

that of the Bank of the Philippine Islands and the Philippine American Life and General Insurance Co. (BPI-Philam Life), the Philippine National Bank and Allianz SE (Allianz PNB Life), and the UnionBank of the Philippines, Inc. and Insular Life Assurance Co. Ltd. (UnionforLife).

But even these partnerships were put to the test when strict lockdowns were put in place in late March to combat the spread of the virus.

“The height of ECQ (enhanced community quarantine) during the second quarter delivered the worst case scenario so far during this pandemic: the Insurance Commission temporarily suspended agency examinations, branches were closed or had limited operations, and Filipino consumers postponed their purchase decisions,” Allianz PNB Life’s Mr. Riola said.

Since then, bancassurance sales agents have migrated online to peddle their goods and services.

“We have responded with our bank partners by enhancing the efficiency and effectiveness of our online sales processes and tools, so that purchasing an insurance policy are not hindered by quarantine restrictions,” Mr. Riola said.

UnionBank of the Philippines, Inc. Head of Bancassurance Sales Dinesh M. Sahijwani said in an e-mail that they “have been always prepared” for “black swan events” such as COVID-19, noting that their relationship managers were still able to connect with their clients through their Digital Relationship Manager MAX 5.0 and Automatic Underwriting System, both aimed towards providing service to their clients remotely using web and app-based systems.

“Even to open an account, we can do it remotely. You need not visit the branch anymore and soon our customers will be able to avail an insurance package through our convergent banking app,” Mr. Sahijwani said.

“The realistic worst-case scenario is not being able to connect with your customers...,” he added.

BPI-Philam Life’s Mr. Menon said that while individually, people are spending less on insurance, there are still more people willing to spend for it.

“So, to adapt, we have pivoted to selling our products online to allow customers to secure their lives even while doing social distancing,” Mr. Menon said.

For Mr. Menon, sales via digital channels and digital tools such as virtual meetings have become a significant part of their sales and premium payments and thus, is confident that they will be able to maintain sales even in cases of extended quarantines. However, he noted that they continue to experience “telecommunication infrastructure issues” in the more remote parts of the country even as it represent less than 10% of their overall sales.

“[E]ven at 50% of our current scale, the economics of our business is still viable albeit with lower levels of profit (but nonetheless profitable),” he said.

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OUTLOOK


Moving forward, bancassurance still has miles to go in addressing the concerns surrounding the industry.

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Another concern is the country’s low insurance penetration rate, or total premiums as a percent of economic output. Data by the Insurance Commission show that as of 2018, penetration rate stands at 1.63% based on current prices.

“The industry, in general, needs to address the still huge protection gap in the Philippines well into 2021 and even post-pandemic — gearing their offerings and services to a population that will become more variable income dependent (as apart from fixed income-salaries),” BPI-Philam Life’s Mr. Menon said.

“In the same way, this serves as an opportunity for us to protect more and more people and help improve their quality of life. If anything, COVID-19 has made the idea of protection more tangible and real, which helped more people appreciate the value of insurance as a necessity rather than just an option in modern life.”

Allianz PNB Life’s Mr. Riola share the same sentiments: “The protection gap in the Philippines remains in the trillions of pesos and COVID-19 has only increased our resolve in terms of insuring more Filipinos. We aim to do our part in filling this gap by targeting the very young demographic in the country...” — **Jobo E. Hernandez** 

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