

February 21, 2018

FOR : **THE BOARD OF DIRECTORS**

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

SUBJECT : **REVIEW OF OPERATIONS FOR THE YEAR ENDED DECEMBER
31, 2017**

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We respectfully submit the Review of Operations for the Year Ended December 31, 2017:

I. INSURANCE PRODUCTION

The total number of farmers who availed of PCIC's various insurance lines reached **1,699,871**. The premium income and area covered by crop insurance **increased** by **25.38%** and **47.39%**, respectively, from the same period last year. The total amount of insurance coverage reached **PhP 58,512.325 M**, an **increase** of **49.69%** from the same period last year.

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

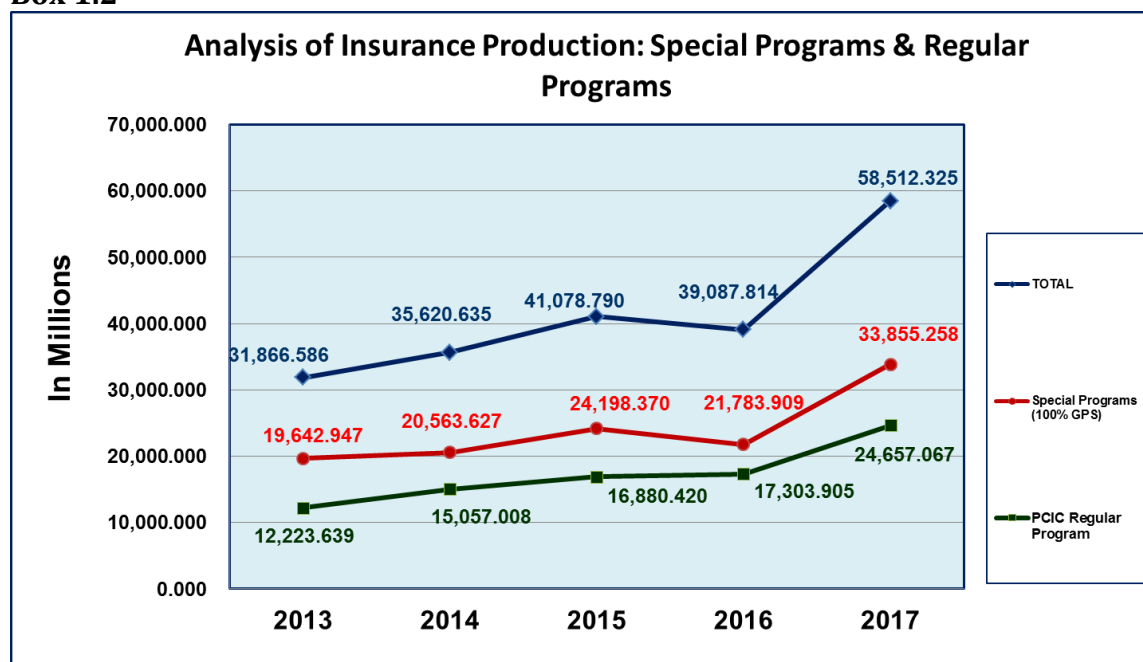
Insurance Lines	A C C O M P L I S H M E N T							
	No. of Farmers/Fisherfolk		Amount of Cover (PhP M)		Premium (PhP M)		Area (Ha.)	
	December 2017	vs. 2016 (%) Inc/(Dec)	December 2017	vs. 2016 (%) Inc/(Dec)	December 2017	vs. 2016 (%) Inc/(Dec)	December 2017	vs. 2016 (%) Inc/(Dec)
Rice	619,338	31.69	18,459.315	32.93	1,886.513	14.96	837,118	32.34
Corn	179,363	50.79	4,926.755	65.04	536.304	(7.69)	256,113	62.81
Rice & Corn Combined	798,701	35.55	23,386.070	38.61	2,422.817	9.04	1,093,231	38.41
HVC	194,020	125.39	8,983.397	55.80	504.718	143.43	235,455	110.91
Livestock	216,204	72.97	4,834.306	57.10	350.798	68.06		
Fisheries/Aquaculture	5,771	584.58	207.261	106.32	11.288	197.21		
Non-Crop Insurance	22,873	208.47	1,358.808	51.12	28.012	165.52		
CLTIP	462,302	61.39	19,742.482	59.56	52.092	47.55		
Total	1,699,871	55.24	58,512.325	49.69	3,369.725	25.38	1,328,686	47.39

Source: PABS report as of December 31, 2017, generated on 02/15/18.

Box 1.1 Analysis of Insurance Production: Special Programs and PCIC Regular Programs

Insurance Program	No. of Farmers/Fisherfolk		Amount of Cover		Premium	
	December 2017	vs. 2016 %Inc./ (Dec.)	December 2017	vs. 2016 %Inc./ (Dec.)	December 2017	vs. 2016 %Inc./ (Dec.)
Special Programs (100% GPS)						
RSBSA	1,029,761	58.15	30,076.506	58.56	2,535.208	33.02
Sikat Saka	14,659	4.95	1,548.468	11.40	154.926	3.94
WARA 2014	-	-	-	-	-	-
WARA 2015	2,543	(70.71)	31.423	(71.05)	3.212	(64.61)
HYTA 2015	1,056	(67.70)	15.157	(67.39)	1.516	(72.62)
YRRP	36,499	-	890.978	-	45.846	-
APCP & CAP-PBD	20,583	1.98	1,206.244	(1.27)	104.772	(17.97)
PUNLA/PLEA	2,530	-	86.482	-	5.755	-
Total	1,107,631	58.29	33,855.258	55.41	2,851.235	29.56
Regular Programs						
Rice* (55% PCIC Subsidy)	70,057	(0.29)	2,709.341	(1.78)	307.944	(2.52)
Corn* (55% PCIC Subsidy)	30,935	28.29	653.766	14.88	107.466	9.18
HVC	5,641	93.65	592.198	44.85	16.686	21.57
Livestock	25,126	134.45	507.157	9.41	28.589	55.22
Fisheries/Aquaculture	51	(15.00)	47.541	0.04	0.788	(8.16)
NCI	5,311	239.58	754.365	3.20	7.694	65.57
CLTIP	455,119	59.34	19,392.699	57.34	49.324	41.28
Total	592,240	49.84	24,657.067	42.49	518.491	6.49
GRAND TOTAL	1,699,871	55.24	58,512.325	49.68	3,369.725	25.38

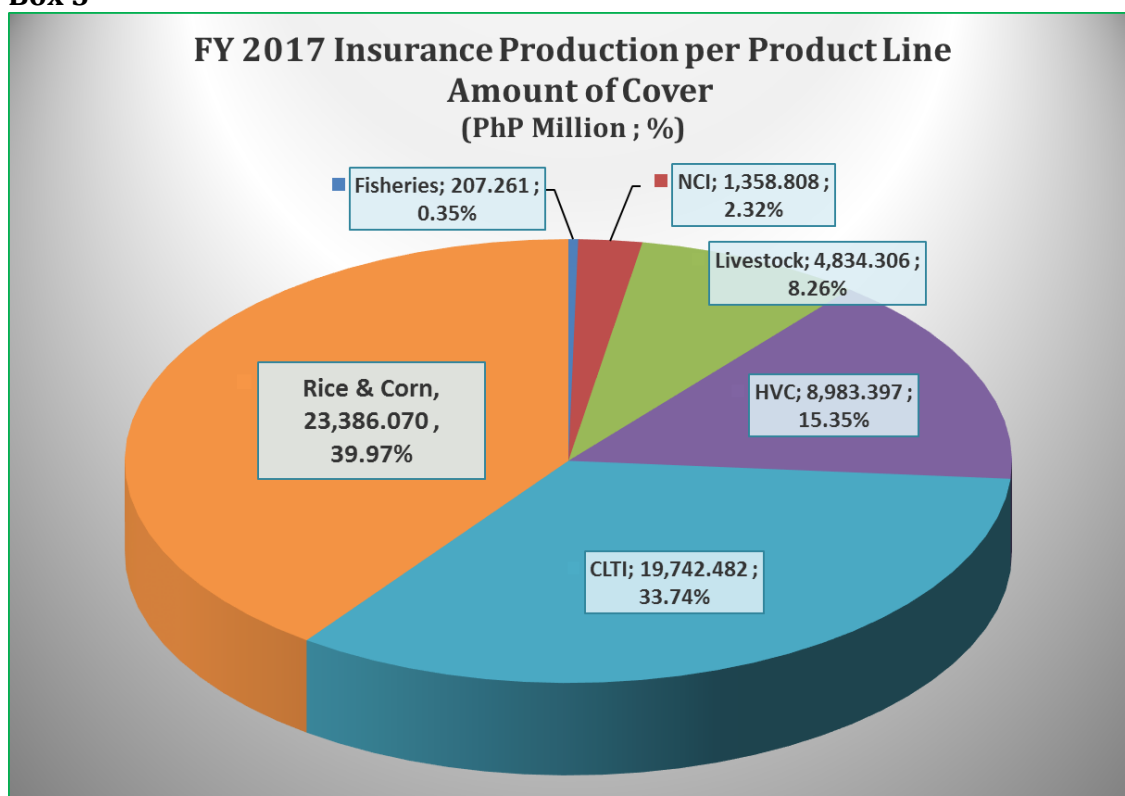
Box 1.2



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

Insurance Lines	Accomplishment			Target - CY 2017			% 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/	(PhP M)		Heads/	(PhP M)		Heads/	
		Policies		Policies			Policies		
Rice	619,338	837,118	18,459.315	535,279	707,870	15,443.573	115.70	118.26	119.53
Corn	179,363	256,113	4,926.755	296,510	386,163	7,862.064	60.49	66.32	62.66
Rice & Corn Combined	798,701	1,093,231	23,386.070	831,789	1,094,034	23,305.637	96.02	99.93	100.35
HVC	194,020	235,455	8,983.397	371,097	446,959	9,591.322	52.28	52.68	93.66
Livestock	216,204	489,705	4,834.306	156,862	617,921	6,337.822	137.83	79.25	76.28
Fisheries/Aquaculture	5,771	1,414	207.261	75,284	67,387	1,762.313	7.67	2.10	11.76
Non-Crop Insurance	22,873	3,214	1,358.808	33,070	33,070	4,739.803	69.17	9.72	28.67
CLTIP	462,302	93,715	19,742.482	318,327	34,506	14,420.493	145.23	271.59	136.91
Total	1,699,871		58,512.325	1,786,429		60,157.390	95.15		97.27

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 rice and corn production loan programs.
- Increased insurance coverage for subsistence farmers listed in the RSBSA with full premium subsidy under the FY 2017 GAA; Increased appropriation this year from PhP 1.6 billion (FY 2016) to PhP 2.5 billion FY 2017).
- Insurance coverage of ARBs under the APCP-CAP-PBD.
- 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.

- HVC

- Increased insurance coverage for subsistence farmers listed in the RSBSA with full premium subsidy under the FY 2017 GAA; Increased GPS appropriation this year from PhP 1.6 billion (FY 2016) to PhP 2.5 billion FY 2017).
- Insurance coverage of ARBs under the APCP-CAPPBD.
- Insurance coverage of farmers availing production loan from TSPI.
- Insurance coverage of banana and pineapple productions financed by LBP Lending Centers in ROs XI & XII.
- Insurance coverage of farmers availing production loans from First Valley Bank and Agronomika Finance Corporation in Mindanao.

- Livestock

- Increased insurance coverage for subsistence farmers listed in the RSBSA with full premium subsidy under the FY 2017 GAA; Increased GPS appropriation this year, from PhP 1.6 billion (FY 2016) to PhP 2.5 billion (FY 2017)
- Non-renewal of DA-NDA dairy cattle dispersal program

- NCI

- Increased insurance coverage for subsistence farmers listed in the RSBSA with full premium subsidy under the FY 2017 GAA; Increased GPS appropriation this year, from PhP 1.6 billion (FY 2016) to PhP 2.5 billion (FY 2017).

- CLTIP

- Bundling of ADSS in fully-subsidized insurance programs.
- Renewal of ADSS insurance coverage of PCAF.
- Renewal of ADSS insurance coverage in the province of Cebu under IFSDP (RO VII).

- Fisheries

- Increased insurance coverage for subsistence farmers listed in the RSBSA with full premium subsidy under the FY 2017 GAA; Increased appropriation this year, from PhP 1.6 billion (FY 2016) to PhP 2.5 billion (FY 2017).

II. GOVERNMENT PREMIUM SUBSIDY UTILIZATION FY 2017

Box 5

Insurance Program	Insurance Production			Premium (PhP M)				Government Premium Subsidy/PCIC Premium Subsidy				
	Number of Farmers	No. of Hectares / Heads/ Policies	Amount of Cover (PhP M)	Farmer + Lending Institution	GPS		Premium Earned	Total Premium	2017 Target (PhP M)	Premium Subsidy Utilized (PhP M)	% Utilization	Available Balance
					PCIC Subsidy*	Utilized						
PCIC Regular												
Rice	70,057	113,226	2,709.341	151.039	156.905		151.039	307.944	200.000	156.905	78.45	43.095
Corn	30,935	31,045	653.766	49.482	57.984		49.482	107.466	50.000	57.984	115.97	(7.984)
Combined Rice & Corn	100,992	144,272	3,363.107	200.521	214.889		200.521	415.410	250.000	214.889	85.96	35.11
High Value Crops	5,641	6,167	592.198	16.686			16.686	16.686	-			
Livestock	25,126	337,663	507.157	28.589			28.589	28.589	-			
Fisheries	51	51	47.541	0.788			0.788	0.788	-			
Non-Crop Insurance	5,311	1,546	754.365	7.694			7.694	7.694	-			
CLTIP	455,119	108,504	19,392.699	49.324			49.324	49.324	-			
Total	592,240		24,657.067	303.602	214.889		303.602	518.491	250.000	214.889	85.96	35.11
Special Programs												
DA Insurance Program												
Sikat Saka - Rice	14,647	36,743	1,547.931		154.873			154.873	131.000	154.927	118.26	(23.927)
Sikat Saka - Corn	12	21	0.537		0.054			0.054				
WARA 2015	2,543	3,896	31.423			3.212	3.212	3.212	0.000	3.212	0.00	(3.212)
HYTA 2015	1,056	895	15.157			1.516	1.516	1.516	0.000	1.516	0.00	(1.516)
Sub-total	18,258		1,595.048		154.927	4.728	4.728	159.655	131.000	159.655	121.87	(28.66)
DA - PUNLA/PLEA												
Rice	694	741	21.853		2.198		0.000	2.198		2.198		
Corn	249	325	7.932		0.793		0.000	0.793		0.793		
High Value Crops	529	103	26.815		2.022		0.000	2.022		2.022		
Livestock	508	1,908	12.317		0.468		0.000	0.468	130.000	0.468	4.43	124.25
Fisheries	8	1	0.185		0.013		0.000	0.013		0.013		
NCI	0	0	0.000		0.000		0.000	0.000		0.000		
CLTIP	542	18	17.380		0.261		0.000	0.261		0.261		
Sub-total	2,530		86.482		5.755		0.000	5.755	130.000	5.755	4.43	124.245
DA - Yolanda Rehabilitation and Recovery Program (YRRP)												
Rice	9,193	7,356	147.123			14.712	14.712	14.712		14.712		
Corn	1,245	1,145	22.907			2.291	2.291	2.291		2.291		
High Value Crops	15,412	10,016	299.569			20.946	20.946	20.946		20.946		
Livestock	3,215	6,790	70.073			4.152	4.152	4.152	43.700	4.152	104.91	(2.15)
Fisheries	207	20	3.226			0.387	0.387	0.387		0.387		
NCI	726	108	22.740			0.917	0.917	0.917		0.917		
CLTIP	6,501	1,111	325.340			2.440	2.440	2.440		2.440		
Sub-total	36,499		890.978			45.845	45.845	45.845	43.700	45.845	104.91	(2.145)

Insurance Program	Insurance Production			Premium (PhP M)				Government Premium Subsidy/PCIC Premium Subsidy				
	Number of Farmers	No. of Hectares / Heads/ Policies	Amount of Cover (PhP M)	Farmer + Lending Institution	GPS		Premium Earned	Total Premium	2017 Target (PhP M)	Premium Subsidy Utilized (PhP M)	% Utilization	Available Balance
					PCIC Subsidy*	Utilized						
RSBSA												
Rice	507,816	652,121	13,283.220		35.208	1,298.082	1,298.082	1,333.290	1,042.374	1,298.082	124.53	(255.708)
Corn	144,922	220,232	4,141.380			415.668	415.668	415.668	723.125	415.668	57.48	307.457
High Value Crops	167,679	212,365	7,690.625			439.760	439.760	439.760	262.688	439.760	167.41	(177.072)
Livestock	187,015	472,373	4,225.946			317.018	317.018	317.018	329.000	317.018	96.36	11.983
Fisheries	5,497	1,448	156.117			10.095	10.095	10.095	84.38	10.095	11.96	74.280
NCI	16,832	2,689	579.218			19.377	19.377	19.377	58.44	19.377	33.16	39.061
Sub-total	1,029,761		30,076.506			2,500.000	2,500.000	2,535.208	2,500.000	2,500.000	100.00	0.001
APCP & CAP-PBD												
Rice	13,332	22,140	703.267		68.767		0.000	68.767				
Corn	2,000	3,345	100.235		10.032		0.000	10.032				
High Value Crops	4,759	6,803	374.190		25.304		0.000	25.304				
Livestock	340	2,493	18.812		0.572		0.000	0.572	92.000	104.772	113.88	(12.772)
Fisheries	8	1	0.192		0.006		0.000	0.006				
NCI	4	4	2.485		0.025		0.000	0.025				
CLTIP	140	10	7.063		0.066		0.000	0.066				
Sub-total	20,583		1,206.244		104.772		0.000	104.772	92.000	104.772	113.88	(12.772)
Total - Special Programs	1,107,631		33,855.258		300.662	2,550.573	2,550.573	2,851.234	2,916.700	2,816.026	96.55	100.674
Grand-total	1,699,871		58,512.325	303.602	515.551	2,550.573	2,854.175	3,369.725	3,166.700	3,030.915	95.71	135.785

*Premium Subsidy from Remittances from BSP pertaining to PCIC's share in the penalties charged to Financial Institutions Non-Compliance/Under Compliance under the Agri-Agra Law (RA 10000)

- PCIC Regular Programs

The target PCIC premium subsidy for rice and corn crop insurance programs for the year ended December 31, 2017 is PhP 250 million. We provided PCIC premium subsidy amounting to PhP 214.889 million or 85.96% accomplishment.

- DA Programs

The insurance policies issued for the LBP-DA Sikat Saka, Weather Adverse Rice Areas, High Yield Technology Adoption, Yolanda Rehabilitation and Recovery Programs, Program for Unified Lending in Agriculture/Production Loan Easy Access and Survival Recovery Assistance program of DA for the year ended December 31, 2017 reached PhP 2,572.508 million amount of cover and utilized PhP 50.573 million DA-GPS and PhP 160.682 million PCIC premium subsidy.

- RSBSA Program

The target government premium subsidy (GPS) for crop, livestock, fisheries, and non-crop agricultural asset insurance programs for the year ended December 31, 2017 is PhP 2.500 billion. We utilized PhP 2.535 billion or 101.40% accomplishment.

- APCP and CAP-PBD Program

The insurance policies issued for the APCP and CAP-PBD Program for the year ended December 31, 2017 reached PhP 1,206.244 million amount of insurance cover and utilized PhP 104.772 million PCIC premium subsidy.

III. CLAIMS PAID

The total claims paid to farmers amounted to PhP 1,521.291 million, an increase of 9.66% from the same period last year, broken down as follows:

Box 6

Insurance Line	Claims Paid*			Difference		For the Year Ended December 31, 2017			
	December 2017		December 2016	Increase/ (Decrease)		Damage Rate (%)		Loss Ratio	
	No. of Farmers	Indemnity (PhP M)	Indemnity (PhP M)	Amount (PhP M)	(%)	2016	2017	2016	2017
Rice	147,615	1,151.587	1,116.590	34.997	3.13	8.04	6.24	0.68	0.61
Corn	37,831	267.564	289.203	(21.639)	(7.48)	9.69	5.43	0.50	0.50
Rice & Corn Combined	185,446	1,419.151	1,405.793	13.359	0.95	8.33	6.07	0.63	0.59
HVC	3,168	57.685	66.025	(8.340)	(12.63)	1.15	0.64	0.32	0.11
Livestock	2,017	16.857	19.318	(2.461)	(12.74)	0.63	0.35	0.09	0.05
Fisheries	404	2.998	0.506	2.492	492.49	0.50	1.45	0.13	0.27
NCI	25	0.345	0.474	(0.129)	(27.22)	0.05	0.03	0.04	0.01
CLTIP	1,026	24.255	18.163	6.092	33.54	0.15	0.12	0.51	0.47
TOTAL	192,086	1,521.291	1,510.278	11.013	0.73	3.86	2.60	0.56	0.45
Increase (Decrease) - (2017 vs. 2016)						(1.26)		(0.11)	

Source: PABS report as of December 31, 2017, generated on 02/15/18.

*Subject to adjustment for accrual of claims for indemnity in FY 2017

Box 6.1 Insurance Claims Payment by Program for the year ended December 31, 2017.

Insurance Program	Number of Farmers	Indemnity (PhP M)	Damage Rate (%)	Loss Ratio
PCIC Regular				
Rice	27,313	272.764	10.07	0.89
Corn	3,957	27.515	4.21	0.26
Combined Rice & Corn	31,270	300.279	8.93	0.72
HVCC	417	10.390	1.75	0.62
Livestock	553	5.330	1.05	0.19
Non-Crop Insurance	5	0.108	0.01	0.01
CLTIP	1026	24.255	0.13	0.49
Fisheries	0	0.000	0.00	0.00
Sub-total	33,271	340.362	1.38	0.66
DA Rice Program				
Sikat Saka - Rice	3,285	55.650	3.60	0.36
Sikat Saka - Corn	3	0.046	8.57	0.85
WARA (2015)	1,613	5.864	18.66	1.83
HYTA 2015	218	1.083	7.15	0.71
Sub-total	5,119	62.643	3.93	0.39
DA-PUNLA/PLEA				
Rice	20	0.214	0.98	0.10
Corn	4	0.035	0.44	0.04
HVCC	14	0.192	0.72	0.09
Livestock	7	0.031	0.00	0.07
Fisheries	0	0.000	0.00	0.00
NCI	0	0.000	0.00	0.00
CLTIP	0	0.000	0.00	0.00
Sub-total	45	0.472	0.55	0.08
DA-Yolanda Rehabilitation & Recovery Program				
Rice	984	4.728	3.21	0.32
Corn	97	0.357	1.56	0.16
HVCC	0	0.000	0.00	0.00
Livestock	7	0.061	0.09	0.01
Fisheries	0	0.000	0.00	0.00
NCI	1	0.014	0.00	0.00
CLTIP	0	0.000	0.00	0.00
Sub-total	1,089	5.160	0.58	0.11
RSBSA Provinces				
Rice	112,190	790.202	5.95	0.61
Corn	33,304	235.641	5.69	0.57
HVCC	2,722	46.924	0.61	0.11
Livestock	1,440	11.347	0.27	0.04
Fisheries	404	2.998	0.00	0.00
NCI	19	0.224	0.04	0.01
Sub-total	150,079	1,087.336	3.62	0.43
APCP				
Rice	1,992	21.081	3.00	0.31
Corn	466	3.970	3.96	0.40
HVCC	15	0.179	0.05	0.01
Livestock	10	0.089	0.47	0.16
Fisheries	0	0.000	0.00	0.00
NCI	0	0.000	0.00	0.00
CLTIP	0	0.000	0.00	0.00
Sub-total	2,483	25.319	2.10	0.24
Grand-total	192,086	1,521.291	2.60	0.45

**Subject to adjustment for accrual of claims for indemnity in FY 2017*

Reasons for (decrease)/increase of claims paid:

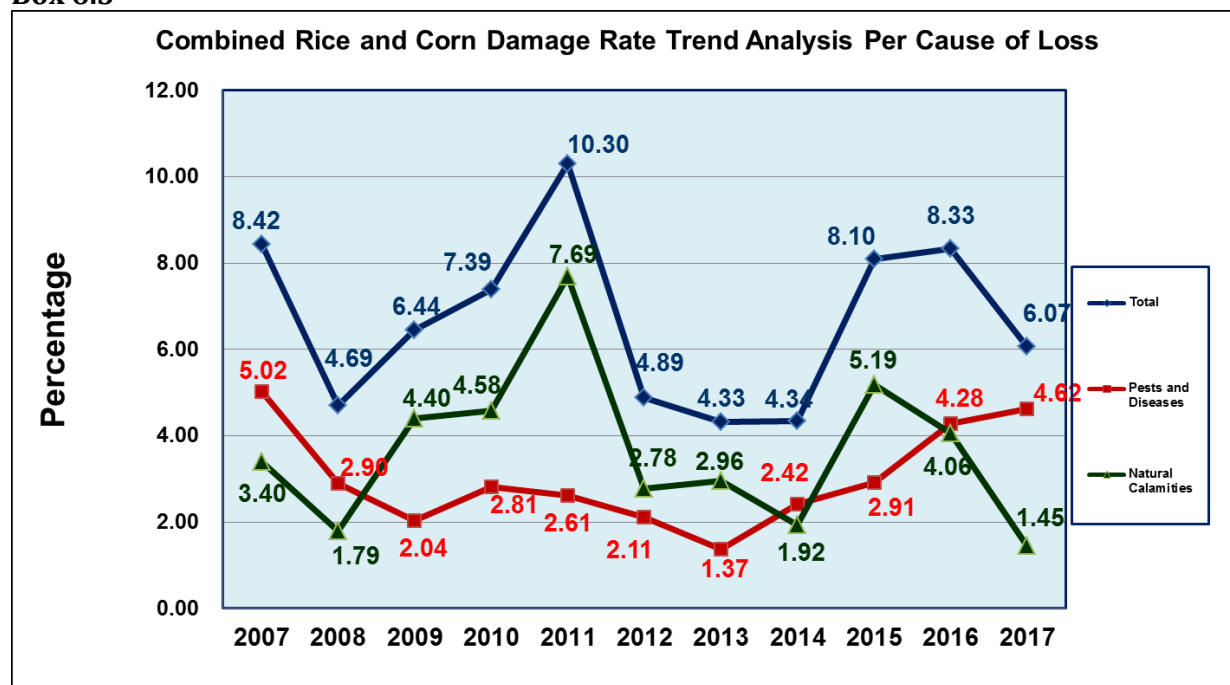
- Combined Rice and Corn Claims Paid per Cause of Loss FY 2017

Box 6.2

Cause of Loss	CLAIMS PAID*				REASONS FOR INCREASE/(DECREASE)
	December 2017	December 2016	Increase/ (Decrease)		
			Amount (PhP M)	(%)	
Typhoon/Flood	295.549	415.413	(119.864)	(28.85)	Minimal losses due to typhoon and heavy rainfall.
Drought	44.179	268.862	(224.683)	(83.57)	Minimal losses due to drought.
Pests & Diseases	1,079.423	721.518	357.905	49.60	1. Rat infestation in ROs III-A, IV, VI, VIII, IX, X, XI and XII. 2. Prevalence of stemborer infestation in ROs VIII, IX, X, XI and XII.
TOTAL	1,419.151	1,405.793	13.358	0.95	

*Subject to adjustment for accrual of claims for indemnity in FY 2017

Box 6.3



IV. UNDERWRITING PROFIT

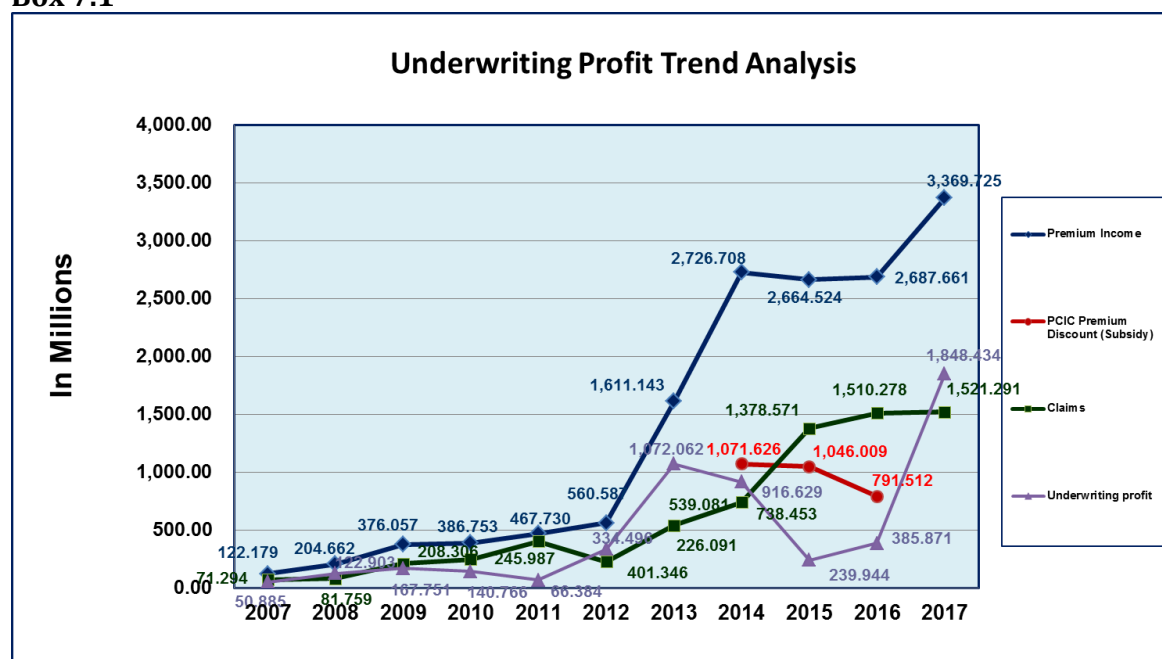
The underwriting profit for the year ended December 31, 2017 amounted to **PhP1,848.434** million, an increase of 379.03% as compared to the same period last year, computed as follows:

Box 7

PARTICULARS	AMOUNT (PhP M)				DIFFERENCE INCREASE/ (DECREASE)		TOP PERFORMERS
	December* 2017	% To Total	December 2016	% To Total	AMOUNT (PM)	%	
Premium Income	3,369.725	100.00	2,687.661	100.00	682.064	25.38	PCIC premium subsidy for Regular (PhP 214.889M), Sikat Saka (PhP154.927M), DA-PUNLA/PLEA (PhP 5.755M), APCP & CAP-PBD (PhP104.772M), and RSBSA (PhP 35.208M) Insurance Programs
Less: Claims Paid	1,521.291	45.15	1,510.278	56.19	11.013	0.73	
Underwriting Profit before PCIC Premium Discount	1,848.434	54.85	1,177.383	43.81	671.051	57.00	
Less: PCIC Premium Discount	-0-	0.00	791.512	29.45	(791.512)	(100.00)	Insurance Programs
Underwriting Profit - Net of PCIC Premium Discount	1,848.434	54.85	385.871	14.36	1,462.563	379.03	<p>Twelve (12) ROs registered underwriting profit. Only RO XII registered an underwriting loss of PhP102.234 million due to high losses on rice and corn crops caused by pests and diseases. (Please see related explanations under Box 5.3)</p> <p>Top Performers: ROs VII, IV, VI, II & III-A.</p>

**Subject to adjustment for accrual of claims for indemnity in FY 2017*

Box 7.1



For your information.

ATTY. JOVY C. BERNABE