

# **CIRCULAR NO. 3 - 87**

*Preparation of the Annual Statement Insurance Commission*  
*January 14, 1987*

REPUBLIKA NG PILIPINAS  
MINISTRI NG PANANALAPI  
KOMISYON NG SEGURO

14 January 1987

CIRCULAR LETTER NO. 3-87

TO : ALL LIFE INSURANCE COMPANIES DOING BUSINESS  
IN THE PHILIPPINES

SUBJECT : PREPARATION OF THE ANNUAL STATEMENT

We are pleased to furnish you with the following information relative to the preparation of the Annual Statement of life insurance companies:

1. In lieu of the Schedule of Policy Loans (Schedule F), the company's Actuary, duly accredited by this Commission shall submit -

a. a Statement of Opinion, to wit:

"As regards Policy Loans, I, (name of Actuary), Actuary of (Name of Company), to the best of my knowledge and belief, after conducting such tests (Description of Test No. 1), (Description of Test No.2), etc. as I have deemed necessary, express the opinion that -

*indicate test performed.*

- 1) the policy loan balances as of (date) amounting to \_\_\_\_\_ bears a reasonable relationship with the corresponding policy cash values; and
- 2) for the policies with loan balances, appropriate reserves have been set up, on a basis consistent with prior years and generally accepted actuarial principles."

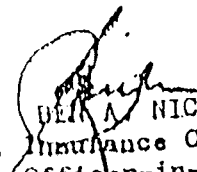
b. the results of and brief description of the methodology used in the tests conducted by the Actuary upon which his opinion was based.

2. a) In addition to the foregoing, the company's Accredited Actuary shall certify to the items/accounts, together with their corresponding amounts, listed in Annex A hereof. If no amounts are to be entered, indicate "none", "nothing", or "nil".

- b) The company's Comptroller or any responsible officer with a rank of at least Vice-President shall certify to the items/accounts together with their corresponding amounts, listed in Annex B hereof. If no amounts are to be entered, indicate "none", "nothing", or "nil".

This supersedes Circular Letter dated 29 December 1983 and shall take effect beginning with the submission of the 1986 Annual Statement.

Please be guided accordingly.

  
DENIS A. NICOLAS  
Asst. Insurance Commissioner  
Officer-in-Charge

A. ASSETS

1. Net Life insurance premiums and annuity considerations due and uncollected
2. Accident and health premiums due and uncollected

B. LIABILITIES

- I1 1. Aggregate reserve for life policies and contracts
- I2 2. Aggregate reserve for accident and health policies
- I3 3. Supplementary contracts without life contingencies
- I4 4. Policy and contract claims
  - 4.1 Due and unpaid
  - 4.2 In course of settlement:
    - 4.2.1 Resisted
    - 4.2.2 Others
  - 4.3 Incurred but unreported (less reinsurance) / the basis of computation of which should be attached to the certification /
  - 4.4 Total (Gross)
  - 4.5 Add: Reinsurance assumed on reported claims
  - 4.6 Less: Reinsurance ceded on reported claims
  - 4.7 Net Liability
- I9 5. Provision for policyholders' dividends and experience refund payable in following calendar year-estimated amount
- I8 6. Amount provisionally held for deferred dividend policies not included in Item 5
- I11 7. Policy and contract liabilities not included elsewhere:
  - 7.1 Surrender values on cancelled policies
- I17 8. "Cost of collection" on premiums and annuity considerations uncollected in excess of total loading thereon

## t-14-24 C. Net Deferred Premiums

- D. All other accounts, if any, as may have to be certified to by the Actuary.

Annex B

Liabilities

	<u>Account Title</u>	<u>Amount</u>
I5	1. Policyholders' dividends accumulations	_____
I6	2. Policyholders' dividends and experience refunds due and unpaid	_____
I9	3. Premiums and annuity considerations received in advance less P_____ discount; including P_____ accident and health premiums	_____
I10	4. Liability for premium deposit funds	_____

Instructions for the  
LIFE ANNUAL STATEMENT BLANK

# INSTRUCTIONS FOR THE LIFE ANNUAL STATEMENT BLANK

## FOREWORD

Titles of items and lines in the Annual statement are in general self-explanatory and may constitute instructions. Specific further instructions are prescribed for items and lines about which there might be some questions as to content.

Any entry for which no specific instructions have been given should be made in accordance with sound insurance and accounting principles and in a manner consistent with treatment of related items and lines covered by specific instructions.

## DATE OF FILING AND PENALTIES

The Annual Statement is required to be filed in the prescribed form on or before April 30 of the year following the Statement year. The filing fee is P500.00. A fine/penalty of One Hundred Pesos (P100.00) for each week of delay in the filing of the company's Annual Statement shall be imposed and collected by the Insurance Commission. For purposes of determining the amount to be paid as fines, a fraction of a week shall be counted as one (1) week.

## GENERAL INSTRUCTIONS

1. The Annual Statement file by a life insurance company must be signed and sworn to by the officers of the company before a notary public with the corresponding documentary stamps affixed and cancelled. The Annual Statement shall not be accepted if the signatories are incomplete.
2. To be attached to the Annual Statement are the following:
  - a) A copy of the corresponding financial report of the company's external Auditor audited pursuant to the rules and regulations of the Insurance Commission and the Insurance Code, together with the adjusted trial balance and other supporting schedules and notes signed by the Chief Accountant.
  - b) A sworn Certification of an Accredited Actuary as defined in Title 6, Section 336 of the Insurance Code, setting forth his opinion relating to policy reserves and such other actuarial and related items, as specified in Annex A of the IC Circular Letter dated January 14, 1987.

- c) A sworn certification of the company's Comptroller or any responsible officer with the rank of at least Vice President, with respect to the items specified in Annex B of IC Circular Letter dated January 14, 1987.
3. The Annual Statement filed by a foreign insurance company should be accompanied with statements of:
- a) Its worldwide business, as submitted by its Head Office to the Insurance Supervisory Authority in its country of domicile, duly authenticated by a diplomatic or consular representative of the Republic of the Philippines in that place.
- b) Statement of receipts and disbursements applicable to the Philippine business, together with the aggregate amount, if any, remitted to and from the Head Office.
4. a) The amounts shown in the Annual Statement must be stated in the Philippine currency (Pesos). In converting any foreign currency to Philippine currency, the rate of exchange used as basis for such conversion shall be the rate prescribed by the Commission and shall be indicated in the upper right hand corner of Page 1 of the Annual Statement.
- b) Report all amounts in whole Pesos only, rounding the amounts to the nearest Peso.
5. a) The name of the company must be plainly written or stamped at the top of all pages, exhibits and schedules (and duplicate schedules) and also upon all inserted schedules and loose sheets.
- b) All blanks must be properly filled-up. If no entries are to be made, write "None", "Nothing", or "Nil". Checkmarks will not be accepted as answers to interrogatories.
- c) For numbering extra pages, use decimals. For example, the first three (3) pages attached to Page 34 shall be numbered 34.01, 34.02, and 34.03. These extra pages must be signed by the Chief Accountant.
6. a) For all items that are supported by exhibits, see the instructions for such exhibits.
- b) Reinsurance, whether assumed or ceded, should be shown separately in the lines and/or columns provided for. Reinsurance assumed and subsequently ceded (retrocessions) should be included in both assumed and ceded lines/columns.



- c) Group reinsurances shared by insurance companies should be entered as "Reinsurance-Assumed Group" under Schedule M.
- d) Insurance business from Pools, (e.g. Pag-ibig MRI, HDMF-YRT, SSS, etc.) should be entered as direct-group business under Schedule S.

### SPECIFIC INSTRUCTIONS

#### PAGE 1 = COMPANY INFORMATION

If additional space is needed, please attach extra sheets to be signed by the Chief Accountant.

Include FAX no.

#### PAGE 2 = ASSETS \* All items should tally with Exh. 12 col 4

1. All assets should be entered on Page 2 at their statement values. Such values must in all cases reconcile with the corresponding values for the preceding year after taking into consideration the items affecting them as shown in Exhibit 4, and the different corresponding schedules.

2. Assets listed in Exhibit 12 as Non-Admitted assets should not be included in this page.

#### Item 1 - BONDS (mortgage bills not included) (A)

Amortized

These represent the face value of investments in bonds registered in the name of the company and issued by government or private corporations, whether domestic or foreign. For bonds acquired at a discount (premium), a corresponding liability (asset) account shall be set up for the unamortized discount (premium).

#### Item 2 - STOCKS (B)

These represent the market value of investments in preferred and common stocks of financial and non-financial institutions as quoted in published stock quotations. Those which are not quoted should be presented in accordance with the provisions of the Insurance Code.

#### Item 3 - REAL ESTATE (do not include financing projects) (C)

This represents the market value of real estate properties duly supported by an appraisal report acceptable to the Insurance Commission.

*If no appraisal*

In the absence of a recent appraisal acceptable to the Insurance Commissioner, foreclosed real estate shall not be recorded at an amount greater than the unpaid balance of the defaulted loan at the date of such foreclosure. Taxes and expenses paid or incurred in connection with such foreclosure may be added to the unpaid balance in determining the value of said property.

Item 4 - PURCHASE MONEY MORTGAGES - *owned by FCI's in the name of the co. (D)*

*different?*

These represent the uncollected portion of the consideration on the sale of real estate owned by the company and subject of a deed of sale with mortgage.

This should be separated from ordinary mortgage loans.

Item 5 - MORTGAGE LOANS - *owned by FCI's in the name of FCI's (E) - 114*

These represent the outstanding balance of loans secured by first mortgages on real estate properties.

Item 6 - POLICY LOANS (1)

These represent loans granted to policyholders on the security of the cash values of insurance policies in force.

Item 7 - COLLATERAL LOANS - *owned by stocks and bonds (C)*

These represent outstanding balances of loans secured by stocks, bonds, and/or other securities.

Item 8 - GUARANTEED LOANS (11)

These represent outstanding balances of loans with acceptable guarantees.

Item 9 - OTHER LOANS - *salary loans, car loans (I)*

These represent outstanding balances of loans which cannot be classified under any of the foregoing loan accounts.

Item 10 - SHORT-TERM INVESTMENTS (J) *T-bills, CP, Spec 8A*

These represent, other than bonds, costs of placements in commercial papers, repurchase agreements, and other short-term debt instruments with a period not exceeding one year.

Item 11 - SECURITY FUND

This represents the contributions of the company to the Security Fund - Life Account.

Item 12 - OTHER INVESTMENTS (Club shares) (K)

These represent all other investments which cannot be properly classified under the investment accounts previously mentioned. Example would be investments in sports clubs and other proprietary shares.

Item 13 - CASH ON HAND AND IN BANKS (L) (A, B, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VV, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YY, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VV, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YY, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ

undeposited or working fund

Cash on Hand represents the total amount of undeposited collections and working funds in the possession of the company. Cash in Banks represents the company's current savings, time and/or fixed deposit account balances in any bank.

This schedule should be arranged by banks in alphabetical order; but for the month of December, a detailed schedule should be submitted.

Item 13-A - TOTAL OF ITEMS 1 TO 13

Item 14 - ELECTRONIC DATA PROCESSING MACHINES (M)

Operating and application softwares and all other types of softwares should not be included under this item.

for EDP - 26 93 (12/10/1993)

supplement by a circle

Item 15 - AMOUNTS DUE FROM CEDING COMPANIES (N 10)

These represent premiums and such other amounts due from ceding companies on accepted business.

Item 16 - AMOUNTS RECOVERABLE FROM ACCEPTING COMPANIES (19 2)

These represent claims payments and such other amounts recoverable from accepting companies on ceded business.

Item 17 - RECEIVABLES FROM LIFE INSURANCE POOLS (C)

- direct group business

This represents the total amount of premiums receivable, contingency funds and other receivables from insurance pools (e.g. Pag-ibig MRI, HDMF-YET, CARP, etc.).

Item 18 - NET LIFE INSURANCE PREMIUMS AND ANNUITY  
CONSIDERATIONS DUE AND UNCOLLECTED

Attention is invited to Circular Letter No. 11-91,  
dated May 28, 1991 - Net Premiums Due and Uncollected ✓

\* Item 20 - INVESTMENT INCOME DUE AND ACCRUED

✓ needed in info for E2. This represents interests, rents, and other investment income due and unpaid at the end of the year and/or has been accrued as of the end of the year.

Items 22 TO 31 - OTHER ADMITTED ASSETS

These represent all other admitted assets which can not be classified under any of the foregoing asset accounts.

PAGE 3 - LIABILITIES

All liabilities should be entered on Page 3 at their statement values. Such values must reconcile with appropriate exhibits and schedules. Supporting documents for all items must at all times be available for verification when the need arises.

Item 5 - POLICYHOLDERS' DIVIDEND ACCUMULATIONS

These represent the liability of the company to the policyholders who elect to leave their dividends on deposit with the company. These should include accrued interest not yet credited to policyholders' accounts as of December 31. This should tally with Exhibit 10, column 6.

Item 6 - POLICYHOLDERS' DIVIDENDS AND EXPERIENCE REFUNDS DUE AND UNPAID

These should include policyholders' dividends and group experience refunds that fall due on or before December 31, but have not yet been paid or credited. This should tally with Exhibit 7, column 4.

Item 7 - POLICYHOLDERS' DIVIDENDS AND EXPERIENCE REFUNDS  
PAYABLE IN THE FOLLOWING CALENDAR YEAR -  
ESTIMATED AMOUNT.

This should include policyholders' dividends that will fall due on policy anniversaries during the following year and have already been apportioned for payment by the company. These should also include

*apportioned & not yet apportioned*

dividends and group experience refunds due in the following year which have not yet been apportioned. Dividends and group experience refunds should include those contingent on the payment of renewal premiums.

*announced  
not due yet  
but deferred.*

Item 8 - AMOUNT PROVISIONALLY HELD FOR DEFERRED DIVIDEND POLICIES NOT INCLUDED IN ITEM 7

This should include policy dividends whose payments have been deferred at some time other than December 31.

Item 9 - PREMIUMS AND ANNUITY CONSIDERATIONS RECEIVED IN ADVANCE LESS P DISCOUNT; INCLUDING P ACCIDENT AND HEALTH PREMIUMS

These should include any amount received by the company and credited to the premium account in payment in advance of a specified premium. These should also include premiums refundable to policyholders, such as premiums returnable under the premium waiver benefit.

Item 10 - LIABILITY FOR PREMIUM DEPOSIT FUNDS *includes interest*

This should include deposits made by policyholders which may be used to pay premiums or considerations but which have not been credited to the premium account.

Item 11 - POLICY AND CONTRACT LIABILITIES NOT INCLUDED ELSEWHERE

Item 11.1 - SURRENDER VALUE ON CANCELLED POLICIES

These should include liability for payment of cash surrender value in connection with policies where the automatic non-forfeiture provision provides for the payment of cash surrender value in the event of premium default.

Item 12 - AMOUNTS DUE TO ACCEPTING COMPANIES

These represent premiums and such other amounts due to accepting companies on ceded business.

Item 13 - AMOUNTS PAYABLE TO CEDING COMPANIES

These represent claims and such other amounts payable to ceding companies on accepted business.

Item 14 - COMMISSIONS TO AGENTS DUE OR ACCRUED

*not inclusion of  
comm receivable from  
reinsurers (deducted).*

These should include liability for commissions and collection fees due on premium notes and loans when paid. These should not include deductions for commissions receivable on reinsurance ceded which should be reported in Page 2, item 15. These should also not include liability for commissions due on reinsurance assumed which should be reported in Page 3, item 13.

Item 15 - GENERAL EXPENSES DUE OR ACCRUED

These represent an inventory of all unpaid expenses incurred for goods or services received or rendered before the end of the year. These should not include expenses incurred in the investigation and settlement of claims. This should tally with Exhibit 5, line 11, column 4.

Item 16 - TAXES, LICENSES AND FEES, DUE OR ACCRUED

These should include taxes such as real estate tax, premiums tax, social security tax and income tax payable by the company. These should not include money withheld by the company such as withholding taxes. This should tally with Exhibit 6, line 8, column 4.

Item 17 - "COST OF COLLECTION" ON PREMIUMS AND ANNUITY CONSIDERATIONS UNCOLLECTED IN EXCESS OF TOTAL LOADING THEREON

*Impit  
Loading is  
not enough*  
This is the inadequacy in loading which arises when the cost of collecting uncollected premiums exceeds the margin between gross premiums and the valuation net premiums.

Item 18 - UNEARNED INVESTMENT INCOME

This should include deferred revenue derived from all assets outstanding as of the end of December. This should tally with totals in Exhibit 3, column 2.

Item 19 - AMOUNTS WITHHELD OR RETAINED BY THE COMPANY AS AGENT OR TRUSTEE

*Yest etc any  
withholding tax*  
These should include all money which has been withheld by the company from its employees or agents such as amounts for payment of taxes, union dues, and contributions to special retirement and investment program.

Item 20 - AMOUNTS HELD FOR AGENTS' ACCOUNT

*Agent's account*

These should include agents' credit balances and other amounts due or ~~contingently due to agents,~~ excluding commissions. ~~Do not offset the credit balance of one agent against the debit balance of another.~~

Item 23 - LIABILITY FOR BENEFITS OF EMPLOYEES AND AGENTS NOT INCLUDED ABOVE

This should include the company's liability under an uninsured benefit plan for its employees or its agents.

Item 24 - BORROWED MONEY

This should include obligations and/or indebtedness evidenced by promissory notes executed by the company and the interest due or accrued thereon.

Item 25 - DIVIDENDS TO STOCKHOLDERS DECLARED AND UNPAID

This should include dividends which have been declared and remained unpaid at the end of the year.

Item 26 - OTHER LIABILITIES

These represent liability accounts which can not be classified under any of the foregoing liability accounts.

*over payments (over payment) payable to insurance pool, deposit for Admin funds*

For foreign insurance companies, show separately the owing items:

Item 26.2 - DUE TO HOME OFFICE : *Compare to Item 30 (p. 11 of this instruction paper)*

This represents liability for amounts advanced by the Home Office for the account of the Philippine branch or amounts remitted by the Home Office for losses and expenses of the branch.

Item 26.3 - DUE TO OTHER FOREIGN BRANCHES

This represents the liability for the amounts advanced or remitted to the Philippine branch by other foreign branches.

Page 3 - NETWORTH/TRUSTEED SURPLUS

1. For domestic insurance companies

Item 28 - CAPITAL STOCK PAID-UP

This includes amounts received from the sale of shares of stocks of the company. This represents the total par value of fully paid shares.

Item 28.1 - CAPITAL PAID IN EXCESS OF PAR VALUE

This represents the premium on sale of capital stock.

Item 29.1 - FLUCTUATION RESERVE - STOCKS AND BONDS

This represents the unrealized appreciation in market value of stocks and bonds.

Item 29.3 - REVALUATION RESERVE - REAL ESTATE

This represents the unrealized appreciation or increase in book value of real estate allowed under existing rules and regulations.

Item 30 - CONTRIBUTED SURPLUS

This represents surplus contributions of stockholders to the company.

Item 31 - UNASSIGNED SURPLUS

This represents the net accumulated profits of the company.

2. For foreign insurance companies

Item 28 - STATUTORY DEPOSIT

This represents the actual amount put up by the company as such, which shall be equivalent to or not less than the paid-up capital required of domestic insurance companies-direct writing companies or professional reinsurers as the case may be.

Item 29.1 and 29.3 -

Same as those for domestic companies.



Item 30 - HOME OFFICE INWARD REMITTANCE ??

This represents the remittances from Home Office to the Philippine branches of authorized foreign companies.

Item 31 - HOME OFFICE ACCOUNT

This represents net accumulated profits.

Page 4 - ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

This summary should be completed on the accrual, i.e., earned and incurred basis. Certain items may either be positive or negative, and should be entered accordingly. The various investment items appearing in the exhibits supporting this summary must tally with the data relating to the same transactions set forth in the appropriate schedules. Profit and loss items must be itemized. The lists of items to be included in the various lines of the Analysis of Operations and supporting exhibits are not intended to exclude analogous items which are omitted from the lists.

Item 2 - CONSIDERATIONS FOR SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES

Include: Proceeds retained at death, disability, or upon surrender or maturity of policy or annuity contract to be settled by a supplementary contract involving life contingencies.

Item 3 - CONSIDERATIONS FOR SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES AND DIVIDEND ACCUMULATIONS

Include: Proceeds retained at death, disability, or upon surrender or maturity of policy or annuity contract to be settled by a supplementary contract not involving life contingencies.

Dividends placed on deposit during the year.

Item 4 - NET INVESTMENT INCOME

This should tally with Exhibit 2, line 7.

Item 5 - ~~Miscellaneous Income~~

Include: Checks cancelled because of non-presentation for payment.

item 5-6 = blank  
 item 7 = item 1 + item 6

Other sundry receipts and adjustments not reported elsewhere.

Item 8 - DEATH BENEFITS

Exclude: Death benefits under annuity contracts.

Item 12 - SURRENDER BENEFITS

Exclude: Surrender benefits under annuity contracts.

\* Item 14 - INTEREST ON POLICY OR CONTRACT FUNDS

Imp't  
 Include: Interest on deferred benefit payments.  
 Interest on premium deposit funds.

Deduct: Discount on policy proceeds paid in advance.

// Exclude: Interest on supplementary contracts. Interest on dividend accumulations.

Item 17 =  $(CY_{1912} - PY_{1912})_{page 3}$

Item 18 - INCREASE IN RESERVES FOR SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES AND FOR DIVIDEND ACCUMULATIONS.

Include: Increase in reserves for accumulation of coupons, guaranteed annual pure endowments and similar benefits left on deposit at interest only.

Item 18 =  $(CY_{1915}) - (PY_{1915})_{page 3} + (CY_{1917}) - (PY_{1917})_{page 3}$

Item 21 - COMMISSIONS ON PREMIUMS AND ANNUITY CONSIDERATIONS

This item must agree with corresponding items in Part 2 Exhibit 1.

Page 6 - ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR ON DIRECT BUSINESS

This exhibit merely shows how the reserve may be traced mathematically from one year-end to the next by taking account of its various theoretical components.

Item 1 and 14 - RESERVE DECEMBER 31st

Enter Exhibit 8 sections A and G in column 3, section B in column 6, section C in column 7, section D in column 5 and sections E and F in column 4 for Ordinary and section A in column 8 and section B in column 9 for Group using Total (Gross) figures.

Item 2 - TABULAR NET PREMIUMS OR CONSIDERATIONS → based on mortality table.

Enter tabular net premiums or considerations as determined by valuation bases employed. Tabular premiums on Industrial business should be increased by one-half year's interest thereon.

Item 3 - PRESENT VALUE OF DISABILITY CLAIMS INCURRED

Include claims pending, unreported and resisted as well as approved claims.

*all types of claims*

Item 4 - TABULAR INTEREST, Item 5 - TABULAR LESS ACTUAL RESERVE RELEASED and Item 9 - TABULAR COST

For these items use formulas indicated below:

*for  
life / ADB / Disability  
active  
lives*

- (1) Tabular cost minus tabular interest (C-I) on life insurance, accidental death benefits and disability, active lives

Mean reserve Dec. 31 of previous year  
Tabular premiums  
Other increases

Total

Deduct:

Mean reserve Dec. 31 of current year  
Terminal reserves released by death  
Net reserves released by other termination

Total deductions

$$\text{Balance (C-I)} = {}_0M + P + I - ({}_1M + V^P + V^T)$$

Tabular Interest:

One-half year's interest on mean reserve  
Dec. 31 of previous year  
One-half year's interest on mean reserve  
Dec. 31 of current year  
One-half year's interest on (C-I)  
One-half year's interest on terminal  
reserves released by death (life  
insurance only)

Total equals tabular interest

*\* How to compute tabular less actual reserve released  
for life / ADB?*

$$I = \frac{i}{2} \left( [{}_0M + {}_1M] + (C-I) + V^P \right)$$

Tabular Cost:

C - I

Add I

Total equals tabular cost

- (2) Tabular less actual reserve released plus tabular interest (T - A + I) on Annuities, Disability Annuities and Supplementary contracts with life contingencies.

*annuities:  
disabled annuities*

Mean reserve Dec. 31 of current year  
Annuity payments incurred during year

Total

Deduct:

Mean reserve Dec. 31 of previous year  
Tabular considerations for annuities and supplementary contracts (or present value of disability claims incurred)  
Other increases net

Total deductions

$$\text{Balance } (T - A + I) = ({}_1M + \text{Payment}) - ({}_0M + \text{Consideration})$$

Tabular interest:

One-half year's interest on mean reserve,  
Dec. 31 of previous year  
One-half year's interest on mean reserve  
Dec. 31 of current year  
Total

Deduct one-half year's interest on (T-A + I)  
Balance equals tabular interest

Tabular less actual reserve released:

T - A + I

Deduct I

Balance equals tabular less actual  
reserve released

Columns 3, 5 and 8 - Use Formula (1)

*Q: How to solve  
for tabular cost  
since only T-A  
I are to be compared*

$$I = \frac{i}{2} ({}_0M + {}_1M - [T-A+I])$$

Column 4 - Use Formula (1) for disability,  
active lives and Formula (2) for  
disability, disabled lives

Columns 6, 7 and 9 - Use Formula (2)

Item 7 - OTHER INCREASES (Net)

Include all other increases during the year.

(\*) Item 10 - RESERVES RELEASED BY DEATH

Entries should be made only in the columns  
involving life insurance. Enter terminal reserves  
released.

Item 11 - RESERVES RELEASED BY OTHER TERMINATIONS (Net)

Enter reserves released by all causes. The  
computation should be on a net basis so as to take  
account of revivals, increases, changes, etc.

Item 12 - ANNUITY, SUPPLEMENTARY CONTRACT, DISABILITY AND  
ACCUMULATED DIVIDEND PAYMENTS

Include all payments made under individual and  
group annuities, supplementary contracts with life  
contingencies and disability annuities.

Page 7 - Exhibit 1 - Part 1 - PREMIUMS AND ANNUITY  
CONSIDERATIONS

This exhibit shows the totality of premiums and annuity  
considerations earned during the year, at gross.

Include: Policy, membership and other fees whether or not  
retained by agents.

Deduct: Refunds to policyholders for direct payment of  
industrial premiums.

Premiums and annuity considerations returned.

Do not deduct: Commissions and allowances on reinsurance  
premiums assumed and ceded.

Line 8, 12 and 22 - REINSURANCE PREMIUMS ASSUMED

Include: Reinsurance premiums assumed and subsequently  
ceded (retrocessions)

Line 11 - SINGLE PREMIUMS AND CONSIDERATIONS, DIRECT BUSINESS

Include: Dividends, coupons, guaranteed annual pure endowments and similar benefits applied to provide paid-up additions and annuities.

Line 18 - COLLECTED DURING THE YEAR ON DIRECT BUSINESS

Include: Dividends, coupons, guaranteed annual pure endowments and similar benefits applied to pay renewal premiums and to shorten the endowment or premium-paying period.

Line 25, 26, 27 and 28 - TOTALS

Entries for each column must tally with the corresponding figures entered in line 1, Page 4 - Analysis of Operations by Lines of Business.

Page 8 - Exhibit 2 - NET INVESTMENT INCOME - ACCRUAL BASIS

Line 4 - DEPRECIATION ON REAL ESTATE

Any regular periodic write-down of Home Office and other properties that are being held for company occupancy or as long term investment should be included in this line. Any such write-downs of other properties and of leaseholds, or write-downs which derive from an excess of income over a pre-determined amount may be included in this line or treated as a decrease in book value in Exhibit 4 or divided between the two.

Line 5 - \_\_\_\_\_

Enter interest on borrowed money on an incurred basis, with appropriate designation.

Enter as depreciation on other investments such as transportation equipment any write-downs not treated as capital losses. (Each category of investment must be reported separately).

\* Line 8 and 9 - RATIO OF NET INVESTMENT INCOME

This is to be calculated by the formula

$$\begin{array}{l}
 \begin{array}{r}
 21 \\
 \hline
 A + B - I \\
 \hline
 \frac{I}{A + (B - I)} \\
 \hline
 2
 \end{array}
 \quad
 \begin{array}{l}
 A = \text{cash and invested assets (CY) +} \\
 \quad \text{investment income due and accrued (CY)} \\
 B = \text{cash and invested assets (PY) +} \\
 \quad \text{investment income due and accrued (PY)} \\
 I = \text{net investment income} \\
 \text{mean assets} = \frac{A + B - I}{2}
 \end{array}
 \end{array}$$

where A and B are the sums of items 13A and 20, Page 2, minus item 24, Page 3, at the beginning and end of the year, respectively, and I is line 7 of this Exhibit.

Page 9 - Exhibit 5 - GENERAL EXPENSES (Accrual Basis)

General expenses items must be itemized and entered in sufficient detail to indicate their precise nature. Expenses shall not be reported on a functional basis, except to the extent specifically permitted herein and only if (1) services are independently organized, (2) rent, salaries and wages, and other major items of expense directly incident thereto, but not necessarily including the cost of employee benefit plans, are charged to a function, and, (3) adequate accounting thereof is maintained. Whenever personnel or facilities are used in common by two or more companies, or whenever the personnel or facilities of one company are used in the activities of two or more companies, each company shall assign its share of the expense to the same expense classification as if it has incurred the entire expense. This latter requirement shall not apply to activities such as administration of jointly underwritten group contracts and joint mortality and morbidity studies.

Line 1 - RENT

Include: Rent for all premises occupied by the company

Expenses incurred as tenant for light, heat, water, fuel, interest, taxes, building maintenance, alterations and services, etc.

Deduct: Rent under sublease.

Line 2.1 - SALARIES AND WAGES

Include: Salaries and wages, bonuses and incentive compensation to employees, overtime payments, continuation of salary during temporary short-term absences, and other compensation to employees not specifically designated herein, except to the extent that allocation to other expense classification is permitted and used.

Line 2.2 - ALLOWANCES TO EMPLOYEES

Include: Dismissal allowances and payment to employees while in training and other regular allowances.

Line 2.3 - DIRECTORS' FEES AND ALLOWANCES

Include: Fees and other compensation to directors for attendance at board or committee meetings and any other fees and compensation paid to them in their capacities as directors or committee members.

Lines 2.4 and 3.2 - CONTRIBUTIONS FOR BENEFIT PLANS FOR EMPLOYEES AND AGENTS

Include: Contributions by company for pension and total and permanent disability benefits, life insurance benefits, accident, health, hospitalization, medical, surgical or other temporary disability benefits under a self-administered or trustee plan or for the purchase of annuity of insurance contracts.

Appropriation or any other assignment of funds by company in connection with any benefit plan of the types enumerated herein.

Exclude: Contributions or appropriations for past service if reported in Surplus Account.

~~Social Security, ECC, Medicare, PAG-IBIG, and similar contributions mandated by the government.~~

Benefit payments. (To be reported in the appropriate benefit item of the Analysis of Operations when reserves are included in Items 1 and 2, page 3, and as separate item in the Analysis of Operations when the liability is included in Item 23, page 3).

Lines 2.5 and 3.3 - PAYMENT TO EMPLOYEES AND AGENTS UNDER NON-FUNDED BENEFIT PROGRAMS

Include: Payments by company under a program for pension and total and permanent disability benefits, death benefits, accident, health, hospitalization, medical, surgical or other temporary disability benefits, where no contribution or appropriation is made prior to the payment of the benefit.

Lines 2.6 and 3.4 - OTHER EMPLOYEE AND AGENT WELFARE

Include: Meals to employees and agents



Contributions to employee association or clubs

Expense and maintenance of recreation grounds

Payments in addition to regular salaries to employees and agents on leave

Expense of periodic medical or dental examination, or of medical dispensary, convalescent home or sanitarium for employees and agents.

**Line 3.1 - AGENCY EXPENSE ALLOWANCES**

Include: All agency compensation other than commissions.

**Line 3.5 - AGENTS' BALANCE CHARGED OFF**

Include: Agents' balances charged off less any amounts recovered during the year.

**Line 3.6 - AGENCY CONFERENCES AND PROMOTIONS**

Include: Cost of banquets and rental of meeting rooms.

Expenses of all persons travelling to conferences and their expenses at conferences.

Special events including sales aids, prizes and awards.

**Line 3.7 - AGENCY TRAINING**

Include: Cost of training and conducting seminars in connection with the development of agents.

IC examination fees

Training Materials

**Line 4.1 - MEDICAL EXAMINATION FEES**

Include: Fees to medical examiners in connection with new business, reinstatements, and policy changes, including Attending Physician's Statements and other related expenses.

Exclude: Fees for medical examinations for the welfare of employees and agents.

Medical examination fees in connection with the investigation, litigation and settlement of policy claims.

Line 4.2 - INSPECTION REPORT FEES

Include: Fees for inspection reports in connection with new business, reinstatements, policy changes and applications for employment.

Medical impairment Bureau Assessments

Exclude: Salaries of Inspectors

Inspection report fees in connection with the investigation, litigation and settlement of policy claims.

Line 4.3 - EXPENSES OF INVESTIGATION AND SETTLEMENT OF POLICY CLAIMS

Include: Payments to other than employees of fees and expenses for the investigation, litigation and settlement of policy claims.

Exclude: Payments to policyholder, agent, broker or a third party for administration of group claims.

Line 5.1 - LEGAL FEES AND EXPENSES

Include: Court costs, penalties and all fees or retainers for legal services or expenses in connection with matters before administrative or legislative bodies.

Exclude: Salaries and expenses of company personnel

Legal expenses in connection with investigation, litigation and settlement of policy claims

Legal fees specifically associated with real estate transactions.

Line 5.2 - FEES TO PUBLIC ACCOUNTANTS AND CONSULTING ACTUARIES

Exclude: Fees for examination made by governmental institutions

Expense of internal audits by company employees

Line 5.3 - MANAGEMENT AND OTHER PROFESSIONAL FEES

Include: Fees to consultants other than those included in 5.1 and 5.2

Line 6.1 - TRAVELLING EXPENSES

Include: Travelling expenses of officers, other employees and directors including hotel, meals, telephone, telegraph and postage charges incurred while travelling.

Amounts allowed to employees for use of their own cars on company business.

Exclude: Such expenses reported in Lines 3.1 and 3.6

Line 6.2 - ADVERTISING EXPENSES

Include: Newspaper, magazine and trade journal advertising for the purposes of solicitation and conservation of business.

Billboard, sign and directory advertising

Television, radio broadcasting and motion picture advertising.

All canvassing or other literature, such as pamphlets, circulars, leaflets, policy illustration forms and other sales aids, printed materials, etc., prepared for distribution to the public for purposes of solicitation and conservation of business.

All calendars, blotters, wallets, advertising novelties, etc.; for distribution to the public.

Printing, paper, stock, etc. in connection with advertising.

Prospect and mailing lists when used for advertising purposes.

Fees and expenses of advertising agencies related to advertising

Exclude: Advertising required by law, regulation or ruling except to the extent that it substantially exceeds the space required for compliance.

Salaries and expenses of advertising department

Help wanted advertisements

Advertising in connection with investments

Line 6.3 - POSTAGE, TELEPHONE AND TELEGRAPH

Include: Freight and cartage

Cable, radiograms and teletype

Charges for use, installation and maintenance of related equipment if not included elsewhere

Line 6.4 - PRINTING AND STATIONERY

Include: Policy forms, riders, supplementary contracts, applications, etc., rate books, instructions, manuals, punchboards, house organs, and all other printed material which is not required to be included in any other expense classification.

Office supplies

Annual reports to policyholders and stockholders

Line 6.5 - COST OF DEPRECIATION - FURNITURE, FIXTURE - AND EQUIPMENT

If expenditures for furniture and equipment are capitalized, the change in the non-admitted value of such furniture and equipment should be reported in Exhibit 13, Line 30.

Include: The cost or depreciation of office machines except for such charges as may be reported in Line 6.3.

Exclude: The cost or depreciation of equipment used by employees handling maintenance and repair work on company occupied property.

Line 6.5A - COST OF DEPRECIATION - TRANSPORTATION EQUIPMENT

Include: Cost of, or depreciation on, company-owned automobiles and other transportation equipment

Line 6.6 - RENTAL OF EQUIPMENT

Include: Rental of equipment including EDP, except for such charges as may be reported in Line 6.3

Line 6.7 - REPAIRS AND MAINTENANCE - FURNITURE, FIXTURES AND EQUIPMENT

Include: Charges for repairs and maintenance of company-owned furniture and equipment, including EDP, except for such charges as may be reported in Line 6.3

Line 6.7A - REPAIRS AND MAINTENANCE - TRANSPORTATION EQUIPMENT

Include: Cost of operating and maintaining company-owned automobiles

Line 7.1 - BOOKS AND PERIODICALS

Include: Books, newspapers, periodicals, etc.

Line 7.2 - BUREAU AND ASSOCIATION DUES

Include: All dues and assessments of organizations of which the company is a member

All membership dues of employees and agents paid by the company

Line 7.3 - INSURANCE, EXCEPT ON REAL ESTATE

Include: Premiums for additional Workmen's Compensation, burglary, hold-up, forgery and public liability insurance, fidelity or surety bonds, insurance on contents of company occupied buildings and all other insurance or bonds not included elsewhere

Exclude: SSS and other like contributions

Line 7.4 - MISCELLANEOUS LOSSES

Include: Uncollectible losses due to deficiencies, defalcations, robbery or forgery, except those offset by bonding companies' payments

Other uninsured losses not included elsewhere

Exclude: Capital and investment losses

Line 7.5 - COLLECTION AND BANK SERVICE CHARGES

Include: Collection charges on checks and drafts and charges for checking accounts and money orders

Exclude: Foreign exchange losses on funds transferred in or out of the country (include in Exhibit 4, Line 7).

Line 7.6 - SUNDRY GENERAL EXPENSES

Include: Gifts and donations

Reimbursements to another insurer for expense of jointly underwritten group contracts less any reimbursement from another insurer for expense of jointly underwritten group contracts.

If the amount for any one type of expense included in this line represents more than 25% of the total for this line, the nature of the expense and the amount should be inserted as a sub-heading.

Line 7.7 - GROUP SERVICE AND ADMINISTRATION FEES

Include: Administration fees, service fees, or any other form of allowance, reimbursement of expenses or compensation (other than commissions) to agents, brokers, applicants, policyholders of third parties.

Line 7.8 - REPRESENTATION AND ENTERTAINMENT EXPENSES

Include: Actual expenses incurred by the officers and employees of the company to foster company public relations and goodwill duly supported by receipts for reimbursements.

Exclude: Such expenses properly chargeable or required to be reported in Lines 2.6, 3.4 and 7.2

Line 9.1 - REAL ESTATE EXPENSES

Include: The cost of repairs, maintenance, service and operations of all real estate properties including insurance whether occupied by the company or not; salaries and other compensation of managing agents and their employees; expenses incurred in connection with rental of such properties; legal fees

specifically associated with real estate transactions other than sales; rent, salaries and wages, and other direct expenses of any Branch or Home Office unit engaged solely in real estate work (not real estate and mortgage combined).

Exclude: Salaries and wages of any other Home Office, General Branch Office, or Investment Branch Office employees. These should be charged to salaries and wages, where they will be automatically subject to allocation as "insurance" or "investment" of this exhibit. The same rule applies to other expenses or charges associated with the activities of such employees.

Line 9.2 - INVESTMENT EXPENSES NOT INCLUDED ELSEWHERE

Include: Only items for which no specific provision has been made elsewhere

Exclude: Home Office salaries and expenses on account of investment work.

Legal fees and expenses

Real estate expenses properly chargeable to Line 9.1.

Page 2 - Exhibit 6 - TAXES, LICENSES & FEES (Accrual Basis)

Taxes, licenses and fees refer to such taxes, licenses and fees imposed by the national, provincial, city and municipal governments or any political subdivisions thereof and other foreign countries and their political subdivisions.

Line 2.1 - ASSESSMENT FEES

Include: Assessments for the examination of the company by the Insurance Commission

Line 6.1 - SSS AND OTHER LIKE CONTRIBUTIONS *under E6 & ~ E5.*

Include: Social Security, ECC, Medicare, Pag-ibig, and such other contributions required by the government.

Line 6.2 - OTHER TAXES

Include: Expenses for publication required by law,  
regulation or ruling

All other forms of taxes not specifically  
provided for elsewhere

Page 9 - Exhibit 7 - DIVIDENDS/EXPERIENCE REFUNDS TO  
POLICYHOLDERS

Dividends and/or experience refunds may include interest credited  
in excess of guaranteed rate on supplementary contracts, group  
contracts and dividend accumulations.

Line 10 - AMOUNT DUE AND UNPAID

Include: Dividends and/or experience refunds  
contingent on payment of deferred and  
uncollected premiums and favorable claims  
experience, in the case of group contracts.

Lines 11 & 12 - PROVISION FOR ANNUAL DIVIDENDS AND/OR  
EXPERIENCE REFUNDS; PROVISION FOR DEFERRED  
DIVIDENDS AND/OR EXPERIENCE REFUNDS

Include: Dividends and/or experience refunds  
contingent on payment of premiums and  
favorable claims experience, in the case of  
group contracts.

Page 10 - 11 - Exhibit 8 - AGGREGATE RESERVES FOR LIFE POLICIES  
AND CONTRACTS

Include: Legal policy reserves on life insurance pool  
business as reflected in Schedule S.

Page 13 - Exhibit 11 - POLICY AND CONTRACT CLAIMS

1. Part 1 - LIABILITY END OF CURRENT YEAR

Item 1 - DUE AND UNPAID



Include: The sum of the individual claim amounts that are due and have already been approved for payment but have not actually been paid at the end of a particular calendar year. *Doc 40 31*

Item 2 - IN COURSE OF SETTLEMENT

This represents the sum of individual claim amounts on which the company has already received notice of claim but final action has not been taken, either approving the claim for payment in full or rejecting it in part or in full at the end of the calendar year.

Item 2.1 - RESISTED *(by policy)*

Include: The sum of the individual amounts claimed on which the company has been notified that its decision to deny liability, either in whole or in part, is being challenged and on which the contest has not yet been resolved at the end of the calendar year.

Item 3 - INCURRED BUT UNREPORTED

Include: An estimate of the sum of the individual claims that have already occurred but on which notice has not yet been received by the company. This estimate takes into account any policy reserve liability set up by the company and any amount recoverable from reinsurers.

2. Part 2 - INCURRED DURING YEAR

Line 1 - SETTLEMENT DURING THE YEAR

Include: Policy and contract claim amounts retained under the supplementary contracts.

Line d = Lines a + b - c

Page 15 - Exhibit 14 - STATEMENT OF PREMIUMS AND BENEFITS

Line 1 - PREMIUM INCOME (do not include Supplementary contracts)

Column b: This item must include all premiums and considerations received during the year on direct business (life and health insurance and annuities) including the increase in due and

L1 col b = E1 before reins.

L1 last column = E1 after reins.

Prem. Income = p. 4, Line 1  
27  
= p. 1, Line 28

*only use lettered columns (a, b, c, d... when in previous exhibit columns is numbered? This is from the Exhibit 1 unique to Phil*

deferred premiums, if any, and excluding premiums returned. These premiums and annuity considerations may have been paid by various means e.g. cash, premium waiver benefit, premium loan and dividends applied to provide additional paid-up insurance or annuity benefits.

Column c and d: Include all premiums received on reinsurances accepted classified as to origin. (Please refer to definitions).

Columns e, f, g and h: Include all premiums paid on reinsurances ceded classified as to destination (Please refer to definitions).

### Line 3 - COMMISSIONS

Column b: Include all commission expenses to agents from the company's direct writings.

Columns c and d: Include all commissions paid on reinsurances accepted classified as to destination - (Please refer to definitions).

Columns e, f, g and h: Include all commissions received on reinsurances ceded classified as to origin. (Please refer to definitions).

### Definitions -

- a) Reinsurance cessions domestically - cessions made by authorized domestic or foreign insurance companies with the country of reference.
- b) Reinsurance cessions abroad - cessions made by authorized domestic or foreign insurance companies to insurance companies abroad.
- c) Reinsurance accepted domestically - reinsurances accepted by insurance companies within a country of reference from other insurance companies within the same country.
- d) Reinsurance accepted abroad - reinsurances accepted by insurance companies within a country of reference from insurance companies abroad.

Pages 16 - 17 - Exhibit 15 - LIFE INSURANCE AND ACCIDENT AND HEALTH POLICIES

This exhibit traces the development of the business in force from the end of the previous year to the end of the current year.

Do not include pool business in lines 2 - 22. The balance at the end of the year of pool business as shown in Schedule S should be entered in line 23 column 15.

Line 1 - AT THE END OF PREVIOUS YEAR

*for 1992 (transition to new format)  
subtract pool business from subsidiary  
and if year p. = line 1 (add footnote)*

Enter the number of policies and amounts of insurance for the various classifications which were reported in line 22 of the previous year's statement. *and of pool bus*

Line 2 - ISSUED DURING THE YEAR

Include: Only bona fide direct new business

For group insurance include original issued and additional. New business consisting of extensions to new classes and upward revisions of amounts of insurance.

Exclude: New dividend additions issued.

Line 2A - REINSURANCE ASSUMED

Include: Reinsurances assumed on individual risk and reinsurance of an entire block of business. If a block of business has been assumed during the year, a footnote should be added showing the figures for each column for each such transaction.

Line 3 - REVIVED DURING THE YEAR *Reinstated*

Include: All policies which were reinstated during the current year.

Line 4 - INCREASED DURING THE YEAR *(Replacement of EPV)*

Include: Additional amount of insurance protection assumed by the company which does not qualify as newly issued business.

Line 5 - ADDITIONS BY DIVIDENDS

Include: Paid-up additions provided by dividends applied for this purpose.

*Deductions*  
*Additions*  
*Policy*  
*Term*  
*isn't*

Lines 7, 8, 9 and 10 - TRANSFERS BY DEDUCTIONS AND ADDITIONS

Include: All shifts from one type of policy to another. The total amount of deductions and additions must in all cases be equal to each other.

Lines 11, 12 and 13 - CEASED BY DEATH, MATURITY AND DISABILITY

Include: Deductions due to these specific causes, viz., death, maturity and disability.

Line 14 - CEASED BY EXPIRY

Include: Deductions of amount of insurance which go out of force due to expiry of coverage, as in term insurance.

Line 15 - CEASED BY SURRENDER

Include: Deductions brought about when a policy is surrendered or cancelled upon the volition of the insured. Forced surrenders when the loan indebtedness exceeds the cash value.

Line 16 - CEASED BY LAPSE *(no surrender value)*

Include: Terminations on which no cash surrender value is available. Renewable term policies which do not renew at the end of a term period should be included here.

Line 17 - CEASED BY CONVERSION

Include: Only individual or family term insurance converted to permanent insurance.

Line 18 - CEASED BY DECREASE

Include: Deductions brought about when there are decreases in the amounts of insurance in force as in policies which have been transferred to a reduced paid-up status or other types of insurance with decreasing face amount. There must be no change in the number of policies.

Line 19 - CEASED BY WITHDRAWAL

This generally applies to group insurance. When the certificate-holders leave a group, the amount of insurance is treated as a withdrawal.

**Line 20 - CEASED BY REINSURANCE**

Include: Deductions due to reinsurance of a large block of business or of all of the company's business because a company will cease operations. This must not include reinsurance on individual risks.

**Line 23 - POOL BUSINESS (Group Term Column)**

Enter: The proportionate share of pool business under group life insurance as reflected under Schedule S. Don't fill up the column on number of policies. *It fits / it feels - aggregate / should not be*  
*amt of loss - proportionate share*

**Line 25 - POLICIES REINSURED**

Enter: The number of policies and amounts of insurance reinsured to other companies classified as authorized or unauthorized companies.

**Page 18 - Exhibit 16 - ANNUITIES (Paid-for Basis) AND SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES**

This exhibit is composed of two parts. The first part demonstrates the changes in the annuity account during the year tracing the development of the outstanding at the end of the year into three types. As a result, the amounts in lines 6 and 10 should be the same.

Annual Income - This refers to the amount actually being paid in each year on contract under which payments have already begun, and to the amount expected to be paid each year on annuities which are deferred to a later date.

**Page 39 - SCHEDULE R**

Fill up the columns beginning with the last five (5) years starting with the latest financial statement year and every five years thereafter in a backward sequence for the rest of the columns.

**Page 40 - Schedule S - LIFE INSURANCE POOLS BUSINESS**

Attention is invited to IC Circular Letter No. 1-92 CL dated January 2, 1992. - Preparation and Accomplishment of Additional Schedule for the 1991 Annual Statement.

(Col 51617) <sub>p.40</sub> = L17 p 2

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COL 4 = Exh 15, line 23, col 15 (sum of company only)