

Empowering Rural Banks as Key Drivers for Inclusive Growth



**PHILIPPINE
LIFE INSURANCE
ASSOCIATION, INC.**

JESUS ANTONIO “SANIE” DOSDOS
Presenter

RURAL BANKERS ASSOCIATION OF THE PHILIPPINES

61st Annual National Convention and General Membership Meeting
May 21-22, 2014 SMX Convention Center Davao



PHILIPPINE
LIFE INSURANCE
ASSOCIATION, INC.

“How can partnership with life insurance companies empower rural banks as drivers of inclusive growth through microinsurance?”





**PHILIPPINE
LIFE INSURANCE
ASSOCIATION, INC.**

The Philippine Life Insurance Association, Inc. (PLIA) is the umbrella organization of the 30 life insurance companies operating in the country.

It was founded in 1950 and has been in existence for 63 years.



PLIA has the following main objectives:

- ▶ Catalyze the growth and development of the industry.**
- ▶ Harness resources to address industry issues and concerns.**
- ▶ Serve the best interest of its policyholders and the insuring public.**

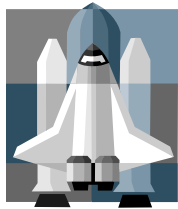


Industry performance highlights:

- ▶ **39% growth in 2012 total premium income, from Php 86.345 billion to Php 120.301 billion**
- ▶ **2013 total premium income preliminarily tallied at Php 169 billion or another double-digit growth of 41%**
- ▶ **Significant excess versus the Php 150 billion total premium target in 2013.**



**% Insured
vs. Total Population**



22% as of 2012

PLIA sees Microinsurance as an enabler that can substantially contribute to the lifting of the ratio of insured individuals to total population.

PLIA has undertaken the following in support of Microinsurance:

1. Created the PLIA Microinsurance Ad Hoc Committee shortly after the launch of the “National Strategy for Microinsurance” and the “Regulatory Framework for Microinsurance”, which aims to:
 - θ establish awareness on Microinsurance among the member companies
 - θ encourage the members to develop and sell Microinsurance products
 - θ provide inputs to the industry on Microinsurance matters as needed

2. Held two forums on Microinsurance



Forum 1 (April 14, 2011)

Speaker: Mr. Hernan Poblete Miranda

Special Representative for LL Global, Latin America & International Microinsurance
Research Director



Forum 2 (May 25, 2011)

Speaker: Mr. Michael McCord

President

MicroInsurance Centre, LLC

Wisconsin, USA



3. Actively participated in the DOF Technical Working Group activities relating to Life Product Development, Financial Literacy and Performance Standards.

4. Assisted in the review, revision, finalization and approval of the prototype Life Microinsurance contracts.

5. Sent 25 participants to the Performance Standard Seminar held last November 23-25, 2011 at Lima Park Hotel, Malvar, Batangas



PLIA MEMBERS WHO ARE ACCREDITED MICROINSURANCE PROVIDERS BY THE IC

Climbs Life and General Insurance Cooperative	May 29,2006
Philamlife and General Insurance Company	September 6,2006
BPI-Philam Life formerly (Ayala Life)	December 6,2006
Insular Life Insurance Company	February 26,2007
Pioneer Life Insurance Company	August 31, 2007
Sunlife Insurance	September 27,2007
Country Banker Life	March 7,2011
Manila Bankers Life	October 18,2011
Philippine Prudential Life	April 7,2011
Asian Life & General Insurance	April 1,2011
BanLife Insurance Co., Inc.	December 7,2011
Cooperative Insurance Systems of the Philippines	December 7,2011
Manulife Insurance, Inc.	January 25,2012
United Coconut Planters Life Assurance Corporation	January 25,2012
BF Life Insurance Corporation	March 14,2012
Sunlife Grepa Financial, Inc.	June 26,2012
Beneficial Life Insurance Co., Inc.	July 17,2012



TYPES OF MICROINSURANCE PRODUCTS OFFERED BY LIFE INSURERS

Group Yearly Renewable Term Life (GYRT)

Group Yearly Term Accident Insurance

Group Credit Life Insurance

Group Savings Plan

Accident and Health Insurance Plan

5-Pay 15-Year Term Endowment Plan

Single Pay 10 Year endowment Plans

Single Pay Endowment 7 and 14 Plans

Family Coverage Plans

GYRT with Surgical Expense Benefit Plans

Mutual Aid Benefit Plans



Relationship of Life insurer and rural banks for microinsurance

- ❑ Microinsurance partnership a distribution channel of life insurers with rural banks, bringing insurance protection to the doorstep of the rural bank depositors.**
- ❑ Microinsurance partnership as a profit center of rural banks in addition to its core business.**



Microinsurance Partnership & Distribution Agreement to Clearly Address

- 1. Require solid legal contract / servicing agreements**
- 2. Volume targets & type of products to be sold**
- 3. Sharing of margins between the microinsurance provider (life insurers) & the distributor (rural banks)**



Value Creation Through Partnership...

Rural Bank

- Individual Depositors & relationships
- Distribution network
- Financial strength
- Microinsurance Agent
- Brand Name (Credit Provider)

Life Insurance provider

- Sales & marketing expertise for insurance products
- Strong technical expertise & Product know-how
- Financial strength
- Brand Name (Licensed Microinsurance Insurance provider by the Insurance Commission)

SYNERGY IN ACTION

1+1 = MORE



Why Microinsurance Partnership

- ❑ Leverage depositor and creditor base for **NO CAPITAL OUTLAY** with **SURE REVENUE**. Offer additional protection to rural banks depositors/creditor meeting their life stage & lifestyle needs.
- ❑ Increase client retention and loyalty, since insurance products are long term
- ❑ Receive significant revenues up front
- ❑ Provide employment opportunity. **BRING IN A SALES CULTURE.**



NATURE OF REVENUES

❑ Increasing Income Potential

Revenue snowballing, year after year; becoming significant proportion of revenue for each business line. Life, Nonlife, Health Care and Microinsurance products.

❑ Dependability

Permanence in revenues where depositors/creditors continue to pay for a cover or service, which they need.

❑ Availability of INCOME

For Rural Banks & their Microinsurance Agents



Penetrating Target Market

- ❑ **Depositors** – *Term Life & Property insurance*
- ❑ **Borrowers** – *Mortgage, Personal, Auto Insurance*
- ❑ **Potential New depositors** – *Microinsurance products*
- ❑ **High Net worth coop members** – *high value products*
 - *Life Insurance with Savings Component*
 - *Investment Opportunities – Bonds & Insurance*



The Practice of Microinsurance

A company's actual experience in selling microinsurance



CLIMBS Life and General Insurance Cooperative

A Composite Insurance Company

CLIMBS' EXPERIENCE



Coop Assurance Center

In partnership with primaries

(Distribution Channel of CLIMBS Products & Services)

General Agencies

In House Marketing Arm



Basic CAC Training Course – August 3-5 Cebu City
CoopAssurance Center



Basic Life & Nonlife Microinsurance Training





Microinsurance Product Dev't & Salesmanship Training

CoopAssurance Center



Microinsurance Training



Microinsurance Product
Training
AFFCCO, Abuyog Leyte



Microinsurance licensing Training,
Davao Area Office



Microinsurance Agent sell policy to coop member.
PHCCI Dumaguete- CAC Office

CTPL & comprehensive insurance package
availed by a coop member though Tagum
Coop - CAC Office
Tagum Cooperative, Tagum City

CoopAssurance Center





CAC Manager of Oro Integrated Cooperative (OIC) gave microinsurance product orientation to a coop member

CoopAssurance Center



Life Insurance Claim was awarded by the CAC Manager to the insured beneficiary at PHCCI Dumaguete CAC Office



**PHILIPPINE
LIFE INSURANCE
ASSOCIATION, INC.**