

February 23, 2015

FOR : **THE BOARD OF DIRECTORS**

FROM : **ATTY. JOVY C. BERNABE**  
**PRESIDENT**

SUBJECT : **REVIEW OF OPERATIONS FOR THE TWELVE-MONTH**  
**PERIOD ENDED DECEMBER 31, 2014**

.....  
We respectfully submit the Review of Operations for the twelve-month period ended December 31, 2014:

### **I. INSURANCE PRODUCTION**

The total number of farmers who availed of PCIC's various insurance lines is 915,275. The premium income and area covered by crop insurance increased by 66.09% and 84.41%, respectively, from the same period last year. The total amount of insurance coverage reached **Php 35,070.317 M**, an **increase of 10.05%** from the same period last year.

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

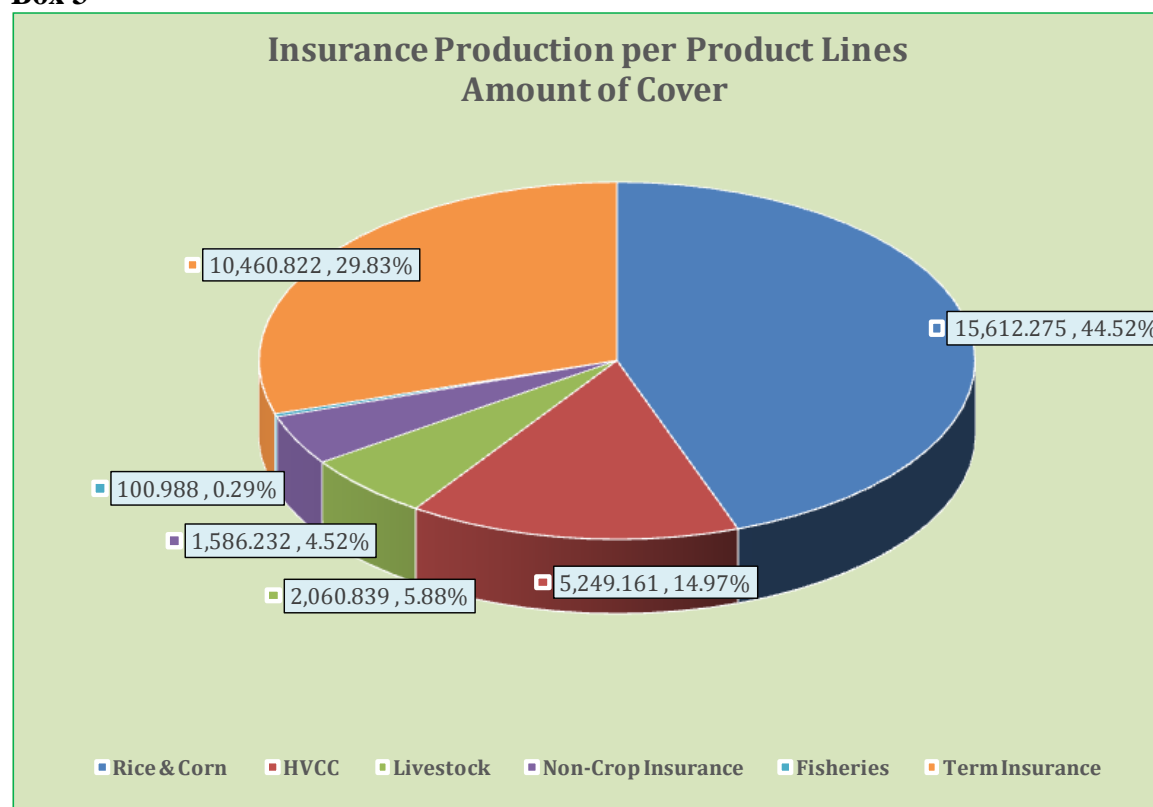
Insurance Lines	Number of Farmers	ACCOMPLISHMENT					
		Amount of Cover		Premium		Area	
		Amount (Php M)	.vs 2013 (%) Inc/(Dec)	Amount (Php M)	.vs 2013 (%) Inc/(Dec)	No. of Ha.	.vs 2013 (%) Inc/(Dec)
Rice	395,377	12,330.904	47.54	1,461.612	48.90	528,110	32.31
Corn	104,368	3,281.372	113.97	648.086	117.36	131,408	119.21
<b>Rice &amp; Corn Combined</b>	<b>499,745</b>	<b>15,612.276</b>	<b>57.84</b>	<b>2,109.704</b>	<b>64.85</b>	<b>659,518</b>	<b>43.66</b>
HVCC	86,492	5,249.161	43.58	365.431	50.89	273,666	483.05
Livestock	96,617	2,060.839	305.84	156.896	369.79		
Non-Crop Insurance	11,399	1,586.232	38.80	11.774	89.32		
Term Life Insurance	220,599	10,460.821	(36.97)	29.649	(38.66)		
Fisheries	423	100.988	42.36	2.459	102.05		
<b>Total</b>	<b>915,275</b>	<b>35,070.317</b>	<b>10.05</b>	<b>2,675.913</b>	<b>66.09</b>	<b>933,184</b>	<b>84.41</b>

Source: PABS generated report, December 31, 2014

### Box 2. Analysis of Insurance Production Accomplishment vs Annual Target

Insurance Lines	Accomplishment			Target - CY 2014			% Accomplishment		
	No. of Farmers	No. of Hectares/ Heads/ Policies	Amount of Cover (Php M)	No. of Farmers	No. of Hectares/ Heads/ Policies	Amount of Cover (Php M)	No. of Farmers	No. of Hectares/ Heads/ Policies	Amount of Cover (Php M)
Rice	395,377	528,110	12,330.904	307,339	375,797	8,760.409	128.65	140.53	140.76
Corn	104,368	131,408	3,281.372	111,362	118,337	2,222.095	93.72	111.05	147.67
Rice & Corn Combined	499,745	659,518	15,612.276	418,701	494,134	10,982.504	119.36	133.47	142.16
HVCC	86,492	273,666	5,249.161	178,212	200,852	4,814.345	48.53	136.25	109.03
Livestock	96,617	683,853	2,060.839	131,066	244,941	3,656.163	73.72	279.19	56.37
Non-Crop Insurance	11,399	9,469	1,586.232	22,253	9,965	3,117.451	51.22	95.02	50.88
Term Life Insurance	220,599	19,064	10,460.821	161,225	14,033	8,828.526	136.83	135.85	118.49
Fisheries	423	302	100.988	52,289	14,976	1,189.731	0.81	2.02	8.49
<b>Total</b>	<b>915,275</b>		<b>35,070.317</b>	<b>963,746</b>		<b>32,588.720</b>	<b>94.97</b>		<b>107.61</b>

### Box 3



## **Reasons for increase of insurance production:**

- RICE and CORN

- Increasing number and continuous participation of cooperatives/farmers' organizations/associations and other lending institutions participating in LBP's corn production loan programs.
- Insurance coverage for subsistence rice and corn farmers listed in RSBSA in 75 provinces with full premium subsidy under the FY 2014 GAA.
- Insurance coverage of subsistence farmers and fisherfolk under the Yolanda Rehab Program.
- Continuous insurance coverage of subsistence rice farmers under the DA Rice Programs (DA-LBP Sikat Saka, NIA Third Cropping, WARA 2013 & WARA 2014).
- Insurance coverage of ARBs under the APCP-CAPPBD.
- Continuous participation of the Provincial Government of Isabela in RO II.
- Increased number of farmers availing production loan from ASKI in ROs I, II, III & IIIA.
- Increased number of farmers availing production loan from TSPI in ROs I, II, III, IIIA, IV, V, & X.
- Increased number of farmers availing production loan from First Valley Banks in ROs IX, X & XII.

- HVCC

- Insurance coverage for subsistence farmers listed in RSBSA in 75 provinces with full premium subsidy under the FY 2014 GAA.
- Insurance coverage of subsistence farmers under the Yolanda Rehab Program and APCP-CAPPBD.
- Participation of TSPI in HVCC insurance program.

- Livestock

- Insurance coverage for subsistence farmers listed in RSBSA in 75 provinces with full premium subsidy under the FY 2014 GAA.
- Insurance coverage of subsistence farmers under the Yolanda Rehab Program and APCP-CAPPBD.
- Renewal of recipients of the LGUs Cebu livestock dispersal program under IFSDP (RO VII).

- NCI

- Renewal of insurance coverage in ROs IV and VII.
- Insurance coverage of subsistence farmers under the Yolanda Rehab Program.

- Fisheries

- Renewal of insurance coverage of SONAMCO (RO VII).
- Insurance coverage for subsistence fisherfolk listed in RSBSA in ROs III, V, X and XII.
- Insurance coverage for subsistence fisherfolk participating in the PCIC Regular Fisheries in RO IX.
- Insurance coverage for San Juan Aqua Culture in Ormoc (RO VIII).
- Insurance coverage of subsistence fisherfolk under the Yolanda Rehab Program.

**Reasons for decrease of insurance production:**

- TIP

- Non-renewal of some NAFC members in the Accident and Dismemberment Security Scheme term insurance program.

**II. GOVERNMENT PREMIUM SUBSIDY UTILIZATION**

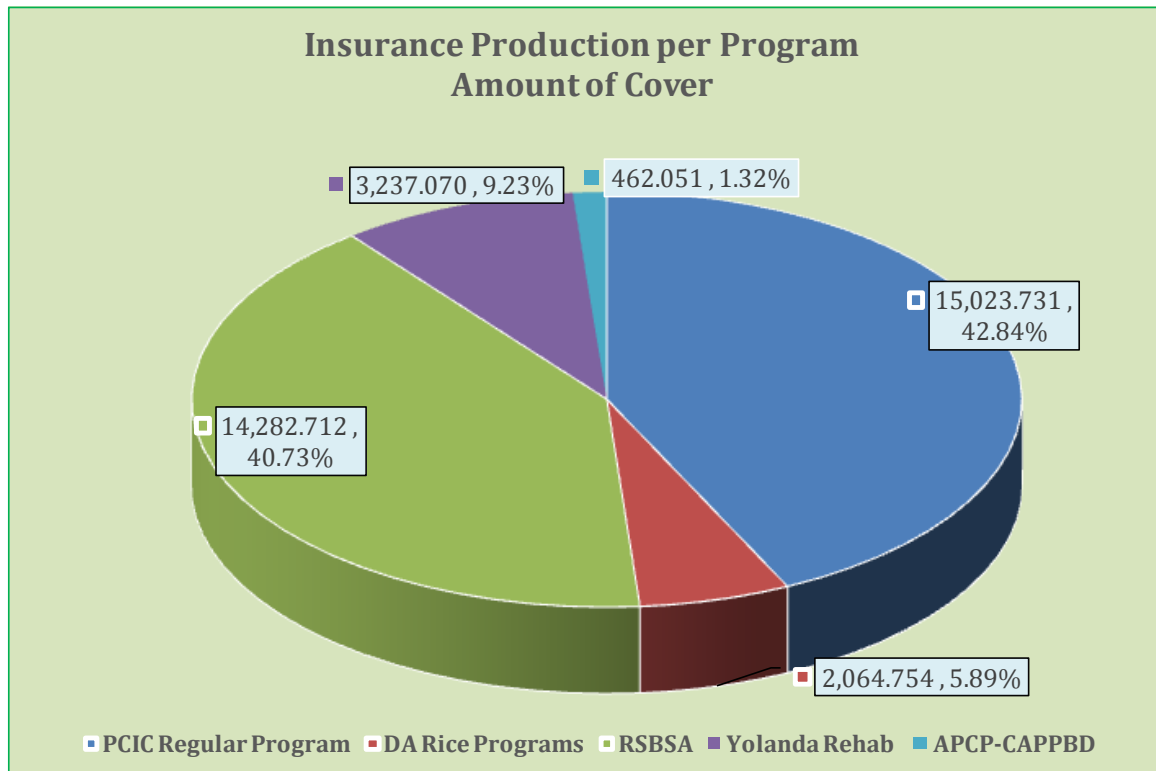
**Box 4**

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	2014 Target (Php M)	Discount/Utilized (Php M)	% Utilization	Available Balance
					PCIC Discount	Utilized					
<b>PCIC Regular</b>											
Rice	84,431	139,189	3,284.229	175.573	191.350		175.573	206.000	191.350	92.89	14.650
Corn	23,331	28,962	644.235	41.136	65.481		41.136	57.771	65.481	113.35	(7.710)
Combined Rice & Corn	<b>107,762</b>	<b>168,151</b>	<b>3,928.464</b>	<b>216.709</b>	<b>256.831</b>		<b>216.709</b>	<b>263.771</b>	<b>256.831</b>	<b>97.37</b>	<b>6.94</b>
HVCC	4,814	7,335	605.298	24.050			24.050	-			
Livestock	9,879	423,790	258.506	15.006			15.006	-			
Non-Crop Insurance	4,445	4,266	1,455.063	7.315			7.315	-			
Term Life Insurance	185,181	17,492	8,684.572	23.914			23.914	-			
Fisheries	104	97	91.828	1.751			1.751	-			
<b>Sub-total</b>	<b>312,185</b>		<b>15,023.731</b>	<b>288.745</b>	<b>256.831</b>		<b>288.745</b>	<b>263.771</b>	<b>256.831</b>	<b>97.37</b>	<b>6.94</b>
<b>DA Rice Insurance Program</b>											
LBP Sikat Saka	9,116	21,505	954.577		40.901	66.233	66.233	101.684	110.585	108.75	(8.901)
NIA Third Cropping	1,775	3,120	32.621			3.451	3.451				
Weather Adverse Rice Areas	69,767	85,130	832.539			86.028	86.028	100.914	86.028	85.25	14.886
Weather Adverse Rice Areas (2014)	15,301	24,601	245.017			25.112	25.112	102.749	25.112	24.44	77.637
<b>Sub-total</b>	<b>95,959</b>		<b>2,064.754</b>		<b>40.901</b>	<b>180.824</b>	<b>180.824</b>	<b>305.347</b>	<b>221.725</b>	<b>72.61</b>	<b>83.62</b>

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	2014 Target (Php M)	Discount/Utilized (Php M)	% Utilization	Available Balance
					PCIC Discount	Utilized					
<b>RSBSA</b>											
Rice	166,432	207,295	5,828.981		454.778	698.341	698.341	440.637	698.341	158.48	(257.704)
Corn	65,850	89,076	2,308.236			484.682	484.682	226.725	484.682	213.78	(257.957)
HVCC	77,298	261,296	4,362.541			320.632	320.632	221.222	320.632	144.94	(99.410)
Livestock	77,726	241,478	1,667.965			130.824	130.824	210.560	130.824	62.13	79.736
NCI	4,690	3,096	105.829			3.363	3.363	30.50	3.363	11.03	27.136
Fisheries	319	205	9.160			0.707	0.707	54.13	0.707	1.31	53.421
<b>Sub-total</b>	<b>392,315</b>		<b>14,282.712</b>		<b>454.778</b>	<b>1,638.549</b>	<b>1,638.549</b>	<b>1,183.771</b>	<b>1,638.549</b>	<b>138.42</b>	<b>(454.778)</b>
<b>Yolanda Rehab Program</b>											
Rice	43,931	40,284	949.016		150.131		0.000	136.483	150.131	110.00	(13.65)
Corn	13,687	11,034	260.317		43.548		0.000	35.998	43.548	120.97	(7.550)
HVCC	3,332	3,342	94.394		6.769		0.000	17.693	6.769	38.26	10.924
Livestock	8,994	18,217	131.753		11.013		0.000	23.228	11.013	47.41	12.215
NCI	2,264	2,107	25.340		1.096		0.000	4.834	1.096	22.67	3.738
Fisheries	0	0	0.000		0.000		0.000	4.282	0.000	0.00	4.282
TIP	35,418	1,572	1,776.250		5.735		0.000	5.498	5.735	104.31	(0.237)
<b>Sub-total</b>	<b>107,626</b>		<b>3,237.070</b>		<b>218.292</b>		<b>0.000</b>	<b>228.016</b>	<b>218.292</b>	<b>95.74</b>	<b>9.724</b>
<b>APCP &amp; CAP-PBD</b>											
Rice	4,624	6,986	203.924		24.498		0.000	26.070	24.498	93.97	1.572
Corn	1,500	2,335	68.584		13.238		0.000	9.818	13.238	134.84	(3.421)
HVCC	1,048	1,693	186.928		13.981		0.000	30.375	13.981	46.03	16.394
Livestock	18	368	2.615		0.054		0.000	0.406	0.054	13.32	0.352
TIP	0	0	0.000		0.000		0.000	0.333	0.000	0.00	0.333
<b>Sub-total</b>	<b>7,190</b>		<b>462.051</b>		<b>51.771</b>		<b>0.000</b>	<b>67.000</b>	<b>51.771</b>	<b>77.27</b>	<b>15.229</b>
<b>Grand-total</b>	<b>915,275</b>		<b>35,070.317</b>	<b>288.745</b>	<b>1,022.573</b>	<b>1,819.373</b>	<b>2,108.118</b>	<b>2,047.905</b>	<b>2,387.168</b>	<b>116.566</b>	<b>-339.263</b>

Source: PABS generated report, December 31, 2014

**Box 5**



- **PCIC Regular Programs**

The target PCIC premium discount/subsidy for rice and corn crop insurance programs for the twelve-month period ended December 31, 2014 is Php 263.771 million. We provided premium discount amounting to Php 256.831 million or 97.37% accomplishment.

- **DA-Rice Programs**

The rice crop insurance policies issued for the LBP-DA Sikat Saka, NIA Third Cropping, and Weather Adverse Rice Areas programs for the twelve-month period ended December 31, 2014 reached Php 2,064.754 million amount of cover and utilized Php 180.684 million DA-GPS and Php 40.901 PCIC premium discount/subsidy.

- **RSBSA Provinces**

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, 2014 is Php 1,183.771 million. We utilized Php 1,638.549 million or 138.42% accomplishment for 75 DBM-identified provinces.

- **Yolanda Rehab Program**

The insurance policies issued for the Yolanda Rehab Program for the twelve-month period ended December 31, 2014 reached Php 3,237.070 million amount of insurance cover. We utilized Php 218.292 million PCIC discount/subsidy.

- APCP and CAP-PBD Program

The insurance policies issued for the APCP and CAP-PBD Program for the twelve-month period ended December 31, 2014 reached Php 462.051 million amount of insurance cover and utilized Php 51.771 million PCIC discount/subsidy.

### III. CLAIMS PAID

The total claims paid to farmers amounted to Php 574.797 million, an increase of 6.63% from the same period last year, broken down as follows.

**Box 6**

INSURANCE LINES	CLAIMS PAID (PM)			DIFFERENCE INCREASE/ (DECREASE)		FOR THE TWELVE-MONTH PERIOD ENDED DEC. 31, 2014			
	DECEMBER 2014		DEC. 2013	AMOUNT (PM)	(%)	DAMAGE RATE (%)		LOSS RATIO	
	Number of Farmers	Indemnity	Indemnity			2013	2014	2013	2014
<b>Rice</b>	55,801	419.337	379.334	40.003	10.55	4.54	3.40	0.39	0.29
<b>Corn</b>	11,725	104.135	68.388	35.747	52.27	4.46	3.17	0.23	0.16
<b>Rice &amp; Corn Combined</b>	<b>67,526</b>	<b>523.472</b>	<b>447,722</b>	<b>75.750</b>	<b>16.92</b>	<b>4.53</b>	<b>3.35</b>	<b>0.35</b>	<b>0.25</b>
<b>HVCC</b>	1,438	28.203	24.169	4.034	16.69	0.66	0.54	0.10	0.08
<b>Livestock</b>	324	8.147	16.698	(8.551)	(51.21)	3.29	0.40	0.50	0.05
<b>NCI</b>	318	8.889	43.456	(34.567)	(79.54)	3.80	0.56	6.99	0.75
<b>TIP</b>	232	5.679	7.037	(1.358)	(19.30)	0.04	0.05	0.15	0.19
<b>Fisheries</b>	3	0.408	0.000	0.408	0.00	0.00	0.40	0.00	0.17
<b>TOTAL</b>	<b>69,841</b>	<b>574.797</b>	<b>539.081</b>	<b>33.116</b>	<b>6.63</b>	<b>1.69</b>	<b>1.64</b>	<b>0.33</b>	<b>0.21</b>
<b>Increase (2014 vs 2013)</b>						<b>0.05</b>		<b>(0.12)</b>	

Source: PABS generated report, December 31, 2014

**Box 6.1** Insurance Claims Payment by Program for the twelve-month period ended December 31, 2014.

Insurance Program	Number of	Indemnity (Php M)	Damage Rate (%)	Loss Ratio
	Farmers			
<b>PCIC Regular</b>				
Rice	27,802	249.417	7.59	0.68
Corn	5,168	40.286	6.25	0.38
Combined Rice & Corn	<b>32,970</b>	<b>289.703</b>	<b>7.37</b>	<b>0.61</b>
HVCC	228	2.579	0.43	0.11
Livestock	219	6.794	2.63	0.45
Non-Crop Insurance	317	8.876	0.61	1.21
Term Life Insurance	189	4.703	0.05	0.20
Fisheries	1	0.403	0.44	0.23
<b>Sub-total</b>	<b>33,924</b>	<b>313.058</b>	<b>2.08</b>	<b>0.57</b>
<b>DA Rice Program</b>				
LBP Sikat Saka	1203	19.169	2.01	0.18
NIA Third Cropping*	29	0.100	0.31	0.03
Weather Adverse Rice Areas	9,027	29.097	3.49	0.34
WARA (2014)	1,824	5.610	2.29	0.22
<b>Sub-total</b>	<b>12,083</b>	<b>53.976</b>	<b>2.61</b>	<b>0.24</b>
<b>DAR-ARB-AIP (2013 spill-over claims)</b>				
Rice	5,129	39.185		
Corn	3,270	38.431		
HVCC	1026	24.607		
Livestock	36	0.533		
ADSS	35	0.856		
<b>Sub-total</b>	<b>9,496</b>	<b>103.612</b>		
<b>RSBSA Provinces</b>				
Rice	8,294	63.401	1.09	0.09
Corn	2,929	23.073	1.00	0.05
HVCC	183	1.011	0.02	0.00
Livestock	64	0.768	0.05	0.01
NCI	0	0.000	0.00	0.00
Fisheries	2	0.004	0.00	0.00
<b>Sub-total</b>	<b>11,472</b>	<b>88.257</b>	<b>1.51</b>	<b>0.13</b>

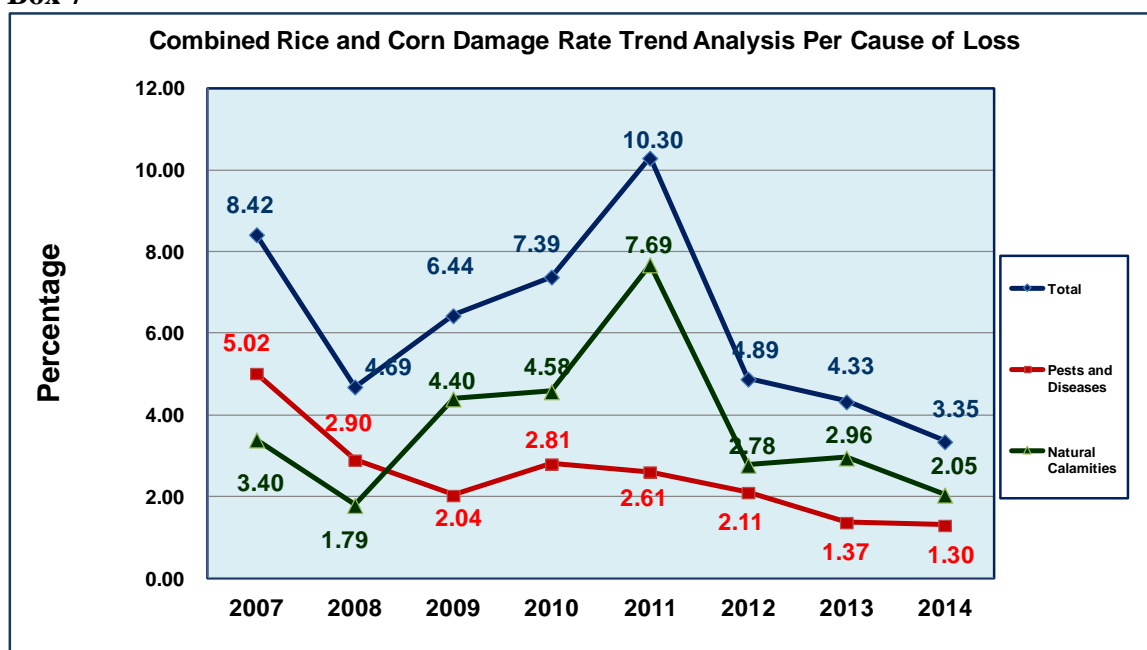


Insurance Program	Number of	Indemnity (Php M)	Damage Rate (%)	Loss Ratio
	Farmers			
<b>Yolanda Rehab Program</b>				
Rice	2,043	9.222	0.97	0.06
Corn	213	0.707	0.27	0.02
HVCC	0	0.000	0.00	0.00
Livestock	5	0.052	0.04	0.00
NCI	1	0.014	0.05	0.01
Fisheries	0	0.000	0.00	0.00
TIP	8	0.120	0.00	0.00
<b>Sub-total</b>	<b>2,270</b>	<b>10.115</b>	<b>1.07</b>	<b>0.07</b>
<b>APCP</b>				
Rice	450	4.134	2.03	0.17
Corn	145	1.638	2.39	0.12
HVCC	1	0.006	0.00	0.00
Livestock	0	0.000	0.00	0.00
TIP	0	0.000	0.00	0.00
<b>Sub-total</b>	<b>596</b>	<b>5.778</b>	<b>2.83</b>	<b>0.24</b>
<b>Grand-total</b>	<b>69,841</b>	<b>574.797</b>	<b>1.64</b>	<b>0.21</b>

\*Spill-over of last year's insurance production.

Source: PABS generated report, December 31, 2014

### 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:  <b>54.03% Increased Production in 2014 vs 2013</b>
	Dec. 2014	Dec. 2013	Increase/(Decrease)		
			Amount (PM)	(%)	
<b>Typhoon/ Flood</b>	235.546	265.335	(29.789)	(11.23)	Certain claims due to typhoon Yolanda in November 8, 2013 in RO VI, VII & VIII were paid in 2014. Losses caused by flooding due to occurrence of heavy rainfall in RO III, and typhoons Agaton, Basyang, Caloy, Glenda, Luis, Mario, & Queenie, Ruby & Seniang in Luzon, Visayas and Mindanao regions.
<b>Drought</b>	84.367	46.264	38.103	82.36	Occurrence of drought in ROs II, IV, VII & X.
<b>Pests &amp; Diseases</b>	203.559	136.122	67.437	49.54	1. Increased rat infestation due to rat migration from flooded areas. 2. Prevalence of stemborer infestation in ROs III-A, IV, VIII & IX. 3. Stalk rot incidence in ROs IX & X.
<b>TOTAL</b>	<b>523.472</b>	<b>447.721</b>	<b>75.751</b>	<b>16.92</b>	

- HVCC

- Onion crops in Pangasinan and Occidental Mindoro were damaged by rainfall associated disease.
- Banana, Papaya and Sugarcane crops were damaged by typhoon Basyang in RO VII.
- Banana crops were damaged by flood due to heavy monsoon rains in RO XI.
- Coconut and banana crops were damaged by typhoon Glenda in ROs IV and V.

- NCI

- Damages due to Typhoon Yolanda in ROs VII & VIII.

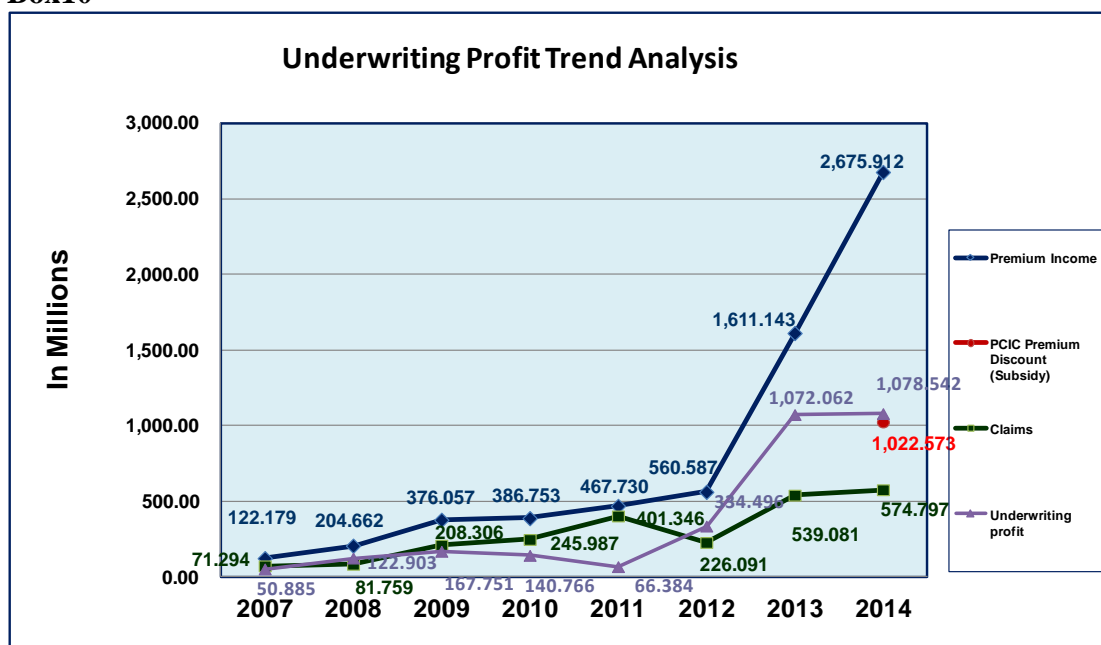
#### IV. STATEMENT OF UNDERWRITING PROFIT

Our underwriting profit for the twelve-month period ended December 31, 2014 amounted to Php 1,078.542 net of PCIC premium discount amounting to Php1,022.573, an increase of Php 6.480 M or 0.60% over the same period last year, computed as follows:

##### Box 9

PARTICULARS	AMOUNT (PM)				DIFFERENCE INCREASE/ (DECREASE)		TOP PERFORMERS
	DEC. 2014	% To Total	DEC. 2013	% To Total	AMOUNT (PM)	%	
Premium Income	2,675.912	100.00	1,611.143	100.00	1,064.769	66.09	PCIC premium discount/ subsidy for: RSBSA (P454.778 M), Regular (P256.831M), DA Sikat Saka (P40.901M), Yolanda Rehab (P218.292M), and ACP & CAP-PBD (P51.771M) Insurance Programs
Less: Claims Paid	574.797	21.48	539.081	33.46	35.716	6.63	
Underwriting Profit before PCIC Premium Discount	2,101.115	78.52	1,072.062	66.54	1,029.053	95.99	
Less: PCIC Premium Discount	1,022.573		- 0 -		1,022.573	100.00	
<b>Underwriting Profit – Net of PCIC Premium Discount</b>	<b>1,078.542</b>	<b>40.31</b>	<b>1,072.062</b>	<b>66.54</b>	<b>6.480</b>	<b>0.60</b>	<b>All ROs registered underwriting profits. Top Performers: ROs IX, XII, XI, VIII &amp; VI.</b>

##### Box10



**V. COMPARISON OF PCIC INSURANCE PRODUCTION ACCOMPLISHMENT  
VS. 2014 PCIC TARGET SUBMITTED TO GCG**

<b>PCIC MFO</b>	<b>GCG Target</b>	<b>PCIC Accomplishment*</b>	<b>% Accomplishment</b>
No. of Subsistence Farmers (rice & corn)	361,575	499,745	<b>138.21</b>
No. of Farmers (other insurance programs)	195,800	415,530	<b>212.22</b>
No. of Farmers (HVCC)	92,854	86,492	<b>93.15</b>
No. of Farmers (Livestock)	65,706	96,617	<b>147.04</b>
No. of Farmers (NCI, TIP & Fisheries)	37,239	232,421	<b>624.13</b>
No. of Hectares/ Heads/ Policies	478,784	1,645,872	<b>343.76</b>
No. of Hectares	389,420	933,184	<b>239.63</b>
No. of Heads	79,689	683,853	<b>858.15</b>
No. of Policies	9,675	28,835	<b>298.04</b>
Amount of Cover (PhpM)	18,750.130	35,070.317	<b>187.04</b>

For your information.

**ATTY. JOVY C. BERNABE**