



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
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**INSURANCE COMMISSION SET TO SIGN
TERMS OF REFERENCE (TOR) WITH
U.S. DEPARTMENT OF THE TREASURY**

The Insurance Commission (IC) is set to sign Terms of Reference (TOR) with the United States (US) Department of the Treasury - Office of Technical Assistance (OTA), which are intended to provide a framework for collaboration between the IC and the OTA and by virtue of which an OTA Resident Advisor shall be appointed.

The OTA has been assisting the IC since 2015 in building capacity to effectively supervise the country's insurance industry by updating and strengthening regulations, gradually moving the IC to a risk-based supervision model, and training both on-site inspectors and off-site examiners in analyzing financial statements and other data.

In an OTA mission assessment meeting in October 2019 that was officially confirmed in a subsequent meeting held in November 2019, the OTA and the IC highlighted the following opportunities for collaboration: (1) Assist in the development of adjustments to the legal and regulatory framework for the insurance sector consistent with standards set by the International Association of Insurance Supervisors (IAIS) Insurance Core Principles (ICPs); (2) Provide assistance through guidance and instruction in revising and creating new regulations, instructions, policies and procedures to implement a Risk-Based Supervision Program (RBS); (3) Assist in the development and training of staff in proper techniques of off-site analysis and on-site examinations as it pertains to these supervision divisions; (4) Fully empower on-site supervisors to interface with management and staff of supervised entities; and (5) Provide assistance through guidance and training of staff to help guide the insurance industry to become fully compliant with International Financial Reporting Standards (IFRS) and Philippine insurance legislative reporting requirements.

Under the TOR, the OTA Resident Advisor is expected to provide technical assistance to IC officials who are responsible for certain technical areas and to coordinate these efforts with IC senior management. Further, the OTA may decide to assign additional intermittent advisors to assist the OTA Resident Advisor.

Through the technical assistance to be provided by the OTA Resident Advisor by virtue of the TOR, the IC and the OTA aim to achieve the following objectives: (1) Development and maintenance of a fair, safe, and stable insurance sector that benefits and protects insurance policyholders and enhances financial sector stability; (2) Strengthening the financial sector stability in the Philippines by enhancing the Philippine insurance sector regulatory framework to achieve greater compliance with

international core principles; (3) Improvement of the safety and soundness of the Philippine insurance sector through the development of a risk-based methodology to guide off-site and on-site supervision of insurance companies; (4) Development of analysis procedures to properly conduct RNS off-site supervision of insurance companies and developing ratios that measure an insurance company's financial condition to be used as an early warning system to detect the relative risk exposures of Philippine insurance companies; (5) Implementation of a risk-based approach to on-site examinations of insurance companies, allowing the IC to focus limited supervisory resources on higher risk insurance companies; and (6) Enhancement of the IC's capacity to monitor insurance companies' compliance with the IFRS and bring the Philippine insurance sector into legal compliance.

The TOR will be signed by Insurance Commissioner Dennis Funa and Mr. W.L. McDonald, Deputy Assistant Secretary for Technical Assistance Policy of the U.S. Department of the Treasury.

A handwritten signature in black ink, appearing to read 'Avilla', with a long, sweeping horizontal stroke extending to the right.

ATTY. ALWYN FRANZ P. VILLARUEL
Media Relations Officer
afp.villaruel@insurance.gov.ph