

Philam Life pushes education insurance

Philam Life has urged the public, especially parents sending kids at school, to forget the old stigma about insurance, saying the current condition of the industry today is much different 15 years ago.

In a media briefing at the Citi Center in Makati yesterday, Philam Life chief executive officer Aibee Cantos said none among the present current life insurance companies in the Philippines has collapsed since supervision and regulation of the industry was turned over to the Insurance Commission.

Cantos called on parents to trust the current education insurance program offered by these firms.

"Most people think that pre-need insurance and insurance like us are the same that's why the fear is always present," he said before select business reporters at the briefing.

Under the law, an insurance offers fixed benefit programs. This means the amount the beneficiary will get when one reaches proper age is specific. Pre-need firms, on the other hand, are those that offer open-ended policies.

An open-ended policy means there is no limit to the amount the pre-need company needs to pay for every policy holder. Cantos said the open-ended policy spelled doom for the numerous pre-need firms before.

"Out of the 92 pre-need firms, only 20 are

surviving," he explained. Many pre-need collapsed because in 1992, the government deregulated the tuition increase after decades of 10-percent maximum increase.

The exorbitant school fees coupled by the Asian financial crisis that hit most countries in the region in late 1990s also contributed to the pre-need insurance fiasco that lingers until today.

Cantos said prior to 1992, the pre-need industry was stable because they can foresee the growth in their investments. That period, the average spread for most investment was 18 percent while tuition increase was pegged at maximum 10 percent.

When the era of regulated tuition hike ended, almost all that offered pre-need products fell.

Cantos said education policies from Philam Life are very safe as the policy reserves alone of the company are more than P81 billion. Paid policies each year by the firm only amounts to P1 billion, he said.

This stable reserves were achieved because of careful investment of clients' money. Like most insurance firms, majority of their funds are invested in either equities or stocks.

"We have a long history of empowering Filipinos and we remain a strong and trustworthy partner of parents in achieving their dreams for their children," Cantos added. **Ed Velasco**