

The acquisition of 51% of PNB Life Insurance Inc.

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INSURANCE FORUM

In January Allianz SE (Singapore Branch) signified its intention to acquire 51 percent of the outstanding capital stock, or 12,750 common shares of stock, of PNB Life Insurance Inc. from the Philippine National Bank (PNB). Pursuant to Section 302 of the Amended Insurance Code and Circular Letter 2014-37, or the Documentary Requirements for the Acquisition of Control of a Domestic

Insurance Company, regulatory approval was sought by Allianz in a letter to the Insurance Commission dated January 22, 2016. A month later, after compliance with all regulatory requirements, the Insurance Commission gave its approval. The partnership will operate under the corporate name Allianz PNB Life Insurance Inc.

Allianz is a financial conglomerate, founded on May 2, 1890, in Berlin by insurance specialist Carl Thieme and banker Wilhelm Finck, with an initial capitalization of 4 million marks. Thieme had earlier founded Munich Re. By 1893 it had opened an office in London, and soon in the United States, Italy, France, Belgium, the Netherlands and the Balkans. By 1895 Allianz was listed in the Berlin stocks exchange. In 1922 Allianz Life was created, which soon became Germany's largest life insurer. By 1962 its premium income exceeded the 1-billion mark with over 50 percent of its premium income coming from motor insurance. In 1973 Allianz became Europe's largest insurer.

Today it is headquartered in Munich, Germany, with a branch office in Singapore. Allianz was originally a transport and accident insurer. Today it operates under the laws of the European Union and the Federal Republic of Germany. Allianz is principally engaged in insurance, reinsurance and asset management. It is a holding company, also called Allianz Group. As of 2015 it has about 85 million retail and corporate clients in more than 70 countries. It has over 142,000 employees worldwide (as of 2015), with revenues of 125 billion euros and an operating profit of €10.7 billion (about \$12 billion). At least 53 percent of its revenues was generated from life and health insurance; 41 percent from property and casualty insurance; and 5 percent from asset management. It generates 34 percent of its business from Western and Southern Europe; 24 percent from Germany itself; 12 percent from the US; and 10 percent from across Asia Pacific, Central and Eastern Europe, Latin America

and other growth regions. In terms of shareholder structure, 84 percent of its stocks are owned by institutional investors, while the 16 percent is owned by private investors.

The PNB, on the other hand, is the 4th largest private local commercial bank, in terms of assets and deposits, in the country. PNB Life is the 10th-largest life-insurance company in the country. It is chaired by Lucio Tan. A significant feature of the deal is the 15-year exclusive bancassurance agreement, which will give Allianz bancassurance access to PNB's 660 branches nationwide, or about 4 million customers. With the Commission's approval, it increased to nine the number of life-insurance companies with bancassurance agreements with Philippine banks.

Allianz is not new to the Philippines. It had been in a joint venture partnership with the Pioneer Group to form the Pioneer Allianz Life Assurance Corp. since 1998, until it sold its 50 percent shareholding to Pioneer in January 2003 ending its five-year partnership. Allianz then was not satisfied with the country's market growth. The withdrawal led to the recreation of Pioneer Life, now a 100-percent Filipino-owned insurer.

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