

OPENING SPEECH OF COMMISSIONER GREGORIA CRUZ
ARNALDO AT THE ANNUAL CONFERENCE OF THE
PHILIPPINE STATISTICAL ASSOCIATION

(Sept. 5, 1975, DBP Social Hall, Makati)

Evidently, no one is allowed to forget that 1975 is International Women's Year. Women speakers have been in great demand this year. I was chosen to be your guest speaker this afternoon "in keeping with the International Women's Year" to quote from the letter of your President, confirming the verbal invitation of your Dr. Cristina Parel. But as most Filipino husbands, including my own, would say — every year is women's year in the Philippines, that in the Philippines women have the cakes and could eat them too. At this juncture, it may be fitting and proper to quote a passage from Carmen Guerrero Nakpil's "Woman Enough":

"it is said that all devout Jewish men begin their day by giving thanks to God that they were not born women. An early Greek philosopher wrote that he thanked God for four favors, one of them that he was born a man and not an animal, and another that he was born a man and not a woman. These are sentiments which all men claim, although with less formality. But I cannot help feeling that men are being disingenuous. If they are glad to be men, why do they always have to push one another into being men? Be a man! or, Aren't You Man Enough are cliches of masculine conversation. No one ever has to remind a woman to Be A Woman. For what every woman knows is better left unsuspected by all men, and even the least of us is always woman enough."

No wonder a man was chosen Chairman of the International Women's Year Conference in Mexico.

When Dr. Parel invited me to be your guest speaker this afternoon, my first impulse was to say no, simply because I feel awed by the Philippine Statistical Association and its roster of membership. I couldn't, however, say no to Dr. Parel and I was assured that I wouldn't be asked to account for the seeming

inadequate statistics we have at present on the impact of the Philippine insurance industry on the Philippine economy. What we have are the usual cut and dried informative data.

As of June 30, 1975, one hundred forty-nine (149) insurance companies were licensed to do business in the Philippines — one hundred twenty-two (122) direct writing non-life companies (102 domestic and 20 foreign); four (4) domestic professional reinsurers; and twenty-three (23) life companies (20 domestic and 3 foreign).

Forty-four (44) actuaries were granted official accreditation; one hundred five (105) resident agents and seven (7) reinsurance brokers were issued Certificates of Registration; fifty (50) insurance adjusters, some 47,513 ordinary agents, and 2,188 general agents were licensed by the Insurance Commission as of the same period.

The total paid-up capital stock of domestic insurance companies as of December 31, 1974 amounted to P374.1 million.

The insurance in force of the life companies as of the same period amounted to P16,535,608,000.00, while the net risks written and renewed of the non-life companies totalled P72,666,978,000.00. The gross premium income of both life and non-life companies amounted to P1.4 billion for 1974.

For the period ended December 31, 1974, insurance companies paid approximately P47.0 million in premium tax, assessment and other taxes, and more than P28.6 million in income tax.

Security deposits of foreign insurance companies under Section 178 of the Insurance Act, as amended by P.D. No. 63, totalled P53,260,451.00 as of June 30, 1975, 89.18% or P47,500,076.80 of said security deposits are in Philippine government bonds.

The total investment of foreign companies (both life and non-life) as of December 31, 1974 amounted to P259,277,670.59, while the investment of domestic insurance companies totalled P2,242,848,162.89 for the same period. Total investment of insurance companies including the GSIS amounted to more than P5 billion (P5,686,792,448.07) as of 1974.

Our Public Assistance and Claims Adjudication Division

has arbitrated successfully 269 cases, terminated 14 cases as of the end of the year.

Martial law has proved a bonanza to the Philippine insurance industry. The volume of business has increased on all lines, while the loss ratio has gone down — due most probably to the improved peace and order situation and the reforms undertaken by government thru the promulgation of two (2) significant legislations — Presidential Decree No. 63, signed on November 20, 1972, and Presidential Decree No. 612, promulgated on December 18, 1974, ordaining and instituting an Insurance Code of the Philippines.

In drafting the Insurance Code, the Insurance Commission tried to cover all conceivable areas where regulation is felt to be necessary without, however, stultifying the growth of the Philippine insurance industry. Believing that law is a living science and should be interpreted in the light of contemporary events, the Insurance Commission tried to draft an Insurance Code which would be flexible enough to grow with the growth of the industry. Care was taken to avoid drafting a Code which might be obsolete twenty years or so.

Let me give in brief the salient provisions of the Insurance Code:

1. To further assure the solvency of insurance companies a margin of solvency which shall not be less than ₱500,000.00 per company at all times was provided.

2. Insurance companies cannot declare any dividend on its outstanding stocks except from profits on hand after retaining unimpaired: (a) the entire paid-up capital stock; (b) the margin of solvency required; (c) the legal reserve fund required; (d) a sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

3. Domestic companies are required to deposit with the Insurance Commission 50% of the minimum capital requirement on ₱1,000,000.00 worth of government securities for the faithful performance by the depositing insurer of all its obligations under its insurance contracts. Foreign companies have long been required to have a statutory deposit of ₱2 million.

4. Realizing that the solvency of insurance companies may be endangered thru holding companies, we included cer-

tain provisions in the Code which will place the holding companies of insurance companies doing business in the Philippines under the supervision of the Insurance Commission; conflicts of interests in transactions between an insurance company and its parent holding company or its affiliates are prohibited. (Secs. 282 to 298).

5. Among the provisions aimed at protecting the interest of the policyholders are:

a) Arbitrary cancellation or non-renewal of insurance policies are prohibited. Notice of cancellation shall be effective only on specified grounds, e.g. non-payment of premiums. (Secs. 64 to 66).

b) Industrial life policies shall not lapse for non-payment of premium if such non-payment were due to the failure of the company to send its representative to the insured to collect such premium. (Sec. 229).

c) Insurance companies are expressly prohibited from engaging in unfair claims settlement practices. (Sec. 241).

Although consumers have always been entitled to fair claims treatment, no specific guidelines have heretofore existed to define what is fair and not fair. The Code attempts to lay out those guidelines for the protection of the insuring public.

Moreover, the Code insures more efficient, economical, and effective assistance to policyholders through the exercise of the power vested in the Insurance Commissioner to adjudicate claims and complaints of policyholders against insurance companies where the amount involved in the controversy does not exceed ₱100,000.00.

To guarantee against loss due to insolvency of insurers, the Security Fund was created for the purpose of paying allowed claims against an insurance company authorized to transact business in the Philippines remaining unpaid by reason of the insolvency of such company. The Fund amounts to ₱10 million and consists of two accounts: the Life Account (exclusively for life companies) and the Non-Life Account (exclusively for non-life companies) of ₱5 million each.

What may be considered, however, as the most salient provision of the Code in this age of consumerism is the requirement on motor vehicle owners and land transportation operators, as a pre-requisite for the registration of their vehicles,

to present to the Land Transportation Commission a motor vehicle liability insurance policy issued by an insurance company authorized to do business in the Philippines or, in lieu thereof, a cash deposit or surety bond filed with the Insurance Commissioner, to answer for passenger and/or third-party accident claims. Any claim for death or injury to any passenger or third-party shall be paid without necessity of proving fault or negligence of any kind if the total indemnity in respect of any person shall not exceed ₱5,000.00. (Secs. 373 to 389). Our present tort liability system for compensating victims of automobile accidents has been authoritatively criticized as slow, expensive and unfair. This system has remained essentially unchanged while the nation has passed from the horse and buggy eras to an age dominated by the automobile — with the highway accident an all-too-common occurrence. With this no-fault feature, it is believed that speedy settlement of road accident cases is thus ensured.

We have high hopes that the new Insurance Code would compel the insurance companies to be more consumer oriented than they have been in the past; that they would strive to adopt their assets, their experience, their products to the demands of the times and the needs of the insuring public.

Again in keeping with International Women's Year, I would like to close by sharing with you some interesting statistics regarding inequality between the sexes — all falling in favor of the women — that women are outliving men by more years than ever and it looks like they will continue to do so. Insurance companies' statisticians, in a study of sex differentials in mortality, report that from birth to old age, women have generally held the advantage in every decade since the beginning of this country, and the gap has been widening for the last 50 years.

Death rates among women were about 10 years lower than those among men from 1900 until 1920. Mortality rates for both sexes have generally declined since then, but the decrease has been greater among women. In 1970 female mortality was 36% of that for males at ages 15 to 24 and ranged between 47% and 57% of that for males at ages 25 to 74. The statisticians point out that the greater longevity of women has been attributed by some to social conditions and by others to biological factors. And maybe to such psychological factors like declaring certain year International Women's Year.