



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
25 May 2021

**INSURERS, MBAs AND HMOs PAID A TOTAL OF
₱3.89 BILLION IN COVID-19-RELATED CLAIMS AS
OF YEAR-END 2020, REVEALS THIRD (3RD) IC SURVEY**

The total COVID-19-related claims paid by life and non-life insurers, mutual benefit associations (“MBAs”), and health maintenance organizations (“HMOs”) as of year-end 2020 reached ₱3.89 billion, according to the results of the third COVID-19-related claims survey recently released by the Insurance Commission. Said survey was conducted to assess the continuing financial impact of COVID-19 on said regulated entities.

“The aggregate COVID-19-related claims paid by the HMO sector per the three surveys accounted for 49% of said amount, or approximately ₱1.91 billion. Life insurers were able to pay ₱1.46 billion in COVID-19-related claims in 2020, accounting for 38% of the whole amount. Meanwhile, MBAs paid ₱354.90 million (9%) and non-life insurers paid ₱160.20 million (4%),” highlighted Insurance Commissioner Dennis Funa.

I. SURVEY PARTICIPANTS

Twenty-four (24) life insurance companies, forty-three (43) non-life insurance companies, twenty-seven (27) MBAs, and seventeen (17) HMOs participated in the third survey, or a total of one hundred eleven (111) regulated entities. Said number of respondents constitutes 75.51% of the total number of licensed life and non-life insurers, MBAs, and HMOs amounting to one hundred forty-seven (147).

Out of said one hundred eleven (111) respondents, sixty-nine (69) respondents reported to have received COVID-19-related claims from October to December 2020, particularly twenty-two (22) life insurers, fifteen (15) non-life insurers, eighteen (18) MBAs, and fourteen (14) HMOs.

“It will be recalled that the first survey covered the months of March to April 2020; and the second survey covered the months of May to September 2020. The third survey, the results of which were recently released, covered the months of October to December 2020,” said Commissioner Funa.

II. AGGREGATE CLAIMS PAID PER THREE SURVEYS

According to the consolidated data in the three surveys conducted by the IC, the total COVID-19-related claims paid by life and non-life insurers, MBAs, and HMOs as of

year-end 2020 reached ₱3.89 billion. The aggregate COVID-19-related claims paid by the HMO sector in 2020 accounted for 49% of said amount, or approximately ₱1.91 billion. Life insurers were able to pay ₱1.46 billion in COVID-19-related claims in 2020, accounting for 38% of the whole amount. Meanwhile, MBAs paid ₱354.90 million (9%) and non-life insurers paid ₱160.20 million (4%).

The third survey indicated that the one hundred eleven (111) participating regulated entities reported ₱1.48 billion COVID-19-related claims paid from October to December 2020, which amount is 29.41% lower than the reported amount of ₱2.09 billion covered by the second survey. In terms of percentages, 44% of the said amount of ₱1.48 billion paid in the third survey were paid by life insurers; 40% were paid by HMOs; 9% were paid by MBAs; and 7% were paid by non-life insurers. Out of the amount of ₱1.48 billion in the third survey, ₱1.27 billion was paid within contractual obligations and ₱209.38 million was paid *ex gratia*, or outside of contractual obligations. Said amounts of ₱1.27 billion and ₱209.38 million were 29.89% and 26.39% less, respectively, than the ₱1.81 billion paid per contractual obligations and ₱284.43 million paid *ex gratia* in the second survey.

“While we will note the huge jump in aggregate claims paid by the four sectors between the first and second surveys, it will also be noted that there is a decline in aggregate claims paid between the second and third surveys. This may be explained by the fact that the second survey covered five (5) months, particularly from May to September 2020, while the third survey only covered three (3) months, particularly from October to December 2020,” explained Commissioner Funa.

Death benefit claims constituted the highest paid COVID-19-related claims, amounting to ₱1.22 billion in 2020. This is followed by COVID-19-related claims for in-patient benefits amounting to ₱1.18 billion and out-patient benefits amounting to ₱933.7 million.

III. COMPARISON OF CLAIMS PAID PER SECTOR

Per the third survey, life insurers paid a total of ₱646.84 million in COVID-19-related claims from October to December 2020, which is 12.57% less than ₱739.83 million reported in the second survey covering the months of May to September 2020. In the third survey, ₱607.46 were paid within contractual obligations, which was 14.26% less than the reported amount of ₱708.51 million in the second survey. In terms of payments outside of contractual obligations, life insurers paid ₱39.39 million from October to December 2020, 6.09% higher than the ₱31.32 million reported in the second survey.

Non-life insurers paid a total of ₱103.65 million for the same period covered by the third survey, which is 148.48% more than the reported amount of ₱41.71 million in the second survey. Of the ₱103.65 million, ₱74.91 was paid within contractual obligations, which amount constitutes a 167.04% increase from the ₱28.05 million reported in the months of May to September 2020. Payments outside of contractual obligations reported by non-life insurers in the third survey amounted to ₱28.75 million, which is 110.37% more than ₱13.66 million paid in the second survey.

Meanwhile, MBAs paid ₱132.88 million in COVID-19-related claims during the last quarter of 2020, 39.50% less than ₱219.63 million reported in the second survey. Of the ₱132.88 million, ₱32.54 million was paid within contractual obligations, which amount is 36.41% less than ₱51.18 million reported in the second survey. MBAs paid ₱100.33 million in payments outside of contractual obligations from October to December 2020, which amount is 40.44% less than the reported amount of ₱168.46 million paid by the sector in May to September 2020.

HMOs paid 45.63% less claims between the second and third surveys, from ₱1.09 billion in the months of May to September 2020 to ₱592.47 million in the months of October to December 2020. HMOs paid ₱551.56 million in contractual obligations in the second survey, which amount is 45.85% less than the ₱1.02 billion contractual obligations paid from May to September 2020. In terms of payments outside of contractual obligations, HMOs paid ₱40.91 million in the last quarter of 2020, which is 42.37% less than ₱70.99 million reported in the second survey.

IV. COMPARISON OF CLAIMS PAID PER BENEFIT

“All classes of benefits reportedly paid by the four sectors in the third survey decreased from those in the second survey, except for Medical Reimbursement Benefits, which increased by 30%, and Death Benefits, which increased by 9%. In the third survey, Death Benefits were the highest COVID-19 benefits paid by the four sectors, amounting to ₱602.07 million. In the second survey, however, Out-Patient Benefits accounted for the highest COVID-19 benefits paid, amounting to ₱637.92 million,” noted Commissioner Funa.

In-patient Benefits paid in the third survey amounted to ₱480.28 million, which amount was 18.32% less than ₱588.00 million reportedly paid in the second survey.

Out-Patient Benefits paid by the four sectors decreased 65.37%, from ₱637.92 million, as reported in the second survey, to ₱220.88 million, as reported in the third survey.

Medical Reimbursement Benefits paid in the months of October to December 2020 amounted to ₱12.36 million, which amount is 30.23% more than ₱9.49 million reported in May to September 2020.

Critical Illness Benefits paid decreased between the two surveys, from ₱4.13 million reportedly paid in the second survey to ₱3.70 million reportedly paid in the third survey.

Death Benefits reportedly paid in October to December 2020 amounted to ₱602.07 million, which amount is 8.81% higher than ₱553.31 million reportedly paid from May to September 2020.

Meanwhile, Other Benefits accounted for ₱141.72 million paid in the third survey, which amount is 22.34% lower than ₱182.49 million paid in the second survey.

“For the entire 2020, Death Benefits constitute the highest COVID-19-related benefits paid by the four sectors, amounting to ₱1.22 billion. This is followed by In-Patient Benefits, amounting to ₱1.18 billion, and Out-Patient Benefits, amounting to ₱933.7 million, respectively,” Commissioner Funa highlighted.

V. AVERAGE CLAIMS PAID

“Adjusting for the number of months covered in each survey, the average claims paid by the four sectors per survey exhibited a steady upward trend. The average of claims paid within contractual obligations for the first survey is ₱153.6 million, which increased to ₱361.3 million in the second survey, and again increased to ₱422.2 million in the third survey. In the meantime, claims paid outside of contractual obligations, for the first survey was ₱9.8 million, which increased to ₱56.9 million by the second survey, and again increased to ₱69.8 million by the third survey. We believe that the upward trends in average claims paid are good indicators of the steady commitment of the four regulated sectors to pay COVID-19-related benefits to their customers and members at the time of their critical need in the year 2020 amid the pandemic,” Commissioner Funa said.

“Notwithstanding this, we also recognize that the three surveys did have limitations. For instance, the surveys did not directly measure the financial impact of the imposition of community quarantine measures by the National Government and/or local government units on the four sectors, particularly the effects of such measures as regards the production of insurance and HMO agents,” he explained.

“At any rate, we hope that the aggregate amount of COVID-19-related claims paid in 2020 by life and non-life insurers, MBAs, and HMOs either within or outside of contractual obligations amounting to ₱3.89 billion, which by itself is no small feat, will continue to inspire consumer confidence in said four respondent sectors; and will educate our fellow Filipinos of the benefits of availing the insurance and HMO products and the benefits of MBA membership,” stated Commissioner Funa.



ATTY. ALWYN FRANZ P. VILLARUEL

Media Relations Officer

afp.villaruel@insurance.gov.ph