

January 22, 2016

FOR : **THE BOARD OF DIRECTORS**

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

SUBJECT : **REVIEW OF OPERATIONS FOR THE TWELVE-MONTH
PERIOD ENDED DECEMBER 31, 2015**

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We respectfully submit the Review of Operations for the twelve-month period ended December 31, 2015:

I. INSURANCE PRODUCTION

The total number of farmers who availed of PCIC’s various insurance lines is 1,147,881. The premium income decreased by 4.56% and the area covered by crop insurance increased by 9.61%, from the same period last year. The total amount of insurance coverage reached **Php 39,273.826M**, an **increase of 10.26%** from the same period last year.

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

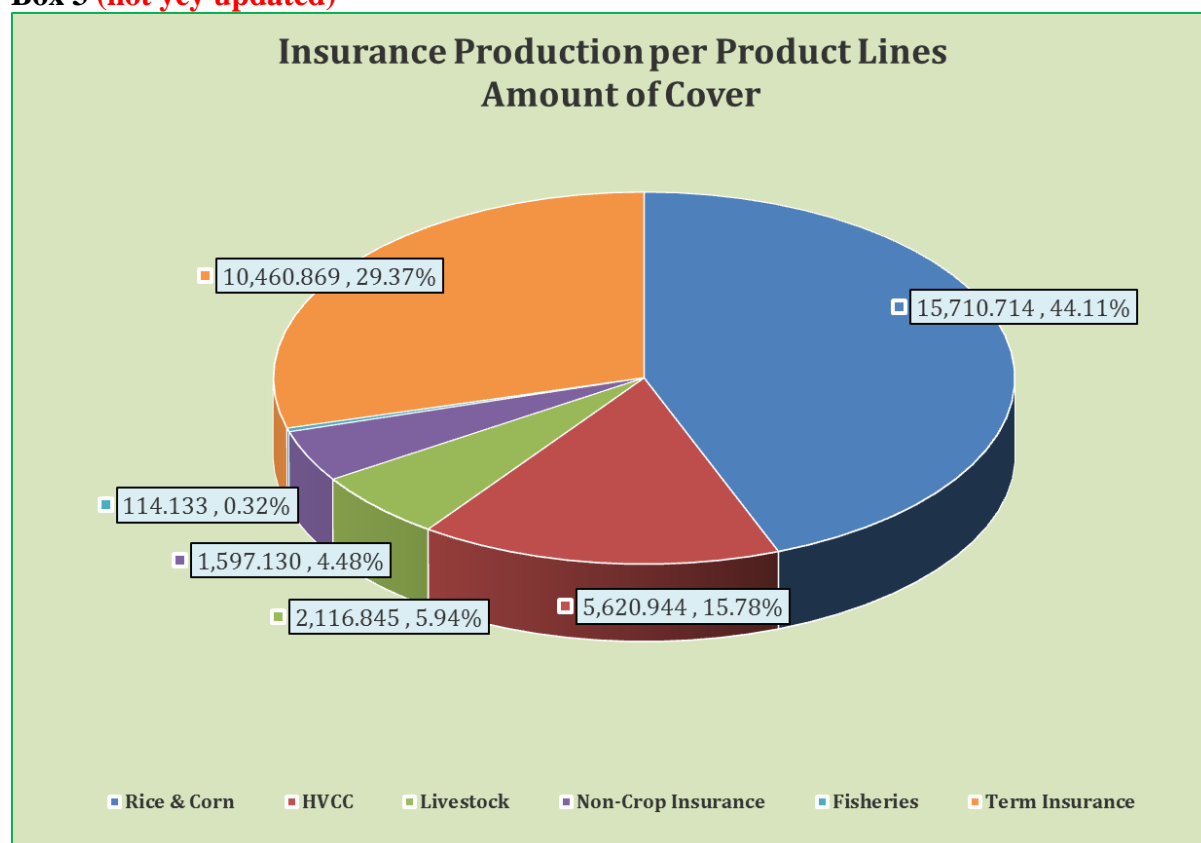
Insurance Lines	Number of Farmers	A C C O M P L I S H M E N T					
		Amount of Cover		Premium		Area	
		Amount (Php M)	.vs 2014 (%) Inc/(Dec)	Amount (Php M)	.vs 2014 (%) Inc/(Dec)	No. of Ha.	.vs 2014 (%) Inc/(Dec)
Rice	436,951	12,296.937	(0.78)	1,532.494	4.49	567,360.25	6.94
Corn	119,389	3,020.511	(8.93)	580.108	(11.51)	149,643.94	12.85
Rice & Corn Combined	556,340	15,317.448	(2.50)	2,112.603	(0.45)	717,004.19	8.12
HVCC	84,848	4,861.14	(13.52)	164.425	(58.76)	151,362.03	17.28
Livestock	166,868	3,671.341	73.43	268.427	66.96		
Non-Crop Insurance	13,095	937.261	(41.32)	12.249	1.12		
Term Life Insurance	325,847	14,383.133	37.49	40.180	34.17		
Fisheries	883	103.503	(9.31)	4.589	57.12		
Total	1,147,881	39,273.826	10.26	2,602.474	(4.56)	868,366.22	9.61

Source: PABS generated report, December 31, 2014
(printed/generated on January 19, 2016)

Box 2. Analysis of Insurance Production Accomplishment vs Annual Target

Insurance Lines	Accomplishment			Target - CY 2015			% 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	436,951	567,360	12,296.936	425,062	530,604	10,326.633	102.80	106.93	119.08
Corn	119,389	149,644	3,020.512	114,979	132,371	2,708.065	103.84	113.05	111.54
Rice & Corn Combined	556,340	717,004	15,317.448	540,041	662,975	13,034.698	103.02	108.15	117.51
HVCC	84,848	151,362	4,861.139	172,844	192,834	4,926.552	49.09	78.49	98.67
Livestock	166,868	2,025,586	3,671.341	108,387	403,325	3,651.445	153.96	502.22	100.54
Non-Crop Insurance	13,095	10,187	937.260	12,062	11,932	3,080.012	108.56	85.38	30.43
Credit & Life TIP	325,847	31,064	14,383.133	221,106	23,801	10,173.825	147.37	130.52	141.37
Fisheries	883	599	103.503	52,188	16,694	1,141.497	1.69	3.59	9.07
Total	1,147,881		39,273.824	1,106,628		36,008.029	103.73		109.07

Box 3 (not yey updated)



Reasons for increase of insurance production: (not yet updated)

● 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.
- Renewal of insurance coverage under LBP's rehabilitation financing program for Typhoon Pablo's affected areas (RO XI).

● 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.
 - Non-renewal of the ADSS Term insurance coverage of ARBs.

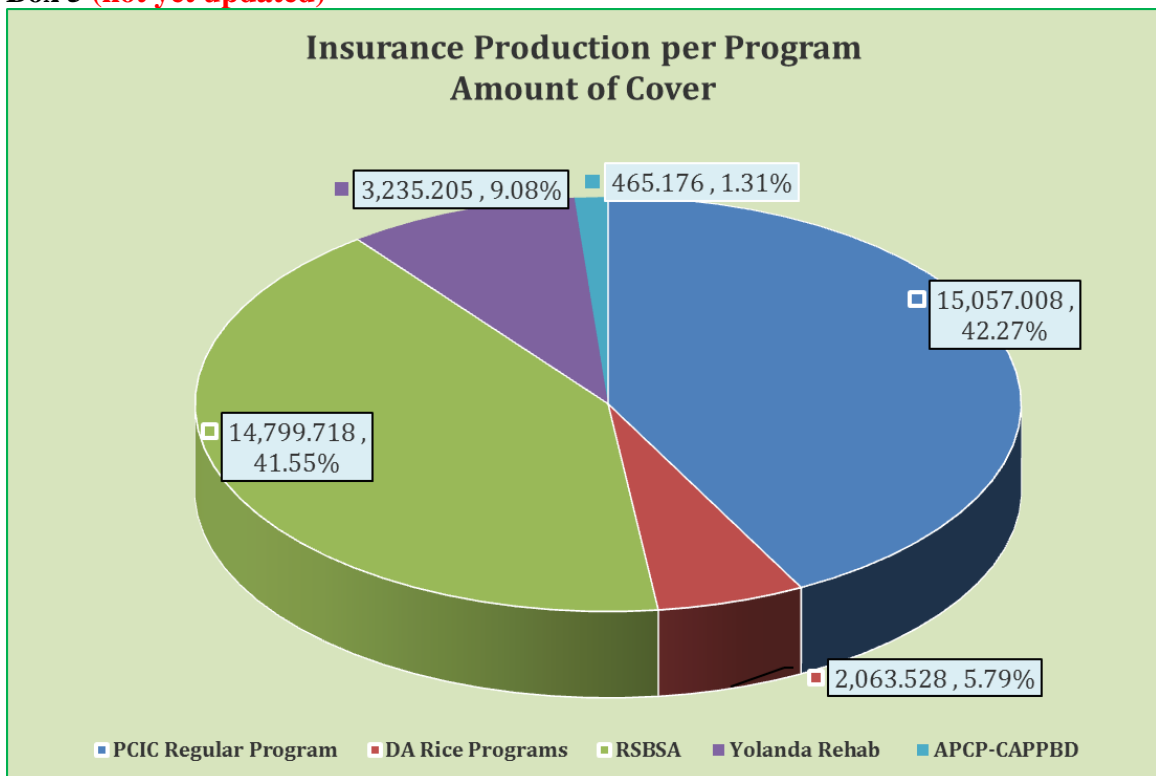
II. GOVERNMENT PREMIUM SUBSIDY UTILIZATION

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	Total Premium	2015 Target (Php M)	Discount/Utilized (Php M)	% Utilization	Available Balance
					PCIC Discount	Utilized						
PCIC Regular												
Rice	66,462	107,329	2,565.092	146.647	147.795		146.647	294.442	150.000	147.795	98.53	2.205
Corn	17,315	24,098	581.250	54.946	50.761		54.946	105.707	50.000	50.761	101.52	(0.761)
Combined Rice & Corn	83,777	131,428	3,146.342	201.593	198.556		201.593	400.149	200.000	198.556	99.28	1.44
High Value Crops	2,803	3,621	469.967	12.149			12.149	12.149	-			
Livestock	6,871	1,639,607	354.241	14.711			14.711	14.711	-			
Non-Crop Insurance	1,750	1,687	742.113	5.715			5.715	5.715	-			
Credit & Life Term	268,218	28,578	11,621.932	28.874			28.874	28.874	-			
Fisheries	51	50	49.312	0.805			0.805	0.805	-			
Sub-total	363,470		16,383.907	263.847	198.556		263.847	462.403	200.000	198.556	99.28	1.44
DA Rice Insurance Program												
LBP Sikat Saka	12,011	28,532	1,154.752		127.572		0.000	127.572	120.000	127.572	106.31	(7.572)
NIA Third Cropping	0	0	0.000				0.000	0.000	0.000	0.000	0.00	0.000
WARA 2013	0	0	0.000			0.000	0.000	0.000	0.000	0.000	0.00	0.000
WARA 2014	27,553	38,338	429.193			39.672	39.672	39.672	77.636	39.672	51.10	37.964
WARA 2015	10,111	13,713	148.620			6.857	6.857	6.857	36.699	6.857	18.68	29.842
HYTA 2015	6,258	7,539	65.360			7.360	7.360	7.360	22.268	7.360	33.05	14.908
Sub-total	55,933		1,797.925		127.572	53.889	53.889	181.461	256.603	181.461	70.72	75.14
RSBSA												
Rice	254,771	304,373	6,280.178		197.804	613.781	613.781	811.585	498.751	811.585	162.72	(312.834)
Corn	82,718	106,676	2,015.139		22.859	375.948	375.948	398.807	375.948	398.807	106.08	(22.859)
High Value Crops	76,274	140,703	4,058.073			131.058	131.058	131.058	179.743	131.058	72.91	48.685
Livestock	144,111	351,407	3,079.608		63.865	171.080	171.080	234.945	171.080	234.945	137.33	(63.865)
NCI	7,463	4,888	141.966			4.412	4.412	4.412	30.50	4.412	14.47	26.087
Fisheries	824	541	52.083			3.721	3.721	3.721	43.98	3.721	8.46	40.258
Sub-total	566,161		15,627.047		284.528	1,300.000	1,300.000	1,584.528	1,300.000	1,584.528	121.89	(284.528)

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	2015 Target (Php M)	Discount/Utilized (Php M)	% Utilization	Available Balance
					PCIC Discount	Utilized						
Yolanda Rehab Program												
Rice	48,962	51,482	1,168.877		186.099		0.000	186.099	165.087	186.099	112.73	(21.01)
Corn	16,046	13,765	275.641		44.734		0.000	44.734	50.429	44.734	88.71	5.694
High Value Crops	3,459	4,332	110.502		6.404		0.000	6.404	4.514	6.404	141.88	(1.890)
Livestock	15,813	33,961	232.976		18.673		0.000	18.673	16.594	18.673	112.53	(2.079)
NCI	3,879	3,609	51.822		2.108		0.000	2.108	3.922	2.108	53.75	1.814
Fisheries	8	8	2.108		0.063		0.000	0.063	3.600	0.063	1.76	3.537
Credit & Life Term	56,540	2,438	2,708.000		10.867		0.000	10.867	5.855	10.867	185.60	(5.012)
Sub-total	144,707		4,549.926		268.950		0.000	268.950	250.000	268.950	107.58	(18.950)
APCP & CAP-PBD												
Rice	10,823	16,053	484.865		58.907		0.000	58.907	53.805	58.907	109.48	(5.102)
Corn	3,310	5,104	148.481		30.860		0.000	30.860	18.368	30.860	168.01	(12.492)
High Value Crops	2,312	2,706	222.598		14.814		0.000	14.814	53.739	14.814	27.57	38.925
Livestock	73	611	4.516		0.098		0.000	0.098	0.804	0.098	12.18	0.706
NCI	3	3	1.360		0.014		0.000	0.014	0.000	0.014	0.00	(0.014)
Credit & Life Term	1,089	48	53.201		0.439		0.000	0.439	1.013	0.439	43.33	0.574
Sub-total	17,610		915.021		105.132		0.000	105.132	127.729	105.132	82.31	22.597
Grand-total	1,147,881		39,273.826	263.847	984.738	1,353.889	1,617.736	2,602.474	2,134.332	2,338.627	109.572	(204.294)

Box 5 (not yet updated)



- 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. PCIC premium discount/subsidy utilization reached Php 258.029 million or 97.82% 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 2,063.528 million amount of cover and utilized Php 180.717 million DA-GPS and **Php 40.8305** million PCIC premium discount/subsidy for DA-LBP Sikat Saka Rice program. All PCIC premium discount/subsidy utilized in excess of **Php 32.000** million PCIC Fund allotted for DA-LBP Sikat Saka per Board Resolution No. 2014-086 is subject to Board approval.

- 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 1,684.198 million or 142.27% 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 3,235.205 million amount of insurance cover. We utilized Php 220.069 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 465.176 million amount of insurance cover and utilized Php 52.271 million PCIC discount/subsidy.

III. CLAIMS PAID

The total claims paid to farmers amounted to Php 1,024.519 million, an increase of 38.74% 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, 2015			
	DECEMBER 2015		DEC. 2014	AMOUNT (PM)	(%)	DAMAGE RATE (%)		LOSS RATIO	
	Number of Farmers	Indemnity	Indemnity			2014	2015	2014	2015
Rice	91,408	815.679	512.545	303.134	59.14	4.14	6.63	0.35	0.53
Corn	20,097	154.410	169.233	(14.823)	(8.76)	5.10	5.11	0.26	0.27
Rice & Corn Combined	111,505	970.089	681.778	288.311	42.29	4.34	6.33	0.32	0.46
HVCC	1,696	26.928	31.028	(4.100)	(13.21)	0.55	0.55	0.08	0.16
Livestock	1,013	13.844	10.026	3.818	38.08	0.47	0.38	0.06	0.05
NCI	84	1.126	9.330	(8.204)	(87.93)	0.58	0.12	0.77	0.09
TIP	453	10.793	5.681	5.112	89.98	0.05	0.08	0.19	0.27
Fisheries	131	1.739	0.610	1.129	185.08	0.53	1.68	0.21	0.38
TOTAL	114,882	1,024.519	738.453	286.066	38.74	2.07	2.61	0.27	0.39
Increase (2015 vs 2014)						0.54		0.12	

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

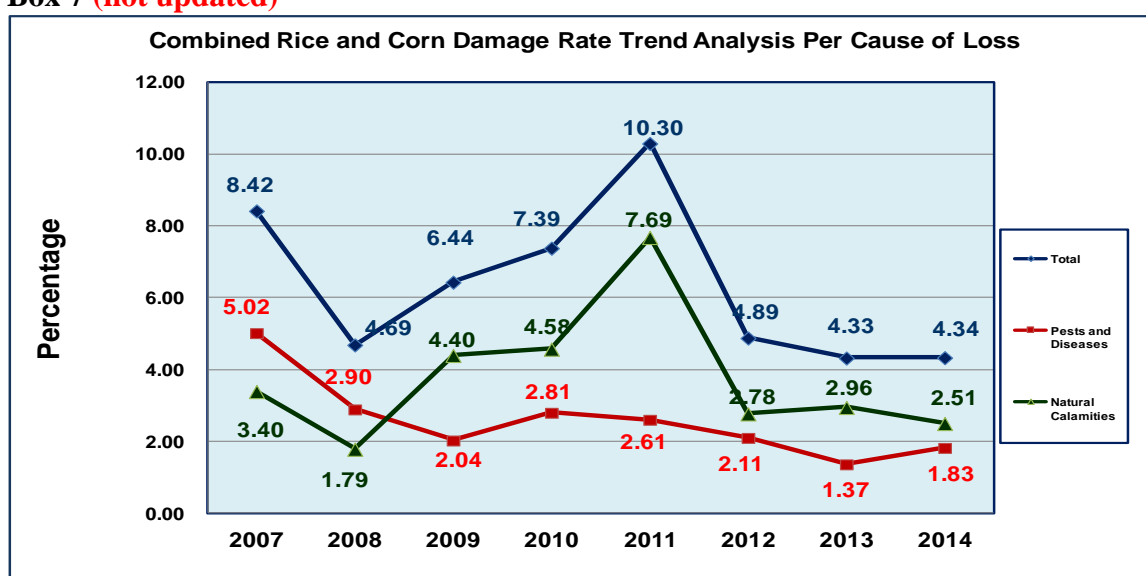
Insurance Program	Number of Farmers	Indemnity (Php M)	Damage Rate (%)	Loss Ratio
	PCIC Regular			
Rice	31,677	283.015	8.58	0.77
Corn	6,399	59.820	9.20	0.56
Combined Rice & Corn	38,076	342.835	8.68	0.72
HVCC	273	3.702	0.61	0.15
Livestock	274	7.703	2.98	0.51
Non-Crop Insurance	346	9.168	0.63	1.25
Term Life Insurance	189	4.703	0.05	0.19

Fisheries	2	0.606	0.60	0.32
Sub-total	39,160	368.716	2.45	0.67
DA Rice Program				
LBP Sikat Saka	1,355	21.908	2.29	0.20
NIA Third Cropping*	32	0.121	0.39	0.04
Weather Adverse Rice Areas	11,089	37.148	4.53	0.44
WARA (2014)	1,882	5.886	2.28	0.23
Sub-total	14,358	65.063	3.15	0.29
DAR-ARB-AIP (2013 spill-over claims)				
Rice	5,129	39.185		
Corn	3,270	38.431		
HVCC	1,033	24.741		
Livestock	36	0.533		
ADSS	35	0.858		
Sub-total	9,503	103.748		
RSBSA Provinces				
Rice	11,780	94.611	1.61	0.13
Corn	6,159	66.491	2.85	0.14
HVCC	385	1.881	0.04	0.01
Livestock	127	1.372	0.08	0.01
NCI	18	0.149	0.00	0.00
Fisheries	2	0.004	0.00	0.00
Sub-total	18,471	164.508	2.80	0.23
Yolanda Rehab Program				
Rice	5,104	25.696	2.71	0.17
Corn	441	2.093	0.80	0.05
HVCC	0	0.000	0.00	0.00
Livestock	47	0.419	0.32	0.04
NCI	1	0.014	0.06	0.01
Fisheries	0	0.000	0.00	0.00
TIP	8	0.120	0.00	0.00
Sub-total	5,601	28.342	2.99	0.19
APCP				

Rice	543	4.974	2.41	0.20
Corn	178	2.398	3.45	0.18
HVCC	41	0.704	0.00	0.05
Livestock	0	0.000	0.00	0.00
TIP	0	0.000	0.00	0.00
Sub-total	762	8.076	3.92	0.33
Grand-total	87,855	738.453	2.07	0.27

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

Box 7 (not updated)



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/(DECREASE)
	Nov. 2015	Nov. 2014	Increase/(Decrease)		
			Amount (PM)	(%)	
Typhoon/Flood	417.351	302.147	115.204	38.13	Losses caused by flooding due to occurrence of heavy rainfall in RO II, III, III-A, XI & XII, and Typhoon Amang, Lando and Nona in Luzon, Visayas and Mindanao regions.
Drought	212.103	92.119	119.984	130.25	Effects of on-going El Nino Phenomenon
Pests & Diseases	340.636	287.514	53.122	18.48	1. Increased rat infestation due to rat migration from flooded areas, and spread infestation due to effect of El Nino. 2. Tungro incidence in ROs I, IV & V. 3. Rice blast incidence and Black bugs

					infestation in RO IV. 4.Prevalence of stemborer infestation in ROs III, IIIA, VIII, IX, X, XI & XII. 5.Stalk rot incidence in ROs II&IV 6. Occurrence of Cornborer in ROs X & XI.
TOTAL	970.090	681.780	288.310	42.29	

- 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.

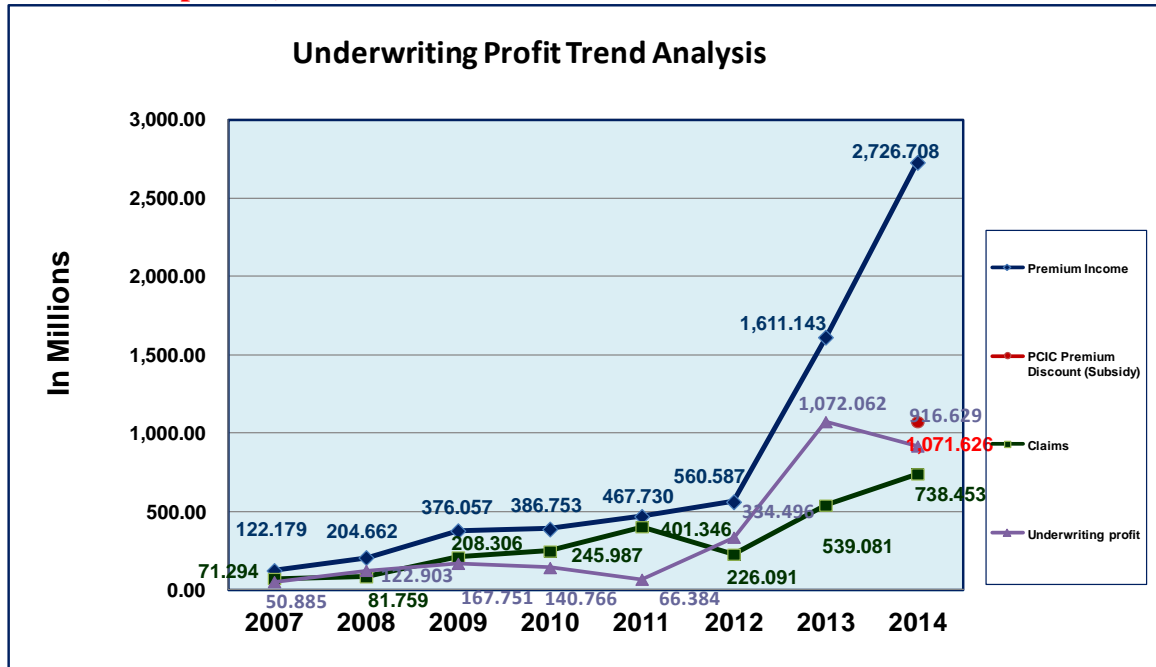
IV. STATEMENT OF UNDERWRITING PROFIT **(not updated)**

Our underwriting profit-net of PCIC premium discount for the twelve-month period ended December 31, 2014 amounted to Php 916.629, a decrease of Php 155.433 M or 14.50% under for 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	2,726.708	100.00	1,611.143	100.00	1,115.565	69.24	PCIC premium discount/ subsidy for: RSBSA (P498.576 M), Regular (P290.539M), DA Sikat Saka (P41.185M), Yolanda Rehab (P218.055M), and ACP & CAP-PBD (P50.402M) Insurance Programs
Less: Claims Paid	738.453	27.08	539.081	33.46	199.372	36.98	
Underwriting Profit before PCIC Premium Discount	1,988.255	72.92	1,072.062	66.54	916.193	85.46	
Less: PCIC Premium Discount	1,071.626		- 0 -		1,071.626	100.00	
Underwriting Profit – Net of PCIC Premium Discount	916.629	33.62	1,072.062	66.54	(155.433)	(14.50)	All ROs registered underwriting profits. Top Performers: ROs IX, IV, XI,

Box10 (not updated)



For your information.

ATTY. JOVY C. BERNABE