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GUIDELINES FOR THE IMPLEMENTATION OF ALTERNATIVE DISPUTE RESOLUTION MECHANISMS FOR MICROINSURANCE (ADREM) INVOLVING COOPERATIVE INSURANCE SOCIETIES

Republic Act (R.A.) No. 9285 or the Alternative Dispute Resolution (ADR) Act of 2004, Republic Act (RA) No. 9520 or the Philippine Cooperative Code of 2008 and insurance Memorandum Circular 1-2010, Annex 1, I (G) on the Key Features of a Microinsurance Contract, provide for the use of ADR to resolve various types of disputes.

Chapter 6 of the 2011-2016 Philippine Development Plan (PDP) encourages stakeholders to "x x x b) Strengthen consumer protection by improving the implementation of existing consumer protection laws and regulations on transparency, disclosure, consumer assistance and redress or grievance mechanisms." The ADReM processes, incorporated into the Philippine Microinsurance industry, provide its stakeholders with options to resolve disputes outside the courtroom, and to minimize the expense and delays of litigation.

This implementing Guideline takes reference from the ADReM Framework for Microinsurance developed by the Technical Working Group (TWG) led by the Department of Finance-National Credit Council and the Insurance Commission, including representatives from Philippine insurers and Reinsurers Association (PIRA), Philippine Life Insurers Association (PLIA), Philippine Chamber of Mutual Benefit Association, Inc. (PhiIMBAI), CLIMBS Life and General Insurance Cooperative (CLIMBS), Cooperative Insurance System of the Philippines (CISP), Microfinance Council of the Philippines, Inc. (MCPI), Rural Bankers Association of the Philippines (RBAP), RIMANSI Organization for Asia and the Pacific, Inc. (RIMANSI) German International Cooperation-Microinsurance Innovations Program for Social Security (GIZ-MIPSS) and Asian Development Bank-Japan Fund for Poverty Reduction (ADB-JFPR) Microinsurance Project.

Section 1. Scope - The ADReM process shall only apply to disputes arising from denied claims or those not fully paid within 10 working days from receipt of complete documents. Nothing in these Guidelines shall preclude the parties from seeking other modes of settlement.

Section 2. Definition of Terms

1. *Mediation* - a process whereby the mediator facilitates the negotiation between disputing parties to reach a voluntary, mutually satisfactory outcome.
2. *Conciliation* - a process whereby a conciliator takes a vigorous and active role in assisting disputants formulate solutions in order to reach an amicable settlement.

3. *Mediator/Conciliator* - A qualified individual who provides conciliation-mediation services.

Section 3. Salient Features

Features	MEDIATION	CONCILIATION
Process	Structured, with specific stages	Less structured, following the course of the particular negotiation
Decision maker	The parties/disputants themselves	The parties/disputants themselves
Basis of decision	Needs and interests of all parties, rather than demands or positions	Most favorable reconciliation of positions
Involvement of the parties	Direct and full participation in representing their respective interests; deciding on issues; and creating, evaluating and agreeing on options and solutions	With the guidance and suggestions of the conciliator, direct and full participation in agreeing on options and solutions
Role of third party facilitator	Independent and impartial process facilitator who does not give opinions, suggestions nor judgments on disputes	Usually an authority figure responsible for seeking a solution to the dispute, who may give opinions and advice, but not impose a judgment
Types of possible outcomes	"Win-win" situation; mutual acceptance	Best compromise solution acceptable to the parties

Section 4. Structural Elements of ADReM - The ADReM process shall be characterized by the following:

1. *Least cost* - must be affordable for all microinsurance stakeholders.
2. *Accessible* - must be convenient to all parties and based on procedures that are easily understood.
3. *Practical* - must be feasible and appropriate for the microinsurance sector, taking into account the needs of diverse stakeholders, and existing systems and policies. Available resources must be maximized for sustainability.
4. *Effective* - must result in mutually acceptable agreements that are doable.
5. *Timely* - must be resolved swiftly and within the time prescribed by rules set by the regulators.

Section 5. ADReM Procedures

Illustration: ADReM Process for Cooperatives (NAR Volume 25 No. 1, January to March 2014)

5.1 For individual cooperative member complainant

5.1.1 The coop member may file their complaints with the mediation-