



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



28 February 2017



MR. ARIEL G. CANTOS

President
PHILIPPINE LIFE INSURANCE ASSOCIATION, INC.
Unit 54 Legaspi Suites,
178 Salcedo Street, Legaspi Village,
Makati City

**SUBJECT : INSURANCE INDUSTRY PERFORMANCE REPORT
AS OF QUARTER ENDING 31 DECEMBER 2016**

Dear Mr. Cantos:

We write in connection with the performance of the insurance industry as of the quarter ending 31 December 2016.

This report is based on the submitted unaudited Quarterly Statistics of the life, non-life and mutual benefits associations sectors which comprises the insurance industry.

I. TOTAL PREMIUMS

As of the quarter ending 31 December 2016, the insurance industry posted **less than 1% increase** in premium income from Php231.2B in the same quarter in 2015 to Php231.9B or an increase of Php0.7B. Based on this number, the growth of the industry from 2015 to 2016 is flat.

This can be attributed to the following factors:

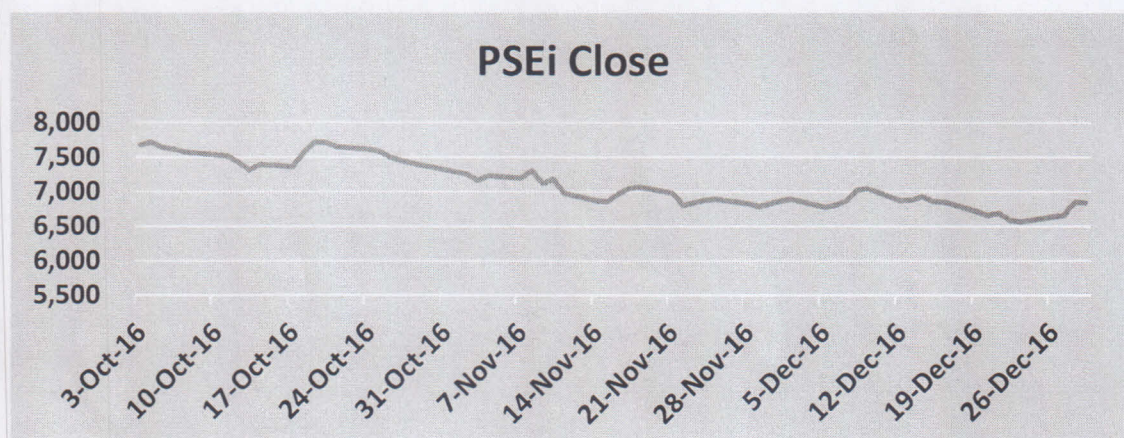
a. Majority of top players in the life sector posted a decrease in their respective premium income ranging from 2.53% to 43%.

While there is a slight increase in premium income from traditional products by **0.26%** from **Php49.8B in 2015 to Php49.9B in 2016**, the Life Sector posted a **3.04%** decrease in its premium income due to **4.23%** decrease of premium income from variable products from **138.7B in 2015 to Php132.9B**.

The decrease in premium income from variable products is attributed to the **23.54%** decrease in single premiums.

b. Another factor is the unimpressive performance of the stock market, where the investment portion of variable insurance products are mostly allocated.

According to the PSE, the market experienced a lot of volatilities in 2016. During the 4th quarter, the graph below shows that there was a decline in share prices leading the PSEi to close 2016 at **6,840.64 points**.



While we saw a decline in the premium income of the Life Sector, the Non-Life Sector posted an increase of **16.24%** in its net premiums written in the same period to **Php41.6B** from **Php35.8B** in 2015 or an increase of **Php5.8B**.

This can be attributed to the following:

a. Seven (7) companies posted a significant increase in their net premiums written **ranging from 56.21% to 182.65%**. Three (3) of these companies posted an abrupt increase in net premiums written from their health and accident business, which includes a mobile insurance product which provides for theft, accidental damage and accidental death benefits. In fact, one (1) company posted a significant growth in its net premiums written from its health and accident products from **Php840,000** in 2015 to **Php50M** in 2016.

b. There was an increase of **18.93%** in the Motor business which comprises **50.86%** of the total net premiums written of the Non-Life Sector.

The mutual benefit associations (MBAs), the dominant and reliable players in microinsurance business, reported a premium production worth **Php7.5B** during the same period, up by **8.78%**, from **Php6.9 billion** in 2015 or an increase of **Php0.6B**.

II. TOTAL NETWORTH

In terms of networth, the insurance industry grew to **Php271.1B**, up by **18.29%**, from the **Php229.3B** in 2015 or a significant increase of **Php41.8B**.

The increase in the network of the industry was brought about by the mandatory increase in the minimum network requirement effective 31 December 2016, from the previous Php250M to Php550M. This can also be attributed to the increase in the paid-up capital of some of the insurance companies.

The Life Sector posted a **21.66%** increase in network which is equivalent to **Php30.2B**. Two (2) life insurance companies posted significant increase **ranging from 84.15% to 157.03%**.

On the other hand, the Non-Life Sector posted a **12.18%** increase amounting to **Php8.3B**. Eleven (11) companies posted significant increase **ranging from 50.36% to 116.93%**.

Lastly, the MBAs registered a **15.85%** increase in Fund Balance which can be attributed to the significant increase in the Fund Balance of some MBAs **ranging from 215.94% to 1,013.94%**.

Based on the submitted unaudited Quarterly Statistics for the quarter ending December 31, 2016, twenty-six (26) life insurance companies and forty-seven (47) non-life insurance companies reported a network of P550M and above. While seven (7) MBAs reported a fund balance of at least P550M.

Note that the verification of compliance by the life and non-life sectors with the P550 million-requirement will be determined based on the 2016 Annual Statements of the insurance companies which are due to be submitted to the IC on April 30, 2017.

III. TOTAL ASSETS

The total assets of the insurance industry grew by **11.38%** from **Php1.2T in 2015** to **Php1.3T in 2016**.

This increase can be attributed to the following:

- a. increase in the assets of the Life Sector which comprises 81% of the total assets of the industry;
- b. increase in the Total Investments of the industry from **Php1.0T in 2015** to **Php1.1T in 2016**, up by 10.22%.; and
- c. increase in the Paid-Up Capital of the insurance companies.

The total assets of the Life Sector, which comprises 81% of the total assets of the insurance industry, **hit the trillion-peso mark**. From a previous high of **Php955.2B**, it expanded by **11.94% to Php1.0T**.

This increase can be attributed to the **8.58%** increase in cash and invested assets and **14.96%** increase in variable life assets. Two (2) companies posted a significant increase in **assets ranging from 77.01% to 106.66%**.

The Non-Life Sector posted a **7.22%** growth from **Php163.8B** to **Php175.6B**. Seven (7) companies posted significant increase in assets **ranging from 50.12% to 112.25%**.

The MBAs registered a **13.85%** increase in Total Assets which can be attributed in the significant increase in the assets of some MBAs **ranging from 132.44% to 1,113.56%**.

IV. Insurance Density

The insurance density, or the amount of premium per capital or the average spending of each individual on insurance decreased by **1.71%** from **P2,286.0 in 2015 to P2,246.9 in 2016**.

V. Insurance Penetration

The insurance penetration, which is premium volume as a share of GDP or the contribution of the insurance sector in the national economy, decreased by **8.57%** or from **1.75% in 2015 to 1.60%**.

VI. Market Penetration Rate

The market penetration rate or the rate of individuals with life insurance coverage to population increased by **12.24%** or from **41.27% in 2015 to 46.32%**.

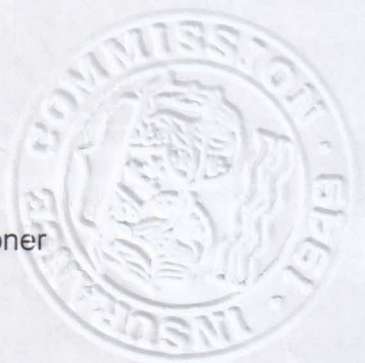
Out of the 103.2 million population in 2016, there are 47.8 million individuals with regular and microinsurance life insurance coverage issued by private life insurance companies.

Attached herewith are copies of the Summary of the Insurance Industry Performance Report as of the quarter ending 31 December 2016 and list of top 10 life and non-life insurance companies based on total premiums, total network and total assets.

Thank you.

Very truly yours,


DENNIS B. FUNA
Insurance Commissioner



Attachments: As stated.

INSURANCE INDUSTRY PERFORMANCE

as of the Quarter Ending December 31

(In Million Pesos)

LIFE AND NON-LIFE INSURANCE COMPANIES, AND MUTUAL BENEFIT ASSOCIATIONS	2016	2015	% Increase/ (Decrease)
1 . Total Assets	1,314,365.2	1,180,031.2	11.38
2 . Total Liabilities	1,043,185.0	950,775.1	9.72
3 . Total Networth	271,180.2	229,256.1	18.29
4 . Total Paid - Up Capital	45,939.6	41,929.1	9.56
5 . Total Investments	1,140,898.0	1,035,148.1	10.22
6 . Total Premiums	231,883.2	231,203.4	0.29
7 . Total Benefits Payment/Losses Incurred	84,068.2	76,637.6	9.70
8 . Total Net Income/(Loss)	24,187.2	26,783.0	(9.69)

INSURANCE INDUSTRY PERFORMANCE

as of the Quarter Ending December 31

(In Million Pesos)

NON-LIFE INSURANCE COMPANIES	2016	2015	% Increase/ (Decrease)
1 . Total Assets	175,630.0	163,802.6	7.22
2 . Total Liabilities	99,000.2	95,490.1	3.68
3 . Total Networth	76,629.8	68,312.5	12.18
4 . Total Paid - Up Capital	28,771.6	26,101.3	10.23
5 . Total Investments	72,651.1	63,145.2	15.05
6 . Total Net Premiums Written	41,608.7	35,795.1	16.24
Total Premiums Earned	38,899.0	33,580.3	15.84
Total Gross Premiums Written	78,510.7	71,440.7	9.90
7 . Total Losses Incurred	17,122.1	13,511.2	26.73
8 . Total Net Income/(Loss)	3,372.8	3,285.2	2.67

INSURANCE INDUSTRY PERFORMANCE

as of the Quarter Ending December 31

(In Million Pesos)

LIFE INSURANCE COMPANIES	2016	2015	% Increase/ (Decrease)
1 . Total Assets	1,069,301.5	955,240.0	11.94
2 . Total Liabilities	899,839.6	815,951.7	10.28
3 . Total Networth	169,461.9	139,288.3	21.66
4 . Total Paid - Up Capital	16,300.0	14,949.9	9.03
5 . Total Investments	1,000,578.1	918,876.1	8.89
6 . Total Premiums	182,793.6	188,531.0	(3.04)
7 . Total Benefits Payment	61,767.6	56,695.0	8.95
8 . Total Net Income/(Loss)	17,535.1	20,383.9	(13.98)

INSURANCE INDUSTRY PERFORMANCE

as of the Quarter Ending December 31

(In Million Pesos)

MUTUAL BENEFIT ASSOCIATIONS	2016*	2015**	% Increase/ (Decrease)
1 . Total Assets	69,433.7	60,988.6	13.85
2 . Total Liabilities	44,345.2	39,333.3	12.74
3 . Total Fund Balance	25,088.5	21,655.3	15.85
4 . Total Guaranty Fund	868.0	877.9	(1.13)
5 . Total Investments	67,668.8	53,126.8	27.37
6 . Total Contributions/Premiums	7,480.9	6,877.3	8.78
7 . Total Benefits Payment / Expenses	5,178.5	6,431.4	(19.48)
8 . Total Net Surplus/(Deficit)	3,279.3	3,113.9	5.31

*Based on submitted unaudited quarterly statistical report

**Based on submitted Annual Statements

TOP 10 LIFE COMPANIES BASED ON NETWORTH

2015

VS

2016

Philippine American Life & Gen. Ins. Co.
(life unit)
Insular Life Assce. Co., Ltd., The
Sun Life of Canada (Philippines), Inc.
Manufacturers Life Ins. Co. (Phils.), Inc.,
The
United Coconut Planters Life Assce.
Corp.
BPI Philam Life Assurance Corp., Inc.
Philippine AXA Life Insurance. Corp.
Pru Life Insurance Corp. of U.K.
SunLife Grepa Financial, Inc.
BDO Life (Generali Pilipinas Life)

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Philippine American Life & Gen. Ins. Co.
(life unit)
Insular Life Assce. Co., Ltd., The
Sun Life of Canada (Philippines), Inc.
Manufacturers Life Ins. Co. (Phils.), Inc.,
The
United Coconut Planters Life Assce.
Corp.
BPI Philam Life Assurance Corp., Inc.
Philippine AXA Life Insurance. Corp.
BDO Life (Generali Pilipinas Life)
Pru Life Insurance Corp. of U.K.
SunLife Grepa Financial, Inc.

TOP 10 NON-LIFE COMPANIES BASED ON NETWORTH

2015

VS

2016

Pioneer Insurance & Surety Corporation
Malayan Insurance Company, Inc.
Philippines' First Insurance Co., Inc.
BPI/MS Insurance Corporation
Standard Insurance Company, Inc.
AIG Phil. Ins. Company
(Chartis Phils., Inc.)
Charter Ping An Ins. Corp.
(Philippine Charter)
Cibeles Insurance Corporation
Stronghold Insurance Company, Inc.
Alliedbankers Insurance Corporation

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Pioneer Insurance & Surety Corporation
Malayan Insurance Company, Inc.
Philippines' First Insurance Co., Inc.
BPI/MS Insurance Corporation
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(Philippine Charter)
Standard Insurance Company, Inc.
AIG Phil. Ins. Company
(Chartis Phils., Inc.)
Cibeles Insurance Corporation
Alliedbankers Insurance Corporation
Stronghold Insurance Company, Inc.

TOP 10 LIFE COMPANIES BASED ON PREMIUM INCOME

2015

VS

2016

Sun Life of Canada (Philippines), Inc.
Philippine AXA Life Insurance Corp.
Philippine American Life & Gen. Ins. Co.
(Life Unit)
BPI Philam Life Assurance Corp., Inc.
Pru Life Insurance Corp. of U.K.
Manufacturers Life Ins. Co. (Phils.), Inc.
Insular Life Assce. Co., Ltd.
SunLife Grepa Financial, Inc.
BDO Life (Generali Pilipinas Life)
PNB Life Insurance, Inc.

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Sun Life of Canada (Philippines), Inc.
Philippine AXA Life Insurance Corp.
BPI Philam Life Assurance Corp., Inc.
Philippine American Life & Gen. Ins. Co.
(Life Unit)
Pru Life Insurance Corp. of U.K.
Manufacturers Life Ins. Co. (Phils.), Inc.
Insular Life Assce. Co., Ltd.
BDO Life (Generali Pilipinas Life)
Manulife Chinabank Life Assce. Corp.
SunLife Grepa Financial, Inc.

TOP 10 NON-LIFE COMPANIES BASED ON NET PREMIUMS WRITTEN

2015

VS

2016

Prudential Gtee. & Assce., Inc.
Malayan Insurance Company, Inc.
BPI/MS Insurance Corporation
Charter Ping An (Philippine Charter Ins.
Corp.)
Pioneer Insurance & Surety Corporation
FPG Ins. Company Inc. (Federal)
MAPFRE Insular Insurance Corporation
UCPB General Insurance Company, Inc.
Standard Insurance Company, Inc.
Commonwealth Insurance Company

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Malayan Insurance Company, Inc.
Prudential Gtee. & Assce., Inc.
BPI/MS Insurance Corporation
Charter Ping An (Philippine Charter Ins.
Corp.)
FPG Ins. Company Inc. (Federal)
Pioneer Insurance & Surety Corporation
Standard Insurance Company, Inc.
MAPFRE Insular Insurance Corporation
UCPB General Insurance Company, Inc.
Commonwealth Insurance Company

TOP 10 LIFE COMPANIES BASED ON ASSETS

2015

VS

2016

Philippine American Life & Gen. Ins. Co.
(life unit)
Sun Life of Canada (Philippines), Inc.
Insular Life Assce. Co., Ltd., The
Pru Life Insurance Corp. of U.K.
Philippine AXA Life Insurance. Corp.
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Philippine American Life & Gen. Ins. Co.
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Sun Life of Canada (Philippines), Inc.
Insular Life Assce. Co., Ltd., The
Philippine AXA Life Insurance. Corp.
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BPI Philam Life Assurance Corp., Inc.
Manufacturers Life Ins. Co. (Phils.), Inc.,
The
SunLife Grepa Financial, Inc.
BDO Life (Generali Pilipinas Life)
Manulife Chinabank Life Assce. Corp.

TOP 10 NON-LIFE COMPANIES BASED ON ASSETS

2015

VS

2016

Pioneer Insurance & Surety Corporation
Malayan Insurance Company, Inc.
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Inc.)
FPG Insurance Co., Inc. (Federal Phoenix)
UCPB General Insurance Company, Inc.

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Pioneer Insurance & Surety Corporation
Malayan Insurance Company, Inc.
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Charter Ping An Ins. Corp. (Philippine
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Prudential Gtee. & Assce., Inc.
PNB General Insurers Company, Inc.
AIG Phil. Ins. Company (Chartis Phils.,
Inc.)
FPG Insurance Co., Inc. (Federal Phoenix)
UCPB General Insurance Company, Inc.
Standard Insurance Company, Inc.