

March 21, 2023

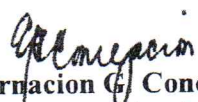
Hon. Dennis B. Funa
Insurance Commissioner
THE INSURANCE COMMISSION
Insurance Commission Building
1071 United Nations Avenue, Manila

Dear Commissioner Funa:

In compliance to your letter dated February 21, 2023 which we received via email on March 1, 2023, we are pleased to submit herewith the duly published copy of our company's approved **Synopses of Annual Statements** as of **December 31, 2021**. The said synopsis was published in The Philippine Star on March 13, 2023, in compliance with the provisions of Section 231 of the amended Insurance Code (R.A. 10607).

We hope you find everything in order.

Very truly yours,


Encarnacion G. Concepcion
SVP – Comptroller & CFO



Big corporates and small farmers

Perhaps the message is finally being heard. The big corporates must help small farmers because we are all in this together. Given that the government’s agriculture department seems lost, only the more organized and better financed conglomerates can step in and fill the gap.

President Marcos said as much in launching yet another program of GoNegosyo. But GoNegosyo’s focus is on MSMEs. The President was correct to refocus on the small farmers. Because before the MSMEs, the farmers must produce first.

The President stressed the importance of letting the farmers make money from their work. “In the end, this is about giving a decent living to our farmers, so they can live by the virtue of their hard work.”

Any serious food production program must make sure the farmers earn enough to feed and educate their families. Everyone makes money on the back of the farmers’ labor, from the traders to the retailers and commercial users of farm produce. The farmers are badly exploited.

There are many ways of helping the farmers. Beyond planting and harvesting, they need good post-harvest facilities to reduce spoilage and give farmers a fighting chance to get fair farmgate prices from the traders.

I am told that we lose as much as 40 percent of agricultural production due to spoilage. That’s a significantly large volume to lose. For the farmer, it could mean the difference between hunger or having enough to live on for the rest of the year.

During the pandemic, ordinary citizens from urban areas tried to help farmers and poor consumers by organizing community pantries. San Miguel Corporation worked with Rural Rising Ph to help 4500 farmers struggling to sell their harvests. It also provided consumers with fruits and vegetables at affordable prices through the company’s Better World Diliman

community center.

From the 1.7 million kilos “rescued”, Better World Diliman donated over 14,000 kgs of agricultural produce, including sayote, cabbage, lemons, watermelon to Tondo-based communities. SMC’s program also helped prevent food waste. These are all good civic conscious responses, but hardly enough nor sustainable.

What the big corporates must do to sustainably help is to include the small farmers in their supply chain. San Miguel also did something along that line. San Miguel Foods Inc. ramped up local corn purchases from farmer cooperatives nationwide after quarantine protocols and disruptions in transportation limited their ability to sell their produce. This helped guarantee off-take for corn farmers and at same time secured SMFI’s supply of raw materials. Making corn farmers part of SMC’s supply chain is how to help them.

Magnolia ice cream is also using a lot of carabao milk instead of imported milk. Not only are their products better tasting, using carabao milk gives rice farmers additional income. If more farmers sell carabao milk to Magnolia, the farmers will become part of Magnolia’s supply chain. This is sustainable assistance, not a one-time thing just meant for public relations imaging.

I have written here about Jollibee’s program with Nueva Ecija potato farmers. Jollibee provides the farmers with technical help to grow the potatoes to the standards and quality they need. Then Jollibee guarantees the farmers a ready market for all their potatoes soon after harvest. That’s another good example of making the farmer part of the supply chain of a big corporate that Jollibee is.

Universal Robina Corporation has a similar program in cooperation with the Canadian Embassy. I wrote about this last year, but it is worth recalling to illustrate how a big conglomerate can sustainably help our farmers beyond one-time PR-driven token assistance.

A group of farmers went on a five-day training course in Canada as part of URC’s collaboration with the Prince Edward Island Potato Board. There, they learned new techniques on seeding and planting, soil management, storage, and other key practices.

As part of the program, URC imported Granola potato seed from Canada for dissemination to several farming communities. The program has helped growers increase their yield.

Benguet potato farmers reported a double yield with the use of Canadian seed potatoes. Farmers reported harvesting an average of 20 tons, which at only P30 per kilo, could easily earn them P600,000 in just three months and 10 days.

The initiative for the program came from URC president Lance Gokongwei. He requested the DA for assistance in importing the chipping potato that local farmers do not grow and is needed by URC’s potato chip brand. That’s how the Canadians came in.

The seed variety was introduced through the Potato Development Program of the DA in partnership with URC. URC brought in 100 tons of G-3 potato planting materials from Prince Edward Island in Canada. These were distributed to farmers in Buguias, Benguet; Talakag, Bukidnon; and Kapa-tagan, Davao del Sur.

Part of the agreement is for URC, a subsidiary of JG Summit Holdings, to purchase medium-sized potatoes, while the large, extra-large, and marble potatoes will be sold in the open market. Robinsons Supermarket, also under JG Summit, will purchase the produce.

We often see pictures of farmers dumping their tomatoes and other produce on the roadside because they can’t get them to the markets. One way Ayala Corporation can help is to expand on the efforts of Air 21, which they recently acquired, to use the refrigerated vans delivering pharmaceuticals to the provinces. Air 21, under its old owner Bert Lina, used the return trip or back haul to NCR to ferry vegetables, which are delivered to Quiapo market where institutional buyers like restaurants and hotels source their requirements.

The SM Group that now owns 2Go can also help with the logistics of bringing farmers’ produce to markets, including their own supermarkets. SM can work with farmers cooperatives to provide this logistical support.

Metro Pacific, according to Manny Pangilinan, is thinking of re-entering the logistics business to complement their agri unit on which they are investing P8 billion.

I am sure there are other examples of how big conglomerates can help small farmers by making them part of the supply chain and helping with logistics. This is not charity or corporate social responsibility. This is business and it benefits everyone.

Boo Chanco’s email address is bchanco@gmail.com. Follow him on Twitter @boochanco

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Marinduque welcomes water desalination project

The Marinduque Water District recently conducted an unsolicited proposal via a Swiss challenge for a contract to convert sea or raw water into 29,200 cubic meters of potable fresh water daily to meet the province’s demand for clean water.

The Swiss challenge concluded on January 25 with main proponents, Peak Off-Grid, Innovations & Solutions Inc., a renewable energy and water desalination developer, winning the contract.

The almost P3-billion project aims to supply the 240,000 inhabitants of Marinduque with an uninterrupted supply of potable water using Finnish desalination technology running on solar power.

The project aims to alleviate the province’s freshwater resources from further stress by opening a new avenue of drinkable sources of water

such as the inexhaustible sea.

It involves the construction of distributed desalination facilities to convert raw seawater into fresh potable water safe for drinking and other household needs as well as for irrigation.

The project combines solar desalination technologies with freshwater management, efficient storage facilities, and rainwater harvesting to boost the supply chain.

In addition to providing freshwater, the project is expected to provide jobs to the locals given the area of coverage and size of the project.

The awarding ceremony for the contract, held on March 10 at the Marco Polo Hotel Ortigas, was attended by Marinduque Gov. Presbitero Velasco Jr, Rep. Lord Allan Velasco and Finnish Ambassador to the Philippines Juha Markus Pyykkö.

more 25-basis-point hike by BSP to a terminal rate of 6.75 percent, and thus expect a 25-basis-point hike at each of the next three monetary board meetings,” Paracuelles and Cipta said.

The BSP is widely anticipated to deliver a smaller rate hike of 25 basis points on March 23, as inflation finally eased after accelerating for five straight months since September last year.

“Beyond that, we still expect the BSP to reverse course and start cutting its policy rate, but only from March 2024, in line with our Fed call,” Paracuelles and Cipta said.

Nomura expects the Philippine gross domestic product (GDP) growth slowing down to 5.5 percent this year, lower than the six to seven percent target penned by government economic managers.

Paracuelles and Cipta said the slow-down would be led by lower household spending, as pent-up demand fades and persistently high inflation hurts household purchasing power.

Because of the weaker economic environment, Nomura believes the government’s target under its medium-term fiscal framework (MTFF) will be challenging.

Nomura sees the government’s budget deficit narrowing to 6.6 percent of GDP this year from 7.3 percent last year.

“We think revenues will underperform this year, given our nominal GDP growth forecast is lower than in the MTFF. Importantly, we think expenditures will hold up, led by capital outlays under the “build back more” infrastructure program,” the

economists said.

According to Nomura, high food and energy prices and

persistent domestic inflation pose downside risks to growth while upside risks include

higher foreign direct investment inflows and faster roll-out of infrastructure.



Madaling Kausap

PARAMOUNT LIFE & GENERAL INSURANCE CORPORATION SYNOPSIS OF THE ANNUAL STATEMENT VERIFICATION AS OF 31 DECEMBER 2021

	LIFE UNIT		NON-LIFE UNIT		TOTAL
ADMITTED ASSETS					
Cash on Hand	P	270,929.70	P	271,309.69	P 542,239.39
Cash in Banks		62,845,984.11		325,284,999.04	388,130,983.15
Time Deposits		166,098,849.68		102,102,756.88	268,201,606.56
Premiums due and uncollected		13,155,639.95		-	13,155,639.95
Premiums Receivable		-		336,964,304.09	336,964,304.09
Due from Ceding Companies, net		76,865,643.41		152,805,019.55	229,670,662.96
Amounts Recoverable from Reinsurers, net		11,320,884.75		645,194,211.10	656,515,095.85
Loans and Receivables		171,405,776.14		462,568.74	171,868,344.88
Available for Sale (AFS) Financial Assets		1,388,303,338.10		1,658,486,857.79	3,046,790,195.89
Investments Income Due and Accrued		2,769,055.34		9,163,638.27	11,932,693.61
Accounts Receivable		-		87,589,646.15	87,589,646.15
Property and Equipment		81,698,814.05		213,939,627.45	295,638,441.50
Investment Property		1,004,395,300.00		46,810,000.00	1,051,205,300.00
Righ of Use Asset		21,191,624.68		39,369,594.78	60,561,219.46
Security Fund Contribution		39,001.00		49,050.77	88,051.77
Deferred Acquisition Cost		-		130,771,184.66	130,771,184.66
Deferred Reinsurance Premiums		-		282,210,586.56	282,210,586.56
Other Assets		840,296.45		-	840,296.45
TOTAL ADMITTED ASSETS	P	3,001,201,137.36	P	4,031,475,355.52	P 7,032,676,492.88
LIABILITIES					
Aggregate Reserve for Life Policies	P	1,637,420,642.44	P	-	P 1,637,420,642.44
Policy and Contract Claims Payable		68,919,819.63		-	68,919,819.63
Claims Liabilities		-		1,309,804,853.60	1,309,804,853.60
Premium Liabilities		-		947,439,078.49	947,439,078.49
Due to Reinsurers		199,208,546.69		167,732,142.83	366,940,689.52
Funds Held for Reinsurers		-		41,959,450.30	41,959,450.30
Deferred Reinsurance Commissions		-		37,238,759.50	37,238,759.50
Premium Deposit Fund		16,738,259.72		-	16,738,259.72
Remittances Unapplied Deposit		55,498,313.65		-	55,498,313.65
Policyholders Dividends Due and Unpaid		23,424,794.60		-	23,424,794.60
Maturities and Surrenders Payables		93,019,837.80		-	93,019,837.80
Commissions Payable		3,160,140.76		-	3,160,140.76
Taxes Payable		17,945,374.35		256,072,621.33	274,017,995.68
Accounts Payable		378,388,327.47		155,394,122.57	533,782,450.04
Finance Lease Liability		67,083.24		-	67,083.24
Lease Liability		22,106,658.84		42,655,777.85	64,762,436.69
Pension Obligation		37,740,076.97		174,569,158.00	212,309,234.97
Deferred Tax Liability		113,331,148.15		-	113,331,148.15
Accrued Expenses		3,783,917.10		9,262,812.10	13,046,729.20
Other Liabilities		-		6,659,411.50	6,659,411.50
TOTAL LIABILITIES	P	2,670,752,941.41	P	3,148,788,188.07	P 5,819,541,129.48
NETWORTH					
Capital Stock Paid-Up		250,000,000.00		250,000,000.00	500,000,000.00
Contributed Surplus		-		12,648,380.80	12,648,380.80
Contingency Surplus		854,376,000.00		790,297,651.27	1,644,673,651.27
Capital paid in Excess of Par		52,841,892.00		-	52,841,892.00
Retained Earnings		(668,045,178.59)		(296,041,219.96)	(964,086,398.55)
Reserve Accounts					
Reserve for AFS Securities		(12,079,261.40)		6,710,838.37	(5,368,423.03)
Remeasurement on Life Insurance Reserves		(202,284,566.46)		-	(202,284,566.46)
Reserve for Appraisal Increment - Property and Equipment		57,024,255.15		163,838,918.02	220,863,173.17
Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)		(1,384,944.75)		(44,767,401.05)	(46,152,345.80)
TOTAL NETWORTH	P	330,448,195.95	P	882,687,167.45	P 1,213,135,363.40
TOTAL LIABILITIES AND NETWORTH	P	3,001,201,137.36	P	4,031,475,355.52	P 7,032,676,492.88

Capital Adequacy Ratio, as prescribed under existing regulations 154% 304%

This synopsis, prepared from the 2021 Annual Statement, approved by the Insurance Commissioner, are published pursuant to section 231 of the Insurance Code as amended (R.A. 10607)).