

# AFP GENERAL INSURANCE CORPORATION



## *Annual Report* **2017**

— SagotKaNamin24/7 —

# AFPGEN THROUGH THE YEARS

For forty years in the industry, the Armed Forces and Police General Insurance Corporation has been the Primary insurer of the non-life assets of both the Armed Forces of the Philippines (AFP) and Philippine National Police (PNP) and now, it is also making a name in the general market as it is on its way to widening its reach by servicing general clientele.

AFPGEN developed a deeper understanding of the special concerns of its clients and delivered well on its mandate of protecting the country's defense assets as a provider of non-life insurance policies and issuer of surety bonds for the bidders and suppliers of the AFP and PNP.

In its aim to serve more people, AFPGEN is now rendering services, not only to AFP and PNP, but also to their dependents and to the general public.



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# AFPGEN

[www.afpgen.com](http://www.afpgen.com)

SAGOT KA NAMIN 24/7

## OUR VISION

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To be a non-life insurer preferred by the uniformed personnel and their dependents and the general clientele by 2019.

## OUR MISSION

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To protect the non-life insurable interests of the uniformed services, their personnel and family members and the general clientele.

## OUR VALUES

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### We ProTeCT

- **Professionalism** - We are a team composed of well-trained, knowledgeable, competent and proficient insurance practitioners adhering to the highest standards of business conduct.
- **Teamwork** - We work and support each other to achieve a common goal.
- **Commitment** - We fulfill our promises to our stakeholders.
- **Trustworthiness** - We are sincere with our words and actions in serving our clients.



## AVIATION INSURANCE



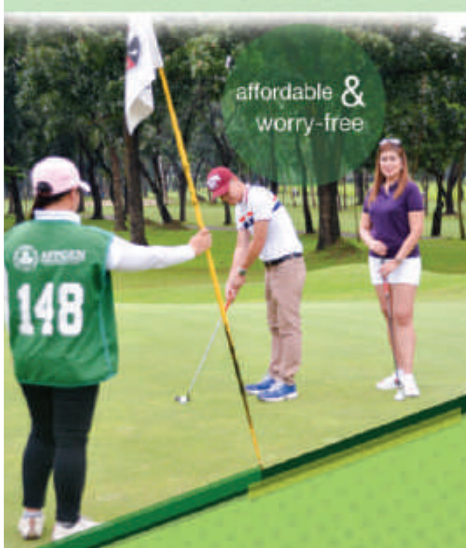
## BONDS and SURETY



## COMPREHENSIVE GENERAL LIABILITY INSURANCE



## GOLFER'S INSURANCE



## LICENSED FIREARMS LIABILITY



**MICRO INSURANCE**

sa halagang  
**Php 1,900.00**  
 isang taon akong  
 protektado 24/7

SAGOT KA NAMIN 24/7



OVERSEAS FILIPINO WORKERS  
 INSURANCE

Protects you  
 and your  
 FAMILY

TRAVEL INSURANCE

You're secured  
 24/7

PERSONAL ACCIDENT

You're secured  
 24/7

# MESSAGE FROM THE CHAIRMAN

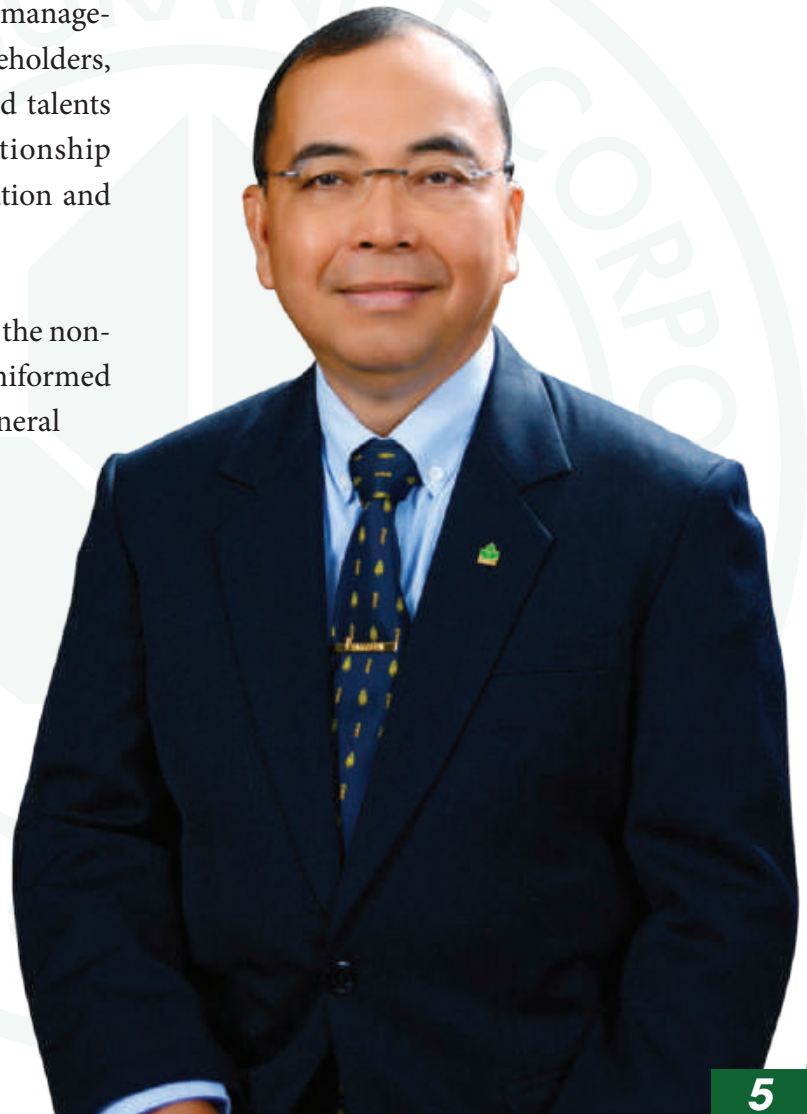
I wish to congratulate AFPGEN for continuing to prove itself as an icon of reliability in the highly competitive non-life insurance industry for the past 40 years.

With its pure and genuine concern for the needs of clients, AFPGEN has brought customer service to a different level. AFPGEN has really lived up to its tagline, “Sagot Ka Namin 24/7”.

AFPGEN continues to be resilient despite these challenges. From the devastation of any typhoon, earthquake, or other calamities, from the ashes of fire, and accidents on vehicles, rose AFPGEN willing and able to overcome these cudgels. The handholding of the people comprising AFPGEN, from the directors, to the management personnel, all the staff, including all stakeholders, has brought to the fore individual strengths and talents paving the way for a more harmonious relationship evidencing collective trust between the institution and the clients.

Indeed, AFPGEN lives by its mandate to protect the non-life insurance interests of personnel of the uniformed services, their respective families, and the general public.

**RADM PRIMITIVO P GOPO AFP(Ret)**  
Chairman, AFPGEN Board of Directors



# MESSAGE FROM THE PRESIDENT



AFPGEN has reached its 40th year in the insurance industry. Needless to say, we can truly say that the Company has come of age and it has entered the stage of maturity.

AFPGEN's performance for the year 2017 has been unprecedented. Garnering a 33.67% increase in Net Premiums Written, it has surpassed the average growth of the insurance sector at 16.71%. The Company has pushed itself to produce more, in the light of competing with the best in the market.

We have also contributed a 47.62% increase in Premiums Earned. This is higher than the 16.68% growth in other non-life insurance companies. Moreover, we have recorded a 33.45% growth in Gross Premiums Written as opposed to the 10.01% growth in the industry.

This is truly a testament to the hard work and determination of the Company, as it embarks on a more competitive slate.

Unfortunately, our Net Loss After Tax has depleted the income we have accumulated over the year. This was due to the fact that there were provisions and impairments that were compounded in the 2017 Audited Financial Statement. The net loss is due to the following:

1. Allowance for Impairment Losses on Premium Receivables amounting to P32.28M
2. Provision for Incurred But Not Reported (IBNR) amounting to P25.55M
3. Provision for Tax Liability amounting to P3.94M
4. Impairment Loss on PLDT shares amounting to P9.48M

These reasons have been detrimental to the 2017 Financial Statement of AFPGEN.

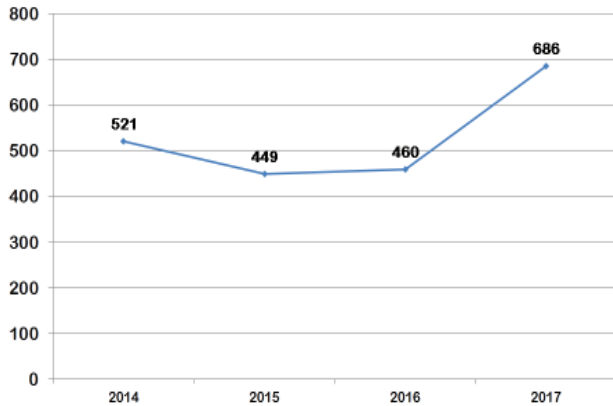
Moving forward, we have arranged the provisions and made sure that the impairments will be avoided for year 2018 and in the next years to come. We are optimistic that the Company shall rise and continue in its quest to be the preferred non-life insurance provider of the uniformed personnel, their family members and dependents, and the general clientele.

**LTGEN ALAN R LUGA AFP (RET)**  
President & CEO

# FINANCIAL HIGHLIGHTS

## FINANCIAL PERFORMANCE

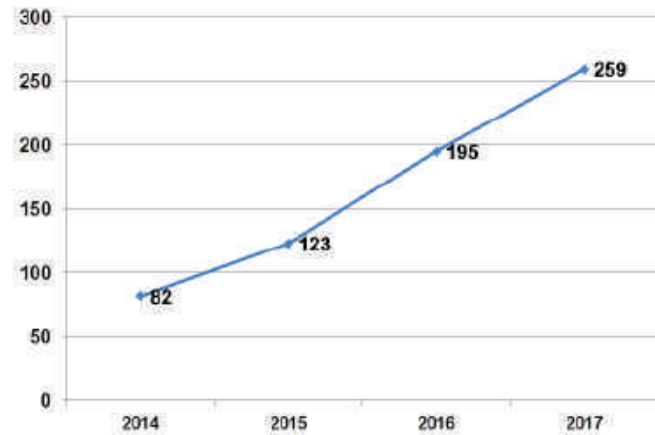
### NET WORTH



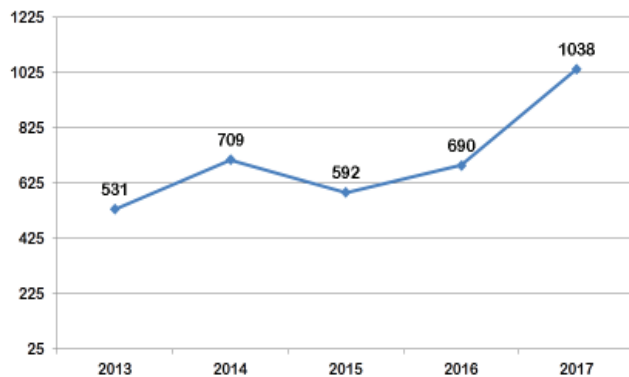
*Net worth increased by 49% in 2017, mainly due to infusion by the parent company, AFPMBAI.*

*Despite losing AFP and PNP Accounts, AFPGEN'S GPW has increased tremendously from 2014 to 2017.*

### GPW



### ASSETS



*AFPGEN Assets grew from P690M to P1038B in 2017. This is mainly due to increase in cash from AFPMBAI's infusion.*





# AFPGEN

www.afpgen.com

SAGOT KA NAMIN 24/7

## AFP General Insurance Corporation

AFPGen Bldg. EDSA cor. Bonny Serrano Road,  
Camp Aguinaldo, Quezon City, Metro Manila  
Trunkline No.: (02) 911.9888 Fax Nos.: 911.3149 • 421.2286  
Website: www.afpgen.com

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **AFP General Insurance Corporation** (the Company), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., the independent auditors appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

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RADM PRIMITIVO P. SOYO, AFP (RET)  
Chairman of the Board

\_\_\_\_\_  
LTGEN OSCAR P. LOPEZ, AFP (RET)  
Officer-In-Charge / Senior Vice President

\_\_\_\_\_  
BGEN ROLANDO M. AQUINO, AFP (RET)  
Corporate Treasurer

*Signed this 26th day of April 2018*

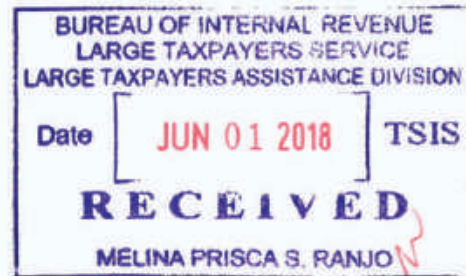


# AUDITOR'S REPORT

R.G. Manabat & Co.  
The KPMG Center, 9/F  
6787 Ayala Avenue, Makati City  
Philippines 1226  
Telephone +63 (2) 885 7000  
Fax +63 (2) 894 1985  
Internet www.kpmg.com.ph  
Email ph-inquiry@kpmg.com.ph

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
**AFP General Insurance Corporation**  
AFPGEN Bldg.  
Col. Bonny Serrano Road corner EDSA  
Quezon City



## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of AFP General Insurance Corporation (a wholly-owned subsidiary of Armed Forces and Police Mutual Benefit Association, Inc.) (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* 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 PFRS, 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.

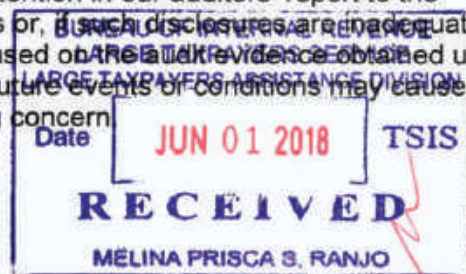
Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditors' 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 auditors' 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 PSA 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 PSA, 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 purpose of expressing 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 disclosures 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 in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 audits.

**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 32 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 management. 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 taken as a whole.

**R.G. MANABAT & CO.**

*Vanessa P. Macamos*

VANESSA P. MACAMOS

Partner

CPA License No. 0102309

SEC Accreditation No. 1619-A, Group A, valid until March 15, 2020

Tax Identification No. 920-961-311

BIR Accreditation No. 08-001987-38-2016

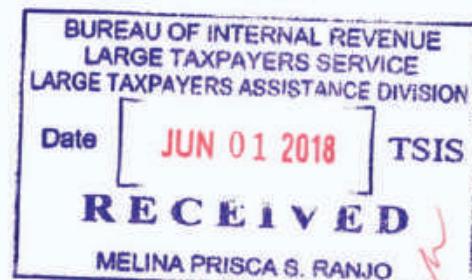
Issued December 16, 2016; valid until December 15, 2019

PTR No. 6615139MD

Issued January 3, 2018 at Makati City

April 26, 2018

Makati City, Metro Manila



# 2017 INCOME STATEMENTS

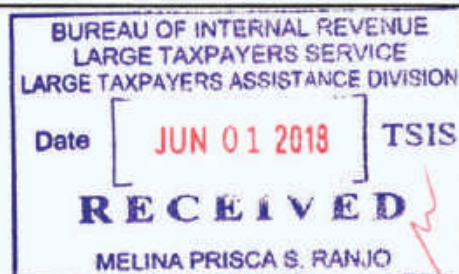
**AFP GENERAL INSURANCE CORPORATION**  
**(A Wholly-owned Subsidiary of Armed Forces and**  
**Police Mutual Benefit Association, Inc.)**

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**STATEMENTS OF FINANCIAL POSITION**

|   |           | December 31           |                     |
|---|-----------|-----------------------|---------------------|
|   | Note      | 2017                  | 2016                |
| <b>ASSETS</b>                                   |           |                       |                     |
| Cash and cash equivalents                       | 5, 7      | P144,964,915          | P40,088,429         |
| Short-term investment                           | 5, 8      | 7,488,450             | -                   |
| Insurance receivables - net                     | 9         | 150,246,154           | 143,393,454         |
| Subscription receivable                         | 5, 27, 28 | 47,250,000            | -                   |
| Available-for-sale (AFS) financial assets - net | 10, 32    | 320,458,312           | 320,626,722         |
| Held-to-maturity (HTM) investments              | 5, 11     | 248,381,421           | 67,646,062          |
| Deferred reinsurance premiums                   | 12        | 11,252,161            | 11,085,968          |
| Deferred acquisition costs                      | 13        | 32,934,217            | 22,467,112          |
| Investment properties                           | 14        | 4,944,000             | 21,289,000          |
| Property and equipment - net                    | 15        | 21,842,648            | 25,605,330          |
| Retirement asset                                | 25        | 483,958               | -                   |
| Deferred tax assets - net                       | 26        | 29,332,309            | 19,028,324          |
| Other assets - net                              | 16, 32    | 19,365,562            | 18,976,671          |
|   |           | <b>P1,038,944,107</b> | <b>P690,207,072</b> |
| <b>LIABILITIES AND EQUITY</b>                   |           |                       |                     |
| <b>Liabilities</b>                              |           |                       |                     |
| Insurance contract liabilities                  | 17, 32    | P125,511,797          | P124,494,343        |
| Insurance payables                              | 5, 18, 32 | 16,717,780            | 10,612,893          |
| Accounts payable and accrued expenses           | 19        | 82,186,049            | 39,806,772          |
| Income tax payable                              |           | 721,900               | -                   |
| Reserve for unearned premiums                   | 20        | 130,393,190           | 96,003,131          |
| Deferred reinsurance commissions                | 21        | 1,925,705             | 1,976,247           |
| Retirement liability                            | 25        | -                     | 889,138             |
| <b>Total Liabilities</b>                        |           | <b>357,456,421</b>    | <b>273,782,524</b>  |
| <b>Equity</b>                                   |           |                       |                     |
| Capital stock                                   | 5, 28     | 250,000,000           | 250,000,000         |
| Subscribed capital stock                        | 5, 28     | 275,000,000           | -                   |
| Additional paid-in capital                      | 5, 28     | 173,140,704           | 173,140,704         |
| Contributed surplus                             | 5         | 500,000               | 500,000             |
| Revaluation reserve for AFS financial assets    | 10        | (11,511,814)          | (53,472,021)        |
| Remeasurement of retirement asset (liability)   |           | (4,850,267)           | (5,747,216)         |
| Retained earnings (deficit)                     | 5         | (790,937)             | 52,003,081          |
| <b>Total Equity</b>                             | 5         | <b>681,487,686</b>    | <b>416,424,548</b>  |
|   |           | <b>P1,038,944,107</b> | <b>P690,207,072</b> |

*See Notes to the Financial Statements.*

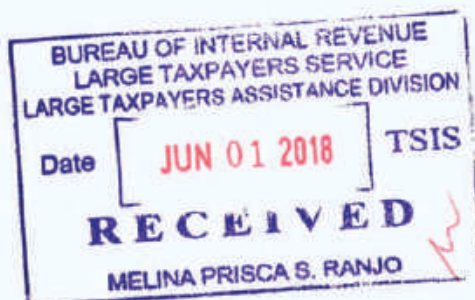


**AFP GENERAL INSURANCE CORPORATION**  
**(A Wholly-owned Subsidiary of Armed Forces and**  
**Police Mutual Benefit Association, Inc.)**

**STATEMENTS OF COMPREHENSIVE INCOME**

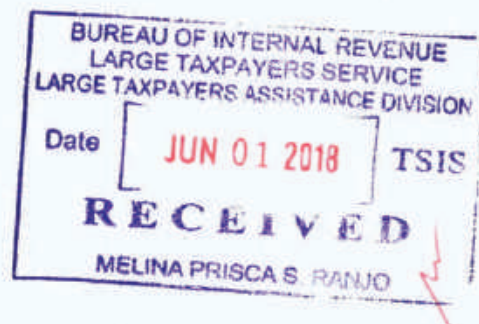
|  |        | Years Ended December 31 |                     |
|--|--------|-------------------------|---------------------|
|  | Note   | 2017                    | 2016                |
| <b>UNDERWRITING INCOME</b>   |        |                         |                     |
| Direct premiums written  | 20     | P229,588,862            | P155,825,589        |
| Premiums assumed   | 20     | 30,172,712              | 38,819,997          |
| Gross premiums   |        | 259,761,574             | 194,645,586         |
| Premiums ceded   | 12, 20 | (24,184,353)            | (18,407,142)        |
| Premiums retained  | 20     | 235,577,221             | 176,238,444         |
| Net change in the reserve for unearned premiums - net of change in deferred reinsurance premiums | 20     | (34,223,866)            | (39,841,556)        |
| Net premiums earned  | 20     | 201,353,355             | 136,396,888         |
| Reinsurance commissions earned   | 21     | 4,742,728               | 2,769,161           |
| Other underwriting income  |        | 1,343,551               | -                   |
| <b>GROSS UNDERWRITING INCOME</b>   |        | <b>207,439,634</b>      | <b>139,166,049</b>  |
| <b>UNDERWRITING EXPENSES</b>   |        |                         |                     |
| Losses and claims - net  | 22     | 69,279,813              | 55,319,626          |
| Commission expense   | 13     | 49,999,770              | 18,804,717          |
| Other underwriting expenses  | 22     | 23,878,601              | 14,765,275          |
|  |        | <b>143,158,184</b>      | <b>88,889,618</b>   |
| <b>NET UNDERWRITING INCOME</b>   |        | <b>64,281,450</b>       | <b>50,276,431</b>   |
| <b>INVESTMENT AND OTHER INCOME</b>   | 23     | <b>25,887,527</b>       | <b>15,280,742</b>   |
| <b>INCOME AFTER INVESTMENT AND OTHER INCOME</b>  |        | <b>90,168,977</b>       | <b>65,557,173</b>   |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>   | 24     | <b>151,188,488</b>      | <b>97,136,322</b>   |
| <b>LOSS BEFORE INCOME AND FINAL TAXES</b>  |        | <b>(61,019,511)</b>     | <b>(31,579,149)</b> |
| <b>TAXES</b>   |        |                         |                     |
| Current income tax   | 26     | 721,900                 | 391,273             |
| Deferred income tax (benefit) expense  | 26     | (10,688,392)            | 4,373,141           |
| Final tax  | 26     | 1,740,999               | 2,260,492           |
|  |        | <b>(8,225,493)</b>      | <b>7,024,906</b>    |
| <b>NET LOSS</b>  |        | <b>(52,794,018)</b>     | <b>(38,604,055)</b> |

Forward



|  |      | Years Ended December 31 |                      |
|--|------|-------------------------|----------------------|
|  | Note | 2017                    | 2016                 |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                       |      |                         |                      |
| <b>Item that may be reclassified to profit or loss</b>                         |      |                         |                      |
| Net change in fair value of AFS financial assets                               | 10   | P30,375,764             | (P2,948,615)         |
| Net change in fair value of AFS financial assets transferred to profit or loss | 10   | 11,584,443              | 4,592,834            |
|  |      | <b>41,960,207</b>       | <b>1,644,219</b>     |
| <b>Item that will not be reclassified to profit or loss</b>                    |      |                         |                      |
| Remeasurement gain on retirement asset (liability)                             | 25   | 1,281,356               | 4,588,586            |
| Income tax benefit   | 26   | (384,407)               | -                    |
|  |      | <b>896,949</b>          | <b>4,588,586</b>     |
| <b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>                          |      | <b>42,857,156</b>       | <b>6,232,805</b>     |
| <b>TOTAL COMPREHENSIVE LOSS</b>  |      | <b>(P9,936,862)</b>     | <b>(P32,371,250)</b> |

See Notes to the Financial Statements.



**AFP GENERAL INSURANCE CORPORATION**  
**(A Wholly-owned Subsidiary of Armed Forces and Police Mutual Benefit Association, Inc.)**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

|                                 | Capital Stock (Note 5, 28) | Subscribed Capital Stock (Note 5, 28) | Additional Paid-in Capital (Note 5, 28) | Contributed Surplus (Note 5) | Revaluation Reserves for AFS Financial Assets (Note 10) | Remeasurement Retirement Asset (Liability) | Retained Earnings (Deficit) (Note 5) | Total         |
|---------------------------------|----------------------------|---------------------------------------|---|------------------------------|---|--|--------------------------------------|---------------|
| Balance at January 1, 2016      | P 250,000,000              | P -                                   | P 173,140,704                           | P 500,000                    | (P 55,116,240)  | (P 10,335,802)                             | P 90,607,136                         | P 448,795,798 |
| Other comprehensive gain        | -                          | -                                     | -                                       | -                            | 1,644,219   | -  | -                                    | 1,644,219     |
| Remeasurement gain              | -                          | -                                     | -                                       | -                            | -   | 4,585,586                                  | -                                    | 4,585,585     |
| Net loss for the year           | -                          | -                                     | -                                       | -                            | -   | -  | (38,604,055)                         | (38,604,055)  |
| Total comprehensive gain (loss) | -                          | -                                     | -                                       | -                            | 1,644,219   | 4,585,586                                  | (38,604,055)                         | (32,371,250)  |
| Balances at December 31, 2016   | 250,000,000                | -                                     | 173,140,704                             | 500,000                      | (53,472,021)  | (5,747,216)                                | 52,003,081                           | 416,424,548   |
| Other comprehensive gain        | -                          | -                                     | -                                       | -                            | 41,960,207  | -  | -                                    | 41,960,207    |
| Remeasurement gain              | -                          | -                                     | -                                       | -                            | -   | 896,949                                    | -                                    | 896,949       |
| Net loss for the year           | -                          | -                                     | -                                       | -                            | -   | -  | (52,794,018)                         | (52,794,018)  |
| Total comprehensive gain (loss) | -                          | -                                     | -                                       | -                            | 41,960,207  | 896,949                                    | (52,794,018)                         | (9,936,862)   |

Transaction with the owner of the

| Company                      | Subscribed Capital Stock | Additional Paid-in Capital | Contributed Surplus | Retained Earnings (Deficit) | Total         |
|------------------------------|--------------------------|----------------------------|---------------------|-----------------------------|---------------|
| Balance at December 31, 2017 | P 250,000,000            | P 173,140,704              | P 500,000           | (P 790,937)                 | P 681,487,686 |

Transaction with the owner of the Company: **Subscribed Capital Stock**

Balance at December 31, 2017: **P 250,000,000**    **P 173,140,704**    **P 500,000**    **(P 790,937)**    **P 681,487,686**

See Notes to the Financial Statements.

**RECEIVED** JUN 01 2018 TSIS

BUREAU OF INTERNAL REVENUE  
 LARGE TAXPAYERS SERVICE  
 TAXPAYERS ASSISTANCE DIVISION

MELINA PRISCA S. RANJO



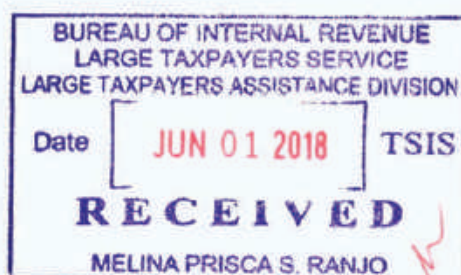
**AFP GENERAL INSURANCE CORPORATION**  
**(A Wholly-owned Subsidiary of Armed Forces and**  
**Police Mutual Benefit Association, Inc.)**

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**STATEMENTS OF CASH FLOWS**

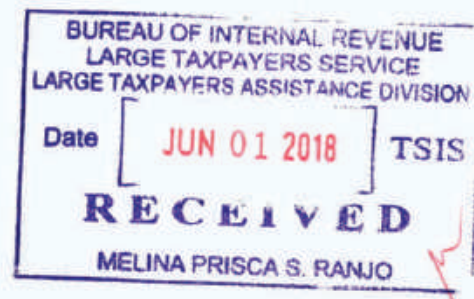
|   |        | Years Ended December 31 |               |
|---|--------|-------------------------|---------------|
|   | Note   | 2017                    | 2016          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |        |                         |               |
| Loss before income tax  |        | (P61,019,511)           | (P31,579,149) |
| Adjustments for:  |        |                         |               |
| Impairment loss   |        | 32,450,675              | -             |
| Provision for incurred but not reported (IBNR) claims                         | 17     | 25,552,034              | -             |
| Depreciation  | 15, 24 | 9,356,058               | 9,834,331     |
| (Gain) loss on sale of investment property                                    | 23     | (8,046,319)             | -             |
| Interest income   | 23     | (7,419,734)             | (2,642,740)   |
| Dividend income   | 23     | (7,418,870)             | (8,816,243)   |
| Retirement expense  |        | 2,641,509               | (719,575)     |
| (Gain) loss on sale of AFS financial assets                                   | 23     | (1,448,419)             | (1,476,109)   |
| Amortization of premium (discount) on HTM investments                         | 11     | (235,359)               | 677,958       |
| (Gain) loss on sale of property equipment                                     | 23     | (112,164)               | -             |
| Changes in:   |        |                         |               |
| Reserve for unearned premiums net of changes in deferred reinsurance premiums | 12, 20 | 34,223,866              | 39,841,556    |
| Deferred acquisition costs  | 13     | (10,467,105)            | (16,177,666)  |
| Deferred reinsurance commissions  | 21     | (50,542)                | 1,225,295     |
| Operating income (loss) before working capital changes                        |        | 8,006,119               | (9,832,342)   |
| Decrease (increase) in:   |        |                         |               |
| Insurance receivables   |        | (39,863,375)            | (85,941,387)  |
| Other assets  |        | 1,882,742               | 5,567,771     |
| Increase (decrease) in:   |        |                         |               |
| Provision for claims reported   |        | (24,534,580)            | 79,100,817    |
| Accounts payable and accrued expenses   |        | 42,379,277              | 1,436,771     |
| Insurance payables  |        | 6,104,887               | 7,590,735     |
| Net cash used in operations   |        | (6,024,930)             | (2,077,635)   |
| Income taxes paid   |        | (1,740,999)             | (2,856,850)   |
| Contributions paid  | 25     | (2,733,249)             | -             |
| Net cash used in operating activities   |        | (10,499,178)            | (4,934,485)   |

Forward



|   | Years Ended December 31 |                     |                    |
|---|-------------------------|---------------------|--------------------|
|   | Note                    | 2017                | 2016               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                         |                     |                    |
| Interest received                                     |                         | P6,405,231          | P6,766,704         |
| Dividends received                                    |                         | 6,161,740           | 5,181,031          |
| Acquisitions of:                                      |                         |                     |                    |
| AFS financial assets and HTM investments              |                         | (300,474,750)       | (72,800,262)       |
| Short-term investment                                 | 8                       | (7,488,450)         | -                  |
| Property and equipment                                | 15                      | (6,313,609)         | (2,743,882)        |
| Proceeds from sale of:                                |                         |                     |                    |
| AFS financial assets and HTM investments              |                         | 164,111,786         | 78,046,752         |
| Investment properties                                 |                         | 24,391,319          | 735,000            |
| Property and equipment                                |                         | 832,397             | -                  |
| Net cash provided by (used in) investing activities   |                         | (112,374,336)       | 15,185,343         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                         |                     |                    |
| Proceeds from subscribed capital                      | 5, 28                   | 227,750,000         | -                  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>      |                         | <b>104,876,486</b>  | <b>10,250,858</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> |                         | <b>40,088,429</b>   | <b>29,837,571</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>       | <b>7</b>                | <b>P144,964,915</b> | <b>P40,088,429</b> |

See Notes to the Financial Statements.



Big. 2016/69-R  
(No.) 2016/69-R



Republika ng Pilipinas  
Republic of the Philippines  
Kagawaran ng Pananalapi  
Department of Finance  
**KOMISYON NG SEGURO**  
INSURANCE COMMISSION

**KATIBAYAN NG PAGKAMAYKAPANGYARIHAN**  
CERTIFICATE OF AUTHORITY

**ITO AY PATUNAY** na ang **AFP GENERAL INSURANCE CORPORATION**  
(This is to certify that  
**NG LUNGSOD NG QUEZON, PILIPINAS**

na isang pang **DI-BUHAY**  
a **NON-LIFE**  
**(FIRE, MARINE, CASUALTY & SURETY)**

na kompanya ng seguro ay nakatugon sa lahat ng mga kailangang itinakda ng batas  
*insurance company, has complied with all requirements of law*

ng Pilipinas kaugnay sa gayong mga kompanya ng seguro, kung kaya pinagkakalooban  
*of the Philippines relative to such insurance companies, and it is hereby granted*

nitong **KATIBAYAN NG PAGKAMAYKAPANGYARIHAN** upang makipagnegosyo ng  
*this CERTIFICATE OF AUTHORITY to transact*

uri ng seguro na itinakda sa itaas hanggang ikalabingdalawa ng hatinggabi, ng ikatatumpu't isang  
*the class of insurance business above set forth until twelve o'clock midnight, on the thirty-first*

araw ng Disyembre, taong dalawang libo't labing-walo  
*day of December 2018*

maliban kung agad na bawiin o pigilin ng may makatuwirang dahilan.  
*unless sooner revoked or suspended for cause.)*



Bilang **KATUNAYAN NITO**, inilagda ko ang aking pangalan  
*(In WITNESS WHEREOF, I have hereunto subscribed my name*

at ikinintal ang Opisyal na Tatak ng aking Tanggapan  
*and caused my Official Seal to be affixed,*

sa Lungsod ng Maynila, Pilipinas. Ito ay may bisa  
*at the City of Manila, Philippines. This becomes*

simula ika-isa ng Enero 2016.  
*effective on 1 January 2016.)*

  
**EMMANUEL F. DOOC**  
Insurance Commissioner

\*AO No. 448 issued on  
December 22, 1980

Date Issued: \_\_\_\_\_



# AFPGEN

## SAGOT KA NAMIN 24/7



# OFFICE LOCATIONS

## CORPORATE OFFICE

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## BRANCH OFFICES

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