

The Philippines Issues InsurTech Regulatory Sandbox Guidelines

On 14 June 2020, the [Insurance Commission](#) of the Department of Finance of the **Republic of the Philippines** issued a Circular Letter on the adoption of a regulatory sandbox framework for **InsurTech**, recognising that the further development of these technological innovations has the potential to provide a considerable benefit to consumers and the public. These guidelines apply to all life and non-life insurance companies, mutual benefit associations, and licensed insurance intermediaries or aggregators by the Insurance Commission.

The Commission defined a regulatory sandbox as “a controlled environment with a system set up by a licensed insurance provider in collaboration with another person, natural or juridical, licensed or not by this Commission, that allows a small scale and live testing of technical innovations operating under special circumstance/s, allowance/s, and/or other limited and time-bound supervision”.

Non-regulated entities must first ensure compliance with the existing regulations of the Commission before applying. Prospective participants shall submit a formal proposal, together with an outline of the business model and a sandbox exit plan, which must include a methodology for the innovation to scale-up to a larger market, a plan for their clients in case of discontinuation, and an amount earmarked for payment of claims occurring from the implementation or adoption of the proposed innovation.

If accepted, they must report their progress monthly to the commission and a completion report. The experimental cycle is intended to last for a maximum of one year, with the possibility of a justified extension not exceeding six months.

“We believe that the development of this regulatory sandbox framework is a pioneering moment for Philippine insurance regulation. It provides for an opportunity for Philippine InsurTech to develop at a pace similar to its regional and global counterparts. Moreover, it also allows for Philippine insurance companies, as well as mutual benefit associations, to safely test InsurTech solutions to various challenges in the conduct of their businesses while simultaneously ensuring the protection of the greater insuring public,” said Philippine Insurance Commissioner Dennis Funa.

Today, [more than 30 countries](#) have operational sandboxes. In the Asia Pacific region, these include Australia, Hong Kong, India, Indonesia, Japan, Kazakhstan, Malaysia, Pakistan, the Philippines’ existing [FinTech](#) sandbox, Singapore, Taiwan and Thailand. Among the most recent launches in 2019 were [India](#) and [Pakistan](#). In South America, Argentina also recently established an [InsurTech Innovation Hub](#).
