

April 10, 2017

FOR : THE BOARD OF DIRECTORS
 FROM : ATTY. JOVY C. BERNABE
 PRESIDENT
 SUBJECT : REVIEW OF OPERATIONS FOR THE TWELVE-MONTH
 PERIOD ENDED DECEMBER 31, 2016

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 We respectfully submit the Review of Operations for the twelve-month period ended December 31, 2016:

I. INSURANCE PRODUCTION

The total number of farmers who availed of PCIC’s various insurance lines is **1,095,024**. The premium income and area covered by crop insurance increased by **0.87%** and **5.38%** respectively from the same period last year. The total amount of insurance coverage reached **Php 39,087.814**, a decrease of 4.85% from the same period last year.

Box 1. Analysis of Insurance Production Accomplishment vs Same Period Last Year

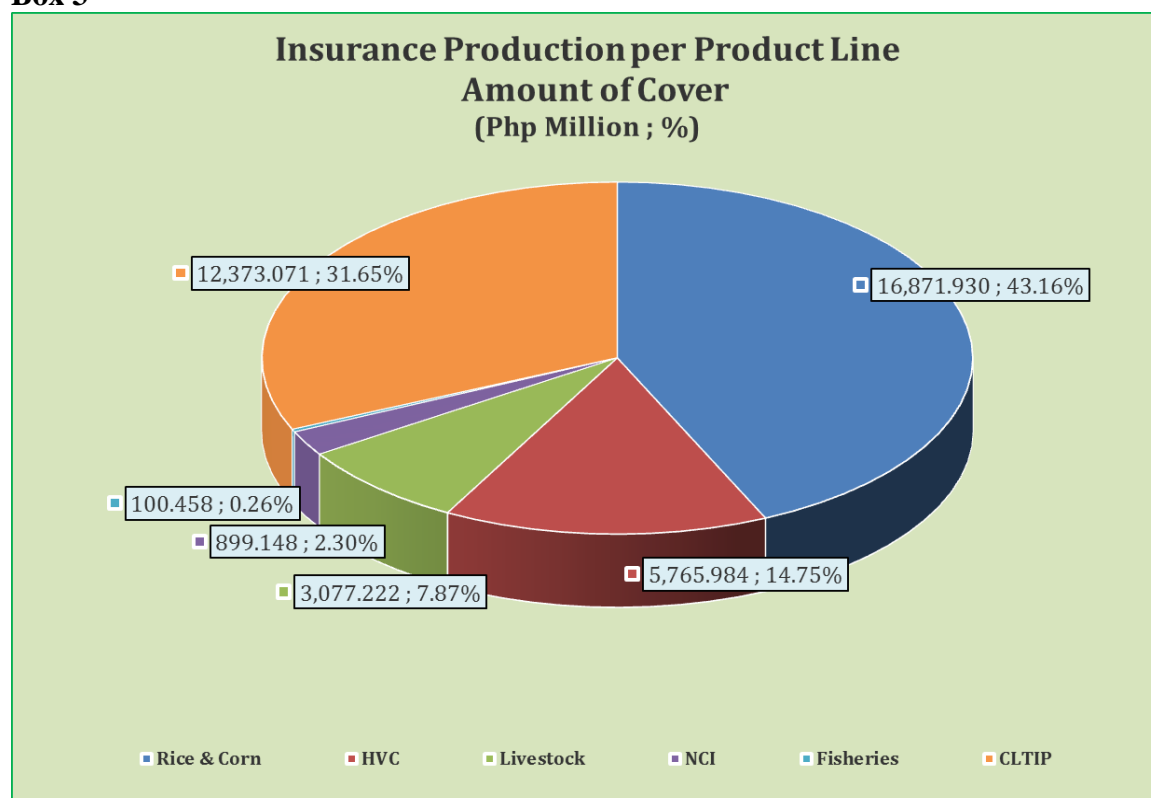
Insurance Line	No. of Farmers		Amount of Cover (Php M)		Premium (Php M)		Area (Ha.)	
	December 2016	vs. 2015 %Inc./ (Dec)	December 2016	vs. 2015 %Inc./ (Dec)	December 2016	vs. 2015 %Inc./ (Dec)	December 2016	vs. 2015 %Inc./ (Dec)
Rice	470,291	2.23	13,886.710	6.79	1,640.953	4.87	632,544.37	5.34
Corn	118,951	(1.95)	2,985.220	(3.02)	580.992	(1.77)	157,311.09	3.20
Rice & Corn Combined	589,242	1.36	16,871.930	4.91	2,221.945	3.05	789,855.46	4.91
HVCC	86,082	0.19	5,765.984	16.58	207.332	24.09	111,637.70	8.83
Livestock	124,994	(28.40)	3,077.222	(19.14)	208.732	(25.38)		
NCI	7,415	(45.37)	899.148	(7.60)	10.550	(16.97)		
CLTIP	286,448	(15.41)	12,373.071	(18.43)	35.304	(20.21)		
Fisheries	843	(4.53)	100.458	(2.94)	3.798	(17.24)		
Total	1,095,024	(8.36)	39,087.814	(4.85)	2,687.661	0.87	901,493.16	5.38

Source: PABS Report as of December 31, 2016, generated on 03/20/17.

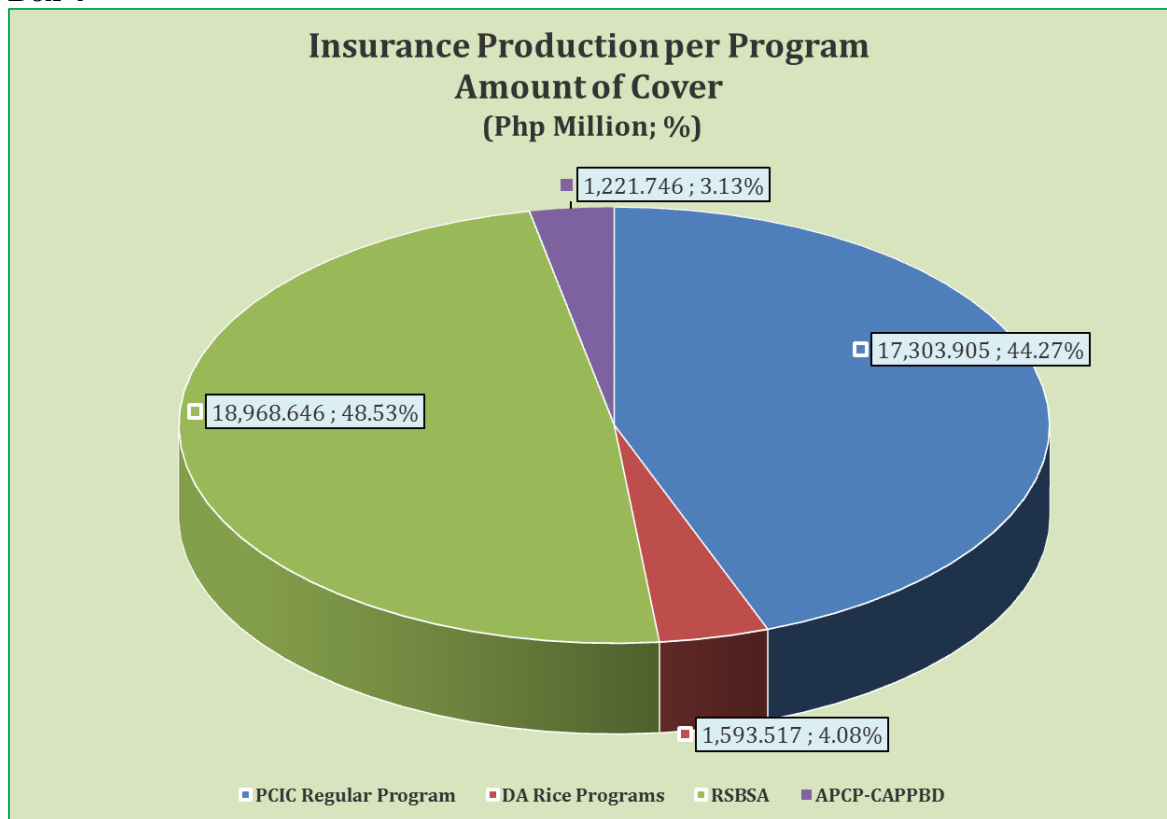
Box 2. Analysis of Insurance Production Accomplishment vs Annual Target

Insurance Lines	Accomplishment			Target - CY 2016			% Accomplishment		
	No. of	No. of	Amount of	No. of	No. of	Amount of	No. of	No. of	Amount of
	Farmers	Hectares/	Cover	Farmers	Hectares/	Cover	Farmers	Hectares/	Cover
		Heads/ Policies	(Php M)		Heads/ Policies	(Php M)		Heads/ Policies	
Rice	470,291	632,544	13,886.710	417,380	545,351	12,515.615	112.68	115.99	110.96
Corn	118,951	157,311	2,985.220	118,171	151,721	3,243.443	100.66	103.68	92.04
Rice & Corn Combined	589,242	789,855	16,871.930	535,551	697,072	15,759.057	110.03	113.31	107.06
HVCC	86,082	111,638	5,765.984	224,674	291,030	6,868.463	38.31	38.36	83.95
Livestock	124,994	3,272,713	3,077.222	115,221	546,898	4,377.251	108.48	598.41	70.30
Non-Crop Insurance	7,415	3,229	899.148	10,984	10,982	3,415.594	67.51	29.40	26.32
CLTIP	286,448	51,403	12,373.071	230,356	32,861	10,315.589	124.35	156.43	119.95
Fisheries	843	403	100.458	36,053	18,663	1,385.092	2.34	2.16	7.25
Total	1,095,024		39,087.814	1,152,840		42,121.046	94.98		92.80

Box 3



Box 4



Reasons for increase of insurance production:

- Rice
 - Increasing number and continuous participation of cooperatives/farmers' organizations/associations and other lending institutions participating in LBP's rice production loan programs.
 - Insurance coverage for subsistence rice farmers listed under RSBSA with full premium subsidy under the FY 2016 GAA.
 - Continuous insurance coverage of subsistence rice farmers under the DA Rice Programs (DA-LBP Sikat Saka, WARA 2014, WARA 2015 & HYTA 2015).
 - Insurance coverage of ARBs participating in the APCP-CAPPBD program with full premium subsidy from PCIC.
 - Continuous participation in rice crop insurance of the Provincial Government of Isabela in RO II.
 - Increased number of farmers availing production loans from TSPI in ROs I, II, III, III-A, IV, V & X.
 - Increased number of farmers availing production loans from First Valley Banks in ROs IX, X & XII.

- HVC
 - Insurance coverage for subsistence farmers listed under RSBSA with full premium subsidy under the FY 2016 GAA.
 - Insurance coverage of ARBs participating in the APCP-CAPPBD program with full premium subsidy from PCIC.
 - Insurance coverage of farmers availing production loans from TSPI.

Reasons for decrease of insurance production:

- Corn
 - The farmers have failed to plant rice and corn in areas affected by continuous heavy rainfall brought by Habagat and occurrence of typhoons.
 - Termination of subsidized insurance program for Typhoon Yolanda affected areas.
- Livestock
 - Non-renewal of some insurance coverage under Provincial Government of Cebu's IFSDP
 - Termination of subsidized insurance program for Typhoon Yolanda affected areas.
- NCI
 - Non-renewal of some LIBI accounts.
 - Termination of subsidized insurance program for Typhoon Yolanda affected areas.
- CLTIP
 - Non-renewal of some NAFC members in the Accident and Dismemberment Security Scheme term insurance program.
 - Non-renewal of ADSS insurance coverage in the province of Cebu under IFSDP (RO VII).
- Fisheries
 - Non-renewal of some RSBSA farmers.

II. GOVERNMENT PREMIUM SUBSIDY UTILIZATION

Box 5

Insurance Program	Insurance Production			Premium (Php M)					Government Premium Subsidy/PCIC Premium Subsidy (Discount)			
	Number of Farmers	No. of Hectares / Heads/ Policies	Amount of Cover (Php M)	Farmer + Lending Institution	GPS		Premium Earned	Total Premium	2016 Target (Php M)	Discount/ Utilized (Php M)	% Utilization	Available Balance
					PCIC Discount	Utilized						
PCIC Regular												
Rice	70,258	114,521	2,758.387	156.521	159.399		156.521	315.920	225.000	159.399	70.84	65.601
Corn	24,114	27,022	569.081	49.040	49.394		49.040	98.434	75.000	49.394	65.86	25.606
Combined Rice & Corn	94,372	141,544	3,327.468	205.561	208.793		205.561	414.354	300.000	208.793	69.60	91.21
High Value Crops	2,913	3,636	408.827	13.725			13.725	13.725	-			
Livestock	10,717	2,974,687	463.549	18.418			18.418	18.418	-			
Non-Crop Insurance	1,564	1,305	730.997	4.647			4.647	4.647	-			
Credit & Life Term	285,633	51,354	12,325.543	34.911			34.911	34.911	-			
Fisheries	60	59	47.520	0.858			0.858	0.858	-			
Sub-total	395,259		17,303.905	278.120	208.793		278.120	486.913	300.000	208.793	69.60	91.21
DA Rice Insurance Program												
LBP Sikat Saka	13,967	33,805	1,390.034		149.058			149.058	180.000	149.058	82.81	30.942
WARA 2014	2,533	4,822	48.458			3.416	3.416	3.416	0.000	3.416	0.00	(3.416)
WARA 2015	8,681	10,314	108.540			9.076	9.076	9.076	18.018	9.076	50.37	8.942
HYTA 2015	3,269	3,770	46.485			5.536	5.536	5.536	15.590	5.536	35.51	10.054
Sub-total	28,450		1,593.517		149.058	18.028	18.028	167.086	213.608	167.086	78.22	46.52
RSBSA												
Rice	359,945	446,378	8,926.393		300.115	786.950	786.950	1,087.065	707.129	1,087.065	153.73	(379.937)
Corn	92,214	126,055	2,282.894			457.045	457.045	457.045	460.307	457.045	99.29	3.262
High Value Crops	78,274	100,646	4,938.816		5.820	157.339	157.339	163.159	157.339	163.159	103.70	(5.820)
Livestock	114,079	296,509	2,604.310			189.979	189.979	189.979	204.985	189.979	92.68	15.006
NCI	5,841	1,918	164.480			5.850	5.850	5.850	33.006	5.850	17.72	27.156
Fisheries	779	341	51.753			2.837	2.837	2.837	37.235	2.837	7.62	34.398
Sub-total	651,132		18,968.646		305.935	1,600.000	1,600.000	1,905.935	1,600.000	1,905.935	119.12	(305.935)
APCP & CAP-PBD												
Rice	11,638	18,934	608.413		70.881		0.000	70.881	67.004	70.881	105.79	(3.877)
Corn	2,623	4,233	133.246		25.512		0.000	25.512	26.124	25.512	97.66	0.612
High Value Crops	4,895	7,356	418.341		30.448		0.000	30.448	48.328	30.448	63.00	17.880
Livestock	198	1,517	9.364		0.335		0.000	0.335	11.768	0.335	2.85	11.433
NCI	10	6	3.670		0.053		0.000	0.053	1.686	0.053	0.00	1.633
CLTIP	815	49	47.528		0.393		0.000	0.393	7.182	0.393	5.47	6.789
Fisheries	4	3	1.184		0.103		0.000	0.103	7.182	0.103	1.43	7.079
Sub-total	20,183		1,221.746		127.726		0.000	127.726	169.274	127.726	75.46	41.548
Grand-total	1,095,024		39,087.814	278.120	791.513	1,618.028	1,896.148	2,687.661	2,282.882	2,409.541	105.55	(126.659)

- PCIC Regular Programs

The target PCIC premium discount/subsidy for rice and corn crop insurance programs for the twelve-month period ended December 31, 2016 is Php 300 million. PCIC premium discount/subsidy utilization reached Php 208.793 million or 69.60% accomplishment.

- DA-Rice Programs

The rice crop insurance policies issued for the LBP-DA Sikat Saka, Weather Adverse Rice Areas (WARA) and High Yield Technology Adoption programs for the twelve-month period ended December 31, 2016 reached Php 1,593.517 million amount of cover and utilized Php 18.028 million DA-GPS and Php 149.058 million PCIC premium discount/subsidy.

- RSBSA Insurance Program

The target government premium subsidy (GPS) for crop, livestock, fisheries, and non-crop agricultural asset insurance programs for the twelve-month period ended December 31, 2016 is Php 1,600.000 million. PCIC utilized Php 1,905.935 million or 119.12% accomplishment for the RSBSA provinces.

- APCP and CAP-PBD Program

The insurance policies issued for the APCP and CAP-PBD Program for the twelve-month period ended December 31, 2016 reached Php 1,221.746 million amount of insurance cover and utilized Php 127.726 million PCIC discount/subsidy.

III. CLAIMS PAID

The total claims paid to farmers amounted to Php 1,510.278 million, an increase of 9.55% from the same period last year, broken down as follows.

Box 6

INSURANCE LINES	CLAIMS PAID			DIFFERENCE INCREASE/ (DECREASE)		FOR THE TWELVE-MONTH PERIOD ENDED DEC. 31, 2016			
	DECEMBER 2016		DEC. 2015	AMOUNT (Php M)	(%)	DAMAGE RATE (%)		LOSS RATIO	
	Number of Farmers	Indemnity (Php M)	Indemnity (Php M)			2015	2016	2015	2016
Rice	125,410	1,116.590	1,040.210	76.380	7.34	8.00	8.04	0.66	0.68
Corn	39,811	289.203	261.646	27.557	10.53	8.50	9.69	0.44	0.50
Rice & Corn Combined	165,221	1,405.793	1,301.856	103.937	7.98	8.10	8.33	0.60	0.63
HVC	3,974	66.025	43.046	22.979	53.38	0.87	1.15	0.26	0.32
Livestock	1,585	19.318	18.202	1.116	6.13	0.48	0.63	0.07	0.09
NCI	21	0.474	1.234	(0.760)	(61.59)	0.13	0.05	0.10	0.04
CLTIP	800	18.163	12.453	5.710	45.85	0.08	0.15	0.28	0.51
Fisheries	99	0.506	1.781	(1.275)	(71.59)	1.72	0.50	0.39	0.13
TOTAL	171,700	1,510.278	1,378.572	(186.606)	9.55	3.36	3.86	0.52	0.56
Increase/(Decrease) (2016 vs 2015)						0.51		0.04	

Source: PABS Report as of December 31, 2016, generated on 03/20/17.

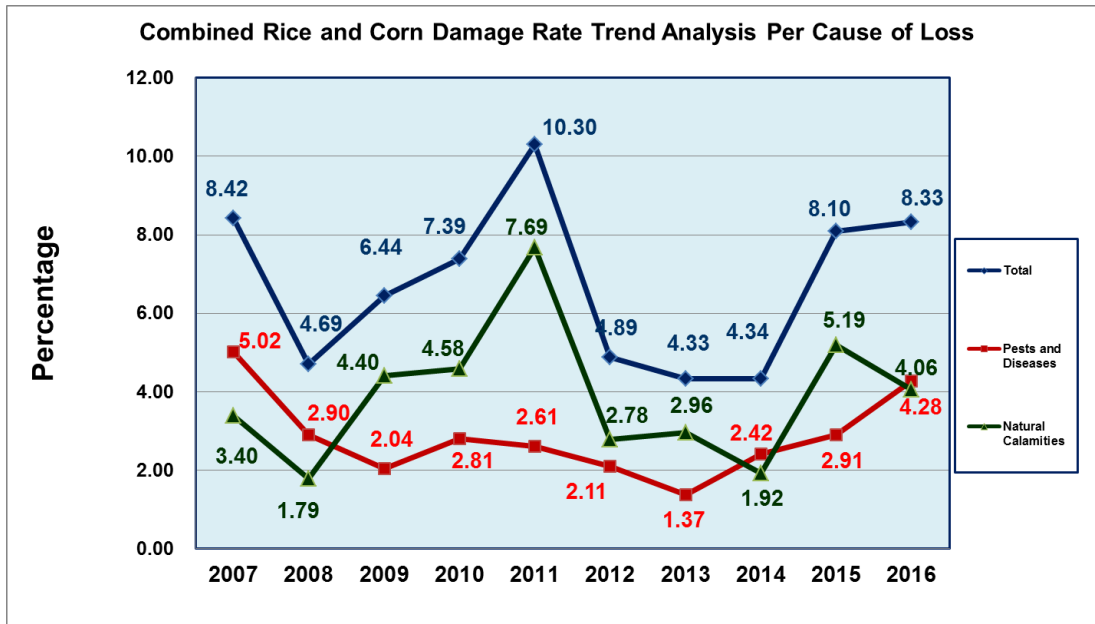
Box 6.1 Insurance Claims Payment by Program for the twelve-month period ended December 31, 2016.

Insurance Program	Number of	Indemnity (Php M)	Damage Rate (%)	Loss Ratio
	Farmers			
PCIC Regular				
Rice	30,551	341.761	12.39	1.08
Corn	6,498	51.695	9.08	0.53
Combined Rice & Corn	37,049	393.455	11.82	0.95
HVCC	539	10.962	2.68	0.80
Livestock	245	8.207	1.77	0.45
Non-Crop Insurance	4	0.272	0.04	0.06
CLTIP	770	17.848	0.14	0.51
Fisheries	1	0.008	0.00	0.00
Sub-total	38,608	430.752	2.49	0.88
DA Rice Program				
LBP Sikat Saka	4,227	86.267	6.21	0.58
WARA (2013)*	67	0.413	0.00	0.00
WARA (2014)	826	4.117	8.50	1.21
WARA (2015)	2,760	13.165	12.13	1.45
HYTA 2015	403	1.742	3.75	0.31
Sub-total	8,283	105.704	6.63	0.63
RSBSA Provinces				
Rice	84,111	640.976	7.18	0.59
Corn	32,733	230.099	10.08	0.50
HVCC	2,746	39.471	0.80	0.24
Livestock	1,259	10.489	0.40	0.06
NCI	16	0.197	0.12	0.03
Fisheries	98	0.498	0.96	0.18
Sub-total	120,963	921.729	4.86	0.48
Yolanda Rehab Program*				
Rice	119	0.742		
Corn	42	0.354		
HVCC	76	0.293		
Livestock	71	0.531		
NCI	1	0.005		
Fisheries	0	0.000		
CLTIP	30	0.315		
Sub-total	339	2.239		
APCP				
Rice	2,346	27.409	4.50	0.39
Corn	538	7.056	5.30	0.28
HVCC	613	15.299	3.66	0.50
Livestock	10	0.091	0.97	0.27
NCI	0	0.000	0.00	0.00
CLTIP	0	0.000	0.00	0.00
Fisheries	0	0.000	0.00	0.00
Sub-total	3,507	49.854	4.08	0.39
Grand-total	171,700	1,510.278	3.86	0.56

*Spill-over of previous years' production

Source: PABS Report as of December 31, 2016, generated on 03/20/17.

Box 7



Reasons for (decrease)/increase of claims paid:

- Combined Rice and Corn Claims Paid per Cause of Loss

Box 8

Cause of Loss	CLAIMS PAID				REASONS FOR INCREASE/ REMARKS:
	Dec. 2016 (Php M)	Dec. 2015 (PhpM)	Increase/(Decrease)		
			Amount (Php M)	(%)	
Typhoon/ Flood	415.413	562.774	(147.361)	(26.18)	Lesser losses from typhoon and flood during the wet season.
Drought	268.862	271.321	(2.459)	(1.00)	Continued effects of El Nino Phenomenon.
Pests & Diseases	721.518	467.761	253.757	54.25	1.Widespread rat infestation in ROs IV, VIII, IX, X & XI. 2.Prevalence of stem borer infestation in ROs VIII, IX, X, XI & XII. 3.Occurrence of corn borer in RO IV.
TOTAL	1,405.793	1,301.856	(196.777)	(15.12)	

Source: PABS Report as of December 31, 2016, generated on 03/20/17.

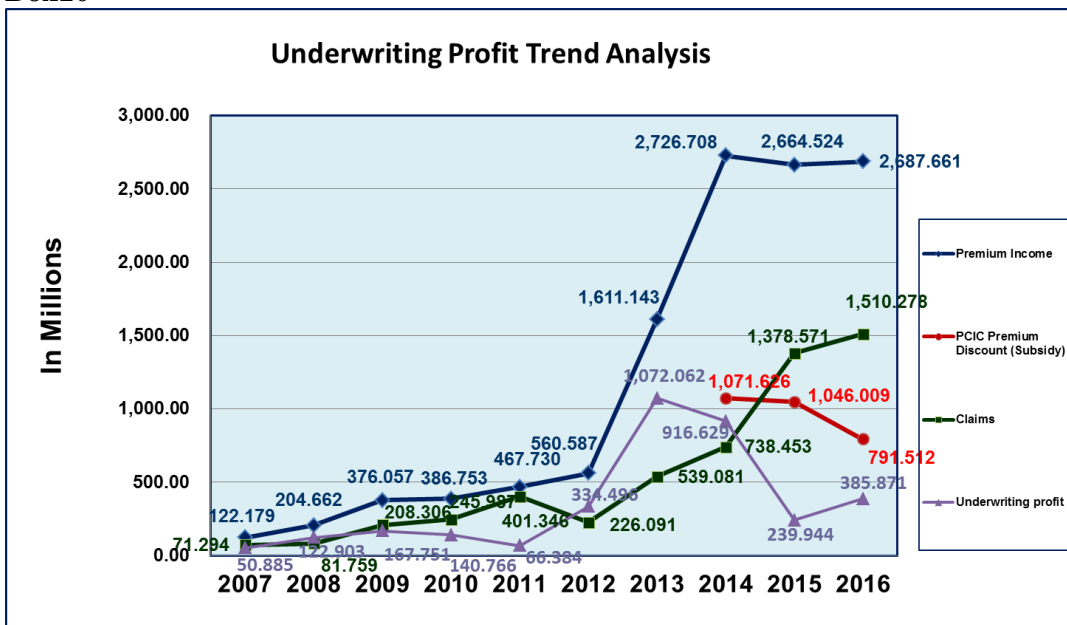
IV. STATEMENT OF UNDERWRITING PROFIT

The underwriting profit-net of PCIC premium discount for the twelve-month period ended December 31, 2016 amounted to Php 385.871 million, an increase of Php145.927 M or 60.82% as compared to the same period last year, computed as follows:

Box 9

PARTICULARS	AMOUNT (Php M)				DIFFERENCE INCREASE/ (DECREASE)		REMARKS
	Amount DEC. 2016	% To Total	Amount DEC. 2015	% To Total	AMOUNT (Php M)	%	
Premium Income	2,687.661	100.00	2,664.524	100.00	23.137	0.87	*PCIC premium discount/ subsidy for the following insurance programs: RSBSA (P305.935M), PCIC Regular (P208.793M), DA Sikat Saka (P149.058M), and ACP & CAP-PBD (P127.726M)
Less: Claims Paid	1,510.278	56.19	1,378.571	51.74	131.707	9.55	
Underwriting Profit before PCIC Premium Discount	1,177.383	43.81	1,285.953	48.26	(108.570)	(8.44)	All ROs except RO XII registered underwriting profit. Top Performers: ROs VI, IV, VII, III-A, II & VIII.
Less: PCIC Premium Discount*	791.512	29.45	1,046.009	39.26	(254.497)	(24.33)	
Underwriting Profit – Net of PCIC Premium Discount	385.871	14.36	239.944	9.01	145.927	60.82	

Box10



For your information.

ATTY. JOVY C. BERNABE