



Insular
Life

PRESS KIT-

NEWS RELEASE

For Immediate Release

Date: May 10, 2017



Insular Life and UnionBank get regulators' nod for bancassurance

Largest Filipino life insurance company, Insular Life and Aboitiz-led UnionBank of the Philippines received the approval from both the Office of the Insurance Commissioner and the Bangko Sentral ng Pilipinas to enter into a bancassurance distribution partnership, to boost both companies' revenue streams.

Last January, the two companies jointly announced their plan to enter into a bancassurance partnership, believing in the synergy that will create better value for their respective stakeholders.

Insurance Commissioner Dennis B. Funa expressed his confidence that this partnership will help promote a more robust life insurance industry and increase the insurance penetration in the country in the long-term.

“The Insurance Commission is happy to give our stamp of approval to this bancassurance partnership between these two highly respected institutions because such partnership will surely help improve our country’s insurance density and market penetration. This in turn will help make our country’s average insurance penetration rate comparable with the more progressive ASEAN member states,” Funa said.

Under the bancassurance distribution partnership, UnionBank and its wholly-owned subsidiary, City Savings Bank, will distribute and sell the insurance products of Insular Life to its over six million bank clients spread across UnionBank’s group network of over 300 branches and offices.

“We at UnionBank are very delighted to have received the regulators’ approval so that we can begin offering insurance products to complete our product suite to our bank clients to help them better achieve their financial goals,” said UnionBank President and Chief Operating Officer Edwin R. Bautista.

“As with any partnership, there is no greater feeling than that of finding the right Bancassurance partner and together, offering products and services which impact Filipino families and communities in a profound way. For us in Insular Life, that’s UnionBank,” said Insular Life Chief Executive Officer Nina D. Aguas.

“We were in search of a bancassurance partner who shares our values. We have a long tradition of steadfast commitment to our policy holders, a respected Filipino company in a Philippine industry dominated by foreigners. UnionBank is also a proud Filipino company, recognized internationally, as among the best of class in global league tables. Together, we will continue to create value for the stakeholders of our two great companies and assert leadership in our respective industries”, Aguas added.

For this bancassurance business, Insular Life will provide a differentiated model for UnionBank – tailored to fit the Bank’s Customer segmentation.

Omar T. Cruz, former president of a bancassurance joint venture, and former Philippine National Treasurer was appointed senior executive vice president and head of the bancassurance operations.

Published version:

Union Bank, Insular Life in bancassurance deal

[Philippine Daily Inquirer](#) / 12:10 AM May 11, 2017

Aboitiz-led Union Bank of the Philippines and homegrown insurer Insular Life Assurance Co. Ltd. have resolved to become a “game-changer” in the bancassurance industry and gain market leadership by pursuing this business differently from the early birds.

The partnership allows Insular Life to tap Union Bank’s six million customers and 300 branches in selling life insurance products without creating a new joint venture (JV) company. The cross-ownership requirement has been addressed by Insular Life’s long-time 16.21 percent stake in the bank.

The pair decided to adopt the bancassurance model used by DBS-Manulife partnership in Singapore. Insular Life chief executive officer Nina Aguas said: “It’s a very strong bancassurance agreement but it’s not a JV. It’s also waste of capital if we will put capital and they will put capital. We already invested in one (insurance company),” she said.

The money that both companies will otherwise shell out to create a new corporate entity could instead be used to hire more quality manpower and invest in their training, Aguas said.

“We have a late-comer advantage because we’re learning from the mistakes of others. When there’s a JV, because there are people that you put there (to sell insurance in bank branches), it’s like a revolving door. They feel like second class citizens...but this one we have ownership of the people on both sides,” Aguas said.

The partnership seeks to offer “real financial advisory” similar to how financial advisers privately perform needs analysis of valued clients, said Omar Cruz, the chief bancassurance executive of Insular Life.

“Just like in private banking, there is no need to cross the banking world because everything is within the banking premises. And this is made possible by this model where the financial advisors, the relationship managers (RMs), even the senior RMs and sales directors who do the selling are actually licensed, certified and trained financial advisors and employed within the bank. So therefore, they are subjected to what I call the rigors of sound banking practices,” Cruz said. “I think this is a big game-changer in the market.”

Critical to the success of such model, Cruz said, would be proper recruitment of people within the bank and investing in professional training of these bank personnel. “The intention is to raise the bar in selling professionalism to the global standard,” Cruz said.

Another key difference is that instead of pushing specific products, Cruz said variable unit-linked (VUL) products would be designed based on the client’s need at any stage in life.

VUL is a unit-linked protection plan where benefits are linked to the returns of one’s chosen investment fund which in turn is dependent on prevailing market conditions. —

DORIS DUMLAO-ABADILLA