

Insurance Statistics: The Special Dissemination Standard

Category: Opinion 26 October 2016

Written by Dennis B. Funa



Atty. Dennis B. Funa

INSURANCE FORUM

Macroeconomic and financial data are regularly released to the public by most governments. These data form part of important national statistics. These statistics, on the other hand, are needed to be divulged by nations specially those seeking access to international capital markets. To create a common standard for all nations, the International Monetary Fund (IMF) established in April 1996 a standard to guide member countries in the dissemination of their national statistics. It is called the Special Data Dissemination Standard (SDDS). It enumerates various requirements. The objective is “to enhance the availability of timely and comprehensive statistics and therefore contribute to the pursuit of sound macroeconomic policies” and “improved functioning of financial markets.” The standard seeks transparency and openness. Nations that wish to observe the SDDS are called “subscribers”. There are now 74 nations subscribing to the SDDS. The Philippines subscribed to the SDDS in 1996, but became fully compliant only in 2001. Subscription to the SDDS is made by just writing the Secretary of the IMF. Subscription is purely voluntary.

In 1997, the General Data Dissemination System (GDDS) was established for countries with less developed statistical systems to guide them on data dissemination. In 2015, this was superseded by the Enhanced General Data Dissemination System (e-GDDS).

The SDDS has identified four elements of data dissemination: a) the data: coverage, periodicity, and timeliness; b) access by the public; c) integrity of the disseminated data; and d) quality of the disseminated data. In turn, these four elements are subject to good practices that can be monitored by the users of the data (monitable elements).

Subscribers are expected to submit information about its data and dissemination practices and these in turn are posted in the IMF’s Dissemination Standards Bulletin Board (DSBB). The SDDS has undergone several revisions and reviews, the first of which was in 2007 and the latest of which was in 2013.

In 2012, it has been upgraded to “SDDS Plus” with 11 nation subscribers as of 2015. It is now the third tier of IMF’s data standards. The SDDS Plus has added nine data categories which a country commits to fully observe within five years after the date it adheres. The nine data categories are : a) sectoral balance sheets; b) quarterly general government operations; c) general government total gross debt; d) other financial corporations’ survey; e) financial soundness indicators; f) debt securities; g) participation in the coordinated Portfolio Investment Survey; h) the Coordinated Direct Investment Survey; and i) the Currency Composition of Official Foreign Exchange Reserve (COFER).

Among the subjects in the Financial Soundness Indicators category is the Residential Real Estate Price Index (RREPI) which would help detect risks stemming from the real estate market and prevent a “housing bubble”. This was launched in 2015 and implemented by BSP Circular No. 892 which required the data from banks.

Included in the “Other Financial Corporations Survey” (OFCS) are the non-bank financial institutions as well as the private and public insurance companies. The OFCS is “an analytical survey that when consolidated with the present Depository Corporation Survey (DCS) will complete the monetary statistics framework thus, providing a comprehensive measure of the claims (by debtor sector) and liabilities (by creditor sector) of the entire financial sector.” It is “an analytical survey that provides a comprehensive measure of the claims (or assets) and liabilities of the other financial corporations (OFCs) in the Philippines.”

On February 12, 2016, a Memorandum of Agreement (MOA) was signed between the BSP, the Governance Commission for Government-Owned or Controlled Corporations (GCG), and Securities and Exchange Commission (SEC), and the Insurance Commission wherein the parties agreed to collect data from the OFCS under each parties’ respective supervision or regulation and to conduct data gap analyses. As for the Insurance Commission, included in the OFCS sub-sector are life insurance, non-life insurance, and pre-need companies. In 2016, the MOA was revised so as to include Mutual Benefit Associations (MBAs), among others. Accordingly, a draft “Guidelines in Completing the Private Insurance and Pre-Need Companies’ Structured Reporting Forms” to regulate the quarterly compilation of the OFCS has been prepared and is awaiting official release by the Insurance Commission.

END.

Dennis B. Funa (dennisfuna@yahoo.com) is presently the deputy Insurance commissioner of the Legal Services Group of the Insurance Commission.