



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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**INSURERS, HMOS, AND MBAS PAID ₱4.35B
COVID-19-RELATED CLAIMS DURING
FIRST SEMESTER OF 2021, SURVEY SAYS**

Total COVID-19-related claim payouts made by life and non-life insurers, health maintenance organizations (HMOs), and mutual benefit associations (MBAs) reached ₱4.35 billion for the period January to June 2021, according to a survey recently conducted by the Insurance Commission.

“The results of the IC survey, which was designed to assess the continuing financial impact of COVID-19 on our regulated entities, reveal that payouts by the HMO industry constitute 47% of the total COVID-19 claim payouts from January to June 2021 amounting to ₱2.06 billion. Life insurers paid 46% of the total COVID-19-related claims for the same period, which amounts to ₱1.98 billion. Meanwhile, the non-life insurers paid 3% and MBAs paid 4%, amounting to ₱119.10 million and ₱191.70 million, respectively,” reported Insurance Commissioner Dennis Funa.

SURVEY PARTICIPANTS

28 out of 30 licensed life insurers, 43 out of 56 licensed non-life insurers, 26 out of 33 licensed MBAs, and 20 out of 28 licensed HMOs participated in the survey. This translates to a total of 117 out of 147, or 79.59% participation.

Out of said survey respondents, 28 out of 28 respondent life insurance companies indicated that they received claims relative to the COVID-19 pandemic for the period January to June 2021. Meanwhile, 16 out of the 43 respondent non-life insurers reported that they received such claims during the same period. For MBAs, 20 out of 26 reported having received COVID-19-related claims during January to June 2021; while for HMOs, the number is 16 out of 20.

CLAIMS PAID TREND IN 1ST SEMESTER 2021

The survey conducted by the Insurance Commission also reflected the relationship between COVID-19-related claims paid by its regulated entities from January to June 2021 and the reported number of new COVID-19 related cases in the Philippines during the same period.

“The figures provided show that the claims paid increased drastically from February to April and dipped slightly in June. This reflects the reported spike of Covid-19 cases in the Philippines between March and May which prompted the government to impose stricter quarantine measures during said months.” Commissioner Funa noted.

RANKING OF CLAIMS PER BENEFIT

“38% of the total ₱4.35 billion paid by life and non-life insurers, HMOs, and MBAs for the period January to June 2021 pertained to Death Benefits, amounting to ₱1.67 billion. This is followed by In-Patient Benefits, amounting to ₱1.47 billion or 33% of the total amount. Meanwhile, said regulated entities paid ₱876.60 million in Out-Patient claims, accounting for 20% of the ₱4.35 billion total. Put together, these three benefits make up 92% of the total claims paid,” said Commissioner Funa.

In terms of the number of claims, however, claims for Out-Patient Benefits ranked first, with 176,542 claims out of a total of 238,551. This is followed in ranking by 33,135 claims for Other Benefits (e.g., Emergency Care, Financial Assistance benefits, etc.) and 16,475 claims for In-Patient Benefits, respectively.

“In both 2020 and the first semester of 2021, claims for Death Benefits has the highest amount of COVID-19-related claims paid by insurers, HMOs, and MBAs, followed by In-Patient Benefits and Out-Patient Benefits. Also worth mentioning is the fact that non-life insurance companies paid ₱37.60 million in Business Interruption claims due to the effects of business closures and the imposition of quarantine measures as a result of the COVID-19 pandemic,” Commissioner Funa added.

CLAIMS PAID FROM 2020 TO 1st SEMESTER 2021

“Since the start of the pandemic until 30 June 2021, total COVID-19-related claims paid by the life and non-life insurance industries, HMOs, and MBAs reached ₱8.25 billion. Of this amount, ₱4.35 billion, or 53%, was paid in the first half of 2021. The claims paid during the first half of 2021 is already 12% more than the total claims paid for the year 2020,” stated Commissioner Funa.

As for the aggregate amounts paid per industry from 2020 until the end of the first semester of 2021, HMOs lead the pack with ₱3.98 billion in COVID-19-related claims paid, constituting 48% of the ₱8.25 billion total. This is followed by the life insurance industry with ₱3.44 billion in payments, constituting 42% of the total. Meanwhile, MBAs and the non-life industry paid 7% and 3% of the total ₱8.25 billion, respectively, which amounts to ₱546.60 million for MBAs and ₱279.30 million for non-life insurers.

For the same period, Death Benefits constitute the largest share in the ₱8.25 billion total, at ₱2.89 billion. This is followed by In-Patient Benefits at ₱2.65 billion and Out-Patient Benefits at ₱1.81 billion. These three benefits constitute 89%, or ₱7.34 billion, of the total COVID-19-related claims paid since the start of the pandemic until the end of June 2021.

COMPARISON OF CLAIMS PAID PER INDUSTRY

“Since the start of the pandemic until the end of the first semester of 2021, the HMO industry remained to be the largest payor of COVID-19-related claims. In 2020, payouts by the HMO industry accounted for 49% percent of the total of ₱3.89 billion COVID-19-related claims paid, or ₱1.91 billion. From January until the end of June 2021, HMOs paid ₱2.06 billion in COVID-

19-related claims, which amount constitutes 47% of the total claims paid during said period and 7.9% more than what they paid in 2020,” Commissioner Funa highlighted.

In the meantime, payouts made by the life insurance industry increased from 38% of the total claims paid in 2020 (i.e., ₱1.46 billion out of ₱3.89 billion) to 46% of the total claims paid during the first half of 2021 (i.e., ₱1.98 billion out of ₱4.35 billion).

As of the end of June 2021, the COVID-19-related claims paid by MBAs and the non-life insurance industry during the first half of 2021 have already exceeded the half of the amount of payments the same industries made in 2020. MBAs paid ₱191.70 million in the first semester of 2021, which already constitutes 54% of their total payouts in 2020 amounting to ₱354.90 million. Meanwhile, the non-life insurance industry paid ₱119.10 million in the first semester of 2021, which already constitutes 74% of their total payments in 2020 amounting to ₱160.20 million.

REGULATED ENTITIES REMAIN RESILIENT

“Despite the challenges and risks posed by the COVID-19 pandemic and the substantial increase in COVID-19-related claims, life and non-life insurers, HMOs, and MBAs remain financially resilient. Based on unaudited quarterly statistics, we noted that as of the first (1st) quarter of 2021, the insurance sector posted ₱1.89 trillion in assets, with a year-on-year growth of 15%. Even premiums earned grew by 27.81% year-on-year from ₱78 billion to almost ₱100 billion. Meanwhile, the HMO industry’s total assets also exhibited an upward trend year-on-year from ₱50.51 billion to ₱66.56 billion, which translates to a 31.78% growth. Such performance proves our regulated industries’ capability not only to withstand, but even to expand, in the face of unprecedented crisis,” Commissioner Funa stressed.



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