



INSURANCE COMMISSION

2021

Annual Report

"The Future of Insurance, Pre-Need and HMO Supervision in the New Normal"



Jeng Magsaysay

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.
5. Cover photo by Jing Magsaysay, "Serendipity", 2021, <https://www.facebook.com/jingmagsaysayfineartphotography/photos/a.410517582624543/1442413552768269/>

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The Commissioner's Message

The year 2021 was marked with resiliency, recovery, and reemergence.

Early this year, the government launched its vaccination program as part of the concerted efforts to impede the spread of the virus, with high hopes that this will ultimately lead to the eradication of the pandemic. With more Filipinos receiving the vaccine, restrictions were gradually loosened which prompted the resumption of social mobility and the revival of economic activities.

As businesses reopened and resumed operations, certain adjustments were implemented in order to cope with the unprecedented changes and adhere to the protocols imposed by the government. During this year, most of the meetings, events, and other official occasions were held virtually through the use of applications and technologies that support remote communication. It was a trend that required investment in equipment and physical resources. But beyond that, it required investment of time and intellect to learn how this new norm of doing business work. Despite limitations, the Insurance Commission and its regulated entities demonstrated flexibility and adaptability in embracing innovations in order to keep our operations running unhindered, thereby sustaining the growth that the insurance industry has achieved in recent years.

The global health crisis brought uncertainties to our lives, thus it has become even more crucial to have a reliable insurance industry on which the Filipino people can lean on, especially in times of dire need. It is with profound pleasure to share that despite the adverse impact of the pandemic, the insurance industry and its related services continue to thrive and reap positive growth as reflected by various key performance indicators.

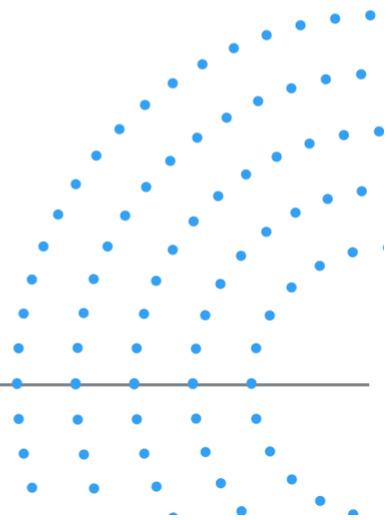
In comparison with our leading neighboring countries in the ASEAN Region, the insurance industry in the Philippines still has a long way to go. But the continuous positive trend that we have seen in the recent years – even amidst the onslaught of the pandemic – serves as a strong indicator that we are traversing the right path towards attaining financial inclusion for the majority, if not all, Filipinos.

This Annual Report offers a summary and quantitative representation of the accomplishments that the insurance industry has achieved for the year 2021. We hope that the data presented in this report shall serve its purpose not only as a ready reference for our industry players and other stakeholders, but also serve as a gauge to help us plot a roadmap towards a stronger and more reliable insurance industry.

Dennis B. Funa
Insurance Commissioner



About the **Insurance Commission**



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.

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.

Shared Core Values

Integrity

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

Commitment

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

Responsibility

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



Administration of Insurance and Pre-need codes, and Executive Order No. 192 s. 2015

Photo by Jing Magsaysay, "Neon Night", 2021,
<https://www.facebook.com/jingmagsaysayfineartphotography/photos/a.410517582624543/1470388496637441/>

A. Licensing and Marketing Structure

The Insurance Commission issues certificates of authority to all regulated entities that intend to engage in business in the Philippines, in order to guarantee the efficient regulation and supervision of the insurance, pre-need, and health maintenance organizations (HMO) industries in the Philippines.

In 2021, a total of one hundred sixty-two (162) certificates of authority were issued which includes five (5) composite companies, twenty-six (26) life insurance companies, fifty-two (52) 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. In addition, there were ten (10) servicing companies identified – seven (7) insurance companies and three (3) pre-need companies.

Table 1. Insurance Companies, Mutual Benefit Associations, Pre-Need Companies, and Health Maintenance Organizations Authorized to Transact Business in the Philippines, 2021

I. Insurance Companies					
Classification of Companies	Direct Insurers			Prof. Reinsurer	TOTAL
	Composite	Life	Non-Life		
A. Domestic	3	16	41	1	59
B. Foreign ^a	2	10	11	0	25
C. Servicing	0	1	6	0	7
<i>Total Insurance Companies</i>	5	27	58	1	91
II. Mutual Benefit Associations					
A. Microinsurance MBAs					24
B. Regular MBAs					14 ^b
<i>Total Mutual Benefit Associations</i>					38
III. Pre-Need Companies					
A. Domestic					13
B. Servicing					3
IV. Health Maintenance Organizations					
A. Domestic					29 ^c
Total Regulated Entities with Certificate of Authority					162 ^d
Total Regulated Entities					174

^a With more than 50% foreign participation

^b Includes two (2) MBA under Conservatorship, Receivership and Liquidation Division

^c Includes one (1) company with pending license as of preparation of Annual Report

^d Does not include servicing companies and MBAs under CRL

The number of certificates issued decreased from one hundred sixty-five (165) certificates in 2020 to the current one hundred sixty-two (162). The certificate of authority of National Life Insurance Company of the Philippines was not renewed while Empire Insurance Company (non-life) was issued a servicing license for 2021.

For the MBAs, AimCoop Mutual Benefit Association, Inc. was issued a certificate of authority as a new MBA while Philippine Public School Teachers Association (PPSTA) was added under conservatorship.

Table 2. Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals/Entities, 2020 to 2021

INTERMEDIARIES	2020	2021	% Increase/ (Decrease)
Ordinary Agents	108,729	131,875	21.29%
Life	96,294	116,006	20.47%
Non-Life	12,366	15,791	27.70%
Microinsurance	67	78	16.42%
General Agents	158	209	30.63%
Life	54	90	66.67%
Variable	11	14	27.27%
Non-Life	93	105	12.90%
Variable Life Agents	112,096	128,726	(1.03)%
Brokers	86	84	(2.33)%
Insurance	66	65	(1.52)%
Reinsurance	20	19	(5.00)%
Pre-Need Sales Counselors	17,378	15,293	(12.00)%
TECHNICAL SUPPORT			
Non-Life Company Underwriters	350	390	11.43%
Resident Agents	76	74	(2.63)%
Insurance Actuaries	44	50	13.64%
Life/Non-Life Actuaries	6	10	66.67%
Life Insurance Actuaries	33	36	9.09%
Non-Life Insurance Actuaries	5	4	(20.00)%
Pre-Need Actuaries	9	12	33.33%
HMO Actuaries	10	14	40.00%
Public Adjusters	1	1	0.00%
Independent Adjusters	42	42	0.00%

Further, the HMO - Forticare Health Systems International, Inc. was put under conservatorship in 2021. Meanwhile for the pre-need industry, AMA Plans Inc. and Cocoplans, Inc. were issued certificates of authority while New Life Memorial Plan, Inc did not renew its license.

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

B. Financial Surveillance

The Insurance Commission conducts examinations to evaluate the financial state, operational procedures, and adherence to legal requirements of its regulated entities. Despite the passage of a year since the onset of the COVID-19 pandemic, the Philippine government continued to impose mobility restrictions in response to periodic surges in cases. As a result, the Insurance Commission was compelled to make changes to its regular supervisory and regulatory practices. Utilizing information technology, the Commission conducted examinations on a total of eighty-two (82) insurance companies, thirty-four (34) MBAs, seventeen (17) pre-need companies, four (4) HMOs, and seventy-one (71) insurance and/or reinsurance brokers to verify their solvency and financial soundness in catering to their clients and stakeholders. Furthermore, the Commission conducted six (6) off-site rating examinations of non-life insurance companies.

Aside from the yearly evaluations of companies, the Insurance Commission also conducts quarterly monitoring of insurance companies to ensure compliance with the Risk-Based Capital (RBC) Ratios and minimum Net Worth requirement. This is in line with the adoption of the new Financial Reporting Framework, New Valuation Standards, and Amended Risk-Based Capital (RBC2) Framework in 2017. The Commission also solicits status updates regarding the implementation of IFRS 17 (Insurance Contracts).

A total of seventy-eight (78) Synopses of the Annual Statements were approved by the Commission in 2021 consisting of twelve (12) from life insurance companies and MBAs, fifty-five (55) from non-life insurance companies and eleven (11) from pre-need companies.

Additionally, in compliance with the Pre-Need Code and pertinent Circular Letters, the Insurance Commission conducted monitoring and evaluation of a total of ninety-two (92) trust funds belonging to pre-need companies throughout the year.

C. Tariff Compliance Monitoring

In addition to monitoring and evaluating the compliance of non-life insurance companies with tariff rates and other pertinent rules and regulations, the Insurance Commission also verifies the premium rates applied to motor car policies, fire policies, and bonds issued in favor of the government. To ensure a more comprehensive monitoring and evaluation of tariff compliance by non-life insurance companies, the Commission issued Circular Letter No. 2019-73 in December 2019 entitled "Submission of Annual Report on the Fire and Motor Car Policies and Bonds Issued."

In 2021, the Commission identified two hundred thirteen (213) breaches of tariff rates and other pertinent findings, resulting in a penalty collection of ₱5.33 million.

D. Public Assistance, Claims and Adjudication

In 2021, the Commission received a total of three hundred fifty-seven (357) formal and informal complaints through its Main Office, Cebu, and Davao District Offices related to insurance, pre-need, and HMO matters. The Insurance Commission facilitated the resolution of these complaints by conducting mediation through either formal proceedings or informal settlements and conciliation. This represents a significant decrease from the previous year's figures of nine hundred fifty-six (956) complaints. The decline can be attributed to the COVID-19 pandemic and the resulting lockdowns, mobility restrictions, and temporary suspension of IC offices.

To cope with the challenges brought by the pandemic, the Commission resorted to using videoconferencing to facilitate arbitration of cases, mediation or conciliation conferences, and other alternative dispute resolution proceedings between claimants and regulated entities. This allowed the Commission to continue providing its public service despite the restrictions.

E. Conservatorship/Receivership/Liquidation

For the period under review, a total of thirty-eight (38) life and non-life insurance companies, two (2) MBAs, eight (8) servicing insurance companies, and thirty-two (32) pre-need companies were placed under conservatorship, receivership, and liquidation (CRL) by the Commission to protect, manage, and monitor their assets for the benefit of their policyholders who may file claims in the future.

Companies that have been placed under CRL could either be in the process of closing down or “running off” their business, have inadequate capital and solvency to meet obligations, or may have received a “Cease and Desist Order” from the Commission to stop their business operations.

F. Security Deposits/Guaranty Fund/Security Fund

In accordance with the amended Insurance Code, the combined security deposits of the Life, Non-life and Professional Reinsurer, including those licensed servicing firms, amounted to ₱24.02 billion for 2021, a 3.90% increase compared to the previous year's ₱23.12 billion. Non-life insurance companies, including professional reinsurers, contributed the most significant portion, accounting for 65.06% of the industry's security deposits.

In addition, the Security Fund of insurance companies administered by the Insurance Commission totaled to ₱18.44 million.

The total amount of Guaranty Fund deposited by the MBAs for the year 2021 amounted to ₱1.18 billion.

As prescribed by Circular Letter No. 2019-74 and pursuant to Executive Order 192 s.2015 of the President of the Philippines, security deposit of HMO industry for 2021 was calculated at ₱0.67 billion.

In summary, the Insurance Commission is currently administering a total of ₱25.89 billion in security deposits, security fund, and guaranty fund from licensed entities only. These funds are being held under the custody of the Bureau of Treasury and will be used to pay valid claims in case the companies or associations become insolvent.

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

In line with its mandate, the Commission reviews and grants approval of all life and non-life insurance policies, as well as pre-need and HMO plans, prior to their offering to potential customers. In 2021, the Commission has evaluated and approved one hundred ninety-five (195) products/plans and one thousand seventy-nine (1,079) contract/endorsement forms. The approved plans include forty-six (46) life insurance, one hundred nine (109) non-life insurance, twenty-one (21) variable life, six (6) microinsurance, eight (8) pre-need and five (5) HMO products.

Further, the Commission conducts regular evaluations and grants approvals on reinsurance treaties and facultative placements abroad to ensure that these arrangements made by the regulated entities adhere to the provisions of the Amended Insurance Code. In the year 2021, the Commission evaluated and approved a total of two hundred seventy-one (271) particulars and reinsurance treaties.

H. Regulatory Updates

The Commission has fulfilled its duty to regulate and oversee the insurance, pre-need, and HMO industries by releasing seventy-three (73) Circular Letters in 2021, ensuring the continuity of its regulated entities and safeguarding the welfare of stakeholders and consumers. As most of the guidelines needed in response to the COVID-19 pandemic have already been published in the previous year, the number of circular letters released in 2021 is noticeably lower. Although the Commission has provided extensive guidelines on the submission of reportorial requirements of companies, circular letters and advisories were also released to extend the deadline for submissions, in response to mobility limitations. These Circular Letters were issued in compliance with the provisions of the Insurance and Pre-Need Codes, as well as Executive Order No. 192 (s. 2015).

The following are the major Circular Letters issued:

- **CL No. 2021-02 issued on 07 January 2021 – Revised Guidelines on the Declaration and/or Distribution of Dividends**

Revises the guidelines on the declaration and distribution of dividends specifically, Cash dividend, Property dividend and Stock dividend of all regulated entities authorized to do business in the Philippines.

- **CL No. 2021-04 issued on 20 January 2021 – Amendment of the Standard Chart of Accounts (SCA) for Mutual Benefit Associations (MBAs)**

Informs all Mutual Benefit Associations (MBAs) of the amendment to CL 2014-41 entitled “Standard Chart of Accounts (SCA) for MBAs” to ensure consistent application of accounting principles and standards.

- **CL No. 2021-05 issued on 25 January 2021 – Reference for Valuation of Publicly Listed Equities and the Foreign Currencies Exchange Rates as of Year-End 2020**

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) as of year-end 2020.

- **CL No. 2021-06 issued on 26 January 2021 – Guidelines on the Electronic Submission of Requests for Investment Approval, Compliance with Security Deposit Requirements and Filing of Reportorial Requirements**

Informs all regulated entities and all concerned financial institutions of the online submission of all applications such as requests for investment approval, compliance with Security Deposit requirements and reportorial submissions through the Online Submission Portal of the Investments Service Division.

- **CL No. 2021-07 issued on 28 January 2021 – Prepaid Facilitation Fees Arising From Bancassurance Arrangements as Non-Admitted Assets**

Promulgates to all insurance companies with bancassurance arrangements that the facilitation fees paid in advance and booked as prepaid expenses shall not be treated as admitted assets of the insurance company.

- **CL No. 2021-09 issued on 16 February 2021 – Guidelines on Electronic Commerce of Pre-Need Products**

Prescribes to all pre-need companies doing business in the Philippines and engaging in electronic commerce of pre-need products of the guidelines in the selling and issuance of such pre-need products.

- **CL No. 2021-10 issued on 16 February 2021 – Guidelines on Electronic Commerce of HMO Products**

Informs all Health Maintenance Organizations (HMOs) doing business in the Philippines and engaging in electronic commerce of HMO products on the guidelines in the selling and issuance of such HMO products.

- **CL No. 2021-11 issued on 17 February 2021 – Guidelines on the Adoption of a Regulatory Sandbox Framework for Financial Technology (FinTech) Innovations for Health Maintenance Organizations (HMOs) and Pre-Need Companies**

Promulgates to all Health Maintenance Organizations and Pre-Need Companies the guidelines on the adoption of a regulatory sandbox framework for Financial Technology (FinTech) as recognition of the immense benefit that can be derived from further developing FinTech innovations through experimentation, testing, and learning.

- **CL No. 2021-13 issued on 03 March 2021 – Additional Quarterly Reports of Pre-Need Companies**

Issues to all Pre-Need Companies the additional reports as part of the Interim Reports submitted to the Commission for a more comprehensive reporting to assess the performance of the Pre-Need Industry, amending Circular Letter No. 2015-61 on the Quarterly Reportorial Requirement.

- **CL No. 2021-14 issued on 03 March 2021 – Online Submission of Pre-Need Monthly Reports**

Issues to all Pre-Need Companies the guidelines on the online submission of Pre-Need monthly reports in line with the digitalization initiatives of the Commission.

- **CL No. 2021-16 issued on 15 March 2021 – Online Submission of Documents and Schedules to Support Ownership of Assets**

Issues to all Non-Life Insurance Companies the guidelines for the online submission of documents and schedules to support ownership of assets duly certified by the President/CEO and Chief Accountant of the companies in line with the digitalization initiatives of the Commission.

- **CL No. 2021-18 issued on 16 March 2021 – Providing the Protocol for Pre-Need Companies in Financial Distress which are at the Same Time Undergoing Rehabilitation or Other Proceedings under Republic Act No. 10142, Otherwise Known as the “Financial Rehabilitation and Insolvency Act (FRIA) of 2010”**

Informs all Pre-Need Companies of the protocol to be observed for pre-need companies in financial distress which have been undergoing rehabilitation or other proceedings under RA No. 10142, otherwise known as “Financial Rehabilitation and Insolvency Act (FRIA) of 2010” prior to the effectivity of the Pre-Need Code.

- **CL No. 2021-22 issued on 29 March 2021 – Operations of Health Maintenance Organizations and Health Insurance Providers under the Enhanced Community Quarantine (ECQ)**

Informs all Health Maintenance Organizations (HMOs) and Life and Non-Life Insurance Companies doing health insurance business of the operations of HMOs and Health Insurance Providers in Areas under Enhanced Community Quarantine brought about by the COVID-19 Pandemic.

- **CL No. 2021-25 issued on 08 April 2021 – Online Submission of Documents and Schedules to Support Ownership of Assets in lieu of Physical Inventory**

Issues to all Pre-Need Companies doing business in the Philippines the guidelines on the electronic submission of documents and schedules to support ownership of assets in line with the digitalization initiatives of the Commission.

- **CL No. 2021-26 issued on 12 April 2021 – Mandatory Creation and Maintenance of Company Website**

Informs all Insurance Companies, both Life and Non-Life companies, as well as MBAs the requirement to create and maintain a company website and the information that shall be published.

- **CL No. 2021-27 issued on 12 April 2021 – Strict Implementation of Sustainable Catastrophe Insurance Premium Rates and Establishment of the Philippines Catastrophe Insurance Facility (PCIF).**

Promulgates to all Non-Life Insurance Companies doing business in the Philippines to appoint representatives to the PCIF TWG and adhere to the established sustainable catastrophe insurance premium rates through the compulsory cession to the Philippine Catastrophe Insurance Facility.

- **CL No. 2021-28 issued on 12 April 2021 – Operations of Regulated Entities under the Modified Enhanced Community Quarantine (MECQ)**

Informs all concerned regulated entities of non-permission of operations during the Enhanced Community Quarantine (ECQ), and operations of up to maximum of fifty percent (50%) of workforce on-site during the MECQ period and encouragement of work-from-home and other flexible work arrangements, where applicable.

- **CL No. 2021-30 issued on 13 April 2021 – Amendment to Circular Letter No. 2021-24 Re: Extension of Periods for Filing and Submission of Regulatory Documentary Requirements of all Non-Life Insurance and Professional Reinsurance Companies**

Amends the Circular Letter No. 2021-24 on guidelines on the extension of online submission of documents and schedules to support ownership of assets until 30 April 2021, and 2020 Annual Statement (AS) and Audited Financial Statement (AFS) until 30 April 2021. Meanwhile, submissions of 2020 AS and AFS made until 30 June 2021 will be accepted without imposing penalties for late submission.

- **CL No. 2021-32 issued on 14 April 2021 – Additional Guidelines on the Electronic Submission of the 2020 Annual Statements**

Informs all Life Insurance Companies, Life Units of Composite Insurance Companies and Mutual Benefit Associations of the deadline of submission of 30 April 2021, 4:00 PM. Submissions made until 31 May 2021, 4:00 PM may be accepted without imposition of penalty for delayed submission.

- **CL No. 2021-33 issued on 14 April 2021 – Extension of Period for Online Submission of 2020 Audited Financial Statements (AFS) and Attachments**

Informs all Insurance Brokers, Reinsurance Brokers, and both Insurance and Reinsurance Brokers of the extension of period for online submission of 2020 AFS and its attachments to 15 June 2021, 5:00 PM, from its original deadline of 31 May 2021.

- **CL No. 2021-35 issued on 30 April 2021 – Electronic Submission of Reportorial Requirements on Fire and Motor Car Policies and Bonds Issued, Sale of Vehicles Acquired under Total Loss Claim Subrogations, and Adjustment Cases Handled**

Promulgates to all Non-Life Insurance Companies and Insurance Adjusters the updated and consolidated guideline on the electronic submission of reportorial requirements on fire and motor car policies and bonds issued, sales of vehicles acquired under total loss claim subrogations, and adjustment cases handled in line with the digitalization initiatives of the Commission.

- **CL No. 2021-38 issued on 28 May 2021 – Guidelines on the Re-imposition of Penalties which were Suspended under CL No. 2020-93 as Directed under Bayanihan 2**

Informs all entities regulated by the Insurance Commission of the guidelines on the re-imposition of penalties which were suspended under Circular Letter No. 2020-93, wherein all compulsory notification and reportorial requirements due on or before 31 December 2020 shall be submitted to the respective Divisions of the Insurance Commission on or before 30 June 2021.

- **CL No. 2021-39 issued on 31 May 2021 – Amendment to CL No. 2018-37 on Guidelines on Requests for Financial Documents of Regulated Entities**

Amends the Section 1 of Circular Letter No. 2018-37 on Guidelines on Requests for Financial Documents of Regulated Entities, in which Audited Financial Statements of regulated entities are considered public documents and are available upon request in accordance with the Freedom of Information (FOI) Manual of the Commission.

- **CL No. 2021-41 issued on 28 June 2021 – Dissemination of IATF Resolution No. 117, Series of 2021 on Eligibility for COVID-19 Vaccination Under Priority Group A4**

Informs all licensed Insurance and Reinsurance Companies, Pre-Need Companies, Health Maintenance Organizations, Insurance and/or Reinsurance Brokers, and Adjustment Companies of the regulations based on the IATF Resolution No. 117, Series of 2021 on Eligibility for COVID-19 Vaccination under Priority Group A4.

- **CL No. 2021-42 issued on 29 June 2021 – Directive to Take all Precautionary Measures Against Recent Spate of Cyberattacks**

Promulgates all entities under the Regulatory Control and Supervision of the Insurance Commission of directives to take all precautions to mitigate the risk of cyberattacks and related risks due to reports that some of its regulated entities have been subject of cyberattacks that consequently led to data breaches.

- **CL No. 2021-43 issued on 11 July 2021 – Extension of the Regulatory Relief on the Admittance of Premiums Receivable due to the COVID-19 Pandemic**

Informs all Non-Life Insurance and Professional Reinsurance Companies of extension of the regulatory relief on the admittance of Premiums Receivable for reporting year 2021.

- **CL No. 2021-45 issued on 16 July 2021 – Invitation to the First ASEAN Corporate Governance Roundtable Activity for all Insurance Commission Regulated Entities**

Invites all Insurance/Reinsurance Companies, Insurance and Reinsurance Brokers, Mutual Benefit Associations, Pre-Need Companies and Health Maintenance Organizations to the First ASEAN Corporate Governance roundtable activity to encourage and inspire all entities to further develop their corporate governance practices to improve their respective ASEAN Corporate Governance scores.

- **CL No. 2021-50 issued on 02 August 2021 – Operations of Health Maintenance Organizations and Health Insurance Providers under the Enhanced Community Quarantine (ECQ)**

Promulgates guidelines to all Health Maintenance Organizations (HMOs) and Life and Non-Life Insurance Companies doing health insurance business of the operations of HMOs and Health Insurance Providers in Areas under Enhanced Community Quarantine brought about by the COVID-19 Pandemic.

- **CL No. 2021-51 issued on 07 September 2021 – Amendments to Section 9A of CL No. 2017-34 or the Revised Guidelines on Variable Life Insurance Contracts**

Amends the Section 9A of the Circular Letter No. 2017-34 dated 17 June 2017 on Periodic Disclosure to Policyholders.

- **CL No. 2021-52 issued on 10 September 2021 – Omnibus Guidelines on the Consolidation and Merger of Insurance Companies**

Informs all Domestic Insurance Companies doing business in the Philippines on Guidelines for the Consolidation and Merger of Insurance Companies.

- **CL No. 2021-53 issued on 10 September 2021 – Omnibus Guidelines on Foreign Currency Denominated Investments and Insurance Policies**

Promulgates guidelines to all Insurance/Reinsurance Companies and Mutual Benefit Associations on acceptable and allowed Foreign Currency Denominated Investments and Insurance Policies.

- **CL No. 2021-54 issued on 16 September 2021 – Guidelines on the Synchronization of the Period of Coverage of Comprehensive Motor Car Insurance Policies with Date of Motor Vehicle Registration**

Promulgates to all Insurance Companies offering Motor Car Insurance to allow for the extension of the period of coverage of comprehensive motor car insurance policies to synchronize the period of coverage with the month of the motor vehicle registration.

- **CL No. 2021-58 issued on 11 October 2021 – Amendment to Section 3 of CL No. 2017-09 or the Guidelines Fixing the Documentary Requirements for Acquiring Ownership of a Domestic Insurance Broker and Reinsurance Broker**

Amends the Section 3 of the Circular Letter No. 2017-09 highlighting that prior approval of the Insurance Commissioner shall only be required in the event of change of ownership in the brokerage itself.

- **CL No. 2021-60 issued on 15 October 2021 – Guidelines on the Adoption of a Regulatory Sandbox Framework for Piloting Agriculture Insurance**

Informs all Non-Life companies and Licensed Insurance Intermediaries or Aggregators of the Insurance Commission of the guidelines on the adoption of regulatory sandbox framework for piloting agricultural insurance as a new and potential market for their products and services.

- **CL No. 2021-61 issued on 19 October 2021 – Guidelines on the Minimum Paid-Up Capitalization and Net Worth Requirements for Cooperative Insurance Companies**

Promulgates to all new and existing cooperative insurance companies minimum paid-up capitalization and net worth requirements for new and existing cooperative insurers regulated by the Commission.

- **CL No. 2021-63 issued on 27 October 2021 – Survey on Targeted Financial Sanctions**

Directs all Insurance Commission Regulated Entities to accomplish the Targeted Financial Sanctions Survey Questionnaire on or before 15 November 2021 to provide IC with sufficient information on the relevant training needs and appropriate measures to be adopted.

- **CL No. 2021-64 issued on 04 November 2021 – Guidelines on the Adoption of a Regulatory Sandbox Framework for Innovations in the Insurance, Health Maintenance Organizations (HMOs), and Pre-Need Industries**

Issues guidelines to all entities regulated by the Insurance Commission on the adoption of a regulatory sandbox framework on testing of innovative products, services, business models, and/or delivery mechanisms under a small scale and controlled environment.

- **CL No. 2021-65 issued on 06 November 2021 – Revised On-Site Examination/Off-Site Verification Rules and Procedures**

Informs all Insurance and Reinsurance Brokers and IC-Accredited External Auditors of the revised rules and procedures on the determination of net worth, fiduciary ratio, on-site and off-site examination, schedules and additional disclosures required in the AFS.

- **CL No. 2021-66 issued on 10 November 2021 – Amendment to Guidelines on Electronic Commerce of Insurance Products**

Amends Item 7.18 and Item 15.2 of CL No. 2014-47 pursuant to Section 50 and Section 437 of the Insurance Code, as amended by Republic Act No. 10607.

- **CL No. 2021-67 issued on 15 November 2021 – Extension of Period for the Submission of the Survey on Targeted Financial Sanctions under Circular Letter No. 2021-63**

Informs all Insurance Commission Regulated Companies to submit their Targeted Financial Sanctions Survey Questionnaire on or before the extended deadline of 30 November 2021.

- **CL No. 2021-68 issued on 24 November 2021 – Guidelines on Offering of Discounts on Membership Fees of HMO Products**

Informs all Health Maintenance Organizations of the regulations for prohibitions and allowable discounts of Membership Fees to ensure fair and sustainable promotion of HMO products.

- **CL No. 2021-69 issued on 25 November 2021 – Issuance and Implementation of the Revised Standard Chart of Accounts (SCA)**

Promulgates to all Insurance Brokers, Reinsurance Brokers and both Insurance and Reinsurance Brokers of the rules and regulations concerning the financial reporting.

- **CL No. 2021-70 issued on 10 December 2021 – Amendment to Section 2 of CL No. 2019-07 or the Guidelines and Grounds for the Reduction of Penalties Due to Delays in the Submission of Reportorial Requirements**

Amends Section 2 of CL No. 2019-07 considering reduction of penalty imposed in an amount not exceeding fifty percent (50%) of the total sum.

- **CL No. 2021-71 issued on 20 December 2021 – Guidelines Strengthening Typhoon "Odette" - Related Claims Management Policies**

Enjoins all concerned regulated entities to adopt and implement claims management policies relative to the processing and/or payment of claims that are related to Typhoon "Odette".

- **CL No. 2021-72 issued on 27 December 2021 – Deposit of Securites for Companies Currently in the Process of Complying with Section 209 of the Amended Insurance Code**

Promulgates to all insurance companies compliant with the existing minimum paid-up capital, Net Worth and Risk-Based Capital requirements to allow investment in government securities monthly for a period until June 30, 2022.

- **CL No. 2021-73 issued on 27 December 2021 – Guidelines on Requests for Financial Documents of Regulated Entities**

Informs all Insurance Commission Regulated Entities and the General Public of the nature of the financial documents of regulated companies and the guidelines on requesting the said financial documents.

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

Resilience amidst Uncertainty: The Global Market and Insurance Trends

The COVID-19 pandemic brought to light the economic fragility of nations in arresting undesirable societal and fiscal effects, resulting in significant supply chain constraints and inflationary pressures. Our World in Data reported that by the close of 2021, the global weekly average rate of cases had reached 151.23 million. While the progressive deployment of vaccines proved effective in reducing the death toll to 0.81 million, with only slightly over 57% of the population having received at least one dose, the emergence of new outbreaks and variants, such as Delta and Omicron, led to a surge in cases, prompting governments to enforce targeted lockdown measures in regions with relatively lower case counts. Meanwhile, governments pushed for economic initiatives to promote market liquidity and dispensed fiscal support packages, while central banks worldwide implemented accommodative monetary policies to counteract the momentum of the recovery.

The year 2021 saw a global growth of 5.9% in the Gross Domestic Product (GDP), marking a sharp rebound from a full-year global recession in 2020¹, although experiences in shocks varied per country. However, inflationary pressures that drove up global interest rates persisted, thereby causing lingering concerns. Despite this, market conditions remained highly liquid, and the stock market displayed a strong recovery from the significant sell-offs witnessed in

2020. In the case of emerging economies, bond markets with a 10-year tenor experienced significant improvement despite increased fiscal needs, as reflected by the rise of local currency issuances². Nonetheless, in some countries, the flattening of yield curves led to low returns.

As the global economy continues to recover from the pandemic, insurers have been faced with both risks and significant opportunities to adapt to current market changes. Insurers have spearheaded innovation in more suitable insurance products, refined their strategic investment approach, and enforced digital transformation. The insurance industry suffered less operational damage than originally anticipated, as individuals and businesses increased their need for insurance protection. After a slowdown in 2020, gross premiums written rebounded in the insurance industry. The life sector continues to be the main driver of growth, with gross premiums increasing by an average of 7.7%, while the non-life sector demonstrated an incremental increase of an average of 2.5%.³ The easing of mobility restrictions and the utilization of digital platforms facilitated the sales of policies. Simultaneously, the economic upswing and positive stock market performance drove up demand for both life and non-life insurance products.

Meanwhile, claims payment varied across jurisdictions, contingent on each country's

¹ Source of Data: World Bank

² IMF 2021 Global Financial Stability Report

³ OECD Global Insurance Market Trends, covers 61 jurisdictions around the globe

number of cases and exposure to natural disasters. As expected, the life sector in countries with high morbidity and mortality rates continued to be impacted by COVID-19-related claims for health insurance, while policy surrenders and maturities also contributed to sector payouts. Nevertheless the insurance industry achieved underwriting gains in the majority of jurisdictions.

The vast majority of insurers' invested assets were placed in fixed income securities, rendering them sensitive to the changes in interest rates. Inflationary pressures have led to an increase in government bond yields, resulting in nominal paper losses for insurers with existing holdings in their portfolios, confined to mark-to-market adjustments. Consequently, investment performance has been lower than that of 2020, despite a solid performance in the stock market. Given the challenging economic conditions, insurers are advised to increase their asset leverage by reallocating a significant portion of their investment portfolio and to avoid traditional investments, in order to enhance portfolio yields.

Overall, insurers' solvency ratios demonstrated significant improvement in 2021, with a relative global increase of over 4% as compared to the previous year, after experiencing a slight decline in 2020. Several jurisdictions reported a slightly higher aggregate solvency level in comparison to 2019. With regard to liquidity, the reported liquidity positions of insurers remained stable at the year-end of 2021 as compared

to that of 2020. In certain cases, insurers reported a decrease in their cash buffers that were established in 2020 by augmenting their investments in financial markets, considering the recovery of financial markets in 2021. Globally, this decrease only amounts to approximately 0.32% from the year 2020⁴. The observed improvement in insurers' solvency ratios, accompanied by stable liquidity positions, highlights a positive rebound in the insurance industry following the pandemic. This trend reflects the increased resilience of insurers and their improved capacity to confront potential economic shocks in the future, which is a positive sign for the industry's prospects going forward.-

⁴ IAIS Global Insurance Market Report YE21



Insurance Industry

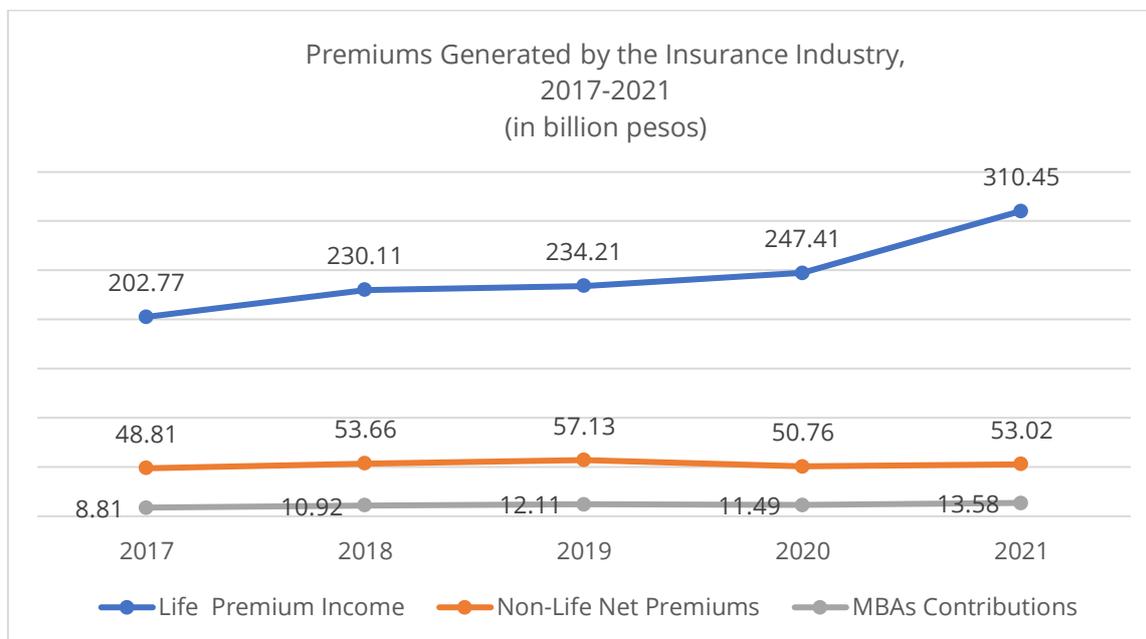
Photo by Jing Magsaysay, "Mandaragat", 2022,
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A. Overview

Similar to other countries in the ASEAN region, the Philippines has made significant progress in the insurance industry in line with the country's economic recovery. However, there is a risk of economic setback due to the emergence of new strains of COVID-19. With the gradual opening of the economy, waves on the occurrences of COVID-19 cases in the country continue to affect the insurance industry in terms of premium production and claims paid to the affected individuals.

As part of its efforts in evaluating the impact of the pandemic on the insurance industry, the Commission continued to conduct its survey on COVID-19 related insurance claims. A total of 555,708 claims amounting to ₱12.82 billion was attributed to COVID-19 in 2021. The largest payout was from the life insurance sector, accounting for 59.19% of the total claims, followed by the HMO industry with 35.35%, MBAs with 3.73%, and non-life insurance sector with 1.73%. Out-patient claims made up most of the total number of claims (74.37%), followed by in-patient claims and death benefits at 6.82% and 4.35%, respectively. Meanwhile, 9.73% of the total number of claims were in the form of financial assistance, hazard pay, and employee benefits (ex-gratia).

Chart 1: Premiums Generated by the Insurance Industry, 2017-2021



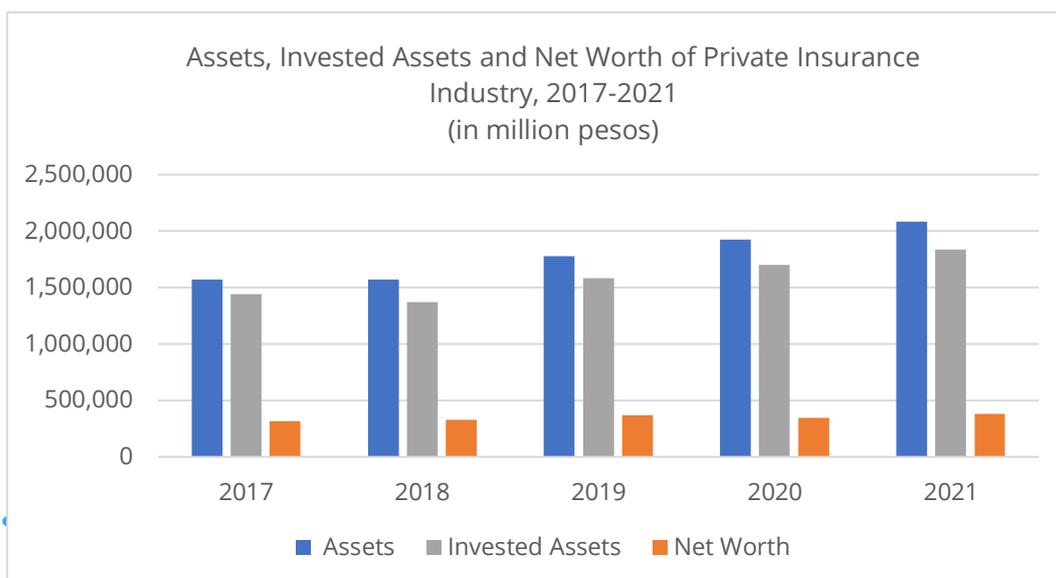
Note: Premiums reported are net of reinsurances

The insurance industry generated an aggregate premium of ₱377.05 billion in 2021, reflecting a 21.76% increase from the 2020's figure of ₱309.63 billion. The life insurance sector contributed the majority of premiums at 82.34%, which increased by 25.48% from ₱247.41 billion in the previous year. The non-life insurance sector maintained its premiums at ₱53.02 billion, showing a 4.45% increase from 2020 levels of ₱50.76 billion. Meanwhile, Mutual Benefit Associations (MBAs) posted an 18.14% increase from ₱11.49 billion in 2020 to ₱13.58 billion in 2021.

In comparison, the ASEAN region expanded at a slower rate in 2021 despite the economic rebound, with a 4.62% increase compared to the previous year's growth of 10.90%. Among the ASEAN countries, Singapore produced the highest net premiums at US\$ 49.5 billion (₱2.51 trillion), followed by Thailand and Indonesia. The Philippines ranked fifth, following Malaysia.

The insurance industry's assets increased by 8.38%, reaching ₱ 2.08 trillion in 2021 compared to the previous year's figure of ₱ 1.92 trillion. The life insurance sector, the major contributor to the industry's assets with a share of 78.89%, increased its assets by 7.27% to ₱ 1.64 trillion from 2020 levels of ₱ 1.53 trillion. Meanwhile, the non-life insurance sector also saw a significant increase of 14.43% from ₱ 279.92 billion to ₱ 320.30 billion in 2021, holding 15.37% of the total assets. MBAs experienced an 8.41% increase in their assets in 2021 and constitute 5.73% of the industry's total assets.

Chart 2: Assets, Invested Assets and Net Worth of Private Insurance Industry, 2017-2021



The total invested assets of the insurance industry increased by 8.11% to ₱1.84 trillion in 2021, up from ₱1.70 trillion in 2020. The life insurance sector's segregated fund assets made up 50.31% of the total invested assets. Investments in government securities, private securities, and equities accounted for 24.69%, 6.75%, and 4.45% of the total invested assets, respectively.

Table 3. Philippine Economic Indicators, 2017-2021

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2017	2018	2019	2020	2021
GROSS NATIONAL INCOME (GNI)					
At Current Prices (₱ M)	18,383,179 r	20,212,349 r	21,472,060 r	19,312,001 r	20,104,437 p
At Constant 2000 Prices (₱ M)	10,394,346	11,010,252	11,616,982	discontinued	discontinued
At Constant 2018 Prices (₱ M)	19,084,224 r	20,212,349 p	21,299,032 r	18,858,016 r	19,180,569 p
GROSS DOMESTIC PRODUCT (GDP)					
At Current Prices (₱ M)	16,556,651 p	18,265,190 p	19,517,863 p	17,951,574 r	19,410,568 p
At Constant 2000 Prices (₱ M)	8,665,818	9,206,889	9,750,598	discontinued	discontinued
At Constant 2018 Prices (₱ M)	17,175,978 p	18,265,190 p	19,382,751 p	17,537,843 r	18,538,054 p
POPULATION ^{1/} (in millions)	104.2.0 r	105.8 r	107.3 r	108.8 p	110.2 p
PER CAPITA GROSS NATIONAL INCOME (₱)	176,474 r	191,124 r	200,135 r	177,546 r	182,438 p
LABOR FORCE (Average) (in millions of persons)	42.78	43.50	44.20 r	43.88 p	47.70 p
Employed	40.34	41.20	41.94 r	39.38 p	43.99 p
Unemployed	2.44	2.30	2.26 p	4.50 p	3.71 p
EXCHANGE RATE (per US\$)	49.923	52.580	50.635	48.023	50.774
INFLATION RATE	3.2% p	5.1% p	2.5% p	2.6%	4.5%
INSURANCE DENSITY	2,499.1 r	2,785.4 r	2,828.2 r	2,846.2 p	3,421.5 p
Life Insurance	2,030.6 r	2,278.2 r	2,295.7 r	2,379.7 p	2,940.4 p
Non-Life Insurance	468.5 r	507.2 r	532.5 r	466.5 p	481.1 p
INSURANCE PENETRATION					
- GDP at Current Prices	1.57% r	1.61% r	1.55% r	1.73% p	1.94% p
- GDP at Constant 2000 Prices	3%	3.2% r	3.11% r	discontinued	discontinued
- GDP at Constant 2018 Prices	1.52%	1.61%	1.57%	1.77% p	2.03% p
LIFE SUM INSURED as % of GDP at Current Prices	44.08% r	43.06% r	46.7% r	58.9% p	58.39% p
LIFE SUM INSURED as % of GNI at Current Prices	39.7% r	38.91% r	42.45% r	54.69% p	56.37% p
PREMIUMS as % of G N I	1.42% r	1.46% r	1.41% r	1.6% p	1.88% p
LIFE INSURANCE COVERAGE	52.75% r	59.53% r	67.19% r	68.05% p	73.24% p
Life Insurance Companies	33.13% r	37.24% r	42.12% r	41.23% p	43.02% p
Mutual Benefit Associations (MBAs)	19.62% r	22.29% r	25.07% r	26.82% p	30.22% p

Note: p – preliminary figures; r – revised figures

The industry's net worth recovered from a drop in 2020, increasing by 9.50% to ₱381.09 billion in 2021 from the previous year's ₱348.03 billion. The life insurance, non-life insurance, and MBA sectors saw increases of 6.68%, 15.23%, and 10.44%, respectively, from 2020. The life insurance sector contributed 58.89% of the total net worth, amounting to ₱224.43 billion, while the non-life and MBAs held 29.18% and 11.93%, respectively, of the industry's net worth.

In comparison, the ASEAN region's total assets recorded a marginal increase of 0.5% in 2021, reaching US\$ 803.9 billion. Investments across the ASEAN insurance industry maintained their levels at around US\$ 642.4 billion in the year under review, with investments in government securities and bonds having the highest share of 59.8% of the ASEAN's investments.

The industry's premiums contributed 2.03% of total GDP for 2021, which was 0.26 percentage points higher than the previous year's figure of 1.77%. The insurance penetration, or premiums over GDP (at constant 2018 prices), reflects the industry's thrust to recover from the setbacks caused by the pandemic. The notable rise can be attributed to the slow performance of the GDP resulting from the ongoing impact of the pandemic, which contrasts with the significant growth in premium income. The average amount spent (premium) by an individual on insurance, or insurance density, increased to ₱3,421.50, a 20.21% increase from the previous year's figure of ₱2,846.20.

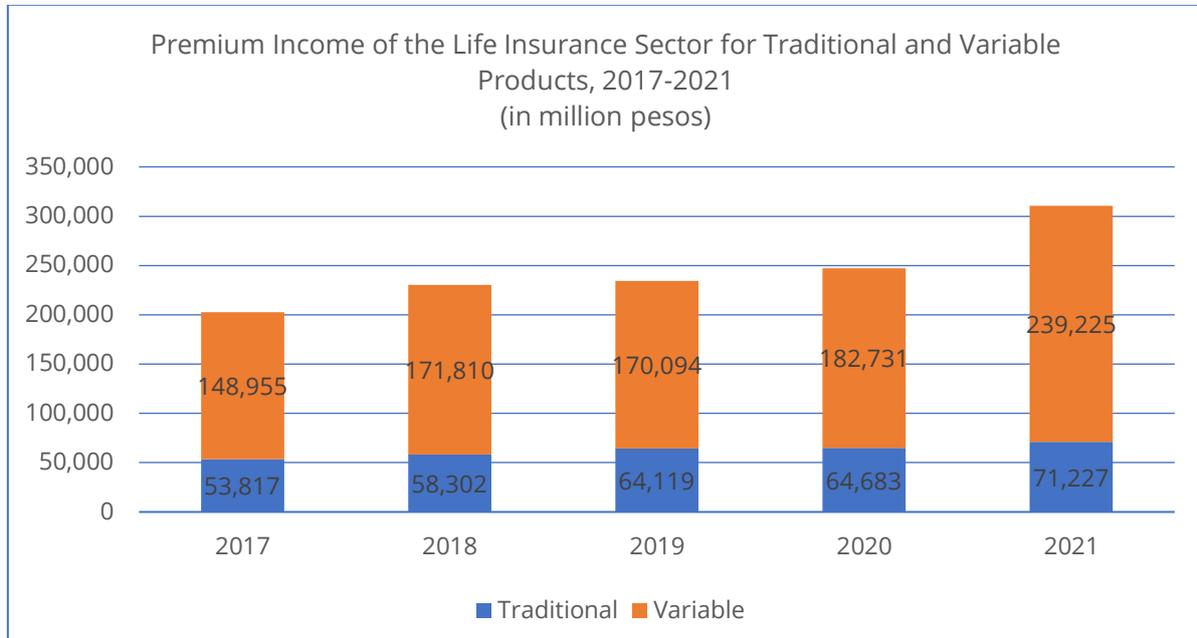
In contrast, the ASEAN insurance industry contributed 3.80% to the total GDP of the ASEAN region in 2021, which was 0.3 percentage points lower than the previous year's figure of 4.10%. Meanwhile, an individual in the ASEAN region spent US\$202.6 (₱10,286.81) on insurance in 2021, the same as the previous year, three times that of the average individual spending in the Philippines.

B. Life Insurance Sector

Premium Income

Total Premium Income generated by the life insurance sector amounted to ₱310.45 billion this 2021, up by 25.48% over the last years' ₱247.41 billion. Amidst the threat of the COVID-19 pandemic, the sector continued to grow for the last five (5) years. All lines of business reported an increase compared to their previous year. Accident and Variable life Insurance lines significantly rose by 36.93% and 30.92% while Ordinary, Group and Health Insurance were up by 10.68%, 8.63% and 5.99%, respectively.

Chart 3: Premium Income of the Life Insurance Sector for Traditional and Variable Products, 2017-2021



Variable Life Insurance comprised 77.06% or ₱239.22 billion of the total premium income generated by life insurance sector while the remaining 22.94% or ₱71.23 billion was accounted for the traditional life insurance. The increase can be attributed to the good performance of the single premiums of variable life which reported a significant increase of 79.27%.

New Business

The life insurers issued a total of 1,451,842 policies during the year, a 47.66% improvement from last year's 983,246 with a corresponding increase in premiums and sum assured. However, the insured lives dropped by 12.98% showing that more individual policies were sold than group insurance.

Total New Business Annual Premium Equivalent (NBAPPE) of the life insurance sector rose by 13.36% from ₱46.47 billion in 2020 to ₱52.68 billion this year. The premiums generated from the Traditional and Variable Life Insurance Products both increased by 13.44% and 13.33%, respectively.

Table 4. New Business Generated, 2017-2021

Year	Policies		Insured Lives		Annual Premium		Sum Assured	
	Number	% Increase/Decrease	Number	% Increase/Decrease	₱ billion	% Increase/Decrease	₱ billion	% Increase/Decrease
A. Traditional Life Insurance Products								
2021	715,815	116.10	20,963,463	(13.62)	16.37	13.44	1,906.54	24.93
2020	331,240	(20.00)	24,269,718	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	12,627,520	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)
B. Variable Life Insurance Products								
2021	736,027	12.89	698,719	12.17	36.31	13.33	794.11	20.24
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

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.

Moreover, Total Sum Assured similarly increased by 23.51% or ₱2.7 trillion compared to its previous year's ₱2.19 trillion.

Terminations

Terminated life insurance policies during the year totaled to 917,585, a 25.91% decrease over last year's 1,238,522. While there was a higher percentage increase in death terminations at 89.55%, the terminations due to expiry and lapsation declined by 53.49% and 7.63%, respectively. Terminations due to lapsation had the highest share accounting for 41.10% of the total terminations followed by Expiry with 31.83. The Total Insured Lives also went down by 9.62%, from 29,325,839 in 2020 to 26,504,671 this year under review.

The total sum assured of terminated policies amounted to ₱2.49 trillion, up by 23.03% compared to that of the previous year's ₱2.03 trillion indicating an increase in the amount of life insurance coverage. The group and industrial policies contributed a large share to the total sum assured at 68.37%.

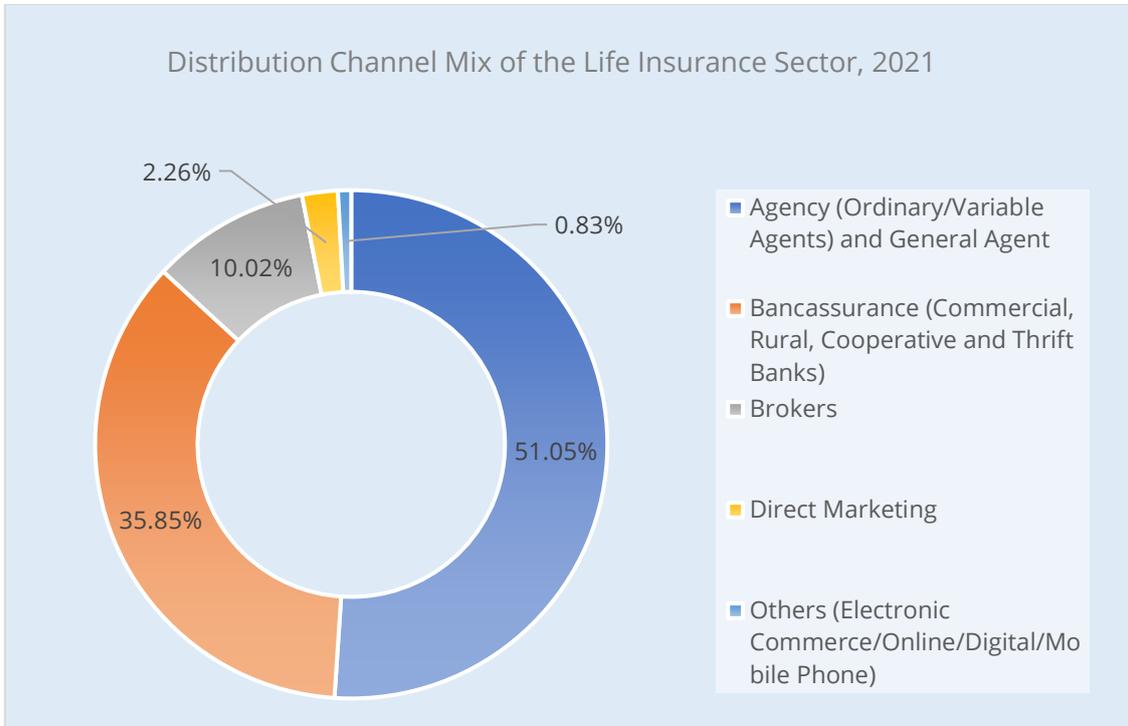
Table 5. Terminated Insurance Policies and Sum Assured as of 31 December 2021

Types of Policies	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
Number of Policies							
Ordinary	9,043	39,369	33,364	104,127	14,268	7,251	207,422
Group & Industrial	1,744	3	-	3,569	4,768	6,536	16,620
Accident	302	107	9	50,851	50,864	1,561	103,694
Health	56	182	2,912	14,499	220,651	4	238,304
Variable Life	9,404	1,392	134,967	204,038	1,490	254	351,545
TOTAL	20,549	41,053	171,252	377,084	292,041	15,606	917,585
Insured Lives							
Ordinary	8,540	36,486	31,742	101,128	13,917	7,286	199,099
Group & Industrial	116,743	2,277	671	708,577	19,927,933	3,934,124	24,690,325
Accident	1,188	88	7	179,813	462,476	70,713	714,285
Health	448	182	2,592	48,891	504,533	6,119	562,765
Variable Life	8,864	749	125,567	201,231	1,490	296	338,197
TOTAL	135,783	39,782	160,579	1,239,640	20,910,349	4,018,538	26,504,671
Terminated Sum Assured (P billion)							
Ordinary	4.16	13.84	16.24	78.25	2.79	6.70	121.98
Group & Industrial	10.34	0.03	0.09	214.22	1,068.43	412.02	1,705.13
Accident	0.15	0.04	0.00	32.78	59.54	18.59	111.10
Health	0.66	0.08	12.88	129.74	56.51	40.54	240.41
Variable Life	7.39	1.75	92.98	186.07	1.68	25.43	315.30
TOTAL	22.70	15.74	122.19	641.06	1,188.95	503.28	2,493.92

Distribution Channel Mix

Total Premiums on direct business generated in 2021 amounted to ₱316.88 billion, 25.64% or ₱64.66 billion higher than that of the previous year's ₱252.22 billion. Marketing through Agency and Licensed Insurance Agents accounted for 51.05% of the total premiums generated, up by 16.54% or ₱22.96 billion this year. Bancassurance or marketing through banks, which covered the 35.85% or ₱113.59 billion grew by 24.02% compared to the previous year's ₱91.59 billion. The remaining 13.10% of premiums consist of licensed Brokers, Direct Marketing and Others respectively.

Chart 4: Distribution Channel Mix of the Life Insurance Sector, 2021



Insurance in Force

The Life Insurance Sector’s Total number of policies in-force grew by 8.80% from 6,311,172 in 2020 to 6,866,854 in 2021. Both Traditional and Variable life policies registered an increase of 10.19% and 6.65%, respectively. Of the total policies in force, 61.63% were variable life policies while the remaining 38.37% were from the traditional life policies.

Similarly, total Sum Assured of Traditional and Variable likewise expanded by 3.86% and 14.67%. The decreases in the sum assured of Group & Industrial by 5.00% and Accident Insurance by 5.72% was offset by the significant increase in Health Insurance of 75.19% and Variable life by 14.67% which resulted to an overall increment of 7.26%. Correspondingly, the total Premium Income generated in 2021 also grew by 25.48%.

Table 6. Life Insurance In-Force/Premium Income, 2020-2021

Year	Number of Policies			Insured Lives			Sum Assured (₱ billion)			Premium Income (₱ billion)		
	2020	2021	% Inc./ (Dec.)	2020	2021	% Inc./ (Dec.)	2020	2021	% Inc./ (Dec.)	2020	2021	% Inc./ (Dec.)
A. Traditional Life Insurance Products												
Ordinary	2,199,150	2,199,881	0.03	2,146,729	2,145,244	(0.07)	992.33	1,061.52	6.97	33.75	37.36	10.70
Group & Industrial	37,808	26,317	(30.39)	36,540,865	38,232,565	4.63	5,406.65	5,136.58	(5.00)	18.81	20.43	8.61
Accident	170,771	251,429	47.23	1,356,744	1,257,571	(7.31)	193.75	182.67	(5.72)	1.91	2.62	37.17
Health	62,935	157,321	149.97	1,174,907	1,782,993	51.76	653.61	1,145.04	75.19	10.21	10.82	5.97
SUB-TOTAL	2,470,664	2,634,948	6.65	41,219,245	43,418,373	5.34	7,246.34	7,525.81	3.86	64.68	71.23	10.13
B. Variable Life Insurance Products												
Variable	3,840,508	4,231,906	10.19	3,641,224	4,007,975	10.07	3,320.34	3,807.51	14.67	182.73	239.22	30.91
GRAND TOTAL	6,311,172	6,866,854	8.80	44,860,469	47,426,348	5.72	10,566.68	11,333.32	7.26	247.41	310.45	25.48

Summary of Operations

The Net Income of the life insurance sector reached ₱38.54 billion in 2021, a 30.07% increase from the previous year's ₱29.63 billion. This can be attributed to the increase in Premium Income of 25.48% and Other Income of 430.08%. Other Income includes Capital Gain which reported a significant increase of 190.12% and all other income of 167.91%. It can also be noted that income from investments and decrease in general expenses contributed to the increase in net income by the end of 2021.

Of the total Net Income of the sector, 73.04% was attributed to the twelve (12) foreign insurers while the remaining 26.96% was shared by the domestic insurers. Foreign life insurers underwriting income totaled to ₱221.05 billion which accounted 71.70% of the total life underwriting income and 28.30% was contributed by domestic life insurers. On average, the twelve (12) foreign insurers contributed ₱18.42 billion each in underwriting income, while the nineteen (19) domestic insurance companies shared ₱4.6 billion each.

Table 7. Summary of Operations of the Life Insurance Sector, 2021
(in billion pesos)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Underwriting Income	87.23	221.05	308.28
Premium Income	103.69	206.76	310.45
Less: Inc./(Dec) in Reserves	23.10	16.62	39.72
Commissions Earned	0.01	0.78	0.79
Income from Variable	4.31	21.68	25.99
Other Underwriting Income	2.32	8.45	10.77
Less: Underwriting Expenses	78.16	193.35	271.51
Benefit Payments	45.55	51.65	97.20
Commissions Expenses	5.68	18.99	24.67
Premium Tax Incurred	0.78	1.28	2.06
Expense from Variable	22.04	112.72	134.76
Other Underwriting Expenses	4.11	8.71	12.82
Underwriting Gain/(Loss)	9.07	27.70	36.77
Add: Gross Investment Income	12.01	23.04	35.05
Other Income/Expenses)	6.25	6.92	13.17
SUB - TOTAL	27.33	57.66	84.99
Less: Taxes other than Premium &	1.78	2.47	4.25
Other General Expenses	14.25	23.48	37.73
Income Tax	0.91	3.56	4.47
Net Income / (Loss) for the year	10.39	28.15	38.54

Invested Assets

The Total Invested Assets of the Life Insurance Sector amounted to ₱1.60 trillion, an 8.11% increment from the previous year's ₱1.48 trillion. Foreign companies owned 67.88% or ₱1.08 trillion of the Total Invested Assets of the sector, which rose by 5.78% this year while the domestic companies shared the remaining 32.12% or ₱0.51 trillion, which also climbed up by 12.08% compared last year.

Investments in Segregated Fund Asset or variable life insurance dominated the share in the Total Invested Assets at 57.88%, whereas Invested Assets from Traditional life Insurance accounted for the remaining 42.12%. Moreover, most of the corporate investments were placed in Government Securities which accounted for 22.34% followed by Private Securities with 6.48% and Equities with 4.15% share.

Table 8. Invested Assets of the Life Insurance Sector by Category, 2021
(in billion Pesos)

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Government Securities	115.35	241.36	356.71
Private Securities	31.55	71.91	103.46
Equities	46.2	20.08	66.28
Investment Property	16.00	8.47	24.47
Mortgage Loans and other Similar Loans	2.46	1.19	3.65
Collateral Loans	2.92	0.00	2.92
Guaranteed Loans	0.08	8.65	8.73
Policy Loans	8.37	18.64	27.01
Other Loans	2.78	0.54	3.32
Unquoted Debt Securities	4.18	5.82	10.00
Other Receivables	2.01	7.38	9.39
Investments in Subsidiaries, Associates and Joint Ventures	7.70	12.29	19.99
Mutual Funds/UITF/Real Estate Investment Trusts/Other Funds	5.36	9.38	14.74
Time Deposits	12.39	9.56	21.95
Segregated Fund Assets*	255.47	668.65	924.12
Security Fund	0.00	0.01	0.01
TOTAL	512.82	1,083.93	1,596.75

* Reported Segregated Fund Assets includes fund liabilities and seed capital

Balance Sheet

Total accumulated assets of the life insurance sector amounted to ₱1.64 trillion as of the end of 2021, 7.19% higher than that of the previous year's ₱1.53 trillion. This can be attributed to the 18.45% or ₱138.97 billion increase in Segregated Fund Assets which accounted for 54.28% of the total sector assets, followed by Available for Sale (AFS) Financial Assets at 31.42%. The two (2) accounts make up 85.70% of the total reported assets. Foreign companies held 67.32% of the Total Assets while domestic companies comprised the remaining 32.68%.

The Total Liabilities of the life insurance sector likewise increased by 7.58%, from ₱1.32 trillion in 2020 to ₱1.42 trillion in 2021. Segregated Funds Liabilities which contributed 62.54% of the total sector's liabilities improved by 18.62%.

Moreover, the Total Net Worth of the life insurance sector also rose by 6.68% from ₱210.38 billion to ₱224.43 billion in 2021. This can be attributed to the 2.91% increase in Retained Earnings which constituted 72.11% of the total sector's Net Worth and Paid-Up Capital that grew 1.28% which accounted for 11.67% share.

Table 9. Consolidated Balance Sheet of Life Insurers, 2021
(in billion Pesos)

PARTICULARS	Domestic	Foreign	Total
ASSETS			
Financial Assets at FVPL	5.04	14.06	19.10
Held-to-Maturity (HTM) Investments	6.56	0.23	6.79
Available for Sale (AFS) Financial Assets	186.86	329.54	516.40
Loans and Receivables	22.80	41.12	63.92
Investments in Subsidiaries, Associates and Joint Ventures	7.70	12.29	19.99
Segregated Fund Assets	257.85	634.24	892.09
Investment Property	16.00	8.47	24.47
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	20.64	22.59	43.23
Investments Income Due and Accrued	1.85	5.19	7.04
Accounts Receivables	-0.15	22.28	22.13
Premiums Due and Uncollected	1.86	1.98	3.84
Due From Ceding Companies, net	0.24	1.25	1.49
Funds Held by Ceding Companies, net	-	-	-
Amounts Recoverable from Reinsurers, net	2.66	4.9	7.56
Property and Equipment	4.82	3.66	8.48
Security Fund Contribution	0.00	0.01	0.01
Other Assets	2.33	4.73	7.06
TOTAL ASSETS	537.06	1,106.54	1,643.60
LIABILITIES			
Legal Policy Reserves	144.22	216.33	360.55
Policy & Contract Claims/Maturities and Surrenders Payables	16.49	18.67	35.16
Due to Reinsurers	3.13	4.19	7.32
Funds Held for Reinsurers	0	22.91	22.91
Life Insurance/ Applicant's/ Remittances Unapplied Deposits	1.94	2.17	4.11
Segregated Funds Liabilities	254.30	633.23	887.53
Premium Deposit Fund	5.44	1.24	6.68
Premium Received in Advance	0.67	1.92	2.59
Policyholder's Dividend Due & Unpaid/ Accumulation	7.24	33.03	40.27
Commissions Payable	0.54	1.22	1.76
Return Premiums Payable	0.03	0.01	0.04
Taxes Payable	0.72	2.78	3.50
Accounts/Notes Payable	6.34	18.43	24.77
Deposit for Real Estate Under Contract of Sell	0.01	0	0.01
Dividends Payable	0.21	0.06	0.27
Financial Liabilities at FV through Profit or Loss	0	0.02	0.02
Pension Obligation	0.62	0.05	0.67
Accrual for Long-term Employee Benefits	0.01	0.12	0.13
Accrued Expenses	2.54	8.79	11.33
Derivative Liabilities Held for Hedging	0	0	0
Other Liabilities	3.58	5.97	9.55
TOTAL LIABILITIES	448.03	971.14	1,419.17
NET WORTH			
Paid-Up Capital	13.97	12.23	26.20
Statutory Deposit	-	-	0.00
Capital Stock Subscribed	-	-	0.00
Contributed Surplus	1.02	1.53	2.55
Contingency Surplus/Home Office Inward Remittances	2.33	4.99	7.32
Capital Paid-In Capital Excess of Par	3.5	1.42	4.92
Retained Earnings/ Home Account Office	48.71	113.12	161.83
Cost of Share-Based Payment	-	0.06	0.06
Reserve Accounts	19.81	(1.18)	18.63
Remeasurement Gains(losses) on Retirement Pension Asset (Obligation)	(0.66)	3.34	2.68
Treasury stock	0.35	(0.11)	0.24
TOTAL NET WORTH	89.03	135.40	224.43
TOTAL LIABILITIES & NET WORTH	537.06	1,106.54	1,643.60

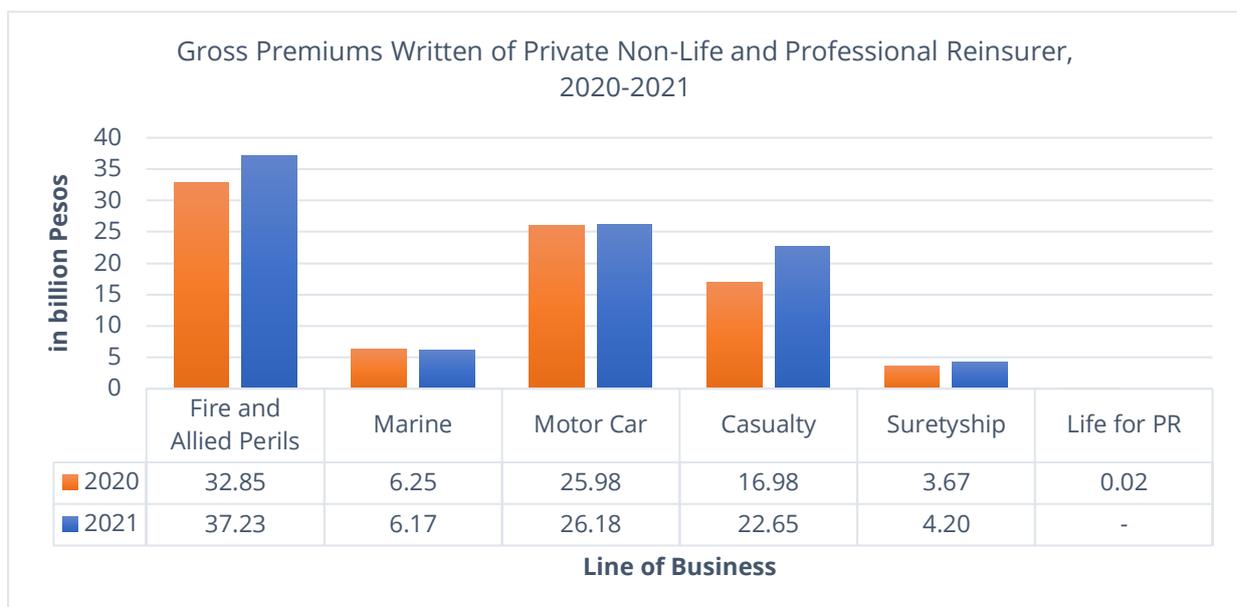
C. Non-Life Insurance Sector

Gross Premiums Written

The non-life insurance sectors' Gross Premiums Written rose by 12.45% in 2021, from ₱85.75 billion in 2020 to ₱96.43 billion in 2021. With the exception of the Marine line and Life for Professional Reinsurer, most business lines experienced substantial growth.

The Fire and Allied Perils business thrived for two years in a row after falling behind the Motor Car Business for the previous 4 years. Fire continues to hold the highest overall Gross Premiums Written making up 38.31% of Total Gross Premiums in 2021, followed by Motor Car (27.15%) and Casualty (23.49%).

Chart 5: Gross Premiums Written of Private Non-Life and Professional Reinsurer, 2020-2021



Of the total Gross Premiums Written, direct business accounted for ₱93.29 billion, and reinsurance business for the remaining ₱3.14 billion. The sum of Premiums on Direct Business and Assumed Premiums from unauthorized companies make up the Industry Gross Premiums Written.

Net Premiums Written

The Net Premiums Written slightly increased to ₱53.01 billion, up by 4.43% or ₱2.25 billion, year over year, from ₱50.76 billion. The Casualty line rose by ₱1.78 million, or 14.42%, followed by Suretyship with ₱0.52 million or 15.43%, and Fire and Allied Perils

with ₱0.44 million or 6.00%. The remaining business lines, Marine, Life for PR (Professional Reinsurer) and Motor Car experienced decline.

The Motor Car Business, which makes up about half of the Total Net Premiums Written, has a decrease of 0.33% from 2020 to 2021. It continued to generate the highest Net Premiums Written among other lines of business despite the downturn at ₱24.51 billion from ₱24.59 billion in 2020. Casualty line came in second with ₱14.12 billion, followed by Fire and Allied Perils with ₱7.77 billion, as it had been for the previous four years.

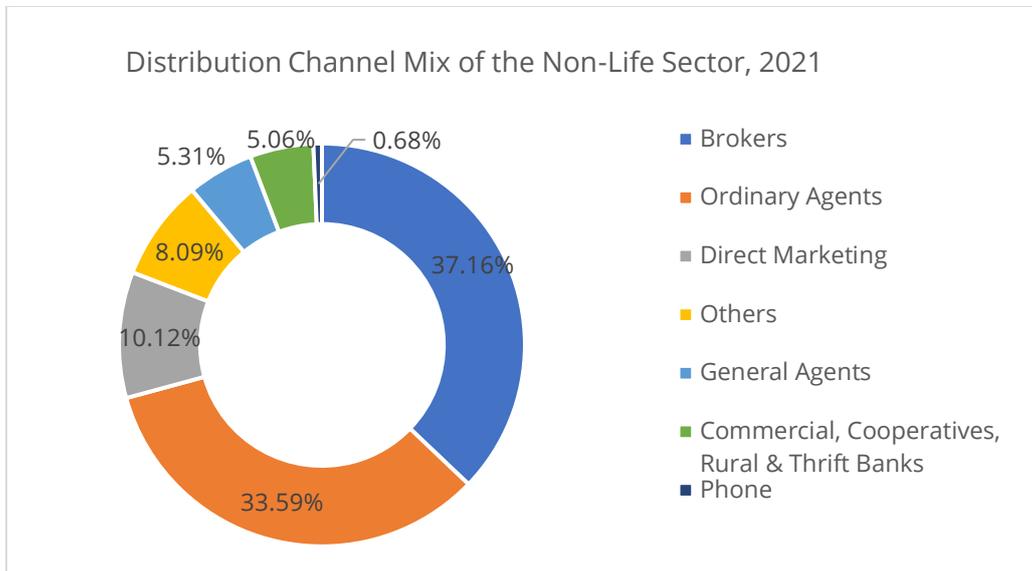
The Retention Ratio, which is computed as Net Premiums over Gross Premiums Written, has also decreased from 59.20% to 54.97% as a result of the downward trend in gross and net premiums written, which has been happening for the last five years.

Table 10. Net Premiums Written of Non-Life Insurance

LINE OF BUSINESS	2020	2021	% Increase / (Decrease)
	Amount (₱ billion)	Amount (₱ billion)	
Fire and Allied Perils	7.33	7.77	6.00
Marine	1.97	1.61	(18.27)
Motor Car	24.59	24.51	(0.33)
Casualty	12.34	14.12	14.42
Suretyship	3.37	3.89	15.43
Life for PR	1.16	1.11	(4.31)
TOTAL	50.76	53.01	4.43

Distribution Channel Mix

A total of 37.16% or ₱34.66 billion of the total premiums on direct business was provided by the Brokers. Ordinary Agents came in second with 33.59% or ₱31.34 billion in premiums, followed by Direct Marketing with 10.12% or ₱9.44 billion. The remaining 19.13% or ₱17.85 billion, was produced by the other five distribution channels as stated in Chart 6.

Chart 6: Distribution Channel Mix of the Non-Life Sector, 2021

Premiums Earned

Premiums Earned (shown in table 11) declined from ₱54.00 billion in 2020 to ₱53.21 billion in 2021, a decrease of 1.46% or ₱0.79 billion. Except for the Casualty line, which saw an increase of 6.02%, all other lines of business experienced a decrease in Premiums Earned for the year ended December 2021. With ₱25.03 billion, or 47.04% of the total premiums earned, the Motor Car Business continued to have the highest Premiums Earned.

Losses Incurred

The total Non-Life Insurance Sector Losses Incurred decreased by 1.45% or ₱0.32 billion from ₱21.89 billion in the prior year to ₱21.57 billion in 2021.

The overall Loss Ratio for this year slightly improved from 40.54% to 40.53% in 2021. This is a result of the declining Loss Ratios for some business lines except Fire & Allied Perils and Surety Insurance. The Motor Car Insurance accounts for the largest percentage of both Premiums Earned and Losses Incurred, having a significant impact on the entire Loss Ratio. Losses Incurred for Motor Car Insurance dropped by 0.79% between 2021 and 2020, from ₱11.07 billion to ₱10.41 billion.

Notably, Fire and Allied Perils Insurance continued to have the highest Loss Ratio at 83.56% in 2021 while Surety Business remained with the lowest at 7.77%. They are the two business lines with an increasing Loss Ratio for 2021, at 14.41% and 2.34%, respectively. Additionally, both Fire-Typhoon 628.89% and Fire-Extended Coverage 114.81% business sub-lines displayed Loss Ratios that were higher than 100%.

Table 11. Premiums Earned, Losses Incurred and Loss Ratios of Non-Life Insurance Companies and Professional Reinsurer, 2020-2021

LINE OF BUSINESS	2020			2021		
	Losses Incurred (₱ billion)	Premiums Earned (₱ billion)	Loss Ratio (%)	Losses Incurred (₱ billion)	Premiums Earned (₱ billion)	Loss Ratio (%)
Fire and Allied Perils	5.20	7.52	69.15	6.13	7.34	83.56
Fire	2.70	5.45	49.54	2.51	4.81	52.25
Earthquake Fire/Shock	0.63	1.15	54.78	0.28	1.40	20.00
Typhoon	1.39	0.37	375.68	2.83	0.45	628.89
Flood	0.14	0.32	43.75	0.20	0.41	48.78
Extended Coverage	0.34	0.23	147.83	0.31	0.27	114.81
Marine	0.74	1.85	40.00	0.53	1.65	32.12
Marine Cargo	0.31	1.27	24.41	0.48	1.32	36.36
Aviation	0.01	0.17	5.88	(0.02)	0.02	(100.00)
Marine Hull	0.42	0.41	102.44	0.07	0.31	22.58
Motor Car	11.07	26.12	42.38	10.41	25.03	41.57
PPAI	0.01	0.19	6.32	-	0.17	-
CMVL-LTO	0.10	0.49	20.41	0.02	0.46	3.26
CMVL-Non-LTO	0.13	2.38	5.46	0.15	2.20	6.82
Other Than CMVL-LTO	0.06	0.24	24.17	0.08	0.21	38.10
Other Than CMVL-Non-LTO	10.77	22.82	47.20	10.16	21.99	46.20
Casualty	4.66	14.46	32.23	4.20	15.33	27.40
Health	1.81	4.08	44.36	1.61	4.81	33.47
Personal Accident	0.80	3.52	22.73	0.69	3.11	22.19
Engineering	0.67	1.56	42.95	0.56	2.41	23.24
Miscellaneous	0.91	4.15	21.93	0.93	3.91	23.79
Life for Prof. Reinsurer	0.47	1.15	40.87	0.41	1.09	37.61
Suretyship	0.22	4.05	5.43	0.30	3.86	7.77
TOTAL	21.89	54.00	40.54	21.57	53.21	40.53

Summary of Operations

The Non-Life Insurance sector reported a ₱6.05 billion Net Income, a 30.56% increase over the ₱4.63 billion reported the year prior. This was primarily caused by an increase in underwriting gain year-over-year of 0.67%, from ₱17.26 billion to ₱17.38 billion. The decrease in Underwriting Expenses of 2.53% was more significant than the decrease in Underwriting Income, which is why the Underwriting Gain increased.

The domestic non-life insurance companies continued to fare better than foreign companies despite the challenges caused by the COVID-19 and other national crises.

Table 12. Summary of Operations of Non-Life Insurance Companies & Professional Reinsurer, 2021
(in billion Pesos)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Underwriting Income	47.01	11.29	58.30
Premiums Earned	43.24	9.97	53.21
Commissions Earned	3.43	1.31	4.74
Other Underwriting Income	0.34	0.01	0.35
Less: Underwriting Expenses	33.75	7.17	40.92
Losses Incurred	18.30	3.27	21.57
Loss Adjustment Expenses	0.14	0.11	0.25
Commission Expenses	11.75	3.44	15.19
Premium Tax Incurred	-	-	-
Other Underwriting Expenses	3.56	0.35	3.91
Underwriting Gain/Loss	13.26	4.12	17.38
Add: Gross Investment Income	2.69	0.66	3.35
Other Income/(Expenses)	1.94	0.45	2.39
SUB - TOTAL	17.89	5.23	23.12
Less: Taxes other than Premium and Income Tax	0.66	0.15	0.81
Other General Expenses	11.89	3.18	15.07
Income Tax	0.81	0.38	1.19
Net Income/(Loss) for the year Including Capital Gains	4.53	1.52	6.05

Invested Assets

The Non-Life Insurance Industry's Invested Assets grew by 12.12% year-on-year, or ₱14.49 billion, from ₱119.42 billion to ₱133.91 billion.

Most of the Invested Asset accounts expanded in 2021: Government Securities by 11.01%, Fixed Deposits by 31.39%, Investments in Subsidiaries by 5.25%, Equities by 6.44%, and Investment Property by 27.80%.

Government Securities made up 38.86% of the non-life insurance sector Total Invested Assets, and Investments in Fixed Deposits came in second at 19.54%.

Domestic Non-Life Insurance Companies constituted 83.89%, or ₱112.33 billion of the Total Invested Assets, while Foreign Non-Life Insurance Companies comprised 16.11% or ₱21.57 billion.

Table 13. Invested Assets by Category of Non-Life Insurance Companies and Professional Reinsurer, 2021 (in billion pesos)

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Government Securities	39.06	12.98	52.04
Private Securities	8.60	3.16	11.76
Equities	11.58	1.80	13.38
Investment Property	8.07	0.16	8.23
Mortgage Loans	0.43	0.00	0.43
Collateral Loans	0.00	-	0.00
Guaranteed Loans	-	-	-
Other Loans	0.82	0.09	0.91
Unquoted Debt Securities	1.52	0.00	1.52
Investments in Subsidiaries, Associates & Joint Ventures	16.43	0.21	16.64
Mutual Funds/UITF/RITF/ Other Funds	2.40	0.42	2.82
Time Deposits	23.41	2.75	26.16
Security Fund	0.01	0.00	0.01
TOTAL	112.33	21.57	133.91

Balance Sheet

In 2021, the Non-life Insurance Industry's Total Assets rose to ₱40.38 billion, a 14.42% increase from ₱279.92 billion to ₱320.30 billion y-o-y.

Meanwhile, Total Liabilities reached ₱209.10 billion, an increase of 14.00% or ₱25.68 billion over the previous year. Claims Liabilities, which compose 44.87% of the Total Liabilities, climbed by 22.42% from ₱76.64 billion to ₱93.82 billion, and Premium Liabilities, which account for 23.19% of the Total Liabilities, increased by 10.25% from ₱43.99 billion to ₱48.50 billion over the end 2021.

Moreover, the industry continues to be profitable with the Net Worth expanding by 15.23% or ₱14.69 billion from ₱96.51 billion in 2020 to ₱111.20 billion in 2021. Paid-Up Capital is valued at ₱45.88 billion, which represents 41.26% of the total Net Worth.

Table 14. Consolidated Balance Sheet of Non-life Insurance Companies & Professional Reinsurer, 2021
(in billion pesos)

Particulars	Domestic	Foreign	Total
ASSETS			
Financial Assets at FVPL	2.41	3.18	5.59
Held-to-Maturity (HTM) Investments	22.44	6.05	28.49
Available for Sale (AFS) Financial Assets	36.79	9.13	45.92
Loans and Receivables	2.78	0.09	2.87
Investments in Subsidiaries, Associates and Joint Ventures	16.43	0.21	16.64
Investment Property	8.07	0.16	8.23
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	37.64	7.15	44.79
Premiums Receivable, net	25.34	3.39	28.73
Due from Ceding Companies, net	6.56	3.86	10.42
Funds Held by Ceding Companies, net	0.20	0.01	0.21
Loss Reserve Withheld by Ceding Companies, net	0.59	0.02	0.61
Amounts Recoverable from Reinsurers, net	65.90	8.11	74.01
Other Reins. Accts. Receivable, net	0.14	-	0.14
Surety Losses Recoverable	0.04	-	0.04
Investments Income Due and Accrued	0.39	0.14	0.53
Accounts Receivable	1.30	0.02	1.32
Property and Equipment	14.55	0.47	15.02
Security Fund Contribution	0.01	0.01	0.02
Other Assets	29.75	6.97	36.72
TOTAL ASSETS	271.33	48.97	320.30
LIABILITIES			
Claims Liabilities	82.44	11.38	93.82
Premium Liabilities	40.33	8.17	48.50
Due to Reinsurers	24.85	3.98	28.83
Funds Held for Reinsurers	3.87	1.50	5.37
Commissions Payable	3.55	1.89	5.44
Return Premiums Payable	0.03	-	0.03
Taxes/Licenses Payable	7.63	0.82	8.45
Deposit for Real Estate under Contract to Sell	0.06	-	0.06
Cash Collaterals	1.80	-	1.80
Account Payable	6.15	1.49	7.64
Dividends Payable	0.11	0.01	0.12
Financial Liabilities at Fair Value Through Profit and Loss			
Accrued Expenses	0.89	0.34	1.23
Derivative Liabilities Held for Hedging			
Notes Payable	0.50	-	0.50
Other Liabilities	5.91	1.40	7.31
TOTAL LIABILITIES	178.12	30.98	209.10
NET WORTH			
Paid-Up Capital/Statutory Deposits	35.76	10.12	45.88
Deposit for Future Subscription	1.25	0.02	1.27
Capital Stock Subscribed	1.71	-	1.71
Contributed Surplus/Home Office Inward Remittances	2.99	0.22	3.21
Contingency Surplus	7.02	2.45	9.47
Capital Paid in Excess of Par	7.47	0.28	7.75
Retained Earnings/Home Office Account	18.92	4.40	23.32
Cost of Share-Based Payment	-	0.05	0.05
Total Reserve Accounts	19.54	0.52	20.06
Remeasurement Gains (Losses) on Retirement, Pension Asset (Obligation)	(0.34)	(0.07)	(0.41)
Treasury Stock	(1.11)	-	(1.11)
TOTAL NET WORTH	93.21	17.99	111.20
TOTAL LIABILITIES & NET WORTH	271.33	48.97	320.30

D. Mutual Benefit Associations

The Total Assets accumulated by the Mutual Benefit Associations (MBAs) grew to ₱119.46 billion or 8.41% higher than that of ₱110.19 billion in 2020. Thirteen (13) MBAs were classified as regular MBAs, while twenty-five (25) were considered Micro-MBAs. The Regular MBAs covered the 72.07% of the total assets and increased by 6.00%, from ₱81.16 billion in 2020 to ₱86.03 billion this 2021. Micro-MBAs, which had the 27.98% share, posted an increase of 15.16% this year.

Table 15. Mutual Benefit Association's Key Insurance Statistics, 2020-2021
(in billion pesos)

Particulars	2020	2021	% Increase / (Decrease)
Assets	110.19	119.46	8.41
<i>Micro</i>	29.03	33.43	15.16
<i>Regular</i>	81.16	86.03	6.00
Liabilities	69.03	74.00	7.20
<i>Micro</i>	21.71	25.01	15.20
<i>Regular</i>	47.32	48.99	3.53
Members' Equity	41.16	45.46	10.45
<i>Micro</i>	7.32	8.42	15.03
<i>Regular</i>	33.84	37.04	9.46
Guaranty Fund	1.18	1.19	0.85
<i>Micro</i>	0.68	0.73	7.35
<i>Regular</i>	0.50	0.46	(8.00)
Invested Assets	97.56	106.37	9.03
<i>Micro</i>	24.57	29.88	21.61
<i>Regular</i>	72.99	76.49	4.80
Premiums	11.49	13.58	18.19
<i>Micro</i>	4.51	5.99	32.82
<i>Regular</i>	6.98	7.59	8.74
Net Income	4.86	3.59	(26.13)
<i>Micro</i>	0.78	0.83	6.41
<i>Regular</i>	4.08	2.76	(32.35)

A minimal increase in Total Liabilities was noted at 7.20% amounting to ₱74.00 billion compared to its previous years' ₱69.03 billion. Total Members' Equity likewise increased by 10.45%, from ₱41.16 billion last year to ₱45.46 billion in the year under review.

MBAs' Invested Assets reached ₱106.37 billion this 2021, a slight increase of 9.03% than that of the previous year. Most of the investments were placed in Financial Assets at Amortized Cost and Loans, having 48.87% and 29.89% share, respectively.

MBA's generated ₱13.58 billion Total Premiums in 2021, 18.19% higher than the previous year of ₱11.49 billion. Net Members' Contribution increased by 20.80%, while Net Premiums increased by 15.56%, which drove the increase in total premiums. Micro-MBA's performed well this year under review, posting a significant increase of 32.82% while regular MBA's had an 8.74% increment compared to the previous year.

Despite efforts in assuring recovery from the pandemic, the ₱3.59 billion total net income (or surplus) of the MBA's in 2021 was 26.13% less than net income of the previous year of ₱4.86 billion. This was brought about by the significant decrease in Underwriting Gain of 80.57%, from ₱1.52 billion last year to ₱0.29 billion this year under review. Income Earned from their investments and Other Income likewise decreased by 8.37% and 49.15%, respectively.

E. Insurance and Reinsurance Brokers

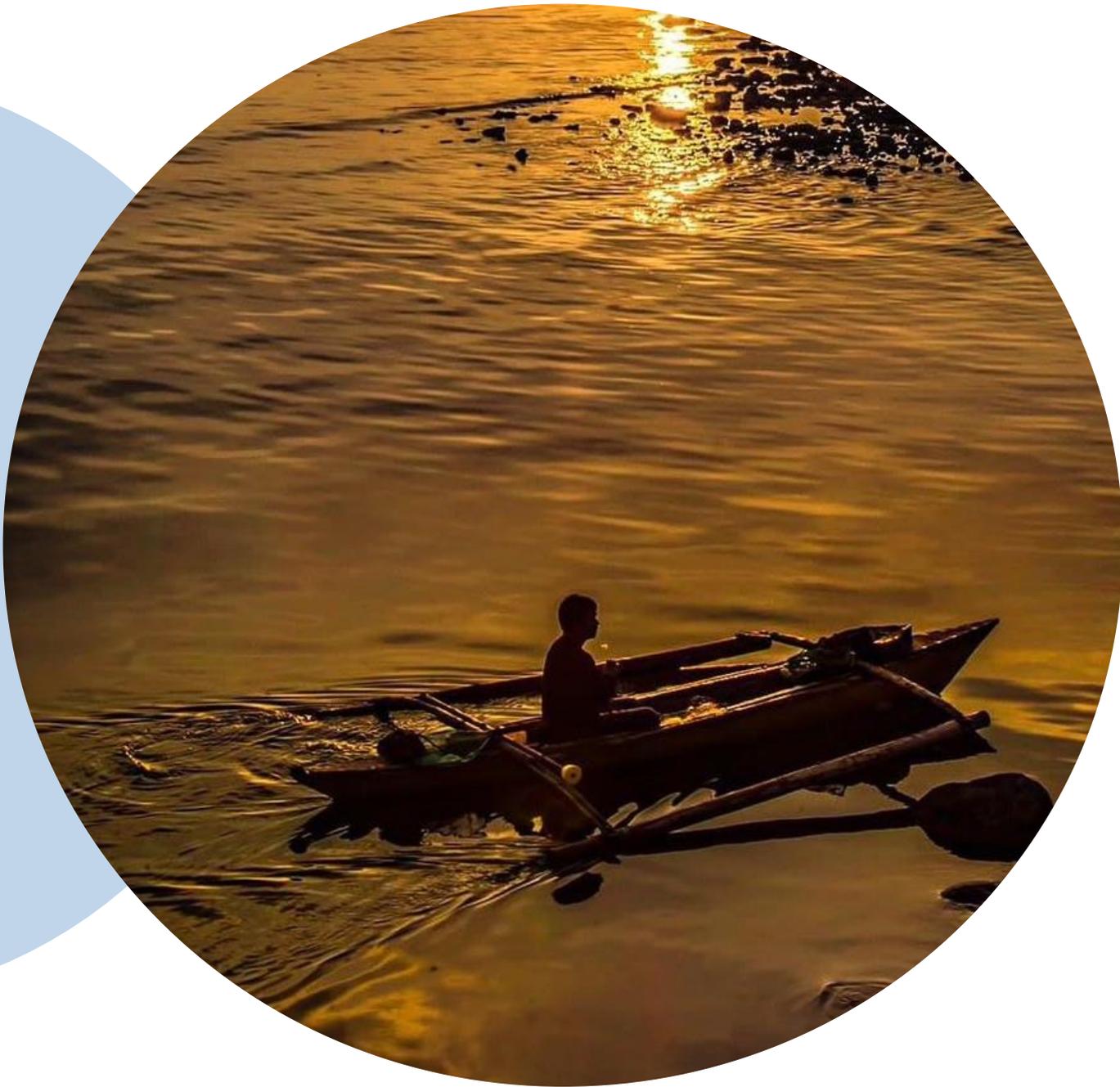
Table 16. Brokers' Business Operations 2021
(in million pesos)

LINE OF BUSINESS	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	10,829.50	1,115.56	-	-
Fire	22,786.97	2,060.08	1,952.34	118.59
Marine Cargo	1,380.63	221.20	53.01	2.06
Marine Hull	796.47	111.93	272.31	31.54
Aviation	388.20	169.26	30.34	2.06
Motor Car	5,662.95	1,175.06	49.93	3.50
Health	17,933.15	1,756.15	-	-
Accident	605.94	188.18	69.87	8.89
Engineering	3,182.44	427.31	280.05	20.51
Ins. for Migrant Workers	0.16	0.03	-	-
Microinsurance	339.63	137.96	-	-
Bonds	1,401.12	348.05	8.27	0.22
Miscellaneous	2,712.98	458.51	192.30	15.40
Sub- Total	68,020.14	8,169.28	2,908.42	202.77
HMO	8,943.32	959.83	-	-
Grand Total	76,963.46	9,129.11	2,908.42	202.77

The insurance and reinsurance brokers were able to produce a total premium of ₱79.87 billion, an increase by 5.38% from ₱75.80 billion in 2020. Insurance Brokers generated 96% or ₱76.96 billion of the premiums, an increase of 4.56% from ₱73.61 billion last year

while the reinsurance brokers shared the remaining 4%. Majority of the premiums were contributed by the fire insurance business with 30%, followed by health with 23%, and life insurance with 13%.

On the other hand, commissions earned by insurance and reinsurance brokers posted an increase of 13.13% and 29.10%, respectively.



Pre-Need Industry

Photo by Jing Magsaysay, "Ginto", 2022.
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The Pre-Need Industry's Total Assets grew by 4.36% to ₱141.95 billion in 2021 from ₱136.02 billion in 2020 despite the decline in the industry's corporate invested assets. The bulk of the industry's assets were mostly coming from the Investment in Trust Fund at ₱119.41 billion or about 84% of the total assets.

The Total Liabilities likewise rose by 3.07% to ₱118.90 billion in 2021. This is attributable to the 2.78% increase in the Pre-Need Reserves which accounted for the 88.68% or ₱105.44 billion of the total liabilities. Meanwhile, Insurance Premium Reserves declined by 4.55% to ₱1.83 billion.

The Net Worth increased by 10.07% or ₱2.11 billion in 2021 which is higher from that of last year's development. The total Net Worth in 2021 amounts to ₱23.05 billion from ₱20.94 billion attributed to the increase in Retained Earnings and Fluctuation for Corporate Assets as well as the additional paid-in capital. This offset the 20.21% decrease in Retained Earnings for Trust Fund which comprised almost 80% of the Total Net Worth.

Table 17. Key Statistics of Pre-Need, 2020-2021

PARTICULARS	2020	2021	% Increase / (Decrease)
	(in billion pesos)		
Assets	136.02	141.95	4.36
Liabilities	115.40	118.90	3.03
Net worth	20.94	23.05	10.08
Paid-up Capital/ Capital Stock	3.68	3.68	0.00
Trust Fund	115.39	119.41	3.48
Pre-Need Reserves	109.47	112.72	2.97
Trust Fund vs. Pre-Need Reserves Surplus/(Deficit)	5.93	6.69	12.82
Invested Assets	126.04	130.38	3.44
Premiums	18.69	20.64	10.43
Net Income/(Loss)	(2.39)	3.81	254.39

No. of Licensed Pre-need	15	16	6.67%
No. Plans Sold	383,082	568,354	48.36
Life	379,198	566,227	49.32
Pension	3,617	2,054	(43.21)
Education	267	73	(72.66)

The Net Income of the industry posted a remarkable progress in 2021 and reached ₱3.81 billion from a loss of ₱2.39 billion last year. This was mainly due to the decline of the Pre-Need Reserves by 9.42% and the significant increase in Premiums and Investment Income by 10.43% and 35.12%, respectively, which contributed the most to the development of the industry's overall Income.

Further, the number of plans sold by the companies this year gone up by 48.36% from 383,082 plans to 568,354 which are mostly channeled from the number of sales in Life Plans. Unfortunately, pension and education plans declined by 43.21% and 72.66%, respectively.

Table 18. Invested Assets of the Pre-Need Industry, 2020-2021
(in billion pesos)

PARTICULARS	2020	2021	% Increase/ (Decrease)
Government Securities	64.88	59.23	(8.70)
Corporate Bonds	10.97	11.37	3.71
Real Estate	4.01	2.37	(40.85)
Stocks	24.70	27.80	12.57
Mortgage Loans	-	0.00	-
Plan holders' Loans	0.17	0.07	(59.04)
Mutual Funds / UITF	0.21	3.37	1,484.06
Short-Term Investments	0.36	0.12	(66.30)
Other Investments	17.16	23.63	37.67
Fixed Deposits	3.59	2.41	(32.88)
Total Invested Assets	126.04	130.38	3.44

The Total Invested Assets which include investments in trust fund went up by 3.44% amounting to ₱130.38 billion. This growth is associated with the significant increases in Stocks by 12.57% and Other investments by 37.67% of which both accounted to 39.45% of the total investments. Mutual Funds and UITF was seen an abrupt increase of ₱3.16 billion.

The decrease in Government Securities can also be observed, from ₱64.88 billion down to ₱59.23 billion however, the amount secured 45.42% of the Total Invested Assets for 2021.



Health Maintenance Organizations

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The performance of HMOs in terms of Total Assets continued to rise as this year's assets increased by ₱ 0.74 billion to ₱ 61.44 billion in 2021. Trade Receivables (29.26%), Cash and Cash Equivalents (21.17%), and Held to Maturity Investments (8.85%) consist of the majority of assets of the HMO Industry.

Table 19. Health Maintenance Organizations' Key Statistics, 2020-2021
(in billion pesos)

PARTICULARS	2020	2021	% Increase/ (Decrease)
Assets	60.70	61.44	1.22
Liabilities	46.80	46.79	(0.02)
Net Worth	13.89	14.65	5.47
Capital Stock	2.88	3.53	22.57
Invested Assets	25.91	25.95	0.15
Membership Fees	50.74	50.99	0.49
Healthcare Benefits and Claims	25.86	33.27	28.65
Net Income	8.04	5.44	(32.34)

The HMO industry's Total Liabilities stayed the same in 2021. It was noted, however, that Unearned Administrative Fees increased from ₱0.84 million to ₱487.49 million in 2021. Meanwhile, the Taxes Payable and Commissions Payable decreased by almost half, albeit small share to total liabilities. Unearned Membership fees, with 37.05% share to the liabilities, decreased by ₱173.55 million in 2021.

The Total Net Worth rose by 5.47% to ₱14.65 billion in 2021 from its 2020 level of ₱13.89 billion. This was mainly impacted by the increase of Share Capital by 22.57% to ₱3.53 billion in the year under review. Retained earnings remained constant at ₱10.71 billion in 2021 and continued to account for the majority of net worth at 73.12%.

Membership Fees kept its pace with a 0.49% slight increase to ₱50.99 billion in 2021. However, there was continued demand from healthcare due to the pandemic, as Healthcare Benefits and Claims increased from ₱25.86 billion to ₱33.27 billion (28.65%). This contributed to the decrease in Net Income by 32.34%, from ₱ 8.04 billion to ₱5.44 billion.

In 2021, HMOs maintained their Invested Assets at the same level of ₱25.95 billion. The HMO industry allocated a majority of their invested assets towards Time Deposits (27.13%), followed by Government Securities (16.07%), and Investment Property (11.79%).

However, out of all the invested assets, only Time Deposits and Loans Receivables experienced a decrease in 2021, with a decline of 7.25% and 64.90%, respectively.

Table 20. Invested Assets of Health Maintenance Organizations, 2020-2021
(in billion pesos)

PARTICULARS	2020	2021	% Increase/ (Decrease)
Government Securities	4.00	4.17	4.25
Private Securities	2.53	2.54	0.40
Equities	1.18	1.25	5.93
Mutual Funds/UITF/Other Funds	1.27	2.06	62.20
Investment Property	2.92	3.06	4.79
Time Deposit	7.59	7.04	(7.25)
Investment in Subsidiaries	2.18	2.44	11.93
Investment in Associates	2.74	2.86	4.38
Loans and Receivables	1.51	0.53	(64.90)
Total	25.92	25.95	0.12

In 2021, the total number of members under Full-Risk HMO agreements was 3,283,971, lower by 22.96% or almost a million members in 2020. Meanwhile, total number of members enrolled for Administrative Services Only (ASO) for the reporting year was 726,035, slightly lower by 18.32% from the previous year of 888,895.



Government Service Insurance System (GSIS)

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Based on submitted annual statement, the Total Assets of the Government Service Insurance System (GSIS) increased by 7.71% from the previous year to reach ₱1.53 trillion in 2021. The life insurance business accounted for 96.48% of the total assets or ₱1.48 trillion, which showed a minor growth of 7.63% compared to the previous year of ₱1.37 trillion. Similar to this, non-life insurance business Assets grew by 9.87%, from ₱49.04 billion in 2020 to ₱53.88 billion in 2021.

Table 21. Government Service Insurance System (GSIS) Key Insurance Statistics, 2020-2021
(in billion pesos)

PARTICULARS	2020	2021	% Increase/ (Decrease)
Assets	1,420.88	1,530.37	7.71
Life	1,371.84	1,476.49	7.63
Non-Life	49.04	53.88	9.87
Liabilities	1,250.41	2,193.96	75.46
Life	1,240.04	2,172.93	75.43
Non-Life	10.37	21.03	102.80
Net Worth	170.47	(663.60)	(489.27)
Life	131.8	(696.44)	(628.41)
Non-Life	38.67	32.84	(15.05)
Invested Assets	1,340.40	1,444.56	7.77
Life	1,296.61	1,396.62	7.71
Non-Life	43.79	47.94	9.48
Premiums	142.31	154.66	8.68
Life	138.48	149.76	8.15
Non-Life	3.83	4.90	27.94
Net Income	62.96	(18.71)	(129.72)
Life	59.65	(22.74)	362.31
Non-Life	3.31	4.03	17.87

GSIS's Total Liabilities significantly increased over the prior year by 75.46%. The total Net Worth was negative ₱663.60 billion, down 489.27% from its ₱170.47 billion last year. The Net Worth of the life insurance business decreased from ₱131.80 billion in 2020 to a negative ₱696.44 billion in 2021. This is due to the sharp decline in Reserve Accounts and Retained Earnings, by negative 33.11% and 995.77%, respectively.

The total Premiums generated by GSIS for the combined life and non-life insurance business totaled to ₱154.66 billion, up by 8.68% from prior year's ₱142.31 billion.

GSIS recorded a total Net Loss of ₱18.71 billion as of the year end 2021, negative 129.72% lower than previous year's ₱62.96 billion. This is mainly due to the net loss of ₱22.74 billion in the life insurance business.



The Commission's Engagements and Partnerships

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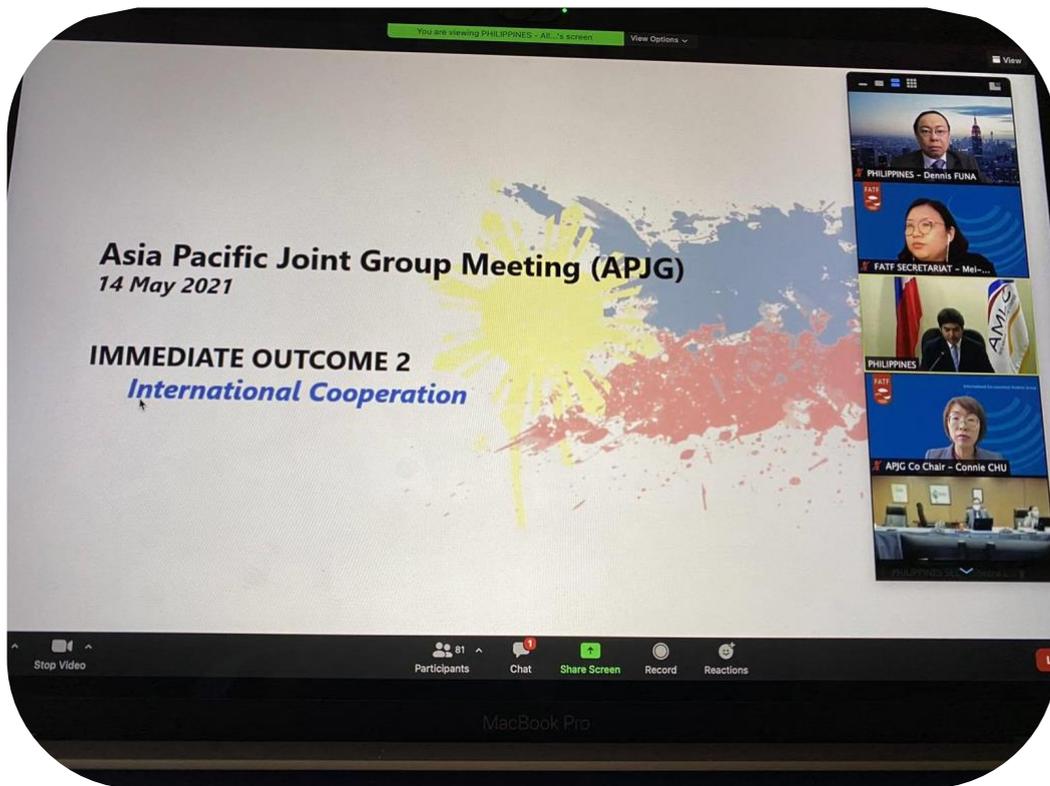
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PHL'S Funa reelected chairman at Asian Reinsurance Corporation
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We saw with COVID that market yields can adjust quickly, and liquidity must be ready when contingent events unexpectedly materialize. So, this is not about market size but the nature of the risk itself.

Even under more normal conditions, managing systemic risk is part of the global best practice for insurance supervisors. Markets are indeed fluid and we must be responsive to changing conditions. So, vigilance, pre-emptive thinking, and risk awareness definitely fit into the flavor of the insurance industry.

ATTY. DENNIS B. FUNA
FSCC Executive Committee Member and Insurance Commissioner

Release of the 1st Semester 2021 Financial Stability Report, 28 July 2021



Statement on the Release of the 1st Semester 2021 Financial Stability Report
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