

**ANNUAL REPORT**  
**December 31, 2016**



**ASIA INSURANCE (PHILIPPINES)**  
**CORPORATION**

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## **OUR MISSION**

To deliver quality insurance products  
and customer services at competitive prices;

To build a quality workforce;

To be a caring employer;

To be a good corporate citizen;

To be a reputable organization;

## **OUR VISION**

To satisfy our customers by providing them first class protection  
and responsive claims services, so that Asia Insurance (Philippines)  
Corporation becomes a company of choice.

The Board of Directors has monitored and oversaw the  
implementation of the corporate strategy and has reviewed the  
vision and mission in the last financial year.

## **STRATEGIC CORPORATE OBJECTIVE**

To expand the profitable business portfolio by competing for increased share of the desirable market segments in order to increase the growth in Gross Premium Income and the good underwriting profit achieved in 2015.

## CORPORATE POLICY

The following principles will serve as the main guidelines in operating ASIA INSURANCE (Philippines) to produce profits and business growth satisfactory to the stockholders.

1. Professional Management System will be applied in operating **ASIA INSURANCE** emphasizing cooperation and teamwork in performing activities/projects to achieve company objectives.
2. Employees will be regarded as very important assets and it is primary management responsibility to select, train and develop good and loyal staff, provide good working conditions to encourage productivity, and create opportunities for advancement within the company.
3. **ASIA INSURANCE** will endeavor to give customers the best attention and satisfaction at all times especially in the processing and payment of claims. The management and staff shall promote **ASIA INSURANCE** as a service-oriented organization with a good reputation based on professional, friendly, responsive and reliable insurance protection and service.
4. **ASIA INSURANCE** will promote a strong marketing organization applying sound and prudent underwriting techniques. Subject to proper controls, cooperation with selected agents and brokers will be developed to generate profitable business.
5. Re-insurers will be regarded as essential partners. Maintaining the re-insurers trust and confidence is most important and necessary for **ASIA INSURANCE** to be able to pursue its operating objective.

## COMPANY HISTORY

**ASIA INSURANCE (Philippines) CORPORATION** is one of the oldest Insurance companies in the Philippines.

Over the years, **ASIA INSURANCE - Philippines** has established for itself an excellent reputation. Its philosophy and tradition is one of meeting the social and business needs of the market. Offering a comprehensive range of insurance services to meet the unique needs of the individual policyholders and corporate clients, **ASIA INSURANCE - Philippines** quotes competitive premium rates and provides good and efficient service.

Its operations are computerized to better service its valued clients. Continued efforts are being made to further upgrade its computer facilities and systems to match changing needs.

**ASIA INSURANCE (Philippines) Corporation** majority owned and managed by the Asian Insurance International Group. The Principal companies of the Group are long established and leading general insurers in Hong Kong, Singapore, Thailand and Indonesia, namely:

Asia Insurance Co., Ltd – Hong Kong  
The Asia Insurance Co., Ltd – Singapore  
Bangkok Insurance PCL – Thailand  
PT Asuransi Central Asia – Indonesia

The Asian Insurance International Group together with Bangkok Bank, the largest commercial bank in Thailand, invested additional funds which increased the paid-up capital and surplus of **ASIA INSURANCE – Philippines** to over Php 200 million which is one of the highest capitalization for insurers in the Philippines.

**ASIA INSURANCE – Philippines** can provide reliable insurance protection and service fully supported by the financial strength, management expertise and reinsurance backing of the Asian Insurance International Group.

**ASIA INSURANCE – Philippines** was originally established by Filipino entrepreneurs as Traders Insurance Surety Company on March 20, 1946 until June 7, 1979, when the fusion of an alliance with the Asian Insurance International Group joined the founding Filipino stockholders and strengthened the Company with increased capital, professional management and reinsurance support through its tie ups with Asia Insurance Company Limited, Singapore and the Asia Insurance Company Limited, Hong Kong. The Asia Group currently operates in 10 countries in the region, namely Singapore, Malaysia, Brunei, Thailand, Philippines, Indonesia, Hong Kong, Taiwan, Vietnam and China.

The new corporate name, **ASIA INSURANCE (Philippines) Corporation** which was approved in June 2004, signifies the commitment of the Group to promote the healthy development of their Philippine Company.

**ASIA INSURANCE - Philippines** enjoys strong support from the first class reinsurance companies operating in the local as well as those in the international markets. The Corporation continues to build enduring relationships with many of the leading insurance companies in the various markets.

As a demonstration of its commitment to the industry, **ASIA INSURANCE – Philippines** purchased its own office premises at the Tytana Centre Condominium. Occupying a floor area of 665 square meters, the Corporation is well positioned to provide its products, services and expertise to its agent, brokers and valued clients.

## ABOUT US

The majority owners of ASIA INSURANCE (PHILIPPINES) CORPORATION are long-established and leading general insurance companies in Hong Kong, Thailand and Indonesia, namely:

Asia Insurance Co., Ltd.- Hong Kong

Bangkok Insurance PCL- Thailand

PT Asuransi Central Asia- Indonesia

Asia Insurance Co., Ltd is a leading general insurer registered in Hong Kong. The company's financial strength and solid business profile as a reputable insurer in Hong Kong, Macau, Taiwan and China is recognized by Standard & Poor's Strong "A" rating.

Bangkok Insurance Public Company Limited is the largest non-life insurance company in Thailand and its financial reliability is highly rated "A- (Strong /Stable)" by Standard & Poor's, the best rating for insurance companies in Thailand. The Company's annual premium income exceeds Baht 15 billion (Php20 billion).

PT Asuransi Central Asia is one of three largest private non-life insurance companies in Indonesia producing an annual premium income of over Rupiah 1,490 billion (Php7.5 billion). The company has a track record of good operating performance.

These professional insurance companies established the Asian Insurance International Group (Asia Group) and during the past 15 years expanded their



operations in Asia including the Philippines. In 1998, Asia Group took over majority ownership and management of ASIA INSURANCE (PHILIPPINES) CORPORATION.

Bangkok Bank PCL, the largest commercial bank in Thailand, is a significant shareholder in ASIA INSURANCE (PHILIPPINES) CORPORATION.

The financial strength, management and expertise and reinsurance support derived from the Asia Group provided ASIA INSURANCE (PHILIPPINES) CORPORATION the capability to serve its growing portfolio of profitable business.

The Company was originally established by Filipino entrepreneurs as Traders Insurance & Surety Company. The Asia Group joined the founding Filipino stockholders and strengthened the Company with increased capital, professional management and reinsurance support in 1998. The new corporate name registered on June 23, 2004, signifies the commitment of the Asia Group to promote the healthy development of ASIA INSURANCE (PHILIPPINES) CORPORATION.

The Corporation now writes a gross premium of Php 600 million. With stockholders fund of Php 793 million and assets of Php 1.624 million. **ASIA INSURANCE – Philippines** offers first class security to its valued clients and friends in the Philippines and abroad through Asia Group’s Insurance Network.

Authorized Lines of Business : All non-life insurances including Fire, Marine, Motor Vehicle, Accident Liability, Engineering, Casualty, and Surety Bonds.

Manila Office : 15<sup>th</sup> Floor, Tytana Plaza  
Plaza Lorenzo Ruiz  
Binondo, Manila

Telephone No. : 241-5201 (10 trunk lines)  
Fax No. : 241-6257  
e-mail address : [aipc@asiains.com.ph](mailto:aipc@asiains.com.ph)

Makati Office : 23 C Floor, Chatham House  
116 Valero St., cor. V.A. Rufino St.  
Salcedo Village, Makati City

Telephone No. : 845-3223 (4 trunk lines)  
Fax No. : 888-2309  
e-mail address: [exm@asiains.com.ph](mailto:exm@asiains.com.ph)

Angeles City : 2<sup>nd</sup> Floor, Room I-1 Excelsior Building  
No. 314 McArthur Highway, C.M. Recto  
Angeles City  
Telefax No. (045) 625-0123

Auditors : Isla Lipana & Co.  
(member of Price Waterhouse Coopers)

## OUR PEOPLE

<b>BOARD OF DIRECTORS</b>	<b>POSITION</b>
Chai Sophonpanich	Chairman
Bernard C. Chan	Vice-Chairman
Teddy Hailamsah	Director
Wong Kok Ho	Director
Michael James Limpe	Director
Amb. Albert Del Rosario	Director
Ernesto C. Mauricio	Director
Maragarete Isleta	Independent Director
Apolinario de los Santos	Independent Director

**Mr. CHAI SOPHONPANICH**

Chairman

Age: 73 years old

**Education/Training**

- BSc., University of Colorado, U.S.A
- Advanced Management Program, the Wharton School
- The Joint State-Private Sectors Class 6, the National Defense College of Thailand

**Thai Institute of Directors Association (ICD) Training Program**

- Director Certification Program (DCP) Class 16/2002
- Chairman 2000 Class 10/2004

**Work Experiences****Positions in Listed Companies**

- Chairman, Bangkok Insurance Public Co., Ltd. (Aug. 2, 1978- present)
- Chairman and Chief Executive Officer, Bangkok Insurance Public Co., Ltd. (2010-2015)
- Chief Executive Officer, Bangkok Insurance Public Co., Ltd. (2010-2015)
- President, Bangkok Insurance Public Co., Ltd. (1976-2009)
- Director, Bangkok Insurance Public Co., Ltd. (April 25, 1968- July 1978)
- Chairman, Thai Reinsurance Public Co., Ltd. (Feb. 25, 2016- present)
- Vice-Chairman, Thai Reinsurance Public Co., Ltd. (1991- Feb. 25, 2015)
- Chairman, Furukawa Metal (Thailand) Public Co., Ltd. (1988- present)
- Chairman, Charoong Thai Wire & Cable Public Co., Ltd. (1986-present)
- Chairman, Bumrungrad Hospital Public Co., Ltd. (1979-present)
- Director, Bangkok Life Assurance Public Co., Ltd. (1968- Mar. 17, 2016)

**Positions in Non-Listed Companies**

- Chairman, The Federation of Thai Insurance Organization (2006-2008)
- President, The Thai General Insurance Association (1984-1986, 1989-1991, 1997-2001, 2005-2007)
- Director, International Insurance Society, Inc. New York, U.S.A (2009-2015)
- Chairman, Asean Reinsurance Corp. Ltd. Singapore (1988-1992)
- Chairman, Asean Insurance Council, Jakarta (1987-1989)
- President, The East Asian Insurance Congress (1984-1986, 2004-2006)

**BERNARD CHAN**

Age: 52 y/o

**Education**

- Pomona College, California, U.S.A

#### Positions held

- Executive director and President, Asia Insurance
- Member, Remuneration Committee, Nomination Committee, and Compliance Committee
- Chairman, AFH Charitable Foundation Limited
- Non-executive director of City e-Solutions Limited
- Independent non-executive director of Yau Lee Holdings Limited
- Chen Hsong Holdings Limited and China Resources Beer (Holdings) Company Limited (formerly known as China Resources Enterprise, Limited)
- Currently director of PICC Life Insurance Company Limited
- Director of Claremont Capital Holdings Ltd.
- Deputy to The National People's Congress of the People's Republic of China
- Non-official member of the Executive Council of HKSAR

#### Other Positions Held

- Chairman of the Advisory Committee on Revitalisation of Historic Buildings
- Standing Committee on Judicial Salaries and Conditions of Service
- The Committee on Reduction of Salt and Sugar in Food, the Steering Committee on Restored Landfill Revitalisation Funding Scheme and Hong Kong Thailand Business Council
- Trustee of Pomona College, California U.S.A
- Chairperson of the Hong Kong Council of Social Service



Name : **Teddy Hailamsah**

BoD/Place : Palembang, 16 March 1951

Address : PT. Asuransi Central Asia  
12<sup>th</sup> Floor, Wisma Asia  
Jl. Letjend S. Parman Kav. 79  
Jakarta 11420

Status : Married with 3 children

### **EDUCATION**

- a. 1957 – 1965 : Elementary School at Palembang
- b. 1965 – 1967 : Junior High School at Seventh Day Adventist High School  
Palembang
- c. 1969 – 1972 : Senior High School at Seventh Day Adventist High School  
Singapore
- d. 1972 – 1976 : South East Asian Union Collage Singapore

### **JOB EXPERIENCE**

<b>Year</b>	<b>Company</b>	<b>Position</b>
1976 - now	PT. Asuransi Central Asia	
1976 – 1977		General Staff
1977 – 1978		Underwriting Staff
1978 – 1980		helped to organize CAR Life
1978 – 1982		Marketing Dept. Head
1982– 1983		Property Dept. Head
1983 – 1986		Marketing Division – GM
1986 – 1987		Technical Division – GM

1987 – 1988	Deputy Managing Director
1988 – 1996	Managing Director
1996 – now	President Director

### **SEMINARS ATTENDED**

- a. 1977 : Life Insurance (Kyoei Life)
- b. 1978 : Marine Insurance (J.H. Minet)
- c. 1979 : Fire Protection (Munich Re)
- d. 1980 : General Insurance (Chiyoda)
- e. 1981 : Reinsurance (United Nation)
- f. 1982 : Loss of Profit Insurance – Difference between Gross Earning Form and British Loss of Profit by DAI-PT (Asuransi Cigna Indonesia)
- g. 1983 : Insurance In Japan for Construction Works by DAI-PT Asuransi Taisho & Taisho Marine& Fire Insurance Co., Ltd.
- h. 1984 : International Insurance Seminar by International Insurance Society, Seoul
- i. 1985 –now :attend many seminar, Conference domestic and overseas forum
- j. 2009 –now : as a speaker on many international and/or domestic Insurance seminar

### **OTHER POSITIONS HELD:**

1. President Director of PT. Asuransi Central Asia
2. President of East Asia Insurance Congress for year 2010 - 2012
3. Secretary-General of ASEAN Insurance Council (AIC) for year 1999 – 2011
4. One of the Founders of Indonesian Insurance Apprenticeship (Magang asuransi Indonesia)
5. One of the Founders of Indonesia Rendezvous
6. Executive Board Member of East Asia Insurance Congress for year 2004
7. Member of Indonesian General Architecture Team for year 2005
8. Member of Board of Advisory of the Indonesian Insurance day 2006 Committee

9. One of Founders and former Chairman of Indonesia High End Club from 2004 – 2009, now he sit as the Chairman of the Advisory Board
10. Member of AD Hoc Committee for FAIR Nat-Cat Pool, 2008 - now
11. Chairman of the Organizing Committee for 25<sup>th</sup> East Asian Insurance Congress, 2010
12. Vice Chairman of the Organizing Committee for 51<sup>st</sup> FAIR Executive Committee and Board Meeting 2010
13. In February 2012, The Prime Minister of Cambodia give a honour of Sahametrei Medal, on his contribution of Insurance Development in Cambodia



**WONG KOK HO**

Director

Age: 68

Education:

Hong Kong and Deakin University  
Melbourne, Australia  
- fellow member of The Chartered Insurance Institute, London

Positions held:

- Executive director and Chief Executive Officer of Asia Insurance and director of several other subsidiaries
- Director, AFH Charitable Foundation Limited
- AR Consultant Service (HK) Limited
- Independent non-executive director, Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited

Other positions held:

- councillor of the Employees Compensation Insurer Insolvency Bureau (ECIIB)
- member of the General Committee of the Insurance Claims Complaints Bureau
- councilor of General Insurance Council of the Hong Kong Federation of Insurers ("HKFI") and the Council of Motor Insurer's Bureau of Hong Kong ("MIB")
- previously chairman of ECIIB, General Insurance Council and the MIB
- member, governing committee of the HKFI
- President, Insurance Institute of Hong Kong
- Member, insurance subsector of the Election Committee (2011)

**MICHAEL JAMES LIMPE**

Director

Address: 122 L.P. Leviste St., Makati City  
Home Phone: 525-2775  
Email address: [mklimpe@hotmail.com](mailto:mklimpe@hotmail.com)  
Date of Birth: April 27, 1969  
Place of Birth: Manila  
Age: 48 years old  
Sex: Male  
Citizenship: Filipino  
Height : 5'7  
165 lbs.  
Language & Dialects: Filipino, English, Chinese  
Spoken/Written

**EDUCATION**

University of Southern California  
Los Angeles, California  
1987-1991

Major Subject: Business Management  
Minor Subject: Marketing

Xavier School Manila  
Philippines  
1983-1986

Secondary Level

Xavier School Manila  
Philippines  
1977-1983

Elementary Level

**JOB EXPERIENCE**

Present Employment

New Dynasty Int'l. (GSA China Airlines)  
Director

27<sup>th</sup> Floor Unit HIJ  
Burgundy Corporate Tower  
# 252 Sen, Gil Puyat Ave.  
Makati City

BST Traders Marketing Corporation  
Exec. Vice-President

1767 Taft Ave., Pasay City

JTL Realty Corporation  
Director

1767 Taft Ave., Pasay City

Asia Insurance (Philippines) Corporation  
Director

15<sup>th</sup> Floor Tytana Plaza  
Plaza Lorenzo Ruiz  
Binondo, Manila

**Past Employment**

Excel Glass Inc.  
Managing Director  
2000 – 2002

1835 Taft Avenue, Pasay City

Metro Badminton Courts  
President  
2006-2011

#2 Pioneer St., Mandaluyong City

ARCYA Trading Corporation  
Vice-President  
1994-2000

Malate, Manila

White Rose Industries  
Asst. Vice-President  
1991-1994

Malate, Manila

**MARGARETE R. ISLETA**

Independent Director

Address: 63 McKinley Hill Drive, McKinley Hill Village, Taguig City  
Home Phone: 799-9424  
Email address: meggra68@yahoo.com  
Date of Birth: June 15, 1968  
Place of Birth: Manila  
Age: 48 years old  
Sex: Female  
Citizenship: Filipino  
Height :

**EDUCATION:**

Ateneo de Manila University  
AB Communications  
1985-1989

Glasgow Caledonian University  
Diploma in Insurance (ACII)

University of the Philippines  
Diliman, Quezon City  
MA Broadcast Communication  
(finishing about 18 units but did not complete degree)

Others:  
Certificate in School of Ministry (2-Year Study)  
Every Nation Leadership Institute, Every Nation Building  
Fort Bonifacio Global City  
Taguig City

**JOB EXPERIENCE**

Gotuaco del Rosario Insurance Brokers, Inc.  
Account Manager  
1992

Vintage Enterprises, Inc. Production Assistant	April 1989 to Jan 1990
Scriptwriter/Radio Production Coordinator Creative Unit Producer	January 1990 to May 1991

## OUR STOCKHOLDERS

NAME OF STOCKHOLDER	SHARE	AMOUNT
Asia Insurance International (Holdings) Ltd.	20%	PhP 70,000,000
Albert del Rosario	11.142%	38,998,900
APIC Holdings, Inc.	11%	38,500,000
Bangkok Bank Public Co., Ltd.	10%	35,000,000
Limpe's Family	10%	35,000,000
Asia Insurance Co., Ltd.	7%	24,500,000
Tokio Marine Insurance Singapore Ltd.	5.203%	18,210,500
Bangkok Insurance PCL	5%	17,500,000
PT Asuransi Central Asia	5%	17,500,000
Robina International Group Limited	5%	17,500,000
Santiago Navarro	5%	17,500,000
Fong's Family	4.511%	15,791,500
Teddy Hailamsah	1.143%	3,998,900
Apolinario de los Santos		100
Margarete Isleta		100
Total	100.0000%	PhP350,000,000

<b>MANAGEMENT TEAM</b>	<b>POSITION</b>
Teddy Hailamsah	President & Director
Ernesto C. Mauricio	Managing Director
Rodelia P. Alfonso	Vice-President & Chief Financial Officer
Reynaldo B. Fong	Vice- President for Operations
Reynaldo T. Aguila	Sr Manager and Officer-In-Charge
Salvacion Ana R. Cruz	Sr. Manager- Accounting & Finance
Myrna P. Puzon	Sr. Underwriting Manager
Rogelio A. Indon	Marketing Services Manager
Leonides S. de Leon	Manager, Surety
Josephine C. Rodriguez	Motor Car Underwriting Manager
Benjamin B. Meris Jr.	Manager, Claims Department
Mitchell R. Butcon	Manager, Fire Underwriting
Adelyn Chin- de la Cruz	Asst. Manager- Collection Department
Florencia V. Gonzales	Asst. Manager- Accounting Department

#### **OUR EMPLOYEES:**

As at December 31, 2016 and 2015. there are 77 and 76 employees, respectively, which include the management team. The management believes that there is a satisfactory relationship between and among employees.

Every year, the Company holds its annual Company Outing/Team Building to further motivate the employees, improve their well-being and develop rapport among employees. This year, the activity was held @ Palm Beach Resort , Laiya, San Juan, Batangas on May 13-14, 2017.

## **KEY RISKS**

### **Insurance and financial risk and capital management**

This section summarizes the Company's insurance and financial risks and the way the Company manages them, including the Company's capital management objectives.

#### **1. Insurance risk**

Insurance is a form of contract whereby periodic payments (also known as insurance premiums) are made to an insurance company, in order to provide an individual or business compensation in the event of property loss or damage. The risk under any one insurance contract is the uncertainty about an unfavorable outcome in a given situation. Insurance risk is uncertainty over the likelihood of an insured event occurring, the quantum of the claim, or the time when claims payments will fall due.

The principal risk the Company is facing under insurance contracts is when the actual claims and benefit payments exceeds the carrying amount of the insurance liabilities. This could happen when there are numerous claims that occur in a particular period and the actual payment exceeds the estimated amount.

Factors that aggravate insurance risk include reduction in rates of premium, geographical location, and type of industry covered. One way of reducing insurance risk is by transfer and sharing of risk.

The Company has developed its insurance underwriting strategy to expand the type of insurance risk accepted in order to attain premium income growth and above-average underwriting profit.

#### **2. Financial risk**

The Company is exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risk are market risk, credit risk and liquidity risk.

#### **3. Market risk**

##### *Interest rate risk*

This is the type of risk that the Company primarily faces due to the nature of its financial assets and liabilities. The interest rate risk is the only financial risk that has a materially different impact across the assets and liabilities categorized in the Company's asset liability management framework.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to fair value interest rate risk because of debt securities held by the Company and classified on the statement of financial position as available-for-sale (Note 5). A sensitivity analysis was performed based on a reasonable possible shift in interest rate year on year on the Company's debt securities.

The Company's investments in government securities classified as held-to-maturity (Note 5) bear fixed interest rates and carried at amortized cost; and therefore the Company is not exposed to fair value and cash flow interest risk on these securities.

#### *Foreign currency risk*

The insurance business of the Company is mostly denominated in local currency. Currency exposures arise primarily from the holding of monetary assets and liabilities denominated in US Dollar. The Company does not enter into derivatives to manage foreign currency risks.

#### *Price risk*

The Company is exposed to price risk in respect of equity securities classified as available-for-sale securities. The Company manages such risk by setting and monitoring objectives and diversification plan. Net change in fair value of available-for-sale equity securities for the years ended December 31 would increase/decrease by P2,705,344 (2014 - P3,074,608) as a result of an increase/decrease of 14.30% (2014 - 22.76%) in market prices which is based on the average historical fluctuation in the stock price index year-on-year.

### **Credit risk**

#### *Credit risk management, risk limit and mitigation policies*

##### *(i) Insurance and reinsurance receivable balances*

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or group of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved annually by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. For facultative reinsurers, only approved companies are being used after taking into consideration their paying habit and reciprocal business.

Key areas where the Company is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.



## OTHER INFORMATION

The Board of Directors declares dividends annually after the annual board of directors meeting which is normally held in June of every year. Payment for the dividends is made after the approval of the Insurance Commission but no later than one month after receipt of the IC approval.

For the calendar year 2016 5% dividend based on Paid Up Capital of P350,000,000 is declared on June 24, 2016 which is equivalent to P17,500,000.

The independent directors are 'independent' of management and substantial shareholders and term expires after nine (9) years of holding the position.

The following are the members of the board who are present during the most meeting on June 24, 2016 at Makati Shangrila Hotel, Makati City. It was presided over by the chairman, Mr. Chai Sophonpanich: Mr. Bernard Chan (Vice-Chairman); Mr. Teddy Hailamsah, Mr. Wong Kok Ho, Mr. Michael James Limpe, Amb. Albert del Rosario, Mr. Ernesto C. Mauricio as members; and Mr. Apolinario delos Santos and Margarete Isleta as independent directors.

The Board of Directors through Mr. Ernesto C. Mauricio, Managing Director and Ms. Rodelia P. Alfonso, Vice-President/Chief Financial Officer has affirmed on the true and fair presentation of the audited financial statements.

During the course of business operations, the company has no engagement with non-audit services.

The Company is fully compliant with the Code of Corporate Governance as required by the Insurance Commission.

- separate CSR report/section or sustainability report/section (or in website)
- complaints section with dedicated phone number or email address
- policies and activities undertaken by the company with explicit explanation on what the company stands for over the stakeholder's right.
- Annual report released within 120 days from financial year end

## **OUR AFFILIATES (foreign insurance Companies)**

### **Asia Insurance Co., Ltd.- Hong Kong**

16<sup>th</sup> Floor, Worldwide House  
19 Des Voeux Road Central  
Hong Kong  
Tel. # (852) 2867-7988

### **Bangkok Insurance PCL- Thailand**

Bangkok Insurance Building  
25 South Sathom Road  
Bangkok 10120, Thailand  
Tel. # 285- 8888

### **PT Asuransi Central Asia- Indonesia**

Wisma Asia Building, 12<sup>th</sup>-14<sup>th</sup> Floor  
Jl. Jend. S. Parman Kav 79  
Jakarta 11420 Indonesia

## STRUCTURE & MANAGEMENT

**ASIA INSURANCE (PHILIPPINES) CORPORATION** is registered with the Securities & Exchange Commission (SEC) and is issued Certificate of Registration No. 1402 issued on March 22, 1946. It is also issued a Certificate of License by the Insurance Commission on June 30, 2016 and will expire on December 31, 2019.



## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Asia Insurance (Philippines) Corporation**  
15th Floor, Tytana Plaza  
Plaza Lorenzo Ruiz  
Binondo, Manila

## Report on the Audits of the Financial Statements

### *Our Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Asia Insurance (Philippines) Corporation (the "Company") as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

### *What we have audited*

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2016 and 2015;
- the statements of total comprehensive income for the years ended December 31, 2016 and 2015;
- the statements of changes in equity for the years ended December 31, 2016 and 2015;
- the statements of cash flows for the years ended December 31, 2016 and 2015; and
- the notes to financial statements, which include a summary of significant accounting policies.

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 845 2728, F: +63 (2) 845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)

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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Asia Insurance (Philippines) Corporation  
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***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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To the Board of Directors and Shareholders of  
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



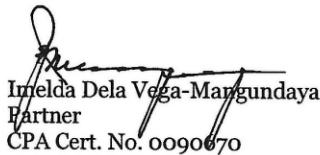
Isla Lipana & Co.

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**Report on Bureau of Internal Revenue Requirement**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**



Imelda Dela Vega-Mangundaya  
Partner  
CPA Cert. No. 0090670

PTR No. 0024586, issued on January 6, 2017, Makati City  
SEC A.N. (individual) as general auditors 0668-AR-3, Category A; effective until March 1, 2020  
SEC A.N. (firm) as general auditors 0009-FR-4, Category A; effective until July 15, 2018  
TIN 152-015-124  
BIR A.N. 08-000745-47-2016, issued on February 15, 2016; effective until February 14, 2019  
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City  
May 2, 2017



## FINANCIAL STATEMENTS

### Asia Insurance (Philippines) Corporation

Statements of Financial Position

December 31, 2016 and 2015

(All amounts in Philippine Peso)

Notes	A S S E T S	2016	2015
	<b>A S S E T S</b>		
Cash and cash equivalents	3	239,236,175	201,990,456
Receivables, net	4	230,471,652	268,518,425
Available-for-sale securities	5	56,526,834	81,990,797
Held-to-maturity securities	5	663,818,911	516,328,752
Reinsurance recoverable on unpaid losses	6	178,504,351	127,493,790
Deferred reinsurance premiums	6	103,588,941	84,227,593
Deferred acquisition costs, net	6	88,925,500	79,584,112
Investment property, net	7	21,839,931	23,595,541
Property and equipment, net	8	14,542,216	17,531,404
Deferred income tax assets, net	9	20,031,573	19,178,185
Other assets		6,360,991	14,415,305
<b>Total Assets</b>		<b>1,623,847,075</b>	<b>1,434,854,360</b>
Losses and claims payable	6	293,864,494	237,925,394
Reserve for unearned premiums	6	258,687,439	221,527,233
Due to reinsurers and ceding companies	17	145,343,062	121,550,997
Funds held for reinsurers	17	31,489,707	24,685,511
Commissions payable		15,710,277	12,740,299
Accounts payable and other liabilities	10	77,085,634	55,867,965
Income tax payable		8,768,683	11,857,319
<b>Total liabilities</b>		<b>830,949,296</b>	<b>686,154,718</b>
Share capital	11	350,000,000	350,000,000
Contributed surplus	11	500,000	500,000
Accumulated other comprehensive income	11	2,763,995	8,321,195
Retained earnings		439,633,784	389,878,447
<b>Total equity</b>		<b>792,897,779</b>	<b>748,699,642</b>
<b>Total liabilities and equity</b>		<b>1,623,847,075</b>	<b>1,434,854,360</b>



**Asia Insurance (Philippines) Corporation**  
**Statements of Total Comprehensive Income**  
For the years ended December 31, 2016 and 2015  
(All amounts in Philippine Peso)

	Notes	2016	2015
<b>UNDERWRITING INCOME</b>			
Premiums written, net of returns		600,577,821	524,483,099
Reinsurance premiums ceded	17	(249,993,160)	(210,924,192)
Premiums retained		350,584,661	313,558,907
Increase in reserve for unearned premiums, net	6	(17,798,858)	(13,646,518)
Premiums earned		332,785,803	299,912,389
Commissions earned	17	46,515,609	44,988,563
Other underwriting income		521,461	430,094
<b>GROSS UNDERWRITING INCOME</b>		<b>379,822,873</b>	<b>345,331,046</b>
<b>UNDERWRITING EXPENSES</b>			
Commissions and other underwriting expenses	6,17	165,977,369	141,250,786
Losses and claims, net	6,17	127,269,209	110,075,595
		293,246,578	251,326,381
<b>NET UNDERWRITING INCOME</b>		<b>86,576,295</b>	<b>94,004,665</b>
<b>INVESTMENT AND OTHER INCOME</b>			
Interest income	12	27,828,229	28,436,856
Foreign exchange gain, net	21	16,505,134	18,006,301
Gain on sale of investments	5	(517,763)	285,329
Rent	7	4,733,687	4,428,719
Dividend	5	1,225,667	997,530
Miscellaneous		640,250	638,213
		50,415,204	52,792,948
<b>NET UNDERWRITING AND INVESTMENT INCOME</b>		<b>136,991,499</b>	<b>146,797,613</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries and employee benefits	13	41,768,496	38,727,034
Occupancy and equipment-related costs		8,957,170	8,385,628
Representation and entertainment		4,585,075	3,294,858
Taxes, licenses and fees		3,341,939	2,977,850
Transportation and travel		4,205,717	3,967,108
Printing, stationery and supplies		1,712,585	1,836,416
Communication and postage		1,156,271	1,128,122
Association dues		1,266,792	1,257,258
Professional and directors' fees	17	1,743,151	1,278,148
Advertising and promotion		58,592	47,000
Miscellaneous		3,681,576	3,422,476
		72,477,364	66,321,898
<b>INCOME BEFORE INCOME TAX</b>		<b>64,514,135</b>	<b>80,475,715</b>
PROVISION FOR INCOME TAX	9,15	(14,758,798)	(18,759,976)
<b>NET INCOME FOR THE YEAR</b>		<b>49,755,337</b>	<b>61,715,739</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will be subsequently reclassified to profit or loss			
Net change in fair value of available-for-sale securities		(4,878,043)	(3,364,838)
Item that will not be subsequently reclassified to profit or loss			
Remeasurement (loss) gain on retirement benefit obligation, net of tax		(679,157)	(874,890)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>44,198,137</b>	<b>57,476,011</b>

**Asia Insurance (Philippines) Corporation**  
**Statements of Changes in Equity**  
For the years ended December 31, 2016 and 2015  
(All amounts in Philippine Peso)

Share capital	Contributed surplus	Accumulated other comprehensive income	Total equity	Retained earnings	
Balances at January 1, 2015	350,000,000	500,000	12,560,923	345,662,708	708,723,631
Comprehensive income					
Net income for the year	-	-	-	61,715,739	61,715,739
<b>Other comprehensive income</b>	-	-	(4,239,728)	-	(4,239,728)
Total comprehensive income for the year	-	-	(4,239,728)	61,715,739	57,476,011
Transactions with owners					
Cash dividend	-	-	-	(17,500,000)	(17,500,000)
Balances at December 31, 2016	350,000,000	500,000	8,321,195	389,878,447	748,699,642
Comprehensive income					
Net income for the year	-	-	-	49,755,337	49,755,337
Other comprehensive income	-	-	(5,557,200)	-	(5,557,200)
Total comprehensive income for the year	-	-	(5,557,200)	49,755,337	44,198,137
Transactions with owners					
Cash dividend	-	-	-	-	
Balances at December 31, 2016	350,000,000	500,000	2,763,995	439,633,784	792,897,779

## **FINANCIAL PERFORMANCE INDICATORS**

	2016	2015
Loss Ratio	38%	37%
Retention Ratio	58%	60%
GAE Ratio	11%	11%
Net Commission Ratio	30%	28%
Gen. Expense to Net Premiums	18%	19%
Return on Asset	3.25%	4%
Return on Equity	6%	8%

## **NON-FINANCIAL PERFORMANCE INDICATORS**

The financial performance indicators measure the internal results of the business. However, other than the financial performance indicators mentioned above, the company's core business advantage is its quality service to customers. To be competitive, and for longer stability and solvency, other factors such as customer satisfaction and competitors' actions, which are all external must be also considered.

Customer satisfaction via speedy claims (valid) settlement is what the company guarantees to its policyholders. As long as there is complete, accurate and proper documentation for the claims being reported, claimants are assured of compensatory payment for any damage or loss suffered.

COMMENTS? COMPLAINTS? SUGGESTIONS?

## CONTACT US

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