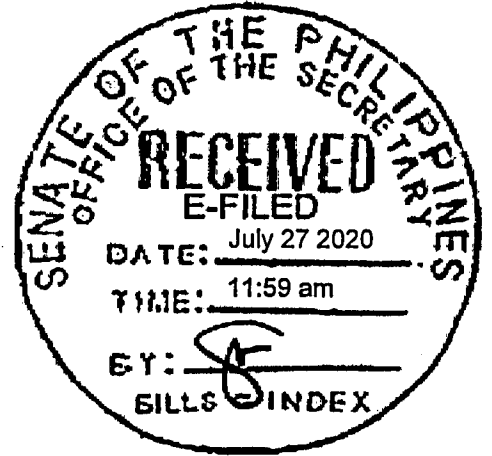


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )

SENATE  
S. No. 1743



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**Introduced by SENATOR RAMON BONG REVILLA, JR.**

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

**EXPLANATORY NOTE**

The insurance industry is a significant driver of the national economy. The sector not only promotes the development of capital markets and facilitates long-term investments, it also provides our people social security protection, financial stability and resilience against external shocks.

In the past years, the industry enjoyed continued growth<sup>1</sup>. In 2019, the industry assets reached Php 1.78 trillion while the industry total net income expanded by 20.38% compared to the previous year.<sup>2</sup>

This bill aims to further encourage the growth of the sector by strengthening the Insurance Commission and transforming it into a collegial body. Currently, the main regulatory agency in charge of the insurance, pre-need companies and health maintenance organizations is headed by the Insurance Commissioner, vested with extensive administrative and adjudicatory powers and functions.

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<sup>1</sup> "Sustained growth in insurance sector seen." Published January 29, 2020. Accessed on July 6, 2020 through <https://www.manilatimes.net/2020/01/29/business/business-top/sustained-growth-in-insurance-sector-seen/678109/>

<sup>2</sup> Insurance Industry Performance, as of the Quarter Ending December 31, 2019. <https://www.insurance.gov.ph/wp-content/uploads/2020/05/2019-Industry-Performance-Report-ALL.pdf>

As enumerated under the Republic Act No. 10607, the Insurance Commissioner is empowered to issue rulings, formulate policies, approve and revoke licenses, impose sanctions for violation of laws, prepare and repeal rules and regulations, conduct inquiries and investigations, among others.

It is hereby proposed to restructure the Commission into a collegial body composed of a Chairperson, who shall act as the Chief Executive Officer, and four Commissioners. Under this bill, a vote of three commissioners shall be necessary for the adoption of any ruling, order or resolution of the commission. It is hoped that with the transfer or dispersion of powers from one commissioner into a multi-member body, the organization may benefit from effective collaboration, more intensive deliberation and decision making based on broader understanding and diverse perspectives, and promotion of impartiality, creativity and transparency.

This measure was recently approved on Third Reading by the House of Representatives during the First Regular Session of the 18<sup>th</sup> Congress.

In this light, the immediate passage of this bill is requested.

  
**RAMON BONG REVILLA, JR.**

EIGHTEENTH CONGRESS OF THE )  
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**AN ACT**  
**REORGANIZING AND CONVERTING THE INSURANCE COMMISSION INTO A COLLEGIAL BODY, AMENDING SECTIONS 437, 438 AND 439 OF REPUBLIC ACT NO. 10607, OTHERWISE KNOWN AS "THE INSURANCE CODE", AS AMENDED**

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

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

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

9 "THIS CODE SHALL BE ADMINISTERED BY THE  
10 INSURANCE COMMISSION, HEREINAFTER REFERRED TO AS  
11 THE 'COMMISSION', AS A COLLEGIAL BODY COMPOSED OF A  
12 CHAIRPERSON AND FOUR (4) COMMISSIONERS, WHO SHALL  
13 BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES  
14 WITHOUT REAPPOINTMENT OR EXTENSION. OF THE FIRST  
15 SET OF APPOINTEES, THE CHAIRPERSON SHALL HOLD OFFICE  
16 FOR SIX (6) YEARS; AND OF THE FIRST FOUR (4)

1 COMMISSIONERS, ONE SHALL HOLD OFFICE FOR FIVE (5)  
2 YEARS, ONE SHALL HOLD OFFICE FOR FOUR (4) YEARS, ONE  
3 SHALL HOLD OFFICE FOR THREE (3) YEARS, AND ONE SHALL  
4 HOLD OFFICE FOR TWO (2) YEARS. ALL SUBSEQUENT  
5 APPOINTMENTS SHALL BE FOR A PERIOD OF SIX (6) YEARS  
6 EACH. UNLESS THE CONTEXT INDICATES OTHERWISE, THE  
7 TERM 'COMMISSIONER' INCLUDES THE CHAIRPERSON. ALL  
8 PREVIOUS REFERENCES TO THE 'INSURANCE  
9 COMMISSIONER' IN THE CODE SHALL HEREBY REFER TO THE  
10 'COMMISSION'.

11 "THE COMMISSIONERS MUST BE NATURAL-BORN  
12 CITIZENS OF THE PHILIPPINES, AT LEAST FORTY (40) YEARS  
13 OF AGE FOR THE CHAIRPERSON, AND AT LEAST THIRTY-FIVE  
14 (35) YEARS OF AGE FOR THE COMMISSIONERS, OF GOOD  
15 MORAL CHARACTER, OF UNQUESTIONABLE INTEGRITY, OF  
16 KNOWN PROBITY AND PATRIOTISM, AND WITH RECOGNIZED  
17 COMPETENCE IN THE INSURANCE INDUSTRY. IF A  
18 COMMISSIONER IS REMOVED BEFORE THE EXPIRATION OF  
19 HIS/HER TERM OF OFFICE, THE REASON FOR THE REMOVAL  
20 MUST BE PUBLISHED.

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

29 "THE SALARY OF THE CHAIRPERSON AND THE  
30 COMMISSIONERS SHALL BE FIXED BY THE PRESIDENT OF THE  
31 PHILIPPINES BASED ON THE OBJECTIVE CLASSIFICATION

1           **SYSTEM AT A SUM COMMENSURATE TO THE IMPORTANCE AND**  
2           **RESPONSIBILITIES ATTACHED TO THEIR POSITIONS.**

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

16          **"THE COMMISSION MAY, FOR PURPOSES OF**  
17          **EFFICIENCY, DELEGATE ANY OF ITS FUNCTIONS TO ANY**  
18          **DEPARTMENT OR OFFICE OF THE COMMISSION, AN**  
19          **INDIVIDUAL COMMISSIONER, OR STAFF MEMBER OF THE**  
20          **COMMISSION, EXCEPT ON ITS REVIEW OR APPELLATE**  
21          **AUTHORITY AND ITS POWER TO ADOPT, ALTER AND**  
22          **SUPPLEMENT ANY RULE OR REGULATION. THE COMMISSION**  
23          **MAY REVIEW UPON ITS OWN INITIATIVE OR UPON THE**  
24          **PETITION OF ANY INTERESTED PARTY ANY ACTION OF ANY**  
25          **DEPARTMENT OR OFFICE, INDIVIDUAL COMMISSIONER, OR**  
26          **STAFF MEMBER OF THE COMMISSION. THE COMMISSIONER**  
27          **SHALL BE UNDER THE DIRECT SUPERVISION BY THE**  
28          **DEPARTMENT OF FINANCE".**

29          **"The [~~Insurance-Commissioner~~] COMMISSION shall have the duty**  
30          **to see that all laws relating to insurance, insurance companies and other**  
31          **insurance matters, mutual benefit associations, and trusts for charitable**  
32          **uses are faithfully executed and to perform the duties imposed upon**

1 him by this Code, and shall, notwithstanding any existing laws to the  
2 contrary, have sole and exclusive authority to regulate the issuance and  
3 sale of variable contracts as defined in Section 238 hereof and to  
4 provide for the licensing of persons selling such contracts, and to issue  
5 such reasonable rules and regulations governing the same.

6 "The [~~Commissioner~~] **COMMISSION** may issue such rulings,  
7 instructions, circulars, orders and decisions as may be deemed  
8 necessary to secure the enforcement of the provisions of this Code, to  
9 ensure the efficient regulation of the insurance industry in accordance  
10 with global best practices and to protect the insuring public. Except as  
11 otherwise specified, decisions made by the [~~Commissioner~~]  
12 **COMMISSION** shall be appealable to the Secretary of Finance.

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

15 "x x x;

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

19 "x x x;

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

23 "x x x.

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

1           "X X X.

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

9  
10          Sec. 2. Section 438 of Republic Act No. 10607 is hereby amended to read as  
11 follows:

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

22           "X X X."

23  
24          Sec. 3. Section 439 of Republic Act No. 10607 is hereby amended to read as  
25 follows:

26           "SEC. 439. The [~~Commissioner~~] **COMMISSION** shall have the power  
27 to adjudicate claims and complaints involving any loss, damage or liability  
28 for which an insurer may be answerable under any kind of policy or  
29 contract of insurance, or for which such insurer may be liable under a  
30 contract of suretyship, or for which a reinsurer may be sued under any  
31 contract of reinsurance it may have entered into; or for which a mutual  
32 benefit association may be held liable under the membership certificates

1 it has issued to its members, where the amount of any such loss, damage  
2 or liability, excluding interest, cost and attorney's fees, being claimed or  
3 sued upon any kind of insurance, bond, reinsurance contract, or  
4 membership certificate does not exceed in any single claim Five million  
5 pesos (P5,000,000.00).

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

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

15 "The party filing an action pursuant to the provisions of this section  
16 thereby submits his person to the jurisdiction of the [Commissioner]  
17 **COMMISSION**. The [Commissioner] **COMMISSION** shall acquire  
18 jurisdiction over the person of the impleaded party or parties in accordance  
19 with and pursuant to the provisions of the Rules of Court.

20 "The authority to adjudicate granted to the [Commissioner]  
21 **COMMISSION** under this section shall be concurrent with that of the civil  
22 courts, but the filing of a complaint with the [Commissioner]  
23 **COMMISSION** shall preclude the civil courts from taking cognizance of a  
24 suit involving the same subject matter.

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



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

7           "A full and complete record shall be kept of all proceedings had before  
8           the [Commissioner] **COMMISSION**, or the officers thereof designated [by  
9           him], and all testimony shall be taken down and transcribed by a  
10          stenographer appointed by the [Commissioner] **COMMISSION**.

11          "In order to promote party autonomy in the resolution of cases, the  
12          [Commissioner] **COMMISSION** shall establish a system for resolving  
13          cases through the use of alternative dispute resolution.

14  
15          Sec. 4. *Separability Clause.* – If any provision or part hereof is held invalid or  
16          unconstitutional, the remainder of the law or the provision or part not otherwise  
17          affected shall remain valid and subsisting.

18  
19          Sec. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or  
20          parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

21  
22          Sec. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
23          publication in the *Official Gazette* or in two (2) newspapers of general circulation.

24  
25          *Approved,*