

## Cocoplans Fund Buildup And Cocolife

In the recent Senate inquiry into the operations of Pre-need companies, Cocoplans was mentioned as one of three companies that have submitted a capitalization build-up plan, in compliance to SEC Circular Number 1 Series of 2009, entitled Multi-year Capital and Trust Fund Build-up.

Cocoplans' deficiency came about mainly because of market fluctuations in 2008 which resulted in lower asset yields not only for Cocoplans but also for virtually all financial intermediaries here and abroad. The total deficiency was placed at P200 million, relative to Cocoplans' current total trust fund level of P1.4 billion.

To immediately address conflicting reports in the media that came about as a result of the Senate inquiry, the Managing Director and the President of Cocoplans arranged for a meeting with SEC Chair Fe Barin on the morning of May 7. The purpose of the meeting was to reassure SEC of Cocoplans' resolve to implement its capital build-up plan by immediately complying with the funds requirement.

Cocoplans has, in effect, become the very first company to have complied on time with the Trust Fund Build-up requirements, with the Cocolife Group committing to immediately deposit P61 million in Cocoplan's trust banks to cover a portion of the P200 deficiency. This was done mainly to make a strong impression and reassure the company's plan holders, considering that even as early as April 21, SEC officials have already been saying that Cocoplan's capital buildup plan has actually been approved.

In the general confusion caused by these events, some of our own policyholders and agents have been calling up to inquire whether this matter will somehow affect the operations of Cocolife. To put matters in the right perspective, please be apprised of the following:

1. Cocoplans is a Pre-need company and Cocolife is a Life Insurance company. While both companies are under one umbrella group, the Cocolife Group of Companies, each has its own distinct products and services, Articles of Incorporation and set of Board of Directors, officers, employees and sales force.
2. As a Pre-need company, Cocoplans is regulated by the Securities and Exchange Commission, while Cocolife, as a Life Insurance company, is under the supervision of the Insurance Commission, which is guided by an existing Insurance Code and has its own set of strict operational and financial requirements for all insurance companies.

As explained by SEC Chair Fe Barin herself, the trust fund, which is the core issue of the controversy, is peculiar only to the Pre-need industry and is not in any way connected with Life Insurance.

3. As reflected in the Insurance Commission's latest 2007 statistical reports which can be easily accessed through the IC's website, Cocolife's financial position can be considered more than outstanding:
  - Assets : P10.9 Billion
  - Total Premiums : P1.59 Billion
  - Net worth : P5.46 Billion

- Paid-up capital : P550 million

Of the 36 life insurance companies in the country, Cocolife is ranked 4<sup>th</sup> in terms of Net Worth, which measures the ability of Cocolife to meet its obligations. It is also ranked 4<sup>th</sup> in terms of Paid-up Capital, 7<sup>th</sup> in terms of Total Premium Income and 8<sup>th</sup> in terms of Assets. <http://www.insurance.gov.ph/htm/statistics.asp>

Based on the 2008 Life Insurance industry standing gathered from various news sources, Cocolife has steadfastly maintained its number 7<sup>th</sup> rank in terms of Total Premiums and was among the only 4 industry leaders with a positive growth rate. [\(See Attachment\)](#)

### Top 11 life insurance companies in 2008 (data gleaned from news report):

Company	2008		2007		Inc./(Dec)	
	Total Premiums (in b pesos)	Rank	Total Premiums (in b pesos)	Rank	Amount	%
Philippine American Life & General Insurance Co.	13.639	1	16.828	1	(3.19)	-19%
Sun Life of Canada (Philippines) Inc.	8.523	2	13.129	3	(4.61)	-35%
Insular Life Assurance Co.	5.900	3	7.695	4	(1.79)	-23%
AXA Life Insurance Philippines	5.350	4	16.321	2	(10.97)	-67%
Manufacturers Life Insurance Co.	3.242	5	3.591	6	(0.35)	-10%
Ayala Life Assurance Inc.	1.888	6	1.743	8	0.15	8%
United Coconut Planters Life Assurance Corp.	1.856	7	1.820	7	0.04	2%
Great Pacific Life Assurance Corp.	1.815	8	1.434	10	0.38	27%
Philam Equitable Life Assurance Co. (PELAC)	1.660	9	0.967	12	0.69	72%
Generali Pilipinas Life Assurance Co.	1.360	10	1.460	8	(0.10)	-7%
Pru Life Insurance Corp. of UK	0.735	11	5.180	5	(4.45)	-86%

4. Cocolife continues to aggressively expand its market presence: new branch sites were recently put up in Binondo and Las Pinas, our Baguio and Imus branches were refurbished and we plan to put up a new office site in San Pablo, Laguna in June. We have also more than 1,000 agents duly licensed by the Insurance Commission, with 126 having taken and passed the licensing exams during the first quarter.

The Cocolife Group of Companies itself, is composed of self-contained corporations offering a complete array of financial protection products and services such as life insurance, non-life insurance, car insurance, pre-need services, mutual funds and security services. It has a huge asset base of P15 billion, capitalization of over P6 billion and an annual revenue generation of over P5 billion.

The issues regarding Cocoplans has already been addressed with finality, in the most expeditious and comprehensive manner. While these issues are totally unrelated to Cocolife's insurance operations, the show of solidarity by the Cocolife Group of companies should be an assurance of its strength and stability and its abiding commitment to put the interests its stakeholders and the public before everything else.

As far as Cocolife's present capability is concerned, please be completely assured that it is stable and strong and more than capable of underwriting new policies, expanding its market operations and improving its services.