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Date:	<b>12 October 2020</b>
Supersedes:	<b>None</b>

**CIRCULAR LETTER**

**TO : ALL INSURANCE COMMISSION REGULATED ENTITIES**

**SUBJECT : ADOPTION OF THE INSURANCE COMMISSION FINANCIAL CRISIS MANAGEMENT AND RESOLUTION HANDBOOK**

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**WHEREAS**, the Financial Stability Coordination Council (FSCC), an inter-agency council composed of the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Insurance Commission, and Philippine Deposit Insurance Corporation, was created with the objective of identifying, managing, and mitigating the build-up of systemic risks within the Philippine financial system;

**WHEREAS**, the FSCC, recognizing the adverse effects of a financial crisis to the interlinked financial institutions in the Philippines, developed a Framework for Crisis Management and Resolution (Framework) for Financial Institutions;

**WHEREAS**, the Framework sets forth the policy responses that the members of the FSCC intend to pursue not only in crisis scenarios but also during normal times as part of its preparatory and preventive measures to avert and manage crisis scenarios;

**WHEREAS**, the Framework states that FSCC member agencies should have their own Financial Crisis Management and Resolution (FCMR) Handbook;

**WHEREAS**, Insurance Commission, through its Financial Crisis Management and Resolution Working and Core Group, in compliance with the mandate of the Framework has developed its own FCMR Handbook, attached herewith as *Annex "A"*;

**WHEREAS**, the Insurance Commission, realizing the vital role of the Framework and the FCMR Handbook in this time of crisis brought about by the COVID-19 pandemic, deems it prudent to approve and adopt the Insurance Commission FCMR Handbook;

**NOW, THEREFORE**, in view of the foregoing and pursuant to the powers granted to the Insurance Commissioner under Republic Act No. 10607 or the Insurance Code of the Philippines, as amended; Republic Act No. 9829 or the

Pre-Need Code of the Philippines; and Executive Order No. 192, series of 2015, the ***Insurance Commission (IC) Financial Crisis Management and Resolution (FCMR) Handbook, attached hereto, is hereby approved and adopted.***

This Circular Letter shall take effect immediately.

For guidance and implementation of the concerned.

  
**DENNIS B. FUNA**  
Insurance Commissioner



## **ANNEX "A"**

# **Insurance Commission Financial Crisis Management and Resolution Handbook**

## **OUTLINE**

- I. INTRODUCTION**
  - A. Definition of Terms**
  - B. Objectives**
  - C. Scope**
  - D. Vulnerabilities of ICREs**
- II. KEY PERSONS RESPONSIBLE FOR CRISIS MANAGEMENT**
- III. PREVENTIVE AND PREPARATORY MEASURES**
- IV. RESOLUTION POWERS AND TOOLS**
- V. RECOVERY AND RESOLUTION PLANS**
- VI. COORDINATION WITH OTHER REGULATORS AND INFORMATION SHARING ARRANGEMENTS**
- VII. CRISIS COMMUNICATION POLICIES**
- VIII. POST CRISIS EVALUATION**
- IX. ANNEXES**

# Insurance Commission Financial Crisis Management and Resolution Handbook

## I. Introduction

The financial crisis has made regulators realize that preparation and coordinated efforts are key elements in dealing with distressed financial institutions. Large interconnected financial institutions cannot be allowed to fail without having preventive measures to mitigate the impact of such failure and/or immediate rehabilitation plans to prevent systemic repercussions and costs to public. These realizations led to efforts within the international community to develop frameworks aimed to avert and manage financial crisis.

A variety of measures to address systemic risk have already been developed both at the national and international levels. In particular, Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) developed the Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes) and the Global Systemically Important Insurers: Initial Assessment Methodology and Policy Measures, respectively, to provide guidance for both insurers and regulators on how to assess the systemic risks of financial institutions and insurers and resolve financial crisis.

Likewise in the Philippines, taking its cue from the global reforms as well as recognizing the need to come up with a cohesive crisis management and resolution framework in view of the increasing inter-linkages of financial institutions and growth of the Philippine financial system in size and complexity, the Financial Stability Coordination Council (FSCC)<sup>1</sup> has taken upon itself to develop the Framework for Crisis Management and Resolution in the Financial Sector (Framework). The Framework to the extent possible, substantially adopts the principles set forth in the aforementioned Key Attributes. The Framework will apply to all systemically important financial institutions, financial market infrastructures and conglomerates.

This Insurance Commission Financial Crisis Management and Resolution Handbook (Handbook) was developed on the basis of the Framework formulated by the FSCC and has adopted its three basic tenets of crisis management, namely, monitoring and surveillance, mitigation and resolution. On the basis of these pillars, this Handbook sets forth the policy responses that the Insurance Commission (IC) intends to pursue not only in crisis scenarios but also during normal times as part of its preparatory and preventive measures to avert and manage crisis scenarios. This Handbook is intended not only to entities that are systemically important, but to all entities regulated by IC.

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<sup>1</sup> The FSCC is a voluntary interagency council composed of the Bangko Sentral ng Pilipinas, Department of Finance, Securities and Exchange Commission, Philippine Deposit Insurance Corporation and Insurance Commission.