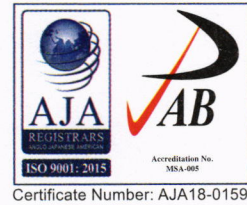




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REPORT SHOWS IMPROVED CORPORATE GOVERNANCE STANDARDS IN INSURANCE INDUSTRY

The Philippines' insurance corporations have raised the bar in corporate governance in the last four years, based on the latest annual scorecard country report for insurance companies and mutual benefit associations (MBAs).

Insurance Commissioner Dennis B. Funa announced that the 2018 result of the assessment of the insurance industry showed an average score of 41.34 points.

"Based on the 2018 ASEAN Corporate Governance Scorecard (ACGS) Report for Insurance Industry, the insurance industry recorded an average score of 41.34 points. This is a 1.61-point increase from the 2017 result," Commissioner Funa said.

He added, "This shows that there is a continuous improvement in the performance of the life insurance, non-life insurance, and MBA sectors since the adoption of the ACGS in 2015. For four years, the insurance industry showed an average increase of 2.28 points."

For the 2018 assessment, the Insurance Commission (IC) assessed 116 insurance companies and MBAs comprising of 30 life insurance companies, 56 non-life insurance companies, and 14 MBAs and 16 Micro-MBAs.

Out of the 116 companies assessed, Pru Life Insurance Corporation of U.K. obtained the highest score of 105.19 followed by Insular Life Assurance Company, Ltd. with 104.53 points while seven (7) companies scored 80 points to 99.99 points which comprise of five (5) life insurance companies, one (1) non-life insurance company, and one (1) MBA.

Life insurance sector continues to perform better compared with the other sectors with 56.98 average points for 2018. The average point for the non-life insurance sector and MBA sector are 33.57 and 40.28, respectively.

The top five (5) life insurance companies with governance scores ranging from 105.19 points to 86.92 points are: Pru Life Insurance Corporation of U.K., Insular Life Assurance Company, Ltd., FWD Life Insurance Company, Sun Life

of Canada (Philippines), Inc., and Philippine American Life & General Insurance Company.

While the top five (5) non-life insurance companies with governance scores ranging from 82.07 points to 59.29 points are: Pacific Cross Insurance Inc., National Reinsurance Corporation of the Philippines, MAA General Assurance Philippines, Inc., BPI/MS Insurance Corporation, and Pacific Union Insurance Company.

The top four (4) MBA companies with scores ranging from 80.60 points to 71.60 points are: CARD Mutual Benefit Association, Praxis Fides Mutual Benefit Association, Kasagana-Ka MBI, and Knights of Columbus Fraternal Association.

Out of the five (5) core principles of corporate governance, the industry showed good performance on the area on equitable treatment of shareholders with 8.76 points out of 15 maximum points in the 2018 assessment.

The 2018 report noted that, while other areas need to be improved, disclosure of corporate governance-related documents should be given special attention including Notice of Annual Stockholders/General Meeting, Minutes of Annual Stockholders/General Meeting, and Annual Report with section on suitability.

The ACGS, a tool used to evaluate corporate governance practices, was developed based on international benchmarks such as the Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance, the International Corporate Governance Network (ICGN) Governance Principles, as well as industry-leading practices from ASEAN and the world.

To formalize the policy of the Insurance Commission to raise the bar of corporate governance in the insurance industry, Circular Letter No. 14-2013 was issued mandating all insurance companies and MBAs to adopt the ACGS and enjoining covered companies to develop their company websites and post their responses to the ACGS questionnaire with supporting documents.

The Institute of Corporate Directors (ICD), which is currently headed by its Chief Executive Officer Dr. Alfredo E. Pascual, was accredited by the IC to conduct the yearly assessment of the covered companies.

Commissioner Funa lauded the insurance industry for the improvement in the average score garnered for the 2018 assessment.

"I would like to commend the insurance industry for the increase in the ACGS average score which serves as a testament to the commitment of the insurance industry to improve its governance practices. While this is a notable accomplishment, the insurance industry's average score it is still considered low in comparison with the banking sector. This should be taken as an opportunity for them to review their current governance practices for further improvement, including the utilization of technology, and a challenge to ensure

that their corporate governance practices are at par with regional standards,”
said Commissioner Funa.



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