

Significant growth for the unit linked business

Michael Gerard D. Enriquez, Chief Investment Officer, Sun Life Financial Philippines, talks about the growth in the unit linked business in the Philippines and what more needs to be done to grow this upcoming space.



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UNIT-LINKED PRODUCTS ARE SEEING TREMENDOUS growth in the Philippines' financial space, and they are eating into the territory of unit investment trust funds (UITFs) and mutual funds, according to Enriquez.

"This is basically in recognition of the fact that there are more aggressive sales agents reaching to more people, rather than banks," he says. "If you go to a bank, it's a natural behaviour of the bank tellers to offer their trust products, as opposed to how our business model is on the insurance side is, where we go directly to clients."

"They know that whenever our advisers set up a meeting with them, it's to talk about insurance or an investment-linked product," he adds.

According to him, a lot the clients in the unit-linked business have been using the products for estate planning and not so much for the insurance component. "A lot of our clients are buying these products more for preparing for the future," he explains. "Because there's a certain guaranteed portion that is not being offered in the UITFs or the mutual fund space."

"If something happens to the policy-owner, the beneficiary will get 125% of the principal or the fund value, whichever is higher and so there's somewhat of a floor if something happens to you." According to Enriquez, for the industry to see further growth of unit-linked products, there needs to be more awareness from regulators and clients both on how to distinguish them.

"I think there's a lot of muddling on UITFs, mutual funds, versus unit investment-linked products," he explains. "I think there should be a deeper understanding of the purpose of the two products and we need to educate more on their [different] uses." ■