Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

27 November 2020

MGEN. RIZALDO B. LIMOSO PA (RET.)
President & CEO
ARMED FORCES & POLICE MUTUAL BENEFIT ASSOCIATION, INC.
Col. Bonny Serrano corner E. delos Santos Avenue
Quezon City
mp.orcullo@afpmbai.com.ph

SUBJECT: **Verification of 2019 Annual Statement**

Dear **MGEN. Limoso**:

This refers to your letter dated 23 November 2020 relative to the actions taken on the cited findings/observations in full compliance with the verification requirements, contents of which have been duly noted.

In view thereof, the figures in the attached Summary of Accounts shall be the final balance of the 2019 Annual Statement. Thus, the verification is now considered closed.

Very truly yours,

DENNIS B. FUNA
Insurance Commissioner

ARMED FORCES & POLICE MUTUAL BENEFIT ASSOCIATION, INC.
SUMMARY OF ACCOUNTS - FINAL BALANCE
Verification as of 31 December 2019

ADMITTED ASSETS		
Cash and cash equivalents	₱	2,415,440,375.70
Financial Assets at Amortized Cost		7,984,473,252.32
Financial Assets at Fair Value - Profit or Loss		24,639,419.20
Financial Assets at Fair Value - Other Comprehensive Income		1,768,458,394.93
Unremitted Members' Contributions, Dues & Fees		338,642.13
Unremitted Premiums		25,839,365.41
Accrued Income		151,842,413.67
Loans Receivable		8,415,321,884.87
Investment in Property		3,009,509,685.77
Property & Equipment		27,510,424.32
Other Non-Current Assets		33,736,362.66
TOTAL ADMITTED ASSETS	₱	**23,857,110,220.98**
LIABILITIES AND FUND BALANCE		
Liabilites		
Liability on individual equity value	₱	3,028,501,444.87
Basic contingency benefits reserve		100,420,770.42
Optional Benefit Reserve		12,859,721,655.41
Claims Payable on Basic Contingent Benefit		107,717,784.40
Claims Payable on Optional Benefits		468,350,237.97
Other Benefits Payable on Optional Policies		383,513,751.42
Premiums Received in Advance		2,478,859.47
Accrued Expenses		62,710,825.44
Unearned Income		394,713,197.13
Accounts Payable		770,664,079.31
Other Long-term Liabilities		769,759,729.11
TOTAL LIABILITIES	₱	**18,948,552,334.95**
Fund Balance		
Free and Unassigned Fund Balance	₱	1,893,723,844.98
Assigned Fund Balance		417,436,452.31
Funds Assigned for Guaranty Fund		80,000,000.00
Funds Assigned For Members' Benefits		227,436,452.31
Funds Assigned For Community Development		110,000,000.00
Revaluation Increment/Surplus		2,597,397,588.74
TOTAL FUND BALANCE	₱	**4,908,557,886.03**
TOTAL LIABILITIES AND FUND BALANCE	₱	**23,857,110,220.98**

AFPMBAI

Office of the President

OFFICE OF THE PRESIDENT

To: Head, CSG & CCSO
Attn: Head Finance

Date: Nov. 16, 2020

( ) Please Rush
(✓) Please Attend
( ) Please Return
( ) For Your Information
( ) For Your Comments
( ) Please Note & Return
( ) Please Take up with me
( ) Please File
( ) For Further Study

Verification of the 2019 Annual Statement

MGEN RIZALDO B LIMOSO PA (RET)
PRESIDENT AND CEO

Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

06 November 2020

THE BOARD OF TRUSTEES
ARMED FORCES & POLICE
MUTUAL BENEFIT ASSOCIATION, INC.
Col. Bonny Serrano corner E. Delos Santos Avenue
Quezon City
mp.orcullo@afpmbai.com.ph

ATTENTION: **MGEN. ROBERT M. AREVALO AFP (RET)**
President

SUBJECT: **Verification of the 2019 Annual Statement**

Dear **Gentlemen:**

Verification of the Association's 2019 Annual Statement (AS) disclosed the following:

I. FINANCIAL CONDITION

Total Admitted Assets		**23,857,110,219.99**
Total Liabilities		**18,948,552,334.95**
Total Fund Balance		**4,908,557,885.04**
Consisting of:		
Free and Unassigned Fund Balance	1,893,723,843.99	
Assigned Fund Balance:		
Funds Assigned for Guaranty Fund	80,000,000.00	
Funds Assigned for Member's Benefit	227,436,452.31	
Funds Assigned for Community Development	110,000,000.00	
Revaluation Increment/Surplus	2,597,397,588.74	
RBC Ratio		**219%**

The Guaranty Fund of **₱80,000,000.00** is compliant with the ₱12,500,000.00 Guaranty Fund requirement as provided under IMC 2006-2 dated 14 April 2006.

Likewise, the Risk-Based Capital (RBC) ratio of **219%,** computed based on Insurance Memorandum Circular No. 11-2006 dated 08 December 2006, is compliant with the minimum RBC ratio requirement.

II. FINDINGS AND REQUIREMENTS

1. ACCRUED INTEREST INCOME

Material discrepancy was noted in the Accrued Interest Income account, to wit:

Interest Earned but not yet due per Exhibit 2	₱380,290,420.28
Accrued Income per Exhibit 4	174,410,272.95
Discrepancy	₱205,880,147.33

Requirement:

a. ***Explain and reconcile the above finding.***

b. ***Pay the penalty amounting to ₱500.00 for the said finding as provided under IC CL No. 2014-15 dated 15 May 2014.***

2. UNREMITTED MEMBERS' CONTRIBUTIONS, DUES AND FEES / UNREMITTED PREMIUMS

The schedule included ₱25,725,957.71 that has lapsed or terminated as of financial date. Thus, the said amount is considered as non-admitted asset.

Requirement:

Explain the above finding.

3. MEMBERSHIP CERTIFICATE LOAN/POLICY LOANS

The schedule included loan balances of ₱450,637,489.31 that have lapsed or terminated as of financial statement date. Thus, said amount is considered as non-admitted asset.

Requirement:

Explain the above finding.

Attached herewith are the copies of the working balance sheet, computations of Guaranty Fund and RBC compliance and the summary of non-ledger assets, non-admitted assets and non-ledger liabilities as of year-end 2019.

Compliance with the above requirements within ten (10) days from receipt of this letter is hereby enjoined.

Very truly yours,

DENNIS B. FUNA
Insurance Commissioner

FPMBAI
ORKING BALANCE SHEET
ERIFICATION AS OF 31 DECEMBER 2019

ACCOUNTS	BALANCES PER CO		RECLASSIFYING ENTRIES DR		CR	ADJUSTED BALANCES	N L A	N A A N L L	ADMITTED ASSETS 31-Dec-19	ADMITTED ASSETS 31-Dec-18	INCR / (DECR)
ash and Cash Equivalent	2,483,685,823.69	1	186,481,144.20			2,670,166,967.89		254,726,592.19	2,415,440,375.70	1,575,483,260.39	839,957,115.31
nancial Assets at Amortized Cost (FAAC)	7,875,836,248.62					7,875,836,248.62	108,843,760.78	206,757.08	7,984,473,252.32	5,146,067,289.49	2,838,405,962.83
nancial Assets at Fair Value (FAFV) - Profit or Loss	38,815,744.85					38,815,744.85		14,176,325.65	24,639,419.20	398,748,501.08	(374,109,081.88)
nancial Assets at Fair Value (FAFV) - Other Comprehensive Income	2,178,712,446.74			4	1,447,600.00	2,177,264,846.74	600,000.00	409,406,451.81	1,768,458,394.93	284,745,165.00	1,483,713,229.93
ember's Contributions Due and Uncollected						-			-	2,793,269.31	(2,793,269.31)
et Premius Due and Uncollected						-			-	1,775,377.69	(1,775,377.69)
nremitted Member's Contributions, Dues and Fees	10,057,481.80					10,057,481.80		9,718,839.67	338,642.13		338,642.13
nremitted Premiums	41,846,483.45					41,846,483.45		16,007,118.04	25,839,365.41		25,839,365.41
ccrued Income	174,410,272.95					174,410,272.95		22,567,859.28	151,842,413.67	262,746,424.55	(110,904,010.88)
ther Current Receivables	257,947,787.52	2	11,841,592.40			269,789,379.92		269,789,379.92	-		-
repayments and other current assets	57,238,638.92					57,238,638.92		57,238,638.92	-		-
oans Receivable	9,591,145,737.25	3	199,767.88			9,591,345,505.13		1,176,023,620.26	8,415,321,884.87	8,903,273,023.51	(487,951,138.64)
nvestment in Associate	20,000,000.00					20,000,000.00		20,000,000.00	-		-
nvestment in Subsidiaries	453,265,704.00					453,265,704.00		453,265,704.00	-		-
nvestment in Property	3,536,142,720.90			4	2,769,283,263.47	766,859,457.43	2,405,322,272.60	162,672,044.26	3,009,509,685.77	3,071,783,340.14	(62,273,654.37)
roperty and Equipment- Net	247,810,714.22					247,810,714.22		220,300,289.90	27,510,424.32	28,110,531.87	(600,107.55)
hort Term Investments						-			-	2,047,878,267.97	(2,047,878,267.97)
ther Non-current Assets	39,418,115.09	6	80,947,815.00			120,365,930.09		86,629,567.43	33,736,362.66	1,128,005,616.45	(1,094,269,253.79)
OTAL ASSETS	27,006,333,920.00					24,515,073,376.01	2,514,766,033.38	3,172,729,188.41	23,857,110,220.98	22,851,410,067.45	1,005,700,153.53
								-			
iability on Individual Equity Value	3,028,501,444.87					3,028,501,444.87			3,028,501,444.87	2,425,823,234.88	602,678,209.99
asic Contingent Benefit Reserve	100,420,770.42					100,420,770.42			100,420,770.42	94,064,950.00	6,355,820.42
ptional Benefit Reserve	12,859,721,655.41					12,859,721,655.41			12,859,721,655.41	11,555,659,658.00	1,304,061,997.41
laims Payable on Basic Contingent Benefit	107,717,784.40					107,717,784.40			107,717,784.40	91,278,209.36	16,439,575.04
laims Payable on Optional Benefits	851,863,989.39	5	383,513,751.42			468,350,237.97			468,350,237.97	895,230,034.14	(426,879,796.17)
ther Benefits Payable on Optional Policies				5	383,513,751.42	383,513,751.42			383,513,751.42		383,513,751.42
remiums Received in Advance	2,478,859.47					2,478,859.47			2,478,859.47		2,478,859.47
nearned Income	301,295,785.98					301,295,785.98		93,417,411.15	394,713,197.13	231,180,492.88	163,532,704.25
ccounts Payable	758,822,486.91			2	11,841,592.40	770,664,079.31	-		770,664,079.31	838,634,644.93	(67,970,565.62)
ccrued Expenses	62,710,825.44					62,710,825.44			62,710,825.44	53,219,409.99	9,491,415.45
et Pension Liability	(80,947,815.00)			6	80,947,815.00	-			-		-
ther Long-term Liabilities	583,078,817.03			1	186,481,144.20	769,759,729.11			769,759,729.11	190,477,139.25	579,282,589.86
				3	199,767.88						
OTAL LIABILITIES	18,575,664,604.32					18,855,134,923.80	-	93,417,411.15	18,948,552,334.95	16,375,567,773.43	2,572,984,561.52
ree and Unassigned Fund Balance	5,051,026,683.76					5,051,026,683.76	108,843,760.78	3,079,311,777.26	1,893,723,844.98	3,510,317,843.90	(1,616,593,998.92)
											-
ssigned Fund Balance	417,436,452.31					417,436,452.31			417,436,452.31	298,616,598.55	118,819,853.76
Funds Assigned for Guaranty Fund	80,000,000.00					80,000,000.00			80,000,000.00	80,000,000.00	-
Funds Assigned for Member's Benefit	227,436,452.31					227,436,452.31			227,436,452.31	108,616,598.55	118,819,853.76
Funds Assigned for Community Development	110,000,000.00					110,000,000.00			110,000,000.00	110,000,000.00	-
Revaluation Increment/Surplus	2,962,206,179.61	4	2,770,730,863.47			191,475,316.14	2,405,922,272.60		2,597,397,588.74	2,666,907,851.57	(69,510,262.83)
TOTAL FUND BALANCE	8,430,669,315.68					5,659,938,452.21	2,514,766,033.38	3,079,311,777.26	4,908,557,886.03	6,475,842,294.02	(1,567,284,407.99)
TOTAL LIABILITIES & FUND BALANCE	27,006,333,920.00		3,433,714,934.37		3,433,714,934.37	24,515,073,376.01	2,514,766,033.38	3,172,729,188.41	23,857,110,220.98	22,851,410,067.45	1,005,700,153.53

AFPMBAI
VERIFICATION AS OF 31 DECEMBER 2019

1 COMPUTATION OF GUARANTY FUND:

Guaranty Fund per ISD as of 31 December 2019*	₱	80,000,000.00
Required Guaranty Fund per IMC No. 2-2006		12,500,000.00
Excess/(Deficiency)	₱	67,500,000.00

*Guaranty Fund per Investment Services Division (ISD) as of 31 Dec 2019

CHINABANK - 10YR RTBs	₱	30,000,000.00
UCPB - 25YR RTBs		50,000,000.00
Total	₱	80,000,000.00

2 RBC COMPLIANCE

RBC RATIO PER Examiner	219%
RBC RATIO REQUIREMENT	125%
Excess/(Deficiency)	94%

AFPMBAI
RBC EXHIBIT 17 - NET WORTH AND RBC RATIO
VERIFICATION AS OF 31 DECEMBER 2019

	RBC requirement
(1) C-1: Asset Default Risk (Exh 17, col 4 total)	1,394,711,842.81
(2) C-2: Insurance Pricing Risk (Exh 19, Part 1, col 5 total)	131,069,773.85
(3) C-3: Interest Rate Risk (Exh 20, col 10 total)	766,487,976.79
(4) C-4: General Business Risk (Exh 19, Part 1, col 5 total)	78,370,807.11
(5) Sum of C-1 to C-4 requirements	2,370,640,401
(6) Aggregate RBC requirement $\sqrt{((1)+(3))^2 \quad (2)^2} \quad (4)$	2,243,541,458
(7) Member's Equity	4,908,557,886
(8) RBC Ratio: (7) / (6)	219%
(9) RBC Ratio, previous year	192%

AFPMBAI
RBC EXHIBIT 18 - C-1 REQUIREMENTS
VERIFICATION AS OF 31 DECEMBER 2019

	Net Admitted Value	RBC factor	RBC requirement
	(2)	(3)	(4)=(2)x(3)
1. Bonds; Treasury Bills			
1.1. Government, in local currency	7,904,473,252.32	0%	-
1.2. Government, in foreign currency		1.6%	-
1.3. Investment Grade		1.6%	-
1.4. Below Investment Grade		10%	-
1.5. Near default		30%	-
2. Short -term Investments			
2.1. Government, in local currency		0%	-
2.2. Government, in foreign currency		1.6%	-
2.3. Investment Grade		1.6%	-
2.4. Below Investment Grade		10%	-
2.5. Near default		30%	-
3. Stocks			
3.1. Common Stocks	24,639,419.20	30%	7,391,825.76
3.2. Preferred Stocks			
3.2.1 Traded and Rated	61,410,000.00	15%	9,211,500.00
3.2.2 Non-traded and Non-rated		30%	-
4. Real estate (net of encumbrances)			
4.1. Company-occupied, up to quota		8%	-
4.2. Company-occupied, above quota	-	15%	-
4.3. Acquired in satisfaction of debt/foreclosed	33,736,362.66	30%	10,120,908.80
4.4. Investments in real estate	3,009,509,685.77	15%	451,426,452.87
5. Mortgage Loans and Purchase Money Mortgages			
5.1. In good standing	1,059,713,426.96	10%	105,971,342.70
5.2. Others		30%	-
6. Policy loans/Membership Certificate Loans	3,131,194,591.34	0%	-
7. Cash on Hand & in Banks			
7.1 Cash on Hand	12,660,000.00	20%	2,532,000.00
7.2 Deposits in banks and trusts	2,402,780,375.70	0.3%	7,208,341.13
7.3 Others (not in good standing)		20%	-
8. Collateral, Guaranteed and Other Loans			
8.1. Of best security		0%	-
8.2. Adequately secured	4,224,413,866.57	10%	422,441,386.66
8.3. Others		30%	-
9. Guaranty Fund	80,000,000.00	0.0%	-
10. Amounts Recoverable from accepting companies		4.0%	
11. Fees/Dues Receivable	338,642.13	8%	27,091.37
12. Life ins premiums & annuity considerations due/uncollected	25,839,365.41	8%	2,067,149.23
13. Accident & health premiums due/uncollected		8%	-
14. Electronic Data Processing Machines			-
14.1 Hardware	17,846,401.53	20%	3,569,280.31
14.2 Software	9,664,022.79	10%	966,402.28
15. Accrued Interest			
15.1. Overdue investment income		20%	-
15.2. AAA	151,842,413.67	20%	30,368,482.73
16. Other Investments	1,707,048,394.93	20%	341,409,678.99
15.1. AAA			-
15.2. BBB			-
17. Other assets (give items and amounts)		20%	-
16.1. AAA			-
16.2. BBB			-
18. Total assets and C-1 requirement	23,857,110,220.98	- x -	1,394,711,842.81

A/S FOR YEAR ENDED 12/31/2019 of ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INCORPORATED (AFPMBAI)

RBC EXHIBIT VII - Interest Rate Risk
C-3 REQUIREMENTS

	Liability / Valuation Standard (note 1) (1)	Valuation Interest (2)	Currency - ISO Code (3)	C-3 Category (note 4) (4)	Reserves, gross of reinsurance (5)	Reserves, net of reinsurance (6)	Current Interest (7)	Actual valuation spread (8)	Rounded valuation spread (9)	RBC factor (10)	RBC Requirement (6) X (10) (11)
#REF!	C3 LIABILITIES										
#REF!	Unearned Premium: Basic I	0.00%	PHP	S	37,865,981	37,865,981				0.00%	-
#REF!	Unearned Premium: Credit	0.00%	PHP	S	88,938,884	88,938,884				0.00%	-
#REF!	Claims reserves	0.00%	PHP	S	959,581,774	959,581,774				0.00%	-
#REF!	RSF (Accumulated Value)	2.00%	PHP	c2		-	2.605%	0.60%	0.50%	6.00%	-
#REF!	Equity Value (Accumulated	0.00%	PHP	L3		-	2.880%	2.88%	1.50%	0.00%	-
#REF!	1958 CSO CRVM	5.00%	PHP	L1	3,785,555	3,785,555	2.329%	-2.67%	-999.00%	6.00%	227,133
#REF!	1958 CSO CRVM	5.00%	PHP	L2	15,738,764	15,738,764	2.605%	-2.40%	-2.50%	6.00%	944,326
#REF!	1958 CSO CRVM	5.00%	PHP	L3	144,028,591	144,028,591	2.880%	-2.12%	-2.50%	6.00%	8,641,715
#REF!	1958 CSO CRVM	5.00%	PHP	E1	1,456,167,591	1,456,167,591	2.329%	-2.67%	-999.00%	6.00%	87,370,055
#REF!	1958 CSO CRVM	5.00%	PHP	E2	3,922,366,317	3,922,366,317	2.605%	-2.40%	-2.50%	6.00%	235,341,979
#REF!	1958 CSO CRVM	5.00%	PHP	E3	1,953,703,071	1,953,703,071	2.880%	-2.12%	-2.50%	6.00%	117,222,184
#REF!	1980 CSO CRVM	5.00%	PHP	E1	2,313,284,862	2,313,284,862	2.329%	-2.67%	-999.00%	6.00%	138,797,092
#REF!	1980 CSO CRVM	5.00%	PHP	E2	2,036,525,715	2,036,525,715	2.605%	-2.40%	-2.50%	6.00%	122,191,543
#REF!	1980 CSO CRVM	5.00%	PHP	E3	929,199,147	929,199,147	2.880%	-2.12%	-2.50%	6.00%	55,751,949
#REF!	Unearned Premium	0.00%	PHP	S	58,537,948	58,537,948	0.000%	0.00%	0.00%	0.00%	-
	Total	- x -	- x -	- x -	13,919,724,200	13,919,724,200	- x -		- x -	- x -	766,487,977

per company

NOTES & INSTRUCTIONS:

1) For help on inserting and deleting rows, press the 'Help' button.
2) Indicate by Valuation Standard (mortality and interest basis) in the same format and sequence as in Exhibit 8, but broken down furth
3) Legend:
   Enter data in light green black font shaded areas, as applicable 999,999.00
   Cells in tan color and blue font are linked to other schedules and exhibi 999,999.00

4) C-3 classification rules
i. S: Short term deposits and unearned premium reserves with GD ≤ 1 year
ii. L1: Whole Life, Term and Insurance plans with 1 year < GD ≤ 5 years
iii. L2: Whole Life, Term and Insurance plans with 5 < GD < 10 years.
iv. L3: Whole Life, Term and Insurance plans with GD > 10 years.
iv. E1: Endowment Plans, Annuities, Deposits with 1 year < GD ≤ 5 years.
v. E2: Endowment Plans, Annuities, Deposits with 5 < GD < 10 years.
vi. E3: Endowment Plans, Annuities, Deposits with GD > 10 years.

Reference Table for RBC Factors and Current Interest Rates
RBC Factors by Valuation Spread and C-3 Category (Zero for "S" liabilities)

Valuation Spread, rounded down 0.5%		E1	E2	E3	L1	L2	L3	S
	1	2	3	4	5	6	7	8
-3% or below	-999.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%
-2.5%	-2.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%
-2%	-2.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%
-1.5%	-1.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%
-1%	-1.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	0.0%
-0.50%	-0.50%	6.0%	6.0%	6.0%	5.1%	6.0%	6.0%	0.0%
0.00%	0.00%	4.5%	6.0%	6.0%	3.4%	6.0%	6.0%	0.0%
0.50%	0.50%	2.2%	6.0%	6.0%	1.7%	5.3%	5.3%	0.0%
1.00%	1.00%	0.0%	5.9%	5.9%	0.0%	2.2%	2.2%	0.0%
1.50%	1.50%	0.0%	2.2%	2.2%	0.0%	0.0%	0.0%	0.0%
2% or above	99.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Current Interest Rates for the year, as declared by the Commission:
L1, E1 rates are based on 5-year Treasuries while L2, E2 are based on 10-year Treasuries.

Currency - ISO Code	E1	E2	E3	L1	L2	L3	S
PHP	2.329%	2.605%	2.880%	2.329%	2.605%	2.880%	0.00%
USD	2.329%	2.605%	2.880%	2.329%	2.605%	2.880%	0.00%

AFPMBAI
RBC EXHIBIT 20, Part 1 - C-2 AND C-4 REQUIREMENTS
VERIFICATION AS OF 31 DECEMBER 2019

PART 1: C-2 Contingency	Exposure measure	Exposure, gross of reinsurance	Exposure, net of reinsurance	RBC Factor	RBC Requirement
(1)	(2)	(3)	(4)	(5)	(6) = (4)x(5)
1. Individual Life, non-par	NAR*	53,474,844,747	53,474,844,747	0.10%	53,474,845
adjustable premium	NAR*	21,212,155,944	21,212,155,944	0.08%	16,969,725
3a. Group Life: Basic Life	NAR*	476,801,737.00	399,629,817.00	0.08%	319,703.85
3b. Group Life: Credit Life	NAR*	5,488,918,059.00	5,488,918,059.00	0.08%	4,391,134.45
4. Life Annuity	Reserve			1.00%	-
5. Disability - active	Premium			25.00%	-
6. Disability - disabled	Reserve			10.00%	-
7. Accident	Premium	4,138,970.00	4,138,970.00	20.00%	827,794.00
8. Health	Premium			25.00%	-
9. Accident & Health	Premium			20.00%	-
10. Critical Illness	Premium			25.00%	-
11. Claim Reserves	p.3, item 4	959,581,774.00	959,581,774.00	5.00%	47,979,088.70
12. Other risks	Premium		-	5.00%	-
12.1 Payor's Clause	Premium	1,084,972	1,084,972	5.00%	54,248.60
12.2 Medical Extra	Premium	18,256,839	18,256,839	5.00%	912,841.95
12.3. Occupational Extra	Premium	122,807,856	122,807,856	5.00%	6,140,392.80
13. Total C-2 Requirement	- x -	- x -	- x -	- x -	131,069,773.85

c/o rose

* *NAR: Net Amount at Risk, or Death Benefit minus Policy Reserves*

PART 2: C-4 Exposure Measure		Exposure, gross of reinsurance	Exposure, net of reinsurance	RBC Factor	RBC Requirement
(1)		(2)	(3)	(4)	(5) = (3)x(4)
13. Total Premiums and annuity considerations, excluding 14		3,745,606,311.00	3,745,606,311.00	0.50%	18,728,031.56
14. Total Savings Deposits				0.00%	-
15. Total Admitted Assets, excluding 16			23,857,110,220.98	0.25%	59,642,775.55
16. Total Variable Life Separate Account Assets		- x -	-	0.10%	-
17. Total C-4 Requirement		- x -	- x -	- x -	78,370,807.11

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RBC EXHIBIT VII - C-3
VERIFICATION AS OF 31 DECEMBER 2019

Indicate by Valuation Standard (mortality and interest basis) in the same format and sequence as in Exhibit 8, but broken down further by Currency and C-3 Category.

Liability / Valuation Standard	Valuation Interest	Currency - ISO Code	C-3 Category	Reserves, gross of reinsurance	Reserves, net of reinsurance	Current Interest	Valuation spread	RBC factor	RBC Requirement '(6)x(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Unearned Premium : Basic Life	0.00%	PHP	S		-	- x -	- x -	0.0%	-
Unearned Premium : Credit Life	0.00%	PHP	S		-	- x -	- x -	0.0%	-
RSF (Accumulated Value)	2.00%	PHP	E2		-	3.70%	1.50%	2.2%	-
Equity Value (Accumulated Value)	2.00%	PHP	E2		-	3.70%	1.50%	2.2%	-
Total	- x -	- x -	- x -	0	0	- x -	- x -	- x -	-

Reference Table for RBC Factors and Current Interest Rates

RBC Factors by Valuation Spread and C-3 Category (Zero for "S" liabilities)

	C-3 Category			
Valuation Spread, rounded down 0.5%	E1	E2	L1	L2
2% or above	0.0%	0.0%	0.0%	0.0%
1.50%	0.0%	2.2%	0.0%	0.0%
1.00%	0.0%	5.9%	0.0%	2.0%
0.50%	2.2%	6.0%	1.7%	5.0%
0.00%	4.5%	6.0%	3.4%	6.0%
-0.50%	6.0%	6.0%	5.1%	6.0%
-1% or below	6.0%	6.0%	6.0%	6.0%

Current Interest Rates for the year, as declared by the Commission:
L1, E1 rates based on 5-year Treasuries while L2, E2 based on 10-year Treasuries.

Currency - ISO Code	E1	E2	L1	L2
PHP	3.79%	3.70%	3.79%	3.70%
USD				

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SUMMARY OF ADJUSTING JOURNAL ENTRIES

VERIFICATION AS OF 31 DECEMBER 2019

	ACCOUNTS	DR	CR
1	Cash in Bank	186,481,144.20	
	Other Liabilities		186,481,144.20
	To reclassify negative balance of Cash in bank to proper account.		
2	Other Assets	11,841,592.40	
	Accounts payable		11,841,592.40
	To reclassify negative balance of Accounts payable to proper account.		
3	Loans Receivable	199,767.88	
	Other Liabilities		199,767.88
	To reclassify negative balance of Loans Receivable to proper account.		
4	Revaluation Increment	2,770,730,863.47	
	Investment Property		2,769,283,263.47
	Stocks		1,447,600.00
	To close Revaluation Reserve-IP and Fluctuation Reserve-Stocks.		
5	Claims Payable on Optional Benefits	383,513,751.42	
	Other Benefits on Optional Policies		383,513,751.42
	To reclassify to proper account.		
6	Other Non Current Assets	80,947,815.00	
	Net Pension Liability		80,947,815.00
	To reclassify negative balance of Net Pension Liability.		
	TOTAL	3,433,714,934.37	3,433,714,934.37

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VERIFICATION AS OF 31 DECEMBER 2019

SUMMARY OF NON-LEDGER ASSETS

ACCOUNT		AMOUNT		REMARKS
Financial Assets at Amortized Cost-Tbills & Bonds	₱	108,843,760.78	-	Difference per examiner's computation vs. Book Value
Financial Assets at Fair Value-Preferred Stocks		600,000.00	-	Increase of Market Value vs. Acquisition Cost
Investment property		2,405,322,272.60	-	Appraisal Increase
	₱	2,514,766,033.38		2,514,766,033.38

SUMMARY OF NON-ADMITTED ASSETS

ACCOUNT		AMOUNT		REMARKS
CASH AND CASH EQUIVALENT				
Revolving Fund		1,336.20	-	No Fund custodian certification
REHD LBP	₱	1,727,842.66	-	Deposit in transit (date of OR 1-17-2020)
Time Deposit AFPSLAI		249,997,413.33	-	No certificate of time deposit presented
UITF-AFPSLAI		3,000,000.00	-	No proof presented
TOTAL		254,726,592.19		
FINANCIAL ASSETS AT AMORTIZED COST (FAAC)				
Government Bonds		206,757.08	-	Difference per examiner's computation vs. Book Value
TOTAL		206,757.08		
FINANCIAL ASSETS AT FAIR VALUE (FAFV)				
FAFV-Common shares		14,176,325.65	-	Shares kept by brokers
FAFV-Preferred shares		102,647,530.00	-	Shares kept by brokers
FAFV-Mutual Funds		104,164,986.61	-	NAA per company; per Statement of Account
FAFV-UITF		202,593,935.20	-	No Statement of Account presented
TOTAL		409,406,451.81		
ACCRUED INCOME		22,567,859.28	-	Principal NAA
OTHER CURRENT RECEIVABLE		269,789,379.92	-	NAA per company;NAA per Section 203 of the Amended Insurance Code
PREPAYMENTS AND OTHER CURRENT RECEIVABLE		57,238,638.92	-	NAA per Section 203 of the Amended Insurance Code
LOANS RECEIVABLE				
Medal Receivable		6,928,468.52	-	Long outstanding account not included in the Allowance for Impairment set up by the company
Real Estate Housing Loan Receivable		113,958,250.33	-	TCT not presented
Real Estate Mortgage Loan		603,979,127.25	-	TCT not presented; No SPA; Excess of loanable value; Admitted up to amount annotated
Real Loans Receivable Pag-ibig		520,284.85	-	NAA per company
Membership Certificate Loans		15,552,717.98	-	MCL >Equity ;terminated/lapsed membership
Policy Loans		435,084,771.33	-	PL>Res; terminated/lapsed membership/policies
TOTAL		1,176,023,620.26		
INVESTMENT IN ASSOCIATES		20,000,000.00	-	No proof presented
INVESTMENT IN SUBSIDIARIES		453,265,704.00	-	Under Conservatorship
INVESTMENT PROPERTY		162,672,044.26	-	Appraisal increase no IC approval; admitted at acquisition cost
PROPERTY AND EQUIPMENT		220,300,289.90	-	NAA per company;NAA per Section 203 of the Amended Insurance Code;Ongoing software upgrade no proof
OTHER NON-CURREN ASSETS (FORECLOSED)		86,629,567.43	-	Not presented; NAA per Company
UNREMITTED MEMBERS' CONTRIBUTION, DUES & FEES		9,718,839.67	-	Terminated/lapsed membership
UNREMITTED PREMIUMS		16,007,118.04	-	Terminated/lapsed membership
GRAND TOTAL	₱	3,172,729,188.41		

SUMMARY OF NON-LEDGER LIABILITIES

ACCOUNT		AMOUNT		REMARKS
UNEARNED INCOME - FAAC	₱	93,417,411.15	-	Unearned Bond Discount
	₱	93,417,411.15		