

A hand in a grey suit jacket is holding a red umbrella. The umbrella is open and covers the top half of the page. The hand is positioned on the right side of the page, with the thumb and index finger gripping the wooden handle. The background is plain white.

# Banking on bancassurance in the new normal

**T**he jury is still out on the net impact of the coronavirus disease 2019 (COVID-19) pandemic on bancassurance firms following a rough year of extended quarantines and economic recession.

Still, if there's a silver lining for these firms, it is that it has led to increased awareness towards insurance products.

"We have received more inquiries on our products than usual this year, which is an indication of increased awareness for insurance protection among the population at this particular time," BPI-Philam Life Assurance Corp. Chief Executive Officer Surendra Menon said in an e-mail.

Mr. Menon added that the uncertainty that comes with COVID-19 has led more people to seek out security through insurance. "Customers actually come to us on our digital channels to learn more," Mr. Menon said.

"Product sales have been hugely skewed to insurance protection products with smaller ticket sizes but with more stable margins," he said.

In an e-mail interview, Allianz PNB Life Insurance, Inc. Senior Vice-President and Chief Marketing Officer Gino Riola shared this assessment: "There is heightened insurance awareness in fact across various market segments brought about by the pandemic especially for health insurance coverage. We see this in the increased take-up of our new Eazy Health proposition, which is an affordable insurance solution that will help Filipino families future-proof their health," he said.

This preference towards insurance products runs consistent with a survey released by market research firm GlobalWebIndex in July. Asked on whether they have delayed purchases on insurance, only 12% of Filipino respondents said

they have done so — the lowest among other goods which include other expenses such as vacations or clothes where responses were as high as 63% and 52%, respectively.

Mr. Riola also noted that Filipinos continue to look for alternative financial investments given the low interest rate environment, citing for instance the sales of their single premium unit-linked policies which are at an "all-time high."

BPI-Philam Life and Allianz PNB Life are only some of the bancassurance arrangements in the country. Considered a relatively nonexistent practice in the country's insurance industry around two decades ago, bancassurance is now widely regarded as an essential business among local financial services firms.

Bancassurance is a partnership between a bank and an insurance firm that allows the former to sell within its premises the products of the latter. Under this arrangement, banks earn through fees while insurance companies gain access to the lenders' customers via the referral process.

Bigger banks have already partnered with insurance for bancassurance deals. Among these partnerships include