



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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**INSURANCE DENSITY GROWS 48.16% IN 3Q 2022,
AS INSURERS' AND MBAs' TOTAL NET WORTH,
TOTAL PAID-UP CAPITAL/GUARANTY FUND, AND
TOTAL PREMIUMS INCREASE YEAR-ON-YEAR**

Insurance Commissioner Dennis Funa recently reported that insurance density as of the quarter ending on 30 September 2022 (“3Q 2022”) grew 48.16% year-on-year, from ₱1,704.27 as of the quarter ending on 30 September 2021 (“3Q 2021”) to ₱2,525.10 in 3Q 2022. Insurance density refers to the amount of insurance premium per capita or average spending of each individual on insurance.

Meanwhile, insurance penetration, or premium volume as a share of the Gross Domestic Product (“GDP”), which measures the contribution of the insurance sector to the national economy, slightly contracted from 2.05% to 1.81%.

“Notwithstanding modest industry performance figures in 3Q 2022 as compared with 3Q 2021 statistics, the growth trend in insurance density attests to the growing confidence of the public in the financial protection that insurance provides,” said Commissioner Funa.

A. Aggregate Insurance Industry Performance

The Total Net Worth and Total Paid-Up Capital and Guaranty Fund of life and non-life insurers and mutual benefit associations (“MBAs”) grew by 9.44% and 9.26% year-on-year, respectively.

The three (3) industries’ aggregate Net Worth rose from ₱371.89 billion in 3Q 2021 to ₱407.00 billion in 3Q 2022. Meanwhile, their Total Paid-Up Capital and Guaranty Fund grew from ₱72.32 billion in 3Q 2021 to ₱79.01 billion in 3Q 2022.

The three (3) industries’ Total Premiums likewise grew by 1.13%, from ₱278.66 billion in 3Q 2021 to ₱281.80 billion in 3Q 2022. Their Total Assets likewise grew by a modest 0.75%, from ₱2.01 trillion in 3Q 2021 to ₱2.03 trillion in 3Q 2022.

Amid modest growths in said indicators, the three (3) industries’ Total Benefits Paid, Total Liabilities, Total Invested Assets, and Total Net Income slightly contracted year-on-year from 3Q 2021 to 3Q 2022.

Total Liabilities decreased by 1.22% from ₱1.64 trillion in 3Q 2021 to ₱1.62 trillion in 3Q 2022. The three (3) industries’ Total Invested Assets contracted by 2.90% year-

on-year, from ₱1.78 trillion in 3Q 2021 to ₱1.73 trillion in 3Q 2022. Total Benefits Paid by the three (3) industries decreased by 0.17%, from ₱101.22 billion in 3Q 2021 to ₱101.05 billion in 3Q 2022. Meanwhile, their Total Net Income also decreased by 6.67% from ₱37.50 billion in 3Q 2021 to ₱35.00 billion in 3Q 2022.

“Said figures were obtained from the submissions of companies of their unaudited Quarterly Reports on Selected Financial Statistics (‘QRSFS’) as of 3Q 2022,” said Commissioner Funa.

B. Life Insurance Industry Performance

A comparison shows that the life insurance sector’s Total Assets reached ₱1.54 trillion as of 3Q 2022, which amount is ₱53.14 billion or 3.33% lower than the previous year’s (as of 3Q 2021) assets of ₱1.60 trillion.

“This was due to a decrease in both Traditional and Segregated Fund Invested Assets by 8.61%, or by ₱57.50 billion, and 1.83%, or ₱15.87 billion, respectively, which comprised 94.80% of the total life insurance sector’s assets. Seven (7) out of the top ten (10) life insurance companies reported a decrease compared to their previous year’s assets,” Commissioner Funa explained.

The Total Liabilities of the life insurance sector likewise decreased by 5.30%, or by ₱73.50 billion, in 3Q 2022. On the contrary, the Total Net Worth of the life insurance sector rose by 9.63%, or by ₱20.35 billion, this 3Q 2022 vis-à-vis 3Q 2021. This was brought about mainly by an increase in Retained Earnings by 11.39%, or by ₱18.19 billion.

The Total Paid-up Capital of the life insurance sector is continuously increasing every quarter, posting an increment of 15.58% from ₱26.05 billion in 3Q 2021 to ₱30.11 billion in 3Q 2022.

The Total Invested Assets of the life insurance sector likewise contracted by 4.77%, or ₱73.37 billion lower, from ₱1.54 trillion in 3Q 2021 to ₱1.46 trillion in 3Q 2022.

“The decline can be attributed to the decrease in Investments in Available for Sale (‘AFS’) by 10.44% in 3Q 2022, or by ₱54.25 billion, and in Financial Assets at Fair Value Through Profit or Loss (‘FVPL’), which posted a decrease by 3.36%, or by ₱29.29 billion, in 3Q 2022 as compared with 3Q 2021 figures. Most of the investments were placed on FVPL, which constitutes 57.62% of the total life insurance industry’s investments, and in AFS investments, which constitutes 31.79%,” stated Commissioner Funa.

The Total Premium Income generated by the life insurance sector as of 3Q 2022 amounted ₱229.38 billion, slightly decreasing year-on-year by 0.53%, or by ₱1.23 billion, when compared to ₱230.61 billion generated in 3Q 2021. The decrease was seen solely in Single Premiums of variable life insurance products by 15.99%. Variable life insurance premiums comprised 72.80% of the Total Premium Income in 3Q 2022, with a reported decrease of 6.48% over 3Q 2021’s collections. The Traditional Life Insurance Premium Income, however, increased by 19.91% from ₱51.90 billion in 3Q 2021 to ₱62.34 billion in Q3 2022. New Business Annual Premium Equivalent

("NBAPE"), which refers to all the premiums paid for new insurance products plus ten percent (10%) of single premiums, a metric introduced by this Commission to measure the life insurance industry's sales performance, increased by 5.99% in 3Q 2022 vis-à-vis 3Q 2021.

Meanwhile, the Total Net Income of the life insurance sector declined by 12.67% from 3Q 2021 to 3Q 2021, or by ₱3.79 billion. This was primarily due to a 0.53% decrease in Total Premium Income and 132.58% increase in Capital Loss.

C. Non-Life Insurance Industry Performance

The non-life insurance sector's Total Assets reached ₱353.13 billion in 3Q 2022, increasing by 20.00%, or by ₱58.85 billion, as compared with ₱294.28 billion reported in 3Q 2021. The assets of the top ten (10) non-life companies accounted for 56.77% of the Total Assets. Meanwhile, Total Liabilities grew by 26.54% from ₱183.25 billion in 3Q 2021 to ₱231.90 billion in 3Q 2022.

The sector's Total Net Worth registered at ₱121.23 billion in 3Q 2022, up from ₱111.03 billion in 3Q 2021, increasing by 9.19%.

"This was brought about by increases in the Reserves Account and Contingency Surplus by 105.77% and 25.16%, respectively, from 3Q 2021 to 3Q 2022," Commissioner Funa noted.

The non-life insurance industry's Total Invested Assets, which comprised 40.54% of its Total Assets, rose to ₱143.17 billion in 3Q 2022, up by 9.34% from ₱130.95 billion in 3Q 2021. Notably, 86.83% of the Total Invested Assets were placed in debt securities (bonds) issued by both government and private entities, time deposits, investment property, mutual funds, real estate investment trusts ("REIT") and other investments.

The overall Net Premiums Written (NPW) by the industry increased marginally by 9.37% to ₱41.72 billion as of 3Q 2022 from ₱38.15 billion in 3Q 2021. The Motor Car line of insurance business, which makes up 42.88% of the total NPW per line of business, climbed from 3Q 2021's ₱16.94 billion to 3Q 2022's ₱17.89 billion. The Fire Insurance line also grew by 18.47%, from ₱6.15 billion in 3Q 2021 to ₱7.29 billion in 3Q 2022. The Accident insurance line also increased in 3Q 2022, rising by 35.39% to ₱4.08 billion from 3Q 2021's ₱3.01 billion. Notably, the Aviation line of insurance business continued its upward trend, growing by a staggering 324.39% from negative (-) ₱30.79 million in 3Q 2021 to ₱69.09 million in 3Q 2022. With the exception of the Health insurance line, all other business lines grew during this reporting period. From the same quarter of the previous year, the Health insurance line fell by 35.77%, from ₱3.34 billion in 3Q 2021 to ₱2.14 billion in 3Q 2022.

Despite the reported total net loss of ₱0.97 billion from some companies, the non-life insurance sector's aggregate Net Income rose by 9.90% to ₱4.77 billion in 3Q 2022 from ₱4.34 billion in 3Q 2021. The growth is the result of improvements in net underwriting gain by 7.37% and net investment income by 24.35%.

D. MBA Industry Performance

The MBAs' Total Assets were reported to be at ₱131.81 billion in 3Q 2022, increasing by 7.71% from ₱122.38 billion in 3Q 2021. The industry's Total Cash decreased by 7.48% during the period. Other asset accounts decreased, such as Members' Fees and Dues Receivable by 27.54%; Members' Contributions Due and Uncollected by 60.62%; Unremitted Members' Contributions, Dues, and Fees by 19.38%; and Unremitted Premiums by 7.04%, respectively. However, the MBAs' Net Premiums Due and Uncollected significantly increased by 487.23%.

Total Liabilities increased by 6.69% from 3Q 2021 to 3Q 2022, from ₱72.89 billion to ₱77.76 billion. This can be attributed to the increase in the Optional Benefit Reserve by 10.63% that comprises 33% of the Total Liabilities, rising from ₱23.33 billion to ₱25.81 billion during the period under study. It can also be observed that the Amount Due to Reinsurers went down significantly by 73.77%.

The MBA industry's Total Fund Balance increased by 9.21% over the reported equity of ₱49.50 billion in 3Q 2021 to ₱54.06 billion in 3Q 2022.

"During said period, Funds Assigned for Guaranty Fund rose by 6.01%, and Assigned Fund Balance and Free and Unassigned Fund Balance also went up, which resulted to an increase in the Total Fund Balance by 9.21%," Commissioner Funa highlighted.

MBAs' Total Invested Assets amounted to ₱118.61 billion in 3Q 2022, higher by 8.92% from 3Q 2021 figures, which comprised 90% of the industry's Total Assets. As in the previous year of the same quarter, most of the investments were placed in Long Term Investments amounting to ₱53.62 billion in 3Q 2022, increasing by 13.14% year-on-year, and in Loans at ₱37.43 billion in 3Q 2022, which likewise increased year-on-year by 11.35%, respectively. Stocks also went up by 12.72% from ₱3.48 billion to ₱3.92 billion between 3Q 2021 to 3Q 2022. Also, Money Market Placements saw an abrupt increase by 618.33% during the period.

"The year-on-year increase in insurance density attests to the Filipino insuring public's increasing positive outlook in the benefits that insurance coverage can bring to them, especially in terms of financial security. Notwithstanding contractions in certain performance indicators, the growths registered by life and non-life insurers and MBAs as regards their Total Net Worth, Total Paid-Up Capital/Guaranty Fund, and Total Premiums Earned inspire confidence in said industries' responsiveness to the insuring public's needs as we continue to move forward amid the economic challenges posed by the COVID-19 pandemic," said Commissioner Funa in closing.



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