

INSURANCE COMMISSION

**ANNUAL  
REPORT**  
**2022**

**Notes:**

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

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# **THE COMMISSIONER'S MESSAGE**

Amid the events that happened in 2022, Filipinos have, yet again, proved to be indomitable.

In early 2022, Russia invaded Ukraine. As a result, the rest of the world, including the Philippines, were forced to adapt to price shocks, supply disruptions, and food shortages. Markets all over the world, including ours, reacted with oil and gas price hikes.

Inflation was at an all-time high as the Philippines' inflation data for November 2022 rose to 8%, the fastest in 14 years. This was primarily driven by rising food prices due to crop production interruptions created by typhoons.

The peso likewise weakened to nearly ₱60 against the US Dollar. Thankfully, the value of the peso rebounded at the close of 2022.

On a positive note, COVID-19 eased; and lockdowns and travel restrictions became a thing of the past. In September 2022, the World Health Organization even remarked that the end of the pandemic was "in sight".

This 2022, the country also elected its 17th President and 15th Vice-President, along with other leaders, who are expected to tackle our country's challenges in the years to come, including reviving the economy that was severely affected by the COVID-19 pandemic, inflation, climate change, and poverty.

Despite these events that the Commission's regulated entities had to navigate, they were able to rise above the challenges.

The insurance sector, inclusive of life and non-life companies as well as mutual benefit associations, registered a 1.96% increase in its total assets, from ₱2.08 trillion in 2021 to ₱2.12 trillion in 2022. Premiums generated likewise grew by 0.51%, from ₱379.01 billion in 2021 to ₱380.94 billion in 2022.

Membership fees collected by health maintenance organizations (HMOs) rose by 8.59% from ₱50.99 billion in 2021 to ₱55.37 billion in 2022 and paid 33.51% more benefits and claims year-on-year, from ₱33.27 billion to ₱44.42 billion.

Meanwhile, pre-need companies were able to sell 31.03% more plans in 2022 than in 2021, which had a positive 3.1% impact on the industry's total premium income, from ₱20.64 billion in 2021 to ₱21.28 billion in 2022.

Thus, I congratulate our regulated entities—the insurance, HMO, and pre-need sectors—for their tireless efforts behind these numbers. Likewise, I congratulate the employees and officers of the Commission for their commitment in delivering globally-competitive public service.

Let this 2022 Annual Report be a testament to our indomitable Filipino spirit.

**DENNIS B. FUNA**  
Insurance Commissioner



INSURANCE COMMISSION

# **ABOUT 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**

## 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 (HMOs) industries in the Philippines.

Table 1. Insurance Companies, Mutual Benefit Associations, Pre-Need Companies, and Health Maintenance Organizations Authorized to Transact Business in the Philippines, 2022

<b>I. Insurance Companies</b>					
Classification of Companies	Direct Insurers			Professional Reinsurer	TOTAL
	Composite	Life	Non-Life		
A. Domestic	3	16	40	1	60
B. Foreign <sup>a</sup>	2	11	10	0	23
<b>Total</b>	<b>5</b>	<b>27</b>	<b>50</b>	<b>1</b>	<b>83</b>
<b>II. Mutual Benefit Associations (MBAs)</b>					
A. Microinsurance MBAs					27
B. Regular MBAs					13
<b>Total</b>					<b>40</b>
<b>III. Pre-Need Companies</b>					
A. Domestic					<b>14</b>
<b>IV. Health Maintenance Organizations (HMOs)</b>					
A. Domestic					<b>29</b>
<b>V. Servicing Companies</b>					
A. Insurance					6
B. Pre-Need					3
<b>Total Regulated Entities with Certificate of Authority</b>					<b>169</b>
<b>Total Regulated Entities</b>					<b>178</b>

*a With more than 50% foreign participation*

As of December 31, 2022, the Philippine insurance market comprised a total of 83 insurance companies, 1 professional reinsurer, 40 Mutual Benefit Associations (MBAs), 17 pre-need companies, and 29 Health Maintenance Organizations (HMOs). Additionally, there were 61 insurance brokers and 18 reinsurance brokers.

The insurance companies comprised 5 composite companies (those with both life and non-life units), 27 life insurance companies, 50 non-life insurance companies, and 1 professional reinsurer. Non-life insurance companies such as AA Guaranty Assurance Co., Inc. and Reliance Surety Insurance Co., Inc. were acquired by Sealnsure PG Private, Ltd. and renamed Sealnsure General Insurance Co., Inc. and Sealnsure Life Insurance Co., Inc., respectively. Meanwhile, UCPB General Insurance Company, Inc. was renamed COCOGEN Insurance Inc. as part of their business strategy. Additionally, QBE Seaboard Insurance Philippines, Inc. and Centennial Guarantee Assurance Corporation were granted servicing licenses, enabling them to service their current clients while no longer accepting new business.

Table 2. Licenses/Certificates of Registration Issued to Insurance Intermediaries and Technical Support Individuals/Entities, 2021-2022

<b>INTERMEDIARIES</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/ (Dec)</b>
Ordinary Agents	131,875	136,966	3.84%
Life	116,006	120,218	3.63%
Non-Life	15,791	16,594	5.09%
Microinsurance	78	154	97.44%
General Agents	209	229	9.57%
Life	90	113	25.56%
Variable	14	95	578.57%
Non-Life	105	21	(80.00%)
Variable Life Agents	128,726	134,990	4.87%
Brokers	86	79	(8.14%)
Insurance	65	61	(6.56%)
Reinsurance	19	18	(5.56%)
Pre-Need Sales Counselors	15,293	12,881	(15.77%)
<b>TECHNICAL SUPPORT</b>			
Non-Life Company Underwriters	390	351	(10.00%)
Resident Agents	74	78	5.41%
Insurance Actuaries <sup>a</sup>	50	47	(6.00%)
Life and Non-Life Actuaries	10	13	30.00%
Life Insurance Actuaries	36	31	(13.89%)
Non-Life Insurance Actuaries	4	3	(25.00%)
Pre-Need Actuaries	12	13	8.33%
HMO Actuaries	14	12	(14.29%)
Public Adjusters	1	1	0.00%
Independent Adjusters	42	40	(4.76%)

*a Number of actuaries*

Three new Mutual Benefit Associations (MBAs) entered the industry in 2022: Pangasinan Public School Teachers Mutual Benefit Association, Inc., Teacher's Association of Pangasinan, Dagupan City and San Carlos City Mutual Benefit Association, Inc., and Uswag Mutual Benefit Association, Inc. These new entrants cater to various sectors such as teachers and individuals availing services from their partner institutions. Moreover, the Philippine Public School Teachers Association (PPSTA) and Fire Services Mutual Benefit Association, Inc. (FSMBAI), which were placed under conservatorship in 2021 and 2018 respectively, were issued their certificates of authority after fulfilling the requirements of the Commission. Manila Public School Teachers' Association, Inc., was placed under conservatorship in March 2022.

The Pre-Need industry managed to maintain its number of companies, with one new entrant. Evergreen Life Plan Services, Inc. was granted a certificate of authority to engage in pre-need business, focusing on life plans. Eternal Plans, Inc., on the other hand, was granted a license to operate on 06 December 2022 pursuant to their rehabilitation plan after it was transferred under conservatorship in January 2022. Cocoplans, Inc. was issued a servicing license in 2022.

The HMO industry maintained its number of companies in 2022, with one additional entrant, Forticare Health Systems International, Inc. Forticare was granted its certificate of authority after conservatorship orders were lifted on May 25, 2022. Finally, the Commission also issued licenses and accreditations to various intermediaries and technical support individuals and entities to assist insurers, pre-need providers, and HMOs in conducting their businesses.

## **B. Financial Surveillance**

The Commission regularly conducts examinations of its regulated entities to evaluate their financial condition, business practices, and compliance with pertinent regulations, ensuring they meet insurance reporting standards and regulatory practices. These examinations are vital for determining the solvency and financial soundness of the companies to ensure they can fulfill their contracts with their respective policyholders.

The Commission evaluated the financial condition of 83 insurance companies, 35 MBAs, two (2) HMOs, 16 pre-need companies and 68 insurance and reinsurance brokers in 2022. As the country implemented more lenient protocols towards the COVID-19 pandemic, the Commission reintroduced its on-site examination for a more comprehensive review of the pertinent requirements.

Apart from the yearly evaluation, the Commission also conducts quarterly monitoring of insurance companies to ensure the entities' compliance to the Risk-Based Capital (RBC) ratios and minimum paid-up capital requirement. This is to ensure that the companies follow the implemented regulatory frameworks in the Philippines, such as Financial Reporting Framework (FRF), Amended Risk-Based Capital (RBC2) Framework, and Insurance Policy Reserve Valuation Standards. The Commission also monitors the actions taken by the companies towards implementation of the IFRS 17 (Insurance Contracts).

A total of 107 synopses of Annual Statements were approved by the Commission. This consists of 30 synopses on life insurance companies and MBAs, 58 synopses of non-life insurance companies, and 19 synopses of pre-need companies. The synopsis provides a summary of the financial condition of the company as a result of the thorough evaluation of the company's financial statements by the Commission.

Pursuant to the Pre-Need Code and pertinent Circular Letters, the Commission also conducted examination on the 27 trust funds of the pre-need companies in 2022. This is to make sure that the pre-need companies' trust funds will be enough for their respective planholders.

## **C. Tariff Compliance Monitoring**

The Commission conducted examinations on 43 non-life insurance companies to monitor their compliance with tariff rates and other rules and regulations. They also evaluate the premium rates applied to motor car policies, fire policies and bonds issued in favor of the government. The Commission issued Circular Letter No. 2019-73 to ensure a more comprehensive evaluation of tariff compliance.

The Commission was able to collect a total of ₱6.36 million from 255 breaches of tariff rates in 2022.

#### **D. Public Assistance, Claims and Adjudication**

The Commission received a total of 401 formal and informal complaints related to insurance, pre-need, and HMO matters through its Main Office, as well as its Cebu and Davao District Offices. These complaints were addressed through the conduct of mediation, either through formal proceedings or informal settlements and conciliation. The number of complaints received, at 357, slightly increased compared to the previous year.

Despite the easing of restrictions from community quarantines imposed in the country, the Commission continued to implement hybrid measures to facilitate arbitration of cases, mediation or conciliation conferences, and other alternative dispute resolution proceedings between claimants and regulated entities.

#### **E. Conservatorship/Receivership/Liquidation**

In 2022, there were 33 insurance companies, one (1) MBA, 30 pre-need companies, and five (5) companies with servicing licenses under Conservatorship, Receivership, and Liquidation.

One (1) non-life insurance company - Summit Guaranty and Insurance Company Inc., voluntarily ceased its operations and was placed under conservatorship. Additionally, Cap Life Insurance Corporation was placed under liquidation, effective 13 June 2022.

One (1) MBA - Manila Public School Teachers Association, Inc., was placed under conservatorship, effective 23 March 2022. On the other hand, two (2) pre-need companies, Eternal Plans, Inc. and New Life Memorial Plans, were placed under conservatorship and liquidation respectively, effective 28 January 2022 and 19 December 2022.

Companies were placed under conservatorship, receivership, or liquidation due to various reasons, including failure to comply with regulatory requirements, voluntary cessation of operations, and receipt of a Cease-and-Desist Order (CDO) from the Commission to halt business operations.

#### **F. Security Deposits/Guaranty Fund/Security Fund**

According to Section 209 of the Amended Insurance Code, every domestic insurance company is required to deposit funds with the Commission as a safeguard to cover all its outstanding obligations in the event of the company ceasing operations in the Philippines.

The combined security deposits of life and non-life insurance companies, and professional reinsurer, including those with servicing licenses, increased by 28.40%, from ₱24.02 billion to ₱30.84 billion.

The security funds of insurance companies administered by the Commission for 2022 remained at ₱18.44 million. These funds are earmarked for the payment of allowed

claims against regulated entities in the event of insolvency, as outlined in Section 378 of the Amended Insurance Code.

The total Guaranty Fund deposited by MBAs for 2022 amounted to ₱1.12 billion, a decrease from ₱1.18 billion in the previous reporting year. Meanwhile, the total security deposits from HMOs doubled from ₱0.67 billion in 2021 to ₱1.21 billion in 2022.

Currently, the Commission oversees a total of ₱33.19 billion from combined security funds, security deposits, and guaranty funds from regulated entities, under the supervision of the Bureau of Treasury.

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

The Commission evaluates and approves the products offered by life and non-life insurance companies, pre-need companies, and HMOs to ensure compliance with regulatory requirements before they are offered to potential clients. In 2022, a total of 206 plans and products were evaluated, including 52 life insurance plans, 103 non-life insurance plans, 10 variable insurance plans, 12 microinsurance plans, two (2) basic and credit life insurance plans offered by MBAs, six (6) pre-need plans, and 21 HMO products. Additionally, the Commission approved 1,036 contract forms and endorsements.

Furthermore, the Commission conducts regular evaluations of reinsurance treaties and facultative placements abroad to ensure that these arrangements made by regulated entities adhere to the provisions of the Amended Insurance Code. In 2022, a total of 402 reinsurance treaties and facultative placements abroad were evaluated and approved.

## **H. Regulatory Updates**

In 2022, the Philippine Insurance Commission issued 55 Circular Letters to ensure the continuity of operations and compliance to rules of its regulated entities and safeguard the welfare of stakeholders and consumers.

The Commission established a baseline regulatory framework for Takaful undertakings in accordance with Republic Act No. 11439, also known as the Islamic Banking Act, and provided guidelines for the implementation of Republic Act No. 11523, the Financial Institutions Strategic Transfer (FIST) Act. Furthermore, the Commission released the Implementing Rules and Regulations for Republic Act No. 11765, the Financial Products and Services Consumer Protection Act. The Commission also issued guidelines on the adoption of the Own Risk and Solvency Assessment (ORSA) Framework, as part of its adherence to the establishment of Enterprise Risk Management (ERM) Framework across insurance companies within their respective risk management systems as part of the Insurance Core Principles (ICP).

To further adapt to the new normal, the Commission implemented electronic submission of reportorial requirements for its regulated entities and adopted international frameworks within the Philippine setting, such as the Philippine Financial Reporting Standards (PFRS) 4 – Insurance Contracts and the Financial Reporting



Framework for Insurance and Professional Reinsurance Companies. Other reportorial requirements that allowed electronic submission through their respective portals include Negative Lists of Officers and Employees for Pre-Need Companies and Health Maintenance Organizations, and Approval of Products/Forms and other related requests.

The Commission also ensured stakeholders had access to up-to-date information on regulated entities through initiatives like the IC Advance Release Calendar and Revision Policy of Statistical Reports, the enhancement of quarterly reports with Enhanced Quarterly Reports on Selected Financial Statistics (EQRSFS), and the release of Quarterly Statistics on Newly Licensed and Active Insurance Agents in the Philippines.

The following are the major Circular Letters issued:

- **CL No. 2021-02 issued on 12 January 2022 - Compliance of Adjustment Companies to the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Questionnaire**

Requires the adjustment companies on the compliance to the Anti-Money Laundering and Counter-Terrorism Financing (AML-CTF) Questionnaire, except those do not engage in business similar to other IC regulated entities.

- **CL No. 2022-04 issued on 27 January 2022 - Baseline Regulatory Framework for Takaful Undertakings**

Promulgates the baseline regulatory framework for Takaful Undertakings to all insurance companies and Mutual Benefit Associations, in line with the Republic Act No. 11439 entitled "An Act Providing for the Regulation and Organization of Islamic Banks," also known as the "Islamic Banking Act."

- **CL No. 2022-05 issued on 02 February 2022 - Dissemination of the National AML/CFT Coordinating Committee (NACC) Statement on the Impact of Grey-Listing**

Disseminates to all regulated entities the National AML/CFT Coordinating Committee (NACC) statement on the impact of grey-listing to which, all ICRES and Filipino nationals are reminded that mere identification of the Philippines as having "Jurisdiction under Increase Monitoring" with serious AML/CFT deficiencies does not automatically mean imposition of Countermeasures.

- **CL No. 2022-07 issued on 16 February 2022 - Online Quarterly Submission of Reports on Negative List of Officers and Employees for Pre-Need Companies and Health Maintenance Organizations**

Requires all pre-need companies and Health Maintenance Organizations on submission of quarterly reports on negative list of officers and employees through online submission portal of the Commission.

- **CL No. 2022-08 issued on 21 February 2022 - Guidelines on the Implementation of Republic Act No. 11523 or the "Financial Institutions Strategic Transfer (FIST) Act"**

Informs all domestic insurance companies doing business in the Philippines on guidelines on the implementation of RA No. 11523 or the "Financial Institutions Strategic Transfer (FIST) Act," including investment in FISTC, investment limits, and transfer of assets.

- **CL No. 2022-09 issued on 02 March 2022 - Guidelines on the Licensing Requirements for Insurance and/or Reinsurance Brokers Engaged in Health Maintenance Organizations (HMO) Business**

Informs all applicants and existing insurance and/or reinsurance brokers on the guidelines on the licensing requirements of brokers engaged in Health Maintenance Organization (HMO) business as the Commission recognizes HMOs as one of the growing business lines of the regulated brokers and upholds importance of the separation of this line in the preparation of IC annual reports.

- **CL No. 2022-10 issued on 02 March 2022 - Revised Guidelines on Online Submission of Requests for Approval of Products/Forms or any Other Related Requests**

Disseminates to all life insurance companies, Mutual Benefit Associations, pre-need companies and Health Maintenance Organizations of the revised guidelines on online submission of requests for approval of products/forms or any other related requests, amending the IC Circular Letter No. 2020-76 acknowledging operational challenges brought about by COVID-19 pandemic.

- **CL No. 2022-12 issued on 07 March 2022 - Application of PFRS 17 for HMOs**

Informs all Health Maintenance Organizations of the Philippine Financial Reporting Standards (PFRS) 17, superseding PFRS 4 on Insurance Contracts.

- **CL No. 2022-14 issued on 14 March 2022 - Adoption of Philippine Financial Reporting Standards (PFRS) 4 - Insurance Contracts**

Disseminates adoption of the Philippine Financial Reporting Standards (PFRS) 4 - Insurance Contracts by all Government-Owned or Controlled Corporations or entities engaged in social or private insurance.

- **CL No. 2022-17 issued on 18 March 2022 - Guidelines on Materiality Threshold**

Informs of all external auditors, auditing firms and Insurance Commission regulated entities of the guidelines on materiality threshold on Audited Financial Statements for year 2022 onwards, wherein materiality tests (quantitative or qualitative test) must be applied by the external auditors and/or auditing firms.

- **CL No. 2022-20 issued on 11 April 2022 - Amendment to the Transitory Provisions under Circular Letter No. 2020-100 on "Implementation Requirements for Circular Letter No. 2020-22 Valuation Standards for Health Maintenance Organization (HMO) Agreement Liabilities and Quarterly and Annual Reporting**

Amends the Section 2 of the IC Circular Letter No. 2020-100 on Transitory Provisions for IC CL No. 2020-22 on discount rates, and submission of quantitative impact assessment report for assessment of regulatory relief provided to the HMOs.

- **CL No. 2022-22 issued on 04 May 2022 - Licensing Requirements During the Pendency of Mergers and Consolidation of Insurance Companies**

Informs all domestic insurance companies of the licensing requirements during the pendency of mergers and consolidation of insurance companies, amending Item No. 1 of IC Circular Letter No. 2018-11 on issuance of new Certificate of Authority of the surviving company or the consolidated corporation pursuant to Sections 11 and 12 of IC Circular letter No. 2021-52.

- **CL No. 2022-23 issued on 18 May 2022 - Guidelines on Domestic Investments that do not Require Prior Approval**

Informs all insurance and reinsurance companies, and Mutual Benefit Associations on the guidelines on domestic investments that do not require prior approval provided they are in accordance with the conditions and limitations set under the Insurance Code.

- **CL No. 2022-24 issued on 19 May 2022 - New Financial Reporting Framework (FRF) for MBAs**

Requires Mutual Benefit Associations to adopt new Financial Reporting Framework with updated Standard Charter of Accounts adopting IFRS 9 - Financial Instruments: Recognition and Measurement and IFRS 16 - Leases starting 01 January 2025.

- **CL No. 2022-25 issued on 19 May 2022 - Two Percentage (2%) Upward Adjustment on the Investment Threshold Allocation Under the Pre-Need Code**

Notifies all pre-need companies of two percentage upward adjustment on the investment threshold allocation prescribed by the Section 34 of the Pre-Need Code.

- **CL No. 2022-26 issued on 20 May 2022 - Emphasis on the Commencement of the Penalty for Non-Payment of Amicably Settled Claims Under Item Number VII, Paragraph C, Number 12 of Circular Letter No. 2014-15 and for Other Purposes**

Emphasizes to all insurance and pre-need companies of the commencement of the penalty for the non-payment of amicably settled claims of Php 500.00 per calendar day beginning the day after agreed date of the parties.

- **CL No. 2022-27 issued on 14 June 2022 - Thematic Review Report - Insurance Commission Regulated Entities compliance with Targeted Financial Sanctions Obligations**

Informs all regulated entities of the thematic review report relating to IC Regulated Entities (ICREs) compliance with Targeted Financial Sanctions (TFS) Obligations, after the Philippines being included in the Financial Action Task Force's (FATF) grey list.

- **CL No. 2022-29 issued on 20 June 2022 - Transitional Financial Reporting Framework for Insurance and Professional Reinsurance Companies**

Informs the insurance and professional reinsurance companies of adoption of the Standard Chart of Accounts adopting IFRS 9, IFRS 16 and IFRS 17 and the Transitional Financial Reporting Framework (TFRF) shall be used during transition period and be used in parallel with the existing FRF starting 01 January 2025.

- **CL No. 2022-30 issued on 21 June 2022 - Regulatory Relief on the Admittance of Premiums Receivable due to the COVID-19 Pandemic for the Periods Ending 31 December 2020 up to 30 June 2022**

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

- **CL No. 2022-31 issued on 22 June 2022 - Guidelines on Formal Closure of Liquidation Proceedings for Insurance Companies under Liquidation and Final Disposal and Distribution of Assets Including Unclaimed Benefits**

Issues to all insurance companies under liquidation and designated liquidators the guidelines on formal closure of liquidation proceedings pursuant to relevant provisions of Republic Act No. 10607 also known as Insurance Code.

- **CL No. 2022-32 issued on 06 July 2022 - Examination/Verification Rules and Procedures**

Informs all management companies under the Personal Passenger Accident Insurance (PPAI) program of the examination and verification rules and procedures for management companies with Certificates of Authority/License

under IC Circular Letter No. 2020-96 or Amended Framework for PPAI for Public Utility Vehicles

- **CL No. 2022-34 issued on 14 July 2022 - Guidelines on the Adoption of the Revised Schedule of Minimum Catastrophe Rates**

Promulgates the guidelines on the adoption of the revised schedule of minimum catastrophe rates as part of the implementation of the Philippine Catastrophe Insurance Facility (PCIF)

- **CL No. 2022-35 issued on 18 July 2022 - Examination of the Philippine Crop Insurance Corporation by the Insurance Commission**

Enjoins the Philippine Crop Insurance Corporation (PCIC) for cooperation on the conduct of examination by the Commission annually or as often as may be directed by the Insurance Commissioner or Secretary of Finance.

- **CL No. 2022-36 issued on 18 July 2022 - Submission of Status Reports and Additional Disclosures in the Financial Statements relative to IFRS 17 Insurance Contracts**

Requires the insurance and professional reinsurance companies and Health Maintenance Organizations on submitting status reports and additional disclosures in the financial statements covering the periods ending 31 December 2022 to 2024 to be submitted on or before 30 April 2023 and following years thereafter.

- **CL No. 2022-37 issued on 18 July 2022 - Amended Guidelines on Allowable Investments for Pre-Need Trust Funds**

Issues to all pre-need companies and entities authorized to engage in trust operations and act as trustee for pre-need companies the amended guidelines on allowable investments for pre-need trust funds, including treatment of existing services assets of pre-need companies and limitations/concentration and other conditions for recognition of investments.

- **CL No. 2022-39 issued on 01 August 2022 - Consolidated Reports on Foreign Exchange Receipts and Remittances relative to Reinsurance Transactions**

Requires all concerned insurance and reinsurance brokers on the submission of consolidated reports on foreign exchange receipts and remittances relative to reinsurance transactions fifteen days following the previous reporting month through the Online RID portal.

- **CL No. 2022-40 issued on 09 August 2022 - Guidelines on Voluntary Cessation and Withdrawal of Pre-Need Business in the Philippines**

Issues to all pre-need companies in the Philippines the guidelines on voluntary cessation and withdrawal, including the consequences of the application.

- **CL No. 2022-41 issued on 25 August 2022 - Adoption of Own Risk and Solvency Assessment Framework**

Informs all life insurance companies, non-life Insurance companies, and professional reinsurers of the adoption of own risk and solvency assessment framework, to support the risk management system and to determine the economic capital target.

- **CL No. 2022-44 issued on 10 October 2022 - Amended Quarterly Reportorial Requirement of Pre-Need Companies**

Issues to all pre-need companies authorized to do business in the Philippines the amended quarterly reportorial requirement starting 3rd quarter of 2022 onwards.

- **CL No. 2022-49 issued on 21 November 2022 - Revised Implementation Requirements for the Valuation Standards for Health Maintenance Organization (HMO) Agreement Liabilities and Annual Reporting for HMOs, Superseding CL No. 2020-100**

Issues to all health maintenance organizations (HMOs) the revised implementation requirements for the valuation standards for health maintenance organization HMO agreement liabilities and annual reporting for HMOs, Superseding CL No. 2020-100.

- **CL No. 2022-51 issued on 28 November 2022 - IC Advance Release Calendar and Revision Policy of Statistical Reports**

Informs all concerned stakeholders of IC Advance Release Calendar and Revision Policy of Statistical Reports.

- **CL No. 2022-52 issued on 28 November 2022 - Submission of Quarterly Reports on Investments Made or Sold or Disposed of (QRIMSD)**

Informs all mutual benefit associations of guidelines on the submission of Quarterly Reports on Investments Made or Sold or Disposed of (QRIMSD), which supersedes Circular Letter No. 2016-24.

- **CL No. 2022-54 issued on 22 December 2022 - Setting Aside the Adoption of the Revised Schedule of Minimum Catastrophe Rates under IC CL 2022-34**

Issues to all non-life insurance companies, reinsurance companies, and licensed intermediaries to set aside the IC Circular Letter No. 2022-34 dated 14 July 2022.

- **CL No. 2022-55 issued on 29 December 2022 - 2022 Philippine Intercompany Mortality Study**

Issues to all life insurance companies the 2022 Philippine Intercompany Mortality Study to be undertaken by the IC and the ASP, each company is to process sets of data, "All Claims" and "COVID-19 Claims" to be submitted to the IC Actuarial Division on or before 3 February 2022

## Navigating Economic Headwinds: A Landscape of Diminished Macroeconomic Prospects and Soaring Inflation

The year 2022 unfolded as a period marked by substantial changes and formidable challenges, setting the stage for a dynamic shift in the global economic landscape. This departure from the recovery efforts witnessed in 2021, post the tumultuous aftermath of the COVID-19 pandemic, manifested in a notable decrease in global GDP growth, tumbling from the robust 6% observed in 2021 to 3.2%, prompting a reevaluation of the economic trajectory<sup>1</sup>.

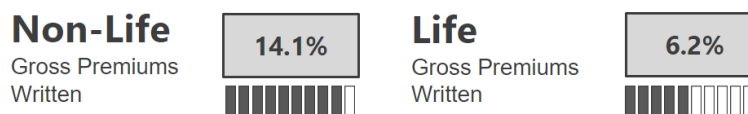
Figure 1. Global GDP growth rate, 2021-2022



In response to this economic turbulence, key analysts recalibrated their 2023 global growth forecast downward<sup>2</sup>, reflecting concerns about potential macro-financial deterioration and adding an additional layer of uncertainty to an already complex economic scenario.

Despite these headwinds, the insurance sector emerged as a bastion of resilience throughout 2022, confronting challenges such as inflation and rising interest rates. Notably, gross premiums written continued their upward trajectory, with the non-life insurance sector outpacing its life counterpart in growth rates. Across the globe, the non-life sector exhibited an impressive growth rate of 14.1%, surpassing the specter of inflation. In contrast, the life sector experienced a more modest growth of 6.2%, grappling with competitive pressures from alternative financial products amidst the backdrop of escalating interest rates and volatile financial markets.<sup>3</sup>

Figure 2. Growth rate of Life and Non-life Gross Premiums Written, 2022



Within the life insurance sector, different product types responded disparately to the challenges posed by the economic landscape. Annuity markets found support in rising interest rates, while unit-linked products encountered difficulties in the face of market volatility. The economic rebound and heightened inflation fueled a surge in non-life premiums in 2022. As movement restrictions eased, there was a discernible uptick in demand for motor vehicle insurance, particularly in jurisdictions where economic recovery spurred a renewed interest in non-life insurance policies.

<sup>1</sup> Source of Data: IMF

<sup>2</sup> IMF 2022 Global Financial Stability Report

<sup>3</sup> OECD Global Insurance Market Trends, covers 61 jurisdictions around the globe



Inflation emerged as a pivotal force shaping the insurance landscape, exerting its influence on both premiums and claims. Higher policy rates, driven by inflationary pressures, contributed to an increase in non-life premiums while simultaneously fueling gross claims payments in the non-life sector. Non-life gross claims payments recorded a substantial uptick of 17% in 2022 compared to the previous year in nominal terms, underscoring the inflation-driven rise in repair and service costs, coupled with the resumption of economic activity post-pandemic.<sup>4</sup>

The underwriting performance of insurers, especially in the non-life sector, felt the impact of elevated inflation, resulting in a deterioration of the combined ratio in majority of jurisdictions. In the year under review, the combined ratio reflected a scenario where claims payments and expenses outpaced premium growth.

Navigating through the intricacies of 2022, insurers also grappled with investment challenges. Lower returns were recorded due to decreases in the market value of bonds and equities. While equities constituted less than 25% of global investment portfolios, the market value of bonds and equities declined in 2022 amid rising interest rates and falling equity valuations. Despite these challenges, insurers, on the whole, managed to maintain positive nominal investment rates.

The solvency landscape witnessed a global decrease in 2022, primarily propelled by lower asset valuations, widened credit spreads, increased interest rate volatility, and weaker currencies. Jurisdictional solvency ratios globally decreased by 3.1% in 2022 compared to the previous year. The insurance liquidity ratio (ILR) also experienced a notable decline of 29.1%, while remaining well above 100%, from 2021 to 2022, signifying impacts on liquidity positions.<sup>5</sup> Key liquidity sources were liquid investments such as highly rated sovereign and non-financial corporate debt, as well as premium income. On the other hand, key liquidity needs mainly consisted of surrender values.

Overall, the year 2022 posed substantial challenges to the global economy and the insurance sector alike. Despite the headwinds, insurers showcased resilience and adaptability, navigating through economic uncertainties with worthy performance. The non-life insurance sector, in particular, emerged as a stalwart, exceeding growth expectations even in the face of inflation and rising interest rates. As the industry grappled with underwriting challenges and investment fluctuations, insurers demonstrated their ability to maintain positive nominal investment rates and manage the complexities of a changing financial landscape. As the coming year approaches, insurers maintain a cautiously optimistic outlook, underscoring the significance of strategic adaptation and vigilant monitoring. Recognizing the ongoing impact of geopolitical tensions and potential shifts in household purchasing power, the insights gained from the experiences of 2022 will undoubtedly guide a proactive approach to secure long-term stability and success in our constantly changing economic environment.

Insurers are advised to be mindful of various risks, including those associated with inflation, policy lapses, unrealized loss positions, and potential decreases in demand for insurance due to pressures on household purchasing power. Geopolitical uncertainties, particularly the ongoing war in Ukraine, continue to loom over the economic landscape. In addressing these intricate challenges, the insurance sector must prioritize strategic adaptation and vigilant monitoring, crucial elements for ensuring sustained stability and success amid the dynamic economic conditions.

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<sup>4</sup> IAIS Global Insurance Market Report YE22

<sup>5</sup> IAIS Global Insurance Market Report YE22



# **INSURANCE INDUSTRY**

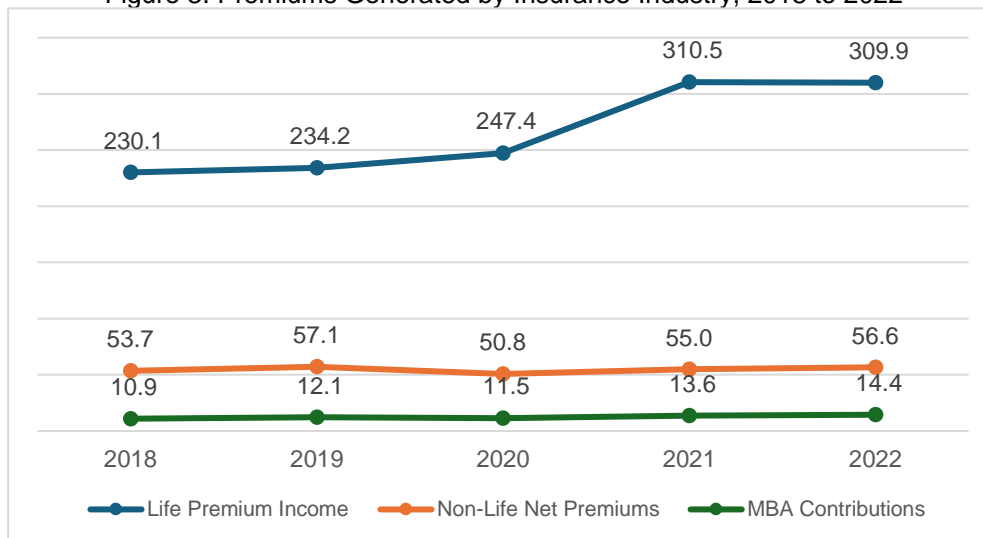
## A. Overview

The insurance industry navigated a dynamic landscape shaped by inflationary pressures and rising interest rates amidst ongoing economic recovery efforts. These macroeconomic factors posed both challenges and opportunities for the industry as it adapted to the evolving environment throughout the year.

The effects of inflation and rising interest rates reverberated throughout the insurance sector, influencing various operational aspects. As consumer prices surged due to inflation, the industry endeavored to uphold operational strategies to counteract purchasing power erosion. Consequently, these combined factors necessitated adjustments in various aspects of insurance operations as insurers sought to adapt to the evolving economic environment.

Against this backdrop, the insurance industry demonstrated resilience, as evidenced by its ability to generate an aggregate premium of ₱380.94 billion, highlighting the industry's adaptability in navigating the challenging high-interest landscape with a slight increase of 0.51% compared to the previous year's ₱379.01 billion. Notably, the life sector experienced a marginal decrease of 0.19%, while non-life and MBAs saw a slight increase of 3.02% and 6.39%, respectively. In terms of total premium share, the life sector dominated with 81.34%, followed by the non-life sector with 14.87%, and MBAs with 3.79%. This performance is particularly notable given the high inflation rate of 5.80%, underscoring the industry's elasticity in the face of economic fluctuations.

Figure 3. Premiums Generated by Insurance Industry, 2018 to 2022



Note: Premiums reported are net of reinsurance. Data in ₱ billion.

Similar to the Philippine landscape, the ASEAN insurance industry also suffered from a contraction of 3.4%, largely attributed to inflationary pressures and financial tightening, which adversely impacted the industry. The decline was mostly due to the significant contraction of life insurance premiums, such that even the increase brought about by non-life insurance premiums was not enough to offset the decrease.

With a modest deceleration in premium growth, the insurance industry experienced a slight decline in insurance penetration to 1.73% of GDP (at current prices), marking a decrease of 0.22 percentage points from the previous year. This trend can be

attributed to a strong economic rebound, particularly a 13.47% increase in GDP, amidst high inflation rates, which overshadowed the resilience of industry-generated premiums. Similarly, insurance density, representing average spending on insurance per individual, witnessed a marginal decrease of 0.75%, falling from ₱3439.30 to ₱3413.46 compared to the previous year.

Table 3. Philippine Economic Indicators, 2018 to 2022

ECONOMIC AND INSURANCE DEVELOPMENT DATA	2018	2019	2020	2021	2022
<b>GROSS NATIONAL INCOME (GNI)</b> (₱ Million)					
At Current Prices	20,212,349 r	21,472,060 r	19,312,001 r	20,101,002 r	23,322,842 p
At Constant 2000 Prices <sup>1/</sup>	11,010,252	11,616,982			
At Constant 2018 Prices	20,212,349 p	21,299,032 r	18,858,016 r	19,179,406 r	21,077,331 p
<b>GROSS DOMESTIC PRODUCT (GDP)</b> (₱ Million)					
At Current Prices	18,265,190 p	19,517,863 p	17,951,574 r	19,410,614 r	22,024,515 p
At Constant 2000 Prices <sup>1/</sup>	9,206,889	9,750,598			
At Constant 2018 Prices	18,265,190 p	19,382,751 p	17,537,843 r	18,540,084 r	19,943,630 p
<b>POPULATION (in millions)</b>	105.8 r	107.3 r	108.8 p	110.2 p	111.6 p
<b>PER CAPITA GROSS NATIONAL INCOME (₱)</b>	191,124.0 r	200,134.5 r	177,545.7 r	182,407.0 r	209,038.0 p
<b>LABOR FORCE (Average)</b> (in millions)	43.50	44.20 r	43.88 p	49.56 r	51.22 p
Employed	41.20	41.94 r	39.38 p	46.27 r	49.00 p
Underemployed	6.73	5.78	6.40 p	6.81	6.20
Unemployed	2.30	2.26 p	4.50 p	3.28 r	2.22 p
<b>EXCHANGE RATE (per US\$)</b>	52.58	50.64	48.02	50.77	55.76
<b>INFLATION RATE</b>	5.20% r	2.40% r	2.40% r	3.90% r	5.80% p
<b>INSURANCE DENSITY</b>	2,785.4 r	2,828.2 r	2,846.2 p	3,439.3 p	3,413.4 p
Life Insurance and MBA	2,278.2 r	2,295.7 r	2,379.7 p	2,940.4 p	2,905.9 p
Non-Life Insurance	507.2 r	532.5 r	466.5 p	498.9 r	507.5p
<b>INSURANCE PENETRATION</b>					
GDP at Current Prices	1.61% r	1.55% r	1.72% p	1.95% r	1.73% p
GDP at Constant 2000 Prices	3.20% r	3.11% r	.00%	.00%	.00%
GDP at Constant 2018 Prices	1.61%	1.57%	1.77% p	2.04% p	1.91% p
<b>PREMIUMS as % of GNI</b>	1.46% r	1.41% r	1.60% p	1.89% r	1.63% p
<b>LIFE SUM INSURED as % of GDP at Current Prices</b>	43.06% r	46.70% r	58.86% p	58.39% p	58.95% p
<b>LIFE SUM INSURED as % of GNI at Current Prices</b>	38.91% r	42.45% r	54.72% r	56.38% r	55.67% p
<b>LIFE INSURANCE COVERAGE <sup>2/</sup></b>	59.53% r	67.19% r	68.09% p	73.30% p	68.48% p
Life Insurance Companies	37.24% r	42.12% r	41.27% p	43.03% p	41.78% p
Mutual Benefit Associations (MBAs)	22.29% r	25.07% r	26.82% p	30.27% p	26.78% p

Notes: p – preliminary figures, r – revised figures

1/ Data discontinued due to rebasing of the National Accounts.

2/ Insurance Coverage or insured lives reported for the year may not necessarily be outstanding/active as of year-end as it includes short-term insurance issued (i.e., health insurance, accident insurance, and microinsurance). It may be overstated as it may include multiple policies of individuals from two or more companies.

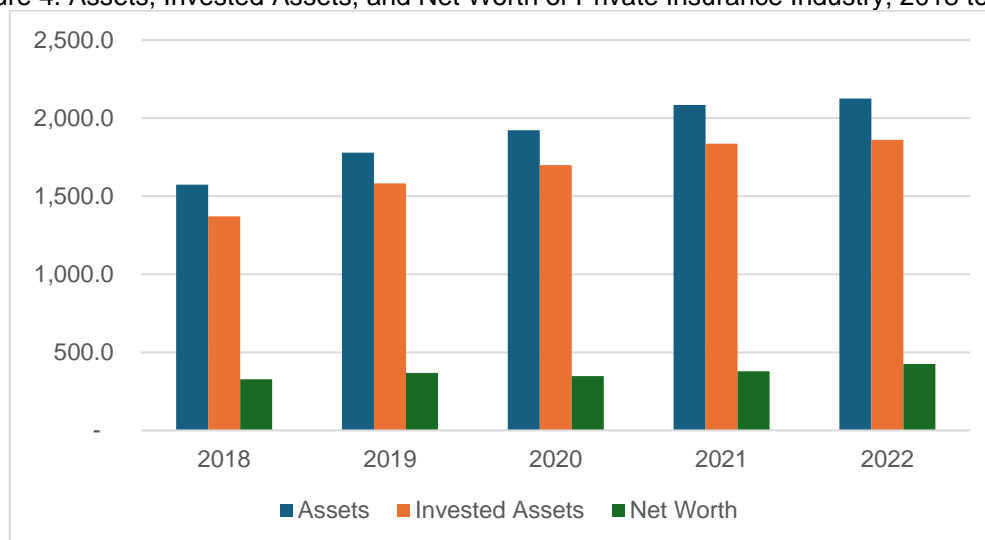
Sources: National Accounts of the Philippines (NAP), Labor Force Survey (LFS), Consumer Price Index Inflation Report (CPI), Philippine Statistics Authority  
Philippine Peso per US Dollar Rate, Bangko Sentral ng Pilipinas

The Philippines stood out as one of the forerunners among its ASEAN peers in terms of GDP growth, alongside Malaysia and Vietnam, with growth rates of 8.7% and 8.0% in 2022, respectively. This growth trend across most ASEAN countries reflects a more

open economic stance following the COVID-19 pandemic. In terms of insurance penetration and density, the Philippines maintained its lead compared to its ASEAN counterparts, while some countries experienced slower growth, with dips of around 2.9% in comparison to the insurance penetration and density of ASEAN Member States in 2021.

In 2022, the assets of the insurance industry amounted to ₱2.12 trillion, marking a 1.96% increase from 2021. The majority of these assets, accounting for 76.68% of the total, were contributed by the life insurance sector, while the non-life insurance sector and MBAs had shares of 17.05% and 6.27% respectively. The total assets of the life insurance sector saw a slight contraction of 0.88% in 2022 compared to ₱1.64 trillion in 2021. In contrast, the total assets of the non-life insurance sector and MBAs increased by 13.01% and 11.49% respectively in 2022. Despite this contraction, the insurance industry maintained its pace towards continuous recovery from the onset of the COVID-19 pandemic in 2020.

Figure 4. Assets, Invested Assets, and Net Worth of Private Insurance Industry, 2018 to 2022



Note: Data in ₱ billion.

In 2022, the invested assets of the insurance industry accounted for 87.56% of the total assets, lower by 0.61 percentage points compared to 2021. The total invested assets of the insurance industry registered at ₱1.86 trillion in 2022, with life insurance sector garnering a major share of 84.97%, followed by non-life insurance sector with 8.32%, and MBA with 6.71%. Similar to assets, the total invested assets of the life insurance sector decreased in 2022 by 1.00% from ₱1.58 trillion in 2021. The life insurance sector invested assets comprised 97.03% of the total assets. Meanwhile, the total invested assets of the non-life insurance sector, which comprised 42.69% of the sector's total assets, had a modest rise of 15.47% from 2021. Invested assets of MBAs, on the other hand, also increased by 17.39% in 2022 to ₱124.86 billion, accounting for 93.75% of the sector's total assets.

The insurance industry continued to thrive as the total net worth increased by 12.28% from ₱378.55 billion in 2021. Life insurance sector increased from ₱224.43 billion in 2021 to ₱257.38 billion in 2022, contributing 60.55% of the industry's net worth. Non-life insurance and MBA sectors' net worth also grew by 5.31% and 17.10%,

respectively. The non-life insurance sector composed 26.92% of the industry's net worth, while the MBA sector had a share of 12.52% in 2022.

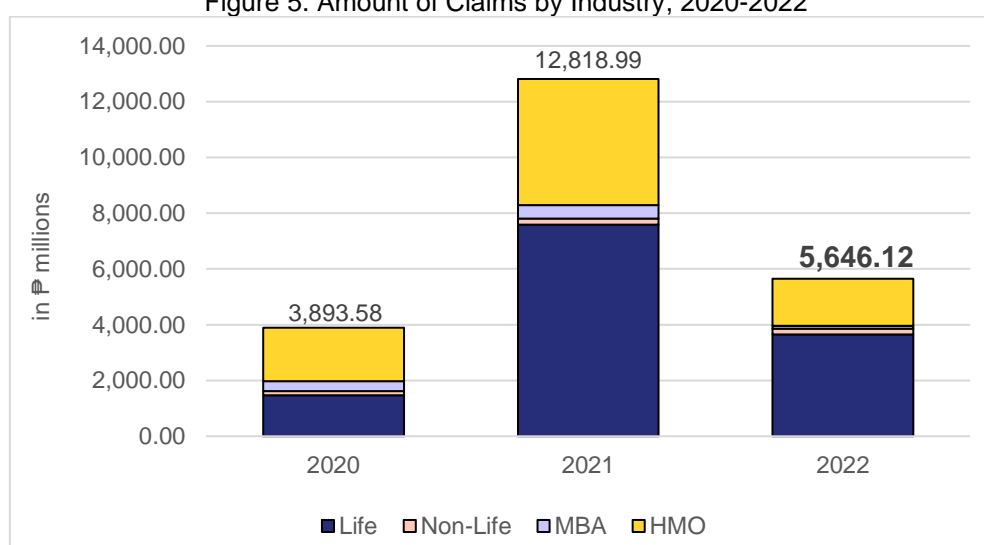
On the other hand, the total assets of the ASEAN Insurance industry declined by 4.2% in 2022. This decline was partly attributed to the depreciation of local currencies against the US dollar. Furthermore, the life insurance sector in ASEAN reported a contraction of 5.7% from the previous year, while the non-life insurance sector flourished with a 5.9% growth during the same reporting period. Apart from the Philippines, member states Singapore and Lao PDR also experienced contraction in their life insurance assets, while Vietnam and Cambodia experienced growth in 2022. Subsequently, the net worth, or equity, of the ASEAN insurance industry increased by 7.3% in 2022. This increase suggests that insurance companies are increasingly financing their assets through equity rather than debt.

The Commission continues to recognize the industry's contribution to the country's initiatives amid the onset of the COVID-19 pandemic by monitoring COVID-19 related insurance claims. Through several rounds of surveys conducted by the Commission, the total claims paid related to COVID-19 amounted to ₱5.62 billion, significantly lower by 56.17% from ₱12.82 billion in 2021. This decrease may be attributed to the declining figures of confirmed COVID-19 cases reported by the Department of Health (DOH), which dropped from 1,112,477 in 2021 to 287,229 confirmed cases in 2022. The insurance industry continues to play a crucial role during the ongoing pandemic, adapting swiftly to serve their clients and demonstrating resilience in the face of economic challenges. The industry's commitment to purpose and innovation remains essential as it continues to protect what people value most.

## Traversing Uncertainty: How Insurance Companies Responded to the COVID-19 Crisis

Despite opening with a record-high number of COVID-19 cases due to the surge of the omicron variant, the year 2022 brought on a relatively favorable outlook for the Philippine insurance landscape, in light of the recovery from the health crisis. As the count of COVID-19 cases flattened after peaking in January 2022, the impact of the pandemic on the insurance industry also began to dwindle.<sup>6</sup> Over the year, the number of COVID-19-related claims settled by four<sup>7</sup> of the regulated industries totaled 387,051 cases, a decrease of 30.35% from the 555,708 COVID-19-related claims reported in 2021. These claims were valued at an equivalent amount of ₱5.65 billion, which is 55.93% less than the 2021 figure of ₱12.82 billion.

Figure 5. Amount of Claims by Industry, 2020-2022



Note: Data in ₱ million.

In particular, similar to the previous year, life insurance companies shelled out the highest amount of ₱3.65 billion to cover 87,045 COVID-19-related cases, primarily for the death benefit (89.57% of the total amount of COVID-19-related claims from life insurance). Health maintenance organizations (HMO) followed, with 289,329 COVID-19-related claims paid, amounting to ₱1.69 billion, wherein out-patient (49.22%) and in-patient (35.73%) benefits contributed significantly. Meanwhile, non-life insurance companies dispensed ₱208.24 million, mainly for the other benefits<sup>8</sup> (66.07%), the medical reimbursement benefit (15.46%), and in-patient benefit (13.74%) of 8,359 insured COVID-19-related cases. MBAs also provided coverage of ₱97.59 million, mostly for the death benefit (98.41%) of 2,318 COVID-19-related cases.

Moreover, the claims payments per benefit were as follows: ₱3.37 billion for death benefit, ₱1.08 billion for out-patient benefit, ₱724.50 million for in-patient benefit, ₱397.73 million for other benefit, ₱70.61 million for medical reimbursement benefit, and ₱5.17 million for critical illness benefit.

<sup>6</sup> Data based on Semestral COVID-19 Survey

<sup>7</sup> Pre-need industry not included

<sup>8</sup> Other benefits include hospital income, hospitalization allowance, travel benefit, business interruption, financial assistance, compassionate assistance, emergency benefit, etc.

In addition, according to the findings of the semestral COVID-19 survey, the insurers managed to absorb these COVID-19-related claims, considering that these claims made up only 2.9% of the total benefits paid and 0.9% of the net worth of the insurance industry<sup>9</sup> in 2022.

Ultimately, the decrease in COVID-19-related claims and payouts can be attributed to several factors, including increasing vaccination rates, improved healthcare infrastructure and protocols, and public adherence to preventive measures.<sup>10</sup> By the end of the year, 66.2% of the total population were vaccinated with the last dose of the primary series. Additionally, the country sustained its testing capacity with an average daily demand-driven output of 17,788 tests per day, supported by 350 DOH-licensed COVID-19 testing laboratories.<sup>11</sup>

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<sup>9</sup> Life, Non-Life, and MBA

<sup>10</sup> DOH Press Release, October 2022

<sup>11</sup> DOH COVID-19 Biosurveillance Report

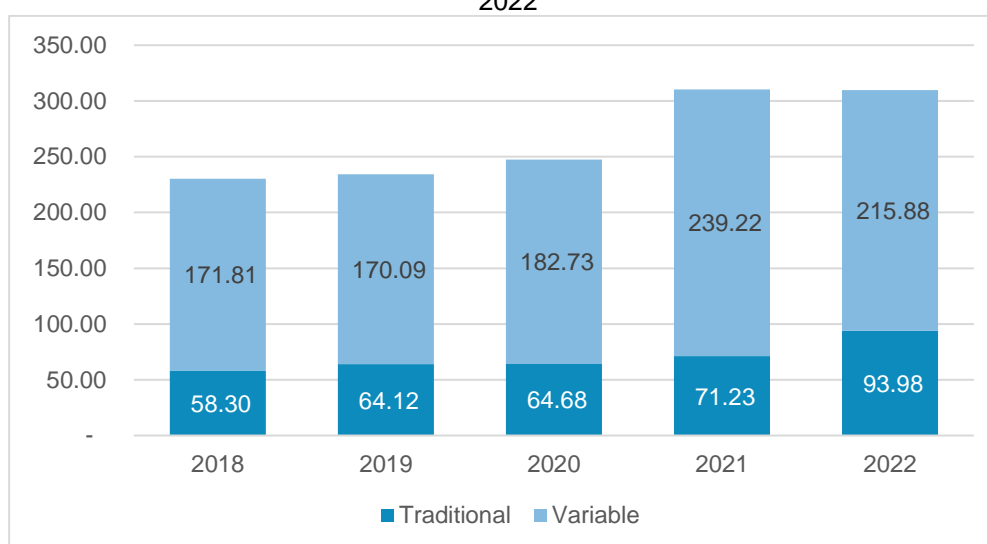


## B. Life Insurance Sector

### Premium Income

The life insurance sector generated a total Premium Income of ₱309.85 billion in 2022, a slight decrease of 0.19% from the previous year's ₱310.45 billion. Considering the substantial effects of inflation on the economic activities of both private policyholders and the insurance industry, and despite the persistent threat posed by the COVID-19 pandemic over the past two years, this marginal dip demonstrates the resilience of the life insurance sector, maintaining its growth over the past five years. Traditional life products showed strong sales growth in 2022 compared to the previous year. Ordinary, Group, and Health insurance rose by 41.88%, 27.19%, and 21.92%, respectively, while accident and variable life insurance declined by 31.32% and 9.76%.

Figure 6. Premium Income of the Life Insurance Sector for Traditional and Variable Products, 2018-2022



Note: Data in ₱ billion.

Variable life insurance comprised 69.67% (₱215.88 billion) of the total premium income generated by the life insurance sector, while the remaining 30.33% (₱93.98 billion) was accounted for by traditional life insurance. This growth can be attributed to the strong performance of traditional life single premiums, which reported an upsurge of 612.48%.

### New Business

During the year, the life insurance sector issued a total of 1,780,053 policies, marking a 22.61% improvement from the previous year's 1,451,842, with corresponding increases in reported insured lives, premiums, and sum assured.

Table 4. New Business Generated, 2018-2022

Year	Policies		Insured Lives		Annual Premium		Sum Assured	
	Number	% Inc/Dec	Number	% Inc/Dec	₱ billion	% Inc/Dec	₱ billion	% Inc/Dec
<b>A. Traditional Life Insurance Products</b>								
2022	1,070,687	49.58	25,887,179	23.49	22.09	34.94	2,304.12	20.85
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
<b>B. Variable Life Insurance Products</b>								
2022	709,366	(3.62)	1,087,921	55.70	34.62	(4.65)	834.11	5.04
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

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.

The Total New Business Annual Premium Equivalent (NBAPE) of the life insurance sector increased by 30.29%, rising from ₱52.68 billion in 2021 to ₱56.71 billion in the current year under review. Premiums generated from Traditional Life Insurance Products surged by 34.94%, while those from Variable Life Insurance Products dropped by 4.65%.

Moreover, Total Sum Assured similarly increased by 25.89% or ₱3.14 trillion compared to the previous year's ₱2.7 trillion.

### Terminations

The total number of terminated life insurance policies during the year reached 1,378,012, marking a 50.18% increase compared to last year's 917,585. While there was a significant decline in Other terminations by 74.72%, terminations due to expiry and lapsation increased by 106.52% and 40.11%, respectively. Terminations due to expiry accounted for the highest number of terminated policies at 43.77% of the total terminations, followed by lapsation at 38.34%, with the remaining 17.89% comprising other reasons. Additionally, the total number of insured lives affected by terminations also increased by 27.39%, rising from 26,504,671 in 2021 to 33,765,207 in the current year under review.

However, the total sum assured of terminated policies amounted to ₱2.86 trillion, marking a 14.68% increase compared to the previous year's ₱2.49 trillion. Group Insurance policies contributed a significant share of 54.90% to the total sum assured, followed by health policies with 23.58%.

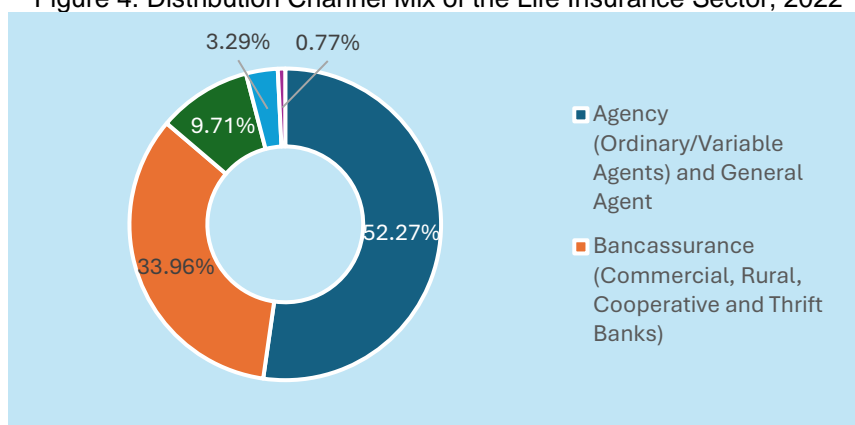
Table 5. Terminated Insurance Policies and Sum Assured as of 31 December 2022

Types of Policies	Death	Maturity	Surrender	Lapsation	Expiry	Others	TOTAL
<b>Number of Policies</b>							
Ordinary	7,000	27,665	41,655	93,477	12,913	2,459	<b>185,169</b>
Group & Industrial	72	-	-	2,450	1,317	208	<b>4,047</b>
Accident	314	236	2	103,112	283,999	22	<b>387,685</b>
Health	55	93	8,490	84,791	304,882	37	<b>398,348</b>
Variable Life	7,311	439	149,281	244,513	-	1,219	<b>402,763</b>
<b>TOTAL</b>	<b>14,752</b>	<b>28,433</b>	<b>199,428</b>	<b>528,343</b>	<b>603,111</b>	<b>3,945</b>	<b>1,378,012</b>
<b>Insured Lives</b>							
Ordinary	6,701	26,779	38,919	215,776	11,934	2,185	<b>302,294</b>
Group & Industrial	91,973	1,073	2,895	2,672,965	21,920,308	5,906,767	<b>30,595,981</b>
Accident	4,296	189	1	242,801	552,094	51,793	<b>851,174</b>
Health	511	91	7,896	208,730	665,598	336,410	<b>1,219,236</b>
Variable Life	6,851	312	138,954	649,395	-	1,010	<b>796,522</b>
<b>TOTAL</b>	<b>110,332</b>	<b>28,444</b>	<b>188,665</b>	<b>3,989,667</b>	<b>23,149,934</b>	<b>6,298,165</b>	<b>33,765,207</b>
<b>Terminated Sum Assured (₱ billion)</b>							
Ordinary	2.98	9.3	21.20	93.44	3.90	7.18	<b>138.00</b>
Group & Industrial	12.55	0.01	0.67	453.87	903.41	199.52	<b>1,570.03</b>
Accident	0.19	0.15	0.00	46.07	59.61	19.18	<b>125.20</b>
Health	0.35	0.04	16.03	325.71	77.47	254.91	<b>674.51</b>
Variable Life	5.73	0.75	111.91	213.95	-	19.93	<b>352.27</b>
<b>TOTAL</b>	<b>21.80</b>	<b>10.25</b>	<b>149.81</b>	<b>1,133.04</b>	<b>1,044.39</b>	<b>500.72</b>	<b>2,860.01</b>

### Distribution Channel Mix

Total Premiums on direct business generated in 2022 amounted to ₱317.85 billion, 0.31% or ₱973.48 million higher than that of the previous year's ₱316.88 billion. Marketing through Agency and Licensed Insurance Agents accounted 52.27% of the total premiums generated, slightly up by 2.70% or ₱4.37 billion in 2022. Bancassurance or marketing through banks, which covered the 33.96% or ₱107.95 billion, experienced a modest drop of 4.96% compared to its previous year's ₱113.59 billion. The remaining 13.77% premiums consist of distribution through licensed Brokers, Direct Marketing and Others. Notably, Direct Marketing expanded by 46.46% or ₱3.32 billion.

Figure 4. Distribution Channel Mix of the Life Insurance Sector, 2022



## Insurance in Force

The Life Insurance sector's total number of policies in-force grew by 6.58% from 6,866,854 in 2021 to 7,318,481 in 2022. Both Traditional and Variable life policies registered an uptick of 4.68% and 7.76%, respectively. Of the total policies in force, 62.31% or 4,560,193 were variable life policies while the remaining 37.69% or 2,758,288 were traditional life policies.

Table 6. Life Insurance In-Force by Types of Products – Policies and Insured Lives, 2021-2022

Year	Number of Policies			Insured Lives		
	2021	2022	% Inc/Dec	2021	2022	% Inc/Dec
Ordinary	2,199,881	2,267,908	3.09	2,145,244	2,212,389	3.13
Group & Industrial	26,317	27,543	4.66	38,232,565	36,500,476	(4.53)
Accident	251,429	263,114	4.65	1,257,571	1,855,483	47.54
Health	157,321	199,723	26.95	1,782,993	1,732,979	(2.81)
<b>SUB-TOTAL</b>	<b>2,634,948</b>	<b>2,758,288</b>	<b>4.68</b>	<b>43,418,373</b>	<b>42,301,327</b>	<b>(2.57)</b>
Variable	4,231,906	4,560,193	7.76	4,007,975	4,320,455	7.80
<b>GRAND TOTAL</b>	<b>6,866,854</b>	<b>7,318,481</b>	<b>6.58</b>	<b>47,426,348</b>	<b>46,621,782</b>	<b>(1.70)</b>

Table 7. Life Insurance In-Force by Types of Products – Sum Assured and Premium Income, 2021-2022

Year	Sum Assured			Premium Income		
	2021	2022	% Inc/Dec	2021	2022	% Inc/Dec
Ordinary	1,061.52	1,156.24	8.92	37.36	53.00	41.86
Group & Industrial	5,136.58	5,992.38	16.66	20.43	25.98	27.17
Accident	182.67	349.54	91.35	2.62	1.80	(31.30)
Health	1,145.04	1,084.45	(5.29)	10.82	13.19	21.90
<b>SUB-TOTAL</b>	<b>7,525.81</b>	<b>8,582.61</b>	<b>14.04</b>	<b>71.23</b>	<b>93.97</b>	<b>31.92</b>
Variable	3,807.51	4,400.93	15.59	239.22	215.88	(9.76)
<b>GRAND TOTAL</b>	<b>11,333</b>	<b>12,984</b>	<b>14.56</b>	<b>310.45</b>	<b>309.85</b>	<b>(0.19)</b>

Note: Data in ₱ billion.

Similarly, total sum assured of Traditional and Variable Insurance expanded by 14.04% and 15.59%. The decrease in the sum assured of Health by 5.29% was offset by the breakthrough in Group & Industrial Insurance of 16.66% and Variable life by 15.59% which resulted in an overall increment of 14.56%. Nonetheless, the

corresponding total Premium Income generated in 2022 minimally declined by 0.19% mainly due to the decrease in the premium income reported by the variable life insurance of 9.76%.

## Summary of Operations

Table 8. Summary of Operations of the Life Insurance Sector, 2022

PARTICULARS	Domestic	Foreign	Total
<b>Underwriting Income</b>	<b>102.55</b>	<b>243.06</b>	<b>345.61</b>
Gross Premium Income	99.62	219.22	318.84
Less: Reinsurance Premium	3.38	5.61	8.99
Premium Income (Net of Reinsurance)	96.24	213.61	309.85
Commissions Earned and Profit Commissions	0.01	0.74	0.75
Income from Variable	5.70	23.12	28.82
Other Underwriting Income	0.60	5.59	6.19
<b>Add: Gross Investment Income</b>	<b>13.59</b>	<b>21.31</b>	<b>34.9</b>
Other Income(Expenses)	4.36	38.37	42.73
<b>TOTAL INCOME</b>	<b>120.50</b>	<b>302.74</b>	<b>423.24</b>
<b>Underwriting Expenses</b>	<b>86.64</b>	<b>211.94</b>	<b>298.58</b>
Benefit Payments	40.96	46.86	87.82
Inc./(Dec) in Reserves	13.71	31.25	44.96
Commissions Expenses and Retrocession Commission	5.87	20.74	26.61
Premium Tax Incurred	0.96	1.70	2.66
Expense from Variable	16.89	87.02	103.91
Other Underwriting Expenses	8.25	24.37	32.62
<b>Add: Administrative Expenses &amp; Other Expenses</b>	<b>20.11</b>	<b>63.5</b>	<b>83.61</b>
<b>TOTAL EXPENSES</b>	<b>106.75</b>	<b>275.44</b>	<b>382.19</b>
<b>SUB – TOTAL</b>	<b>13.75</b>	<b>27.30</b>	<b>41.05</b>
Less: Final & Income Tax	3.23	6.36	9.59
<b>Net Income / (Loss) for the year including Capital Gains</b>	<b>10.52</b>	<b>20.94</b>	<b>31.46</b>

Note: Data in ₱ billion.

The Net Income of the life insurance sector was recorded at ₱31.46 billion in 2022, marking an 18.37% decrease from the previous year's ₱38.54 billion. This decline can be attributed to the modest drop in Premium Income of 0.19%. Other income soared by 40.37%, which includes a marginal decrease in capital gains of 27.92% and a remarkable surge in all other income by 123.89%. The decrease in the sector's Net Income can also be attributed to the increase in the Final & Income tax, which rose by 114.54% or ₱5.12 billion.

Of the total Net Income of the life insurance sector, 66.56% was accounted for by foreign insurers, while the remaining 33.44% was shared by domestic insurers. Foreign life insurers' total income amounted to ₱302.74 billion, which accounted for 71.53% of the total life income, while domestic life insurers contributed 28.47%. Regarding Benefit Payments, foreign insurers accounted for 53.36%, whereas domestic insurers accounted for 46.64%.

## Invested Assets

The Total Invested Assets of the Life Insurance Sector amounted to ₱1.58 trillion, reflecting a marginal downturn of 1.00% from the previous year's ₱1.60 trillion. Foreign companies contributed 67.62% or ₱1.07 trillion of the Total Invested Assets of the sector, which declined by 1.38% this year, while the domestic companies shared the remaining 32.38% or ₱0.51 trillion, also experiencing a modest drop of 0.20% compared to last year.

Table 9. Invested Assets of the Life Insurance Sector by Category, 2022

PARTICULARS	LIFE		
	Domestic	Foreign	Total
Government Securities	115.12	233.11	348.23
Private Securities	32.85	53.87	86.72
Equities	46.77	13.95	60.72
Investment Property	18.69	8.02	26.71
Mortgage Loans and other Similar Loans	3.40	0.07	3.47
Collateral Loans	2.52	0.00	2.52
Guaranteed Loans	0.08	8.24	8.32
Policy Loans	7.18	18.22	25.40
Other Loans	2.68	0.44	3.12
Unquoted Debt Securities	3.10	1.99	5.09
Other Receivables	3.03	2.29	5.32
Investments in Subsidiaries, Associates and Joint Ventures	8.15	10.62	18.77
Mutual Funds/UITF/Real Estate Investment Trusts/ Other Funds	3.77	6.53	10.30
Time Deposits	16.03	24.86	40.89
Segregated Fund Assets*	243.85	681.96	925.81
Property and Equipment	4.58	4.74	9.32
Security Fund	0.00	0.01	0.01
<b>TOTAL</b>	<b>511.80</b>	<b>1,068.92</b>	<b>1,580.72</b>

\* Reported Segregated Fund Assets includes fund liabilities and seed capital  
Note: Data in ₱ billion.

Investment in Segregated Fund Asset or variable life insurance has the highest share in the Total Invested Assets at 58.57%, whereas Invested Assets of Traditional life Insurance contributed the remaining 41.43%. Moreover, most of the corporate investments were placed in Government Securities, which accounted for 22.03%, followed by Private Securities with 5.49%, and Equities at 3.84% share. The combined value of these three accounts decreased to a total of ₱30.78 billion, while Time Deposit increased to ₱18.94 billion.

## Balance Sheet

Total accumulated assets of the life insurance sector amounted to ₱1.63 trillion as of the end of 2022, 0.88% lower than that of the previous year's ₱1.64 trillion. This can be attributed to the 7.98% or ₱ 41.22 billion decline in Available for Sale (AFS) Financial Assets, which make up 29.17% of the total assets. Notably, the total invested assets comprised 97.03% of the total assets. The Segregated Fund Assets which

accounted for 55.09% of the total sector assets, increased by 0.61% or ₱5.40 billion. Foreign companies held 67.46% of the Total Assets while domestic companies owned the remaining 32.54%.

The total liabilities of the life insurance sector also decreased by 3.34%, from ₱1.42 trillion in 2021 to ₱1.37 trillion in 2022. This decline was influenced by a decrease in Legal Policy Reserves of 17.75%. Segregated Funds Liabilities, which contributed 65.12% of the total sector's liabilities, experienced a minimal increase of 0.64%.

Lastly, total Net Worth of the life insurance sector rose by 14.68% from ₱224.43 billion to ₱257.38 billion in 2022. This can be attributed to the 7.08% increase in Retained Earnings, which constitutes 67.33% of the total sector's Net Worth, and 27.86% growth in Paid-Up Capital, which accounted for a 13.02% share.

Table 10. Consolidated Balance Sheet of Life Insurers, 2022

<b>PARTICULARS</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<b>ASSETS</b>			
Financial Assets at FVPL	7.30	11.12	18.42
Held-to-Maturity (HTM) Investments	9.63	2.74	12.37
Available for Sale (AFS) Financial Assets	181.58	293.60	475.18
Loans and Receivables	21.98	31.25	53.23
Investments in Subsidiaries, Associates and Joint Ventures	8.15	10.62	18.77
Segregated Fund Assets	244.91	652.58	897.49
Investment Property	18.69	8.02	26.71
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	24.24	41.85	66.09
Investments Income Due and Accrued	2.21	5.35	7.56
Accounts Receivables	0.39	2.47	2.86
Premiums Due and Uncollected	1.80	2.73	4.53
Due From Ceding Companies, net	0.21	1.12	1.33
Funds Held by Ceding Companies, net	-	-	-
Amounts Recoverable from Reinsurers, net	2.97	26.74	29.71
Property and Equipment	4.59	4.74	9.33
Security Fund Contribution	0.00	0.01	0.01
Other Assets	1.54	3.99	5.53
<b>TOTAL ASSETS</b>	<b>530.19</b>	<b>1,098.93</b>	<b>1,629.12</b>

<b>LIABILITIES</b>			
Legal Policy Reserves	122.10	174.46	296.56
Policy & Contract Claims/Maturities and Surrenders Payables	16.11	18.04	34.15
Due to Reinsurers	3.47	4.81	8.28
Funds Held for Reinsurers	-	23.35	23.35
Life Insurance/ Applicant's/ Remittances Unapplied Deposits	1.35	2.26	3.61
Segregated Funds Liabilities	241.76	651.49	893.25
Premium Deposit Fund	5.99	1.05	7.04
Premium Received in Advance	0.73	1.96	2.69
Policyholder's Dividend Due & Unpaid/ Accumulation	7.72	33.58	41.30
Commissions Payable	0.48	1.49	1.97
Return Premiums Payable	0.00	0.03	0.03
Taxes Payable	1.12	3.56	4.68
Accounts/Notes Payable	9.34	20.06	29.40
Deposit for Real Estate Under Contract of Sell	0.00	-	0.00
Dividends Payable	0.25	0.08	0.33
Financial Liabilities at FV through Profit or Loss	-	0.02	0.02
Pension Obligation	0.45	0.05	0.50
Accrual for Long-term Employee Benefits	0.02	0.13	0.15
Accrued Expenses	3.04	10.21	13.25
Derivative Liabilities Held for Hedging	-	-	-
Other Liabilities	3.52	7.66	11.18
<b>TOTAL LIABILITIES</b>	<b>417.45</b>	<b>954.29</b>	<b>1,371.74</b>
<b>NET WORTH</b>			
Paid-Up Capital	18.89	14.61	33.50
Statutory Deposit	-	-	0.00
Capital Stock Subscribed	0.00	0.27	0.27
Contributed Surplus	1.38	1.50	2.88
Contingency Surplus/Home Office Inward Remittances	3.57	6.31	9.88
Capital Paid-In Capital Excess of Par	3.57	1.83	5.40
Retained Earnings/ Home Account Office	53.74	119.55	173.29
Cost of Share-Based Payment	0.00	0.08	0.08
Reserve Accounts	26.38	(3.01)	23.37
Reserve for Appraisal Increment - Property and Equipment	5.78	0.29	6.07
Remeasurement Gains(losses) on Retirement Pension Asset (Obligation)	(0.57)	4.41	3.84
Treasury stock	0.00	(1.20)	-1.20
<b>TOTAL NET WORTH</b>	<b>112.74</b>	<b>144.64</b>	<b>257.38</b>
<b>TOTAL LIABILITIES &amp; NET WORTH</b>	<b>530.19</b>	<b>1,098.93</b>	<b>1,629.12</b>

Note: Data in ₱ billion.



## C. Non-Life Insurance Sector

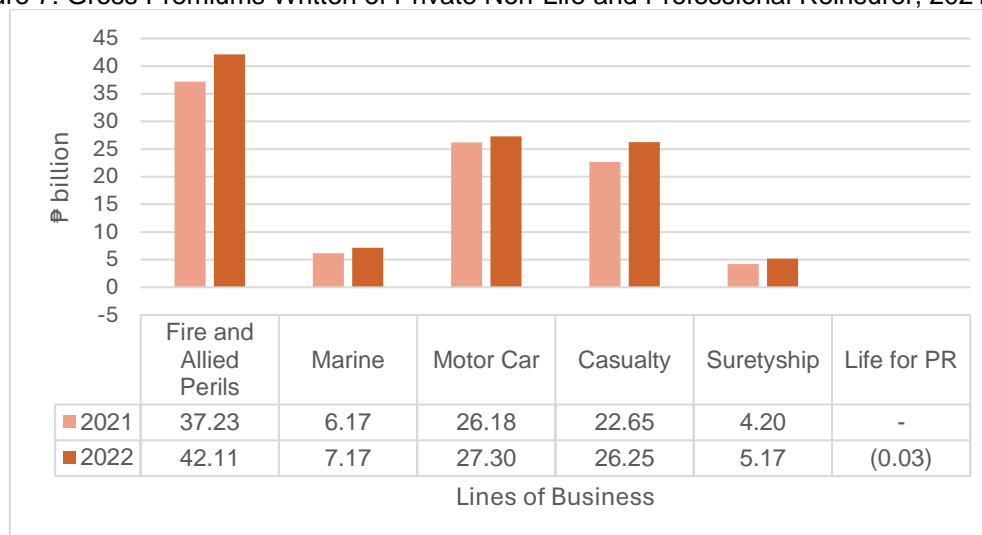
### Gross Premiums Written

The Gross Premiums Written within the non-life insurance sector exhibited a notable 11.97% increase in 2022, ascending from ₱96.43 billion to ₱107.97 billion. This progression was evident across all segments of business, each demonstrating a steady upward trajectory year-on-year.

Notably, the Fire and Allied Perils sector maintained its role as the primary contributor to the aggregate Gross Premiums Written for 2022, comprising 39.00% or ₱42.11 billion of the total. Motor Car and Casualty sectors closely followed suit, representing 25.28% or ₱27.30 billion and 24.31% or ₱26.25 billion, respectively.

Of the total Gross Premiums Written, ₱105.72 billion emanated from direct business channels, with the remaining ₱2.25 billion derived from reinsurance activities. The Industry Gross Premiums Written include premiums from Direct Business and Assumed Premiums from Unauthorized Companies.

Figure 7. Gross Premiums Written of Private Non-Life and Professional Reinsurer, 2021-2022



Note: Data in ₱ billion.

### Net Premiums Written

The Net Premiums Written exhibited a moderate increase of 6.85% year over year, reaching ₱56.64 billion in 2022 from ₱53.01 billion in 2021, totaling an increment of ₱3.63 billion. Across all business lines in 2022, a slight uptick was observed, with Suretyship exhibiting a marginal rise of ₱0.93 billion or 23.91%, followed by Fire and Allied Perils with ₱0.80 billion or 10.30%, and Marine line with ₱0.73 billion or 45.34%. Other business lines also demonstrated growth during this period.

The Motor Car Business, representing approximately half of the Total Net Premiums Written, experienced a modest growth of 2.57% from 2021 to 2022, maintaining its position as the main contributor with ₱25.14 billion, compared to ₱24.51 billion in 2021. Following closely behind is the Casualty line with ₱14.30 billion, while Fire and Allied

Perils retained the third position at ₱8.57 billion, as consistently observed over the past five years.

The Retention Ratio, calculated as Net Premiums over Gross Premiums Written, decreased from 54.97% in 2021 to 52.46% in 2022. This decline may be attributed to the ongoing downward trend in both gross and net premiums written in recent years.

Table 11. Net Premiums Written of Non-Life Insurance

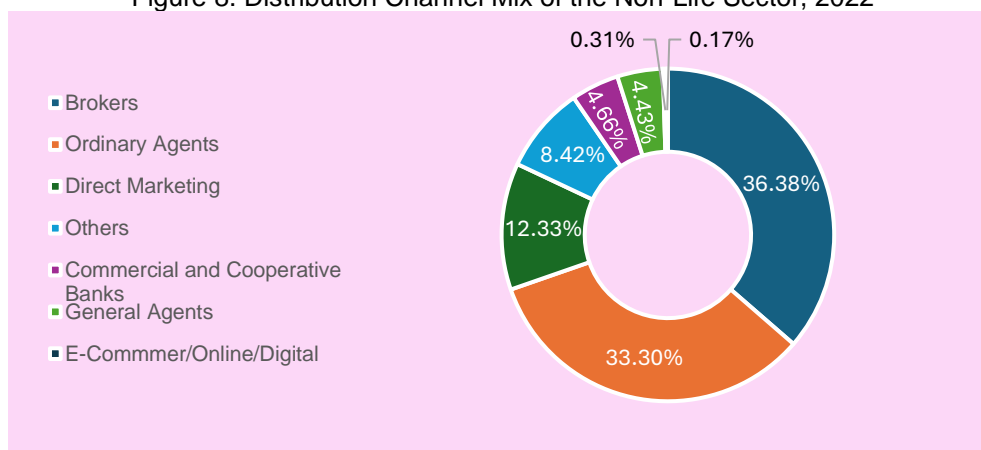
LINE OF BUSINESS	2021	2022	% Inc/ (Dec)
	Amount	Amount	
Fire and Allied Perils	7.77	8.57	10.30
Marine	1.61	2.34	45.34
Motor Car	24.51	25.14	2.57
Casualty	14.12	14.30	1.27
Suretyship	3.89	4.82	23.91
Life for PR	1.11	1.47	32.43
<b>TOTAL</b>	<b>53.01</b>	<b>56.64</b>	<b>6.85</b>

Note: Data in ₱ billion.

### Distribution Channel Mix

Brokers secured 36.38% of the total premiums on direct business, equivalent to ₱38.46 billion. Ordinary Agents closely followed, capturing 33.30% and representing ₱35.20 billion in premiums, while Direct Marketing secured 12.33%, amounting to ₱13.03 billion. The remaining 18.00%, totaling ₱19.03 billion, was generated by the other five distribution channels, as illustrated in Chart 2.

Figure 8. Distribution Channel Mix of the Non-Life Sector, 2022



### Premiums Earned

Premiums Earned experienced a slight increment from ₱53.21 billion in 2021 to ₱55.34 billion in 2022, indicating a 4.00% increase, equating to ₱2.13 billion. With the exception of the Motor Car line, which experienced a marginal decline of 2.24%, all other business lines saw a boost in Premiums Earned by the end of December 2022.

Despite the decline, the Motor Car Business maintained its dominance, contributing ₱24.47 billion or 45.29% of the total premiums earned, thus continuing to lead in Premiums Earned.

Table 12. Premiums Earned, Losses Incurred and Loss Ratios of Non-Life Insurance Companies and Professional Reinsurer, 2021-2022

LINE OF BUSINESS	2021			2022		
	Losses Incurred (₱ billion)	Premiums Earned (₱ billion)	Loss Ratio (%)	Losses Incurred (₱ billion)	Premiums Earned (₱ billion)	Loss Ratio (%)
<b>Fire and Allied Perils</b>	<b>6.13</b>	<b>7.34</b>	<b>83.56</b>	<b>5.42</b>	<b>8.12</b>	<b>66.75</b>
Fire	2.51	4.81	52.25	3.52	5.66	62.19
Earthquake Fire/Shock	0.28	1.40	20.00	0.22	1.34	16.42
Typhoon	2.83	0.45	628.89	1.21	0.47	257.45
Flood	0.20	0.41	48.78	0.18	0.36	50.00
Extended Coverage	0.31	0.27	114.81	0.29	0.29	100.00
<b>Marine</b>	<b>0.53</b>	<b>1.65</b>	<b>32.12</b>	<b>0.83</b>	<b>2.32</b>	<b>35.78</b>
Marine Cargo	0.48	1.32	36.36	0.59	1.82	32.42
Aviation	(0.02)	0.02	(100.00)	0.02	0.15	13.33
Marine Hull	0.07	0.31	22.58	0.22	0.35	62.86
<b>Motor Car</b>	<b>10.41</b>	<b>25.03</b>	<b>41.57</b>	<b>11.02</b>	<b>24.47</b>	<b>45.05</b>
PPAI	-	0.17	-	0.01	0.16	6.25
CMVL-LTO	0.02	0.46	3.26	0.01	0.44	2.27
CMVL-Non-LTO	0.15	2.20	6.82	0.14	2.47	5.67
Other Than CMVL-LTO	0.08	0.21	38.10	0.07	0.21	35.24
Other Than CMVL-Non-LTO	10.16	21.99	46.20	10.79	21.19	50.92
<b>Casualty</b>	<b>4.20</b>	<b>15.33</b>	<b>27.40</b>	<b>4.58</b>	<b>16.20</b>	<b>28.27</b>
Health	1.61	4.81	33.47	1.37	3.38	40.53
Personal Accident	0.69	3.11	22.19	0.62	3.73	16.62
Engineering	0.56	2.41	23.24	0.65	2.72	23.90
Miscellaneous	0.93	3.91	23.79	1.16	4.96	23.39
Life for Prof. Reinsurer	0.41	1.09	37.61	0.78	1.40	55.71
<b>Suretyship</b>	<b>0.30</b>	<b>3.86</b>	<b>7.77</b>	<b>0.24</b>	<b>4.24</b>	<b>5.66</b>
<b>TOTAL</b>	<b>21.57</b>	<b>53.21</b>	<b>40.53</b>	<b>22.09</b>	<b>55.34</b>	<b>39.92</b>

## Losses Incurred

The total Losses Incurred in the Non-Life Insurance Sector increased by 2.44%, amounting to ₱0.53 billion, rising from ₱21.57 billion in the preceding year to ₱22.09 billion in 2022.

The overall Loss Ratio for the year exhibited a slight improvement, decreasing from 40.53% to 39.92% in 2022. This indicates that the non-life sector has paid out less in claims relative to the premiums collected. The Motor Car Insurance business, which accounts for the largest percentage of both Premiums Earned and Losses Incurred, notably impacts the overall Loss Ratio. Losses Incurred for Motor Car Insurance rose by 5.95%, from ₱10.41 billion to ₱11.02 billion between 2021 and 2022.

Significantly, the Fire and Allied Perils line of business maintained its position with the highest Loss Ratio of 66.75% in 2022, while the Surety business retained the lowest at 5.66%. Both experienced decreases in their Loss Ratios for 2022, at 16.81% and 2.11%, respectively. Moreover, the Fire-Typhoon sub-line continued to exhibit a Loss Ratio surpassing 100%, reaching 257.45%, while the Fire-Extended Coverage showed a Loss Ratio of 100.00%.

## Summary of Operations

The Non-Life Insurance sector recorded a Net Income of ₱6.30 billion, indicating a 4.22% increase from the ₱6.05 billion reported in the previous year. This growth was primarily driven by a 13.55% year-over-year surge in underwriting gain, escalating from ₱17.38 billion to ₱19.73 billion. The overall Underwriting Income witnessed a 5.93% uptick, amounting to ₱3.46 billion, whereas the total Underwriting Expenses experienced a 2.69% rise, reaching ₱1.10 billion.

Despite the challenges posed by various crises within the country, domestic non-life insurance companies continued to outperform their foreign counterparts.

Table 13. Summary of Operations of Non-Life Insurance Companies & Professional Reinsurer, 2022

PARTICULARS	Domestic	Foreign	Total
<b>Underwriting Income</b>	<b>50.64</b>	<b>11.11</b>	<b>61.75</b>
Gross Premiums Written	101.31	20.05	121.36
Reinsurance Premiums	53.10	11.62	64.72
Net Premiums Written	48.21	8.43	56.64
Increase/(Decrease) in Premium Liabilities	(1.55)	0.25	(1.30)
Premiums Earned	46.67	8.67	55.34
Commissions Earned	3.55	2.22	5.77
Other Underwriting Income	0.42	0.22	0.64
Add: Gross Investment Income	3.05	0.84	3.89
Other Income/(Expenses)	2.18	0.25	2.43
<b>TOTAL INCOME</b>	<b>55.87</b>	<b>12.20</b>	<b>68.07</b>
<b>Less: Underwriting Expenses</b>	<b>35.72</b>	<b>6.30</b>	<b>42.02</b>
Losses Incurred	19.47	2.65	22.12
Loss Adjustment Expenses	0.37	(0.51)	(0.14)
Commission Expenses	12.55	3.18	15.73
Other Tax Expense	0.33	-	0.03
Other Underwriting Expenses	3.30	0.98	4.28
Add: Administrative & Other Expenses	13.58	4.37	17.95
<b>Underwriting Gain/Loss</b>	<b>14.92</b>	<b>4.81</b>	<b>19.73</b>
<b>TOTAL EXPENSES</b>	<b>49.30</b>	<b>10.67</b>	<b>59.97</b>
<b>SUB – TOTAL</b>	<b>6.57</b>	<b>1.53</b>	<b>8.10</b>
Less : Final and Income Tax	1.36	0.44	1.80
<b>Net Income/(Loss) for the year including Capital Gains</b>	<b>5.21</b>	<b>1.09</b>	<b>6.30</b>

Note: Data in ₱ billion.

## Invested Assets

The Non-Life Insurance sector witnessed a significant 15.47% year-on-year growth in Invested Assets, amounting to ₱20.72 billion, rising from ₱133.93 billion to ₱154.65 billion. This notable increase can be attributed to the inclusion of the Property & Equipment account, which was previously not considered as part of Invested Assets.

Regarding the Invested Asset accounts, they are almost evenly split, with half experiencing an increase and the other half experiencing a decrease in 2022.

Government Securities represented 36.64% of the total Invested Assets within the non-life insurance sector, while Investments in Time Deposits, at 20.00%, ranked second in terms of their contribution to the total invested assets.

Domestic Non-Life Insurance Companies held 83.77%, equivalent to ₱129.55 billion of the Total Invested Assets, whereas Foreign Non-Life Insurance Companies held 16.23%, amounting to ₱25.10 billion.

Table 14. Invested Assets by Category of Non-Life Insurance Companies and Professional Reinsurer, 2022

PARTICULARS	NON-LIFE		
	Domestic	Foreign	Total
Government Securities	42.48	14.18	56.66
Private Securities	11.68	3.15	14.83
Equities	10.16	1.65	11.81
Investment Property	9.98	0.28	10.26
Mortgage Loans	0.65	0.00	0.65
Collateral Loans	0.00	-	0.00
Guaranteed Loans			
Other Loans	0.60	0.03	0.63
Unquoted Debt Securities	1.03	-	1.03
Investments in Subsidiaries, Associates & Joint Ventures	13.99	0.03	14.02
Mutual Funds/UITF/RITF/ Other Funds	2.18	0.42	2.60
Property & Equipment	10.96	0.26	11.22
Time Deposits	25.84	5.09	30.93
Security Fund	-	0.01	0.01
<b>TOTAL</b>	<b>129.55</b>	<b>25.10</b>	<b>154.65</b>

Note: Data in ₱ billion.

## Balance Sheet

In 2022, the total Assets of the Non-life Insurance sector experienced a notable surge of 13.09%, amounting to ₱41.94 billion, climbing from ₱320.30 billion to ₱362.24 billion year-on-year. This upsurge was primarily driven by various factors, notably a 38.58% rise in amounts recoverable from reinsurers, totaling ₱28.55 billion, which increased from ₱74.01 billion in 2021 to ₱102.56 billion in 2022. Additionally, this account holds a 28.31% share of the total Assets.

During the same period, total Liabilities soared to ₱247.81 billion, marking an 18.51% increase or ₱38.71 billion compared to the previous year. Specifically, claims liabilities, comprising 48.63% of the total liabilities, surged by 28.43% from ₱93.83 billion to ₱120.51 billion, while premium liabilities, accounting for 21.34% of the total liabilities, rose by 9.03% from ₱48.50 billion to ₱52.88 billion by the end of 2022.

Furthermore, the sector continues to thrive, with Net Worth expanding by 2.90% to reach ₱114.43 billion in 2022 from ₱111.20 billion in 2021. This growth was primarily driven by a 29.97% rise in Retained Earnings and a 26.29% increase in Contingency Surplus. Paid-up capital stood at ₱48.35 billion, constituting 42.25% of the total net worth.

Table 15. Consolidated Balance Sheet of Non-life Insurance Companies and Professional Reinsurer, 2022

Particulars	Domestic	Foreign	Total
<b>ASSETS</b>			
Financial Assets at FVPL	3.26	2.18	5.44
Held-to-Maturity (HTM) Investments	28.27	7.65	35.92
Available for Sale (AFS) Financial Assets	34.95	9.58	44.53
Loans and Receivables	2.29	0.03	2.32
Investments in Subsidiaries, Associates and Joint Ventures	13.99	0.03	14.02
Investment Property	9.98	0.27	10.25
Derivative Assets Held for Hedging	-	-	-
Cash on Hand & in Banks	41.14	9.43	50.57
Security Fund Contribution	0.00	0.01	0.01
Premiums Receivable, net	25.59	3.07	28.66
Due From Ceding Companies, net	7.15	2.04	9.19
Funds Held by Ceding Companies, net	0.26	0.03	0.29
Loss Reserve Withheld by Ceding Companies, net	0.78	0.02	0.80
Amounts Recoverable from Reinsurers, net	92.84	9.72	102.56
Other Reins. Accts. Receivable, net	0.09	0.00	0.09
Surety Losses Recoverable	0.21	-	0.21
Investments Income Due and Accrued	0.45	0.19	0.64
Accounts Receivable	0.35	0.04	0.39
Property and Equipment	17.37	0.45	17.82
Right-of-Use Asset	0.56	0.36	0.92
Non-current Assets Held for Sale	0.26	-	0.26
Subscription Receivable	0.83	-	0.83
Pension Asset	0.33	0.01	0.34
Deferred Acquisition Costs	6.08	1.24	7.32
Deferred Reinsurance Premiums	19.87	5.04	24.91
Deferred Tax Asset	0.35	0.05	0.40
Other Assets	1.84	1.71	3.55
<b>TOTAL ASSETS</b>	<b>309.09</b>	<b>53.15</b>	<b>362.24</b>
<b>LIABILITIES</b>			
Claims Liabilities	108.18	12.33	120.51
Premium Liabilities	43.67	9.21	52.88
Due to Reinsurers	26.87	5.09	31.96
Funds Held for Reinsurers	4.14	2.18	6.32
Other RI Accounts Payable	0.32	-	0.32
Commissions Payable	3.72	0.76	4.48
Deferred RI Commissions	1.27	0.80	2.07
Return Premiums Payable	0.06	0.00	0.06
Taxes/Licenses Payable	8.88	0.85	9.73
Deposit for Real Estate under Contract to Sell	0.20	-	0.20
Cash Collaterals	1.67	-	1.67
Accounts Payable	6.46	1.36	7.82
Dividends Payable	0.06	0.01	0.07
Financial Liabilities at Fair Value Through Profit and Loss	0.09	-	0.09
Accrued Expenses	0.91	0.57	1.48
Deferred Tax Liability	1.60	0.02	1.62
Derivative Liabilities Held for Hedging	-	-	-
Notes Payable	1.34	-	1.34
Lease Liability	0.62	0.42	1.04
Pension Obligation	0.88	0.08	0.96
Other Liabilities	2.47	0.72	3.19
<b>TOTAL LIABILITIES</b>	<b>213.41</b>	<b>34.40</b>	<b>247.81</b>

<b>NET WORTH</b>			
Paid-Up Capital/Statutory Deposits	36.91	11.44	48.35
Deposit for Future Subscription	1.89	0.68	2.57
Capital Stock Subscribed	1.09	-	1.09
Contributed Surplus/Home Office Inward Remittances	4.89	0.19	5.08
Contingency Surplus	8.13	3.83	11.96
Capital Paid in Excess of Par	7.64	0.35	7.99
Retained Earnings/Home Office Account	28.10	2.21	30.31
Cost of Share-Based Payment	(0.54)	0.02	(0.52)
Total Reserve Accounts	2.04	(0.16)	1.88
Reserve for Appraisal Increment	7.34	0.25	7.59
Remeasurement Gains (Losses) on Retirement, Pension Asset (Obligation)	(0.70)	(0.06)	(0.76)
Treasury Stock	(1.11)	(0.00)	(1.11)
<b>TOTAL NET WORTH</b>	<b>95.68</b>	<b>18.75</b>	<b>114.43</b>
<b>TOTAL LIABILITIES &amp; NET WORTH</b>	<b>309.09</b>	<b>53.15</b>	<b>362.24</b>

Note: Data in ₱ billion.

## Fire and Allied Perils Insurance Business in the Philippines, 2022

The World Risk Index<sup>16</sup> assesses the vulnerability of countries to various disasters and ranks them accordingly. In their 2022 report, the Philippines emerged as the country with the highest disaster risk worldwide, with a staggering rating of 46.82. This places the Philippines ahead of countries like India (42.31) and Indonesia (41.46) among 193 nations. The significant increase in the Philippines' ranking compared to the previous year, where it ranked 8th with a rating of 21.39, underscores the escalating risk landscape the country faces.

The Philippines is renowned for its susceptibility to catastrophes and natural disasters, owing to its geographical location in the Pacific Ring of Fire and the Pacific Typhoon Belt. The archipelago experiences frequent typhoons, earthquakes, volcanic eruptions, and other climate-related hazards. These events often result in substantial human and economic losses, exacerbating the nation's vulnerability.

In such a vulnerable environment, fire and allied perils insurance stands out as a vital tool in bridging the protection gap. This insurance coverage offers essential financial safeguards to individuals, businesses, and communities against the destructive impacts of natural disasters. By providing compensation for losses incurred due to fire-related incidents and allied perils such as earthquakes and floods, it plays a pivotal role in ensuring swift recovery and rebuilding efforts. Moreover, fire and allied perils insurance mechanisms incentivize risk mitigation measures and promote sustainable development practices, contributing significantly to closing the protection gap in the Philippines.

The Fire and Allied Perils insurance line of business (LOB) consists of five (5) sub-lines – Basic Fire, and the four (4) sub-lines under Allied Perils. The basic Fire Insurance is further segmented into four categories: Residential, Warehouse, Industrial, and General. This categorization reflects the diverse needs of policyholders across different property types and risk profiles. Residential Fire Insurance caters to homeowners and renters, while Warehouse and Industrial Fire Insurance target businesses and commercial property owners. General Fire Insurance provides a broad coverage scope, accommodating a variety of property types and occupancy purposes.

The coverage under “Allied Perils” includes Earthquake/Fire/Shock, which safeguards policyholders against damages resulting from earthquakes or losses incurred during seismic events. Typhoon coverage addresses damages caused by typhoons as defined by the Weather Bureau, providing essential protection against natural disasters prevalent in the region. Furthermore, Flood coverage protects insured premises from water entry due to extraordinary high tide, typhoon/cyclone, or bursting/overflowing of rivers and reservoirs. Extended Coverage offers comprehensive protection against various perils, including explosion, aircraft and vehicle impact, and smoke, provided they are not specified under exclusions.

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<sup>16</sup> World Risk Report 2022, <https://weltrisikobericht.de>



## Premiums on Direct Business and Premiums Earned

The Premiums on Direct Business for Fire and Allied Perils experienced a moderate uptick of 9.55%, rising from ₱37.28 billion in 2021 to ₱40.84 billion in 2022. These premiums represent the amounts received by insurance companies before considering reinsurances. Over the past five years (2018-2022), there has been a steady increase, demonstrating a compounded annual growth rate of 11.05% and an average growth rate of 10.76%. The consistent growth in premiums signifies a rising demand for insurance coverage against fire-related risks and allied perils among policyholders.

Table 16. Premiums on Direct Business of the Non-Life Sector on Fire and Allied Perils, 2021-2022

<b>PREMIUMS WRITTEN ON DIRECT BUSINESS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/ (Dec)</b>
<b>FIRE INSURANCE</b>			
Fire	23.42	27.36	16.78
<i>Residential</i>	2.67	3.09	15.50
<i>Warehouse</i>	1.59	1.63	2.31
<i>Industrial</i>	10.18	11.69	14.84
<i>General</i>	8.98	10.95	21.94
Earthquake/Fire/Shock	8.58	7.75	(9.67)
Typhoon	2.42	2.69	11.14
Flood	1.82	1.91	4.64
Extended Coverage	1.04	1.14	9.99
<b>TOTAL FIRE INSURANCE</b>	<b>37.28</b>	<b>40.84</b>	<b>9.55</b>

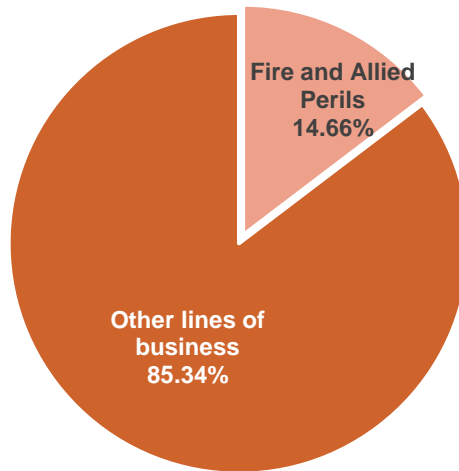
Note: Data in ₱ billion.

Of all the total Premiums on Direct Business for Fire and Allied Perils, the largest portion—56.18%—was distributed through Brokers, with Ordinary agents following at 19.34%, and Direct Marketing at 11.34%. The remaining 9.38% were allocated across the other five distribution channels.

Furthermore, within the Fire and Allied Perils category, Basic Fire business accounted for the majority, representing 66.99% of the total, with Fire-Industrial and Fire-General contributing 28.63% and 26.81%, respectively, while Earthquake/Fire/Shock contributed 18.97%.

The majority of the 20.35% retention ratio for all Fire and Allied Perils is predominantly focused on Fire basic. This is led by Fire-Residential at 40.28%, followed by Warehouse at 32.88%, Extended Coverage at 29.11%, and Fire-General at 25.79%. Retention ratios for other Fire lines is ranging from at 20% or lower. This ratio refers to the portion of premiums (and therefore risk) that is kept by a company rather than being passed on to reinsurance companies. It is computed as Net Premiums Written over Gross Premiums Written.

Figure 9. Total Premiums Earned of Fire and Allied Perils, 2022



The Premiums Earned of Fire and Allied Perils accounted for 14.66% of the Total Premiums Earned by the non-life insurance sector, amounting to ₱8.11 billion. The Premiums Earned figures denote the portion of the premium for which coverage for the policy has already been provided. This indicates a notable contribution from Fire Insurance and Allied Perils to the overall revenue generation within the non-life insurance sector over the specified period.

From 2018 to 2022, Fire and Allied Perils insurance collectively constituted an average share of 14.41% of the Total Premiums Earned in the non-life insurance sector. The basic Fire Insurance sold by the non-life insurers captured an average of 70.04% of the total Premiums Earned for Fire Insurance line of business (LOB) in the country during this period. Meanwhile, Allied Perils, serving as an endorsement or additional coverage of Basic Fire Insurance, comprised the remaining 29.96%.

With an average share of 35.95% of the total premiums earned for fire and allied perils insurance, Fire-General, one of the four categories of basic fire insurance, which typically covers malls, markets, schools, movie theaters, churches, etc., has always had the largest percentage share of the total premiums earned for fire insurance. The average growth rate for Fire-General from 2018 to 2022 was 13.52 percent.

## D. Mutual Benefit Associations

This year, forty (40) associations were issued licenses, thirteen (13) of which were classified as regular MBAs, while twenty-seven (27) were identified as Micro-MBAs. The total accumulated assets of Mutual Benefit Associations (MBAs) reached ₱133.18 billion, marking an increase of 11.49% compared to the previous year's ₱119.46 billion. Regular MBAs accounted for 71.34% of the total assets of the associations, representing a rise of 10.44%, while Micro-MBAs comprised the remaining 28.66% and experienced an increase of 14.18%.

Table 17. Mutual Benefit Associations' Key Insurance Statistics, 2021-2022

Particulars	2021	2022	% Inc/Dec
<b>Assets</b>	<b>119.46</b>	<b>133.18</b>	<b>11.49</b>
<i>Micro</i>	33.43	38.17	14.18
<i>Regular</i>	86.03	95.01	10.44
<b>Liabilities</b>	<b>74.00</b>	<b>79.95</b>	<b>8.04</b>
<i>Micro</i>	25.01	28.62	14.43
<i>Regular</i>	48.99	51.33	4.78
<b>Members' Equity</b>	<b>45.46</b>	<b>53.23</b>	<b>17.09</b>
<i>Micro</i>	8.42	9.55	13.42
<i>Regular</i>	37.04	43.68	17.93
<b>Guaranty Fund</b>	<b>1.19</b>	<b>1.19</b>	<b>-</b>
<i>Micro</i>	0.73	0.72	(1.37)
<i>Regular</i>	0.46	0.47	2.17
<b>Invested Assets</b>	<b>107.62</b>	<b>124.86</b>	<b>16.02</b>
<i>Micro</i>	30.14	35.85	18.94
<i>Regular</i>	77.48	89.01	14.88
<b>Premiums</b>	<b>13.58</b>	<b>14.45</b>	<b>6.41</b>
<i>Micro</i>	5.99	6.76	12.85
<i>Regular</i>	7.59	7.69	1.32
<b>Benefit Payments</b>	<b>13.32</b>	<b>12.82</b>	<b>(3.75)</b>
<i>Micro</i>	5.30	5.25	(0.94)
<i>Regular</i>	8.02	7.57	(5.61)
<b>Net Surplus/(Deficit)</b>	<b>3.59</b>	<b>5.41</b>	<b>50.70</b>
<i>Micro</i>	0.83	1.50	80.72
<i>Regular</i>	2.76	3.91	41.67

Note: Data in ₱ billion.

The total liabilities reported a marginal increment of 8.04%, reaching ₱79.95 billion this year from ₱74.00 billion last year. Additionally, the total member's equity of MBAs increased by 17.09% to ₱53.23 billion from the previous year's ₱45.46 billion.

The total invested assets of MBAs amounted to ₱124.86 billion this year, representing a marginal increase of 16.04% over the previous year's ₱107.60 billion. Most of the investments were placed in government securities, accounting for 40.41% of the total, followed by other loans with 24.12%, and private securities with 8.35%. These three

accounts experienced modest increments of 12.86%, 15.40%, and 19.22%, respectively.

Table 18. Invested Assets of MBAs, 2021-2022

<b>PARTICULARS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/ (Dec)</b>
Government Securities	44.71	50.46	12.86
Private Securities	8.74	10.42	19.22
Stocks/Equities	2.1	1.63	(22.38)
Mutual Funds/UITF/REIT/Other Funds	2.36	2.30	(2.54)
Investment Property	6.24	7.99	28.04
Membership Loans	1.42	1.38	(2.82)
Policy Loans	4.28	5.44	27.10
Other Loans	26.10	30.12	15.40
Time Deposit	7.46	6.30	(15.55)
Investment in Associates, Subsidiaries, and Joint Ventures	1.80	2.51	39.44
Short-Term Financial Assets	1.28	4.54	254.69
Property and Equipment	1.11	1.77	59.46
<b>Total</b>	<b>107.60</b>	<b>124.86</b>	<b>16.04</b>

Note: Data in ₱ billion.

The total premiums generated by the MBAs aggregated at ₱14.45 billion, reflecting a 6.41% increase from ₱13.58 billion last year. Regular MBAs, which constituted 53.22% of the total premiums generated, reported a slight growth of 1.32%, while Micro-MBAs, which comprised the remaining 46.78%, showed a marginal uptick of 12.85%.

Moving forward from crisis to recovery and resiliency, MBAs performed well this year, showing a remarkable surge of 50.70% in Net Surplus amounting to ₱5.41 billion from ₱3.59 billion in the previous year. This can be attributed to the 6.41% increase in total premiums and a 48.38% increase in income earned on their invested assets, amounting to ₱2.46 billion.

## **E. Insurance and Reinsurance Brokers**

The insurance and reinsurance brokers were able to generate a total premium of ₱87.96 billion, marking an increase of 10.13% from the previous year's figure of ₱79.87 billion in 2021. Among them, the Insurance Brokers accounted for 94.96% or ₱83.52 billion of the total premiums, reflecting an increase of 8.53% from ₱76.96 billion the previous year. The majority of the premiums were contributed by the fire insurance business with 30.37%, followed by the HMO business with 22.61%, and health insurance with 13.67%. Additionally, life insurance and Motor Car insurance also contributed to the increase in premiums by 12.28% and 6.44%, respectively.

Additionally, premiums in the HMO Business line increased significantly in 2022 by 111.14% from the previous year's figure of ₱8.94 billion to ₱18.88 billion.

Table 19. Brokers' Business Operations, 2022

LINE OF BUSINESS	Insurance Brokers		Reinsurance Brokers	
	Premiums	Commissions	Premiums	Commissions
Life	10,259.04	1,121.30	-	-
Fire	25,363.84	2,268.54	3,096.03	164.12
Marine Cargo	1,676.68	287.15	86.94	6.55
Marine Hull	1,150.98	82.89	345.20	37.88
Aviation	998.21	35.68	35.49	3.77
Motor Car	5,377.20	1,268.96	15.88	0.43
Health	11,413.72	1,129.89	-	-
Accident	501.60	124.70	62.06	5.35
Engineering	2,357.39	405.64	432.25	24.82
Ins. for Migrant Workers	0.98	0.16	-	-
Microinsurance	723.08	270.31	-	-
Bonds	1,341.06	325.86	9.09	0.37
Miscellaneous	3,469.46	508.31	364.30	28.59
<b>Sub- Total</b>	<b>64,633.24</b>	<b>7,829.39</b>	<b>4,447.24</b>	<b>271.88</b>
HMO	18,882.49	2,033.61	-	-
<b>Grand Total</b>	<b>83,515.73</b>	<b>9,863.00</b>	<b>4,447.24</b>	<b>271.88</b>

Note: Data in ₱ million.

The Reinsurance brokers generated the remaining 5.04% or ₱4.45 billion of the total premiums for 2022, exhibiting a 52.91% increase from the previous year's ₱2.91 billion. Fire insurance contributed almost 70.0% of the total premiums, leading as the top line of business for reinsurance brokers, followed by Engineering and Miscellaneous at 9.72% and 8.19%, respectively.

The Combined Commissions Earned by Insurance and Reinsurance Brokers reached ₱10.13 billion, experiencing a marginal increase of 8.60% compared to the previous year's ₱9.33 billion. Of the total commissions, 97.32% was earned by the Insurance Brokers, exhibiting an increment of ₱0.73 billion to ₱9.86 billion in 2022 from ₱9.13 billion last year. The remaining 2.68% was constituted by the Reinsurance Brokers, marking a 34.08% increase from ₱0.20 billion in 2021 to ₱0.27 billion in the current year under review.



# **PRE-NEED INDUSTRY**

The Pre-Need Industry consisted of fourteen (14) licensed Pre-Need Companies and three (3) servicing companies in 2022. The industry's total assets posted a marginal decrease of 0.48%, from ₱141.95 billion in 2021 to ₱141.27 billion in 2022. This decline can be mainly attributed to a 24.47% decrease in Corporate Asset's Other Investments, amounting to ₱1.57 billion. Investments in the Trust Fund, which constitute 84.33% of the total assets, also experienced a gradual decrease of 0.23% compared to the previous year.

Table 20. Key Statistics of Pre-Need Companies, 2021-2022

Particulars	2021	2022	% Inc/Dec
Assets	141.95	141.27	(0.48)
Liabilities	118.90	120.02	0.94
Net Worth	23.05	21.25	(7.80)
Paid-Up Capital Stock	3.68	3.67	(0.41)
Trust Fund	119.41	119.13	(0.23)
Pre-Need Reserves <sup>1/</sup>	112.72	113.57	0.75
Trust Fund vs Pre-Need Reserves <i>Surplus/(Deficit)</i>	6.69	5.56	(16.83)
Invested Assets	130.93	128.35	(1.97)
Premiums	20.64	21.28	3.10
Benefit Payments	13.79	10.43	(24.39)
Net Income/(Loss)	3.81	0.35	(90.76)
No. of Plans Sold	568,354	744,730	31.03
Life	566,227	743,553	31.32
Pension	2,054	1,133	(44.84)
Education	73	44	(39.73)

<sup>1/</sup> Accounts include Pre-Need Reserves and Benefit Obligations/Payables as mandated by the Pre-Need Code  
Note: Data in ₱ billion.

The total liabilities minimally increased by 0.94%, from ₱118.90 billion in the previous year to ₱120.02 billion in the year under review. This increase is attributable to a 2.19% rise in Pre-Need Reserves and a 2,381.60% surge in Planholders' Benefit Payables, which accounted for 89.78% and 4.85% of the Total Liabilities, respectively. Insurance Premium Reserves also increased by 8.18%, from ₱1.83 billion to ₱1.98 billion in 2022.

The Total Net Worth of the Pre-Need Industry reached ₱21.25 billion in 2022, contracting by 7.80% or ₱1.80 billion from the ₱23.05 billion reported in 2021. This decline was primarily due to a significant decrease in Trust Fund Fluctuation Reserves, which fell by 162.32% or ₱1.94 billion.

Total Premiums generated by the Pre-Need Industry amounted to ₱21.28 billion, exhibiting a 3.10% increase from ₱20.64 billion last year. Despite the rise in Total Premiums, the aggregate Net Income experienced a steep drop of 90.76%, from ₱3.81 billion in 2021 to ₱0.35 billion in the year under review. This significant decline in Net Income was due to decreases in gross investment income and other income, which fell by 89.95% and 81.55%, respectively.

Further, the number of plans sold by the companies this year increased by 31.03% from 568,354 plans in 2021 to 744,730 plans sold in 2022, which are mostly channeled on the number of sales from Life Plans. On the other hand, Pension and Education plans declined by 44.84% and 39.73%, accordingly.

Table 21. Invested Assets of Pre-Need Companies, 2021-2022

<b>PARTICULARS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/Dec</b>
Government Securities	59.23	59.71	0.80
Corporate Bonds	11.37	12.19	7.13
Real Estate/Investment Property	2.37	2.71	14.18
Stocks	27.80	21.79	(21.63)
Mortgage Loans	0.00	0.00	0.00
Planholders' Loans	0.07	0.03	(55.45)
Mutual Funds/UITF	3.37	4.43	31.33
Short-Term Investments	0.12	1.08	798.42
Other Investments	23.63	23.60	(0.10)
Time Deposits	2.41	2.27	(5.97)
Property & Equipment	0.55	0.55	(0.79)
<b>Total Investments</b>	<b>130.93</b>	<b>128.35</b>	<b>(1.98)</b>

Note: Data in ₱ billion.

The Total Invested Assets which include investments in trust fund declined by 1.98%, from ₱130.93 billion in 2021 to ₱128.35 billion this 2022. The decline was due to the 21.63% downtick in Stocks and 0.10% contraction in Other Investments, which accounted for 16.98% and 18.39% of the Industry's total Invested Assets, correspondingly.





# **HEALTH MAINTENANCE ORGANIZATIONS**

In the year 2022, the Health Maintenance Organizations (HMO) Industry consisted of twenty-nine (29) licensed companies. One company, which held a license, was placed under conservatorship during the aforementioned period, while another entity, formerly under conservatorship, was granted a license. Consequently, the tally of licensed HMOs remained consistent between year-end 2021 and 2022.

Table 22. Health Maintenance Organizations' Key Statistics, 2021-2022

<b>PARTICULARS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/ (Dec)</b>
Assets	61.44	55.31	(9.98)
Liabilities	46.79	43.24	(7.59)
Net Worth	14.65	12.07	(17.61)
Capital Stock	3.53	5.10	44.48
Invested Assets	27.81	17.15	(38.33)
Membership Fees	50.99	55.37	8.59
Healthcare Benefits and Claims	33.27	44.42	33.51
Net Income	5.44	(0.34)	(106.25)

Note: Data in ₱ billion.

Two years post-pandemic, the HMO industry persists in enduring a decline both in its financial standing and its operational activity. Moreover, the industry has not remained impervious to the impacts of inflation.

For the year under review, the HMO industry had seen a 9.98% decline in its total assets, equivalent to ₱6.13 billion from the ₱61.44 billion reported total assets in 2021. This decline surpassed the reported growth from the previous year, which was only ₱0.74 billion. Although Trade Receivables grew by 23.30% or ₱4.19 billion, the plummet of Investment in Subsidiaries, Associates and Joint Ventures, Investment Property and Held to Maturity Investments by 81.48%, 85.32% and 28.08%, respectively, amounting to a total of ₱8.46 billion led to the absolute decline of the industry's assets. The composition of the industry's assets for the reported year reveals a predominant allocation towards Trade Receivables (40.07%), Cash and Cash Equivalents (23.18%), and Other Assets (10.64%).

The HMO industry's Total Liabilities declined by ₱3.55 billion in 2022 from the reported ₱46.79 billion in the previous year. Seventy-five percent (75%) of which are composed of Unearned Membership Fees, Claims Payable and Accounts Payable. The Unearned Membership Fees, which consists of almost fifty percent (50%) of the total liabilities increased by ₱3.17 billion while Loans Payable skyrocketed to 537.16% adding almost ₱1.1 billion in 2022 to the industry's liabilities. However, Other Liabilities declined by ₱7.27 billion, ultimately decreasing the total liabilities of the industry. Subsequently, Dividends Payable also declined by 78.34% from ₱1.0 billion in 2021 to only ₱0.22 billion this 2022.

Considering the significant decrease in assets for 2022, the industry's total net worth went down to ₱12.07 billion from ₱14.65 billion in 2021, a difference of ₱2.58 billion. This was primarily influenced by the substantial decrease of Retained Earnings, which constitute the bulk of net worth at 54.66%, by ₱4.12 billion albeit the increase of Share Capital by 44.41% to ₱5.10 billion in the year under review.

Membership fees or the amount a member pays to the HMO provider to gain access to the healthcare services provided by the HMO network, and which comprised almost 95% of HMO's total revenues, kept pace with an 8.60% increase to ₱55.37 billion in

2022 from ₱50.99 billion in 2021. Nevertheless, there was a strong demand from the healthcare sector, particularly as the industry continues to grapple with the lingering effects of the pandemic. HMO's Healthcare Benefits and Claims increased from ₱33.27 billion to ₱44.42 billion (33.50%) contributing an additional ₱11.15 billion to its members and enrollees, majority in which is allotted to out-patient claims and services amounting to ₱23.81 billion in 2022 from the reported ₱9.40 billion in the prior year. Albeit the steady increase of Membership Fees and additional number of members and enrollees of HMO companies, the HMO industry experienced net loss in 2022 amounting to ₱339 million from the reported net income of ₱5.44 billion in the previous year.

Noteworthy to mention that numerous articles and studies have revealed findings indicating a rise in healthcare and delivery service costs, potentially linked to losses within the HMO industry. As supported by the published data by PSA, the health inflation in the country rose to 11% in 2022.

Due to the adverse profit margin, the HMOs are actively addressing the situation and implementing necessary measures to mitigate the negative impact of changes in healthcare utilization patterns.

Table 23. Invested Assets of Health Maintenance Organizations

<b>PARTICULARS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/Dec</b>
Government Securities	4.17	2.76	(33.81)
Private Securities	2.55	2.17	(14.90)
Equities	1.25	1.15	(8.00)
Mutual Funds/UITF/Other Funds	2.06	1.16	(43.69)
Investment Property	3.06	0.45	(85.29)
Time Deposit	7.04	6.48	(7.95)
Investment in Subsidiaries	2.44	0.47	(80.74)
Investment in Associates	2.86	0.51	(82.17)
Loans and Receivables	0.53	0.39	(26.42)
Property & Equipment	1.85	1.61	(12.97)
<b>Total</b>	<b>27.81</b>	<b>17.15</b>	<b>(38.33)</b>

Note: Data in ₱ billion.

As of yearend 2022, HMOs substantially decreased their invested assets by 38.33% to ₱17.15 billion from ₱27.81 billion in the previous year. The HMO industry allocated a majority of their invested assets towards Time Deposits at 37.76%, followed by Government Securities with 16.11% and Private Securities having 12.64% share. All particulars of the invested assets of the HMO industry have decreased with Investment Property, Investment in Subsidiaries and Associates registering the most significant decline.

The total number of members under Full-Risk HMO agreements in 2022 tallied to 5,157,059 which is higher by 17.47% from 4,390,161 members in 2021. Meanwhile, the total number of enrollees under an Administrative Services Only (ASO) agreement for the reporting year was 970,624, slightly higher by 6.06% from the previous year of 915,128.



# **GOVERNMENT SERVICE INSURANCE SYSTEM**

The Government Service Insurance System (GSIS) saw a modest increase in its total assets, rising by 0.64% from ₱1.53 trillion in 2021 to ₱1.54 trillion in 2022. Within this total, the life insurance business accounted for ₱1.49 trillion, representing 96.45% of the total assets. This segment experienced a slight uptick of 0.61% compared to the previous year's ₱1.48 trillion. Similarly, the non-life insurance business witnessed a growth in assets, expanding by 1.57% from ₱53.88 billion in 2021 to ₱54.72 billion in 2022.

Table 24. Government Service Insurance System (GSIS) Key Insurance Statistics, 2021-2022

<b>PARTICULARS</b>	<b>2021</b>	<b>2022</b>	<b>% Inc/Dec</b>
<b>Assets</b>	<b>1,530.37</b>	<b>1,540.24</b>	<b>0.64</b>
Life	1,476.49	1,485.52	0.61
Non-Life	53.88	54.72	1.57
<b>Liabilities</b>	<b>2,193.96</b>	<b>2,097.60</b>	<b>(4.39)</b>
Life	2,172.93	2,084.81	(4.06)
Non-Life	21.03	12.79	(39.20)
<b>Net Worth</b>	<b>(663.60)</b>	<b>(557.36)</b>	<b>(16.01)</b>
Life	(696.44)	(599.29)	(13.95)
Non-Life	32.84	41.93	27.29
<b>Invested Assets</b>	<b>1,444.56</b>	<b>1,483.92</b>	<b>2.72</b>
Life	1,396.62	1,433.93	2.67
Non-Life	47.94	49.99	4.27
<b>Premiums</b>	<b>154.66</b>	<b>166.54</b>	<b>7.68</b>
Life	149.76	160.65	7.27
Non-Life	4.90	5.89	20.16
<b>Net Income</b>	<b>(18.71)</b>	<b>75.84</b>	<b>505.37</b>
Life	(22.74)	71.41	414.07
Non-Life	4.03	4.44	10.24

Note: Data in ₱ billion.

GSIS observed a 4.39% decrease in total liabilities compared to the previous year. Furthermore, the reported total net worth demonstrated significant improvement, transitioning from a negative ₱663.60 billion to a negative ₱557.36 billion, marking a 16.01% increase. Within the life insurance industry, there was a marginal enhancement in net worth, moving from a negative ₱696.44 billion in 2021 to a negative ₱599.29 billion in 2022. This improvement primarily resulted from a 21.31% reduction in retained earnings, decreasing from a negative ₱748.31 billion in 2021 to a negative ₱588.85 billion by the end of 2022.

The total premiums generated by GSIS for both the life and non-life insurance business amounted to ₱166.54 billion, reflecting a 7.68% increase from the prior year's ₱154.66 billion.

GSIS's total net income reached ₱75.84 billion, marking a significant turnaround from the net loss of ₱18.71 billion recorded at the end of 2021. This improvement is primarily attributed to the substantial increase in income from the life insurance business, which surged to ₱71.41 billion from a net loss of ₱22.74 billion in 2021. GSIS's total net income reached ₱75.84 billion, a significant turnaround from the net loss of ₱18.71 billion recorded at the end of 2021. This improvement is primarily attributed to the substantial increase in income from the life insurance business, which surged to ₱71.41 billion from a net loss of ₱22.74 billion in 2021.



# **ORGANIZATIONAL STRUCTURE**

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*Insurance Commissioner*

Office of the Insurance Commissioner

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