COMMITTEE REPORT NO. 302

Submitted by the Committee on Economic Affairs on MAY 04 2020

Re: House Bill No. 6654

Recommendating its approval in substitution of House Bills Numbered 6162 and 6292

Sponsors: Representatives Sharon S. Garin and Rufus B. Rodriguez

Mr. Speaker:

The Committee on Economic Affairs to which were referred House Bill No. 6162, introduced by Representative Sharon S. Garin, entitled:

"AN ACT REORGANIZING AND CONVERTING THE INSURANCE COMMISSION INTO A COLLEGIATE BODY, AMENDING SECTIONS 437, 438, AND 439 OF REPUBLIC ACT NO. 10607, OTHERWISE KNOWN AS ‘THE INSURANCE CODE’, AS AMENDED", and

House Bill No. 6292, introduced by Representative Rufus B. Rodriguez, entitled:


has considered the same and recommends the approval of House Bill No. 6654 entitled:


Respectfully submitted,

[Signature]

Chairperson
Committee on Economic Affairs

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

AN ACT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION. 1. Section 437 of Republic Act No. 10607 is hereby amended to read as follows:

"SEC. 437. [The Insurance Commissioner shall be appointed by the President of the Republic of the Philippines for a term of six (6) years without reappointment and who shall serve as such until the successor shall have been appointed and qualified. If the Insurance Commissioner is
removed before the expiration of his term of office, the reason for the removal must be published.]

“THIS CODE SHALL BE ADMINISTERED BY THE INSURANCE COMMISSION, HEREINAFTER REFERRED TO AS THE "COMMISSION", AS A COLLEGIAL BODY, COMPOSED OF A CHAIRPERSON AND FOUR (4) COMMISSIONERS, WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES WITHOUT REAPPOINTMENT OR EXTENSION. OF THE FIRST SET OF APPOINTEES, THE CHAIRPERSON SHALL HOLD OFFICE FOR SIX (6) YEARS; AND OF THE FIRST FOUR (4) COMMISSIONERS, ONE (1) SHALL HOLD OFFICE FOR FIVE (5) YEARS, ONE SHALL HOLD OFFICE FOR FOUR (4) YEARS, ONE SHALL HOLD OFFICE FOR THREE (3) YEARS, AND ONE SHALL HOLD OFFICE FOR TWO (2) YEARS. ALL SUBSEQUENT APPOINTMENTS SHALL BE FOR A PERIOD OF SIX (6) YEARS EACH. UNLESS THE CONTEXT INDICATES OTHERWISE, THE TERM “COMMISSIONER” INCLUDES THE CHAIRPERSON. ALL PREVIOUS REFERENCES TO THE “INSURANCE COMMISSIONER” IN THE CODE SHALL HEREBY REFER TO THE “COMMISSION”.

THE EXPIRATION OF HIS/HER TERM OF OFFICE, THE REASON FOR
THE REMOVAL MUST BE PUBLISHED.

"THE CHAIRPERSON IS THE CHIEF EXECUTIVE OFFICER OF
THE COMMISSION. THE CHAIRPERSON SHALL EXECUTE AND
ADMINISTER THE POLICIES, DECISIONS, ORDERS AND
RESOLUTIONS APPROVED BY THE COMMISSION AND SHALL HAVE
THE GENERAL EXECUTIVE DIRECTION AND SUPERVISION OF THE
WORK AND OPERATION OF THE COMMISSION AND ITS MEMBERS,
BODIES, BOARDS, OFFICES, PERSONNEL AND ALL ITS
ADMINISTRATIVE BUSINESS.

"THE SALARY OF THE CHAIRPERSON AND THE
COMMISSIONERS SHALL BE FIXED BY THE PRESIDENT OF THE
PHILIPPINES BASED ON THE OBJECTIVE CLASSIFICATION SYSTEM
AT A SUM COMMENSURATE TO THE IMPORTANCE AND
RESPONSIBILITIES ATTACHED TO THEIR POSITIONS.

"THE COMMISSION SHALL HOLD MEETINGS AT LEAST ONCE A
WEEK FOR THE CONDUCT OF BUSINESS OR AS OFTEN AS MAY BE
NECESSARY UPON THE CALL OF THE CHAIRPERSON OR UPON THE
REQUEST OF THREE (3) COMMISSIONERS. THE NOTICE OF THE
MEETING SHALL BE GIVEN TO ALL COMMISSIONERS AND THE
PRESENCE OF THREE (3) COMMISSIONERS SHALL CONSTITUTE A
QUORUM. IN THE ABSENCE OF THE CHAIRPERSON, THE MOST
SENIOR COMMISSIONER SHALL ACT AS PRESIDING OFFICER OF
THE MEETING. THE VOTE OF THREE (3) COMMISSIONERS SHALL BE
NECESSARY FOR THE ADOPTION OF ANY RULE, RULING, ORDER, RESOLUTION, DECISION, OR OTHER ACTS OF THE COMMISSION.

"THE COMMISSION MAY, FOR PURPOSES OF EFFICIENCY, DELEGATE ANY OF ITS FUNCTIONS TO ANY DEPARTMENT OR OFFICE OF THE COMMISSION, AN INDIVIDUAL COMMISSIONER OR STAFF MEMBER OF THE COMMISSION, EXCEPT ON ITS REVIEW OR APPELLATE AUTHORITY AND ITS POWER TO ADOPT, ALTER AND SUPPLEMENT ANY RULE OR REGULATION. THE COMMISSION MAY REVIEW UPON ITS OWN INITIATIVE OR UPON THE PETITION OF ANY INTERESTED PARTY ANY ACTION OF ANY DEPARTMENT OR OFFICE, INDIVIDUAL COMMISSIONER, OR STAFF MEMBER OF THE COMMISSION. THE COMMISSION SHALL BE UNDER THE DIRECT SUPERVISION BY THE DEPARTMENT OF FINANCE".

"The [Insurance Commissioner] COMMISSION shall have the duty to see that all laws relating to insurance, insurance companies and other insurance matters, mutual benefit associations, and trust for charitable uses are faithfully executed and to perform the duties imposed upon him by this Code, and shall, notwithstanding any existing laws to the contrary, have sole and exclusive authority to regulate the issuance and sale of variable contracts as defined in Section 238 hereof and to provide for the licensing of persons selling such contracts, and to issue such reasonable rules and regulations governing the same.

"The [Commissioner] COMMISSION may issue such rulings, instructions, circulars, orders and decisions as may be deemed necessary to secure the enforcement of the provisions of this Code, to ensure the
efficient regulation of the insurance industry in accordance with global best
tpractices and to protect the insuring public. Except as otherwise specified,
decisions made by the Commissioner shall be appealable to the Secretary
ofFinance.

"In addition to the foregoing, the [Commissioner] COMMISSION shall
have the following powers and functions:

"xxx;

"(g) Punish for contempt of the [Commissioner] COMMISSION, both
direct and indirect, in accordance with the pertinent provisions of and
penalties prescribed by the Rules of Court;

"xxx;

"(o) To fix and assess fees, charges and penalties as the
[Commissioner] COMMISSION may find reasonable in the exercise of
regulation; and

"xxx.

The Commission shall indemnify the [Commissioner, Deputy
Commissioner,] COMMISSIONERS and other officials of the Commission,
including personnel performing supervision and examination functions, for
all costs and expenses reasonably incurred by such persons in connection
with any civil or criminal actions, suits or proceedings to which they may be
made a party to by the reason of the performance of their duties and
functions, unless they are finally adjudged in such actions, suits or
proceedings to be liable for negligence or misconduct.

"xxx:
The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Commission in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the [Commissioner, Deputy Commissioner,] COMMISSIONERS, officer or employee to repay the amount advanced should it ultimately be determined by the Commission that the person is not entitled to be indemnified.

SEC. 2. Section 438 of Republic Act No. 10607 is hereby amended to read as follows:

"Section 438. In addition to the administrative sanctions provided elsewhere in this Code, the [Insurance Commissioner] COMMISSION is hereby authorized, at [his] ITS discretion, to impose upon insurance companies, their directors and/or officers and/or agents, for any willful failure or refusal to comply with, or violation of any provision of this Code, or any order, instruction, regulation, or ruling of the [Insurance Commissioner] COMMISSION, or any commission or irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the [Insurance Commissioner] COMMISSION, the following:

"xxx.

SEC. 3. Section 439 of Republic Act No. 10607 is hereby amended to read as follows:

"Section 439. The [Commissioner] COMMISSION shall have the power to adjudicate claims and complaints involving any loss, damage or
liability for which an insurer may be answerable under any kind of policy or contract of insurance, or for which such insurer may be liable under a contract of suretyship, or for which a reinsurer may be sued under any contract of reinsurance it may have entered into; or for which a mutual benefit association may be held liable under the membership certificates it has issued to its members, where the amount of any such loss, damage or liability, excluding interest, cost and attorney's fees, being claimed or sued upon any kind of insurance, bond, reinsurance contract, or membership certificate does not exceed in any single claim Five million pesos (P5,000,000.00).

"The power of the [Commissioner] COMMISSION does not cover the relationship between the insurance company and its agents/brokers but is limited to adjudicating claims and complaints filed by the insured against the insurance company.

"The [Commissioner] COMMISSION may authorize any officer or group of officers under him to conduct investigation, inquiry and/or hearing and decide claims and he may issue rules governing the conduct of adjudication and resolution of cases. The Rules of Court shall have suppletory application.

"The party filing an action pursuant to the provisions of this section thereby submits his person to the jurisdiction of the [Commissioner] COMMISSION. The [Commissioner] COMMISSION shall acquire jurisdiction over the person of the impleaded party or parties in accordance with and pursuant to the provisions of the Rules of Court.
"The authority to adjudicate granted to the [Commissioner] COMMISSION under this section shall be concurrent with that of the civil courts, but the filing of a complaint with the [Commissioner] COMMISSION shall preclude the civil courts from taking cognizance of a suit involving the same subject matter.

"Any decision, order or ruling rendered by the [Commissioner] COMMISSION after a hearing shall have the force and effect of a judgment. Any party may appeal from a final order, ruling or decision of the [Commissioner] COMMISSION by filing with the [Commissioner] COMMISSION within thirty (30) days from receipt of copy of such order, ruling or decision a notice of appeal to the Court of Appeals in the manner provided for in the Rules of Court for appeals from the Regional Trial Court to the Court of Appeals.

"For the purpose of any proceeding under this section, the [Commissioner] COMMISSION, or any officer thereof designated [by him] is empowered to administer oaths and affirmation, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, documents, or contracts or other records which are relevant or material to the inquiry.

"A full and complete record shall be kept of all proceedings had before the [Commissioner] COMMISSION, or the officers thereof designated [by him] and all testimony shall be taken down and transcribed by a stenographer appointed by the [Commissioner] COMMISSION."
"In order to promote party autonomy in the resolution of cases, the
[Commissioner] COMMISSION shall establish a system for resolving
cases through the use of alternative dispute resolution.

SEC. 5. Separability Clause. – If any provision of this Act shall be held
unconstitutional or invalid, the other provisions not otherwise affected shall
remain in full force and effect.

SEC. 6. Repealing Clause. – All laws, decrees, executive orders, rules and
regulations or parts thereof which are contrary to or inconsistent with this Act are
hereby repealed, amended or modified accordingly.

SEC. 7. Effectivity. – This Act shall take effect fifteen (15) days after its
complete publication either in the Official Gazette or in a newspaper of general
circulation.

Approved,
FACT SHEET

HOUSE BILL No. 6654
(in substitution of House Bills 6162 and 6292)

“AN ACT

Introduced by: REPRESENTATIVES SHARON S. GARIN AND RUFUS B. RODRIGUEZ

Committee Referral: COMMITTEE ON ECONOMIC AFFAIRS

Committee Chairperson: REPRESENTATIVE SHARON S. GARIN
Committee on Economic Affairs

OBJECTIVES:

• To promote stability in the insurance industry by reorganizing the Insurance Commission so that its administrative and adjudicatory functions and processes are rendered transparent and beyond reproach

KEY PROVISIONS:

• Amends Section 437 of Republic Act 10607, otherwise known as “The Insurance Code” by reorganizing the Insurance Commission as follows:

  1. The Commission shall be composed of a Chairperson and four (4) Commissioners, appointed by the President without reappointment or extension;
  2. The term of office of the first set of appointees shall be staggered, that is, one (1) shall hold office for six (6) years, the next three (3) appointees shall hold office for five (5), four (4) and three (3) years, respectively;
  3. Provides the qualifications of the Commissioners as follows:
     • Natural-born citizens of the Philippines;
     • At least forty (40) years of age for the Chairperson, and at least thirty-five (35) years of age for the Commissioners;
     • Of good moral character and unquestionable integrity;
     • Of known probity and patriotism; and
     • With recognized competence in the insurance industry
  4. Requires the Commission to hold meetings at least once a week, and the presence of three (3) members to constitute a quorum
  5. Requires the votes of three (3) members of the Commission for any rule, ruling, order, resolutions, decisions or other acts of the Commission to be adopted

• Amends 438 and 439 Republic Act 10607 to replace the words “Insurance Commissioner” to “Commission” throughout the entire law