



PGA Sompo Insurance Corporation

2017  
ANNUAL REPORT  
*Your trusted partner!*





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## OUR VALUES



### MISSION

- ▶ To provide cost effective protection through innovative and responsive insurance programs upheld by proactive settlement of claims;
- ▶ To nurture our broker, agent and reinsurer relationships;
- ▶ To foster teamwork, competence, professionalism & excellence among our service-oriented workforce and to afford quality life for our employees;
- ▶ To be an exceptional corporate model actively involved in national development while pursuing our profit goals, all done in a spirit of fairness.

### VISION

- ▶ Our goal is to always be the best customer service provider both at home and abroad.
- ▶ To be a world-class reputable non-life insurance company, preferred and supported by our valued clients and business partners, as the professional provider of the best products and services.

### CORE VALUES

To provide the highest possible quality of service to our customers we will:

- ▶ treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
- ▶ act with initiative, set ourselves the highest goals, and always learn from our actions;
- ▶ strive to be both prompt and clear in our dealings and activities; and
- ▶ act with the utmost integrity.

Your trusted partner!



## ABOUT PGA SOMPO

PGA SOMPO INSURANCE CORPORATION began its operations in 1991 and was originally known as PGA Yasuda Insurance Company, Inc., a landmark joint venture undertaking of two prominent and respected industry leaders. Mr. Robert Coyiuto, Jr., Chairman of PRUDENTIAL GUARANTEE AND ASSURANCE INC., a recognized leader in the domestic non-life insurance market, represents the Philippine counterpart, and an over a century old world renowned Japanese MEGA Insurance group, SOMPO HOLDINGS Group, Tokyo.

This symbiotic relationship opened new doors for us to provide unique perspectives to meet global trends and this allowed a novel challenge to review its existing risk appetite in Asia and the Pacific region and to pursue varied platforms and accelerate the development and growth of diverse new products.

PGA SOMPO INSURANCE CORPORATION is poised to meet the challenge of change in the most positive way. We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and well being of our customers and society as a whole by providing insurance and related services of the highest quality possible.





# AFFILIATES & GLOBAL CONNECTIONS

## DIRECTORY OF PGAI BRANCHES

HEAD OFFICE COYIUTO HOUSE, 119 C. Palanca

St., Legaspi Village, Makati City

BRANCH OPERATIONS DEPARTMENT

COYIUTO HOUSE - GREENHILLS

ALABANG (Muntinlupa)

BALINTAWAK (Quezon City)

ESCOLTA (Manila)

GREENHILLS (Mandaluyong City)

BAGUIO (Benguet)

DAGUPAN (Pangasinan)

LAOAG (Ilocos Norte)

SAN FERNANDO (La Union)

SANTIAGO (Isabela)

TUGUEGARAO (Cagayan)

ANGELES (Pampanga)

CABANATUAN (Nueva Ecija)

MALOLOS (Bulacan)

SUBIC (Zambales)

TARLAC (Tarlac)

BATANGAS (Batangas)

CALAMBA (Laguna)

IMUS (Cavite)

LEGAZPI (Albay)

LIPA (Batangas)

LUCENA (Quezon)

NAGA (Camarines Sur)

SAN PABLO (Laguna)

SORSOGON (Sorsogon)

BACOLOD (Negros Occidental)

CEBU (Downtown)

CEBU (SM Seaside)

DUMAGUETE (Negros Oriental)

ILOILO (Iloilo)

PUERTO PRINCESA (Palawan)

TACLOBAN (Leyte)

ROXAS (Capiz)

TAGBILARAN (Bohol)

BUTUAN (Butuan City)

CAGAYAN DE ORO (Misamis Oriental)

DAVAO (Davao del Sur)

GENERAL SANTOS (South Cotabato)

OZAMIZ (Misamis Occidental)

ZAMBOANGA (Zamboanga del Sur)

## SOMPO GROUP

SOMPO INTERNATIONAL

U.S.A, U.K, Italy, Switzerland, Spain, Germany, Belgium, France, Singapore, Bermuda

SOMPO JAPAN SIGORTA

Turkey

Sompo Holdings (Asia) Pte. Ltd.

Singapore

Berjaya Sompo Insurance Berhad

Malaysia

Sompo Insurance Singapore Pte. Ltd.

Singapore

SOMPO HONGKONG

China

SOMPO CHINA

China

SOMPO SEGUROS

Brazil

SOMPO SAUDE

Brazil

Universal Sompo General Insurance Company

Limited - India

PGA Sompo Insurance Corporation

Philippines

PT Sompo Insurance Indonesia

Indonesia

PT Indomobil Sompo Japan

Indonesia

Sompo Insurance (Thailand) Public Company

Limited - Thailand

Sompo Brokers (Thailand) Company Limited

Thailand

United Insurance Company of Vietnam

Vietnam

Sompo Consulting Korea Inc.

Korea

Sompo Japan Nipponkoa Reinsurance Company

Limited - China

Sompo Systems (Dalian) Inc.

China

SOMPO Taiwan Brokers Co., Ltd.

Taiwan

Eterna Insurance Company Limited

Bermuda

Sompo Japan Nipponkoa do Brasil Ltda.

Brazil

Sompo Seguros Mexico, S.A. de C.V.

Mexico



## CHAIRMAN'S MESSAGE

Greetings to our shareholders, business partners, and colleagues,

Our country's strong economic landscape certainly paved the way for business to flourish and perform well in 2017.

With a remarkable 2017 average GDP growth of 6.7%, and a Core Inflation Rate maintained at a controllable rate of 3.2%, Philippines' Capital market investments had increased drastically and projected to carry-on in 2018.

With this in mind, I am pleased to report PGA Sampo's equally outstanding performance in 2017. Registering a significant 11% growth in Gross Premiums Written higher than the industry average is an achievement indeed.

Our notable growth was from the contribution of staple lines such as Marine and Property, which recorded an increase of 12.45%. This complimented by the company's genuine desire in nurturing client relationships and delivering top quality services and innovative products, effectively heightened PGA Sampo's performance.

Moving forward, Philippine economic outlook remain to be positive for 2018. With the implementation of new tax reforms and government infrastructure projects, we are equally optimistic about PGA Sampo's performance in 2018.

We also foresee Engineering lines playing a major role in supporting the country's boost in construction projects. We will continue to develop new products such as Cyber Security and Equipment S&T to keeps us in touch with the emerging needs of our clients and the market.

Non-traditional ways to distribute and reach out to our clients are in the works. Digitalization and e-commerce platforms, allowing more visibility and accessibility, should keep us in tune with the tide of technology and new emerging market.

With these initiatives sustained with the company's passion to achieve even greater success, we see continued growth for PGA Sampo in the years to come, and more importantly gaining more support from our clients and respect of our business partners.

On behalf of the Board of Directors, officers and management team of PGA Sampo, we thank you for your trust and support. We remain committed in serving you, our clients and business partners.



ROBERT COYIUTO, JR.  
Chairman

Your trusted partner!



## PRESIDENT AND CEO'S MESSAGE

Dear shareholders, business partners, and colleagues,

We, PGA SOMPO proudly registered an increase of 11% in Total Gross Written Premium, an increase higher than the industry average. Major contributors are Marine and Property. Our Property business amassed an increase of 12.45% which boosted our growth in 2017.

We believe our success is mainly from the market's recognition of PGA SOMPO's consistent delivery of high quality products and services which was fostered by more than a century of trust in Japan.

With our commitment to provide the best customer service to our clients, PGA SOMPO continue to develop and register new products like Equipment S&T cover, Extended Warranty for appliance, E&O, Cyber Security and Contractual Obligation. We have also enhanced our Travel Personal Accident product named "Go Japan" to "Go Worldwide" offering wider coverage and highest quality of service worldwide.

Our pursuit of delivering high quality services is not limited to our client and business partners only, we at PGA SOMPO believe in extending our efforts by contributing to our community and society in uplifting their quality of life.

With that in mind, we put into action our Corporate Social Responsibility to carry the commitment to provide care and support the quest to end hunger among Filipino children all over the country by providing lunch meals for children in public schools and in the streets. This activity was more than just about working together to prepare meals. It was rather an important opportunity to be part of a caring community and an instrument in building hope among children.

Thrusting forward in delivering the highest quality service and customer satisfaction, we will capitalize on SOMPO Group's capabilities which includes digital expertise wherein new and innovative initiatives will bring new horizon of customer experiences.

We are excited about 2018. Building from the momentum of the previous year, we will continue to strive in contributing to the security, health and well-being of our customer and society as whole.

It was a pleasure working together with you and we remain committed in providing our utmost service to you, our customers and business partners.

**Your trusted partner!**



  
**FUMIHIKO HARADA**  
President & CEO



# BOARD OF DIRECTORS



ROBERT COYUTO, JR.  
CHAIRMAN



FUMIHIKO HARADA  
PRESIDENT AND CEO



YUJI KAWAUCHI  
VICE CHAIRMAN



JAMES G. COYUTO  
VICE PRESIDENT/ TREASURER



MARIA ROSALINA T. COYUTO  
VICE PRESIDENT AND CFO



SAMUEL G. COYUTO  
VICE PRESIDENT



HIROSHI ISHIKAWA  
VICE PRESIDENT



CELESTINO L. ANG  
VICE PRESIDENT



MAŠANORI TAKASHIGE  
ASSISTANT VICE PRESIDENT



PRUDENCIO T. COYUTO  
DIRECTOR



MITSURU NAGAMORI  
DIRECTOR



EDGARDO V. BETITO  
DIRECTOR



ETHELWOLDO E. FERNANDEZ  
INDEPENDENT DIRECTOR



ANITA VICTORIA M. RAMOS  
INDEPENDENT DIRECTOR



GUIA MAGDALENA L. FLAMINIANO  
CORPORATE SECRETARY

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## TOP EXECUTIVE



Maria Rosalina T. Coyiuto  
Vice President and  
Chief Finance Officer

Hiroshi Ishikawa  
Vice President  
Business Operations

Fumihiko Harada  
President & CEO

# MANAGEMENT TEAM



Masanori Takashige  
AVP Marketing

Juan M. Perez  
AVP Business Development

Rhoderick M. Tanoy  
Head - Marketing Department

Venancio I. Cuvin  
VP Risk Management

Lenardo B. Macasaet  
AVP Underwriting Department

Reynaldo M. Marcelo  
Head - Claims Department

Marcos C. Delin  
AVP Accounting Department  
Compliance Officer

Susan V. Mortil  
Human Resource & Administration  
Department Head

Jose C. Mercado Jr.  
Head - IT Department

Maria Corazon T. Tulio  
Head - Credit and Collection



## PRODUCTS AND SERVICES

### Protect your valuable possession

With PGA Sampo's Standard and Allied Perils Insurance.



#### Fire Insurance

#### Marine Insurance



Navigate calmly, with PGA Sampo's wide-ranging marine insurance

#### Motor Insurance

Drive with Comfort and Confidence

avail motor car insurance with 24 - hour Roadside Assistance



#### SAFEGUARDING YOUR CONSTRUCTION SITE

Construction All Risk Insurance



#### Engineering Insurance

#### Medical Insurance



Live with peace of mind.  
Live with PGA Sampo medical insurance!



Go explore the world with our worry-free, hassle-free travel PA!  
visit [www.pgasompotravel.com.ph](http://www.pgasompotravel.com.ph)

#### GO WORLDWIDE

#### Trade Credit Insurance



GUARD YOUR BUSINESS FROM BAD DEBT

#### Our Services

Thermography Survey  
Fire Risk Survey  
Lost Control Survey  
Risk Management Seminar  
Marine Route Survey  
Consultancy



# CORPORATE SOCIAL RESPONSIBILITY PROGRAM



On February 14, 2018, PGA Sampo in collaboration with Sampo Japan Nipponkoa Welfare Foundation joined Kusina ng Kalinga (KnK) for volunteer work as part of its commitment for Corporate Social Responsibility (CSR). KnK is an anti-poverty campaign of Gawad Kalinga, a Philippine-based movement which aims to end hunger among Filipino children all over the country by providing daily nutritious lunch meals for children in public schools, in the streets, and in conflict areas.



PGA Sampo employees together with its top executive officers, Mr. Fumihiko Harada – President and CEO, Mr. Hiroshi Ishikawa – Vice President, Ms. Maria Rosalina T. Coyiuto – OIC/Assistant Treasurer and Mr. Masanori Takashige – Assistant Vice President worked together to prepare lunch meals for students of two (2) public schools in Quezon City.

It was also on this same day that the international grant from Sampo Japan Nipponkoa Welfare Foundation was officially turned-over to Gawad Kalinga.



The day ended with the distribution of meals to the students but the commitment to care will continue as PGA Sampo and its employees reach out to become stewards for the community.





## EMPLOYEE CORNER

Managing performance is increasingly important in any business. The quality of performance of every member is critical to achieving the goals and objectives of the organization. With this premise, the Company introduced the new Performance Management and Appraisal System (PMAS) as a means of managing and improving the employee's performance and accountability.

The new PMAS is an improved system of performance management and evaluation. It clearly defines how one's work contributes to the achievement of the organization's goals and identifies what needs to be done to ensure that employees are given the opportunity for personal growth and development in their work life.

The system enables the Company to focus on tangible results and at the same time achieve a high level of customer satisfaction, professionalism, competence and integrity. It is about getting better results by understanding and managing performance through an agreed framework of planned goals, standards and competency requirements.





# FINANCIAL HIGHLIGHTS

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

		December 31	January 1
		2016	2016
		(As restated -	(As restated -
	2017	Note 2)	Note 2)
<b>ASSETS</b>			
Cash and cash equivalents (Notes 4, 21 and 22)	₱357,650,474	₱640,383,217	₱347,291,787
Short-term investments (Notes 4, 21 and 22)	242,844,962	4,972,000	24,806,578
Insurance receivables - net (Notes 5, 21 and 22)	557,529,709	461,907,681	398,014,729
Financial assets (Notes 6, 21 and 22)			
Financial assets at fair value through profit or loss	177,821,185	155,530,599	108,328,796
Available-for-sale financial assets	63,133,992	42,047,775	39,071,749
Loans and receivables	90,209,722	36,683,217	28,259,339
Reinsurance assets (Notes 7, 11 and 21)	2,889,988,031	1,007,313,911	840,568,386
Deferred acquisition costs (Note 8)	78,653,782	41,470,001	27,628,114
Property and equipment - net (Note 9)	6,288,710	4,697,430	3,411,210
Deferred tax assets - net (Note 19)	16,554,758	15,728,818	13,242,960
Other assets (Note 10)	41,704,482	18,224,222	7,859,824
<b>TOTAL ASSETS</b>	<b>₱4,522,379,807</b>	<b>₱2,428,958,871</b>	<b>₱1,838,483,472</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contract liabilities (Notes 11 and 21)	₱2,956,042,413	₱1,078,919,714	₱865,446,461
Insurance payables (Notes 12, 21 and 22)	629,178,203	462,872,893	482,145,479
Accounts payable and accrued expenses (Notes 13, 21 and 22)	91,925,110	83,435,114	70,793,731
Deferred reinsurance commissions (Note 8)	109,021,607	67,038,660	51,219,564
Net pension benefit obligation (Note 14)	3,750,880	11,879,799	10,176,494
<b>Total liabilities</b>	<b>3,789,918,213</b>	<b>1,704,146,180</b>	<b>1,479,781,729</b>
<b>Equity</b>			
Capital stock - ₱100 par value (Notes 21 and 24)			
Authorized - 3,000,000 shares			
Issued and outstanding - 3,000,000 shares	650,000,000	300,000,000	300,000,000
Deposits for future subscriptions	-	350,000,000	-
Contributed surplus	4,666,000	4,666,000	4,666,000
Revaluation reserve on available-for-sale financial assets (Note 6)	35,552,736	37,143,223	34,167,197
Remeasurements on defined benefit plan (Note 14)	(2,123,655)	(1,228,470)	(1,067,388)
Retained earnings	44,366,513	34,231,938	20,935,934
<b>Total equity</b>	<b>732,461,594</b>	<b>724,812,691</b>	<b>358,701,743</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱4,522,379,807</b>	<b>₱2,428,958,871</b>	<b>₱1,838,483,472</b>

See accompanying Notes to Financial Statements.





**PGA SOMPO INSURANCE CORPORATION**  
**STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>	
	<b>2017</b>	<b>2016</b> (As restated - Note 2)
Gross premiums earned	₱1,516,228,822	₱1,348,522,165
Reinsurers' share of gross premiums earned	1,436,910,082	1,311,004,577
<b>Net premiums earned</b> (Notes 11, 15 and 23)	<b>79,318,740</b>	<b>37,517,588</b>
Commission income (Note 8)	209,786,550	141,354,321
Investment and other income - net (Note 16)	22,181,105	9,869,793
Foreign currency exchange gains	—	3,433,385
<b>Other income</b>	<b>231,967,655</b>	<b>154,657,499</b>
<b>Total income</b>	<b>311,286,395</b>	<b>192,175,087</b>
Gross insurance contract benefits and claims paid	1,346,189,159	97,267,895
Reinsurers' share of gross insurance contract benefits and claims paid	(1,282,757,262)	(88,985,785)
Gross change in insurance contract liabilities	1,834,490,074	158,402,108
Reinsurers' share of gross change in insurance contract liabilities	(1,819,096,888)	(154,568,352)
<b>Net insurance contract benefits and claims</b> (Notes 11 and 17)	<b>78,825,083</b>	<b>12,115,866</b>
Commission expense (Note 8)	154,132,860	85,090,940
General expenses (Note 18)	65,284,437	74,396,461
Foreign currency exchange losses	195,886	—
Interest expense (Note 12)	—	2,947
<b>Other expenses</b>	<b>219,631,183</b>	<b>159,490,348</b>
<b>Total insurance contract and other expenses</b>	<b>298,438,266</b>	<b>171,606,214</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>12,848,129</b>	<b>20,568,873</b>
<b>PROVISION FOR INCOME TAX</b> (Note 19)	<b>2,713,554</b>	<b>7,272,869</b>
<b>NET INCOME</b>	<b>₱10,134,575</b>	<b>₱13,296,004</b>

See accompanying Notes to Financial Statements.

