MAPFRE | INSULAR

ANNUAL REPORT 2016

PRESIDENT'S MESSAGE

Innovative is hardly a word to describe a long-established insurance company like MAPFRE INSULAR. While we strive to keep the tradition of providing quality service to our customers, we also aim to find better ways to meet our client's insurance needs.

For us, 2016 was a year of constant development. It was the year when we continued our bold step to modernize our systems, both internally and externally, to respond to the rapidly approaching digitization that globally and locally.

Modernizing our software system is critical to the future success of our industry. We continued on beefing up the IT infrastructure and IT software of the company. In October 2016, we successfully turned our data from one of our data centers in Pasong Tamo to another of our data centers in Cebu, which has been upgraded and tested for disaster and recovery plan.

In addition to building up the business system, we also improved our product lines. A complete spectrum of non-life insurance products and services have always been the pride of MAPFRE INSULAR. We came up with products that are more comprehensive and offers wider coverage. In line with this, we also started offering new services. VIP Fast Track, for example, is a new service that does not require incident reports or other papers when it comes to clear cut claims.

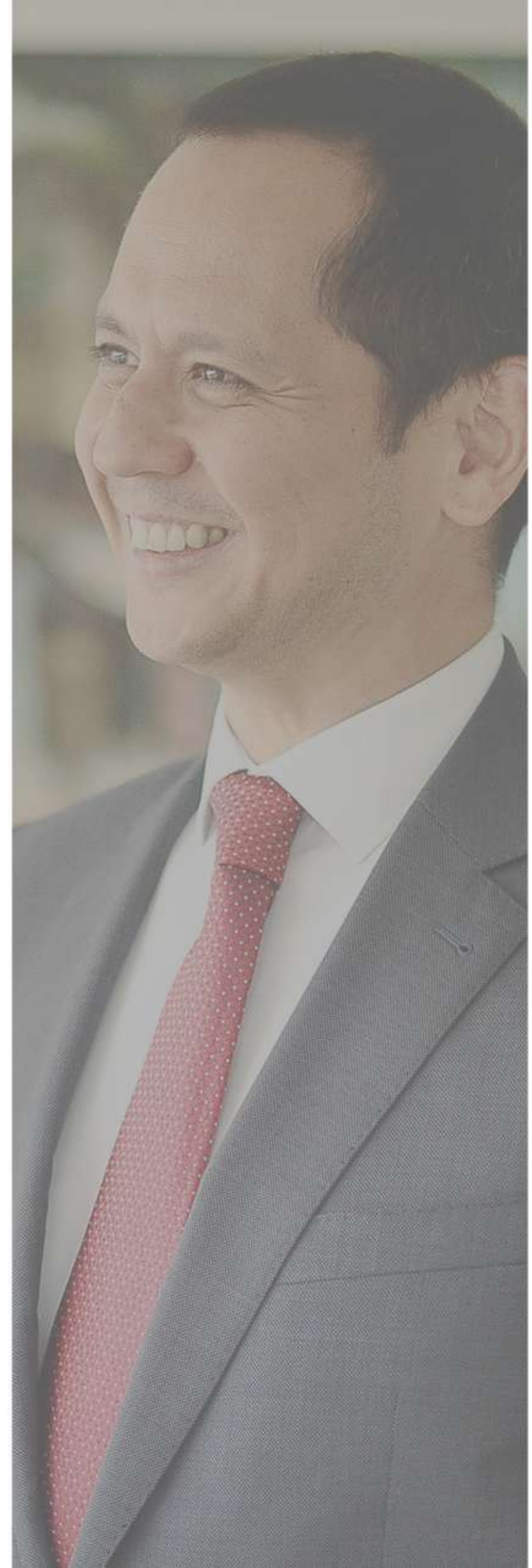
These improvements are all directed to better cater to the needs of our customers. Our customers are not just our policyholders. We recognized the importance of a competitive and comfortable working environment for our internal customers--our employees.

Results from Spain's Great Place to Work Survey conducted in October 2016 revealed that 76 percent of our employees would recommend MAPFRE INSULAR for its exceptional workplace, generous benefits, and competitive compensation.

We also initiated on sending some of our employees for training in Madrid. Likewise, we have started bringing in experts and professionals from Spain to help us integrate the new approach that we will be working on.

For more than 80 years, MAPFRE INSULAR has been steadfast in its commitment to meeting the insurance needs of our customers. We feel that this year is well underway. As we journey on to the future, we will continue to strive and improve our service in a manner that will make MAPFRE INSULAR an innovator among non-life insurance organizations in the country.

Tirso C. Abad
MAPFRE INSULAR President and CEO



LEIRE JIMENEZ AYESA
Chairman of the Board

LUIS C. LA Ó
Vice Chairman of the Board Insular Life Representative

Age: 36

Academic Background:

Ms. Ayesa graduated in 2002 from Deusto University in Spain with a degree in Business Administration & Humanities. She then took her Master's Degree in International Relations at the Flinders University, Australia in 2004.

Business and Professional Background or Experience:

Ms. Ayesa is presently the CEO for Asia Pacific of MAPFRE S.A. Prior to this, she was the General Manager of MAPFRE Assistance, China Business Unit. She is a director in MAPFRE Asistencia Limited (Hong Kong entity); Road China Assistance (Beijing) Co. Ltd. (Chinese Entity); and India Road-side Assistance Private Limited (India entity). Ms. Ayesa is also the President of the Board, Legal Representative (Taiwan entity), member of the Board Commissioners of MAPFRE ABDA Assistance Pt. (Indonesia entity), and Executive Director of MAPFRE Qingdao Enterprise Management Consulting Limited (Chinese entity).

Age: 70

Academic Background:

Mr. La Ó graduated from the Ateneo de Manila University in 1968 with a Bachelor of Science in Management degree. He obtained his MBA at the De La Salle University in 1973.

Business and Professional Background or Experience:

Mr. La Ó was first elected to the Board in 1983, back when MAPFRE INSULAR was still Provident Insurance Corporation. He later then got elected as its Chairman in 1986. Prior to this, Mr. La Ó worked as Senior Vice President of Ayala Group's Universal Reinsurance Corporation in 1968. In 1983, he joined the Soriano-led Provident Insurance as its President. He then on served as Regional Vice President for Asia by the MAPFRE Group from 1986 to 2006.

TIRSO C. ABAD
President and CEO of
MAPFRE Philippines

MONALISA B. DELA CRUZ
Non-Executive Director
of the Board Insular Life
Representative

Age: 52

Academic Background:

Mr. Abad obtained his degree in Marketing in 1984 and another degree in Humanities in 1988 both at the De La Salle University. He later on pursued Humanities, Sales, and Strategies courses in various institutions in Madrid, Spain.

Business and Professional Background or Experience:

Prior to joining MAPFRE INSULAR, Mr. Abad was affiliated with MAPFRE Reaseguros, S.A. (MAPFRE Reinsurance) in Manila, where he served as Regional Manager – Representative Office for Asia from 2013 to 2014. During this stint, he assisted in the expansion of the business in Korea and South East Asia. He also developed facultative support throughout Asia, including Japan, China, Hong Kong and Taiwan. Since joining the MAPFRE Group in 1977, Mr. Abad held various positions in companies owned by MAPFRE in Spain and in Asia.

Age: 59

Academic Background:

Ms. Dela Cruz graduated Cum Laude in 1978 with a degree in Bachelor of Science from the University of the Philippines. A year later, she received her Master of Science in Mathematics, major in Actuarial Science at the University of Michigan.

Business and Professional Background or Experience:

Ms. Dela Cruz is currently the President and COO, as well as trustee, of the Insular Life Assurance Co. Ltd. She also sits as Director of Insular Health Care, Inc.; Insular Investment Corporation; Home Credit Mutual Building & Loan Association; Insular Life Development and Management Corporation; Insular Life Property Holdings, Ins.; ILAC General Agency, Inc.; Pilipinas Shell Petroleum Corporation; and the Unionbank of the Philippines. Lastly, Ms. Dela Cruz is a Board Trustee and Insular Life Employee Retirement Fund.

FRANCISCO DEL ROSARIO
Independent Director

Age: 69

Academic Background:

Mr. Del Rosario obtained his degree in Liberal Arts, Major in Economics as well as Commerce, Major in Accounting at the De La Salle University in 1970. He then obtained his MBA at the Asian Institute of Management in 1972.

Business and Professional Background or Experience:

Mr. Del Rosario is an Independent Director in Metrobank and DMCI Homes, Inc. He also sits on the Board of OMNIPAY, Inc. and Philab Industries, Inc. as Director. Moreover, he is the President and CEO (2014-2015), as well as the Chairman (1955-1998) of the Development Bank of the Philippines, Undersecretary of the Department of National Defense, President of the Cultural Center of the Philippines, and Executive Vice President of the Government Service Insurance System. He also worked as President of Roxas and Company and he assumed various roles in San Miguel Properties and Coca Cola Bottlers. Additionally, Mr. Del Rosario is also a Trustee of the ABS-CBN Foundation, Inc.

AMBROSIO MANGILIT
Independent Director

Age: 68

Academic Background:

Mr. Mangilit obtained his Bachelor of Arts major in Economics as well as his Bachelor of Science in Commerce major in Accounting both in De La Salle University in 1970. He then took Basic Management Program at the Asian Institute of Management in 1974 and obtained his Masters in Business Administration at the University of the Philippines in 1975.

Business and Professional Background or Experience:

Mr. Mangilit, a Certified Public Accountant, is the President of Asia Pacific Network Holding, Inc. and Consultant of Manila Archdiocesan & Parochial Schools Association Retirement Board. He was formerly the Executive Vice President, Chief Operating Officer and General Manager-Marketing of Ayala Life Assurance Inc. He held top management positions in Bank of the Philippine Islands, Island Development Bank Ltd., Brunei and Ayala Investment and Development Corporation. Apart from MAPFRE, Mr. Mangilit served as Director in the following companies: Ayala Corporation; FGU Insurance Corporation; Ayala Plans, Inc.; Ayala Health Care, Inc.; Ayala Financial and Insurance Services, Inc.; Ford Medical Center; BPI Express Remittance, Inc.; Los Angeles CA; BPI Securities Corporation; and Maria Cristina Chemicals, Inc.

SILVERIO BENNY J. TAN
Picazo Buyco Tan Fider &
Santos Non-Executive Director

Age: 60

Academic Background:

Atty. Tan graduated Cum Laude graduate in 1978 from the University of the Philippines Iloilo with a degree in Bachelor of Arts, major in Political Science. He then graduated Cum Laude from the University of the Philippines College of Law in 1982, getting the third place in the Bar Examination shortly after.

Business and Professional Background or Experience:

Atty. Tan was corporate secretary of MAPFRE Insular from 1999 to 2016. Apart from that, he was also corporate secretary of listed companies: Bloomberry Resorts Corporation, Apex Mining Co. Inc. and (as assistant corporate secretary) International Container Terminal Services Inc. Atty Tan is also a director and/or corporate secretary of many of the subsidiaries of these 3 listed companies, as well as in many other corporations, in most of which he also acts as senior corporate counsel. Lastly, atty. Tan is a partner in Picazo Buyco Tan Fider & Santos law offices, and was the managing partner of the firm from 2013 to 2015.

MAYO JOSE B. ONGSINGCO
Non-Executive Director

Age: 63

Academic Background:

Mr. Ongsingco graduated Magna Cum Laude with Jose Rizal Honors Society distinction from De La Salle University with dual degrees AB Economics and BSC Accounting. He then completed his Master of Business Administration degree at the University of the Philippines with Pi Gamma Mu and University Scholar honors. Mr. Ongsingco also topped the Master of National Security Administration Regular Class #33 at the National Defense College of the Philippines.

Business and Professional Background or Experience:

Mr. Ongsingco was the President of The Insular Life Assurance Company, Ltd. (2004-2015). He was also Director and Vice Chairman of the Executive Committee of Union Bank of the Philippines and served as Director in Pilipinas Shell Petroleum Corporation, Asian Hospital Inc., Keppel Philippines Marine, Subic Shipyards & Engineering, Keppel Holdings and several Insular Life subsidiaries such as Insular Savings Bank, Insular Health Care and Insular Investment Corporation. He is currently an Adviser to the Board of First Metro Investment Corporation and Trustee in De La Salle College of St. Benilde and Foundation for Carmelite Scholastics.

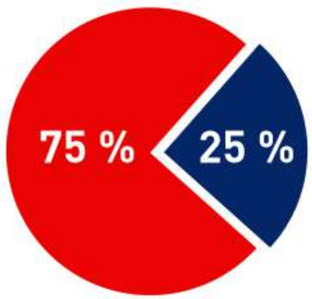
CORPORATE PROFILE

MAPFRE INSULAR is a non-life insurance company offering general insurance for optimum financial protection and risk management. The company provides insurance services on fire and allied lines, motor vehicle, personal accident, casualty, liability, engineering, marine cargo, surety and microinsurance. With over 80 years of experience in the Philippines, MAPFRE INSULAR has earned a solid reputation as a highly dependable and reliable insurance company committed to delivering outstanding products and services to its clients.

Apart from extensive experience, MAPFRE INSULAR is distinguished by its name and affiliation with two well-known and respected industry giants: MAPFRE of Spain and Insular Life.

MAPFRE

MAPFRE Sociedad Anonima is the biggest insurance group in Spain and the largest multinational insurer in Latin America with global presence in 49 countries



Insular Life

Insular Life is the Philippines' first and largest domestic life insurance company with over 100 years of experience in financial protection, savings and investments.

Company Milestones

1934
The Company is founded by well-known Filipino entrepreneurs under the corporate name **Provident Insurance Company.**

1995
MAPFRE of Spain acquires Provident and renames the company **MAPFRE Asian Insurance Corpo-ration.**

2005
MAPFRE Asian Insurance Corp. is merged with Insular General Insurance Company, the non-life arm of Insular Life Assurance Co., Ltd. And the resulting company is **MAPFRE Insular Insurance Corporation.**

2016
MAPFRE INSULAR marks its 82nd year of corporate service.

VISION

MAPFRE wants to be the most trusted global insurance company.

MISSION

We are a multinational team striving constantly to provide ever better service and to develop the best possible relations with our clients,distributors, suppliers, shareholders and society

VALUES

Solvency

• Financial strength with sustainable results.
• International diversification and consolidation in the various markets

Integrity

• Ethics governs the behaviour of all people
• Socially responsible approach in all our activities.

Service Vocation

• Permanent search for excellence in carrying out our activities
• Continous initiative aimed at caring for our relationship with the customer

Innovation for Leadership

• Drive for constant improvement and progress
• Useful technology available to business and their objectives.

Committed Team

• Complete involvement of the team with the MAPFRE project.
• Constant development and training of the team's capabilities and skills.

MANAGEMENT REPORT

Innovation is survival. It is the will that acts on every challenge head on, the wisdom that adapts to the changing times, and the invisible force that drives the world to progress. Sadly, for many people, innovation has become a sort of token--a thought absent of its deeper meaning. Everyone seems to know what it is, yet nobody actually knows how to practice it.

The brand of innovation that MAPFRE INSULAR took was clear from the get-go. Change will not be a way for trifle adjustments. Instead, it will take on a much daring path of transformation.

This report chronicles this journey of transformation that MAPFRE INSULAR took in 2016. It will provide the context in which how MAPFRE has innovated in light of significant developments that took place in the Philippines and the insurance industry.

The Environment

2016 is yet another pivotal year in Philippine history, which banners with the election of President Rodrigo Roa Duterte.

President Duterte, the first Mindanao chief executive elected into office, won a significant plurality by campaigning on a platform of change as well as peace and order.

Despite initial fears on the innately disruptive messaging of the new administration, much of the economic fundamentals of President Duterte's predecessors remained untouched, at least at the onset of his presidency. This, as many economists agree, allowed the country to sustain growth in 2016.

Latest available data from the Philippine Statistics Authority (PSA) revealed that the country posted a 6.6 percent growth Gross Domestic Product (GDP) in the fourth quarter of 2016, driving the economy to grow by 6.8 percent for the entire year.

The fourth quarter growth was the slowest recorded for the year, but was higher than the 6.5 percent growth in the fourth quarter of 2015.

The PSA said Manufacturing, Trade, Real Estate, Renting, and Business Activities were the main drivers of growth for the quarter. Industry led the way, posting growth of 7.6 percent, higher than previous year's 6.5 percent growth. Services slightly declined by 7.4 percent compared with the 7.8 percent growth in the fourth quarter of 2015.

Reacting to the positive indicators, the country's Finance Department (DOF) said despite the political chatter that preoccupy the nation, the Philippines remains to be good shape even with the change in administration. The DOF further said that President Duterte remains committed to sustaining the country's growth momentum. It predicts a 6.5 to seven percent in 2017.

The National Economic and Development Authority (NEDA) is slightly more optimistic as it sees a medium term growth of seven to eight percent. Socioeconomic Planning Secretary Ernesto Pernia also expects the economy to grow in real terms by 50 percent in real terms, while per capita to expand by over 40 percent during the next six years.

The NEDA, however, warns that the country needs to manage economic risks for it to realize its goal of becoming an upper-middle class country by 2022. For instance, the government needs to improve the country's agriculture, especially with the threat of extreme weather disturbances, such as El Nino and typhoons, constantly hovering over the nation.

International credit rating firm, Fitch Ratings, shares the same optimism. However, Fitch said the country has to improve its revenue collection, which only contributed to 22 percent to the economy (similarly-rated countries had 30 percent average).

Fitch also sees inflation accelerating to 3.3 percent in 2017—from 1.8 percent by the end of 2016—but remaining within the central bank's annual target of 2 percent to 4 percent.

Nonetheless, it sees the current account to move into a modest deficit in 2017 or early 2018, driven mostly by expected increase in infrastructure spending by the Duterte administration.

While infrastructure will push growth, Fitch said the country's current account will still be supported by a steady inflow of remittances, which increased by about 5 percent in 2016 as well as the expansion of the services sector, primarily the business process outsourcing (BPO) industry.

The remittances, the growth in the BPO industry, and the election-related spending also contributed to a stronger private consumption in 2016, accounting for 70 percent of GDP.

Insurance Industry

Private consumption rose by 6.9 percent in 2016 due to higher employment and steady inflows of remittances. Public spending also increased by 8.3 percent with increased expenditure on social programs.

The exceptional increase in the purchasing power of Filipinos in 2016, however, failed to create a significant impact in the insurance industry as total premiums increased by a mere P231.90 billion, which is 0.29 percent higher compared to the P231.20 billion in premiums the industry generated in 2015.

The flat growth, according to the Insurance Commission (IC), is due mostly to the lacklustre performance of life insurance firms. The IC said in 2016, premiums collected by life insurance firms reached P182.80 billion, representing a decline of 3.04 percent compared year-ago figures of of P188.50 billion.

Variable insurance products also decreased by 4.23 percent in premiums, due mostly to the unimpressive performance of the stock market during the fourth quarter of 2016.

The industry had to turn to non-life insurance to prevent a decline. Fortunately, the sector delivered as non-life insurance companies as premiums climbed 16.24 percent to P41.6 billion from P35.8 billion in 2015.

Another silver lining comes by way of an increase in the industry's total net worth, which grew 18.29 percent to P271.2 billion in 2016 from P229.3 billion in 2015. This is the result of the mandatory increase in minimum net worth and paid up capital of insurance companies to P550 million effective December 31, 2016. The insurance industry also gained 11.38 percent in terms of assets: From P1.2 trillion in 2015 to P1.3 trillion in 2016.

Company's Performance

MAPFRE brand ambassador and international tennis superstar Rafael Nadal once said, "Losing is not my enemy; fear of losing is my enemy."

While the great Nadal said this in describing the determination he carries for his sport, one can say that this line also correctly depicts the direction MAPFRE INSULAR took in 2016.

Certainly, the company started 2016 with a sense of grit as it entered the second year of the massive transformation that MAPFRE INSULAR took in 2015. The plan was quite straightforward; MAFPRE INSULAR wanted sustainable growth and its formula for attaining this is to follow the hallmarks of solvency, integrity, innovation, and exceptional service that are standard in the global MAPFRE Group.

But like many worthwhile changes, this brand of transformation required fortitude because, as the company predicted early on, success will be paved with sacrifices. Investments must be made in technologies and people. In the same vein, the company had to turn its back on risky practices such as unrealistic competition, never mind the tempting easy gains, because these endanger not just the business but the welfare of customers.

Despite this decision, however, MAPFRE INSULAR managed to post modest increase in in sales, logging in P1.597 billion in gross underwriting income in 2016, which is about 12 percent higher than the P1.402 billion it earned in 2015. Asset moved nearly sideways as the company recorded P5.828 billion in assets as of end of 2016, still higher than P5.757 billion in previous year's assets.

There was a noticeable increase in the Company's operating expenses, particularly its general and administrative costs. The amount reflects significantly the pivotal programs that MAPFRE INSU-LAR implemented in 2016.

Among these is the continuation of the modernization plan, which brought in enterprise solutions and expertise to the Company. Centerpiece to these automation initiatives are the TronWeb and SAP systems, which MAPFRE started a couple of years ago.

Apart from these, MAPFRE INSULAR also out in place a full disaster and recovery plan that secures company data and servers. Last October, it formally attained a Tier 3 disaster and recovery plan, following the activation of its remote data center in Cebu. It also installed higher bandwidth in its offices to ensure fluid communications within centers in country and abroad.

The Company also offered retirement options for executives and employees, a move that proves crucial to a bigger plan to right-size MAPFRE INSULAR into the agile and world-class organization it envisions to become.

The whirlwind of change failed to dampen the spirits of the men and women of MAPFRE INSULAR. Instead, they embraced and supported it. In fact, in a Great Place to Work® study conducted among the personnel of MAPFRE INSULAR in 2016, it was revealed that the Company scored high in areas of credibility, respect, fairness, pride, and camaraderie, as rated by its people.

The same survey also said that employees your recommend the Company to their friends, citing its wonderful work environment, good benefits, and compensation provided by MAPFRE INSULAR.

The Company's transformation seems to be getting quick wins in terms of customer satisfaction. A survey on its car insurance policy holders said 95 percent of them are willing to renew with MAPFRE INSULAR. Nearly half, or 47 percent, would even go as far as recommending its products to family and friends.

What is encouraging about this is that those who are willing to promote MAPFRE INSULAR are deeply motivated by two things: The Company's brand of customer service (45.1 percent) and the exceptional way it manages claims and assistance (26.7 percent).

In an industry that tends to resort to price war, the tendency of clients to prefer MAPFRE INSULAR because of quality bodes well to the overall goal of the company to take the path of improvement as a way to win the hearts of existing and would-be customers.

Plans and Prospects

The support that MAPFRE INSULAR got from both its internal and external publics has emboldened the Company to continue bravely taking the path of transformation. The bumpy ride will expectedly be there, but the Company's resolve should overcome these challenges.

For instance, the issue of tariff violations will always be present. But instead of going with the flow, the Company will take the lead in working with the government to address this problem, if only to further the welfare of the insured public.

Besides, the company believes that unfair pricing will only be good for top line figures, over a short period of time. The vision is now long-term – specifically sustainable – and the only way to do this is to make the effort to add up to both top line and bottom line figures.

In 2017, MAPFRE INSULAR is looking to finally see the initial results of the fundamental changes it implemented, particularly in terms of favorable underwriting income and net income.

Driving the growth is the technology that the Company invested on. For instance, it is set to launch virtual offices that will allow its distribution network to independently issue policies. This represents convenience for customers, while providing its people with reach and agility to serve clients.

Interconnected to the virtual office is the pioneering use of QR Codes in policies. This will not just enable virtual offices to issue policies, it will also permit gateways to process payments, and ultimately make claims and assistance processing faster and easier.

As MAPFRE INSULAR make headways in servicing more people, it will also pour resources in expanding its sales force. In 2016, it already opened a Delegado office in Parañaque. This should spur the opening of more agents' offices in key parts of the country.

Exciting times are up ahead. There will be new products that fit the needs of many Filipinos and there will be custom offerings for different sets of clientele.

One is tempted to think that a comeback is in the horizon, but it isn't.

MAPFRE INSULAR never really took the backseat; what it did was to make itself fundamentally better. In reality, what everyone is set to see is a fulfilment of the future that the Company invested on to make itself ready for whatever lies ahead.

CORPORATE GOVERNANCE

Statement on Full Compliance with Code of Good Corporate Governance

The Board of Directors and Management, including the employees of MAPFRE INSULAR hereby commit themselves to the principles and best practices contained in the Code, and acknowledge that the same may guide the attainment of MAPFRE INSULAR's corporate goals.

The Board and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and shall, therefore, undertake, every effort necessary to create awareness within the organization.

ASEAN Corporate Governance Scorecard

MAPFRE INSULAR submits annually its Corporate Governance Scorecard in compliance Insurance Circular Letter No. 2015-23. The first assessment took place in 2015 and the total average score of companies under non-life insurance sector was 27.40 points. MAPFRE INSULAR during the first assessment was able to have a score of 41.29 points. Recommendations for improvement were given by the Institute of Corporate Directors which were properly considered by our company. In 2016 MAPFRE Insular seen a +15 Increase in our performance garnering a score of 56.93 points as compared to the average score of companies under non-life insurance sector who also seen an increased average score of 32.24.

Currently, MAPFRE INSULAR belongs to the 2nd highest category of 50-60 points achieved together with 8 other companies. Our goal for this year is to join the 4 companies belonging to the highest category by achieving 60-70 points.

Corporate Objectives

In light of MAPFRE's new strategic focus, several initiatives have been introduced to align the corporate structure with the strategy and meet the established objectives:

- To develop new policies for profitable growth
- To have a steady increase in efficiency
- To lower and stabilized costs
- To promote client orientation
- Ultimately improve the environment in which our company perform its activities.

Roles and Responsibilities of the Board

Powers of the corporation as granted by the Corporation Code of the Philippines, the Corporate By-Laws, the Manual of Corporate Governance, and all other relevant laws, rules and regulations are properly exercised by the Board of Directors.

Consistent with MAPFRE Internacional S.A. Board Mandate, the Board primarily considers the opportunities and business risks in approving strategic plans, business decisions and industry initiatives that served as a key edge of the company within the industry.

The Board of Directors is responsible for providing independent oversight of the management of the business and affairs of the Company.

Risk Management and Internal Controls

MAPFRE has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, which is an international reference framework on internal control and risk management within organizations, for the implementation of its Internal Control System.

The corporate policy lays down the main rules, procedures and guidelines that should be implemented in MAPFRE INSULAR Insurance Corporation, and formally defines the general guidelines for an adequate governance model to maintain an effective Internal Control System.

The purposes of this Internal Control Policy are as follows:

- Establish a common internal control framework covering all MAPFRE Insular's remits and activities;
- Formally define general guidelines and responsibilities to maintain an adequate Internal Control System.

The purposes of this Risk Management Policy are as follows:

- Lay down the general guidelines, basic principles and general framework governing risk management, with the aim of ensuring a consistent application across the GROUP.
- Promote a robust culture, as well as an effective risk management system.
- Ensure that potential risks are analysed as part of the decision-making process.
- Preserve the Company's solvency and financial strength, seeking to become the most trusted global insurance company

MAPFRE INSULAR's risks policies, risk management processes, internal controls and management information systems are updated on a regular basis to ensure compatibility of our risk profile and compliance with regulatory requirements.

THE BOARD

Board Process

The Board Meetings are held on a quarterly basis unless a Special meeting is necessary to consider urgent matters.

The directors receive the notice of the meeting and the meeting folder 28 calendar days in advance. The meeting folder includes information on the Company's operation, minutes of the last Board Committee meeting, Profile of directors seeking election or re-election are also included and all other documents needed for the discussion and approval of the Board.

Minutes of meetings of the Board and all committees are kept by the Corporate Secretary. Approved minutes of the Board meetings are open for inspection by directors and stockholders upon request.

Director's Selection Policy

This public, specific and verifiable Directors selection policy aims to ensure that the proposals for nomination and re-election of directors are based on a preliminary analysis of the Board of Directors needs and to promote diversity of knowledge, experiences and gender on it.

This Directors selection policy shall apply to the selection of candidates to directors who are individuals and, in the case of candidates to directors who are legal entities, to the natural persons who will represent them.

The selection of candidates to director shall be based on an analysis of the needs of both the Company and its group, which should be carried out by the Board of Directors with guidance and report from the Appointments and Remuneration Committee. The proposals for nomination and re-election of directors shall be made by the Appointments and Remuneration Committee regarding the independent directors, and by the Board of Directors regarding the nominee and executive directors.

Likewise, the Company can also request the collaboration of external advisers in the selection of candidates to director. During the selection process, any kind of implicit biases that may involve discrimination will be avoided, in particular, biases that interfere with the selection of women or men. Particular efforts will be made so that by 2020 the number of female directors represents, at least, thirty percent of the total members of the Board of Directors.

Board Meetings in 2016

The Board of Directors met ten (10) times in 2015. All these meetings were well-attended, as shown:

Venue of Meetings

All the Board and Committee meetings were held in the Board Room of Corporate Head Office at 11th floor MAPFRE INSULAR Corporate Center, Acacia Avenue, Madrigal Business Park, Ayala Alabang, Muntinlupa City.

DIRECTORS	3.14.16	6.23.16	8.9.16	9.22.16	9.29.16	12.21.16	12.22.16
Luis C. La O	■	■	■	■	■	■	■
Tirso C. Abad	■	■	■	■	■	■	■
Leire Jimenez Ayesa			■	■	■	■	■
Nina Perpetua D. Aguas	■	■	■	■	■		
Mona Lisa B. dela Cruz	■	■	■	■	■	■	■
Ambrosio B. Manguilit, Jr.	■	■	■	■	■	■	■
Francisco del Rosario	■	■	■		■	■	■
Mayo Jose B. Ongsingco					■	■	■
Javier Fernandez Cid		■	■	■	■	■	■
Silverio Benny J. Tan	■				■	■	■
Jonas-Karl V. Perez		■	■	■	■	■	■
Pamela Joy R. Co	■	■	■	■	■	■	■

2016 COMMITTEES

Executive Committee


TIRSO C. ABAD
Chairman


LUIS C. LAÓ
Member


NINA D. AGUAS
Member


AMBROSIO B. MANGILIT, JR.
Member (Independent)

Audit Committee


AMBROSIO B. MANGILIT, JR.
Chairman (Independent)


NINA D. AGUAS
Member


MONA LISA B. DELA CRUZ
Member


FRANCISCO F. DEL ROSARIO, JR.
Member (Independent)


LUIS C. LAÓ
Member

* 2016 Audit Committee Meetings: *March 14, 2016 ; June 23, 2016; November 8, 2016; December 22, 2016*

2016 COMMITTEES

Investment Committee

FRANCISCO F. DEL ROSARIO, JR.
Chairman (Independent)

MONA LISA B. DELA CRUZ
Member

TIRSO C. ABAD
Chairman

MIMOSA M. GONZALES
Member

Nomination Committee

FRANCISCO F. DEL ROSARIO, JR.
Chairman (Independent)

AMBROSIO B. MANGILIT, JR.
Member (Independent)

MONA LISA B. DELA CRUZ
Member

Renumeration Committee

FRANCISCO F. DEL ROSARIO, JR.
Chairman (Independent)

AMBROSIO B. MANGILIT, JR.
Member (Independent)

MONA LISA B. DELA CRUZ
Member

* 2016 Renumeration Committee Meetings: *June 23, 2016; December 22, 2016*

COMPANY POLICIES

Corporate Social Responsibility Policy

Social responsibility allows the company's business interest to be reconciled with the legitimate interests of the different stakeholders that may be affected, and also assumes the impact of the company's activities on the community in general and the environment.

The present Corporate Social Responsibility Policy intends to establish a reference framework, from which any MAPFRE GROUP company can develop and strengthen socially responsible behavior, regardless of the way -- conventional and/or digital -- the business is carried out and the country it operates in, locally adapting any actions that are necessary for compliance with it.

MAPFRE defines its social responsibility as a *"voluntary and strategic commitment that entails attempting to achieve business targets while complying strictly with its legal and contractual obligations, applying criteria of equity and stability to relationships with its stakeholders, thus contributing to meeting current and future needs of society"*

Diversity and Equal Opportunities Policy

The MAPFRE Diversity and Equal Opportunities policy is based on respect for the individuality of people, on recognition of their heterogeneity and on the elimination of any exclusive or discriminatory behavior.

Valuing diversity helps to emphasize awareness of human differences, to understand them and to appreciate them.

The Group's general principles of action in this area which includes rejecting of any discrimination due to race, age, sex, marital status, nationality, beliefs, or any other physical or social condition between employees and consider diversity a value, as it allows different points of view to be compared and contributes to greater creativity and innovation;

Consolidating a culture of respect for people and behavior that is favorable and open to diversity faced with any of the Company's stakeholders.;

Guaranteeing, on the one hand, the right to effective equal opportunities and dealings with all workers and collaborators to allow them, without exception, to develop themselves personally and professionally and give the best of themselves. And, on the other hand, avoiding any type of occupational discrimination in the areas of access to employment, promotion, professional classification, training, compensation, work/life balance and other working conditions.

Fit and Proper Policy

The Company implemented this policy to establish the fit and proper requirements which shall be applicable to the Relevant Personnel and where required, the External Personnel defined in the scope herein.

The Main purposes of this policy are the following:

1. Establish the procedure for identifying the positions, if any, for which notifying is required to the Supervisory Authority and for the notification to said authority

2. Establish the procedure for assessing the skills, knowledge, expertise and personal integrity of Relevant Personnel and, where required, of External Personnel according to internal standards, both when being considered for the specific position and on an on-going basis.

3. Define the situations that give rise to a re-assessment of the fit and proper requirements.

Policy on Health, Well-being and Prevention of Occupational Risk

The health, safety and well being of workers are fundamental both for them and for their families, and also for the productivity, competitiveness and sustainability of our company.

According to the World Health Organization, a healthy workplace is one in which workers and management collaborate in the application of a continual improvement process to protect and promote the health, safety and well-being of all workers and the sustainability of the workplace. The WHO considers a healthy company to be one in which the employee finds greater safety, physical and psychical health and well-being, which improves his or her occupational competitiveness and performance.

MAPFRE's general principles in this area are:

1. Achieving a health working environment that provides well-being and allows all employees to carry out their work in the best physical, psychical and social conditions.

2. Achieving an optimal level of occupational safety, beyond mere compliance with regulations in the area of prevention of occupational risk.

COMPANY POLICIES

Environmental Policy

MAPFRE works to generate benefits for its shareholders and those participating or collaborating in its activities. Its conduct is governed by sustainability criteria and the wish to help Society, since MAPFRE recognizes its role in Society's correct development and progress. All MAPFRE employees involved in management at any level contribute to sustainability, through their firm commitment to pollution prevention, Environmental conservation and the preservation of biodiversity, the promotion of energy efficiency and climate change management, which is formalized through this Environmental Policy.

MAPFRE's desire to become a leader and its global commitment inspire, Environmental action. MAPFRE would also like to be a reference in this area. The environmental commitment of MAPFRE is based on three fundamental axes: 1) integrating the Environment into the business; 2) developing environmental management initiatives and; 3) promoting environmental responsibility within the Company.

Integrating the Environment into the business

- Integration of environmental criteria: in processes for analyzing risks and decision-making for investment operations, in the management of the supply chain, the management of real estate and in other processes that may have an environmental and energy impact, and/or impact related to climate change.

- Development of products and services that contribute to improving environmental risk management, sustainable energy use and the reduction of greenhouse gas emissions

Whistle Blowing Policy

Following the recommendations of the Unified Code of Good Governance of Listed Companies, the Code of Good Governance of MAPFRE and more specifically, the Regulations of the Board of Directors of MAPFRE S.A and its delegated bodies sets forth as among the powers of the Audit Committee the establishment and supervision of a mechanism whereby staff can confidentially report any irregularities they detect in the course of their duties, in particular those of a financial or accounting nature, with potentially serious implications for the firm.

In order to report any irregularities, an Email Box has been made available on www.mapfre.com/CDF, as an alternative channel, employees will also be able to lodge complaints by means of a letter addressed to:

MAPFRE
A/A. Secretario General
Ctra. Pozuelo, n0. 52
28222 - Majadahonda (Madrid)

All complaints, including the identity of the whistleblower, witnesses and employees named in the complaint, will be treated as confidential, unless the Company is otherwise required or compelled by law to release information. A whistleblower who makes or files a complaint anonymously may opt to provide means by which he or she can be contacted without compromising his or her anonymity.

COMPANY POLICIES

Anti-Bribery and anti-corruption Policy

The Company formulated a Code of Business Conduct and Ethics which upholds professionalism and ethics in business dealings and transactions. In relation to this the Company abides with the Philippines's existing laws, rules and regulations governing Anti-Bribery and Anti-Corruption. (Republic Act No. 3019 Known as *"Anti-Graft and Corrupt Practices Act"*)

Related Party Transaction

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Directors, Officers and Key management personnel of the company including all supervisors, managers and executives are required by the Company's Code of Business Conduct and Ethics to immediately report their interest in transactions and any conflict of interest or potential conflict.

Related Party transactions (RPT's) exist and details of which are provided in NOTE 32 of the Audited Financial Statement. None of these transactions may be classified as financial assistance to other entities other than companies with common control with the entity. These RPT's are conducted in a fair manner and at arm's length.

External Audit

As approved by the Board, the Company engages the services of R.G. Manabat and Co., KPMG Philippines as its external auditor. The audit fees of R.G. Manabat and Co., for 2016 amounted to P1.56 million while the non-audit fee is nil.

Supplier Code of Conduct

MAPFRE INSULAR is committed to the highest possible standards of corporate governance and responsibility. Our policy is not merely to comply with the letter of laws or regulations, but rather instill and maintain a true culture of compliance wherever we do business. This code contains the following:

1. Application – Suppliers and service providers ensure that all their representatives conduct business with the company in accordance with this code of conduct
2. Compliance with the Law and Regulations – The supplier has an unqualified responsibility to comply with all applicable laws and regulations
3. Anti-Bribery, Anti – Kickbacks, Bribes and Payoffs – Suppliers must comply with anti-bribery legislation and avoid all forms of corruption.
4. Data Protection and Record Accuracy and Retention – Suppliers shall ensure compliance with laws and directives providing for the protection, transfer, access and storage of personal information and to ensure that business records pertaining to the company are retained for the period required by law.
5. Fair Competition – Supplier shall not engage in collaboration or other activity that reduces competition
6. Insider Trading – Supplier shall ensure that any unpublished, inside information regarding to the company shall not be used to engage or support insider trading.
7. Environment Practices – Suppliers shall act responsibly towards the environment and provide data on the environmental footprint of their production process and their products and services upon request.

Creditors

The Company, as a matter of policy, upholds the rights of its creditors by publicly disclosing all material information, such as earning results and risk exposures, related to but not limited to loan covenant.

Corporate disclosures, controls and procedures include periodic reports to major lenders, such as the latest financial statements, among others.

SHAREHOLDER INFORMATION

Dividend Policy

The MAPFRE INSULAR INSURANCE CORPORATION Board of Directors, as the body responsible for presenting the Annual General Meeting with the proposal for distribution of the Company's profit and losses and also, where applicable, the proposal for distribution of dividends, has approved the present dividend policy:

1. Payment to shareholders must be linked with the Company's profit, solvency, liquidity and investment plans, and also its shareholders' expectations.

2. The Board of Directors will put the decisions that it deems appropriate to the Annual General Meeting in relation to the distribution of dividends, and may agree to pay sums on account, in accordance with aforementioned criteria and taking into account the Company's general situation and its sustainable growth.

3. Dividend payments will preferably be made in cash. Nonetheless, the Board of Directors may put forward alternative formulas for the payment of dividends with a duly justified proposal.

4. In general, the Board of Directors will propose a distribution of dividends to the Annual General Meeting of between 45 percent and 65 percent of the profit for the financial year attributable to the Company in its consolidated annual accounts. Nonetheless, the Board of Directors may make proposals under different terms to those indicated and must appropriately justify the suitability of the same.

Right of Shareholders

The Board shall respect the rights of the stockholders, namely:

1. Right to vote on all matters that require their consent or approval
2. Pre-emptive right to all stock issuances, subject to the requirement of the By-Laws and existing laws and regulations
3. Right to inspect corporate books and records
4. Right to Information
5. Right to Dividends; and
6. Appraisal Right

The Board should be transparent and fair in the conduct of the annual and special stockholder's meetings. The stockholders should be encouraged to personally attend such meetings. If they could not attend, they should be apprised ahead of time of their right to appoint a proxy subject to the requirement of the by-laws.

The Chairman shall ensure that the views of shareholders are communicated to the Board.

The Company's Shareholder

NAME	SHARESHELD	AMOUNT PAID	% OF OWNERSHIP	NATIONALITY
MAPFRE Internacional S.A.	7, 493, 847	PHP 374, 692, 350	74.94 %	Spanish
Leire Jimenez Ayesa	1	1	nil	Spanish
Tirso C. Abad	1	1	nil	Spanish
Javier Fernandez Cid	1	1	nil	Spanish
Luis C. LaO	1	1	nil	Filipino
Silverio Benny J. Tan	1	1	nil	Filipino
Ambrosio B. Mangilit, Jr.	1	1	nil	Filipino
Insular Life Assurance Company, Ltd.	2, 499, 998	2, 499, 998	24.99 %	Filipino
Mayo Jose B. Ongsingco	1	1	nil	Filipino
Mona Lisa B. dela Cruz	1	1	nil	Filipino
Other Stockholders	6, 147	6, 147	nil	Filipino

Company Website

https://www.mapfre.com.ph/insurance-ph/

Fundación MAPFRE

2016 FUNDACION MAPFRE ACTIVITIES CARRIED OUT IN THE PHILIPPINES (THRU MAPFRE INSULAR)

1. What is Fundacion MAPFRE

Fundacion MAPFRE is a non-profit institution of MAPFRE which have been committed to people's well being since 1975. Its mission is to contribute to improving people's quality of life and the progress of society through multinational programs and activities. It is committed to moving forward with its global projects structured around different areas of action. Through its wide range of activities worldwide based on five key areas (Social Action, Culture, Health Promotion, Prevention and Road Safety, and Insurance and Social Protection), Fundacion MAPFRE is certain to achieve its goals centered on a common objective: ethical commitment to society,

2. List of accredited organization in the Philippines, their background, and the amount donated to each

a. Eugenia Ravasco Day Care Center (ERDCC) – donation of 28,345.03 Euros / PHP 1,505,372.85

Eugenia Ravasco Day Care Center is an institution accredited by the local Department of Education to uphold the educational needs of children from Kinder 1 and 2. For the school year 2016 - 2017, a total of 63 children (aged 5-6) are identified as beneficiaries.

These children came from the marginalized sector of the community in Barangay Don Bosco, 73 Venezuela St., Better Living Subdivision, Parañaque City.

For school year 2016 - 2017, Fundacion MAPFRE granted ERDCC a total of Php1,505,372.85 through its Semillas De Esperanza project. The grant is to help improve the children's health, nutrition, and total well-being all throughout the school year.

b. Kalipay Negrense Foundation, Inc. (KNFI) – donation of 30,000.00 Euros / PHP 1,530,000.00

Kalipay Negrense Foundation, Inc is a non-profit entity which aims to provided for the needs and protect the rights of disadvantaged children. The organization also reaches out to poor families in depressed areas. Their projects usually related to education, nutrition, health, and social services. For 2016, in collaboration with Fundacion MAPFRE, KNFI carried-out the "Residential Care Program". The beneficiary of the program involved children under the age of 14 and young people ages 15 – 18. Collectively, the children who were beneficiaries of the program included those who are physically/sexually abused; neglected/abandoned, orphaned; victims of armed conflict/child labor/trafficking; children of extreme poverty; and street/malnourished children.

Children under the program were taken to the KNFI where they lived with (2) two house parents and child care/social workers who ensured their healing and wellbeing. The project was aimed to let the children with negative circumstances from the past be able to experience the nurturing and healing environment of "home life". With this, they will still have the chance to develop and become healthy and productive individuals of the future.

3. Outreach programs ran in 2016 and its highlights

None for 2016

4. Photos of the activities

ERDCC (Nutrition Awareness Month 2016)

KNFI (Residential Care Program: Haven Home)

5. Employee engagement activities conducted with these institutions, if any, and its corresponding details

MAPFRE INSULAR employees spent 1 Saturday (July 16, 2016) with the kids of Eugenia Ravasco Day Care Center during the celebration of their Nutrition Awareness month. The employees played and helped distribute the snacks for the kids on the said event.

6. Other donations (e.g. calamity-related) made by Fundacion MAPFRE, its costs, and pertinent details

None for 2016

MAPFRE INSULAR INSURANCE CORPORATION

FINANCIAL STATEMENTS
December 31, 2016 and 2015

MAPFRE INSULAR INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2016**	2015
ASSETS			
Cash and cash equivalents	*7*	**P172,368,327**	P179,977,463
Insurance receivables - net	*8*	**574,409,042**	655,679,274
Available-for-sale (AFS) financial assets	*9*	**1,477,135,351**	1,464,822,023
Loans and receivables - net	*10*	**148,517,981**	222,309,818
Accrued income	*11*	**30,309,988**	24,739,440
Reinsurance assets	*12*	**2,396,105,053**	2,295,220,818
Deferred acquisition costs	*13*	**234,333,039**	233,747,708
Property and equipment - net	*14*	**246,505,744**	293,116,272
Investment properties - net	*15*	**15,716,192**	16,078,555
Intangible assets - net	*16*	**102,059,925**	45,144,455
Goodwill	*17*	**33,794,284**	33,794,284
Deferred tax assets - net	*29*	**225,963,770**	143,841,605
Other assets	*18*	**171,234,796**	148,121,275
		P5,828,453,492	P5,756,592,990
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	*19*	**P3,829,634,038**	P3,632,294,274
Insurance payables	*20*	**318,683,006**	213,900,983
Trade and other liabilities	*21*	**456,040,384**	498,688,159
Deferred reinsurance commissions	*13*	**31,066,198**	29,531,572
Net pension obligation	*22*	**14,460,167**	37,667,903
		4,649,883,793	4,412,082,891
Equity			
Capital stock	*31*	**500,000,000**	500,000,000
Additional paid-in capital		**200,446,070**	200,446,070
Contributed surplus		**100,000,000**	100,000,000
Retirement benefit reserves	*22*	**(30,996,303)**	(44,220,795)
Revaluation reserves on AFS financial assets	*9*	**69,650,082**	95,237,313
Retained earnings		**339,469,850**	493,047,511
		1,178,569,699	1,344,510,099
		P5,828,453,492	P5,756,592,990

See Notes to the Financial Statements

MAPFRE INSULAR INSURANCE CORPORATION
STATEMENTS OF INCOME

	Note	Years Ended December 31 2016	2015
UNDERWRITING INCOME			
Gross premium written		**P2,184,436,548**	P1,991,726,968
Reinsurance premium assumed		**30,384,187**	56,029,799
Gross premium on insurance contracts	*23*	**2,214,820,735**	2,047,756,767
Reinsurance premium ceded	*23*	**(712,118,091)**	(658,757,271)
Premium retained		**1,502,702,644**	1,388,999,496
Net change in reserve for unearned premiums	*19*	**17,684,405**	(67,005,973)
Net premiums earned	*23*	**1,520,387,049**	1,321,993,523
Commission income	*13*	**76,139,132**	80,012,120
GROSS UNDERWRITING INCOME		**1,596,526,181**	1,402,005,643
UNDERWRITING EXPENSES			
Gross insurance contract benefits and claims paid		**1,680,447,340**	2,717,306,857
Reinsurer's share of gross insurance contract benefits and claims paid		**(1,072,591,138)**	(2,063,671,895)
Gross change in insurance contract liabilities		**225,820,449**	424,020,808
Reinsurer's share of gross change in insurance contract liabilities		**(111,680,515)**	(318,478,614)
Net insurance benefits and claims	*24*	**721,996,136**	759,177,156
Commission expense	*13*	**454,675,838**	521,615,917
TOTAL UNDERWRITING EXPENSES		**1,176,671,974**	1,280,793,073
NET UNDERWRITING INCOME		**419,854,207**	121,212,570
OTHER INCOME			
Investment income - net	*25*	**118,297,945**	102,619,392
Foreign exchange gain - net		**2,544,847**	7,088,115
Loss on sale of property and equipment		**(1,442,456)**	(25,381)
Other income		**7,760,288**	45,035,378
		127,160,624	154,717,504
NET UNDERWRITING AND OTHER INCOME		**547,014,831**	275,930,074
OTHER OPERATING EXPENSES			
General and administrative expenses	*26*	**715,561,398**	529,176,872
Services fees	*27*	**48,434,785**	26,281,305
Finance costs	*28*	**4,421,844**	2,969,696
		768,418,027	558,427,873
LOSS BEFORE INCOME TAX AND FINAL TAX		**(221,403,196)**	(282,497,799)
TAXES	*29*		
Current income tax		**5,188,470**	3,199,466
Deferred income tax		**(87,822,630)**	(103,376,173)
Final tax		**14,808,625**	15,593,643
		(67,825,535)	(84,583,064)
NET LOSS		**(P153,577,661)**	(P197,914,735)

See Notes to the Financial Statements.

MAPFRE INSULAR INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2016**	2015
NET LOSS		**(P153,577,661)**	(P197,914,735)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Net change in fair value of AFS financial assets		**(2,510,296)**	(37,501,214)
Net change in fair value of AFS financial assets reclassified to profit or loss		**(23,044,109)**	(10,144,432)
Income tax effect		**(32,826)**	221,897
	9	**(25,587,231)**	(47,423,749)
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurements of the net pension obligation	*22*	**18,892,131**	(36,440,202)
Income tax effect		**(5,667,639)**	10,932,061
		13,224,492	(25,508,141)
OTHER COMPREHENSIVE LOSS - Net of tax		**(12,362,739)**	(72,931,890)
TOTAL COMPREHENSIVE LOSS		**(P165,940,400)**	(P270,846,625)

See Notes to the Financial Statements.

MAPFRE INSULAR INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Capital Stock (Note 31)	Additional Paid-in Capital	Contributed Surplus	Retirement Benefit Reserves (Note 22)	Revaluation Reserves on AFS Financial Assets (Note 9)	Retained Earnings	Total
Balance at January 1, 2016	**P500,000,000**	**P200,446,070**	**P100,000,000**	**(P44,220,795)**	**P95,237,313**	**P493,047,511**	**P1,344,510,099**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**(153,577,661)**	**(153,577,661)**
Other comprehensive income (loss) - net of tax effect	**-**	**-**	**-**	**13,224,492**	**(25,587,231)**	**-**	**(12,362,739)**
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**13,224,492**	**(25,587,231)**	**(153,577,661)**	**(165,940,400)**
Balance at December 31, 2016	**P500,000,000**	**P200,446,070**	**P100,000,000**	**(P30,996,303)**	**P69,650,082**	**P339,469,850**	**P1,178,569,699**
Balance at January 1, 2015	P500,000,000	P200,446,070	P100,000,000	(P18,712,654)	P142,661,062	P690,962,246	P1,615,356,724
Net loss for the year	-	-	-	-	-	(197,914,735)	(197,914,735)
Other comprehensive loss - net of tax effect	-	-	-	(25,508,141)	(47,423,749)	-	(72,931,890)
Total comprehensive loss for the year	-	-	-	(25,508,141)	(47,423,749)	(197,914,735)	(270,846,625)
Balance at December 31, 2015	P500,000,000	P200,446,070	P100,000,000	(P44,220,795)	P95,237,313	P493,047,511	P1,344,510,099

See Notes to the Financial Statements.

MAPFRE INSULAR INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax and final tax		**(P221,403,196)**	(P282,497,799)
Adjustments for:			
Change in:			
Reserve for unearned premiums - net	*19, 23*	**(17,684,405)**	67,005,973
Deferred acquisition costs	*13*	**(585,331)**	(12,493,391)
Deferred reinsurance commissions	*13*	**1,534,626**	(17,438,491)
Provision for impairment losses	*8, 10, 26*	**80,443,451**	18,468,002
Depreciation and amortization	*14, 15, 16, 26*	**61,521,429**	48,931,707
Retirement expense	*22, 26, 28*	**21,184,395**	19,900,005
Interest expense and bank charges	*28*	**2,561,050**	2,572,449
Loss on sale of property and equipment	*14*	**1,442,456**	25,381
Rent income		**(199,575)**	(100,219)
Dividend income	*11, 25*	**(9,255,125)**	(8,409,201)
Gain on sale of AFS financial assets	*9, 25*	**(23,044,109)**	(10,144,432)
Interest income	*25*	**(83,508,502)**	(80,877,447)
Operating loss before changes in working capital		**(186,992,836)**	(255,057,463)
Decrease (increase) in:			
Insurance receivables		**22,066,763**	283,353,427
Loans and receivables		**52,551,855**	(47,782,276)
Reinsurance assets		**(111,680,515)**	(318,478,614)
Other assets		**(23,113,521)**	(50,239,336)
Increase (decrease) in:			
Insurance contract liabilities		**225,820,449**	424,020,808
Insurance payables		**104,782,023**	(320,637,254)
Trade and other liabilities		**(42,647,775)**	189,623,590
Cash provided by (used in) operations		**40,786,443**	(95,197,118)
Payments for:			
Interest expense		**(2,561,050)**	(2,572,449)
Income tax		**(19,997,095)**	(18,793,109)
Net cash provided by (used in) operating activities		**18,228,298**	(116,562,676)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of AFS financial assets	*9, 25*	**316,660,290**	355,966,566
Interest received		**78,137,528**	76,443,098
Dividends received	*25*	**9,255,126**	10,992,535
Proceeds from sale of property and equipment	*14*	**5,563,265**	4,140,956
Proceeds from sale of intangible assets		**1,757,946**	-
Contributions to retirement fund	*22*	**(25,500,000)**	(27,500,000)
Acquisitions of:			
Property and equipment	*14*	**(29,637,262)**	(164,027,925)
Intangible assets	*16*	**(50,590,413)**	(12,506,299)
AFS financial assets	*9*	**(331,483,914)**	(460,620,236)
Net cash used in investing activities		**(25,837,434)**	(217,111,305)

Forward

		Years Ended December 31	
	Note	**2016**	2015
CASH FLOW FROM A FINANCING ACTIVITY			
Cash dividends paid		**P -**	(P22,486,170)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7,609,136)**	(356,160,151)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**179,977,463**	536,137,614
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P172,368,327**	P179,977,463

See Notes to the Financial Statements.

MAPFRE INSULAR INSURANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(With Comparative Figures for 2015)

1. Reporting Entity

Mapfre Insular Insurance Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 1, 1934. On September 1, 1978, the Company amended its Articles of Incorporation to extend the corporate life of the Company for another fifty (50) years up to September 1, 2034. The Company is engaged in the business of motor car, fire, marine, fidelity and surety insurance, and on all other forms of non-life insurance authorized by law. On June 18, 2014, extension of Certificate of Authority was granted by Insurance Commission (IC) through Circular Letter (CL) No. 2014-26 which states that existing licenses with expiry date of June 30, 2014 shall be recognized as valid until December 31, 2015. On December 15, 2015, Certificate of Authority was granted to the Company effective January 1, 2016 to December 31, 2018.

The Company is 74.94% owned by Mapfre Internacional of Spain ("Mapfre Internacional" or the "Parent Company") and 24.99% owned by Insular Life Assurance Company, Ltd. ("Insular Life").

The Company's registered office address is at Mapfre Insular Corporate Center, Acacia Avenue, Madrigal Business Park, Ayala Alabang, Muntinlupa City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. PFRSs consists of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The financial statements of the Company as at and for the year ended December 31, 2016 have been reviewed, approved and authorized for issue by the Board of Directors (BOD) of the Company on March 27, 2017.

Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis, except for the following items which are measured on another basis at each reporting date:

Items	Measurement bases
Available-for-sale (AFS) financial assets	Fair value
Net pension obligation	Present value of the defined benefit obligation (DBO) less fair value of plan assets

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information is rounded-off to the nearest peso, except when otherwise indicated.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards starting January 1, 2016 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets).* The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g., changes in sales volumes and prices.

- *Disclosure Initiative (Amendments to PAS 1, Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statements of financial position and statements of income and other comprehensive income (OCI) can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

  - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Insurance Contract

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Classification of Insurance and Investment Contracts

The Company issues contracts that transfer insurance or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance arrangements to hedge a greater possibility of claims occurring than expected. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10.00% more than the benefits payable if the insured event did not occur. Insurance contracts can also expose the insurer to financial risks. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index, or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or have expired.

Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Gross Premium on Insurance Contracts

Gross premium on insurance contracts comprise the total premiums for the whole period of cover provided by insurance contracts entered into during the accounting period and are recognized on the date on which the policies incept. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Commission Expense and Deferred Acquisition Costs

Commissions are recognized as expense over the period of the contracts using the 24^{th} method. The portion of the commissions that relates to the unexpired periods of the policies at the end of the reporting period is accounted for as "Deferred acquisition costs" in the assets section of the statements of financial position. The net changes in deferred acquisition costs at the end of each reporting periods are recognized as "Commission expense" in the statements of income.

Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

An impairment review is performed at the end of each reporting periods or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss.

Deferred acquisition costs is derecognized when the related contracts are settled or disposed of.

Reinsurance
The Company cedes insurance risk in the normal course of business

Ceded reinsurance arrangements do not relieve the Company from its obligation to the policyholders.

The Company also assumes reinsurance risk in the normal course of business. Premiums and claims on assumed reinsurance are recognized in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the assumed business. Insurance payables represent balances due to reinsurers and funds held for reinsurers. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsurance contract.

Gains and losses on buying reinsurance, if any, are recognized in profit or loss immediately at the date of purchase and are not amortized.

Premiums and claims are presented on a gross basis for ceded reinsurance.

Reinsurance assets and liabilities are derecognized when the contractual right is extinguished or expired or when the contract is transferred to another party.

Reinsurance Contracts Held
Contracts entered into by the Company with reinsurers which compensate the Company for losses on one or more contracts insured by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Premiums payable for reinsurance contracts are recognized as a contra-income account upon recognition of related premiums. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The benefits unpaid recoverable to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance recoverable on unpaid losses classified under “Reinsurance assets” account in the statements of financial position. Reinsurance recoverable on unpaid losses are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contracts.

When the Company enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the Company recognizes due to reinsurers under “Insurance payables” account in the statements of financial position at transaction price. Reinsurance premium ceded out will be withheld at 25% for marine and 40% for non-marine policies and recognized as funds held for reinsurers under “Insurance payables” account in the statements of financial position. The amount withheld is generally released after a year.

Impairment of Reinsurance Assets
The Company assesses its reinsurance assets for impairment at least annually. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognize that impairment loss in the statements of income. The Company gathers the objective evidence that a reinsurance asset is impaired using specific assessment. The Company identifies individually which accounts should be provided with impairment loss.

Commission Income and Deferred Reinsurance Commissions
Commissions earned from reinsurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commissions" in the statements of financial position. The net changes in deferred reinsurance commissions between each end of reporting period are recognized as "Commission income" in the statements of income.

Insurance Contract Liabilities
Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provision for Claims Reported and Incurred But Not Reported (IBNR) Claims
These liabilities are based on the estimated ultimate cost of all claims incurred but not reported at the end of the reporting period together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts. Significant delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of the reporting period. The liability is not discounted for the time value of money and includes provision for IBNR claims. The liability is derecognized when the contract is discharged, cancelled or has expired.

Reserve for Unearned Premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as reserve for unearned premiums as part of "Insurance contract liabilities" account in the statements of financial position. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. "Net change in the reserve for unearned premiums" account is taken to statements of income in order that revenue is recognized over the period of risk.

The related Reinsurance premium ceded that pertains to the unexpired periods at end of the reporting period are accounted for as Reinsurance premiums reserve and shown as part of "Reinsurance assets" account in the statements of financial position. The net changes in reinsurance premiums reserve between each end of reporting period are recognized as part of "Net change in provision for unearned premium" account in the statements of income.

Liability Adequacy Test
At the end of each reporting period, liability adequacy test is performed to ensure the adequacy of insurance contract liabilities, net of the related deferred acquisition cost. The test considers current best estimates of future cash flows, claims handling cost and policy administrative expenses. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy arising from the test is immediately charged to profit or loss by establishing an unexpired risk provision for losses.

Net Insurance Benefits and Claims
Underwriting expenses consists of benefits and claims paid to policy holders, and changes in the valuation of insurance contract liabilities, except for changes in the reserve for unearned premiums. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. General insurance claims are recorded on the basis of notifications received.

Financial Instruments

Date of Recognition

Financial instruments are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. The purchase or sale of a non-derivative financial asset that will be delivered within the timeframe generally established by regulation or convention in the market concerned, except for equity securities, are recognized on the date on which the instrument is actually transferred (the settlement date).

Initial Recognition of Financial Instruments

On initial recognition, a financial asset or financial liability is measured at fair value plus directly attributable transaction costs, unless the instrument is classified at fair value through profit or loss (FVPL). Normally, the fair value on initial recognition is the transaction price - i.e., the fair value of the consideration given (in case of an asset) or received (in case of a liability) for the financial instrument.

Classification of Financial Instruments

The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments loans and receivables and AFS financial assets. The Company classifies its financial liabilities as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period.

As at December 31, 2016 and 2015, the Company has no financial instruments at FVPL and HTM investments.

Reclassification of Financial Instruments

Financial instruments are reclassified at its fair value on the date of reclassification. For financial assets at FVPL, any gain or loss already recognized in profit or loss shall not be reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable. For debt instruments reclassified out of the AFS financial assets category, the gain or loss shall be amortized to profit or loss over the remaining life of instruments using the effective interest method. Any difference between the new amortized cost and maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method, similar to the amortization of a premium and a discount. As for equity instruments reclassified out of the AFS financial assets category, the gain or loss shall be recognized in profit or loss when the financial asset is sold or otherwise disposed.

AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. These financial assets are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These include debt and equity securities.

Subsequent to initial recognition, AFS financial assets are measured at fair value. Fair value changes are recognized in OCI. Interest income is recognized under the effective interest method, with the effective interest rate (EIR) being calculated on the instrument's initial recognition. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Impairment losses and foreign exchange gains and losses on AFS debt instruments are recognized in profit or loss as they arise.

When the relevant asset is derecognized, on sale or other disposal, or is impaired, the cumulative fair value changes recognized in OCI are reclassified from equity to profit or loss. For a partial disposal, a proportionate share of the fair value gains and losses previously recognized in OCI is reclassified from equity to profit or loss. Such gains and losses include all fair value changes until the date of disposal.

The Company's government and private debt securities and quoted and unquoted equity securities are classified under this category (see Note 9).

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL, AFS financial assets or HTM investments.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees that are integral part of the EIR. Loans and receivables that are perpetual and that have either a fixed or a market-based variable rate of interest are measured at cost.

Any interest earned on loans and receivables is recognized in profit or loss on an accrual basis. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

Included in this category are: (a) cash and cash equivalents; (b) insurance receivables; (c) loans and receivables; (d) accrued income; and (e) security deposits presented under "Other assets" account in the statements of financial position (see Notes 7, 8, 10, 11 and 18).

Cash includes cash on hand and in banks and are stated at face amount. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and are subject to an insignificant risk of changes in value.

Financial Liabilities at Amortized Cost
Issued financial instruments or their components, which are not classified as FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial instrument to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Subsequent to initial measurement, these financial liabilities are carried at amortized cost using the effective interest method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees and costs that are an integral part of the EIR of the liability. The amortization is recognized in profit or loss.

Included in this category are: (1) provision for claims reported under insurance contract liabilities; (2) insurance payables; and (3) trade and other liabilities but excludes payable to government agencies (see Notes 19, 20 and 21).

<u>Fair Value Measurements</u>

Determination of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique.

Where applicable, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair value are categorized in different levels in a fair value hierarchy based on the inputs used in the valuation technique (see Note 5).

"Day 1" Profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" profit) in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where data used as inputs in a valuation model are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" profit.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously. This is not generally the case with master netting agreements, thus the related financial assets and financial liabilities are presented on a gross basis in the statements of financial position.

Impairment of Financial Assets
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

AFS financial Assets Carried at Fair Value
In case of equity securities classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below cost. Where there is objective evidence of impairment, the cumulative loss lodged under equity, measured as the difference between the acquisition cost and the current fair value, less any allowance for impairment previously recognized in OCI, is transferred to profit or loss. Impairment loss on equity securities is not reversed through profit or loss but directly to equity as part of OCI.

In the case of AFS debt securities, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the EIR on the reduced carrying amount of the asset and is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss to the extent that the resulting carrying amount of the security does not exceed its carrying amount had no impairment loss been recognized.

For a partial disposal, a proportionate share of the fair value gains and losses previously recognized in OCI is reclassified from equity to profit or loss. Such gains and losses include all fair value changes until the date of disposal.

AFS financial Assets Carried at Cost
If there is an objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar security.

Loans and Receivables
For financial assets carried at amortized cost such as loans and receivables, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that a borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If an asset has a variable rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. For collective impairment purposes, impairment losses is computed based on their respective default and historical loss experience.

The carrying amount of the loans and receivables shall be reduced either directly or through the use of an allowance account. The impairment losses for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of impairment losses is recognized in profit or loss, to the extent that the carrying amount of the loans and receivables does not exceed its amortized cost at the reversal date.

Where loans and receivables have been ascertained to be worthless, the related amount is written-off against the corresponding allowance for impairment.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the contractual rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either has:

  (a) transferred substantially all the risks and rewards of the asset; or

  (b) neither transferred nor retained substantially the risks and rewards of the financial asset but has transferred the control of the financial asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset but transferred control of the asset, the Company continues to recognize the asset to the extent of the Company's continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be acquired to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity
From the perspective of the issuer, a financial instrument is classified as debt instrument if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangement. Any interest, dividends, realized and unrealized gains and losses from financial instruments or a component considered as a financial liability are recognized in profit or loss for the period. Distributions to holders of financial instruments classified as equity are treated as owner-related and thus charged directly to equity.

Property and Equipment
The initial cost of property and equipment comprises of its construction cost or purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation.

Subsequent to initial measurement, property and equipment are measured at cost less accumulated depreciation and amortization and any impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the cost of day-to-day servicing. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period these costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Construction in progress (CIP) represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization, which commences when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Building and building improvements	50
Office furniture and equipment	5
Transportation equipment	5
Leasehold improvements	5 or lease term whichever is shorter

The remaining useful lives, residual values and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of the property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

<u>Investment Properties</u>
Properties held for long-term rental yields and/or capital appreciation are classified as investment properties.

These properties are initially measured at cost, which includes transaction cost, but excludes day-to-day service cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Replacement cost is capitalized if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Subsequent to the initial measurement, investment properties are measured at cost less accumulated depreciation and impairment in value, if any.

Depreciation is computed using the straight-line method over the estimated useful life of fifty (50) years.

The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic activity.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or of development with a view to sell.

Investment properties are derecognized when it has either been disposed of or the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss arising from the retirement and disposal of an item of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Rental income from investment properties is in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of the total rental income.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment in value.

The Company's intangible assets comprise of computer software. Amortization is computed using the straight-line method over the estimated useful life of five to ten (5 - 10) years.

Intangible assets with definite useful lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at reporting date. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition.

Following initial recognition, goodwill is measured at cost less any impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit (CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. A previously recorded impairment loss for goodwill can never be reversed.

Determination of Fair Value of Nonfinancial Assets
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of future cash flows expected to be derived from an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal can be made only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

As at December 31, 2016 and 2015, no impairment loss has been recognized on the Company's property and equipment, investment properties, intangible assets and goodwill.

Equity

Capital Stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Additional Paid-in Capital (APIC)

APIC represents any premiums received in excess of par value on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC. In the event that the APIC balance is exhausted as a result of redemption, the retained earnings account is reduced by redemptions in excess of par value.

Contributed Surplus

Contributed surplus represents the original contribution of the stockholders of the Parent Company, in addition to the APIC, in order to comply with the pre-licensing requirements as provided under the Insurance Code.

Retained Earnings
Retained earnings includes the accumulated result of the Company's operation, as reported in the statements of income less any amount of dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the transitional provision of the standards.

Dividends distribution to the Company's shareholders is recognized in the year in which the dividends are approved by the Company's BOD. The Company intends to declare dividends subject to availability of retained earnings and operational requirements.

Revenue and Expenses Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Revenue and expenses are measured at the fair value of the consideration received or receivable or given, respectively, excluding taxes. The following specific criteria must also be met before revenue is recognized.

Determining whether the Company is Acting as Principal or an Agent
The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue from direct business arrangements.

Investment Income
Interest Income
Interest income for all interest-bearing financial instruments is recognized in profit or loss using the effective interest method.

Dividend Income
Dividend income is recognized when the shareholders' right to receive the payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity shares.

Other Income/Expenses
Income from other sources is recognized when earned or incurred.

General and Administrative Expenses
General and administrative expenses, except for lease agreements, are recognized as expense as they are incurred.

Finance Costs
Finance costs are interest expenses and bank charges.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are those expected to be settled wholly before 12 months after the end of the annual reporting period during which employee services are rendered, excluding termination benefits. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Company's net pension obligation is the aggregate of the present value of the DBO less fair value of plan assets at the end of the reporting period, adjusted for any effect of limiting a net defined benefit retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The calculation of the net pension obligation is performed annually by a qualified actuary using the projected unit credit method.

Retirement costs comprise of current service cost, net interest cost and remeasurements of the net pension obligation.

Net interest cost on the net pension obligation is determined by applying the discount rate based on the government bonds at the beginning of the annual period to the net pension obligation, taking into account any changes in the net pension obligation during the period as a result of contributions and benefit payments. Net interest cost is recognized in profit or loss.

Remeasurements of the net pension obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods but are closed in equity every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the DBO, the measurement of the resulting net pension obligation is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a net pension obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Company recognizes gains and losses on the settlement of a DBO when the settlement occurs.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Operating Lease
Company as a Lessee
Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as rent expense in profit or loss on a straight-line basis over the lease term.

Company as a Lessor
Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rent income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions and Translation
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at reporting date; income and expenses are translated using the average rate for the year. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of AFS financial assets, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

<u>Taxes</u>

Current Income Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - excess of Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of excess of MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

In determining the amount of current, final and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current income tax and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Final Tax
Interest income from cash in banks, debt securities, funds held by ceding companies and dividend income, which is subject to final withholding tax, is presented at gross amounts while taxes paid or withheld are recognized as final tax under “Taxes” account in the statements of income.

Creditable Withholding Taxes (CWT)
CWT pertains to the indirect tax paid by the Company that is withheld by its counterparty for the payment of its expenses and other purchases. CWT is initially recorded at cost under “Other current assets” account in the statements of financial position.

At each end of the tax reporting deadline, CWT may either be offset against future tax income payable or be claimed as a refund from the taxation authorities at the option of the Company. If CWT is claimed as a refund, these will be recorded in the statements of financial position.

At each end of the reporting period, an assessment for impairment is performed as to the recoverability of the CWT.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Provisions
Provisions are recognized when the Company has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards Issued but Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016. However, the Company has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant effect on the Company's financial statements.

Effective January 1, 2017

- *Disclosure initiative (Amendments to PAS 7, Statement of Cash Flows).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g., by providing a reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12, Income Taxes).* The amendments clarify that:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;

  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

  - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

  The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If an entity applies the relief, it shall disclose that fact.

Effective January 1, 2018

- *PFRS 9, Financial Instruments* (2014). PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

  The Company is assessing the potential impact on its financial statements resulting from the application of PFRS 9.

- *PFRS 15, Revenue from Contracts with Customer,* replaces PAS 11, *Construction Contracts,* PAS 18, *Revenue,* International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers* and Standards Interpretations Committee 31, *Revenue - Barter Transactions Involving Advertising Services.* The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

- *Applying PFRS 9 with PFRS 4, Insurance Contracts (Amendments to PFRS 4)*. The amendments provide a temporary exemption from PFRS 9, where an entity is permitted to defer application of PFRS 9 in 2018 and continue to apply PAS 39 Financial Instruments: Recognition and Measurement if it has not applied PFRS 9 before and its activities are predominantly connected with insurance. A qualified entity is permitted to apply the temporary exemption for annual reporting periods beginning before January 1, 2021. The amendments also provide an overlay approach to presentation when applying PFRS 9 where an entity is permitted to reclassify between profit or loss and other comprehensive income the difference between the amounts recognized in profit or loss under PFRS 9 and those that would have been reported under PAS 39, for designated financial assets. A financial asset is eligible for designation if it is not held for an activity that is unconnected with contracts in the scope of PFRS 4, and if it is measured at fair value through profit or loss under PFRS 9, but would not have been under PAS 39. An entity is generally permitted to start applying the overlay approach only when it first applies PFRS 9, including after previously applying the temporary exemption.

  The amendments permitting the temporary exemption is for annual periods beginning on or after January 1, 2018 and the amendments allowing the overlay approach are applicable when an entity first applies PFRS 9.

- *Transfers of Investment Property (Amendments to PAS 40, Investment Property)* amends the requirements on when an entity should transfer a property asset to, or from, investment property. A transfer is made when and only when there is an actual change in use - i.e., an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer.

  The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. An entity may apply the amendments to transfers that occur after the date of initial application and also reassess the classification of property assets held at that date or apply the amendments retrospectively, but only if it does not involve the use of hindsight.

- *Philippine Interpretation IFRIC-22 Foreign Currency Transactions and Advance Consideration.* The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

  The interpretation is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- *PFRS 16, Leases, supersedes PAS 17, Leases, and the related Philippine Interpretations*. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16. The Company is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on its effective date.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments, estimates and assumptions are revised and in any future period affected.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements:

(a) *Determination of Functional Currency*

Based on the economic substance of the underlying circumstance relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the income and costs arising from the Company's operations.

(b) *Fair Value of Financial Assets and Liabilities*

Where the fair values of financial assets and liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Company uses judgment to select from variety of valuation models and makes assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

(c) *Impairment of AFS Financial Assets*

The Company considers that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share/market price and the future cash flows and the discount factors for unquoted equity securities. The Company generally regards fair value decline as being significant when decline exceeds 20.00% of the original cost of investment and prolonged when it persists for six (6) months. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. Based on the recent evaluation of information and circumstances affecting the Company's AFS financial assets, management concluded that no AFS financial assets are impaired as at December 31, 2016 and 2015. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(d) *Operating Leases - Company as Lessor*

The Company has entered into operating leases on the investment properties. The Company has determined, based on the evaluation of the terms and conditions of the lease agreements, that all the significant risks and rewards of ownership of these properties are retained by the Company. The contracts of lease are considered as operating leases by the Company since these do not transfer substantially all the risks and rewards incidental to ownership.

(e) *Operating Leases - Company as Lessee*

The Company leases the premises of its regional offices with various maturities that are renewable under certain terms and conditions.

The Company has determined, based on the evaluation of the terms and conditions of the lease agreements, that all the significant risks and rewards of ownership of these regional offices are retained by the Lessor. The contracts of lease are considered as operating leases by the Company since these do not transfer substantially all the risks and rewards incidental to ownership.

(f) *Realizability of Deferred Tax Assets*
Deferred tax assets are recognized for all temporary future tax benefits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed to determine the amount of deferred tax assets that can be recognized. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that deferred tax assets will be realized.

As at December 31, 2016 and 2015, the Company recognized deferred tax assets of P296.17 million and P213.78 million, respectively (see Note 29). The Company has no unrecognized DTA on NOLCO in 2016 and 2015.

(g) *Contingencies*
The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of claims have been developed in consultation and with the aid of legal counsels handling the Company's defense in these matters and based upon an analysis of potential results. Management does not believe that the outcome of these proceedings will have a material adverse effect on the Company's financial position. It is probable, however, that the future results of operations could be materially affected by changes in or in the effectiveness of the strategies relating to these proceedings.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Claims Liability Arising from Insurance Contracts*
Estimates have to be made for the expected ultimate costs of claims reported at the reporting date. It can take a significant period of time before the ultimate costs of claims can be established with certainty. The primary technique adopted by Management in estimating the cost of notified claims is that of using past claims settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to provision. Insurance claims provisions are not discounted for the time value of money.

The main assumption underlying the estimation of the insurance claims provision is that a Company's past claims development experience can be used to project future claims development and hence, ultimate costs of claims. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually addressed separately, either by being reserved at the face value of loss adjuster estimates or projected separately in order to reflect their future development.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (i.e., to reflect one-off occurrences, changes in external or market factors such as public's attitude to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate costs of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

As at December 31, 2016 and 2015, provision for claims reported amounted to P1.61 billion and P1.75 billion, respectively (see Note 19).

(b) *Valuation of Insurance Contract Liabilities*
Estimates have to be made both for the expected ultimate costs of claims reported and for the expected ultimate cost of IBNR at the reporting date. It can take a significant period of time before the ultimate costs of claims can be established with certainty.

The primary technique adopted by the management in estimating the ultimate cost of IBNR is using the Incurred Chain Ladder Method to predict the future claims settlement. At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to provision for claims reported and IBNR claims. Insurance contract liabilities are not discounted for the time value of money.

As at December 31, 2016 and 2015, the carrying values of provision for IBNR claims amounted to P1.26 billion and P0.89 billion, respectively (see Note 19).

(c) *Estimation of Allowance for Impairment Losses of Receivables*
The Company maintains the allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of percentage of collectibility of the accounts.

Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

As at December 31, 2016 and 2015, insurance receivables, net of allowance for impairment losses is as follows:

	Note	**2016**	2015
Insurance receivable		**P658,963,374**	P681,030,137
Less allowance for impairment losses		**84,554,332**	25,350,863
	8	**P574,409,042**	P655,679,274

As at December 31, 2016 and 2015, loans and receivables, net of allowance for impairment losses is as follows.

	Note	**2016**	2015
Loans and receivables		**P173,607,491**	P226,159,346
Less allowance for impairment losses		**25,089,510**	3,849,528
	10	**P148,517,981**	P222,309,818

(d) *Estimation of Allowance for Impairment Losses of AFS Financial Assets*

The Company carries AFS financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of AFS financial assets would affect OCI.

As at December 31, 2016 and 2015, the Company assessed that there are no impairment indicators for its AFS financial assets.

As at December 31, 2016 and 2015, the carrying amount of AFS financial assets amounted to P1.48 billion and P1.46 billion, respectively (see Note 9). Carrying amount of AFS financial assets is its book value for bonds and acquisition cost for stocks.

(e) *Impairment of Nonfinancial Assets*

The Company assesses impairment on property and equipment, investment properties, intangible assets and goodwill whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

In the case of goodwill, at a minimum, such asset is subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2016 and 2015, no impairment loss was recognized for the Company's nonfinancial assets.

As at December 31, the balances of the Company's nonfinancial assets, net of accumulated depreciation and amortization are as follows:

	Note	**2016**	2015
Property and equipment	*14*	**P246,505,744**	P293,116,272
Investment properties	*15*	**15,716,192**	16,078,555
Intangible assets	*16*	**102,059,925**	45,144,455
Goodwill	*17*	**33,794,284**	33,794,284
		P398,076,145	P388,133,566

(f) Present Value of DBO

The determination of net pension obligation is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate. In accordance with *PAS 19, Employee Benefits*, actual results that differ from the Company's assumptions are recognized immediately as OCI in the statements of comprehensive income.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net pension obligations.

As at December 31, 2016 and 2015, the Company's net pension obligation amounted to P14.46 million and P37.67 million, respectively (see Note 22).

5. Management of Capital, Insurance and Financial Risk

<u>Governance Framework</u>

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. The Company recognizes the importance of having efficient and effective risk management system in place.

The Company has established risk management function with clear terms of reference for the BOD, its committees and the associated executive management committees. Further, a clear organization structure with documented delegated authorities and responsibilities from the BOD to executive management committees and senior managers has been developed. Lastly, a Company policy framework which sets out the risk appetite of the Company's operations has been put in place. Each committee has a member of senior management which is charged with overseeing compliance with the policy throughout the Company.

The BOD has approved the Company's risk management policies and meets regularly to approve any commercial, regulatory and own organizational requirements in such policies. The policies define the Company's identification of risks and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategy to the corporate goals and specify reporting requirements.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and acceptable levels of risk.

The operations of the Company are subject to the regulatory requirements of the IC, BIR and the SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions [e.g., net worth requirements and risk-based capital (RBC) requirements]. Such restrictive provisions minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

Net Worth Requirements

Under the Amended Insurance Code (Republic Act 10607) which was approved on August 15, 2013, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

Net Worth	Compliance Date
P250,000,000	On or before June 30, 2013
550,000,000	On or before December 31, 2016
900,000,000	On or before December 31, 2019
1,300,000,000	On or before December 31, 2022

As at December 31, 2016 and 2015, the Company has complied with the net worth requirements based on its internal computation.

RBC Requirements

Insurance Memorandum Circular No. 6-2006 provides for the RBC framework for the non-life insurance industry to establish the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Every non-life insurance company is annually required to maintain an RBC ratio of at least 100.00% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC ratio shall be calculated as net worth divided by the RBC requirement. Net worth shall include an insurance company's paid-up capital, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC. RBC requirement shall be computed based on the formula provided in the Circular and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

As at December 31, 2016 and 2015, the Company follows Risk Based Capital Quantitative Impact Study (RBC 2-QIS).

New Regulatory Requirements

On December 28, 2016, the IC issued Circular Letter (CL) No. 2016-65, *Financial Reporting Framework under Section 189* of the Amended Insurance which supersedes CL No. 2015-29 includes the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial and insurance core principles in the financial reporting framework which will be used on the statutory quarterly and annual reporting for the net worth requirements as approved by the Insurance Commission.

CL No. 2016-68, *Amended RBC2 Framework* was also issued last December 28, 2016 superseding CI No. 2015-30 which seeks to discuss the RBC 2 Framework adopting the three (3) pillar risk-based approach to solvency. Compliance with Minimum Statutory Net Worth is reiterated. The circular also states the regulatory interventions for non-compliance on the minimum required RBC Ratio and the corresponding mandatory control action events. Reportorial requirements and RBC Ratio assessment effective 01 January 2017.

Lastly, CL No. 2016-69 discusses the implementation requirements for the following CLs which took effect beginning January 1, 2017:

a. CL No. 2016-65, *Financial Reporting Framework*
b. CL No. 2016-66, *Valuation Standards for Life Insurance Policy Reserves*
c. CL No. 2016-67, *Valuation Standards for Non-life Insurance Policy Reserves*

This circular supersedes all previously issued timelines indicated in CL No. 2015-31.

As at December 31, 2016, the Company is evaluating the impact of FRF and the new valuation standards on its financial statements.

IC CL No. 2015-30 provides that pursuant to Section 194 of the Amended Insurance Code, the IC is conducting a review of the current RBC Framework contained in Insurance Memorandum Circular No. 6-2006 and 7-2006 both dated October 5, 2006. Hence, all life and non-life insurance and professional reinsurance companies are required to participate in parallel runs for the RBC 2-QIS.

As at December 31, 2016, the Company is compliant with RBC 2-QIS based on internal calculations. The final RBC 2-QIS ratio can be determined only after the accounts of the Company have been examined by the IC, specifically as to admitted and non-admitted assets as defined under the Amended Insurance Code.

<u>Capital Management Framework</u>
The primary objective of the Company's capital management is to ensure that it complies with the IC requirements. The Company also manages its capital structures and promptly makes adjustments to it in light of changes in economic conditions and risk characteristics of the Company's activities.

The IC capital requirements are put in place to ensure sufficient solvency margins. Under existing rules and regulations of the IC, the Company must meet the net worth requirements and RBC.

The Company regularly assesses and changes its level of capital to ensure sufficient solvency margins and to adequately protect the policyholders in accordance with the regulations set by IC. The BOD, through its Executive Committee, promptly adjusts and considers strategies in order for the Company to maintain the net worth requirements.

The BOD also sees to it that the Company complies with the RBC. The Company reports its capital and compliance with IC requirements to the Executive Committee on a monthly basis and to the BOD on a quarterly basis.

The Company regards the following as the capital it manages as at December 31:

	Note	2016	2015
Capital stock	*31*	**P500,000,000**	P500,000,000
Additional paid-in capital		**200,446,070**	200,446,070
Contributed surplus		**100,000,000**	100,000,000
Retirement benefit reserves	*22*	**(30,996,303)**	(44,220,795)
Revaluation reserves on AFS financial assets	*9*	**69,650,082**	95,237,313
Retained earnings		**339,469,850**	493,047,511
		P1,178,569,699	P1,344,510,099

There were no changes made to its capital base, objectives, policies and processes from previous years.

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, when actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

The following table sets out the concentration of the claims liabilities by type of contract:

	2016		
	Gross Claims Liabilities	**Reinsurer's Share of Claims Liabilities**	**Net Claims Liabilities**
Fire	**P2,207,724,020**	**P2,090,018,264**	**P117,705,756**
Motorcar	**407,741,223**	**22,740,500**	**385,000,723**
Surety	**162,220,904**	**109,878,534**	**52,342,370**
Accident	**37,872,424**	**(290,004)**	**38,162,428**
Casualty	**32,942,058**	**27,164,561**	**5,777,497**
Marine	**16,253,198**	**12,281,197**	**3,972,001**
Engineering	**6,299,628**	**5,640,326**	**659,302**
Aviation	**2,742**	**2,742**	**-**
	P2,871,056,197	**P2,267,436,120**	**P603,620,077**

	2015		
	Gross Claims Liabilities	Reinsurer's Share of Claims Liabilities	Net Claims Liabilities
Fire	P2,078,879,421	P1,999,017,011	P79,862,410
Motor car	320,512,830	3,680,203	316,832,627
Surety	138,390,854	103,753,061	34,637,793
Accident	42,000,766	459,460	41,541,306
Casualty	35,011,440	28,266,010	6,745,430
Marine	18,617,820	9,666,420	8,951,400
Engineering	11,630,062	10,760,698	869,364
Aviation	192,555	152,742	39,813
	P2,645,235,748	P2,155,755,605	P489,480,143

For general insurance contracts, the most significant risks arise from climate changes and natural disasters. These risks vary significantly in relation to the location of the risk insured by the Company and types of risks insured.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by changes in any subset of the portfolio.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, strict claims review policies to assess all new and ongoing claims, as well as the investigation of possible fraudulent claims. The Company also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Company's Premium retained.

The majority of reinsurance business ceded is placed on a surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statements of financial position as reinsurance assets.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to the reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Terms and Conditions
The major classes of general insurance written by the Company include fire, motor car, surety, accident, casualty, marine, engineering and aviation. Risks under these policies usually cover twelve-month duration.

For general insurance contracts, claims provisions (comprising of provisions for claims reported and IBNR claims) are established to cover the ultimate costs of claims in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are refined quarterly as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported.

The measurement process primarily includes projections of future claims through use of actual experience data. Claims provisions are separately analyzed by geographical area and class of business. In addition, claims are usually assessed by loss adjusters.

Assumptions
The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variation in interest, delays in settlement and changes in foreign currency rates.

Sensitivities
The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain variables such as legislative change and uncertainty in the estimation process is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement the outstanding claim provisions are not known with certainty at the reporting date.

Consequently, the ultimate costs of claims will vary as a result of subsequent developments. Differences resulting from reassessments of the ultimate costs of claims are recognized in subsequent financial statements.

The table below indicates the impact of changes in certain key assumptions in respect of general insurance business while other assumptions remain unchanged.

	2016		
	Change in Assumption	**Impact on Insurance Contract Liabilities (net of Reinsurance Assets)**	**Impact on Income Before Income Tax**
Average claim costs	**2.35%**	**P19,985,205**	**(P19,985,205)**
Average number of claims	**2.50%**	**21,190,997**	**(21,190,997)**
Period of settlement	**Within 12 months**		

	2015		
	Change in Assumption	Impact on Insurance Contract Liabilities (net of Reinsurance Assets)	Impact on Income Before Income Tax
Average claim costs	(3.87%)	(P17,056,309)	P17,056,309
Average number of claims	(4.01%)	(18,581,666)	18,581,666
Period of settlement	Within 12 months		

The Company determines that the above assumptions will best represent the movement of general insurance claims provision.

Loss Development Tables

Reproduced below is an exhibit that shows the development of claims over a period of time on a gross and net reinsurance basis:

	At Gross– 2016													
Accident Year	**2004 and Prior**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of ultimate Costs of Claims														
At the end of accident year	**P530,407,090**	**P277,461,829**	**P682,536,056**	**P491,237,990**	**P555,641,559**	**P659,479,570**	**P515,391,998**	**P642,863,378**	**P728,854,274**	**P1,858,997,896**	**P1,572,774,474**	**P1,681,703,901**	**P2,144,855,583**	**P2,144,855,583**
One year later	**785,050,193**	**370,955,414**	**647,103,592**	**435,912,000**	**466,986,924**	**1,128,760,022**	**892,833,942**	**1,239,747,137**	**752,809,387**	**3,304,397,744**	**744,751,907**	**1,157,498,415**	**-**	**1,157,498,415**
Two years later	**800,993,255**	**354,773,590**	**611,671,129**	**442,286,674**	**473,543,194**	**1,138,970,687**	**1,802,697,282**	**1,205,732,582**	**670,064,893**	**5,065,549,445**	**712,666,312**	**-**	**-**	**712,666,312**
Three years later	**797,819,736**	**338,591,767**	**594,923,713**	**442,473,542**	**526,907,413**	**1,125,912,547**	**1,800,951,056**	**1,208,426,445**	**659,219,208**	**5,374,844,574**	**-**	**-**	**-**	**5,374,844,574**
Four years later	**796,356,772**	**313,948,446**	**596,066,445**	**422,926,881**	**526,885,869**	**1,143,511,740**	**1,797,587,290**	**1,208,954,539**	**658,129,426**	**-**	**-**	**-**	**-**	**658,129,426**
Five years later	**795,907,623**	**313,944,081**	**594,990,142**	**421,168,354**	**527,652,988**	**735,052,347**	**1,794,562,722**	**1,210,105,176**	**-**	**-**	**-**	**-**	**-**	**1,210,105,176**
Six years later	**796,145,657**	**304,101,091**	**594,925,866**	**421,283,185**	**514,874,333**	**1,156,468,018**	**1,801,674,067**	**-**	**-**	**-**	**-**	**-**	**-**	**1,801,674,067**
Seven years later	**796,821,858**	**302,189,085**	**595,417,149**	**421,158,686**	**588,031,847**	**1,161,370,810**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,161,370,810**
Eight years later	**796,856,754**	**303,275,751**	**594,395,375**	**422,047,278**	**587,759,402**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**587,759,402**
Nine years later	**796,771,344**	**301,375,751**	**592,754,462**	**420,559,647**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**420,559,647**
Ten years later	**796,798,328**	**307,888,176**	**590,983,837**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**590,983,837**
Eleven years later	**796,798,328**	**307,509,584**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**307,509,584**
Twelve years later	**797,040,787**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**797,040,787**
Current estimate of cumulative claims	**797,040,787**	**307,509,584**	**590,983,837**	**420,559,647**	**587,759,402**	**1,161,370,810**	**1,801,674,067**	**1,210,105,176**	**658,129,426**	**5,374,844,574**	**712,666,312**	**1,157,498,415**	**2,144,855,583**	**16,924,997,620**
Cumulative payments to date	**796,798,328**	**292,401,905**	**583,343,024**	**420,378,964**	**446,227,485**	**731,051,555**	**1,753,580,209**	**1,204,868,848**	**651,859,917**	**5,298,478,292**	**658,308,816**	**831,390,646**	**385,253,434**	**14,053,941,423**
Total gross claims liability in the statements of financial position	**P242,459**	**P15,107,679**	**P7,640,813**	**P180,683**	**P141,531,917**	**P430,319,255**	**P48,093,858**	**P5,236,328**	**P6,269,509**	**P76,366,282**	**P54,357,496**	**P326,107,769**	**P1,759,602,149**	**P2,871,056,197**

	At Gross - 2015													
Accident Year	2003 and Prior	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Estimate of ultimate Costs of Claims														
At the end of accident year	P185,719,867	P344,687,223	P277,461,829	P682,536,056	P491,237,990	P555,641,559	P659,479,570	P 515,391,998	P642,863,378	P728,854,274	P1,858,997,896	P1,572,774,474	P1,681,703,901	P1,681,703,901
One year later	287,332,810	497,717,383	370,955,414	647,103,592	435,912,000	466,986,924	1,128,760,022	892,833,942	1,239,747,137	752,809,387	3,304,397,744	744,751,907	-	744,751,907
Two years later	297,577,702	503,415,553	354,773,590	611,671,129	442,286,674	473,543,194	1,138,970,687	1,802,697,282	1,205,732,582	670,064,893	5,065,549,445	-	-	5,065,549,445
Three years later	296,947,238	500,872,498	338,591,767	594,923,713	442,473,542	526,907,413	1,125,912,547	1,800,951,056	1,208,426,445	659,219,208	-	-	-	659,219,208
Four years later	298,027,330	498,329,442	313,948,446	596,066,445	422,926,881	526,885,869	1,143,511,740	1,797,587,290	1,208,954,539	-	-	-	-	1,208,954,539
Five years later	297,524,095	498,383,528	313,944,081	594,990,142	421,168,354	527,652,988	735,052,347	1,794,562,722	-	-	-	-	-	1,794,562,722
Six years later	297,967,390	498,178,267	304,101,091	594,925,866	421,283,185	514,874,333	1,156,468,018	-	-	-	-	-	-	1,156,468,018
Seven years later	298,394,591	498,427,267	302,189,085	595,417,149	421,158,686	588,031,847	-	-	-	-	-	-	-	588,031,847
Eight years later	298,420,367	498,436,387	303,275,751	594,395,375	422,047,278	-	-	-	-	-	-	-	-	422,047,278
Nine years later	298,334,957	498,436,387	301,375,751	592,754,462	-	-	-	-	-	-	-	-	-	592,754,462
Ten years later	298,334,957	498,463,371	307,888,176	-	-	-	-	-	-	-	-	-	-	307,888,176
Eleven years later	298,334,957	498,463,371	-	-	-	-	-	-	-	-	-	-	-	498,463,371
Twelve years later	298,334,957	-	-	-	-	-	-	-	-	-	-	-	-	298,334,957
Current estimate of cumulative claims	298,334,957	498,463,371	307,888,176	592,754,462	422,047,278	588,031,847	1,156,468,018	1,794,562,722	1,208,954,539	659,219,208	5,065,549,445	744,751,907	1,681,703,901	15,018,729,831
Cumulative payments to date	298,334,957	498,463,371	292,401,905	583,327,524	419,555,164	447,753,708	722,625,571	1,751,536,757	1,175,979,633	648,115,528	4,527,085,195	628,423,669	379,891,101	12,373,494,083
Total gross claims liability in the statements of financial position	P -	P -	P15,486,271	P9,426,938	P2,492,114	P140,278,139	P433,842,447	P43,025,965	P32,974,906	P11,103,680	P538,464,250	P116,328,238	P1,301,812,800	P2,645,235,748

	At Net – 2016													
Accident Year	**2004 and Prior**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of ultimate Costs of Claims														
At the end of accident year	**P315,581,555**	**P249,364,691**	**P312,325,941**	**P361,595,928**	**P398,113,064**	**P414,109,113**	**P372,190,374**	**P479,922,860**	**P424,939,841**	**P666,565,556**	**P593,362,848**	**P371,757,540**	**P806,397,477**	**P806,397,477**
One year later	**419,025,043**	**251,125,479**	**283,328,675**	**324,283,112**	**356,764,683**	**472,130,317**	**351,581,420**	**997,538,801**	**478,751,084**	**594,595,312**	**797,871,472**	**296,520,006**	**-**	**296,520,006**
Two years later	**425,301,263**	**251,723,513**	**277,957,678**	**332,700,341**	**363,501,880**	**485,845,050**	**353,518,766**	**990,902,331**	**440,452,474**	**627,522,762**	**778,560,811**	**-**	**-**	**778,560,811**
Three years later	**424,737,431**	**252,905,960**	**278,656,607**	**337,642,087**	**373,730,900**	**491,791,878**	**353,776,795**	**995,202,360**	**443,533,927**	**631,721,673**	**-**	**-**	**-**	**631,721,673**
Four years later	**424,663,990**	**248,053,085**	**279,648,203**	**338,856,291**	**373,853,997**	**487,467,157**	**354,021,083**	**996,346,727**	**436,967,035**	**-**	**-**	**-**	**-**	**436,967,035**
Five years later	**425,149,765**	**248,048,720**	**280,021,683**	**338,313,036**	**374,761,255**	**478,205,318**	**354,292,570**	**998,421,922**	**-**	**-**	**-**	**-**	**-**	**998,421,922**
Six years later	**425,485,473**	**238,194,631**	**279,998,658**	**338,356,287**	**374,374,830**	**478,557,055**	**361,969,215**	**-**	**-**	**-**	**-**	**-**	**-**	**361,969,215**
Seven years later	**425,831,300**	**237,355,069**	**280,482,823**	**337,964,645**	**374,415,690**	**483,092,407**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**483,092,407**
Eight years later	**425,866,196**	**237,906,277**	**280,169,962**	**338,008,039**	**374,138,554**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**374,138,554**
Nine years later	**425,951,606**	**237,876,277**	**280,174,509**	**337,338,428**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**337,338,428**
Ten years later	**425,978,590**	**237,876,277**	**279,318,110**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**279,318,110**
Eleven years later	**425,978,590**	**237,770,353**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237,770,353**
Twelve years later	**426,115,303**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**426,115,303**
Current estimate of cumulative claims	**426,115,303**	**237,770,353**	**279,318,110**	**337,338,428**	**374,138,554**	**483,092,407**	**361,969,215**	**998,421,922**	**436,967,035**	**631,721,673**	**778,560,811**	**296,520,006**	**806,397,477**	**6,448,331,294**
Cumulative payments to date	**425,978,590**	**222,727,788**	**278,419,493**	**337,299,250**	**341,265,254**	**471,215,953**	**353,198,744**	**996,702,172**	**433,096,439**	**624,283,147**	**760,348,723**	**226,323,978**	**373,851,686**	**5,844,711,217**
Total net claims liability in the statements of financial position	**P136,713**	**P15,042,565**	**P898,617**	**P39,178**	**P32,873,300**	**P11,876,454**	**P8,770,471**	**P1,719,750**	**P3,870,596**	**P7,438,526**	**P18,212,088**	**P70,196,028**	**P432,545,791**	**P603,620,077**

	At Net- 2015													
Accident Year	2003 and Prior	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Estimate of ultimate Costs of Claims														
At the end of accident year	P136,278,902	P179,302,653	P249,364,691	P312,325,941	P361,595,928	P398,113,064	P414,109,113	P372,190,374	P479,922,860	P424,939,841	P666,565,556	P593,362,848	P371,757,540	P371,757,540
One year later	130,790,709	288,234,334	251,125,479	283,328,675	324,283,112	356,764,683	472,130,317	351,581,420	997,538,801	478,751,084	594,595,312	797,871,472	-	797,871,472
Two years later	135,076,060	290,225,203	251,723,513	277,957,678	332,700,341	363,501,880	485,845,050	353,518,766	990,902,331	440,452,474	627,522,762	-	-	627,522,762
Three years later	135,412,652	289,324,779	252,905,960	278,656,607	337,642,087	373,730,900	491,791,878	353,776,795	995,202,360	443,533,927	-	-	-	443,533,927
Four years later	136,283,085	288,380,905	248,053,085	279,648,203	338,856,291	373,853,997	487,467,157	354,021,083	996,346,727	-	-	-	-	996,346,727
Five years later	136,765,271	288,384,494	248,048,720	280,021,683	338,313,036	374,761,255	478,205,318	354,292,570	-	-	-	-	-	354,292,570
Six years later	137,082,677	288,402,796	238,194,631	279,998,658	338,356,287	374,374,830	478,557,055	-	-	-	-	-	-	478,557,055
Seven years later	137,179,504	288,651,796	237,355,069	280,482,823	337,964,645	374,415,690	-	-	-	-	-	-	-	374,415,690
Eight years later	137,205,280	288,660,916	237,906,277	280,169,962	338,008,039	-	-	-	-	-	-	-	-	338,008,039
Nine years later	137,290,690	288,660,916	237,876,277	280,174,509	-	-	-	-	-	-	-	-	-	280,174,509
Ten years later	137,290,690	288,687,900	237,876,277	-	-	-	-	-	-	-	-	-	-	237,876,277
Eleven years later	137,290,690	288,687,900	-	-	-	-	-	-	-	-	-	-	-	288,687,900
Twelve years later	137,290,690	-	-	-	-	-	-	-	-	-	-	-	-	137,290,690
Current estimate of cumulative claims	137,290,690	288,687,900	237,876,277	280,174,509	338,008,039	374,415,690	478,557,055	354,292,570	996,346,727	443,533,927	627,522,762	797,871,472	371,757,540	5,726,335,158
Cumulative payments to date	137,290,690	288,687,900	222,727,788	278,419,105	336,975,450	342,140,570	469,664,982	352,024,668	994,261,408	439,543,371	613,754,764	745,615,439	15,748,880	5,236,855,015
Total net claims liability in the statements of financial position	P -	P -	P15,148,489	P1,755,404	P1,032,589	P32,275,120	P8,892,073	P2,267,902	P2,085,319	P3,990,556	P13,767,998	P52,256,033	P356,008,660	P489,480,143

Financial Risk

The primary objective of the Company's risk management framework is to ensure the sustainable achievement of its financial performance goals and objectives.

The Company, through the quarterly BOD and the monthly Executive Committee meetings, reviews and assesses the different financial risks it is exposed to. It promptly aligns its management strategies to properly manage these risk exposures. These normally include identification of related risks and their interpretation, and setting up of appropriate limit structures to ensure the suitable quality and diversification of assets.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk (consisting of foreign currency risk, interest rate risk, and price risk). The Chief Financial Officer is tasked to identify, monitor, analyze, control, and report financial risks.

Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to meet its contractual obligations. The Company is exposed to credit risk on its cash in banks, short-term placements, insurance receivables, AFS financial assets, loans and receivables, accrued income and security deposits.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to an annual review.

Guidelines on the level of credit risk are discussed and approved during weekly meetings of the Management Committee and/or monthly meetings of the Executive Committee.

With respect to investment securities, the Company ensures satisfactory credit quality by setting maximum limits of portfolio securities with a single issuer or group of issuers, excluding those secured on specific assets and setting the minimum ratings for the issuer.

With regard to loans and receivables, the Company transacts only with recognized, accredited and creditworthy borrowers and counterparties. The Company's Credit and Collection Unit (CCU) manages credit exposure by ensuring that borrowers and counterparties undergo credit verification procedures and by setting standard business terms that are required to be met by all counterparties. CCU also monitors the loans and receivables on a regular basis to determine the Company's appropriate exposure to impairment losses.

The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long term ratings.

Maximum Credit Exposure
The table below shows the maximum exposure to credit risk for the components of the statements of financial position and items such as future commitments. The maximum exposure is shown net of allowance for impairment losses, before deducting collaterals.

	Note	**2016**	2015
Cash and cash equivalents*	*7*	**P171,988,549**	P169,699,007
Insurance receivables	*8*	**574,409,042**	655,679,274
AFS financial assets**	*9*	**1,298,261,417**	1,291,505,912
Loans and receivables	*10*	**148,517,981**	222,309,818
Accrued income	*11*	**30,309,988**	24,739,440
Security deposits***	*18*	**9,608,450**	8,276,183
		P2,233,095,427	P2,372,209,634

** Excluding cash on hand*
*** Excluding equity securities*
**** Included under "Other assets" account*

Credit Quality of Financial Assets
The tables below provide information of the credit quality of the Company's financial assets that are neither past due nor impaired.

a) *Cash and Cash Equivalents and AFS Financial Assets*
The Company uses Philippine Rating Services Corporation (Phil Ratings) credit rating to present credit quality of cash and cash equivalents and AFS financial assets that are neither past due nor impaired as at December 31, 2016 and 2015.

PRS Aaa. This rating has a smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is secured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

PRS Ba. This rating is judged to have speculative elements. The issuer's capability to pay for such issues cannot be considered as well as assured. Often, the protection of interest and principal payments may be very moderate and thereby not well safeguarded during good and bad times over the future.

PRS B. This rating generally lacks characteristics of a desirable investment. Assurance of interest and principal payments or maintenance of other terms of contract over any long period of time may be small.

Bonds and notes that fall under the 'Not Rated column' includes long-term debt securities issued by local and multinational corporations belonging to the top fifty (50) corporations in the Philippines in terms of resources and profitability.

	2016				
	PRS Aaa	**PRS Ba**	**PRS B**	**Not Rated**	**Total**
Cash and cash equivalents					
Cash in banks	**P -**	**P -**	**P -**	**P102,100,987**	**P102,100,987**
Short-term deposits	**-**	**-**	**-**	**69,887,562**	**69,887,562**
AFS financial assets					
Government securities					
Local currency	**-**	**663,830,585***	**-**	**-**	**663,830,585**
Bonds and notes					
Local currency	**500,241,785**	**-**	**-**	**98,552,492**	**598,794,277**
Foreign currency	**-**	**-**	**-**	**35,636,555**	**35,636,555**
Total Credit Risk Exposure	**P500,241,785**	**P663,830,585**	**P -**	**P306,177,596**	**P1,470,249,966**

**The credit ratings are the equivalent to Moody's specific issue credit rating for the same debt securities as at December 31, 2016.*

	2015				
	PRS Aaa	PRS Ba	PRS B	Not Rated	Total
Cash and cash equivalents					
Cash in banks	P -	P -	P -	P91,324,151	P91,324,151
Short-term deposits	-	-	-	78,374,856	78,374,856
AFS financial assets					
Government securities					
Local currency	-	675,115,805*	-	-	675,115,805
Bonds and notes					
Local currency	-	-	581,998,800	-	581,998,800
Foreign currency	24,580,615	-	-	9,810,692	34,391,307
Total Credit Risk Exposure	P24,580,615	P675,115,805	P581,998,800	P179,509,699	P1,461,204,919

**The credit ratings are the equivalent to Moody's specific issue credit rating for the same debt securities as at December 31, 2015.*

The Company's cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability.

b) *Insurance Receivable, Loans and Receivable, Accrued Income and Security Deposits*

The Company uses the following credit rating to provides information on the credit quality of insurance receivables, loans and receivables, accrued income and security deposits that are neither past due nor impaired as at December 31 based on the borrowers and counterparties' overall creditworthiness as follows:

Grade A - This rating class is given to borrowers and counterparties who possess strong to very strong capacity to meet its obligations.

Grade B - This rating class is given to borrowers and counterparties who possess above average capacity to meet its obligations. These counterparties are somewhat susceptible to adverse changes in business and economic conditions.

Grade C - This rating class is given to borrowers and counterparties who possess average capacity to meet its obligations. These borrowers and counterparties are more likely to have a significant deterioration of its capacity during adverse business and economic conditions relative to Classes A and B.

The above credit ratings are determined by considering the borrower and counterparty's credit payment history and financial condition with strong consideration given to cash flows, working capital and net worth.

	2016					
	Neither Past-Due nor Impaired				**Past Due and**	
	Grade A	**Grade B**	**Grade C**	**Total**	**Impaired**	**Total**
Insurance receivables:						
Premiums receivable	**P -**	**P -**	**P 327,894,881**	**P 327,894,881**	**P 66,765,036**	**P 394,659,917**
Due from ceding companies	**-**	**-**	**8,819,630**	**8,819,630**	**3,376,790**	**12,196,420**
Reinsurance recoverable on paid losses	**-**	**-**	**108,655,043**	**108,655,043**	**9,403,809**	**118,058,852**
Due from brokers	**-**	**-**	**129,039,488**	**129,039,488**	**5,008,697**	**134,048,185**
Loans and receivables:						
Short-term investments	**-**	**7,339,170**	**-**	**7,339,170**	**-**	**7,339,170**
Accounts receivable	**-**	**109,053,216**	**-**	**109,053,216**	**25,089,510**	**134,142,726**
Car financing loans	**14,680,298**	**-**	**-**	**14,680,298**	**-**	**14,680,298**
Mortgage loans	**7,445,297**	**-**	**-**	**7,445,297**	**-**	**7,445,297**
Long-term investments	**-**	**10,000,000**	**-**	**10,000,000**	**-**	**10,000,000**
Accrued income:						
Accrued interest income	**-**	**27,397,545**	**-**	**27,397,545**	**-**	**27,397,545**
Accrued dividend income	**-**	**2,583,333**	**-**	**2,583,333**	**-**	**2,583,333**
Accrued rent	**-**	**-**	**329,110**	**329,110**	**-**	**329,110**
Security deposits	**-**	**-**	**9,608,450**	**9,608,450**	**-**	**9,608,450**
	P22,125,595	**P156,373,264**	**P584,346,602**	**P762,845,461**	**P109,643,842**	**P872,489,303**

	2015					
	Neither Past-Due nor Impaired				Past Due and	
	Grade A	Grade B	Grade C	Total	Impaired	Total
Insurance receivables:						
Premiums receivable	P -	P -	P398,022,170	P398,022,170	P17,460,315	P415,482,485
Due from ceding companies	-	-	9,107,625	9,107,625	3,257,681	12,365,306
Reinsurance recoverable on paid losses	-	-	136,877,779	136,877,779	3,625,180	140,502,959
Due from brokers	-	-	111,671,700	111,671,700	1,007,687	112,679,387
Loans and receivables:						
Short-term investments	-	4,579,833	-	4,579,833	-	4,579,833
Accounts receivable	-	174,392,146	-	174,392,146	3,849,528	178,241,674
Car financing loans	22,570,064	-	-	22,570,064	-	22,570,064
Mortgage loans	10,767,775	-	-	10,767,775	-	10,767,775
Long-term investments	-	10,000,000	-	10,000,000	-	10,000,000
Accrued income:						
Accrued interest income	-	22,026,571	-	22,026,571	-	22,026,571
Accrued dividend income	-	2,583,334	-	2,583,334	-	2,583,334
Accrued rent	-	-	129,535	129,535	-	129,535
Security deposits	-	-	8,276,183	8,276,183	-	8,276,183
	P33,337,839	P213,581,884	P664,084,992	P911,004,715	P29,200,391	P940,205,106

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties, geographical and industry segments as at December 31, 2016 and 2015.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its contractual obligations and commitments. The major liquidity risk confronting the Company is the daily cash calls on its available cash resources with respect to claims arising from insurance contracts.

The Company monitors its cash position on a daily basis by preparing cash report wherein the disbursements and collections are monitored. This report also helps the Company in determining periods where it has excess cash or cash shortfall.

On May 28, 2015, the BOD authorized and approved the establishment and renewal of the Company's credit line facilities with the Bank of the Philippine Islands (BPI) as follows:

- Establishment of Foreign Exchange Line amounting to $2,500,000;
- Renewal of Bills Purchase Line amounting to P50,000,000; and
- Renewal of Corporate Guarantee Line amounting P10,000,000

As at December 31, 2016 and 2015, the Company's financial assets and liabilities have contractual maturities which are presented below:

	2016				
	On Demand	**1 to 3 Years**	**4 to 5 Years**	**More than 5 Years**	**Total**
Financial Assets					
Cash and cash equivalents	**P172,368,327**	**P -**	**P -**	**P -**	**P 172,368,327**
Insurance receivables - net	**574,409,042**	**-**	**-**	**-**	**574,409,042**
AFS financial assets	**226,988,529**	**30,453,348**	**326,053,028**	**893,640,446**	**1,477,135,351**
Loans and receivables - net	**126,734,763**	**6,095,267**	**10,353,662**	**5,334,289**	**148,517,981**
Accrued income	**30,309,988**	**-**	**-**	**-**	**30,309,988**
Security deposits	**9,608,450**	**-**	**-**	**-**	**9,608,450**
	1,140,419,099	**36,548,615**	**336,406,690**	**898,974,735**	**2,412,349,139**
Financial Liabilities					
Provision for claims reported	**1,610,462,276**	**-**	**-**	**-**	**1,610,462,276**
Insurance payables	**318,683,006**	**-**	**-**	**-**	**318,683,006**
Trade and other liabilities*	**351,701,199**	**-**	**-**	**-**	**351,701,199**
	2,280,846,481	**-**	**-**	**-**	**2,280,846,481**
Net Liquidity	**(P1,140,427,382)**	**P36,548,615**	**P336,406,690**	**P898,974,735**	**P131,502,658**

**Excluding payable to regulatory agencies*

	2015				
	On Demand	1 to 3 Years	4 to 5 Years	More than 5 Years	Total
Financial Assets					
Cash and cash equivalents	P179,977,463	P -	P -	P -	P179,977,463
Insurance receivables - net	655,679,274	-	-	-	655,679,274
AFS financial assets	173,316,111	211,432,836	142,900,259	937,172,817	1,464,822,023
Loans and receivables - net	178,971,979	16,364,323	9,083,573	17,889,943	222,309,818
Accrued income	24,739,440	-	-	-	24,739,440
Security deposits	8,276,183	-	-	-	8,276,183
	1,220,960,450	227,797,159	151,983,832	955,062,760	2,555,804,201
Financial Liabilities					
Provision for claims reported	1,753,030,847	-	-	-	1,753,030,847
Insurance payables	213,900,983	-	-	-	213,900,983
Trade and other liabilities*	419,171,220	-	-	-	419,171,220
	2,386,103,050	-	-	-	2,386,103,050
Net Liquidity	(P1,165,142,600)	P227,797,159	P151,983,832	P955,062,760	P169,701,151

**Excluding payable to regulatory agencies*

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in prices is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Increasing market fluctuations may result in significant impact on the Company's equity, cash flows and profit.

The Company manages market risk exposures by setting up limits structures and by promulgating specific investment guidelines and strategies (e.g., investing only in high grade securities and only with reputable foreign reinsurers). The Company only invests in financial institutions or corporate entities with acceptable ratings from domestic and international credit rating agencies, or is at least within the top 10 rank in case of banks. The Company also ensures that its investments shall comply with the guidelines and requirements set out by the IC.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Philippine Peso (PHP) and its exposure to foreign currency risk arise primarily with respect to the Company's dealings with foreign reinsurers in its settlement of obligations and receipt of any claim reimbursements, which is denominated in US Dollars (USD).

The table below summarizes the Company's exposure to currency risk on foreign currency denominated financial assets and their PHP equivalents as follows:

	2016	
	USD	**PHP**
Cash and cash equivalents	**188,837**	**9,407,859**
AFS financial assets		
Bonds and notes	**715,378**	**35,640,132**
Accrued interest income	**10,761**	**536,113**
	914,976	**45,584,104**

	2015	
	USD	PHP
Cash and cash equivalents	326,740	15,376,384
AFS financial assets		
Bonds and notes	730,797	34,391,307
Accrued interest income	10,843	510,272
	1,068,380	50,277,963

The table below lists down the exchange rates per P1.00 from Philippine Dealing and Exchange Corporation in translating foreign currency-denominated financial assets into USD amounts as at December 31, 2016 and 2015. Translation differences are due to rounding off of foreign exchange rates used.

	2016	2015
USD	**49.82**	47.06

As at December 31, 2016 and 2015, the Company has no foreign currency-denominated financial liabilities.

The following table shows the sensitivity to a reasonably possible change in US dollar exchange rate, with all other variables held constant of the Company's income before income tax.

	Change in USD Exchange Rate	**Effect on Income Before Income Tax**	**Effect on Equity**
2016	**5.00%**	**P2,276,209**	**P1,593,346**
	-5.00%	**(2,276,209)**	**(1,593,346)**
2015	+5.00%	2,513,898	1,759,729
	-5.00%	(2,513,898)	(1,759,729)

The Company determined the reasonably possible change in foreign currency using the one year volatility of the USD and PHP as this will best represent the movement in foreign exchange rate until the next reporting date.

There is no other impact on the Company's equity other than those already affecting profit or loss.

Interest Rate Risk
The Company's income and operating cash flows are substantially independent of changes in market interest rates since its interest bearing AFS debt securities have fixed interest rates.

The management of interest rate risk involves maintenance of appropriate blend of financial instruments with consideration on the maturity profile.

The following table shows the information relating to the financial assets that are exposed to fair value interest rate risk presented by maturity profile:

	2016				
	Range of Interest Rates	**1 - 3 Years**	**4 - 5 Years**	**Over 5 Years**	**Total**
AFS Debt Securities					
Government debt securities	**3.38% - 11.25%**	**P69,448,382**	**P -**	**P594,382,203**	**P663,830,585**
Bonds and notes	**4.47% - 6.94%**	**186,153,861**	**185,773,862**	**262,503,109**	**634,430,832**
		P255,602,243	**P185,773,862**	**P856,885,312**	**P1,298,261,417**

	2015				
	Range of Interest Rates	1 - 3 Years	4 - 5 Years	Over 5 Years	Total
AFS Debt Securities					
Government debt securities	5.38% - 9.00%	P129,646,393	P39,245,304	P506,224,108	P675,115,805
Bonds and notes	4.88% - 6.75%	81,786,443	103,654,955	430,948,709	616,390,107
		P211,432,836	P142,900,259	P937,172,817	P1,291,505,912

Any increase by 100 basis points (1%) in interest rates, with all other variables held constant, will increase net income by P13.00 million and P12.90 million for the years ended December 31, 2016 and 2015, respectively. The decrease in same basis points will reduce the net income by the same amount.

In 2016 and 2015, the Company determined the reasonably possible change in interest rate based on the historical change in weighted average yield rates of outstanding investments of the Company.

Equity Price Risk
Equity price risk is the risk that future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of Philippine Stock Exchange index (PSEi).

The Company's equity price risk exposure relates to quoted equity shares classified as AFS financial assets.

The table below shows the income before income tax impact of reasonably possible change of PSEi as at December 31, 2016 and 2015.

	Change in Equity Prices	Effect on Income before Income Tax
2016	**5.00%**	**P7,706,947**
	-5.00%	**(7,706,947)**
2015	5.00%	7,478,206
	-5.00%	(7,478,206)

The equity impact is arrived at using the reasonably possible change of PSEi and the specific adjusted beta of each stock the Company holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

6. Fair Value Measurement

Financial Instruments

The carrying amount of the Company's financial instruments such as cash and cash equivalents, insurance receivables, loans and receivables (excluding "Long-term investments"), accrued income, provision for claims reported (included under "Insurance contract liabilities" account), insurance payable and trade and other payables (excluding government payables), approximate their fair values at each reporting date due to being relatively short term in nature.

The carrying amount of refundable security deposits (included under "Other assets" account) and long-term investments (included under "Loans and receivables" account) approximates fair value at year end. The Management believes that the effect of discounting and future cash flows of this instrument using the prevailing market rate is not significant.

AFS financial assets is measured at fair value. The fair values of quoted equity and debt investments were determined by reference to quoted market prices published by Philippine Stock Exchange (PSE) and Philippine Dealings and Exchange Corporation (PDEX).

If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. The market price reference in determining the market values is derived from PDEX as at December 29, 2016 and 2015.

Investments in unquoted equity instruments for which no reliable basis for fair value measurement is available are carried at cost, net of any allowance for impairment losses.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (see Note 3).

Financial Assets

As at December 31, AFS financial asset is the only financial asset measured at fair value in the statements of financial position. The fair value hierarchy of the Company's AFS financial asset is as follows:

	2016				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
AFS financial assets:					
Equity securities	**192,889,644**	**P154,138,934**	**P24,500,000**	**P235,000**	**P178,873,934**
Debt instruments	**,214,562,799**	**1,247,823,519**	**50,437,898**	**-**	**1,298,261,417**
	1,407,452,443	**P1,401,962,453**	**P74,937,898**	**P235,000**	**P1,477,135,351**

	2015				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
AFS financial assets:					
Equity securities	186,488,753	P149,551,111	P23,530,000	P235,000	P173,316,111
Debt instruments	,183,317,853	1,183,559,989	107,945,923	-	1,291,505,912
	1,369,806,606	P1,333,111,100	P131,475,923	P235,000	P1,464,822,023

During the reporting periods ended December 31, 2016 and 2015, there were no transfers between level 1 and level 2 fair value movements, and no transfers into and out of level 3 fair value measurement.

Nonfinancial Assets

As at December 31, 2016 and 2015, the fair value of the Company's investment properties amounted to P18.85 million and P17.19 million, respectively, using level 2 inputs. During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

The recurring fair value of nonfinancial assets under level 2 are determined using market data approach (see Note 15).

7. Cash and Cash Equivalents

Cash and cash equivalents consists of:

	2016	2015
Cash on hand and in banks	**P102,480,765**	P101,602,607
Short-term placements	**69,887,562**	78,374,856
	P172,368,327	P179,977,463

Cash in banks consist of peso and foreign currency-denominated deposits which earn interest at the prevailing bank deposit rates. Short-term placements are made for varying periods up to three (3) months depending on the immediate cash requirement of the Company, and earn annual interest ranging from 0.75% to 1.75% in 2016 and from 1.13% to 2.00% in 2015 for peso while 0.50% for foreign currency placements in 2016 and 2015.

Interest income earned on cash and cash equivalents amounted to P1.78 million and P4.35 million in 2016 and 2015, respectively (see Note 25).

8. Insurance Receivables - net

Insurance receivables consists of:

	2016	2015
Premiums receivables	**P394,659,917**	P415,482,485
Due from ceding companies	**12,196,420**	12,365,306
Reinsurance recoverable on paid losses	**118,058,852**	140,502,959
Due from brokers	**134,048,185**	112,679,387
	658,963,374	681,030,137
Less allowance for impairment losses	**84,554,332**	25,350,863
	P574,409,042	P655,679,274

Reinsurance recoverable on paid losses pertains to amounts recoverable from the reinsurers in respect of claims already paid by the Company.

Due from ceding companies pertains to amounts receivable from facultative and treaty reinsurance panels of the Company.

The aging of insurance receivables are as follows:

	2016						
	< 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Premiums receivable	P91,470,529	P62,880,787	P59,593,993	P 98,032,084	P 82,682,524	P -	P394,659,917
Reinsurance recoverable on paid losses	92,596,057	8,511	121,461	710,988	670,113	P23,951,722	118,058,852
Due from ceding companies	422,817	152,194	338,711	1,521,065	4,850,381	4,911,252	12,196,420
Due from brokers	22,675,832	29,995,208	13,826,636	34,603,980	32,946,529	-	134,048,185
	P207,165,235	P93,036,700	P73,880,801	P134,868,117	P121,149,547	P28,862,974	P658,963,374

	2015						
	< 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Premiums receivable	P138,479,365	P75,479,352	P52,961,954	P82,803,148	P63,039,461	P2,719,205	P415,482,485
Reinsurance recoverable on paid losses	111,231,026	(50,986)	(423,338)	(298,373)	11,242,957	18,801,673	140,502,959
Due from ceding companies	126,717	280,396	827,784	2,774,163	698,049	7,658,197	12,365,306
Due from brokers	47,238,712	23,069,837	17,074,670	15,074,319	10,221,849	-	112,679,387
	P297,075,820	P98,778,599	P70,441,070	P100,353,257	P85,202,316	P29,179,075	P681,030,137

The following shows the reconciliation of the changes in allowance for impairment losses for insurance receivables:

		2016				
	Note	Premiums Receivable	Due from Ceding Companies	Reinsurance Recoverable on Paid Losses	Due from Brokers	Total
January 1, 2016		P17,460,315	P3,257,681	P3,625,180	P1,007,687	P25,350,863
Provision for impairment losses for the year	*26*	49,304,721	119,109	5,778,629	4,001,010	59,203,469
December 31, 2016		P66,765,036	P3,376,790	P9,403,809	P5,008,697	P84,554,332
Individually impaired		P -	P3,376,790	P9,403,809	P -	P12,780,599
Collectively impaired		66,765,036	-	-	5,008,697	71,773,733
		P66,765,036	P3,376,790	P9,403,809	P5,008,697	P84,554,332

		2015				
	Note	Premiums Receivable	Due from Ceding Companies	Reinsurance Recoverable on Paid Losses	Due from Brokers	Total
January 1, 2015		P22,012,644	P3,257,681	P3,625,180	P983,612	P29,879,117
Provision for impairment losses for the year	*26*	17,460,315	-	-	1,007,687	18,468,002
Write-off		(22,012,644)	-	-	(983,612)	(22,996,256)
December 31, 2015		P17,460,315	P3,257,681	P3,625,180	P1,007,687	P25,350,863
Individually impaired		P -	P3,257,681	P3,625,180	P -	P6,882,861
Collectively impaired		17,460,315	-	-	1,007,687	18,468,002
		P17,460,315	P3,257,681	P3,625,180	P1,007,687	P25,350,863

9. AFS Financial Assets

AFS financial assets consists of:

	2016	2015
Securities at Fair Value		
Equity securities		
Listed	**P154,138,934**	P149,564,111
Unlisted	**24,735,000**	23,752,000
	178,873,934	173,316,111
Government debt securities		
Local currency	**663,830,585**	675,115,805
Bonds and notes		
Local currency	**598,794,277**	581,998,800
Foreign currency	**35,636,555**	34,391,307
	1,298,261,417	1,291,505,912
	P1,477,135,351	P1,464,822,023

The costs or amortized costs of AFS financial assets are as follows:

	2016	2015
Securities at Cost or Amortized Cost		
Equity securities		
Listed	**P177,004,547**	P170,188,510
Unlisted	**15,885,097**	16,300,243
	192,889,644	186,488,753
Government debt securities		
Local currency	**595,590,290**	575,309,666
Bonds and notes		
Local currency	**590,652,753**	575,084,070
Foreign currency	**28,319,756**	32,924,117
	1,214,562,799	1,183,317,853
	P1,407,452,443	P1,369,806,606

The following tables present the breakdown of investments in bonds, government and other securities by contractual maturity dates as at December 31, 2016 and 2015 classified under AFS financial assets:

	2016		
	Due Within One Year	**Due Beyond One Year**	**Total**
Government debt securities	**P10,279,319**	**P653,551,266**	**P663,830,585**
Bonds and notes	**35,636,555**	**598,794,277**	**634,430,832**
	P45,915,874	**P1,252,345,543**	**P1,298,261,417**

	2015		
	Due Within One Year	Due Beyond One Year	Total
Government debt securities	P119,168,018	P555,947,787	P675,115,805
Bonds and notes	-	616,390,107	616,390,107
	P119,168,018	P1,172,337,894	P1,291,505,912

In 2016 and 2015, the Company recognized interest income amounting to P75.35 million and P67.94 million with annual interest rates ranging from 3.38% to 11.25% in 2016 and 5.38% to 9.00% in 2015 (see Note 25).

As at December 31, 2016 and 2015, government securities amounting to P137.50 million are deposited with the IC in accordance with the provisions of the Amended Insurance Code as security for the benefit of policyholders and creditors of the Company.

The carrying values of AFS financial assets have been determined as follows:

	2016	2015
Balance at beginning of year	**P1,464,822,023**	P1,397,669,567
Additions	**331,483,914**	460,620,236
Disposals and maturities	**(293,616,181)**	(345,822,134)
Fair value loss reported in OCI	**(25,554,405)**	(47,645,646)
Balance at end of year	**P1,477,135,351**	P1,464,822,023

The rollforward of revaluation reserves on AFS financial assets is as follows:

	2016	2015
Balance at beginning of year	**P95,237,313**	P142,661,062
Net change in fair value of AFS financial assets	**(2,510,296)**	(37,501,214)
Net change in fair value of AFS financial assets reclassified to profit or loss	**(23,044,109)**	(10,144,432)
Income tax effect	**(32,826)**	221,897
	(25,587,231)	(47,423,749)
Balance at end of year	**P69,650,082**	P95,237,313

The effect on actual earnings of changes in fair value of equity securities will depend on the market prices of these investments at the time of sale. In 2016 and 2015, the Company's realized gain on sale of equity securities amounted to P23.04 million and P10.14 million, respectively (see Note 25).

Dividend income earned from these investments amounted to P9.26 million and P8.41 million in 2016 and 2015, respectively (see Note 25).

10. Loans and Receivables - net

Loans and receivables consists of:

	2016	2015
Short-term investments	**P7,339,170**	P4,579,833
Accounts receivable	**134,142,726**	178,241,674
Long-term investments	**10,000,000**	10,000,000
Car financing loans	**14,680,298**	22,570,064
Mortgage loans	**7,445,297**	10,767,775
	173,607,491	226,159,346
Less allowance for impairment losses	**25,089,510**	3,849,528
	P148,517,981	P222,309,818

Accounts receivable are non-interest bearing and all due within one year. Loans granted are subject to retention of title clauses, so that in the event of non-payment, the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company entered into a Memorandum of Agreement (MOA) with Insular Life on policies issued for migrant workers. Under the said MOA, at the end of each policy year, Insular Life and the Company shall compute for the share in net profit based on the separately-computed net profit (loss) of each entity based on the formula provided in the MOA. The amount of share in the net profit shall be the amount which will be available to provide deficit recovery to the other company if necessary. If both parties are in a net profit or net loss position, no share in net profit will be computed. However, if one of the parties has incurred a loss and the other a profit, the entity who has a profit will be the one to reimburse the entity for its deficiency. The amount to be transferred shall not exceed the net profit of the entity who will reimburse the loss. Likewise, the amount that may be received by the negative account shall only be to the extent of such deficit that may be fully recovered. The Company records accrual of profit commission under 'Accounts receivable'.

In 2016, the Company paid the retirement benefits of its employees and recognized receivable from Retirement Plan amounting to P7.60 million under Accounts receivable.

Short-term investments pertain to time deposits and special savings with maturity of over 90 days but less than 1 year with interest rate of 1.00% to 1.25% in 2016 and 2015.

Car financing and mortgage loans earn interest at rates ranging from 1.00% to 9.00% per annum and with maturities of two (2) to twenty five (25) years. Interest income earned on car financing loan amounted to P0.95 million and P1.27 million in 2016 and 2015, respectively, while interest income earned on mortgage loans amounted to P0.63 million and P0.86 million in 2016 and 2015, respectively (Note 25).

Long-term investments pertain to time deposits with maturity of ten (10) years with interest rate of 10.00% in 2016 and 2015. Interest income earned on long-term investments amounted to P1.0 million in 2016 and 2015.

Interest income from other receivables amounted to P3.37 million and P4.92 million in 2016 and 2015, respectively.

The following is a reconciliation of the changes in allowance for impairment losses for accounts receivable:

	Note	**2016**	2015
Balance at beginning of year		**P3,849,528**	P3,849,528
Provision for impairment losses for the year	*26*	**21,239,982**	-
Balance at end of year		**P25,089,510**	P3,849,528

The breakdown of loans and receivables by contractual maturity dates as at December 31, 2016 and 2015 is as follows:

	2016				
	Up to a Year	**1 - 3 Years**	**3 - 5 Years**	**Over 5 Years**	**Total**
Short-term investments	**P7,339,170**	**P -**	**P -**	**P -**	**P7,339,170**
Accounts receivable	**134,142,726**	**-**	**-**	**-**	**134,142,726**
Long-term investments	**-**	**10,000,000**	**-**	**-**	**10,000,000**
Car financing loans	**208,049**	**4,937,905**	**9,534,344**	**-**	**14,680,298**
Mortgage loans	**134,328**	**1,157,362**	**819,318**	**5,334,289**	**7,445,297**
	P141,824,273	**P16,095,267**	**P10,353,662**	**P5,334,289**	**P173,607,491**

	2015				
	Up to a Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total
Short-term investments	P4,579,833	P -	P -	P -	P4,579,833
Accounts receivable	178,241,674	-	-	-	178,241,674
Long-term investments	10,000,000	-	-	-	10,000,000
Car financing loans	-	4,023,932	8,783,363	9,762,769	22,570,064
Mortgage loans	-	2,340,391	300,210	8,127,174	10,767,775
	P192,821,507	P6,364,323	P9,083,573	P17,889,943	P226,159,346

11. Accrued Income

Accrued income consists of:

	2016	2015
Accrued interest income	**P27,397,545**	P22,026,571
Accrued dividends	**2,583,333**	2,583,334
Accrued rent	**329,110**	129,535
	P30,309,988	P24,739,440

Accrued interest income pertains mainly to interest accrued arising from cash equivalents, long-term investments, and debt securities under AFS financial assets.

Accrued dividends pertain to dividends accruing from its investments in preferred shares classified under “AFS financial assets” account in the statements of financial position. The preferred shares earn dividends ranging from 8.00% to 8.88% in 2016 and 2015.

Accrued rent pertains to adjustments on rentals from tenants on Investment properties which are normally on 30-day terms.

12. Reinsurance Assets

Reinsurance assets consists of:

	Note	**2016**	2015
Reinsurance recoverable on unpaid losses		**P2,267,436,120**	P2,155,755,605
Reinsurance premiums reserve		**128,668,933**	139,465,213
	19	**P2,396,105,053**	P2,295,220,818

13. Deferred Acquisition Costs and Deferred Reinsurance Commissions

The reconciliation of deferred acquisition costs is as follows:

	2016	2015
Balance at beginning of year	**P233,747,708**	P221,254,317
Commission expense for the year	**455,261,169**	534,109,308
Commission incurred for the year	**(454,675,838)**	(521,615,917)
Balance at end of year	**P234,333,039**	P233,747,708

The reconciliation of deferred reinsurance commissions is as follows:

	2016	2015
Balance at beginning of year	**P29,531,572**	P46,970,063
Reinsurance commission for the year	**77,673,758**	62,573,629
Reinsurance commission earned for the year	**(76,139,132)**	(80,012,120)
Balance at end of year	**P31,066,198**	P29,531,572

14. Property and Equipment - net

Property and equipment - net consists of:

		2016					
	Note	**Construction in Progress**	**Building and Building Improvements**	**Office Furniture and Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Cost							
January 1, 2016		**P18,351,533**	**P228,605,518**	**P135,534,915**	**P44,203,434**	**P66,483,230**	**P493,178,630**
Additions		**-**	**3,965,114**	**17,607,849**	**6,787,138**	**1,277,161**	**29,637,262**
Reclassifications		**(18,351,533)**	**17,719,640**	**(45,679,944)**	**205,357**	**426,536**	**(45,679,944)**
Disposals/retirements		**-**	**(27,085,828)**	**(6,971,787)**	**(19,175,741)**	**(19,313,576)**	**(72,546,932)**
December 31, 2016		**-**	**223,204,444**	**100,491,033**	**32,020,188**	**48,873,351**	**404,589,016**
Accumulated Depreciation and Amortization							
January 1, 2016		**-**	**56,930,650**	**74,616,487**	**23,630,572**	**44,884,649**	**200,062,358**
Depreciation and amortization	*26*	**-**	**9,396,553**	**17,054,675**	**7,476,342**	**9,828,039**	**43,755,609**
Reclassifications		**-**	**-**	**(20,193,484)**	**-**	**-**	**(20,193,484)**
Disposals/retirements		**-**	**(22,645,528)**	**(5,754,529)**	**(17,827,579)**	**(19,313,575)**	**(65,541,211)**
December 31, 2016		**-**	**43,681,675**	**65,723,149**	**13,279,335**	**35,399,113**	**158,083,272**
Carrying Amount as at December 31, 2016		**P -**	**P179,522,769**	**P34,767,884**	**P18,740,853**	**P13,474,238**	**P246,505,744**

	Note	Construction in Progress	Building and Building Improvements	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
		2015					
Cost							
January 1, 2015		P -	P120,373,243	P160,785,828	P34,609,140	P59,491,726	P375,259,937
Additions		18,351,533	108,985,812	19,400,331	15,504,155	1,786,094	164,027,925
Disposals		-	(753,537)	(44,651,244)	(5,909,861)	5,205,410	(46,109,232)
December 31, 2015		18,351,533	228,605,518	135,534,915	44,203,434	66,483,230	493,178,630
Accumulated Depreciation and Amortization							
January 1, 2015		-	50,751,596	95,472,059	17,475,845	29,881,376	193,580,876
Depreciation and amortization	26	-	6,932,591	23,802,080	7,891,842	9,797,865	48,424,378
Disposals		-	(753,537)	(44,657,652)	(1,737,115)	5,205,408	(41,942,896)
December 31, 2015		-	56,930,650	74,616,487	23,630,572	44,884,649	200,062,358
Carrying Amount as at December 31, 2015		P18,351,533	P171,674,868	P60,918,428	P20,572,862	P21,598,581	P293,116,272

As at December 31, 2016 and 2015, fully depreciated property and equipment amounted to P14.00 million and P57.85 million, respectively.

In 2016, the Company disposed property and equipment amounting to P7.01 million which resulted to P1.44 million net loss on sale.

Items with a carrying amount of P25.49 million and previously classified as property and equipment were reclassified in 2016 to intangible assets to properly classify costs related to the Company's new insurance production system (see Note 16).

15. Investment Properties - net

The Company's investment properties represent condominium units that the Company holds for lease.

The movement of this account is as follows:

	Note	**2016**	2015
Cost		**P21,742,307**	P21,742,307
Accumulated Depreciation			
Balance at beginning of year		**5,663,752**	5,156,423
Depreciation for the year	*26*	**362,363**	507,329
Balance at end of year		**6,026,115**	5,663,752
Carrying Amount		**P15,716,192**	P16,078,555

As at December 31, 2016 and 2015, the fair value of investment properties amounted to P18.85 million and P17.19 million, respectively, based on the latest appraisal report determined by independent professionally qualified appraisers.

Rental income earned from investment properties amounted to P2.49 million and P3.19 million in 2016 and 2015, respectively (see Note 25 and 33).

Related direct operating expenses amounted to P0.03 million and P0.02 million in 2016 and 2015, respectively.

The value of the properties were arrived using the market data approach. In this approach, the value of the properties were based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires establishing of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject properties and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject properties. The comparison was premised on the factors of location, size and shape of the condominium unit, facilities offered, architectural quality, and time element.

16. Intangible Assets

Intangible assets pertains to "The Real-time Operating system Nucleus" (TRON) Web, a new core insurance production system acquired by the Company and other software.

	Note	2016	2015
Cost			
Balance at beginning of year		**P45,144,455**	P32,638,156
Additions		**50,590,413**	12,506,299
Reclassification from property, plant and equipment	*14*	**45,679,944**	-
Disposals		**(8,807,481)**	-
Balance at end of year		**132,607,331**	45,144,455
Accumulated Amortization			
Balance at beginning of year		**-**	-
Additions	*26*	**17,403,457**	-
Reclassification from property, plant and equipment	*14*	**20,193,484**	-
Disposals		**(7,049,535)**	-
Balance at end of year		**30,547,406**	-
Carrying Amount		**P102,059,925**	P45,144,455

17. Goodwill

The goodwill arose from the merger of the Company with Insular General Insurance Co., Inc. (Insular General) in 2005. The recoverable amount of goodwill has been determined using the value in use approach. Value in use was based on the cash flow projections on the most recent financial forecasts approved by senior management which are management's best estimate of the ranges of economic conditions covering a five (5)-year period. The pre-tax discount rate applied to cash flow projections is 4.89% in 2016 and 2015, plus return on equity and cash flows beyond the five (5)-year period are extrapolated using a steady growth rate.

As at December 31, 2016 and 2015, goodwill amounted to P33.79 million. The recoverable amount is higher than the carrying amount of the CGU (Insular General). As such, no impairment losses is recognized in 2016 and 2015.

18. Other Assets

Others assets consists of:

	Note	**2016**	2015
Prepaid assets		**P15,806,847**	P34,952,411
Input VAT		**69,492,117**	57,974,607
Creditable Withholding Taxes (CWT)		**49,225,999**	27,582,054
Documentary stamps inventory		**17,205,392**	7,968,117
Security deposits	*5*	**9,608,450**	8,276,183
Others		**9,895,991**	11,367,903
		P171,234,796	P148,121,275

Prepaid assets pertain to advance payments to various suppliers and service providers.

Input VAT is applied against output VAT. The remaining balance is recoverable in the future periods.

CWT represent the taxes withheld at source by the counterparty which can be applied against future income tax liability.

Significant portion of the Company's DST pertains to advance payment of DST on premiums.

Security deposits represent advance rentals on operating leases and will be refunded to the Company within thirty (30) to sixty (60) days upon termination of the corresponding lease contracts.

19. Insurance Contract Liabilities

Short-term nonlife insurance liabilities may be analyzed as follows:

	2016			2015		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities** (Note 12)	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 12)	Net
Provision for claims reported	**P1,610,462,276**	**P1,058,440,917**	**P552,021,359**	P1,753,030,847	P1,327,052,557	P425,978,290
Provision for IBNR claims	**1,260,593,921**	**1,208,995,203**	**51,598,718**	892,204,901	828,703,048	63,501,853
Provision for claims reported and IBNR claims	**2,871,056,197**	**2,267,436,120**	**603,620,077**	2,645,235,748	2,155,755,605	489,480,143
Reserve for unearned premiums	**958,577,841**	**128,668,933**	**829,908,908**	987,058,526	139,465,213	847,593,313
	,829,634,038	**P2,396,105,053**	**P1,433,528,985**	,632,294,274	P2,295,220,818	P1,337,073,456

Provisions for claims reported and IBNR may be analyzed as follows:

		2016			2015		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities** (Note 12)	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note12)	Net
Balance at beginning of year		**P2,645,235,748**	**P2,155,755,605**	**P489,480,143**	P2,221,214,940	P1,837,276,991	P383,937,949
Claims incurred during the year		**1,537,878,769**	**803,979,496**	**733,899,273**	3,078,323,478	2,341,347,111	736,976,367
Claims paid - net of recoveries	*24*	**(1,680,447,340)**	**(1,072,591,138)**	**(607,856,202)**	(2,717,306,857)	(2,063,671,895)	(653,634,962)
Increase in IBNR	*24*	**368,389,020**	**380,292,157**	**(11,903,137)**	63,004,187	40,803,398	22,200,789
Balance at end of year		**,871,056,197**	**P2,267,436,120**	**P603,620,077**	,645,235,748	P2,155,755,605	P489,480,143

Reserve for unearned premiums may be analyzed as follows:

		2016			2015		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities** (Note 12)	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 12)	Net
Balance at beginning of year		**P987,058,526**	**P139,465,213**	**P847,593,313**	P1,096,693,587	P316,106,247	P780,587,340
New policies written during the year	*23*	**2,214,820,735**	**712,118,091**	**1,502,702,644**	2,047,756,767	658,757,271	1,388,999,496
Premiums earned during the year	*23*	**(2,243,301,420)**	**(722,914,371)**	**(1,520,387,049)**	(2,157,391,828)	(835,398,305)	(1,321,993,523)
Balance at end of year		**P958,577,841**	**P128,668,933**	**P829,908,908**	P987,058,526	P139,465,213	P847,593,313

20. Insurance Payables

Insurance payables consists of:

	2016	2015
Due to reinsurers	**P196,187,415**	P126,830,742
Funds held for reinsurers	**122,495,591**	87,070,241
	P318,683,006	P213,900,983

The movement of insurance payables follows:

	2016		
	Due to Reinsurers	**Funds Held for Reinsurers**	**Total**
Balance at beginning of year	**P126,830,742**	**P87,070,241**	**P213,900,983**
Arising during the year	**472,600,999**	**122,495,591**	**595,096,590**
Utilized	**(403,244,326)**	**(87,070,241)**	**(490,314,567)**
Balance at end of year	**P196,187,415**	**P122,495,591**	**P318,683,006**

	2015		
	Due to Reinsurers	Funds Held for Reinsurers	Total
Balance at beginning of year	P431,994,746	P102,543,491	P534,538,237
Arising during the year	486,788,116	87,070,241	573,858,357
Utilized	(791,952,120)	(102,543,491)	(894,495,611)
Balance at end of year	P126,830,742	P87,070,241	P213,900,983

21. Trade and Other Liabilities

Trade and other liabilities consists of:

	Note	**2016**	2015
Accounts payable		**P217,583,032**	P204,233,820
Commission payable		**166,622,162**	195,635,830
Other taxes payable		**40,270,494**	45,811,581
Output VAT		**30,459,889**	33,705,358
Accrued expenses		**622,194**	1,535,527
Dividends payable	*31*	**482,613**	484,148
Premiums deposits		**-**	17,281,895
		P456,040,384	P498,688,159

All liabilities are expected to be settled within twelve (12) months after the reporting date.

Accounts payable consists of collateral bonds from policyholders, rental deposits and unpaid utility bills and fees.

Other taxes payable consists primarily of documentary stamp tax, expanded withholding tax and local government tax.

Accrued expenses mainly include unpaid employee benefits and accrued rentals.

22. Net Pension Obligation

The Company has a funded, noncontributory, defined benefit retirement plan covering all of its permanent employees (the "Retirement Plan"). The Retirement Plan of the Company payout benefit is based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date is as at December 31, 2016. Valuation is obtained on an annual basis.

The Retirement Plan is registered with the BIR as a tax-qualified plan under Republic Act No. 4917, As Amended.

The Company's plan assets is managed by a trustee.

The following table shows reconciliation of the net pension obligation and its components:

	Present Value of Defined Benefit Obligation		Fair value of Plan Assets		Net Pension Obligation	
	2016	2015	**2016**	2015	**2016**	2015
Balance at beginning of year	**P168,080,675**	P160,076,369	**P130,412,772**	P151,248,673	**P37,667,903**	P8,827,696
Recognized in profit or loss						
Current service cost	**19,323,601**	19,502,758	**-**	-	**19,323,601**	19,502,758
Interest expense	**8,303,185**	7,203,437	**-**	-	**8,303,185**	7,203,437
Interest income	**-**	-	**6,442,391**	6,806,190	**(6,442,391)**	(6,806,190)
	27,626,786	26,706,195	**6,442,391**	6,806,190	**21,184,395**	19,900,005
Recognized in OCI						
Remeasurements:						
Actuarial (gain) loss arising from:						
Changes in financial assumptions	**(3,847,339)**	(8,236,288)	**-**	-	**(3,847,339)**	(8,236,288)
Changes for demographic assumptions	**-**	745,268	**-**	-	**-**	745,268
Experience adjustments	**(19,068,972)**	33,774,554	**-**	-	**(19,068,972)**	33,774,554
Return on assets (excluding amount included in net interest cost)	**-**	-	**(4,024,180)**	(10,156,668)	**4,024,180**	10,156,668
	(22,916,311)	26,283,534	**(4,024,180)**	(10,156,668)	**(18,892,131)**	36,440,202
Others						
Contributions	**-**	-	**25,500,000**	27,500,000	**(25,500,000)**	(27,500,000)
Benefits paid	**(69,518,621)**	(44,985,423)	**(69,518,621)**	(44,985,423)	**-**	-
	(69,518,621)	(44,985,423)	**(44,018,621)**	(17,485,423)	**(25,500,000)**	(27,500,000)
Balance at end of year	**P103,272,529**	P168,080,675	**P88,812,362**	P130,412,772*	**P14,460,167**	P37,667,903

**Based on retirement fund as of November 30, 2015 and projected contributions and withdrawals for one month as presented in the 2015 Actuarial Valuation Report.*

In 2015, the Company paid the retirement benefits of its employees and recognized receivable from Retirement Plan amounting to P24.44 million under Accounts receivable.

The rollforward of retirement benefit reserves is as follows:

	2016	2015
Balance at beginning of year	**P44,220,795**	P18,712,654
Actuarial (gain) loss on DBO	**(22,916,311)**	26,283,534
Return on assets (excluding amount included in net interest cost)	**4,024,180**	10,156,668
Income tax effect	**5,667,639**	(10,932,061)
Balance at end of year	**P30,996,303**	P44,220,795

The Company's annual contribution to the Retirement Plan consists of payments covering the current service cost. The Company is expected to contribute the amount of P26.70 million to its plan assets in 2017.

The distribution of the plan assets at December 31 is as follows:

	2016	2015
Assets		
Cash	**P635**	P211
Investments		
Government securities	**69,416,320**	89,510,161
Mutual funds	**13,129,328**	35,644,438
Unit investment trust funds	**5,135,740**	30,015,830
Receivables	**1,264,519**	-
	88,946,542	155,170,640
Liabilities		
Trust fee payable	**134,180**	196,996
	P88,812,362	P154,973,644

The carrying amounts disclosed above reasonably approximate fair value.

In 2016, the Company paid retirement benefits of its employees amounting to P93.95 million and recognize receivable from the Retirement Plan. The advances made by the Company were not reflected in the plan assets report as at December 31, 2016.

The Retirement Plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan assets falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Company to manage the plan efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2016	2015
Discount rate	**5.19%**	4.94%
Rate of salary increase	**4.09%**	4.09%

The discount rate was based on weighted average present value approach using bootstrapped-derived zero rates from Philippine Dealing and Exchange Corporation PDST-R2 index.

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables. Mortality table is based on 1994 US Group Annuity Mortality Table for male and female while disability table is based on 1952 Disability Table of Society of Actuaries.

The Company has no specific matching strategy for the plan liabilities.

The average duration of the DBO at the end of the reporting period is 24 years.

As at December 31, the reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below.

	2016			
	Discount Rate		**Salary Increase Rate**	
	+0.05%	**-0.05%**	**+1.00%**	**-1.00%**
Increase (decrease) in DBO	**(P6,819,089)**	**P8,129,758**	**P17,477,334**	**(P12,085,688)**

	2015			
	Discount Rate		Salary Increase Rate	
	+0.05%	-0.05%	+1.00%	-1.00%
Increase (decrease) in DBO	(P8,079,018)	P9,529,550	P19,931,042	(P14,857,069)

Maturity Profile

Shown below is the maturity analysis of the undiscounted benefits payments as at December 31:

	2016	2015
Less than one (1) year	**P -**	P -
More than one (1) year to five (5) years	**-**	6,373,740
More than five (5) years to 10 years	**4,026,434**	42,840,963
More than 10 years to 15 years	**59,820,044**	147,433,798
More than 15 years to 20 years	**110,710,583**	213,428,876
More than 20 years	**2,682,306,860**	2,543,272,804
Total	**P2,856,863,921**	P2,953,350,181

23. Premiums Earned

Details of net earned premiums on insurance contracts follow:

	Note	**2016**	2015
Gross premium on insurance contracts			
Insurance contract premiums revenue:			
Gross premium written		**P2,184,436,548**	P1,991,726,968
Reinsurance premium assumed		**30,384,187**	56,029,799
		2,214,820,735	2,047,756,767
Gross change in reserve for unearned premiums	*19*	**28,480,685**	109,635,061
		2,243,301,420	2,157,391,828
Reinsurer's share of gross premiums on insurance contracts			
Reinsurer's share of:			
Gross premium written		**697,033,867**	619,389,098
Reinsurance premiums assumed		**15,084,224**	39,368,173
		712,118,091	658,757,271
Gross change in reinsurance premiums reserves		**10,796,280**	176,641,034
		722,914,371	835,398,305
		P1,520,387,049	P1,321,993,523

24. Net Insurance Benefits and Claims

Gross insurance contract benefits and claims paid are as follows:

	Note	**2016**	2015
Direct insurance		**P1,632,153,828**	P2,599,292,154
Assumed reinsurance		**48,293,512**	118,014,703
Total insurance contract benefits and claims paid	*19*	**P1,680,447,340**	P2,717,306,857

Reinsurers' share of gross insurance contract benefits and claims paid are as follows:

	Note	**2016**	2015
Direct insurance		**P1,036,318,256**	P1,957,762,043
Assumed reinsurance		**36,272,882**	105,909,852
Total reinsurers' share of insurance contract benefits and claims paid	*19*	**P1,072,591,138**	P2,063,671,895

Gross change in insurance contract liabilities are as follows:

	Note	**2016**	2015
Direct insurance		**(P90,239,718)**	P464,657,578
Assumed reinsurance		**(52,328,853)**	(103,641,545)
Change in provision for IBNR claims	*19*	**368,389,020**	63,004,775
Total gross change in insurance contract liabilities		**P225,820,449**	P424,020,808

Reinsurers' share of gross change in insurance contract liabilities are as follows:

	Note	**2016**	2015
Direct insurance		**(P148,415,689)**	P379,907,947
Assumed reinsurance		**(120,195,953)**	(102,232,731)
Change in provision for IBNR claims	*19*	**380,292,157**	40,803,398
Total reinsurers' share of gross change in insurance contract liabilities		**P111,680,515**	P318,478,614

25. **Investment Income** - net

Investment income - net consists of:

	Note	**2016**	2015
Interest income on:			
AFS financial assets	*9*	**P75,350,483**	P67,944,994
Loans and receivables	*10*	**5,951,021**	8,047,171
Cash and cash equivalents	*7*	**1,775,043**	4,354,220
Funds held by ceding companies		**431,955**	531,062
		83,508,502	80,877,447
Gain on sale of AFS financial assets	*9*	**23,044,109**	10,144,432
Dividend income	*9*	**9,255,125**	8,409,201
Rental income	*15, 33*	**2,490,209**	3,188,312
		P118,297,945	P102,619,392

26. General and Administrative Expenses

General and administrative expenses consists of:

	Note	**2016**	2015
Salaries and benefits		**P363,984,744**	P234,916,054
Provision for impairment losses	*8, 10*	**80,443,451**	18,468,002
Depreciation and amortization	*14, 15, 16*	**61,521,429**	48,931,707
Taxes and licenses	*35*	**40,992,693**	32,204,041
Professional and other fees		**36,171,395**	38,717,591
Communications		**25,570,474**	27,582,291
Repairs and maintenance		**20,330,444**	17,128,627
Current service cost on pension obligation	*22*	**19,323,601**	19,502,758
Rent	*33*	**18,496,842**	24,731,584
Transportation and travel		**15,364,702**	18,372,465
Advertising and promotions		**9,647,395**	20,292,718
Stationery and supplies		**8,961,666**	8,203,524
Light and water		**7,430,738**	8,207,512
Scholarship and training		**3,469,384**	5,545,288
Entertainment, amusement and recreation		**2,024,210**	2,139,150
Donations		**853,618**	927,340
Insurance		**735,536**	2,658,041
Books and periodicals		**237,349**	615,874
Others		**1,727**	32,305
		P715,561,398	P529,176,872

Salaries and benefits consists of:

	2016	2015
Salaries and wages	**P335,059,323**	P197,698,627
Other benefits and allowances	**28,925,421**	37,217,427
	P363,984,744	P234,916,054

27. Service Fees

This account consists of other underwriting costs such as Certificate of Cover (COC) authentication fees and road assistance service fees of Ibero Asistencia Sociedad Anonima, Sucursal En Pilipinas, an entity under common control and other service providers, amounting to P48.43 million and P26.28 million for the year ended December 31, 2016 and 2015, respectively.

28. Finance Costs

Finance costs consists of:

	Note	**2016**	2015
Interest expense and bank charges		**P2,561,050**	P2,572,449
Net interest cost on pension obligation	*22*	**1,860,794**	397,247
		P4,421,844	P2,969,696

29. Income Tax

The Company's net deferred tax assets consist of:

	2016	2015
Deferred tax assets on:		
NOLCO	**P174,406,364**	P90,836,967
Excess of unearned premiums per tax over per books basis - net	**36,481,233**	45,787,351
Provisions for IBNR claims	**15,479,615**	19,050,556
Allowance for impairment losses	**32,893,153**	15,658,995
Excess MCIT	**14,471,388**	13,621,753
Net pension obligation	**4,338,050**	11,181,197
Deferred reinsurance commissions	**9,319,859**	8,859,472
Unamortized past service cost	**8,597,024**	8,325,932
Accrued rent expense	**186,658**	460,658
	296,173,344	213,782,881
Deferred tax liabilities on:		
Deferred acquisition costs	**70,299,912**	70,124,312
Accrued rent	**98,733**	38,861
Changes in fair value of AFS financial assets	**(189,071)**	(221,897)
	70,209,574	69,941,276
Deferred tax assets - net	**P225,963,770**	P143,841,605

Movements in net deferred tax assets - net comprises of:

	2016	2015
Balance at beginning of year	**P143,841,605**	P29,311,474
Recognized in profit or loss	**87,822,630**	103,376,173
Recognized in OCI	**(5,700,465)**	11,153,958
Balance at end of year	**P225,963,770**	P143,841,605

As at December 31, 2016, details of excess MCIT over RCIT which can be claimed as deduction from future taxable income follow:

Year Incurred	Year of Expiry	Additions	Expired/Used	Excess MCIT
2013	2016	4,338,835	4,338,835	-
2014	2017	6,083,452	-	6,083,452
2015	2018	3,199,466	-	3,199,466
2016	2019	5,188,470	-	5,188,470

The NOLCO incurred by the Company that can be claimed as deduction from future taxable income or used as deduction against future income tax liabilities is as follows:

Year Incurred	Year of Expiry	Additions	Expired/Used	NOLCO
2015	2018	302,789,891	-	302,789,891
2016	2019	278,564,654	-	278,564,654

The reconciliation of statutory income tax rate to effective income tax rate is as follows:

	2016	2015
Loss before income tax and final tax	**(P221,403,196)**	(P282,497,799)
Income tax expense computed using statutory income tax rate	**(P66,420,959)**	(P84,749,340)
Excess MCIT over RCIT	**5,188,470**	3,199,466
Nondeductible expenses	**11,668,224**	6,576,924
Dividend income	**(2,776,538)**	(2,522,760)
Income already subjected to final tax	**(8,571,499)**	(4,044,024)
Nontaxable income	**(6,913,233)**	(3,043,330)
Income tax expense computed using effective income tax rate	**(P67,825,535)**	(P84,583,064)

30. Reconciliation of Net Income Under PFRS to Statutory Net Income

The reconciliation of net loss under PFRS to statutory net loss is as follows:

	2016	2015
Net loss under PFRS	**(P153,577,661)**	(P197,914,735)
Add (deduct):		
Difference in change in reserve for unearned premiums - net	**(31,020,392)**	40,981,702
Deferred acquisition costs - net	**949,293**	(29,931,881)
Provision for IBNR	**(11,903,135)**	22,200,790
Tax effects of PFRS differences	**12,592,270**	(9,975,183)
	(P182,959,625)	(P174,639,307)

31. Equity

Capital Stock

The Company has 10,000,000 shares of authorized capital stock at P50 par value, all of which are issued and outstanding as at December 31, 2016 and 2015.

Dividends payable as at December 31, 2016 and 2015 amounted to P0.48 million (see Note 21).

Policy on Dividends

The Company intends to declare annual cash dividends subject to availability of retained earnings and operational requirements and approval from the Office of the Insurance Commission as required by Section 201 of the Amended Insurance Code (Republic Act 10607). No dividends have been paid in 2016.

32. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the Company by virtue of common ownership and representation to management where significant influence is apparent.

Significant related party transactions are summarized below:

a. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including managers and executives of the Company.

The summary of compensation of key management personnel is as follows:

	2016	2015
Salaries and other short-term employee benefits	**P222,406,280**	P111,321,500
Pension and other post-employment benefits	**24,301,538**	56,781,686
	P246,707,818	P168,103,186

b. Transactions with related party consist mainly of the following activities:

			Outstanding Balances			
Category/Transaction	Year	Amount of the Transaction	Due from a Related Party	Due to Related Party	Terms	Conditions
Mapfre Re Compania de Reaseguros S.A. ***(Entity Under Common Control)***						
Inward commissions	**2016**	**P60,506,151**	**P1,444**	**P -**	**Due and demandable; non-interest bearing**	**Unsecured; no impairment**
	2015	56,043,711	25,398,025	-	Due and demandable; non-interest bearing	Unsecured; no impairment
Reinsurance premium ceded	**2016**	**246,948,181**	**-**	**145,463,386**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	214,776,975	-	95,183,943	Due and demandable; non-interest bearing	Unsecured
Insurance payables	**2016**	**117,838,562**	**-**	**117,838,562**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	165,706,704	-	165,706,704	Due and demandable; non-interest bearing	Unsecured
MAPFRE GLOBAL RISKS S.A. ***(Entity Under Common Control)***						
Reinsurance premium ceded	**2016**	**322,547,409**	**-**	**4,365,016**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	255,126,128	-	7,004,978	Due and demandable; non-interest bearing	Unsecured
Insurance receivables	**2016**	**2,717,512**	**2,717,512**	**-**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	2,522,087	-	2,522,087	Due and demandable; non-interest bearing	Unsecured
MAPFRE ASISTENCIA, CIA INTL SEGUROS Y REASEGUROS ***(Entity Under Common Control)***						
Reinsurance premium ceded	**2016**	**5,086,459**	**-**	**-**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	3,328,015	-	1,551,493	Due and demandable; non-interest bearing	Unsecured
Insurance payables	**2016**	**-**	**-**	**4,652,661**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	-	-	-	Due and demandable; non-interest bearing	Unsecured
Service fees	**2016**	**15,672,829**	**-**	**-**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	10,960,624	-	-	Due and demandable; non-interest bearing	Unsecured
Total	**2016**		**P2,718,956**	**P272,319,625**		
Total	2015		P25,398,025	P271,969,205		

33. Lease Commitments

The Company as Lessee

The Company has entered into non-cancelable operating lease agreements for several of its branch offices with terms of one (1) to five (5) years. The lease agreements include escalation clauses that allow a reasonable increase in rates. The leases are renewable under certain terms and conditions.

Future minimum rentals payable under non-cancelable operating leases as at December 31 follow:

	2016	2015
Within one year	**P9,267,419**	P14,759,547
After one year but not more than five (5) years	**13,193,552**	9,924,084
	P22,460,971	P24,683,631

In 2016 and 2015, rent expense included in the statements of income amounted to P18.50 million and P24.73 million, respectively (see Note 26 and 15).

The Company as Lessor

The Company has entered into property leases on its investment properties portfolio, consisting of the Company's surplus office spaces. These non-cancelable leases have remaining lease terms of less than five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancelable operating leases as at December 31, 2016 and 2015 follow:

	2016	2015
Within one year	**P2,713,778**	P2,722,761
After one year but not more than five (5) years	**6,784,446**	9,529,662
	P9,498,224	P12,252,423

Rent income amounted to P2.49 million and P3.19 million in 2016 and 2015, respectively (see Note 25).

34. Contingencies

The Company is a defendant in several lawsuits arising from the normal course of carrying out its insurance business. Provisions have been recognized in the financial statements to cover liabilities that may arise as a result of adverse decisions that may be rendered by the courts. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the Company's position with regard to the outcome of these claims.

35. Supplementary Information Required under Revenue Regulation No. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs.

The following are the tax information/disclosures required for the taxable year ended December 31, 2016:

A. Value Added Tax (VAT)

1. Output VAT	**P198,832,679**
Basis of the Output VAT:	
Vatable sales	**P1,934,576,934**

The Company has premiums generated to entities that are registered in Philippine Economic Zone Authority which is subject to zero-rated and/or exempt output VAT amounting P550,307,698 in 2016.

2. Input VAT	
Beginning at beginning of year	**P57,974,607**
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	
b. Goods other than for resale or manufacture	**45,064,812**
c. Capital goods subject to amortization	**2,843,475**
d. Capital goods not subject to amortization	**94,066**
e. Services lodged under cost of goods sold	
f. Services lodged under other accounts	**51,434,388**
Claims for tax credit/refund and other adjustments	**4,359,783**
Balance at end of the year	**P161,771,131**

B. Documentary Stamp Tax

The Company paid documentary stamp tax on premiums amounting to P268 million in 2016.

C. Withholding Taxes

The Company's withholding taxes during the year are as follows:

Expanded withholding taxes	**P69,617,798**
Withholding taxes on compensation and benefits	**66,414,119**
Final withholding taxes	**348,304**
	P136,380,221

D. Fringe Benefit Tax

Fringe benefits tax paid by the Company in 2016 amounted to P3.20 million and is recorded under "Salaries and benefits" account in the statements of income.

E. All Other Taxes and Licenses (Local and National)

Other taxes and licenses aid during the year under “Taxes and licenses” account in the statements of income are as follows:

Penalties and assessment	**P38,040,463**
License and permit fees	**2,503,566**
Real estate taxes	**320,269**
Documentary stamp taxes	**123,920**
Others	**4,475**
	P40,992,693

F. Tax Assessments and Deficiencies

In 2016, the Company settled the 2014 tax assessment with the BIR. Also, in 2016, the Company received a letter of authority to examine its books for the taxable year 2013. The Company has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

COVER SHEET

For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

							P	W	-	4	2

COMPANY NAME

MAPFRE INSULAR INSURANCE CORPORATION

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Mapfre Insular Corporate Center, Acacia Avenue Madrigal Business Park Ayala Alabang, Muntinlupa City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	NA	NA

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
info@mapfreinsular.com	(+63) 876-4444	None

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
98	March 14, 2017	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mimosa M. Gonzales	mmgonzales@mapfreinsular.com	(+63) 876-4444	None

CONTACT PERSON's ADDRESS

Mapfre Insular Corporate Center,
Acacia Avenue, Madrigal Business Park, Ayala Alabang, Muntinlupa City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

PRODUCTS

Insurance for People like YOU

Car Insurance

Safeguard your prized possession - your car. We have a selection of packages ranging form the most simle to the most complete paired with unique benefits and services that you can count on for emergency assistance & quick claims processing.

- Compulsory Third Part Liability (CTPL)
- Liability Guard
- Auto Comprehensive
- Comprehensive with Acts of Nature

Home Insurance

Your house is more than just a dwelling place; it is the home of your family. We have insurance that protects your house from loss and damage caused by fire, lightning and other perils.

- Home Insurance FIRE
- Home Insurance WATER
- Home Insurance EARTH

Personal Accident Insurance

Accidents are part of everyone's life and it's best to be prepared. Choose your preferred personal accident insurance with cover-ages and benefits that answer you and your beneficiaries' immediate emergency assistance needs.

- Family Provider's Accident Insurance
- Hospital Cash Benefit Insurance
- Household Employees Insurance

Travel Insurance

Travel at ease and worry no more about unforeseen events while traveling. We have superior travel insurance that provides comprehensive personal assistance anytime, anywhere.

- Travel Insurance International
- Travel Insurance Domestic

OFW Insurance

Feel secure while working abroad. We provide protection for OFWs from unjust and immediate termination or dismissal by employers abroad.

- OFW Compulsory Insurance
- KaBayan - Balik Mangagawa Insurance

PRODUCTS

Insurance for businesses Retail Owners, Restaurants, Professionals, Entrepreneurs, Corporations

Business Establishment Insurance

Business Renovation Insurance

Property Insurance for Corporations

Motor Vehicle Insurance Solution

Accident Insurance for Employees

Travel Insurance for Business

Engineering Insurance

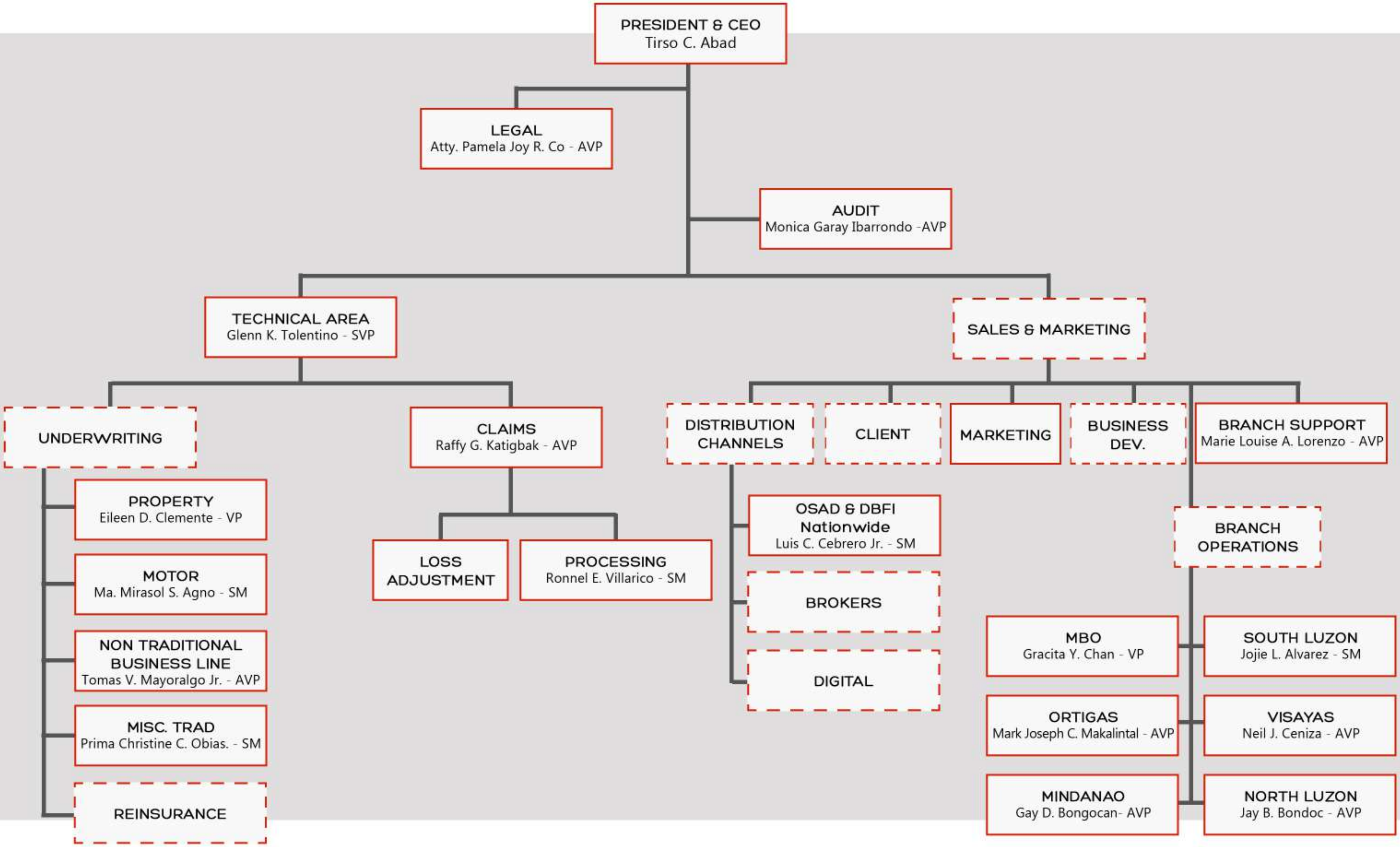
Surety Solutions

Casualty Insurance

Marine Cargo Insurance

Aviation Solutions

OFFICERS


PRESIDENT & CEO
Tirso C. Abad
LEGAL
Atty. Pamela Joy R. Co - AVP
AUDIT
Monica Garay Ibarrondo -AVP
TECHNICAL AREA
Glenn K. Tolentino - SVP
SALES & MARKETING
UNDERWRITING
CLAIMS
Raffy G. Katigbak - AVP
DISTRIBUTION CHANNELS
CLIENT
MARKETING
BUSINESS DEV.
BRANCH SUPPORT
Marie Louise A. Lorenzo - AVP
PROPERTY
Eileen D. Clemente - VP
MOTOR
Ma. Mirasol S. Agno - SM
NON TRADITIONAL BUSINESS LINE
Tomas V. Mayoralgo Jr. - AVP
MISC. TRAD
Prima Christine C. Obias. - SM
REINSURANCE
LOSS ADJUSTMENT
PROCESSING
Ronnel E. Villarico - SM
OSAD & DBFI Nationwide
Luis C. Cebrero Jr. - SM
BROKERS
DIGITAL
BRANCH OPERATIONS
MBO
Gracita Y. Chan - VP
SOUTH LUZON
Jojie L. Alvarez - SM
ORTIGAS
Mark Joseph C. Makalintal - AVP
VISAYAS
Neil J. Ceniza - AVP
MINDANAO
Gay D. Bongocan- AVP
NORTH LUZON
Jay B. Bondoc - AVP

BRANCH HEADS

DAGUPAN - Reyden P. Bernardo

SAN FERNANDO - Jay B. Bondoc

ORTIGAS - Mark Joseph C. Makalintal

MAKATI - Gracita Y. Chan

ALABANG - Jojie L. Alvarez

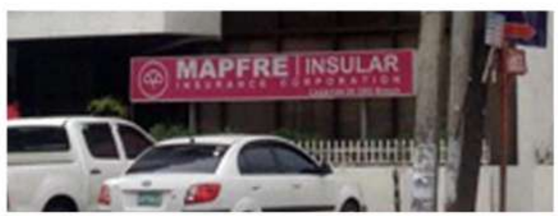
LIPA - Angela F. Europa

ILOILO - Sharlene Mae F. Cambronero

BACOLOD - Jose Grecen Amorte

CEBU - Neil J. Ceniza

BUTUAN - Weyland John A. Castil



CAGAYAN DE ORO - Gay D. Bongocan

DAVAO - Jurgen G. Valderrama

SERVICES & ADVANTAGES

Teleservice

Teleservice Hotline (632) 876-4400 assists clients with their claims, requests for quotation and inquiries regarding MAPFRE INSULAR's products and services.

VIP Fast Track

The simplest and fastest claiming procedure! Only one document (IRF) will be required when filing a claim.
**Applicable to clear cut own damage claims only*

MAPFRE Road Assist

This 24-hour vehicle and personal assistance helps client during any mishaps such as vehicle breakdowns or accidents, fire or theft of vehicle or even unexpected occurances like discharged battery, engine breakdown, or misplaced car keys.

Security Glass Etching

Glass Etching on your vehicle is a proven car theft deterrent. This benefit is given FREE to MAPFRE INSULAR car insurance policy holders.
**Note: For select packages only.*

MAPFRE Home Assist

A 24-hour emergency home assistance services benefit* to secure the insured dwelling place."
**Available for Home Insurance Packages*

Complaints Management Unit

Clients can send feedback and complaint directly to CMU (Complaints Management Unit). Call (632) 772-5494 or email complaints@mapfreinsular.com

LEGAL COUNSELS

Picazo Buyco Tan Fider and Santos Law Offices

Ines & Villacarlos Law Offices

ACCREDITED BANKS

Asia United Bank

Banco De Oro

Bangko Mabuhay

Bank of Commerce

Bank of Makati

Bank of the Philippine Islands

China Banking Corporation

Chinatrust

Citibank

D'Asian Hills Bank

Deutsche Bank AG

Development Bank of the Phils.

Eastwest Bank

Landbank of the Philippines

Lipa Bank

Maybank Philippines, Inc.

Metropolitan Bank and Trust Company

Negros Cooperative Bank

Philippine Bank of Communication

Philippine Business Bank

Philippine National Bank

Philippine Savings Bank

Rizal Commercial Banking Corporation

Robinsons Bank

Rural Bank of Cainta

Rural Bank of San Luis

Security Bank

Union Bank of the Philippines

United Coconut Planters Bank

CORPORATE NETWORK

Branches & Multi-channel Offices

DAGUPAN multi-channel office
G/F Home Ideas Superstore. San Miguel, Calasiao, Pangasinan
T: (075) 632-5536 to 632-5537; (075) 632-5539
E: dagupanmco@mapfreinsular.com

SAN FERNANDO branch
G/F Queensland Commercial Plaza. MacArthur Highway, Dolores, Pampanga
T: (045) 961-7720; 963-0788; 435-0203; 435-3756; F: (045) 860-6977; 861-0788
E: sf-admin@mapfreinsular.com

ORTIGAS branch
G/F Unit G02, I-Square Building, No.15 Meralco Ave., Ortigas Center
San Antonio, Pasig City. Metro Manila
T/F: (02) 470-8204
E: ortigas@mapfreinsular.com

MAKATI branch
21/F, Citibank Tower, 8741 Valero cor. Villar Streets, Salcedo Village, Makati City
T: (632) 902-2800 / 892-2769 | F: (632) 876-4344
mbo@mapfreinsular.com

ALABANG branch
G/F JJACCIS Building, Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City, Metro Manila
T/F: (02) 822-3504
E: alabang@mapfreinsular.com

LIPA branch
G/F The Trinity Business Center, Ayala Highway, Brgy. Balintawak, Lipa City, Batangas
T: (043) 757-2603; F: (043) 757-2060
E: lipa@mapfreinsular.com

ILOILO multi-channel office
G/F Rosary Building, Iznart Street, Iloilo City
T: (033) 337-1271; 335-0208; F: (033) 335-0506
E: iloilo@mapfreinsular.com

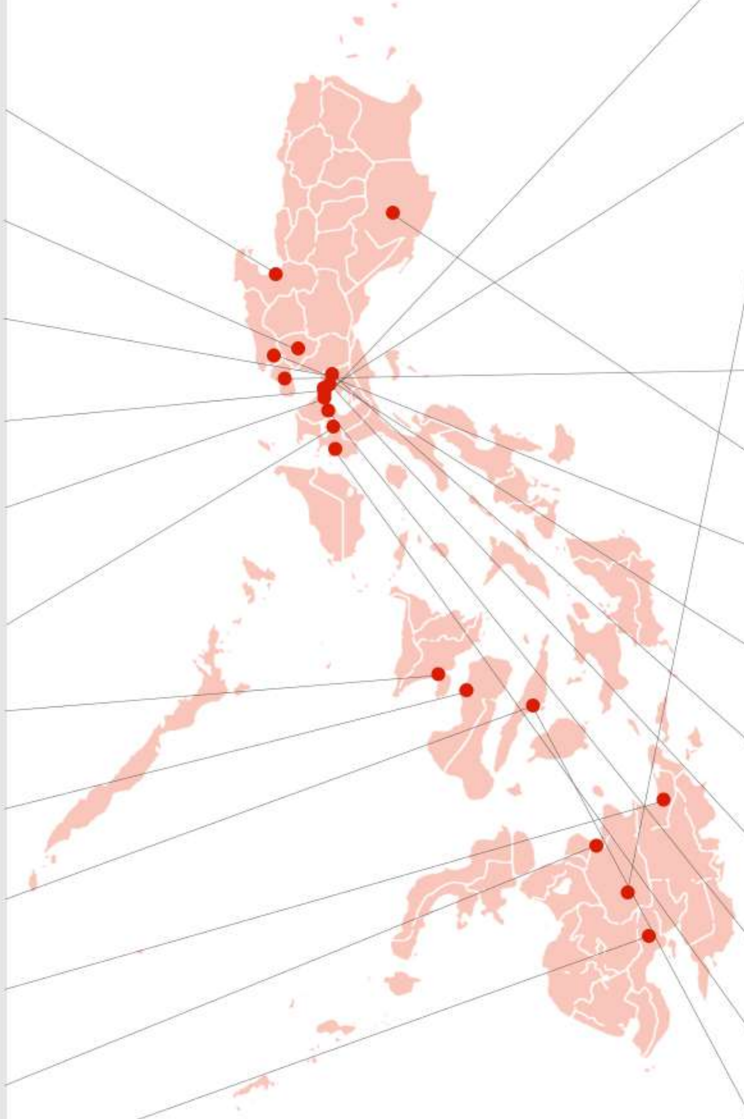
BACOLOD branch
G/F PACE Building, Lacson and 2nd Streets, Bacolod City
T: (034) 435-0253; 434-8686; 709-8995 | F: (034) 435-0254
E: bacolod@mapfreinsular.com

CEBU branch
2/F Insular Life Business Centre, Mindanao Ave. cor. Biliran Rd. Cebu Business Park, Cebu City
T: (032) 266-8811; F: (032) 266-040
E: cebu@mapfreinsular.com

BUTUAN multi-channel office
Door 2 VCDU Arcade, J.C. Aquino Ave., Bayanihan, Butuan City
T: (085) 342-0380 or 81; 815-1877 or 68
E: butuanmco@mapfreinsular.com

CAGAYAN DE ORO branch
G/F Insular Life Building, Apolinar Velez cor. Uldarico Akut Sts., Cagayan de Oro City
T: (08822) 729-324; (088) 857-2679 to 80
E: cagayandeoro@mapfreinsular.com

DAVAO branch
G/F Insular Life Building, Claro M. Recto Avenue, Davao City
T: (082) 222-1406; 222-1407; 224-3126
E: davao@mapfreinsular.com



MAPFRE INSULAR Head Office
MAPFRE INSULAR Corporate Center
Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City
T: (02) 876-4444; F: (02) 876-4344
E: info@mapfreinsular.com

Delegado Offices

PARAÑAQUE Delegado
G/F Home Ideas Superstore. San Miguel, Calasiao, Pangasinan
T: (075) 632-5536 to 632-5537; (075) 632-5539
E: dagupanmco@mapfreinsular.com

VALENCIA, BUKIDNON Delegado
G/F Queensland Commercial Plaza. MacArthur Highway, Dolores, Pampanga
T: (045) 961-7720; 963-0788; 435-0203; 435-3756; F: (045) 860-6977; 861-0788
E: sf-admin@mapfreinsular.com

Exclusive Agent (EA) Offices

BATAAN EA Office
2nd. Floor Rueda Building, Capitol Drive, Balanga, Bataan
M: 0917 9689289; 0917 5977163
E: mapfrebataanagency0105@yahoo.com; leecastillo13@yahoo.com

ISABELA EA Office
Avon Cosmetics, Maharlika hi way, Cauayan City, Isabela.
M: 0917-5786470; 0917-5551274
E: amdavid@mapfreinsular.com; artmdavid@yahoo.com

OLONGAPO EA Office
Unit 6-B, 3rd Floor, RM Centrepoint Bldg., Lot 2995 Corner Magsaysay Drive, East Tapinac, Olongapo City
T: (047) 304-5528; M: 0917-570-2710
E: lipa@mapfreinsular.com

QUEZON CITY EA Office
G/F 1237 Ammiraglio Bldg. E. Rodriguez Sr. corner Tomas Morato, Quezon City
T: (02) 534-5121; M: 0917-792-1944, 0998-2050607
E: janetiu2007@yahoo.com.ph; dennistiu2008@yahoo.com.ph

BINONDO EA Office
Access Risk Management Insurance Agency Co.,
218 Burke Building, Burke st. Cor. Escolta, Binondo, Manila
T: (02) 416-5613; M: 0925-518-8021
E: aformilleza@mapfreinsular.com

PASAY EA Office
ANTONIO ASSOCIATES, 5th Floor,No. 13 Coral Way Blvd., MOA Complex, Central Business Park, Pasay City
T: (02) 808-7052; M: 0917-5587122
E: antonioagency@ymail.com

CALAMBA EA Office
Citilife Insurance Agency, Inc.
G7 Teodora Business Center I,I Paseo De Alcasid, Crossing Calamba City
T: (049) 545 4133 | M: 0920-9265730
E: marce_lantican@yahoo.com

BATANGAS EA Office
2nd flr. Insular Bldg., Hilltop, Kumintang Ibaba, Batangas City, Batangas
T: (043) 786-1862; M: 0916-6821487 /0920-926573
E: mamagtibay@mapfreinsular.com ; insurancelink2013@gmail.com

CEBU EA Office
The Great Provider Gen. Insurance Agency
2/F Insular LIfe Business Ctr. Mindanao Ave.cor. Biliran Road Cebu Business Park, Cebu City
T:(032) 266-1955/ 417-1904 ; M:0917-7935554
E:jay_arela@yahoo.com

INTERNATIONAL NETWORK

MAPFRE Worldwide

We operate in all **five continents,** as the foremost insurance provider in the Spanish market, the leading multinational insurance firm in Latin America, and one of the 10 largest European insurance groups by premium volumes.

COMPANY ACTIVITIES