

Regulatory Relief

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Regulatory relief are measures effected by regulators to achieve administrative simplification or deregulation to reduce the burden of regulation due to some compelling reasons. Regulatory relief can take different forms for different regulatory

activities, and for different objectives. Thus, it can take the form of a relaxed regulation such as by providing exemptions from specific requirements. It can take the form of a total deregulation, meaning the suspension of certain regulatory requirements or the repeal of regulatory provisions, or the adoption of regulation that lessens the burden of regulation. To illustrate, in financial regulation, a deregulation removes regulatory constraints in order to achieve a greater efficiency. An example of an objective for regulatory relief is to reduce the amount of resources devoted to enforce obsolete or unnecessary regulations. A reduction in filing requirements, a reduction in duplication of requirement, simplification of procedures, elimination or modification of rules that are no longer relevant are often examples of reasons for regulatory relief. It can also be by tailoring a requirement so that it still applies to certain entities but does so in a less burdensome way.

Regulatory relief in the Philippines

One form of regulatory relief is the adoption of regulation that lessens the burden of regulation. An example is the adoption of the Anti-Red Tape Act of 2007 (R.A. No. 9485). Through the law, it mandated the processing of licenses and permits within a specified number of days. It also provided for the adoption of the “Citizens Charter”. These, in effect, provides relief for the general public from burdensome government regulations.

In 2016, an initiative was launched to remove outdated and unnecessary government rules and regulations. The project focused on the repeal of outdated department orders and rules of attached agencies. It was called Project Repeal. Its objective was to reduce the cost of compliance for businesses and the cost of administration and enforcement for the government.

The need for regulatory relief is most relevant especially in over-regulated industries. Indeed, while regulation is often times necessary, excessive regulation can be self-defeating. In the insurance industry, strict regulation has been viewed as necessary for financial stability and increased protections for consumers.

In the Insurance Commission

The grant of regulatory relief is impliedly authorized under Section 437, paragraph 3 of the Amended Insurance Code. This provision, in effect, leaves the discretion up to the regulator itself. A question therefore is how much discretion should be given to regulator in granting relief. It is believed that relief can be given to a particular business establishment or to an entire industry. Some view that legislation as unnecessary because regulators have already been authorized to tailor or provide exemptions under its rule-making powers.

The Insurance Commission has lifted certain requirements in the processing of claims during disastrous natural calamities. The objective being to expedite the payment of benefits. An insurance companies under conservatorship may be granted some form of relief to facilitate its rehabilitation.

When relief may be granted

In granting relief, there is a need to gauge whether regulation is lacking or excessive; whether a regulation has become “unduly burdensome”. According to the Congressional Research Service (CRS) of the United States, “the different objectives and potential benefits of financial regulation include enhancing the safety and soundness of certain institutions; protecting consumers and investors from fraud, manipulation, and discrimination; and promoting financial stability while reducing systemic risk. The costs associated with government regulation are referred to as regulatory burden. The presence of regulatory burden does not necessarily mean that a regulation is undesirable or should be repealed. A regulation can have benefits that could outweigh its costs, but the presence of costs means, tautologically, that there is regulatory burden.”

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