



Philippines: Capacity Development to Support Regulation and Oversight at the Insurance Commission

Project Name	Capacity Development to Support Regulation and Oversight at the Insurance Commission	
Project Number	47207-001	
Country	Philippines	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8608-PHI: Capacity Development to Support Regulation and Oversight at the Insurance Commission Technical Assistance Special Fund US\$ 225,000.00	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Finance - Insurance and contractual savings	
Gender Equity and Mainstreaming		
Description	<p>Until recently, the insurance sector in the Philippines has been governed by the outdated Insurance Code (1974), which has restricted the Insurance Commission 's ability to enforce the law and regulations, due to weak legal protection of supervisors and staff, hampered its ability to hire professionally qualified staff as a result of the salary standardization law, and thereby constrained the reorganization and upgrading of its management structure and supporting business processes. During the Aquino administration, the newly designated Insurance Commissioner, a professional actuary and former life insurance executive, has initiated the amendment to the Insurance Code and taken several major steps to achieve effective supervision by reorganizing the Insurance Commission from a functional setup with no information flow between units, to an organizational structure led by four deputy commissioners, with defined responsibility in the area of technical services, financial examination, management support services as well as legal and regulatory supervision.</p> <p>As of February 2013, the Philippine Senate and House of Representatives passed the consolidated Bill amending the Insurance Code and submitted for its approval by the President. The amendments and additional provisions in the Insurance Code, include the following: (i) minimum capital / solvency requirements for insurance companies increased from P250 million by end-2012 to P1 billion by year-end 2020; (ii) the Insurance Commissioner, now appointed by Presidential Order, for a fixed term of six years, has authority over disputes of up to P5 million; (iii) license issued to insurance companies is extended to three years ; (iii) expanded the range of investment instruments / assets admitted in the computation of equity ; (v) new provisions on microinsurance, bancassurance (together with Bangko Sentral ng Pilipinas), and financial reporting framework. The Insurance Commission is preparing rules and regulations concerning the following: (i) new solvency requirement for life and non-life companies; (ii) premium deposit fund (deposit of payments); (iii) self-regulatory organization; (iv) trust business of insurance companies; (v) alternative dispute resolution (ADR) methods; (vi) increased fees, charges and fines; (viii) electronic policy forms and processes.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>To assist with the timely implementation of the Insurance Code, and strengthen the supervisory functions of the regulator, the Insurance Commissioner has identified the following areas for capacity building: (i) knowledge and skills training on the risk-based capital requirements; (ii) upgrading of the Insurance Commission's IT to support the risk-based regulatory framework consistent with international standards. The capacity building will strengthen the ability of the examination teams to systematically review the insurance sector and monitor the activities of individual companies _ from licensing to financial analysis. The Insurance Commissioner has also identified training requirements on (iii) supervision of self-regulating industry organizations; (iv) training on ADR which will be considered as possible, by the TA.</p>	
Impact		

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services International Risk-Based Supervision and Examination Expert (Insurance)
International IT and Supervisory Reporting Expert (Banking and Insurance)

Responsible Staff

Responsible ADB Officer Schuster, Stephen R.
Responsible ADB Department Southeast Asia Department
Responsible ADB Division Public Management, Financial Sector and Trade Division, SERD
Executing Agencies *Insurance Commission*
1071 United Nations Avenue
PO Box 3589

Timetable

Concept Clearance 05 Jul 2013
Fact Finding 01 Jul 2013 to 05 Jul 2013
MRM -
Approval 13 Dec 2013
Last Review Mission -
Last PDS Update 09 Dec 2013

TA 8608-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2013	-	13 Dec 2013	30 Sep 2014	30 Jun 2016	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	13 Dec 2013	224,792.53

Project Page	https://www.adb.org/projects/47207-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47207-001
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