written, has also decreased from 62.75% to 59.20% as a result of the downward trend in gross and net premiums written, which has been happening for the last four years.

Table 10. Net Premiums Written of Non-Life Insurance Companies & Professional Reinsurer, 2019-2020

LINE OF BUSINESS	2019 Amount (₱ billion)	2020 Amount (₱ billion)	% Increase / (Decrease)
Fire and Allied Perils	7.19	7.33	1.95
Marine	2.18	1.97	(9.63)
Motor Car	28.55	24.59	(13.87)
Casualty	13.68	12.34	(9.80)
Suretyship	4.54	3.37	(25.77)
Life for PR	0.99	1.16	17.17
TOTAL	57.13	50.76	(11.15)

Distribution Channel Mix

Brokers contributed ₱32.16 billion, or 37.88% of the entire premium production. Ordinary Agents came in second with 32.84% or ₱27.88 billion in premiums, followed by Direct Marketing with 10.33% or ₱8.77 billion. The other five distribution channels - General Agents Commercial Banks, Cooperative, Rural and Thrift, Phone and Others, produced the remaining 18.95% or ₱16.09 billion.



Premiums Earned

Premiums Earned (shown in table 11) decreased by 4.46% or ₱2.52 billion, from ₱56.52 billion in 2019 to ₱54.00 billion in 2020. The decrease in Premiums Earned for the year ended December 2020 is due to the decreases in almost all lines of business, except for Casualty which slightly increased by 2.92%. Motor Car Business still has the highest Premiums Earned, at ₱26.12 billion accounting for 48.37% of the total premiums earned.

Table 11. Premiums Earned, Losses Incurred and Loss Ratios of Non-Life Insurance Companies and Professional Reinsurer, 2019–2020

		2019		2020			
LINE OF BUSINESS	Losses Incurred (P billion)	Premiums Earned (P billion)	Loss Ratio (%)	Losses Incurred (P billion)	Premiums Earned (P billion)	Loss Ratio (%)	
Fire and Allied Perils	6.26	8.48	73.82	5.20	7.52	69.15	
Fire	5.59	6.14	91.04	2.70	5.45	49.54	
Earthquake Fire/Shock	0.76	1.28	59.38	0.63	1.15	54.78	
Typhoon	(0.08)	0.49	(16.33)	1.39	0.37	375.68	
Flood	0.02	0.34	5.88	0.14	0.32	43.75	
Extended Coverage	(0.03)	0.23	(13.04)	0.34	0.23	147.83	
Marine	0.48	2.22	21.62	0.74	1.85	40.00	
Marine Cargo	0.28	1.62	17.28	0.31	1.27	24.41	
Aviation	0.06	0.10	60.00	0.01	0.17	5.88	
Marine Hull	0.14	0.50	28.00	0.42	0.41	102.44	
Motor Car	15.20	27.59	55.09	11.07	26.12	42.38	
PPAI	0.01	0.28	3.57	0.01	0.19	6.32	
CMVL-LTO	0.02	0.55	3.64	0.10	0.49	20.41	
CMVL-Non-LTO	0.18	2.38	7.56	0.13	2.38	5.46	
Other Than CMVL-LTO	0.09	0.30	30.00	0.06	0.24	24.17	
Other Than CMVL-Non- LTO	14.90	24.08	61.88	10.77	22.82	47.20	
Casualty	5.02	14.05	35.73	4.66	14.46	32.23	
Health	1.74	3.89	44.73	1.81	4.08	44.36	
Personal Accident	1.11	3.99	27.82	0.80	3.52	22.73	
Engineering	0.45	1.22	36.89	0.67	1.56	42.95	
Miscellaneous	1.30	4.01	32.42	0.91	4.15	21.93	
Life for Prof. Reinsurer	0.42	0.94	44.68	0.47	1.15	40.87	
Suretyship	0.27	4.18	6.46	0.22	4.05	5.43	
TOTAL	27.23	56.52	48.18	21.89	54.00	40.54	

Losses Incurred

Total Losses Incurred by the Non-Life Insurance Sector declined to ₱21.89 billion in 2020, down from ₱27.23 billion the previous year by 19.61% or ₱5.34 billion.

This year's overall Loss Ratio improved to 40.54% from 48.18% in 2019 which is 7.64% lower than the previous year. This is because of the decrease in Loss Ratios for almost all lines of business except Marine Insurance. Motor Car Insurance holds the highest share in both Premiums Earned and Losses Incurred and thus, the greatest influence in the overall Loss Ratio. Possibly because of mobility restrictions, the Losses Incurred for Motor Car Insurance decreased by 27.17% from ₱15.2 billion to ₱11.07 billion from 2020 to 2019.

Fire and Allied Peril Insurance continued to have the highest Loss Ratio at 69.15% while Surety Business remained the lowest at 5.43%. Marine Insurance is the only line of business with an increased Loss Ratio for 2020 at 40% from 21.62% in 2019. Some sub-lines of business exhibited Loss Ratios of over 100% such as Fire-Typhoon at 375.68%, Fire-Extended Coverage at 147.83% and Marine Hull at 102.44%. The Loss Ratio of Fire-Typhoon also continued to fluctuate from 143.48% in 2018 to (16.33)% in 2019 and back up again in 2020.

Summary of Operations

The non-life insurance sector posted a ₹4.63 billion Net Income, up by 34.20% from the previous year's ₹3.45 billion. This was mostly attributable to a year-on-year increase of 26.54% in underwriting gain from ₹13.64 billion to ₹17.26 billion. The increase in Underwriting Gain is a result of the more significant decrease in Underwriting Expenses by 12.12% compared to the decrease in Underwriting Income.

Domestic non-life insurance companies continued to outperform foreign companies despite the COVID-19 pandemic.

Table 12. Summary of Operations of Non-Life Insurance Companies & Professional Reinsurer, 2020 (in billion pesos)

DADTICIH ADC	NON-LIFE					
PARTICULARS	Domestic	Foreign	Total			
Underwriting Income	47.82	11.42	59.24			
Premiums Earned	44.08	9.93	54.01			
Commissions Earned	3.39	1.13	4.52			
Other Underwriting Income	0.35	0.36	0.71			
Less: Underwriting Expenses	34.04	7.94	41.98			
Losses Incurred	17.96	3.94	21.90			
Loss Adjustment Expenses	0.21	0.04	0.25			
Commission Expenses	12.11	3.26	15.37			
Premium Tax Incurred	-	-	-			
Other Underwriting Expenses	3.76	0.70	4.46			
Underwriting Gain/Loss	13.78	3.48	17.26			
Add: Gross Investment Income	2.89	0.73	3.62			
Other Income/(Expenses)	0.83	(0.04)	0.79			
SUB-TOTAL	17.50	4.17	21.67			
Less: Taxes other than Premium and Income Tax	0.72	0.13	0.85			
Other General Expenses	12.06	3.20	15.26			
Income Tax	0.82	0.11	0.93			
Net Income/(Loss) for the year Including Capital	3.90	0.73	4.63			
Gains						

Invested Assets

The Non-Life Insurance Sector's Invested Assets climbed by 6.52% year-on-year or ₱7.31 billion, from ₱112.11 billion to ₱119.42 billion.

Table 13. Invested Assets by Category of Non-Life Insurance Companies and Professional Reinsurer, 2020 (in billion pesos)

rivate Securities quities vestment Property tortgage Loans collateral Loans tuaranteed Loans ther Loans raquoted Debt Securities vestments in Subsidiaries, Associates & Joint entures	NON-LIFE					
	Domestic	Foreign	Total			
Government Securities	35.31	11.57	46.88			
Private Securities	8.60	3.59	12.19			
Equities	11.04	1.53	12.57			
Investment Property	6.34	0.10	6.44			
Mortgage Loans	0.65	0.01	0.66			
Collateral Loans	0.00	-	0.00			
Guaranteed Loans	-	S=	i —			
Other Loans	0.92	0.08	1.00			
Unquoted Debt Securities	1.42	-	1.42			
Investments in Subsidiaries, Associates & Joint Ventures	15.77	0.04	15.81			
Mutual Funds/UITF/RITF/Other Funds	2.08	0.46	2.54			
Fixed Deposits	17.17	2.74	19.91			
TOTAL	99.30	20.12	119.42			

As compared to 2019, half of the Invested Asset accounts showed growth in 2020: Government Securities by 19.47%, Investments in Subsidiaries by 11.81%, Equities by 1.95%, Investment Property by 5.06%, and Other Loans by 33.33%.

Government Securities, accounted for 39.26% of the Total Invested Assets of the non-life insurance sector followed by investments in Fixed Deposits at 16.67%.

Domestic Non-Life Insurance Companies contributed 83.15% of the Total Invested Assets or ₱99.30 billion, while Foreign Non-Life Insurance Companies placed 16.85% or ₱20.12 billion.

Balance Sheet

In 2020, the Non-life Insurance Sector's Total Assets increased by 8.54%, or \$22.02\$ billion, from <math>\$257.90\$ billion to <math>\$279.92\$ billion y-o-y.

Total Liabilities, meanwhile, totaled ₱183.42 billion, up by 7.28% or ₱12.44 billion over the previous year. Claims Liabilities, which account for 41.79% of Total Liabilities, increased by 3.41% from ₱74.11 billion to ₱76.64 billion, while Premium Liabilities, which account for 23.98% of the Total Liabilities, decreased by 2.70% year over year from ₱45.21 billion to ₱43.99 billion.

Furthermore, the industry remains productive with the Net Worth rising by 11.01% or ₱9.57 billion from ₱86.93 billion in 2019 to ₱96.50 billion in 2020. Paid-Up Capital is valued at ₱37.63 billion, or 38.99% of the overall Net Worth.

Table 14. Consolidated Balance Sheet of Non-life Insurance Companies and Professional Reinsurer, 2020 (in billion pesos)

Particulars	Domestic	Foreign	Total
ASSETS	6 8		
Financial Assets at FVPL	2.41	2.76	5.17
Held-to-Maturity (HTM) Investments	19.47	5.81	25.28
Available for Sale (AFS) Financial Assets	35.14	8.57	43.71
Loans and Receivables	2.99	0.09	3.08
Investments in Subsidiaries, Associates and Joint Ventures	15.77	0.04	15.81
Investment Property	6.34	0.10	6.44
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	31.95	5.88	37.83
Premiums Receivable, net	24.33	3.07	27.40
Due from Ceding Companies, net	5.62	2.67	8.29
Funds Held by Ceding Companies, net	0.31	0.01	0.32
Loss Reserve Withheld by Ceding Companies, net	0.33	0.02	0.35
Amounts Recoverable from Reinsurers, net	49.17	7.87	57.04
Other Reins. Accts. Receivable, net	0.12	_	0.12
Surety Losses Recoverable	0.06	0.04	0.10
Investments Income Due and Accrued	0,37	0.09	0.46
Accounts Receivable	1.55	0.02	1.57
Property and Equipment	13.95	0.46	14.41
Security Fund Contribution	0.00	0.01	0.01
Other Assets	26.08	6.45	32.53
TOTAL ASSETS	235.96	43.96	279.92
	Charles Age Charles (May Control of Control		
LIABILITIES			
Claims Liabilities	65.26	11.38	76.64
Premium Liabilities	36.00	7.99	43.99
Due to Reinsurers	21.26	4.15	25.41
Funds Held for Reinsurers	3.63	1.15	4.78
Commissions Payable	3.79	1.39	5.18
Return Premiums Payable	0.00	-	0.00
Taxes/Licenses Payable	7.58	0.79	8.37
Deposit for Real Estate under Contract to Sell	0.00	-	0.00
Cash Callaterals	1.44	-	1.44
Account Payable	6.44	1.06	7.50
Dividends Payable	0.11	0.01	0.12
Financial Liabilities at Fair Value Through Profit and Loss	т	-	-
Accrued Expenses	1.04	0.30	1.34
Derivative Liabilities Held for Hedging	-	-	-
Notes Payable	0.40	-	0.40
Other Liabilities	6.47	1.77	8.24
TOTAL LIABILITIES	153.43	29.99	183.42
NET WARTH		=:	
NET WORTH	00.44	0.10	77 /7
Paid-Up Capital/Statutory Deposits	29.44	8.19	37.63
Deposit for Future Subscription	1.59	0.02	1.61
Capital Stock Subscribed	2.32	0.00	2.32
Contributed Surplus/Home Office Inward Remittances	3.21	1.25	4.46
Contingency Surplus	5.95	1.40	7.35
Capital Paid in Excess of Par	5.94	0.28	6.22
Retained Earnings/Home Office Account	25.53	2.10	27.63
Cost of Share-Based Payment	1,91	0.05	1.96
Total Reserve Accounts	8.40	0.79	9.19
Remeasurement Gains (Losses) on Retirement, Pension Asset (Obligation)	(0.63)	(0.11)	(0.74)
Treasury Stock	(1.13)	(0.00)	(1.13)
TOTAL NET WORTH	82.53	13.97	96.50
TOTAL LIABILITIES & NET WORTH			

D. Mutual Benefit Associations

There are thirty-six (36) licensed Mutual Benefit Associations (MBAs) as of the end of 2020. One (1) association has yet to submit its Annual Statement. One (1) MBA under the supervision and monitoring of the Conservatorship, Receivership and Liquidation Division was also included in the aggregated data.

MBAs' Total Assets rose by 11.94%, from ₱98.44 billion in 2019 to ₱110.19 billion in 2020.Of the total assets, 73.65% was accounted from regular MBAs, which reported an increase of 11.01%, from ₱73.11 billion to ₱81.16 billion. Micro MBAs, which had the remaining 26.35%, posted an increase of 14.61%.

Table 15. Mutual Benefit Association's Key Insurance Statistics, 2019–2020 (in billion pesos)

Particulars	2019	2020	% Increase / (Decrease)
Assets	98.44	110.19	11.94
Micro	25.33	29.03	14.61
Regular	73.11	81.16	11.01
Liabilities	60.35	69.03	14.38
Micro	18.85	21.71	15.17
Regular	41.50	47.32	14.02
Members' Equity	38.09	41.16	8.06
Micro	6.48	7.32	12.96
Regular	31.61	33.84	7.05
Guaranty Fund	1,14	1.18	3.51
Micro	0.67	0.68	1.49
Regular	0.47	0.50	6.38
Invested Assets	90.15	97.56	8.22
Micro	22.73	24.57	8.10
Regular	67.42	72.99	8.26
Premiums	12.11	11.49	(5.12)
Micro	5.31	4.51	(15.07)
Regular	6.80	6.98	2.65
Net Income	6.04	4.86	(19.54)
Micro	1.46	0.78	(46.58)
Regular	4.58	4.08	(10.92)

Total Liabilities rose to ₱69.03 billion, a 14.38% increase over the previous year's ₱60.35 billion. Total Members' Equity likewise increased by 8.06%, from ₱38.09 billion last year to ₱41.16 billion in the year under review.

MBAs' Invested Assets reached ₱97.56 billion, a slight increase of 8.22% than that of the previous year. Most of the investments were placed in Financial Assets at Amortized Cost and Loans, having 48.25% and 30.97% share, respectively.

MBAs generated Total Premiums of ₱11.49 billion, a decrease of ₱0.62 billion or 5.12% compared to ₱12.11 billion in 2019. This was due to the decline in Net Members' Contribution of 7.73% and Net Premiums of 2.49%. The decrease can also be attributed to the decreased performance of micro MBAs which reported a 15.07% decrease in Total Premiums this 2020. The COVID-19 pandemic may have affected the micro MBAs from collecting Premiums among its members.

Total Net Income reported by the MBAs as of the year-end amounted to ₱4.86 billion, 19.54% lower from ₱6.04 billion in 2019. This was brought about by the decrease in Underwriting Gain and Income Earned from their investments of 23.04% and 18.36%, while its Operating Expenses rose by 43.23% as compared to the previous year.

E. Insurance and Reinsurance Brokers

The Total Premiums produced by the insurance and reinsurance brokers totaled ₱75.80 billion in 2020, down by 2.50% from ₱77.74 billion the previous year. These reported premiums are the amount collected by these intermediaries from their clients during the year plus premium receivables at the end of the year less premiums receivables at the beginning of the year.

Table 16. Brokers' Business Operations 2020 (in million pesos)

LINE OF BUSINESS	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	9,481.62	925.29	=	:-
Fire	22,138.51	1,743.77	1,410.47	87.98
Marine Cargo	1,344.70	187.05	54.99	2.52
Marine Hull	929.99	99.75	142.96	16.39
Aviation	363.79	28.44	36.93	2.37
Motor Car	6,177.72	1,422.36	31.04	1.40
Health	17,292.69	1,557.05	1.74	0.04
Accident	654.83	172.92	82.81	8.79
Engineering	2,634.97	302.25	286.96	21.54
Ins. for Migrant Workers	0.88	0.31	-	-
Microinsurance	243.93	85.86	=	-
Bonds	1,288.40	325.67	6.31	0.55
Miscellaneous	2,381.51	396.79	133.30	15.49
Sub- Total	64,933.54	7,247.51	2,187.51	157.07
НМО	8,675.51	822.15		-
Grand Total	73,609.05	8,069.66	2,187.51	157.07

The Insurance Brokers brought in 97.11% of the Total Premiums or ₱73.61 billion although it is down by 2.35% from the previous year's figure of ₱75.38 billion. The Reinsurance Brokers shared the remaining 2.89%.

For the Insurance Brokers, Fire Insurance Business accounted for 30.08% of the Total Premiums this year, followed by Health Insurance (23.49%), and Life Insurance (12.88%). Meanwhile, Commissions Earned by Insurance Brokers fell by 0.97% at \$8.07 billion for 2020 compared to \$8.48 billion in 2019.

On the other hand, 64.47% of the Premiums generated by the Reinsurance Brokers for 2020 were on Fire Insurance Business followed by Engineering Insurance, which produced 13.12% of the Total Premiums. Commissions Earned by Reinsurance Brokers increased by 8.47% this year at \$0.16 billion compared to \$0.14 billion in 2019.



Insurance Commissioner Dennis B. Funa attends the 125th Anniversary
Celebration Kick Off Event of Sun Life of Canada (Philippines), Inc. with Sun
Life Global President and CEO Dean Connor (R) and Sunlife CEO and Country
Head Benedict Sison (L).
16 January 2020



Insurance Commissioner Dennis B. Funa at the unveiling of Sun Life of Canada (Philippines), Inc. 125th Anniversary Marker
16 January 2020



Insurance Commissioner Dennis B. Funa with Dr. Jaime Aristotle Alip (2nd from the left) and BPI AMTC Chief Investment Officer Smith Chua (3rd from the right) at the 2020 National Microinsurance Month Forum
30 January 2020



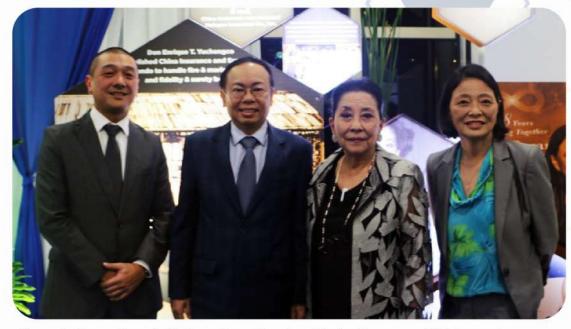
Commissioner Dennis B. Funa (center) with CARD MRI Founder and Chairman Emeritus Dr. Jaime Aristotle B. Alip (3rd from right), BSP Managing Director of the Center For Learning and Inclusion Advocacy Pia Bernadette Roman Tayag and members of the Microinsurance MBA Association of the Philippines, Inc 30 January 2020.



Commissioner Dennis B. Funa with the Committee Chairpersons of Philippine Life Insurance Association, Inc. at Dusit Thani Hotel, Makati City 30 January 2020



Commissioner Dennis B. Funa during the induction of the 2020 Board of Directors of Philippine Life Insurance Association, Inc.at Dusit Thani Hotel,
Makati City
30 January 2020



Commissioner Dennis B. Funa the attends 90th Anniversary of Malayan Insurance with its President and CEO Paolo Y. Abaya, Chairperson Helen Y. Dee and Vice-Chairperson Yvonne S. Yuchengco at the RCBC Tower, Makati City 26 February 2020



Commissioner Dennis B. Funa with the Officers of Malayan Insurance at the RCBC Tower, Makati City 26 February 2020



Commissioner Dennis B. Funa delivering a speech during the launch of Cebuana Lhuiller Insurance Brokers, Inc.
27 February 2020



Commissioner Dennis B. Funa (center) with Cebuana Lhuillier Insurance Brokers
First Vice President and Group Head, Jonathan Batangan, Cebuana Lhuillier Senior
Executive Vice President Philippe Andre Lhuillier Cebuana Lhuillier President and
CEO Jean Henri Lhuillier (L to R)
27 February 2020



Commissioner Funa meets with AXA Insurance Executives led by AXA President Rahul Hora 18 August 2020



Interview Discussion with Pru Life 24 September 2020



Insurance Commissioner Dennis B. Funa with Deputy Commissioner Erickson H. Balmes, Philippine Life Insurance Association, Inc. (PLIA) General Manager George S. Mina, Philippine Insurers and Reinsurers Association, Inc. (PIRA) Executive Director Michael F. Rellosa, PIRA General Manager Rogelio J. Concepcion and Insurance Institute for Asian and The Pacific (IIAP) Executive Director Francisco D. Papa, Jr. (L-R) at the 23rd ASEAN Insurance Council Meeting at Makati Shangri-La October 2020



A total of fifteen (15) pre-need companies were included in this report, twelve (12) of which received their Certificate of Authority this 2020, while the other two (2) were licensed as servicing companies. One (1) company that has pending license approval as of the preparation of this report has also been included.

Table 17. Key Statistics of Pre-Need Companies, 2019-2020

LINE OF BUSINESS	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	9,481.62	925.29	-	-
Fire	22,138.51	1,743.77	1,410.47	87.98
Marine Cargo	1,344.70	187.05	54.99	2.52
Marine Hull	929.99	99.75	142.96	16.39
Aviation	363.79	28.44	36.93	2.37
Motor Car	6,177.72	1,422.36	31.04	1.40
Health	17,292.69	1,557.05	1.74	0.04
Accident	654.83	172.92	82.81	8.79
Engineering	2,634.97	302.25	286.96	21.54
Ins. for Migrant Workers	0.88	0.31	= 0	-
Microinsurance	243.93	85.86	H-1	-
Bonds	1,288.40	325.67	6.31	0.55
Miscellaneous	2,381.51	396.79	133.30	15.49
Sub- Total	64,933.54	7,247.51	2,187.51	157.07
НМО	8,675.51	822.15	-	-
Grand Total	73,609.05	8,069.66	2,187.51	157.07

In 2020, the Total Assets of the Pre-Need Industry was at ₱136.34 billion, 3.65% higher than in 2019. Investments in Trust Fund remained to have the highest share in the Total Assets, with 84.83% share, and has influenced the increase of assets for the reporting period.

Likewise, the Total Liabilities of the Pre-Need Industry increased from \$113.28 billion in 2019 to \$115.40 billion in 2020. Pre-Need Reserves constituted 94.86% of the reported Total Liabilities of the industry. Apart from this, Planholders' Benefits Payable and Planholders' Deposit also increased from \$3.90 billion to \$6.87 billion, and from \$0.09 billion to \$195.75 million, respectively. Also, the Total Net Worth of the Industry increased by 14.70%, from \$18.26 billion in 2019.

As part of the mandates of the Commission to ensure that a regulated entity has reserve funds to cover its obligations to planholders' policies and contracts², the Commission regularly monitors the capability of the Pre-Need companies to cover their required Preneed Reserve Liabilities.

² As mentioned in Pre-Need Code, Section 30. Trust Fund.



Accounts include Pre-Need Reserves and Planholders' Payable

The Pre-Need Industry experienced Net Loss of ₱2.39 billion in 2020, as compared to Net Loss of ₱0.30 billion in 2019. Only five (5) of the fifteen (15) companies included in this report registered a Net Gain while the rest registered Net Losses.

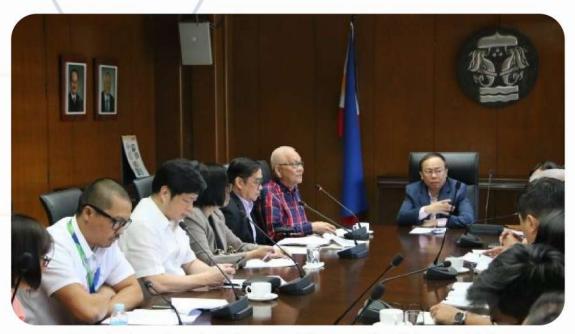
In 2020, the Total Premiums collected by the industry was at ₱18.68 billion, 15.26% lower than premiums of ₱22.04 billion collected in 2019.

Correspondingly, the number of plans sold by the Pre-Need companies was only three hundred eighty-three thousand eighty-two (383,082), a decrease by 58.6% from sales in 2019 (925,370 plans). Of the plans sold, 98.99% were Life Plans, while 0.94% were Pension Plans, and 0.07% were Educational Plans.

Table 18. Invested Assets of Pre-Need Companies, 2019-2020

Particulars	2019	2020	%
	(∌ bill	(₱ billion)	
Assets	131.53	136.24	3.65
Liabilities	113.28	115.40	1.87
Net Worth	18.26	20.94	14.70
Paid-Up Capital Stock	3.65	3.68	0.75
Trust Fund	111.44	115.39	3.55
Pre-Need Reserves	107.36	109.47	1.96
Trust Fund vs Pre-Need Reserves Surplus/(Deficit)	4.08	5.93	45.25
Invested Assets	122.63	126.04	2.78
Premiums	22.04	18.69	(15.20)
Net Income/(Loss)	(0.30)	(2.39)	(890.60)
No. of Plans Sold	925,370	383,082	(58.6)
Life	914,781	379,198	(58.55)
Pension	9,710	3,617	(62.75)
Education	879	267	(69.62)

The Total Invested Assets of the Pre-Need Industry in 2020 was ₱126.04 billion, 2.78% higher than Total Invested Assets in 2019 (₱122.63 billion). Increase in Government Securities may have helped in maintaining the levels of the Invested Assets, since it is composed 51.47% of the Investments of the industry. On the other hand, Mutual Funds, Short-Term Investments and Planholders' Loans have the highest declines in 2020, albeit low share of less than one percent (1%) from overall Invested Assets.



Commissioner Dennis B. Funa presiding over the dialogue with the Philippine Federation of Pre-Need Plan Companies 20 February 2020



Commissioner Dennis B. Funa delivering a speech at the 17th Annual Convention of the Professional Insurance and Financial Advisors Association of the Philippines (PIFAAP) at Sofitel Philippine Plaza, Manila 27 February 2020



From thirty-two (32) licensed organizations in 2019, the total number of licensed Health Maintenance Organizations (HMOs) in 2020 decreased to twenty-nine (29). Three (3) organizations have not been issued with Certificates of Authority for the year 2020.

The decrease in the number of licensed companies did not hinder the growth of the HMO industry. The industry's Total Assets as of year-end 2020 improved from ₱46.67 billion to ₱60.70 billion, a 30.06% increase from the previous year's data. Investments in Subsidiaries, Associates, and Joint Ventures, Cash and Cash Equivalents, and Trade Receivables accounted for ₱35.67 billion or 58.76% of the industry's Total Assets.

PARTICULARS	2019	2020	% Increase /
	(₱ billions)		(Decrease)
Assets	46.67	60.70	30.06
Liabilities	39.19	46.80	19.42
Net Worth	7.48	13.89	85.70
Capital Stock	2.85	2.88	1.05
Invested Assets	15.58	25.91	66.30
Membership Fees	49.56	50.74	2.38
Healthcare Benefits and Claims	37.68	25.86	(31.37)
7			

Table 19. Health Maintenance Organizations' Key Statistics, 2020

Compared to the previous year's ₱39.19 billion, the Total Liabilities of the HMO industry increased by 19.42% in 2020 reaching ₱46.80 billion. The substantial increase of the Unearned Membership Fees, Accounts Payable and Claims Payable, which comprised 59.66% of the industry's Liabilities accounted for this increment.

Net Income

1.42

8.04

466.20

The Total Net Worth of ₱13.89 billion is a remarkable 85.70% increase over the previous years' ₱7.48 billion. Increase in the industry's retained earnings of 151.35% or ₱6.48 billion against the previous year's data is the main driver in the increase of the Net Worth. The Capital Stock comprises 20.76% of the Total Net Worth in 2020.

The COVID-19 pandemic in 2020 may have had an effect in the significant increase in operating income from clinic & other operations of 90.96% or ₱0.20 billion and increase in Membership Fees of ₱1.2 billion. The decrease in Healthcare Benefits and Claims by 31.37% resulted to the increase in the HMO's Net Income of 466.20% or ₱6.62 billion compared to a mere ₱1.42 billion in 2019.

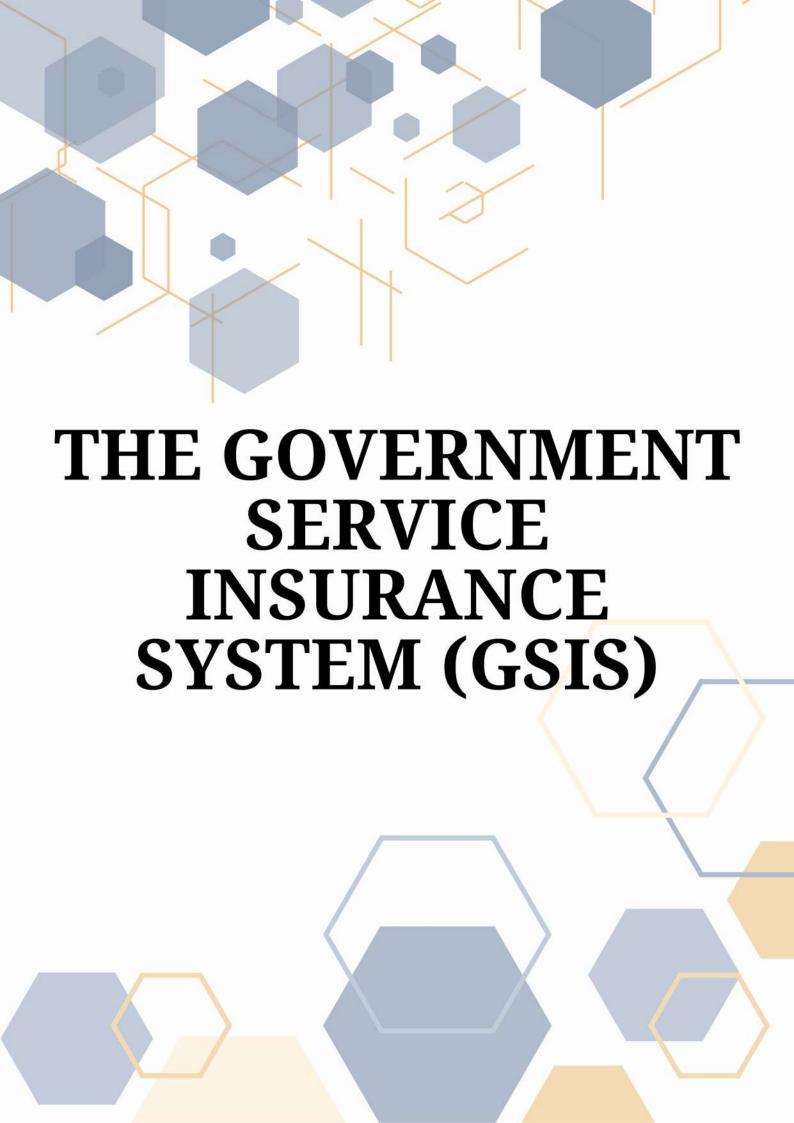
Under Full-Risk HMO Agreements for the year 2020, the Total Number of Members is four million two hundred sixty-two thousand five hundred seventeen (4,262,517) while the Total Number of Administrative Services Only (ASO) enrollees is eight hundred eighty-eight thousand eight hundred ninety-five (888,895).

This year's Invested Assets significantly increased to ₱25.91 billion, a 66.30% increase from the previous year's ₱15.58 billion. This can be attributed to the notable increase in Time Deposit by 249.77%, Loans and Receivables by 208.16% and Government Securities by 203.03%. These three accounts totaled ₱13.10 billion which comprised 50.57% of the total investments of the HMO industry.

Major placements were made in Time Deposits amounting to ₱7.59 billion or 29.30% of the Total Investments followed by Government Securities and Investment Property comprising 15.43% and 11.27%, respectively.

Table 20. Invested Assets of HMOs, 2019-2020

Invested Assets	2019	2020	%
	(₱ billions)		Increase/ (Decrease)
Government Securities	63.87	64.88	1.58
Corporate Bonds	11.22	10.97	(2.30)
Real Estate/Investment Property	2.34	4.01	70.91
Stocks	21.33	24.70	15.79
Mortgage Loans	a - 2,	-	
Planholders' Loans	0.24	0.17	(28.18)
Mutual Funds/UITF	1.95	0.21	(89.08)
Short-Term Investments	1.59	0.36	(77.64)
Other Investments	16.44	17.16	4.4%
Fixed Deposits	3.64	3.59	(1.41)
Total Investments	122.63	126.04	2.78



The accumulated Assets of the Government Service Insurance System (GSIS) reached ₱1.42 trillion this 2020, up by 8.07% from last year's ₱1.31 trillion. Of the Total Assets, 96.55% or ₱1.37 trillion was accounted to the life insurance business, which showed a slight increase of 8.00% compared to the previous year's of ₱1.27 trillion. Likewise, non-life insurance business Assets grew by 10.13%, from ₱44.53 billion to ₱49.04 billion.

Table 21. Government Service Insurance System (GSIS) Key Insurance Statistics, 2019–2020 (in billion pesos)

PARTICULARS	2019	2020	% Increase/ (Decrease)
Assets	1,314.73	1,420.88	8.07
Life	1,270.20	1,371.84	8.00
Non-Life	44.53	49.04	10.13
Liabilities	1,208.10	1,250.41	3.50
Life	1,197.71	1,240.04	3.53
Non-Life	10.39	10.37	(0.19)
Net Worth	106.63	170.47	59.87
Life	72.49	131.8	81.82
Non-Life	34.14	38.67	13.27
Invested Assets	1,245.65	1,340.40	7.61
Life	1,206.57	1,296.61	7.46
Non-Life	39.08	43.79	12.05
Premiums	132.31	142.31	7.56
Life	126.56	138.48	9.42
Non-Life	5.75	3.83	(33.39)
Net Income	96.66	62.96	(34.86)
Life	94.5	59.65	(36.88)
Non-Life	2.16	3.31	53.24

The Total Liabilities of GSIS posted a minimal increase of 3.50% compared to its previous year. The aggregate Net Worth totaled ₱170.47 billion, an increase of 59.87% from its ₱106.63 billion last year. Net Worth of the life insurance business increased by 81.82%, from ₱72.49 billion to ₱131.80 billion. This can be attributed to the increase in Reserve Accounts and Retained Earnings by 79.57% and 61.60%, respectively.

Total Premiums generated by GSIS for both life and non-life insurance business combined amounted to ₱142.31 billion, up by 7.56% from the previous year's ₱132.31 billion.

GSIS reported a Total Net Income of ₱62.96 billion as of the year end, 34.86% lower than last year's ₱96.66 billion due to decrease by 36.88% of the Net Income of the life insurance business. This can be attributed to the increase in General and Other Expenses of 53.41% and 126.86%, respectively.





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DEPUTY INSURANCE COMMISSIONER TECHNICAL SERVICES GROUP

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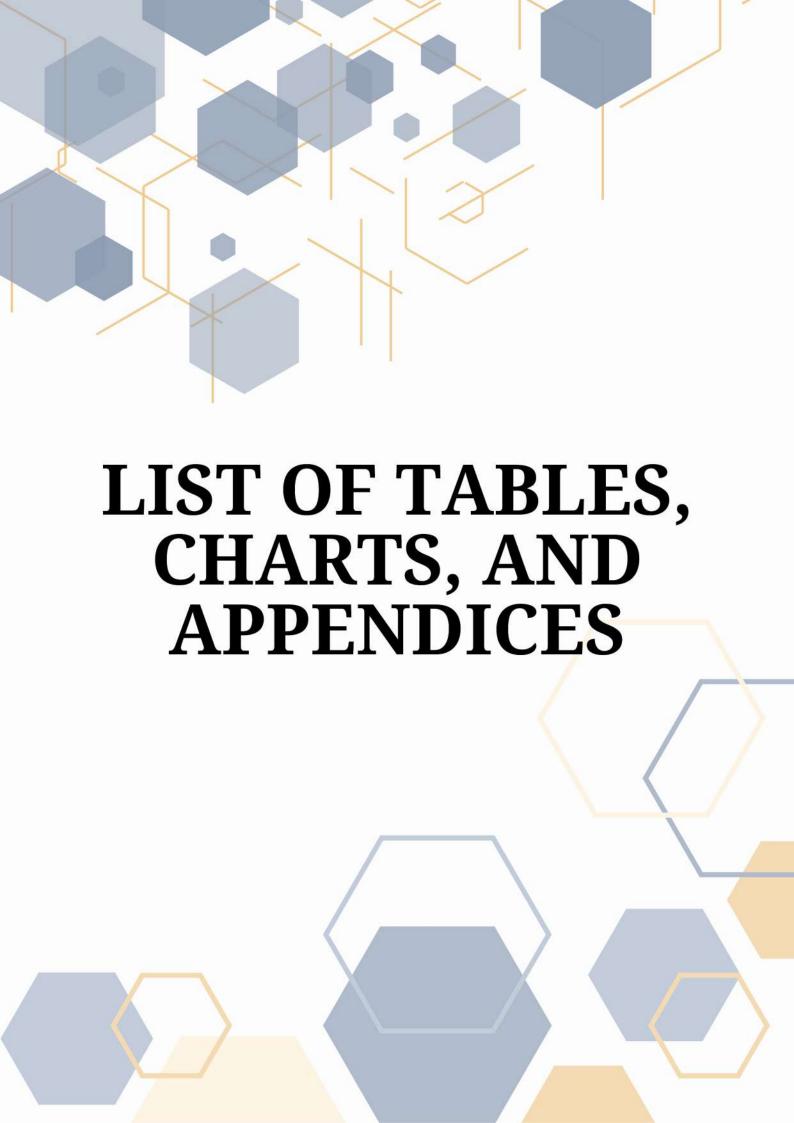
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