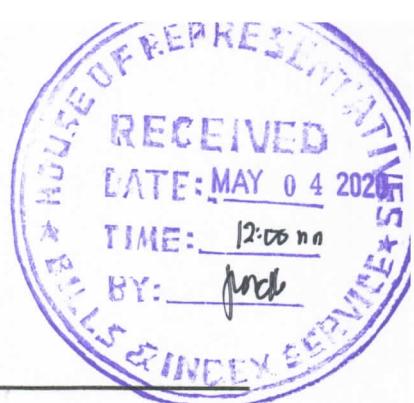


Republic of the Philippines
House of Representatives
Quezon City

Eighteenth Congress
First Regular Session



COMMITTEE REPORT NO. 302

Submitted by the Committee on Economic Affairs on MAY 04 2020
6654

Re: House Bill No. _____

Recommending 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 COLLEGIAL 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:

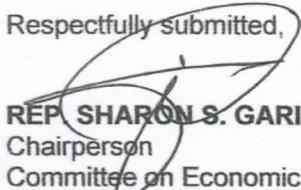
"AN ACT REORGANIZING AND CONVERTING THE INSURANCE COMMISSION INTO A COLLEGIAL BODY, AMENDING SECTIONS 437, 438, AND 439 OF REPUBLIC ACT NO. 10607, OTHERWISE KNOWN AS 'THE INSURANCE CODE', AS AMENDED"

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

"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"

in substitution of House Bills Numbered 6162 and 6292 with Representatives Sharon S. Garin, Rufus B. Rodriguez, Joey Sarte Salceda, Francisco "Kiko" B. Benitez, Amihilda J. Sangcopan, Michael B. Gorriceta, Rozanno Rufino B. Biazon, Erico Aristotle C. Aumentado, Kristine Singson-Meehan, Michael Edgar Y. Aglipay, Julienne "Jam" L. Baronda, Stella Luz A. Quimbo, Luis Raymund "LRay" F. Villafuerte, Jr., Jose Christopher Y. Belmonte, and Christopher V. P. De Venecia, Ruwel Peter S. Gonzaga, Francisco Jose "Bingo" F. Matugas II, and Maricel G. Natividad-Nagaño M.D. as authors thereof.

Respectfully submitted,


REP. SHARON S. GARIN
Chairperson
Committee on Economic Affairs

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Eighteenth Congress
First Regular Session
HOUSE BILL NO. 6654

(in substitution of House Bills 6162 and 6292)

By Representatives Sharon S. Garin, Rufus B. Rodriguez, Joey Sarte Salceda, Francisco "Kiko" B. Benitez, Amihilda J. Sangcopan, Michael B. Gorriceta, Rozzano Rufino B. Biazon, Erico Aristotle C. Aumentado, Kristine Singson-Meehan, Michael Edgar Y. Aglipay, Julienne "Jam" L. Baronda, Stella Luz A. Quimbo, Luis Raymund "LRay" F. Villafuerte, Jr., Jose Christopher Y. Belmonte, Christopher V. P. De Venecia, Ruwel Peter S. Gonzaga, Francisco Jose "Bingo" F. Matugas II and Maricel G. Natividad-Nagaño M.D.

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 Representatives of the Philippines in Congress assembled:

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

3 **"SEC. 437.** [The Insurance Commissioner shall be appointed by the
4 President of the Republic of the Philippines for a term of six (6) years
5 without reappointment and who shall serve as such until the successor shall
6 have been appointed and qualified. If the Insurance Commissioner is

1 removed before the expiration of his term of office, the reason for the
2 removal must be published.]

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

19 **"THE COMMISSIONERS MUST BE NATURAL-BORN CITIZENS OF**
20 **THE PHILIPPINES, AT LEAST FORTY (40) YEARS OF AGE FOR THE**
21 **CHAIRPERSON, AND AT LEAST THIRTY-FIVE (35) YEARS OF AGE**
22 **FOR THE COMMISSIONERS, OF GOOD MORAL CHARACTER, OF**
23 **UNQUESTIONABLE INTEGRITY, OF KNOWN PROBITY AND**
24 **PATRIOTISM, AND WITH RECOGNIZED COMPETENCE IN THE**
25 **INSURANCE INDUSTRY. IF A COMMISSIONER IS REMOVED BEFORE**

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

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

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

16 "THE COMMISSION SHALL HOLD MEETINGS AT LEAST ONCE A
17 WEEK FOR THE CONDUCT OF BUSINESS OR AS OFTEN AS MAY BE
18 NECESSARY UPON THE CALL OF THE CHAIRPERSON OR UPON THE
19 REQUEST OF THREE (3) COMMISSIONERS. THE NOTICE OF THE
20 MEETING SHALL BE GIVEN TO ALL COMMISSIONERS AND THE
21 PRESENCE OF THREE (3) COMMISSIONERS SHALL CONSTITUTE A
22 QUORUM. IN THE ABSENCE OF THE CHAIRPERSON, THE MOST
23 SENIOR COMMISSIONER SHALL ACT AS PRESIDING OFFICER OF
24 THE MEETING. THE VOTE OF THREE (3) COMMISSIONERS SHALL BE

1 NECESSARY FOR THE ADOPTION OF ANY RULE, RULING, ORDER,
2 RESOLUTION, DECISION, OR OTHER ACTS OF THE COMMISSION.

3 “THE COMMISSION MAY, FOR PURPOSES OF EFFICIENCY,
4 DELEGATE ANY OF ITS FUNCTIONS TO ANY DEPARTMENT OR
5 OFFICE OF THE COMMISSION, AN INDIVIDUAL COMMISSIONER OR
6 STAFF MEMBER OF THE COMMISSION, EXCEPT ON ITS REVIEW OR
7 APPELLATE AUTHORITY AND ITS POWER TO ADOPT, ALTER AND
8 SUPPLEMENT ANY RULE OR REGULATION. THE COMMISSION MAY
9 REVIEW UPON ITS OWN INITIATIVE OR UPON THE PETITION OF ANY
10 INTERESTED PARTY ANY ACTION OF ANY DEPARTMENT OR
11 OFFICE, INDIVIDUAL COMMISSIONER, OR STAFF MEMBER OF THE
12 COMMISSION. THE COMMISSION SHALL BE UNDER THE DIRECT
13 SUPERVISION BY THE DEPARTMENT OF FINANCE”.

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

23 “The [Commissioner] **COMMISSION** may issue such rulings,
24 instructions, circulars, orders and decisions as may be deemed necessary
25 to secure the enforcement of the provisions of this Code, to ensure the

1 efficient regulation of the insurance industry in accordance with global best
2 practices and to protect the insuring public. Except as otherwise specified,
3 decisions made by the Commissioner shall be appealable to the Secretary
4 of Finance.

5 “In addition to the foregoing, the [Commissioner] **COMMISSION** shall
6 have the following powers and functions:

7 “xxx;

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

11 “xxx;

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

15 “xxx.

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

24 “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

1 liability for which an insurer may be answerable under any kind of policy or
2 contract of insurance, or for which such insurer may be liable under a
3 contract of suretyship, or for which a reinsurer may be sued under any
4 contract of reinsurance it may have entered into; or for which a mutual
5 benefit association may be held liable under the membership certificates it
6 has issued to its members, where the amount of any such loss, damage or
7 liability, excluding interest, cost and attorney's fees, being claimed or sued
8 upon any kind of insurance, bond, reinsurance contract, or membership
9 certificate does not exceed in any single claim Five million pesos
10 (P5,000,000.00).

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

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

20 "The party filing an action pursuant to the provisions of this section
21 thereby submits his person to the jurisdiction of the [Commissioner]
22 **COMMISSION**. The [Commissioner] **COMMISSION** shall acquire
23 jurisdiction over the person of the impleaded party or parties in accordance
24 with and pursuant to the provisions of the Rules of Court.

1 "The authority to adjudicate granted to the [Commissioner]
2 **COMMISSION** under this section shall be concurrent with that of the civil
3 courts, but the filing of a complaint with the [Commissioner] **COMMISSION**
4 shall preclude the civil courts from taking cognizance of a suit involving the
5 same subject matter.

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

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

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

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

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

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

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

13 Approved,

FACT SHEET

6654

HOUSE BILL No.

(in substitution of House Bills 6162 and 6292)

"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"

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 (3) 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