



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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COMMISSIONER FUNA ENCOURAGES INSURANCE INDUSTRY TO EXPLORE ALTERNATIVE DISTRIBUTION CHANNELS

Insurance Commissioner Dennis B. Funa encouraged the insurance industry to explore expansions, partnerships and arrangements with other industries in order to improve the insurance sector.

Citing the emergence of bancassurance— a distribution channel which allows the presentation and sale of insurance products to bank customers within the premises of the bank— Commissioner Funa said that the combined expertise and resources of both the banking and insurance institutions prove not only profitable for these institutions but more importantly, enable the public to achieve financial success and security.

In his speech during the 19th Asia Conference on Bancassurance and Alternative Distribution Channels held last week at Marriott Manila Hotel, Commissioner Funa said, “Bancassurance allows strategic alliance between pillars of the economy founded by financial strength and stability in order to afford the public an access to comprehensive financial protection.”

“Bancassurance provides the general public with convenient access to insurance products, along with other financial products, which translates to increase in insurance penetration,” he said.

Commissioner Funa added, “It cannot be doubted that bancassurance is a key channel to the increase in insurance penetration as banking institutions cater to a robust client from the mass market, mass affluent, high-net-worth and corporate customers, the accessibility of insurance products.”

According to Commissioner Funa, with the changes and advances in technological environment, the possibilities and expansions of bancassurance and other alternative distribution channels are endless.

He said, “By collaborating with innovators and by integrating new technologies, the growth of bancassurance will be sustained and would lead to its transformation. With the dawn of virtual banking, we are expecting to see the digital transformation of bancassurance.”

Commissioner Funa likewise emphasized on the value and importance of advanced analytics which are now considered as strategic assets.

“Going forward, the effective use of analysed data would unlock a lot of opportunities for the insurance industry. An illustration of this is the development of simplified and speedy yet logical underwriting process by using available data,” said Commissioner Funa.

He added, “The effective use of data within the parameters allowed by law will provide for solutions to improve underwriting, pricing, product innovation, and claims settlement.”

Commissioner Funa said, “With the rapid development and transformation on the delivery of financial products brought about by technological advances, the Insurance Commission, as a regulator, is conscious that there would be a need for either a new or flexible approach to regulation. As we prepare for digital revolution, the Insurance Commission is always guided by the principle of ensuring the financial stability of the insurer and the protection of the insuring public.”

“We should view technological advances and innovation as opportunities in the distribution of insurance products in giving the insuring public improved customer experience and as a tool in the increase in our insurance penetration”, he added.

As of end of 2016, bancassurance contributed 31.31% or ₱57.7 billion out of the ₱184.40 billion in premiums earned by the life insurance sector. Meanwhile, under the non-life insurance sector, bancassurance channel of distribution contributed 12% or ₱5.04 billion out of the total ₱42.1 billion of the total net premiums written by the non-life insurance sector.


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