PERFORMANCE STANDARDS FOR MICRO INSURANCE

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Whereas, on January 29, 2010, The Insurance Commission, in collaboration with other government agencies and private sector entities, launched the Regulatory Framework for Microfinance specifying the details for the establishment of an appropriate policy and regulatory environment that will facilitate the increased participation of the private sector in the delivery of microinsurance products and services;

Whereas, in line with Regulatory Framework, the Insurance Commission issued Insurance Memorandum Circular No. 01-2010 that provides for, among others, the establishment of a set of performance standards on which insurance companies, cooperative insurance societies and mutual benefit associations providing microfinance products and services (hereinafter collectively referred to as microinsurance entities) shall be evaluated and monitored;

Whereas, the set of performance standards shall cover the areas of solvency and stability, efficiency, governance, understanding of the product by the client, risk-based capital, outreach, and such other areas deemed by the Insurance Commission to be critical to the continuing viability, growth, and development of the microinsurance industry; and

Whereas, the set of performance standards is necessary for the Commission, the management of microinsurance entities and other interested parties to determine whether the operations in the delivery of microinsurance products and services (as defined under IMC No. 01-2010) by microinsurance entities are being conducted in a viable and sustainable manner;

NOW THEREFORE, pursuant to the authority vested to the Commissioner under Section 414 of the Insurance Code, as amended, the following are hereby promulgated:

1. The Performance Standards for Microinsurance (attached hereto as Annex 1[*] and made an integral part of this Circular) are hereby adopted as the Microinsurance industry benchmarks in assessing and evaluating the operations of all microinsurance providers beginning calendar year 2011.
2. The Performance Standards shall specifically apply to entities providing microinsurance products.
3. Relevant information reflected in the Annual Statements and audited financial statements of insurance companies, cooperative insurance societies and mutual benefit associations shall be used as basis in the computation of the ratios and indicators embodied in the Performance Standards.
4. Microinsurance entities shall submit to the Commission on or before April 30, 2012 and every year thereafter the resulting indicators covering their previous year's operations by using the set of Performance Standards and the corresponding Annual Statements.
5. In the interest of the general public and for increased transparency, the Insurance Commission reserves the right to use the results of the evaluation using the Performance Standards in coming up with a status report on the microinsurance industry as a whole without necessarily divulging any confidential information submitted by each reporting microinsurance entity.
6. The Insurance Commission shall use the Performance Standards to indentify as early as possible entities whose financial conditions and/or performance on microinsurance operations are concerns and if warranted, recommend appropriate remedial measures.
7. The Performance Standard shall be subject to revise at least once in every three (3) years in collaboration

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with concerned stakeholders.

The Insurance Commission may issue such other guidelines as it may deem necessary to enforce the provision of this Circular.

All rules and regulations and issuances inconsistent with this circular are hereby deemed amended, modified or repealed.

This Circular takes effects immediately.

Adopted: 31 January 2011

(SGD.) EMMANUEL F. DOOC
Insurance Commissioner

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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