



PRESS RELEASE
19 November 2024

**INSURANCE DENSITY UP BY 12.44% IN Q3 2024
AS TOTAL PREMIUMS GROW BY 13.45% IN SAME QUARTER**

The Insurance Commission recently reported an increase of 12.44% in insurance density for the quarter ending on 30 September 2024 (“Q3 2024”). Insurance density, which represents the ratio of total premiums to the population or the approximate spending of every individual on insurance, grew to ₱2,910.10 in Q3 2024 from ₱2,588.05 during the same quarter in 2023 (“Q3 2023”).

This substantial rise was driven by a notable increase in total premiums earned by the entire insurance industry, which includes life and non-life insurers and mutual benefit associations (MBAs), which outpaced the population growth of 0.89% during the current quarter.

Insurance industry premiums grew from ₱289.60 billion in Q3 2023 to ₱328.55 billion in Q3 2024, which translated to a robust 13.45% growth. Total Benefits Paid decreased by 6.55%, dropping from ₱96.99 billion in Q3 2023 to ₱90.64 billion in Q3 2024. Also, the industry’s overall Net Income grew by 4.23% year-on-year, from ₱38.31 billion in Q3 2023 to ₱39.93 billion in Q3 2024.

“The growth in premiums and net income earned by the industry vis-à-vis the slight contraction in benefits paid reflects its ability to expand its customer base while effectively managing claims, thus maintaining financial stability,” Insurance Commissioner Reynaldo A. Regalado said.

Meanwhile, insurance penetration, which is the ratio of insurance premiums to the Gross Domestic Product (“GDP”) marginally grew by 0.06% from 1.68% in Q3 2023 to 1.74% in Q3 2024.

“While the GDP (in current prices) grew by 9.21% year-on-year, the growth rate of premiums outpaced this, which indicates a stronger expansion within the three (3) sectors,” he added.

Notably, the combined assets of the life and non-life insurance and MBA sectors also grew by 12.13% from ₱2.23 trillion in Q3 2023 to ₱2.50 trillion in Q3 2024. Specifically, invested assets grew by 13.75% from ₱1.98 trillion as of Q3 2023 to ₱2.26 trillion as of Q3 2024. At the same time, the industries’ Total Liabilities increased from ₱1.78 trillion as of Q3 2023 to ₱2.02 trillion as of Q3 2024, or by 13.26%.

“This year-on-year growth in the industries’ assets highlights their resilience and even expansion despite economic volatility. Yet, asset growth coupled with growth in liabilities translate to narrower profits or a focus on reinvesting in business growth,” Commissioner Regalado noted.

The statistics were obtained from the unaudited Enhanced Quarterly Reports on Selected Financial Statistics (“EQRSFS”) as of Q3 2024 by 127 of the 137 life and non-life insurers and MBAs.

Life Insurance Industry Performance

The aggregate assets of the reporting life insurers surged by 14.46% from ₱1.73 trillion in Q3 2023 to ₱1.98 trillion in Q3 2024. Traditional and Segregated Fund Invested Assets, which comprise 38.53% and 57.00% of the industry’s aggregate assets, rose by 8.67% and 19.49%, respectively.

The Total Combined Invested Assets of the life insurance sector were valued at ₱1.93 trillion in Q3 2024, up by 15.01% from ₱1.68 trillion in the previous year. A majority of the investments were placed in Financial Assets at Fair Value Through Profit or Loss (FVTPL) and Available for Sale (AFS) investments, which constituted 61.31% and 30.26% of the industry’s total investments. These portfolios reported substantial year-on-year increases of 21.40% and 11.55%, respectively.

Meanwhile, the life insurers’ Total Liabilities likewise recorded a substantial 15.43% increase, from ₱1.46 trillion in Q3 2023 to ₱1.69 trillion in Q3 2024. This was mainly driven by a 19.58% spike in segregated fund liabilities and an 11.50% increase in aggregate reserves.

The Total Premium Income generated by the life insurance sector as of Q3 2024 amounted ₱263.2 billion, notably growing year-on-year by 14.49%, when compared to ₱229.9 billion generated in Q3 2023. The increase was attributable to growth in Single Premiums of variable life insurance products by 45.27%. Variable life insurance premiums comprised 65.0% of the Total Premium Income in Q3 2024, with a reported growth of 12.63% over Q3 2023’s collections. The Traditional Life Insurance Premium Income also increased by 18.11% from ₱78.02 billion in Q3 2023 to ₱92.15 billion in Q3 2024. New Business Annual Premium Equivalent (“NBAPE”), which refers to all the premiums paid for new insurance products plus ten percent (10%) of single premiums, a metric introduced by this Commission to measure the life insurance industry’s sales performance, increased by 6.17% in Q3 2024 vis-à-vis Q3 2023.

Meanwhile, the Total Net Income of the life insurance sector slightly contracted by 0.13% from Q3 2023 to Q3 2024, or by ₱36.2 million. This was primarily due to a 27.00% decrease in overall Underwriting Gain and 8.57% increase in General and Administrative Expenses.

Non-Life Insurance Industry Performance

The non-life insurance sector's Total Assets reached ₱363.08 billion in Q3 2024, increasing by 1.93%, as compared with ₱356.20 billion reported in Q3 2023. This growth was largely driven by a 2.07% rise in Invested Assets, which amounted to

₱178.30 billion. The assets of the top ten (10) non-life companies accounted for 56.37% of the Total Assets.

Meanwhile, Total Liabilities grew by 1.28% from ₱231.53 billion in Q3 2023 to ₱234.49 billion in Q3 2024. This was primarily due to the 14.32% growth in Premium Liabilities, amounting to ₱7.78 billion. Claims Liabilities, which comprise 42.05% of the Total Liabilities, decreased by 1.11%, falling from ₱99.70 billion to ₱98.60 billion, year-on-year.

“Reduction in claims liabilities is a positive sign, suggesting effective risk mitigation and claims management,” said Commissioner Regalado.

The sector’s Total Net Worth registered at ₱128.59 billion in Q3 2024, up from ₱124.66 billion in Q3 2023, increasing by 3.15%. This was brought about by a significant 17.04% boost in Retained Earnings, which rose by ₱6.74 billion from ₱39.52 billion as of Q3 2023 to ₱46.26 billion as of Q3 2024.

The non-life insurance industry’s Total Invested Assets, which comprised nearly half (49.1%) of its Total Assets, rose to ₱178.30 billion in Q3 2024, up by 2.07% from ₱174.69 billion in Q3 2023. Notably, 72.26% of the Total Invested Assets were placed in Time Deposits, Held to Maturity Investments, and Available-for-Sale Financial Assets. Available-for-Sale investments, which comprises the largest share (32.38%) of the Total Invested Assets, climbed to ₱57.73 billion in Q3 2024 vis-à-vis ₱51.10 billion in Q3 2023.

The overall Net Premiums Written (NPW) by the industry also increased by 10.19% to ₱53.13 billion as of Q3 2024 from ₱48.21 billion in Q3 2023. The Motor Car line of insurance business, which makes up 41.08% of the total NPW per line of business, climbed from Q3 2023’s ₱19.81 billion to Q3 2024’s ₱21.83 billion. The Fire Insurance line also grew by 17.24%, from ₱7.75 billion in Q3 2023 to ₱9.09 billion in Q3 2024. The Accident insurance line also increased in Q3 2024, rising by 11.39% to ₱5.89 billion from Q3 2023’s ₱5.29 billion. With the exception of the Suretyship line, which slightly contracted by 2.21%, NPW for all other business lines grew during this reporting period.

The non-life insurance sector’s aggregate Net Income rose by 17.17% to ₱6.41 billion in Q3 2024 from ₱5.47 billion in Q3 2023.

“This growth is attributed to a 30.09% rise in Net Investment Income and a 4.76% increase in Underwriting Gain, indicating a steady improvement in core business operations and suggests effective risk management and underwriting practices by the non-life sector,” Commissioner Regalado added.

MBA Sector Performance

The MBAs’ Total Assets were reported to be at ₱158.23 billion in Q3 2024, increasing by 9.33% from ₱144.72 billion in Q3 2023. This growth was primarily due to the 13.22% growth in Invested Assets, equivalent to ₱17.29 billion. Notably, 93.60% of the sector’s Total Assets are comprised of Invested Assets.

Total Liabilities also increased by 8.69%, or ₱7.45 billion, from Q3 2023 to Q3 2024, from ₱85.76 billion to ₱93.22 billion. This can be attributed to the increase in Liability on Individual Equity Value of 12.65% and Optional Benefit Reserve of 7.95%. These two (2) accounts accounted for 36.45% and 33.19% of the Total Liabilities of the sector, respectively.

The MBA industry's Total Fund Balance increased by 10.27% over the reported equity of ₱58.95 billion in Q3 2023 to ₱65 billion in Q3 2024. Free and Unassigned Fund Balance, which comprises 48.82% of the Total Fund Balance, grew by ₱2.13 billion over the reporting period, or by 7.19%. The increase may also be attributed to a 14.15% rise in Total Funds Assigned for Members' Benefit, which comprises 29.85% of the Total Fund Balance.

MBAs' Total Invested Assets amounted to ₱148.10 billion in Q3 2024, higher by 13.22% from Q3 2023 figures. The majority of investments were allocated to Long Term Investments (Bonds), which stood at ₱73.50 billion, and in Loans, amounting to ₱47.37 billion. These two (2) portfolios, comprising 49.63% and 31.99% of the associations' Total Invested Assets, respectively, posted incremental growths of 12.15% and 10.93%, likewise respectively.

The sector's Net Surplus likewise grew year-on-year by 17.73%, from ₱4.05 billion in Q3 2023 to ₱4.77 billion in Q3 2024. This is largely driven by the 9.01% rise in Gross Investment Income and the significant contraction in Operating Expenses by 29.46% amounting to ₱1.20 billion.

[END]