



# Annual Report 2018







## CONTENTS

Chairman’s Message - - - - -	3
About PGA Sompo- - - - -	5
CEO’s Message - - - - -	7
Financial Highlights - - - - -	8
Board of Directors- - - - -	11
Top Executives- - - - -	13
Managements’ Corner- - - - -	15
Annual Stockholders’ Meeting- - - - -	16
Special Feature : TravelJOY- - - - -	17
Products and Services- - - - -	18
Employees’ Corner- - - - -	19
Corporate Social Responsibility - - - - -	21
Affiliates and Global Connections - - - - -	25
Financial Statement- - - - -	27

## CHAIRMAN'S MESSAGE

At PGA Sampo, we have always believed in striking the balance between honoring tradition and keeping an open-minded sense of agility for the present and the future. We have always kept an optimistic vision when it comes to changes in the industry as we focus on where we can develop opportunities and introduce innovations so we could give our customers and stakeholders the best service that they deserve.

Over the years, the relationship between Philippines and Japan has been getting stronger; more businesses and commitments are being shared and projected. Thus, PGA Sampo, through its joint venture, has fostered that good partnership and embodied the cooperation reflected between both countries. We further support the development of Japanese businesses in the Philippines by providing secured insurance with the highest quality of service.

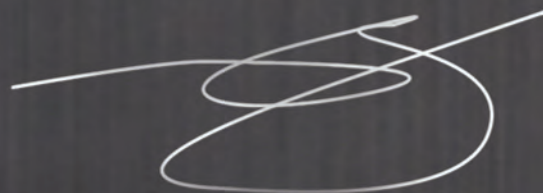
2018 showed a steady growth in the Philippine economy. Particular industries have boomed, especially in the areas of construction, property, power utilities, automotive, and travel sectors. PGA Sampo kept pace with the booming economy by modernizing its product line and by expanding its distribution channels. The company enhanced its Travel Personal Accident insurance product, "Travel Joy", by expanding its coverage and making it available online; thus, allowing efficient client service that is true to the PGA Sampo brand. Still, PGA Sampo continues to grow in its core business, by underwriting large property and engineering risks which are well-supported by Japanese companies and interest. In 2018, we were able to insure one of the biggest power plants in the Philippines and secure large infrastructure projects, including public railways and subways.

This is further proof of PGA Sampo's commitment to innovate its products and services parallel to the enlarging Japanese portfolio in the Philippines and adaptive to the evolving insurance market.

We ended the year 2018 on a strong financial note, with an 18.79% growth rate in revenues. This is a testament to the soundness of our values, agility, and the robustness of our business model as we continue to expand and diversify our portfolio of services in the Philippines.

With these gains, we are excited to see what the year 2019 will bring to the organization as we continue to build on the strength of our partnership. We will continue to invest in our people through on-going trainings and by expanding our team to widen our market reach and upgrade the quality of our services.


On behalf of the Board of Directors, officers, and management team of PGA Sampo, allow me to express my gratitude to you for the trust and support as we continue to commit our team to new heights amidst the challenges and dynamic changes the year 2019 will bring us.



ROBERT COYIUTO, JR.  
Chairman



## ABOUT PGA SOMPO



Originally known as *PGA Yasuda Corporation Inc.* **PGA Sampo Insurance Corporation** is one of the leading and fastest growing non-life insurance companies in the Philippines.

The Company was established in 1991 as a joint venture of two respected and prominent industry leaders – *Prudential Guarantee and Assurance, Inc.*, a recognized leader in the insurance industry in the Philippines and *Sompo Japan Nipponkoa Insurance Inc.*, one of the largest Property and Casualty (P&C) insurance in the world and the largest standalone P&C insurance company in Japan.

As it underwent significant growth and development, the Company changed its name to PGA Sampo Japan Insurance, Inc. on March 14, 2002, and eventually to its present name on January 12, 2015.

After more than 25 years of operation, PGA Sampo's performance has been marked with remarkable growth and profitability.

Strongly supported by the power of synergy between Sampo Holdings and the Coyoito Group of Companies and backed by its experienced professional team and partners, PGA Sampo remains steadfast and continually gains greater traction in today's highly dynamic and globally competitive business environment.

PGA Sampo offers a wide range of non-life insurance products and services designed to protect everything its customers value – from hard-earned and precious possessions such as home, business or car to something priceless as their health and well-being



PGA Sampo  
Insurance Corporation

## Our Vision

***Providing a highest quality of services as the Most Trusted Partner in Protection.***

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.



## PRESIDENT & CEO'S MESSAGE



A stylized, handwritten signature in black ink, which appears to read 'F. Harada'.

**Fumihiko Harada**  
President and CEO

Dear shareholders, business partners, and colleagues,

We, PGA Sampo Insurance Corporation, improved our performance by 18.79% in 2018, registering a total Gross Premium Written (GPW) of Php 1.8B, an increase higher than the industry average from the previous year.

We believe our success is mainly hinged on the market's recognition of the company'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, we have created a new corporate website and developed a Travel Personal Accident website to further improve the overall experience of our clients. Although the digital market in the non-life insurance industry in the Philippines is still relatively young, we are continuing to prepare ourselves to be one of the players the digital field.

Our quality of service cannot be delivered without our staff members; as the old cliché goes "Insurance business is people's business". We have initiated efforts to restructure our organization to further streamline our operations. Further, we continue our investment in our people, through team building activities to promote camaraderie, and leadership training seminars for our managers to reinvigorate focus and to enrich our employees' knowledge and experience. With the goal of nurturing a culture of wellness in the company and supporting our employees in their personal journey to stay healthy and reduce risk factors that may lead to illness and injury, a wellness programs were conducted for our employees.

Our pursuit of delivering high quality services is not limited to our client and business partners only. We at PGA Sampo believe in extending our efforts by contributing to our community and society in uplifting their quality of life. With that in mind, as part of the company's commitment to promote social responsibility, we, together with Sampo Japan Nipponkoa Welfare Foundation, collaborated with Project Pearls and went to Helping Land, a slum community situated in an active dumpsite in Tondo, Manila to distribute nutritious meals for children to help in the fight against malnutrition. We also held a Blood Donation Program, in partnership with the Philippine Red Cross, and give our employees the opportunity to be part of a life-saving activity for the community

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

We are excited about 2019. Building from the momentum of the previous year, we will continue to strive in contributing to the security, health, and well-being of our customers 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.

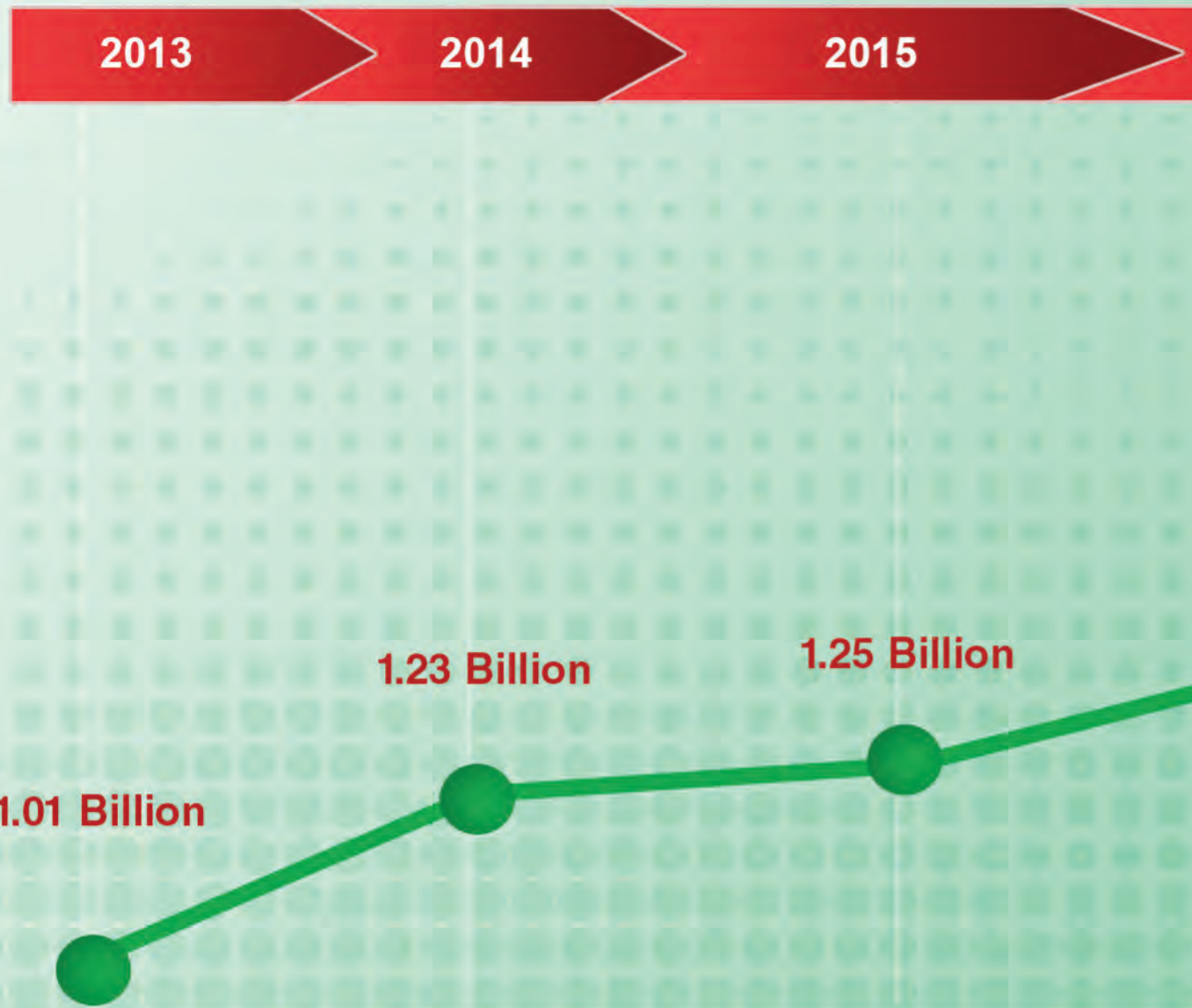
Thank you and Mabuhay!





# FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS



2018 gave us highest growth in 5 years. Our 16% increase in Gross Written Premium (GWP) production shows our company's drive and remarks as one of the growing companies on the Non-life Insurance sector in the Philippines. It is our commitment to continue the same growth in 2019.

For Gross Written Premium by line, Fire remains to be our product line with almost 75% share of our portfolio, followed by Marine Cargo and General Accident.

Our biggest account contributor for Fire is Pagbilao Energy Corporation, a power source Japanese company situated in the Quezon Province. Another factor in our premium production is the collaboration with our partner, PGAI. Such accounts are SM prime, various high rise buildings.

On the other hand, Nippon Express and Shin-Etse Magnetics contributed to our premium production for Marine Cargo due to their phenomenal volume of shipments for the year 2018.

2016

2017

2018

1.4 Billion

1.56 Billion

1.85 Billion

- Fire Insurance
- Marino Cargo
- Marine Hull
- Motor Insurance
- Personal Accident
- General Accident
- Engineering Insurance
- Medical Insurance

# BOARD OF DIRECTORS



**ROBERT COYIUTO, JR.**  
Chairman



**FUMIHIKO HARADA**  
President and CEO



**YUJI KAWAUCHI**  
Vice-Chairman



**JAMES G. COYIUTO**  
Vice-President and Treasurer



**MARIA ROSALINA T. COYIUTO**  
Vice-President and CFO



**SAMUEL G. COYIUTO**  
Vice-President



**HIROSHI ISHIKAWA**  
Vice-President



**CELESTINO L. ANG**  
Vice-President



**MASANORI TAKASHIGE**  
Assistant Vice-President



**PRUDENCIO T. COYIUTO**  
Director



**MITSURU NAGAMORI**  
Director



**JUSTIN C. ONGSUE**  
Independent Director



**FRANCISCO M. BAYOT, JR.**  
Independent Director



**ANITA VICTORIA M. RAMOS**  
Independent Director



**AMBASSADOR MANUEL M. LOPEZ**  
Independent Director



**GUIA MAGDALENA L. FLAMINIANO**  
Corporate Secretary

## TOP EXECUTIVES



**Fumihiko Harada**  
President and CEO

“The company’s net income grew significantly for the year 2018. We have doubled our profit from operations from last year. In addition, our investment and other income were improved by 29%. We are optimistic for the year 2019. Thank you all for the support.”

**MARIA ROSALINA T. COYIUTO**  
Vice-President and  
Chief Finance Officer

“This 2018 gave us highest growth in 5 yaers. Our 16% increase in GWP production shows our company’s drive and remarks as one of the growing companies on the non-life insurance sector in the Philipines. It is our commitment to continue the same growth in 2019.”

**HIROSHI ISHIKAWA**  
Vice-President for  
Business Operations



# MANAGEMENT TEAM



**Masanori Takashige**  
AVP Marketing

**Juan M. Perez**  
AVP Business Development

**Rhoderick M. Tanoy**  
Head of Marketing Department

**Venancio I. Cuvin**  
VP Risk Management

**Lenardo B. Macasaet**  
AVP Underwriting Department

**Reynaldo M. Marcelo**  
Head of Claims Department

**Marcos C. Delin**  
AVP Accounting Department  
and Compliance Officer

**Susan V. Mortil**  
Head of Human Resource  
Department

**Jose C. Mercado, Jr.**  
Head of IT Department

**Maria Corazon T. Tulio**  
Head of Admin



# ANNUAL STOCKHOLDERS MEETING



PGA Sampo held its Annual Stockholders' Meeting which was attended by the Top Executive Officers and Board of Directors.

The highlights of the meeting were the presentation of the overall performance of the company from the year 2018, projections for the year 2019 and the election of the Board of Directors.

As the Company strives for continued success, PGA Sampo remains innovative by providing new products and services, improving quality service and developing effective human workforce.

## SPECIAL FEATURE



### PGA Sampo joined World Travel Lifestyle Tour Expo 2019

Aligned with PGAS Travel PA launch, PGAS successfully exhibited at the World Travel Lifestyle Expo together with 225 different travel tour companies and airlines. The event lasted from April 5-7, which logged an attendance of more than 10,000 visitors.

At the event, PGAS was the most visited booth. Crowd dropped by trying their luck to win prizes, avail great deals on offered travel plans and had their picture taken with Sompony on his very first appearance in the Philippines .

It was an event full of fun experience!





## Property Insurance

- Fire and Allied Perils
- Industrial All Risks
- Business Interruption



## Motor Vehicle Insurance

- Comprehensive Motor Vehicle Insurance
- Compulsory Third Party Liability (CTPL) Insurance



## Aviation Insurance

- Aviation Hull
- Aviation Liability



## Bonds

- Farm-out Bonds/Surety Bonds
- Performance Bond
- Bidder's Bond
- Fidelity Guarantee

## Risk Management Services

- Fire Risk Survey
- Thermography Survey
- Consultancy
- Loss Control Survey
- Risk Management Seminar
- Shock Detection Survey
- Marine Route Survey



## Engineering Insurance

- Contractors All Risks (CAR)
- Erection All Risks (EAR)
- Electronics Equipment Insurance (EEI)
- Property Floater
- Machinery Breakdown



## Miscellaneous Casualty Insurance

- Comprehensive General Liability
- Product Liability
- Product Recall Insurance
- Professional Liability
- Directors & Officers (D&O) Liability
- Money, Securities & Payroll (MSPR)
- Bankers Blanket Bond (BBB)
- Personal Accident (PA)
  - o Individual PA
  - o Group PA
  - o Travel PA
- Transport Operators Comprehensive Liability



## Marine Cargo Insurance

- Marine Cargo
- Merchandiser Floater
- Marine Hull



## Specialty Lines

- Trade Credit Insurance
- Typhoon Guard
- Sabotage and Terrorism Cover

# EMPLOYEES CORNER



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**Together as One**

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*PGA Sampo Employees'  
Annual Team Building 2019*



PGA Sampo held its annual Team Building and Company Outing on May 18 – 19, 2019 at Calubcub Bay Resort and Recreation in San Juan City, Batangas. The two-day event was participated by the company's Executive Officers and employees.

Through competitive and challenging activities, employees were able to demonstrate their mental and physical strengths, leadership potential, and capabilities to find ways to accomplish their goals despite hurdles and difficulties. It was also an opportunity to strengthen the working relationship among employees which is expected to further enhance workplace atmosphere.

The team building activity proved successful as the employees were given ample time and opportunity to bond, have fun and share quality time with each other. Capping off the event was the awarding of prizes for the top three (3) teams that garnered the highest overall scores after all the competitions. Likewise, special awards were given to one (1) male and one (1) female employees who have gained special attention and emerged as "Stars" during the All-White Night.

# CORPORATE SOCIAL RESPONSIBILITY



Photo credits to Project Pearl's facebook page

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## Instilling a Culture of Caring

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*SJNK Welfare Foundation and PGA SOMPO  
Work Together for the Community*



On February 15 – 16, 2019, PGA Sampo together with Sampo Japan Nipponkoa (SJNK) Welfare Foundation partnered with Project Pearls as part of its continuing commitment to promote social responsibility. Project Pearls is a non-profit organization whose mission is to help the poorest of the poor children in the Philippines have a better life through education, empowerment, nutrition, and health care services.

For two (2) days, volunteers went to Helping Land, a slum community situated in an active

distribution of nutritious meals to children to help decrease the incidence of malnutrition. They also joined in the Brain Booster activity which brings out the children's inner passion for arts and crafts.

This event also marked SJNK Welfare Foundation's continuing efforts to support social welfare activities as Mr. Masahiro Sawa of SJNK Foundation who joined PGA Sampo employees and its executive officers in these activities turned over the international grant from SJNK Welfare Foundation to Project Pearls.

# CORPORATE SOCIAL RESPONSIBILITY



## A Drive to Save Lives

### *PGA Sampo's Blood Donation Program*

PGA Sampo Insurance Corporation in partnership with Philippine Red Cross held a Blood Donation Program on August 9, 2018. To promote social responsibility and provide opportunities to its employees to be part of a lifesaving activity for the community.







## PGA Sampo Embraces Health and Wellness

With the goal of nurturing a culture of wellness in the company as well as to support the employees in their personal journeys to stay healthy, reduce risk factors for illness and injury, and generally to improve their health and well-being, PGA Sampo launched its Wellness Program for its employees on August 24, 2018 which will run for eight (8) weeks.

The program is facilitated by an International Wellness Consultant, It started with a Wellness Day wherein a brief presentation on balanced nutrition, weight management, and a healthy active lifestyle was conducted.

Free inner body scan was also provided which gave the employees a picture of their body composition.

Highlighting the wellness program was the 8-week Weight Loss Challenge. A total of 18 employees who were assessed to be overweight/overfat joined the challenge. Weekly weigh-in, wellness lectures focusing on good nutrition and long-term health, and recognition of the Biggest Loser of the Week are done throughout the duration of the challenge. Recognition and awards await the contenders as they vie for the top slots for the Biggest % Weight Loser and Biggest % Inch Loser at the end of the 8-week challenge

## DIRECTORY OF PGAI BRANCHES

### COYIUTO HOUSE - HEAD OFFICE

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

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
PGA Sampo Insurance Corporation  
5th Floor Corinthian Plaza Building 121 Paseo de Roxas, Legaspi Village Makati City

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of PGA Sampo Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of income, statements of comprehensive income, statements of changes on equity and statements of cash flows for the ten years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the propose of expression an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention on our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based in the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PGA Sampo Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements takes as a whole

## SYCIP GORRES VELAYO & CO.

*Juan Carlo Maminta*

### Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

SEC Accreditation No. 1699-A (Group A)

August 16, 2018, valid until August 15, 2021

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2018,

February 9, 2018, valid until February 8, 2021

PTR No. 7332575, January 3, 2019, Makati City

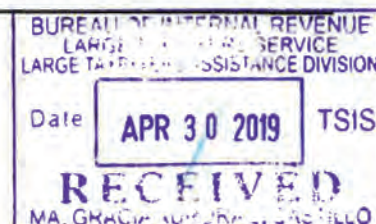
April 29, 2019

# FINANCIAL STATEMENT

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents (Note 4)	P209,070,699	P357,650,474
Short-term investments (Note 4)	407,317,613	242,844,962
Insurance receivables - net (Note 5)	706,236,240	557,529,709
Financial assets (Notes 6)		
Financial assets at fair value through profit or loss	128,419,883	177,821,185
Available-for-sale financial assets	87,091,519	63,133,992
Held-to-maturity financial assets	222,196,026	-
Loans and receivables	113,032,138	90,209,722
Reinsurance assets (Notes 7 and 11)	2,661,274,524	2,889,988,031
Deferred acquisition costs (Note 8)	62,145,194	78,653,782
Property and equipment - net (Note 9)	14,622,572	6,288,710
Deferred tax assets - net (Note 19)	4,208,595	16,554,758
Other assets (Note 10)	45,880,680	41,704,482
<b>TOTAL ASSETS</b>	<b>P4,661,495,683</b>	<b>P4,522,379,807</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 11 and 21)	P2,773,249,368	P2,956,042,413
Insurance payables (Notes 12)	904,825,459	629,178,203
Accounts payable and accrued expenses (Note 13)	83,051,586	91,925,110
Deferred reinsurance commissions (Note 8)	116,686,822	109,021,607
Net pension benefit obligation (Note 14)	3,774,893	3,750,880
<b>Total liabilities</b>	<b>3,881,588,128</b>	<b>3,789,918,213</b>
<b>Equity</b>		
Capital stock - P100 par value (Notes 21 and 24)		
Authorized - 15,000,000 shares		
Issued and outstanding - 6,500,000 shares	650,000,000	650,000,000
Contributed surplus	4,666,000	4,666,000
Revaluation reserve on available-for-sale financial assets (Note 6)	50,495,264	35,552,736
Remeasurements on defined benefit plan (Note 14)	(2,859,777)	(2,123,655)
Retained earnings	77,606,068	44,366,513
<b>Total equity</b>	<b>779,907,555</b>	<b>732,461,594</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P4,661,495,683</b>	<b>P4,522,379,807</b>

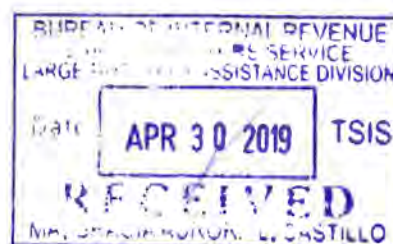
See accompanying Notes to Financial Statements.



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

	Years Ended December 31	
	2018	2017
Gross premiums earned (Note 15)	P1,774,759,379	P1,516,228,822
Reinsurers' share of gross premiums earned (Note 15)	1,709,792,618	1,436,910,082
<b>Net premiums earned</b> (Notes 11, 15 and 23)	<b>64,966,761</b>	<b>79,318,740</b>
Commission income (Note 8)	231,509,612	209,786,550
Investment and other income - net (Note 16)	27,558,396	22,181,105
<b>Other income</b>	<b>259,068,008</b>	<b>231,967,655</b>
<b>Total income</b>	<b>324,034,769</b>	<b>311,286,395</b>
Gross insurance contract benefits and claims paid (Note 17)	1,077,148,356	1,346,189,159
Reinsurers' share of gross insurance contract benefits and claims paid (Note 17)	(1,035,251,465)	(1,282,757,262)
Gross change in insurance contract liabilities (Note 17)	(260,483,924)	1,834,490,074
Reinsurers' share of gross change in insurance contract liabilities (Note 17)	287,678,867	(1,819,096,888)
<b>Net insurance contract benefits and claims</b> (Notes 11 and 17)	<b>69,091,834</b>	<b>78,825,083</b>
Commission expense (Note 8)	141,051,480	154,132,860
General expenses (Note 18)	76,201,042	65,284,437
Foreign currency exchange (gains) losses	(6,473,372)	195,886
Interest expense (Note 12)	214,038	-
<b>Other expenses</b>	<b>210,993,188</b>	<b>219,613,183</b>
<b>Total insurance contract and other expenses</b>	<b>280,085,022</b>	<b>298,438,266</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>43,949,747</b>	<b>12,848,129</b>
<b>PROVISION FOR INCOME TAX</b> (Note 19)	<b>10,710,192</b>	<b>2,713,554</b>
<b>NET INCOME</b>	<b>P33,239,555</b>	<b>P10,134,575</b>

See accompanying Notes to Financial Statements.



# FINANCIAL STATEMENT

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2018	2017
<b>NET INCOME</b>	<b>₱33,239,555</b>	<b>₱10,134,575</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Changes in the fair values of available-for-sale financial assets (Note 6)	14,942,528	(1,590,487)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement losses on defined benefit plan, net of tax (Note 14)	(736,122)	(895,185)
<b>Total other comprehensive income (loss)</b>	<b>14,206,406</b>	<b>(2,485,672)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱47,445,961</b>	<b>₱7,648,903</b>

See accompanying Notes to Financial Statements.

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 21 and 24)	Deposits for future stock subscriptions	Contributed Surplus	Revaluation Reserve on Available-for- sale Financial Assets (Note 6)	Remeasurement on Defined Benefit Plan (Note 14)	Retained Earnings	Total
At January 1, 2018	₱650,000,000	₱—	₱4,666,000	₱35,552,736	(₱2,123,655)	₱44,366,513	₱732,461,594
Net income for the year	—	—	—	—	—	33,239,555	33,239,555
Other comprehensive income	—	—	—	14,942,528	(736,122)	—	14,206,406
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,942,528</b>	<b>(736,122)</b>	<b>33,239,555</b>	<b>47,445,961</b>
At December 31, 2018	₱650,000,000	₱—	₱4,666,000	₱50,495,264	(₱2,859,777)	₱77,606,068	₱779,907,555
At January 1, 2017	₱300,000,000	₱350,000,000	₱4,666,000	₱37,143,223	(₱1,228,470)	₱34,231,938	₱724,812,691
Deposits for future stock subscriptions	350,000,000	(350,000,000)	—	—	—	—	—
Net income for the year	—	—	—	—	—	10,134,575	10,134,575
Other comprehensive loss	—	—	—	(1,590,487)	(895,185)	—	(2,485,672)
<b>Total comprehensive income (loss) for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,590,487)</b>	<b>(895,185)</b>	<b>10,134,575</b>	<b>7,648,903</b>
At December 31, 2017	₱650,000,000	₱—	₱4,666,000	₱35,552,736	(₱2,123,655)	₱44,366,513	₱732,461,594

See accompanying Notes to Financial Statements.





# FINANCIAL STATEMENT

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2018	2017
<b>NET INCOME</b>	<b>₱33,239,555</b>	<b>₱10,134,575</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Changes in the fair values of available-for-sale financial assets (Note 6)	14,942,528	(1,590,487)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement losses on defined benefit plan, net of tax (Note 14)	(736,122)	(895,185)
<b>Total other comprehensive income (loss)</b>	<b>14,206,406</b>	<b>(2,485,672)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱47,445,961</b>	<b>₱7,648,903</b>

See accompanying Notes to Financial Statements.

## PGA SOMPO INSURANCE CORPORATION STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 21 and 24)	Deposits for future stock subscriptions	Contributed Surplus	Revaluation Reserve on Available-for- sale Financial Assets (Note 6)	Remeasurement on Defined Benefit Plan (Note 14)	Retained Earnings	Total
At January 1, 2018	₱650,000,000	₱-	₱4,666,000	₱35,552,736	(₱2,123,655)	₱44,366,513	₱732,461,594
Net income for the year	-	-	-	-	-	33,239,555	33,239,555
Other comprehensive income	-	-	-	14,942,528	(736,122)	-	14,206,406
<b>Total comprehensive income for the year</b>	-	-	-	14,942,528	(736,122)	33,239,555	47,445,961
<b>At December 31, 2018</b>	<b>₱650,000,000</b>	<b>₱-</b>	<b>₱4,666,000</b>	<b>₱50,495,264</b>	<b>(₱2,859,777)</b>	<b>₱77,606,068</b>	<b>₱779,907,555</b>
At January 1, 2017	₱300,000,000	₱350,000,000	₱4,666,000	₱37,143,223	(₱1,228,470)	₱34,231,938	₱724,812,691
Deposits for future stock subscriptions	350,000,000	(350,000,000)	-	-	-	-	-
Net income for the year	-	-	-	-	-	10,134,575	10,134,575
Other comprehensive loss	-	-	-	(1,590,487)	(895,185)	-	(2,485,672)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	(1,590,487)	(895,185)	10,134,575	7,648,903
<b>At December 31, 2017</b>	<b>₱650,000,000</b>	<b>₱-</b>	<b>₱4,666,000</b>	<b>₱35,552,736</b>	<b>(₱2,123,655)</b>	<b>₱44,366,513</b>	<b>₱732,461,594</b>

See accompanying Notes to Financial Statements.

