

Technical Assistance: Insurance Supervisory Capacity Building

Project Title: Insurance Supervision
Executing Agency: Maldives Monetary Authority
Implementing Agency: Maldives Monetary Authority – Non Bank Financial Institutions
Supervision Section
Duration: One year

1. Project Background:

This assignment aims to support the Authority and its technical staff in regulating and supervising the insurance industry within the framework and principles of open economic policies, International Insurance Supervision standards announced by International Association for Insurance Supervisors (IAIS) and in line with the “Insurance Industry Regulation of 2004”.

The overall objective of this project is to provide an appropriate regulatory framework for the insurance industry in Maldives, which is a critical component of the financial services. This project will also provide an opportunity for international insurance experts to contribute to the establishment and development of supervisory mechanisms to monitor the insurance industry in the Maldives. For the time being, it is intended to strengthen the insurance supervisory function of the Maldives Monetary Authority (MMA).

Another aspect of this assignment is to establish a supervisory framework with prudential norms that will enable insurance companies, agents and brokers to comply with their regulatory and supervisory responsibilities. In this regard, MMA is keen to establish off-site and on-site examinations as well as to develop an insurance database that will be useful for policy analysis and to assess the health of the industry.

In this context, capacity building is of utmost priority since the technical staff needs to acquire supervisory skills and analytical capabilities.

2. Objective

The primary objective of this exercise is to strengthen the regulatory capacity of supervising the Insurance Industry within MMA and that would require:

- preparation of a supervisory methodology to support the oversight function; and
- Training of staff in applying the methodology and enforcing regulations.

For this purpose, it is necessary to prepare standard templates and procedures for collecting and reporting financial information by the supervised entities which would help to build up a comprehensive database in MMA.

3. Terms of Reference of Consultant

The consultant is required to:

- I. Prepare a policy framework consisting of a strategic plan and insurance supervisory mechanism
 - a. Discuss with MMA and establish a practical approach to continuously assess the financial health and performance of the insurance industry. This includes the establishment of benchmarks on the financial viability of all constituents in the insurance industry, evaluation of liquidity profile, solvency, asset quality, capital adequacy, earnings and management capacity.
- II. On-site examinations: provide hands-on training for the staff in on-site examination procedures:
 - a. Develop a comprehensive manual for conducting standardized on-site examination reports, setting out procedures for examining balance sheets and financial statements of insurance companies, agents and brokers, applicable to the Maldivian context.
 - b. Provide guidance notes/manual on the various types of enforcement measures that will assure the correction of weaknesses or violations noted in on-site examinations.
- III. Off-Site Monitoring and Analysis:
 - a. Develop standardized reporting formats for the insurance companies, agents and brokers
 - b. Establish on-line (web-based) reporting structure. This would require the development of an off-site monitoring system to ensure that the data provided through reports are regularly reviewed and meaningfully analyzed
 - c. Provide hands-on training and assistance in analyzing and interpreting data and information received from insurance companies, agents and brokers and use such information to assess the financial performance of the constituents using ratios and trend analyses.
- IV. Establish procedures and guidelines in licensing insurance companies
 - a. Provide a framework to be followed in reviewing licensing procedure.
- V. Assist on implementation, interpretation and enforcement of Regulations and Circulars
- VI. Assist in the implementation of IAIS standards in financial reporting by the insurance companies
- VII. Establish a regular (monthly) discussion forum with all stakeholders in the industry and discuss policy and operational matters.

4. Project Deliverables

The in-house consultant should present the Authority with

- I. A procedure manual to be followed in conducting on-site and off –site examinations including licensing procedures of institutions
- II. Recommend supervisory methodology to support the oversight function by MMA and produce on the job training materials for staff in implementing the methodology;
- III. Develop standard templates and procedures for collecting information through regular reports/ returns; and
- IV. Train staff to analyze data and information submitted by insurance companies, agents and brokers.

5. Required Skills and Experience

- I. University degree in insurance , economics, or accounting and finance (BA or professional qualification);
- II. At least 10 years of general professional experience;
- III. Written and spoken English language
- IV. Excellent communication skills, facility in working with teams;
- V. Previous working experience in the Region relating to this TOR.

** Actuarial qualification will be an added advantage*

6. Time Line

- I. Initially, the contract will be for a period of twelve months. If MMA is satisfied with the performance of the consultant, it may consider renewing contract for a further period of twelve months. However, the renewal of contract will be at the discretion of the MMA.
- II. Three months after the commencement of work, the Consultant should submit an outline of 1-4 of the TOR for consideration of the senior management of MMA.
- III. All items in 1-4 of the TOR should be completed within the twelve months period.