

ASIA INSURANCE (PHILIPPINES) CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

June 1, 2017 at 10:00 a.m.
23rd Floor Unit C, Chatham House
116 Valero cor. V.A. Rufino Streets
Salcedo Village, Makati City
Philippines

ASIA INSURANCE (PHILIPPINES) CORPORATION

ANNUAL REPORT 2016

The business operation of the Company for the year ended December 31, 2016 produced above average business growth and profitable results despite the difficult market environment.

Gross Premiums

Total gross premiums booked in 2016 increased by 15% to Php 600.57 million boosted by strong growth of the broker business portfolio at Makati office. The business growth achieved by the Company was slightly above the budget for the year and better than the average for the industry. The Insurance Commission has reported that the non-life insurance industry posted an average growth of 9% in 2016.

	2016		2015		CHANGE	
	Php '000	%	Php '000	%	Php '000	%
FIRE	188,116	31	159,543	30	28,573	18
MOTOR	308,854	51	274,663	52	34,191	12
CARGO	9,822	2	10,511	2	(689)	(7)
CASUALTY	71,362	12	59,855	11	11,507	19
BOND	22,424	4	19,911	5	2,513	13
TOTAL	600,578	100	524,483	100	76,095	15

Net Premiums Retained

Higher retentions in the Motor Car and Casualty underwriting departments raised the total net premiums retained to Php 350.58 million, posting a 12% growth. However, the lower retention ratios in Fire and Bonds reduced the overall retention ratio to 58% from 60% in 2015. The average retention ratio for the industry in 2016 was 53%.

	2016		2015		CHANGE	
	Php '000	R/R%	Php '000	R/R%	Php '000	%
FIRE	13,052	7	13,249	8	(197)	(1)
MOTOR	305,671	99	271,403	99	34,268	13
CARGO	4,061	41	3,510	33	551	16
CASUALTY	15,042	21	13,232	22	1,810	14
BOND	12,759	57	12,165	61	594	5
TOTAL	350,585	58	313,559	60	37,026	12

Underwriting Income

Net underwriting income in Marine Cargo, Casualty and Bonds increased significantly as a result of higher premiums earned and improved loss experience. However, higher losses incurred and increased unearned premium reserve in Motor Car reduced the total net underwriting income by 8% to Php 86.57 million. Operating expenses stayed within the budget.

The company managed to achieved Php 23.24 million underwriting profit after operating expenses in 2016 compared with the Php 35.9 million recorded in 2015.

	2016		2015		Change	Industry Average L/R 2011-2015
	Net U/W Income	L/R	Net U/W Income	L/R		
	Php '000	%	Php '000	%	%	%
FIRE	8,917	18	8,400	17	6	67
MOTOR	61,546	42	73,599	38	(16)	43
CARGO	2,228	-	1,960	1	14	37
CASUALTY	4,675	37	2,486	51	88	35
BOND	9,210	(8)	7,559	16	22	10
TOTAL	86,576	38	94,004	37	(8)	43
Operating Expenses	63,336		58,087		9	
Underwriting Profit	23,240		35,917		(35)	

Investment Income

Investment and other income booked in 2016 declined slightly to Php 50.4 million. The decrease of 5% or Php 2.37 million was mainly due to the higher unrealized gain on foreign exchange booked in 2015 and the losses on the sale of old investments in unprofitable stocks.

Net Income For The Year

The Company's business operation in 2016 generated a net profit after tax of Php 49.75 million. This was 19% lower than the Php 61.7 million net profit recorded in 2015.

In 2016, the Company's financial position strengthened further as total stockholders' equity rose 6% to Php 792.89 million.

We thank the Stockholders and the Board for the valuable support and guidance which motivate us to continuously grow the business and improve the profitability of the Company.


Ernesto C. Mauricio
Managing Director


Reynaldo B. Fong
Vice President – Operations


Rodella P. Alfonso
Vice President & CFO