



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila



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IC ISSUES GUIDELINES ON ACTUARY ACCREDITATION

The Insurance Commission (IC) has laid down new guidelines for the accreditation of actuaries for health maintenance organizations (HMO).

As a prerequisite to undertake actuarial work for an HMO authorized to do business in the Philippines, an actuary must be a Fellow in good standing of the Actuarial Society of the Philippines (ASP). This requirement must be possessed by an actuary not only at the time of his engagement but during the tenure of his engagement as such.

As an accredited actuary for HMO, a person shall be allowed to sign actuarial certifications to be submitted by an HMO pursuant to the pertinent rules and regulations promulgated by the IC and to perform such duties and responsibilities as an HMO actuary.

An Associate in good standing of the ASP may be accredited as a HMO actuary until December 31, 2018 and may continue to do so beyond this date only after satisfying all the requirements to become a Fellow of the ASP.

The IC likewise requires HMO actuaries to complete the minimum required seminar/training and/or examinations conducted by the ASP and endorsed by the IC from time to time or have at least two (2) years of relevant work experience in the actuarial field in the HMO or medical insurance industry, preferably in the Philippine setting.

The new guidelines expressly prohibit an HMO actuary to be at the same time a stockholder, board of director, chief executive officer or chief financial officer of the company or to hold a position that the Commissioner may determine to have an inherent conflict of interest to the position of an actuary.

Insurance Commissioner Dennis B. Funa highlighted the role of actuaries in the HMO business.

Commissioner Funa said, "HMOs assume morbidity risks with the collection of fees in exchange for services. For that reason, HMO should have an actuary—a professional who uses mathematics, statistics and financial theory to analyze the financial consequences of risk—to ensure the financial capabilities of HMOs to render services as stipulated in their agreement with their members."

"Under our rules of reportorial requirements of HMOs, they are required to submit morbidity studies, claims experience, expense study and valuation report which must be prepared by an IC-accredited actuary. These actuarial reports are important in determining the amount of reserves of a company to meet their future obligations to its members," added Commissioner Funa.

The IC recently issued the Guidelines on the Approval of HMO Products and Forms which require the submission of table of membership fees including actuarial notes and formulations vis-à-vis the benefits under an HMO plan/agreement.

Commissioner Funa explained that these documentary requirements are important in determining the viability of the product and to ensure that the membership fees are commensurate with the benefits.

He said that actuarial assumptions as to the number of members expected to enroll, the number of members who would avail of the services in a given period of time, the amount of operations and administration expenses, taxes, and professional fees, among others, must be considered in order for the company to be able to set adequate, reasonable and fair membership fees.

The ASP is the recognized professional membership organization for actuaries in the Philippines.

Actuaries of life insurance, non-life insurance and pre-need companies are likewise required to be accredited by the IC as provided under the Insurance Code and the Pre-Need Code.


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