

2012

ANNUAL REPORT

 **MAPFRE** | INSULAR

Contents

BOARD OF DIRECTORS	4
MANAGEMENT REPORT	5
The Environment	5
Financial Performance	6
2013 Plans and Prospects	8
Five-Year Financial Highlights	10
2012 FINANCIAL STATEMENT	12
Products and Services	82
Officers	84
Managers / Technical Units	85
Managers / Support Units	86
Managers / Makati Business Office	87
Managers / Branch Offices	88
Managers / Sales Offices	88
Head Office	89
Branches	89
Legal Counsels & Accredited Banks	92
CORPORATE PROFILE	94
Company Milestones	94
Ownership Structure	95
Network	95
Branches , Distribution Channels and Sales Offices	96
International Network	98

Board of Directors

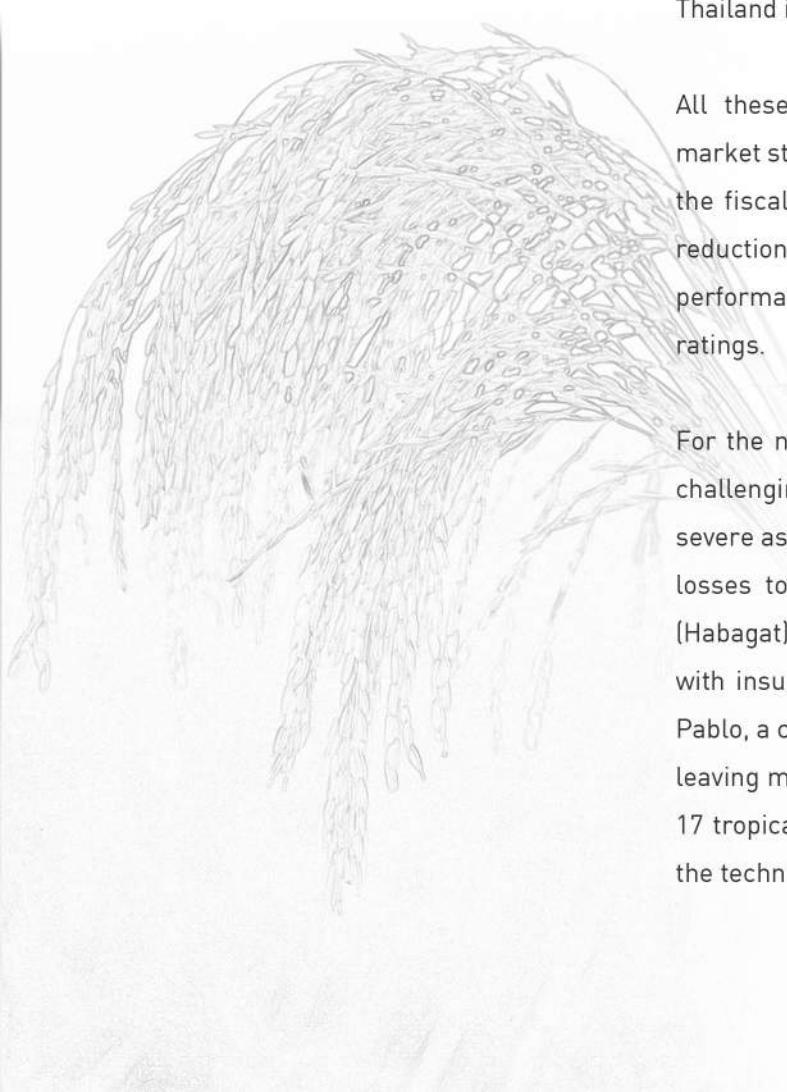
CHAIRMAN	Luis C. la Ó <i>MAPFRE Insular Insurance Corporation</i>
VICE CHAIRMAN	Vicente R. Ayllon <i>Insular Life Assurance Company, Ltd.</i>
PRESIDENT and CEO	Javier W. Warleta <i>MAPFRE Insular Insurance Corporation</i>
DIRECTOR	Javier Fernandez-Cid <i>MAPFRE International</i>
DIRECTOR	Ambrosio B. Mangilit, Jr. <i>Asia Pacific Network Holdings, Inc.</i>
DIRECTOR	Mayo Jose B. Ongsingco <i>Insular Life Assurance Company, Ltd.</i>
DIRECTOR	Javier San Basilio <i>MAPFRE Re, London Branch</i>
DIRECTOR	Franciso F. Del Rosario, Jr. <i>DMCI Power Inc.; DMCI Homes Inc.; Principal Mabuhay Capital Corp. And Trustee Abs-Cbn Foundation Inc.</i>
CORPORATE SECRETARY	Silverio Benny J. Tan
ASST. CORPORATE SECRETARY	Roberto M. Buenaflo

MANAGEMENT Report

THE ENVIRONMENT

2012 was an exceptional year for the Philippine economy. Driven by the Service and Industry Sectors which account for 57% and 32% of the country's GDP respectively, the economy grew by 6.6% - a growth rate exceeding the government's target of between 5% and 6%, and higher than what was achieved by any other country in the ASEAN region for 2012.





Strong Overseas Filipino Workers' (OFW) remittances of US \$ 21.4B and the booming Business Process Outsourcing (BPO) sector continued to support higher domestic consumption and construction. Increased government spending which rose nearly 12% compared to 1% the previous year, likewise fueled economic expansion. Exports, mainly from electronics, grew 8.7% from a contraction of 4.2% in 2011 and Imports grew at half the growth rate of exports at 4.2%. Headline Inflation, on the other hand, was contained at 3.2%, 30% lower than the previous year of 4.6%.

On the capital market, while the nominal interest rates on treasury bills remained depressed below 2%, the Philippine Stock Exchange Index surged to a record high of 5,812.7 points, a 33% gain over the previous year placing the country at the 9th spot of the best performing stock markets in the world and second best after Thailand in the ASEAN region.

All these were achieved amidst uncertainties and lingering market stresses from the troubled western economies. And with the fiscal measures imposed by the government that saw the reduction of public debt below 50% of GDP, the Philippines' positive performance resulted in the upgrading of the country's credit ratings.

For the non-life insurance industry, 2012 proved to be another challenging year. The impact of natural disasters, though not as severe as the effects of Ondoy in 2009, still wrought considerable losses to the industry. The heavy sustained monsoon rains (Habagat) in August brought massive flooding yet again in Luzon, with insured losses chalking up at least P3.5 billion. Typhoon Pablo, a category 5 typhoon, ravaged a large portion of Mindanao leaving more than 1,000 dead and another 1,000 missing. In all, 17 tropical cyclones hit the country in 2012, adversely affecting the technical results of local insurers.

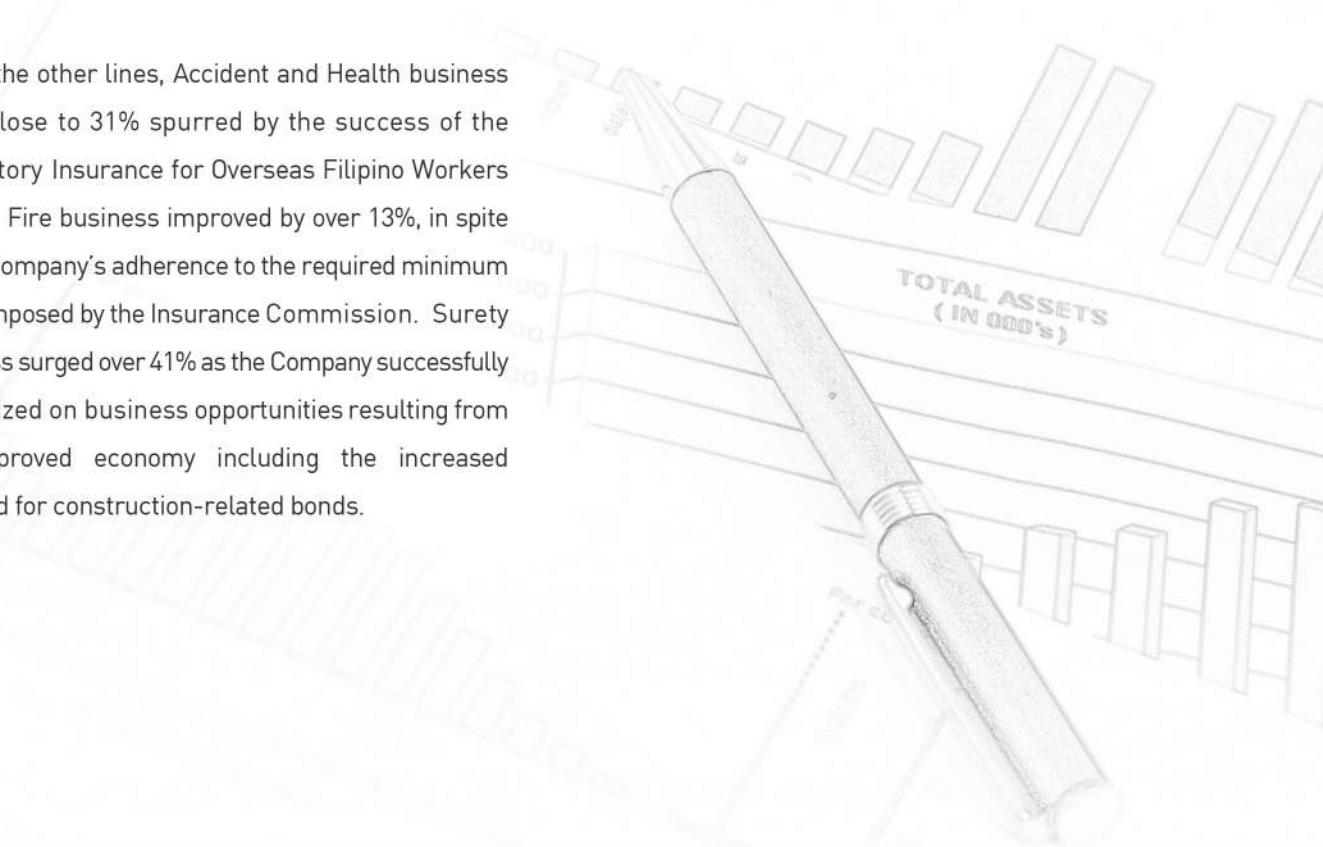
On the regulatory side, breaches of tariff due to intense competition continued to pose problems. But the required capital build-up to P1 Billion for non life insurance companies, remained the major issue. Ten local insurers opposing the mandatory build-up of capital brought the matter to court and successfully obtained a preliminary injunction to halt the mandated capitalization increases. However, with the expected signing into law of the revised Insurance Code this 2013, insurance companies will have to abide by the capitalization hike schedule and will need to increase their net worth to at least P250 million by the end of this year.

FINANCIAL PERFORMANCE

2012 was a tough year for the Company. Sluggish sales of motor products, loss of business due to fierce competition, and the adverse effects of natural disasters combined to add pressure at a time when the Company was also investing a substantial amount of its resources to improving the organization's efficiency.

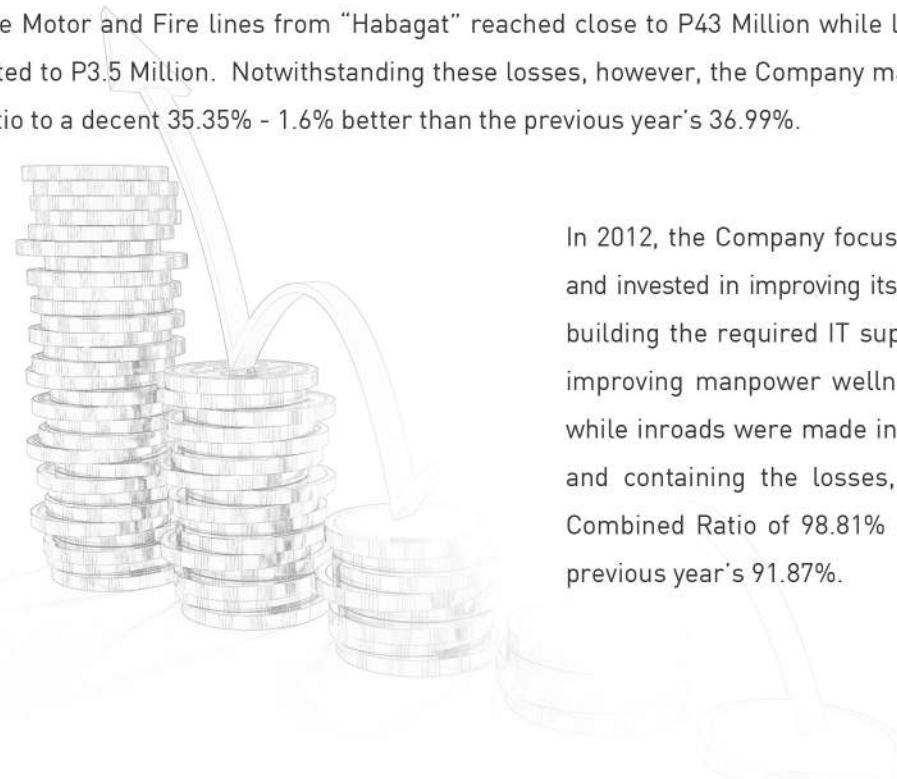
The slowdown in sales of new vehicles, caused by the disruption of the production chain as a consequence of the floods in Thailand and the 2011 tsunami in Japan, adversely affected the premium production of the Motor line in the first half of 2012. Intense competition exerted further pressure to rid the Company of unprofitable accounts. Despite the challenges, direct Motor business managed to grow by close to 9%, mainly due to the persistence of the Company to forge more partnerships with new producers, and thus compensating for the calculated contraction of the assumed Motor business by over 30%.

As for the other lines, Accident and Health business grew close to 31% spurred by the success of the Mandatory Insurance for Overseas Filipino Workers (OFW). Fire business improved by over 13%, in spite of the Company's adherence to the required minimum rates imposed by the Insurance Commission. Surety business surged over 41% as the Company successfully capitalized on business opportunities resulting from an improved economy including the increased demand for construction-related bonds.



PERFORMANCE AREA	2012 VALUE IN MILLIONS	2013 VALUE IN MILLIONS	VARIANCE OVER 2012
Gross premiums written	Php 1.84 Billion	Php 1.91 Billion	4.2 %
Direct premiums written	Php 1.48 Billion	Php 1.63 Billion	10.7 %
Earned Premiums	Php 1.28 Billion	Php 1.34 Billion	4.6 %
Gross underwriting income	Php 1.37 Billion	Php 1.43 Billion	4.5 %
Net income	Php 236 Million	Php 161 Million	[31.9 %]
Net investment income	Php 165.6 Million	Php 166.9 Million	0.8 %
Net Loss Ratio	21.69	29.65	
Net GAE Ratio	36.99	36.18	
Net Acquisition Cost Ratio	33.19	32.8	
Combined Ratio	91.87	98.63	

The Company suffered its share of losses wrought by the natural disasters in 2012. Combined net losses for both the Motor and Fire lines from "Habagat" reached close to P43 Million while losses from Typhoon Pablo amounted to P3.5 Million. Notwithstanding these losses, however, the Company managed to keep its final net loss ratio to a decent 35.35% - 1.6% better than the previous year's 36.99%.



In 2012, the Company focused on increasing efficiency and invested in improving its processes and procedures, building the required IT support infrastructure, and in improving manpower wellness and training. Overall, while inroads were made in reducing acquisition costs and containing the losses, the Company achieved a Combined Ratio of 98.81% - down by 7.55% from the previous year's 91.87%.

2013 PLANS AND PROSPECTS

MAPFRE Insular remains focused in retaining and improving its status as a major player in the Philippine non-life insurance industry. The company will strive to seize the opportunities that would fall within the crosshairs of its field of competency attendant to the country's improving economy which is expected by the economists to grow by 6.2% in 2013.

To this end, the Company will continue to further advance in its organizational changes to create a flat and learning organization that is oriented to sustain business development; an organization that can adapt to the changing distribution channel landscape; and one that encourages continuous improvement in efficiency and profitability.

The organizational changes introduced in 2012 brought positive results. The creation of the three business lines (Motor, Property, and Miscellaneous Lines) to oversee the operations related to their portfolios, and their assuming the responsibility for both production and underwriting results, unified the actions of and significantly improved the coordination among the different units.

This will be carried on in 2013. Changes will be introduced as well in the commercial network to adapt the sales points to the new model. Three Branch Offices will be upgraded to Regional Offices to support the Company's geographical expansion and better control of branch operations. Branch Offices will be turned from mere sales points to extensions of the Head Office to bring the decision-making points to the market. They will be organized to provide better service to and be more pro-active in the development of business from various distribution channels.

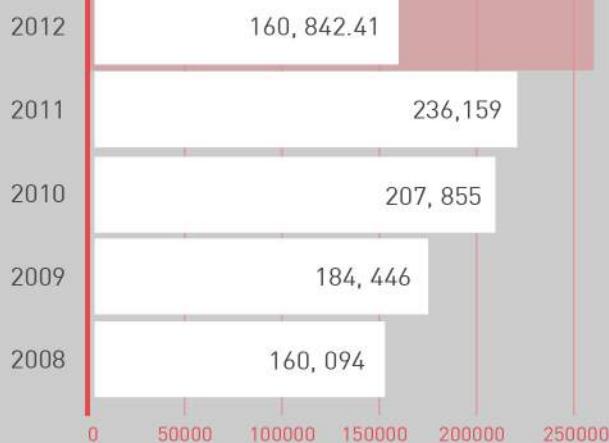
The contribution of the OFW business to achieving the Company's goals in 2012 cannot be overemphasized. The prospect in this market remains to be lucrative. So is the Microinsurance market that has significantly gained the attention of more players the past year. But they have their own peculiarities that set them apart from the traditional lines. The Company will thus create a special unit under the Miscellaneous Lines to better serve and pursue these markets.

To further improve efficiency, the Company will create a Training Unit that will address the training needs of the organization. The core processes and procedures will again be reviewed for more fine tuning. To provide a mechanism for quality control and more impetus in meeting customer satisfaction, a Complaints Unit will be created to address and manage the customer complaints. Finally, the IT Infrastructure and Business Intelligence systems will continue to be enhanced to be aligned with those of the Mapfre Group to support more informed decisions and future expansions in the Company operations.

In summary, the Company is poised to take up the challenges ahead and efficiency is its key to growth and profitability.

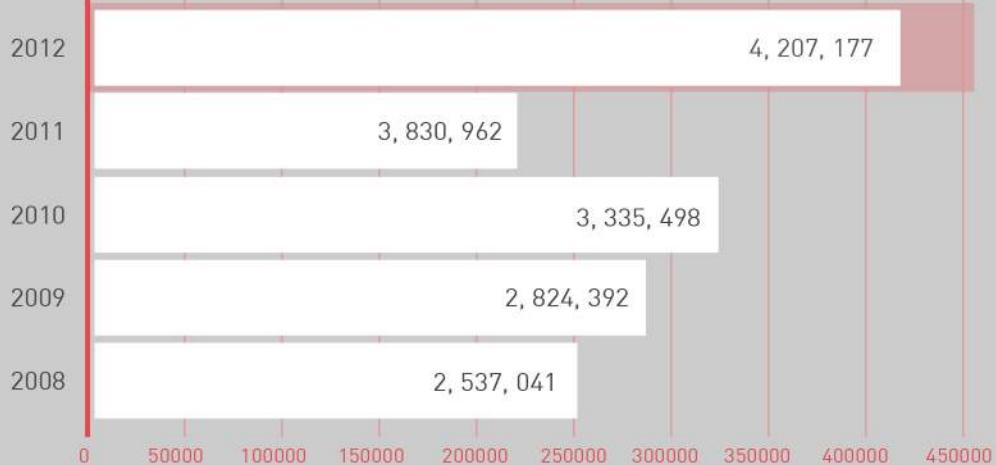
NET INCOME

Net Income (Loss)



TOTAL ASSETS

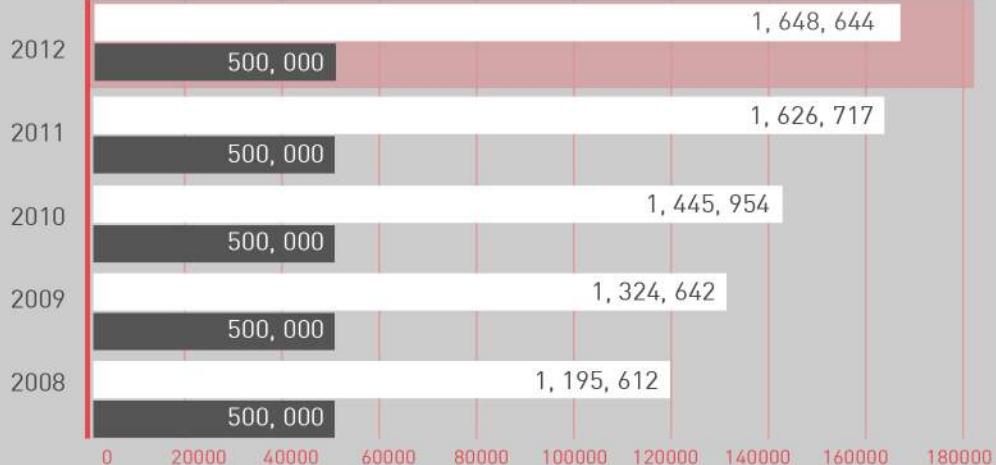
Total Assets



STOCK HOLDERS' EQUITY

S.E.

Paid-up Capital

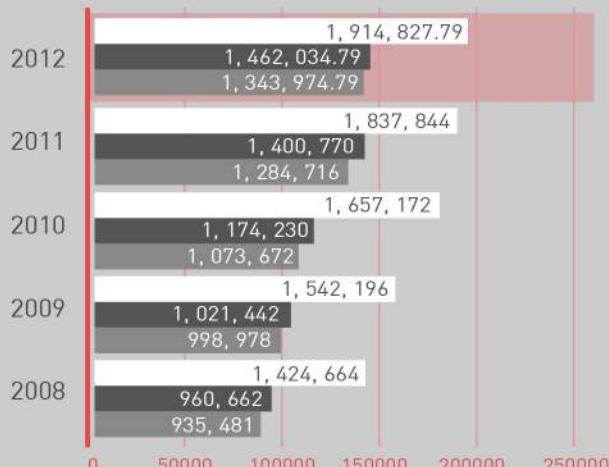


NET PREMIUMS EARNED

Gross Premiums

Net Premiums Retained

Net Premiums Earned



Products & Services

Casualty	Equipment Floater Liability Money, Securities & Payroll Fidelity Guarantee
Engineering	Contractors All Risk Electronic Equipment Erection All Risk Machinery Breakdown
Fire and Allied Lines	Commercial Fire La Casa La Tienda
Surety	Contractor's Bonds Judicial Bonds License and Permit Bonds Fidelity Bonds Custom's Bonds
Marine Cargo	Exportation Importation Inland Marine Inter-island
Motor Vehicle	Comprehensive Insurance Compulsory Third Party Liability Liability Guard Total Protector Auto Mas
Personal Accident	Accident Saver's Advantage Plan (ASAP) Family Personal Accident (FPA) Group Personal Accident (GPA) Standard Personal Accident (SPA) Student Personal Accident (SPA) Travel Personal Accident (TPA) Unnamed Passenger / Driver PA (UPPA) Christmas Card with Personal Accident Hospital Cash Protection Plan (HCPP) Premier Personal Accident (PPA) Compulsory Agency-Hired Overseas Filipino Workers
Microinsurance	Microinsurance

Officers

Glenn K. Tolentino	Senior Vice President Corporate Planning
Rolan L. dela Vega	Senior Vice President Finance and Administration
Marcelino N. Dayrit	First Vice President Makati Branch Operations (MBO)
Ray E. Gonzales	First Vice President Information Technology
Benjamin A. Parungo Jr.	First Vice President Branch Operations
Ma.Belen S. Africa	Vice President Internal Audit
Gracita Y. Chan	Vice President Motor Business Line
Eileen D. Clemente	Vice President Property Business Line
Theresa S. Distinguino	Vice President Human Resources Management
Ma.Emily S. Fernando	Vice President Miscellaneous Business Line
Vilma V. Marmita	Vice President Ortigas Office
Rodolfo V. Pestaño	Vice President Claims and Recovery
Neil J. Ceniza	Assistant Vice President Vis-Min Operations
Anna Melissa A. Florendo	Assistant Vice President Direct and Agencies
Tomas V. Mayoralgo Jr.	Assistant Vice President Agency Training and Micro Insurance Development
Atty. Paraluman L. Sanchez	Consultant Surety

Managers

TECHNICAL UNITS

Melanie S. Alejandro Senior Manager
Non-Motor Claims

Atty. Pamela Joy R. Co Senior Manager
Recovery and Legal

Prima Cristie C. Obias Senior Manager
Miscellaneous Business Line

Ma. Mirasol S. Agno Manager
Motor Business Line

Digna O. Magno Manager
Motor Car Adjustment

Mercedes C. Zepeda Manager
Motor Car Claims Processing

Rachel L. Requiron Assistant Manager
Motor Car Claims Processing (MBO)

Florinda B. Villaraza Assistant Manager
Property Business Line

Managers

SUPPORT UNITS

Marivic C. Aguilar Senior Manager
Corporate Accounting

Mildred R. Hugo Senior Manager
Application Services Development & Delivery

Marie Louise A. Lorenzo Manager
Learning & Marketing Development

Edgar R. Somosierra Manager
Infrastructure Services Development

Nancy A. Escoto Assistant Manager
Budget & Branch Accounting

Gertrudes B. Roxas Assistant Manager
Administration

Rozheila Ma. R. Samonte Assistant Manager
Total Compensation and Records Management

Michelle G. Simbillio Assistant Manager
Teleservice

Ronnel E. Villarico Assistant Manager
Massive Product Operations Unit

Managers

MAKATI BUSINESS OFFICE

Ma. Lynn R. Santos Manager
MBO Finance and Admin

Ronald Allan S. Arce Assistant Manager
Business Development

Mark Josph C. Makalintal Assistant Manager
Dealers' Unit and Office Sales

Managers

BRANCH OFFICES

Marcos C. Liamson Jr. Senior Manager
South Luzon Operations

Jay B. Bondoc Manager
San Fernando Office

Gay D. Bongocan Manager
Cagayan de Oro Office

Jojie L. Alvarez Assistant Manager
Lipa Office

Jose Grecen P. Amorte Assistant Manager
Bacolod Office

Jurgen G. Valderrama Acting Head
Davao Office

SALES OFFICES

Luis C. Cebrero Jr. Head
Parañaque Sales Office

Herschel Fitzgerald G. Tumibay Head
Angeles Sales Office

Angela F. Europa Head
Quezon City Sales Office

Maria Carolina B. Ylanan Head
Cebu Sales Office

Sharlene Mae F. Cambronero Head
Iloilo Sales Office

Head Office

Mapfre Insular Corporate Center Acacia Avenue, Madrigal Business Park
Ayala Alabang, Muntinlupa City

Branches

Makati Head: Marcelino N. Dayrit
Office Address: 3F Insular Life Building,
Ayala Ave. cor. Paseo de Roxas, Makati City
Tel: (632) 892-2769 / 902-2800
mbo@mapfreinsular.com

CLIENT SERVICE
Tel: (632) 902-2828 / (632) 894-0046
Fax: 876-4344 (Attn.: MBO Client Service)

Alabang Head: Marcos C. Liamson Jr.
Office Address: GF JJACCIS Building,
Acacia Ave., Madrigal Business Park,
Ayala Alabang, Muntinlupa City
Trunkline: (632) 822-3504
Fax: (632) 822-3504 (press 5 for fax tone)
alabang@mapfreinsular.com

Ortigas Head: Vilma V. Marmita
Office Address: G/F I-Square Building,
No.15 Meralco Avenue,
Ortigas Center, Pasig City
Tel/Fax: (632) 470-8204
ortigas@mapfreinsular.com

Lipa Head: Jojie L. Alvarez
Office Address: G/F The Trinity Business Center,
Ayala Highway, Brgy. Balintawak
Lipa City, Batangas
Tel: (043) 757-2603 / 757-2634 / 757-2057
Fax: (043) 757-2060
lipa@mapfreinsular.com

San Fernando Head: Jay B. Bondoc
Office Address: GF Queensland Commercial Plaza,
Mac Arthur Highway, Dolores, Pampanga
Tel: (045) 963-0788
Fax: (045) 860-6977 / 961-7720
sf@mapfreinsular.com

Cebu Head: Neil J. Ceniza
Office Address: 2F Insular Life, Cebu Business Centre,
Mindanao Ave., cor. Biliran Road,
Cebu Business Park, Cebu City
Tel: (032) 266-8811
Fax: (032) 266-0404
cebu@mapfreinsular.com

Davao	Acting Head: Jurgen G. Valderrama Office Address: GF Insular Life Bldg., Claro M. Recto Ave., Davao City Tel: (088) 222-1406 / 222-1407 / 224-3126 Fax: (082) 222-1405 davao@mapfreinsular.com
Makati	Head: Marcelino N. Dayrit Office Address: 3F Insular Life Building, Ayala Ave. cor. Paseo de Roxas, Makati City Tel: (632) 892-2769 / 902-2800 mbo@mapfreinsular.com
Iloilo	Head: Mary Ann P. Poral Office Address: Ground floor, Rosary Bldg., Iznart Street, Iloilo City Tel: (033) 3371271; (033) 3350208 Fax: (033) 3350506 iloilo@mapfreinsular.com
Bacolod	Head: Jose Grecen P. Amorte Office Address: GF PACE Bldg., Lacson cor. 2nd Streets, Bacolod City Tel: (034) 435-0253 / 434-8686 / 709-8995 Fax: (034) 435-0254 bacolod@mapfreinsular.com
Cagayan de Oro	Head: Gay D. Bongocan Office Address: G/F Insular Life Bldg., Apolinar Velez cor. Uldarico Akut Sts., Cagayan de Oro City Tel: (08822) 729-324; (088) 857-2679 / 857-2680 / 231-3436 231-3437 Fax: (08822) 724-288 cagayandeoro@mapfreinsular.com

Sales Offices

Parañaque	Head: Luis C. Cebrero, Jr. Office Address: No. 23 Aguirre Avenue, BF Homes, Paranaque City Tel: (632) 828-6865 Fax: (632) 828-6865
Angeles	Head: Herschel Fitzgerald G. Tumbay Office Address: #151 Sto. Rosario St., Brgy. Sto. Domingo, Angeles City 2009 Tel: (045) 625-0252 Fax: (045) 625-0252
Quezon City	Head: Angela F. Europa Office Address: Unit 3 Village Center Building, 187 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City Tel: Fax:
Cebu	Head: Maria Carolina B. Ylanan Office Address: Unit 109 TPE Bldg., Gov. Cuneco Ave., Banilad, Cebu City Tel: (032) 236 2164 Fax: (032) 236 2166
Iloilo	Head: Sharlene Mae F. Cambronero Office Address: Ground floor, Rosary bldg., Iznart Street, Iloilo City Tel: (033) 3371271; (033) 3350208 Fax: (033) 3350506

Legal Counsels

Picazo Buyco Tan Fider and Santos Law Offices
Tan Acut and Lopez Law Offices

Accredited Banks

Asia United Bank
Bank of Commerce
Bank of the Philippine Islands
Banco de Oro
China Banking Corporation
Chinatrust Commercial Bank Corporation
Citibank N.A.
Deutsche Bank
Eastwest Bank
Land bank of the Philippines
Maybank Philippines Inc.
Metropolitan Bank and Trust Company
Philippine Business Bank
Philippine National Bank
Philippine Savings Bank
Philippine Veteran's Bank
Postal Bank
Rizal Commercial Banking Corporation
Security Bank
Standard Chartered Bank
Unionbank of the Philippines
United Coconut Planters Bank
Lipa Bank
Bangko Mabuhay
Rural Bank of Cainta
Robinsons Bank

Corporate Profile

MAPFRE Insular is a non-life insurance company offering general insurance for optimum financial protection and risk management. It provides insurance services on fire and allied lines, motor vehicle, personal accident, casualty, liability, engineering, marine cargo, surety and microinsurance.

Founded in 1934, MAPFRE Insular today, ranks among the top five in the non-life insurance industry in terms of earned premiums, investment income, and net income. The company is also among the highest capitalized and most solvent in the non-life insurance business in the country.

Ownership Structure

MAPFRE SA of Spain owns about 75% or the majority of MAPFRE Insular with Insular Life owning 25%. MAPFRE Sociedad Anonima is the largest insurance conglomerate in Spain and is the leading non-life insurance company in Latin America and the 6th largest Non-Life Insurer in Europe. MAPFRE operates mainly in Spain and in over 46 countries worldwide. It has more than 20 million customers, 13.2 million insured vehicles and 5 million insured homes.

Insular Life is the first and largest domestic life insurance company in the country. It has a network of more than 100 branch offices nationwide. Insular Life has 100 years of experience in financial protection, savings and investments.

Network

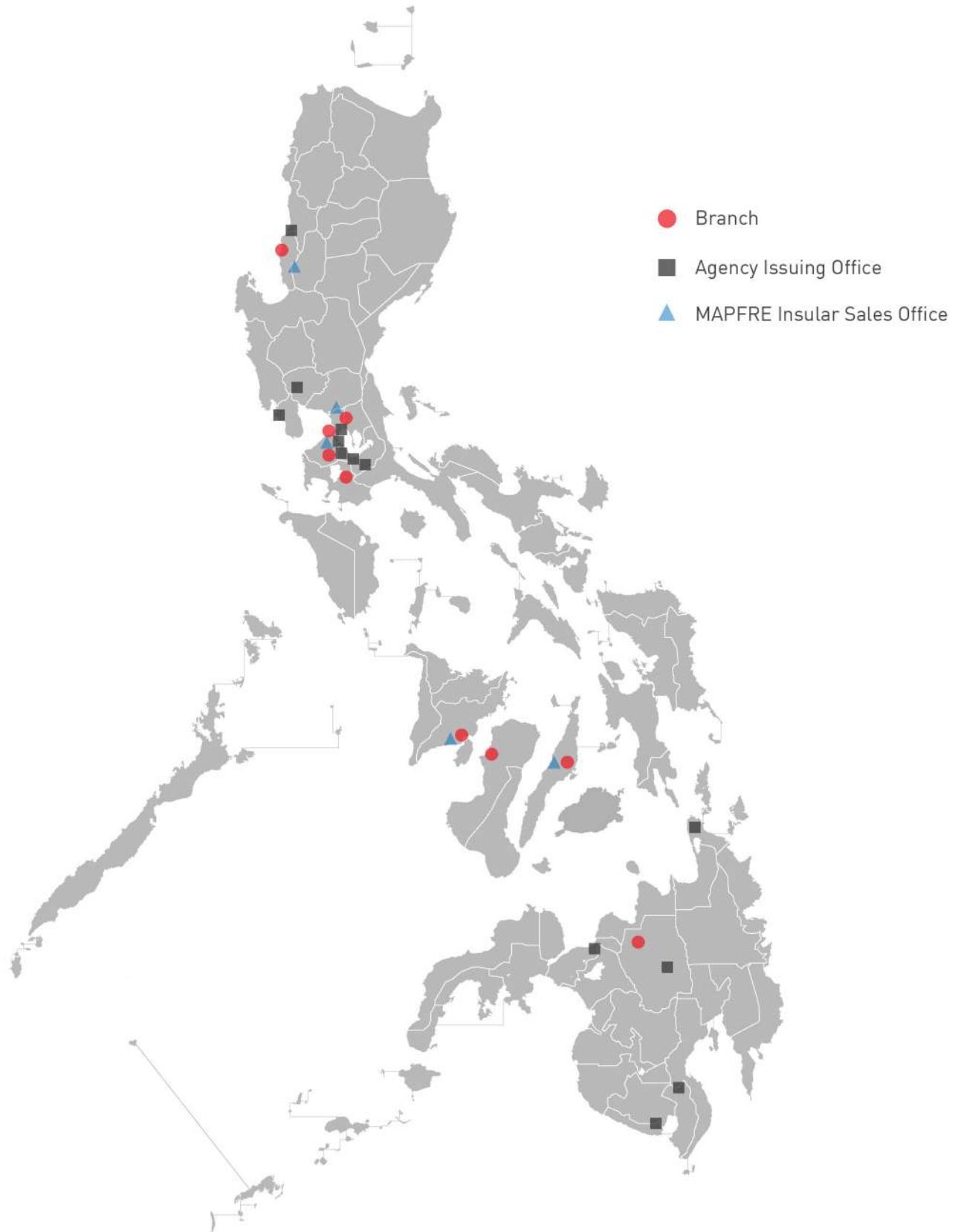
Mapfre Insular has 10 branches, 13 Issuing offices (General Agents Sales Offices) and 5 Sales Offices (MAPFRE Insular Sales Offices) throughout the country with over 1,300 licensed agents. The Company is headquartered at the Mapfre Insular Corporate Center, Madrigal Business Park, Ayala Alabang, Muntinlupa City.

Company Milestones

1984	Company is founded under the corporate name of Provident Insurance Corporation
1995	MAPFRE of Spain acquires Provident and renames the company MAPFRE Asian Insurance Corporation
2005	MAPFRE Asian Insurance Corporation merges with InsularGen, the non-life arm of Insular Life. The company is renamed MAPFRE Insular Insurance Corporation
2009	MAPFRE Insular Insurance Corporation marks its 75th year of corporate service

MAPFRE Insular Insurance Corporation

Branches, Distribution Channels & Sales Offices



MAPFRE GROUP IN 46 Countries

International Network

