



Framework for Alternative Dispute Resolution Mechanism (ADReM) of KCCDFI Mutual Benefit Association, Inc.

Version:	12-2021
Prepared by:	Maria Teresa C. Gonzales Designation
Reviewed and Approved by:	Board Of Trustees Designation
Date of approval:	January 24, 2022

I. RATIONALE

KCCDFI MBA adheres to the recommendation that Microinsurance Mutual Benefit Associations (Mi-MBAs) must have an Alternative Dispute Resolution Mechanism (ADReM) to resolve intra-corporate disputes in an amicable and effective manner, as stated in the revised Code of Corporate Governance for Insurance Commission Regulated Companies (ICRCs) and the Annual Corporate Governance Report (ACGR) issued in 2020.

The Insurance Commission has likewise issued Circular Letter 16-2013 with the subject "Guidelines for the Implementation of Alternative Dispute Resolution Mechanisms (ADReM) for Microinsurance involving Mutual Benefit Associations (MBAs)" in 2013 to provide key principles and framework on how to resolve various types of disputes involving MBAs.

II. PURPOSE AND OBJECTIVES

KCCDFI MBA supports these legislations and commits to serve its members according to the Code of Conduct for Mi-MBAs, especially (1) We have the member's interest above all else, and (2) We commit to pay claims within 1-3-5 days from the time of claim's notice.

III. POLICY STATEMENT

KCCDFI MBA hereby establishes this policy on Alternative Dispute Resolution Mechanism (ADReM) and shall implement efforts guided by this policy to settle complaints and disputes in the fastest and most efficient way possible.

IV. SCOPE

This policy shall only apply to complaints and disputes arising from claims that were denied, rejected, processed longer than the promised processing time, and other claims-related concerns.



V. DEFINITION OF TERMS

1. Dispute defined as any communication that expresses displeasure with an action or lack of action by the Mi-MBA and/or any intermediary over the standard of service/deficiency of service or requests remedial action.
2. Mi-MBA refers to the microinsurance mutual benefit associations.
3. Mediation a process whereby the mediator facilitates the negotiation between disputing parties to reach a voluntary, mutually satisfactory outcome.
4. Conciliation a process whereby a conciliator takes a vigorous and active role in assisting disputants formulate solutions in order to reach an amicable settlement.
5. Mediator / Conciliator a qualified individual who provides conciliation-mediation services.
6. Resolution refers to the final resolve of a dispute through communication to the complainant.
7. Regulator refers to the Insurance Commission (IC).

VI. IMPLEMENTORS OF THE ADReM

1. ADR Officer

The Board of Trustees of KCCDFI MBA shall appoint one (1) Alternative Dispute Resolution Officer (ADRO) who will ensure the proper implementation, monitoring, review and reporting of this policy and its implementing guidelines. The ADRO shall be the representative of KCCDFI MBA in all its dealings related to ADReM procedures.

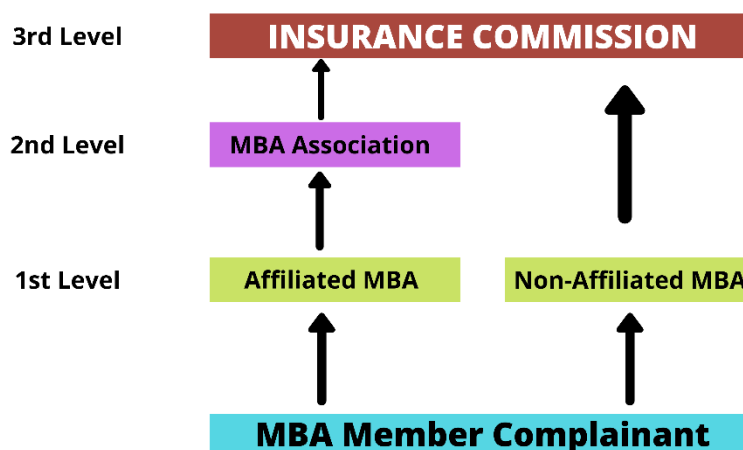
2. ADR Task Group

The Board President, Independent Trustee, and the General Manager of KCCDFI MBA will compose the ADR Task Group that will serve as the appellate authority and that will work closely with the ADRO regarding the complaints and disputes with client-members.

3. The **concerned employees of KCCDMFI and KCCDFI MBA** shall be under obligation to assist and support the ADRO to resolve the dispute in the best possible manner within the prescribed turnaround time.



VII. INSURANCE COMMISSION-MANDATED ADReM PROCEDURES



(Based on IC Circular Letter No. 16-2013 Section 5)

IC Circular Letter No. 16-2013 laid out the framework for resolving disputes arising from denied and delayed claims. Before complaints should be forwarded to the Insurance Commission, the KCCDFI MBA and the complainant should exhaust all means to resolve the dispute through mediation or conciliation. If the dispute is not resolved at the KCCDFI MBA level, it has to be elevated to the second level process with Microinsurance MBA Association of the Philippines Inc. (MiMAP) or RIMANSI for mediation or conciliation. Non-settlement at the MiMAP (RIMANSI) level will trigger the complaint to be elevated to the third level process with the Insurance Commission.

For purposes of mediation or conciliation, the table below describes the salient features as provided by IC Circular Letter No. 16-2013.

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.
Party facilitator	Process facilitator who does not give opinions, suggestions, nor judgements on disputes	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
----------------------------	--	--

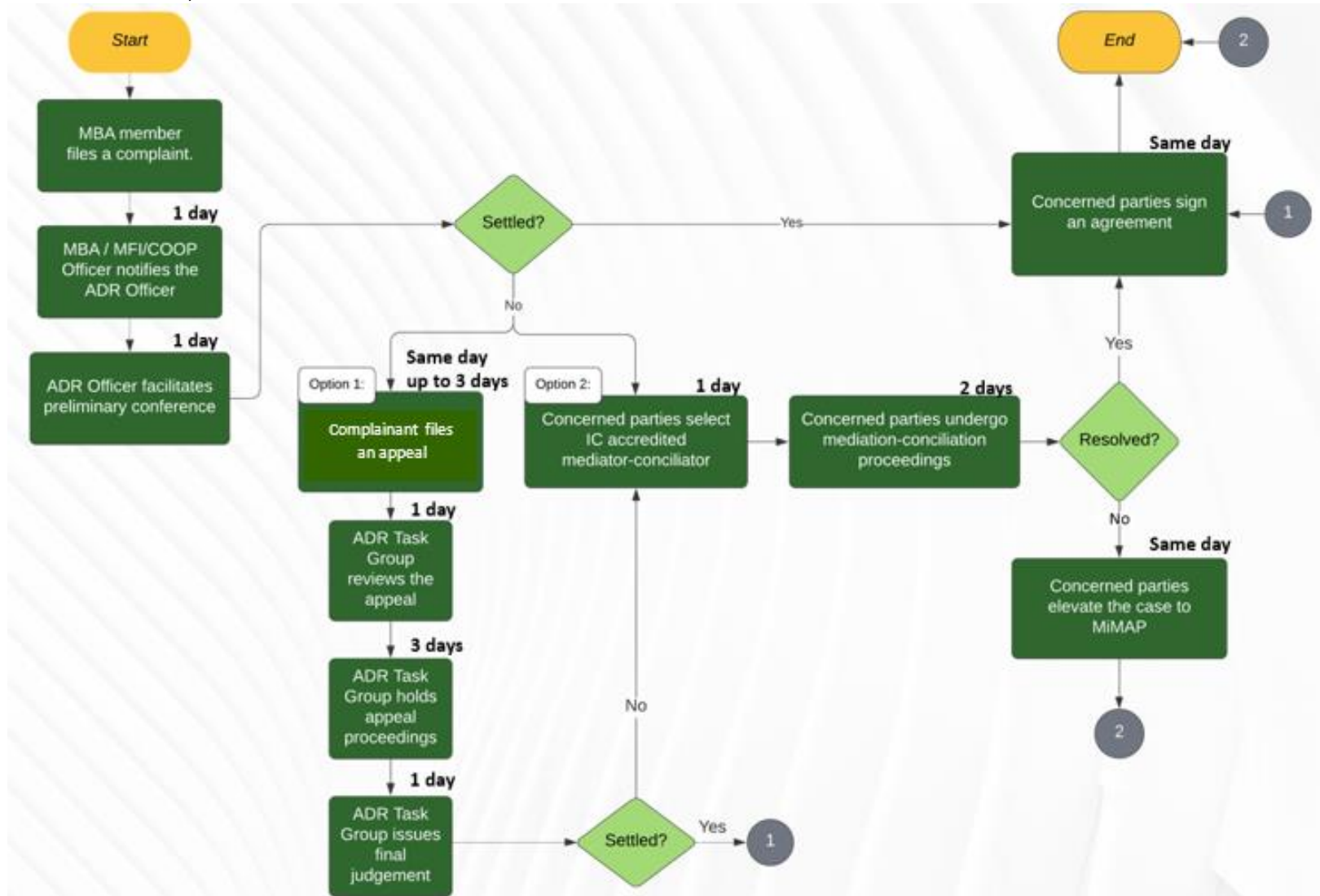
VIII. ADReM PROCEDURES FOR KCCDFI MBA

The procedures described below shall guide the implementors of ADReM in handling complaints including filing, acknowledgement, conducting of preliminary conference, appeal, mediation-conciliation proceedings, and elevating dispute to the association level.

The ADReM procedures 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.

(Based on IC Circular Letter No. 16-2013 Section 4)



ADReM Process for KCCDFI MBA



1. The Mi-MBA member/beneficiary may file a complaint to the center/branch and provide the following information through writing, text messaging, or email:
 - a. Name of the Mi-MBA member
 - b. Date and time of the filing of complaint
 - c. Address
 - d. Mobile number
 - e. Policy number
 - f. Name of Mi-MBA
 - g. Nature of claim
 - h. Amount of insurance
 - i. In case of personal submission, a receiving signature is necessary

The Mi-MBA/MFI/Co-op Officer present shall assist the Mi-MBA Member in filing the complaint. A Reference Number shall be issued for tracking purposes of both concerned parties (based on IC Circular Letter No. 16-2013 Section 5, Number 1).

2. The Mi-MBA/MFI/Co-op Officer shall notify the ADRO – through writing or electronic means – about the complaint received from the Mi-MBA Member within 24 hours upon receipt of complaint. For complaints, the ADRO should initiate the holding of Preliminary Conference (based on IC Circular Letter No. 16-2013 Section 5, Number 2).
3. The ADRO shall facilitate preliminary conference among the parties, within 3 working days upon receipt of notification.
 - a. If both parties will agree to settle the dispute, they need to sign an agreement. Authorized representatives must present special power of attorney prior the signing of agreement (based on IC Circular Letter No. 16-2013 Section 5, Number 8 Letter A).
 - b. If settlement is not reached, the parties are given the right to appeal within 3 working days from the date of receipt of communication of the resolution or rejection of the dispute to the Mi-MBA. Certificate of Non-Resolution issued by the ADRO should be presented.
 - c. If the parties will not request for an appeal, they may proceed to mediation-conciliation proceedings. Prior to the proceedings, both parties need to agree on mediator-conciliator, venue, and schedule of the mediation-conciliation meeting (based on IC Circular Letter No. 16-2013 Section 5, Number 3).
 - d. Should the parties not agree on the available mediators-conciliators within the locality, parties may choose from the roster of IC accredited mediators-conciliators in neighboring cities/municipalities. This can be seen on the IC website which is updated on a regular basis (based on IC Circular Letter No. 16-2013 Section 5, Number 4): <https://www.insurance.gov.ph/ADReM/>
 - e. Only complainants and the authorized representatives of the insurance providers directly involved in the case must be present in all sessions. Legal Counsels are



not allowed during the proceedings (based on IC Circular Letter No. 16-2013 Section 5, Number 7).

4. If the complainant will request for an appeal, the ADR Task Group shall review the dispute within 1 working day.
5. In 3 working days, the appeal proceedings should be conducted to discuss the non-resolution between parties.
6. The ADR Task Group shall give the final judgment after the appeal proceedings. This final decision shall be communicated to the complainant by the ADRO within 24 hours. The decision of the appellate authority (ADR Task Group) shall be final and shall signify closure of dispute at the KCCDFI MBA level. To this end, the appellate authority shall be guided by the principles of natural justice, fair play, and equity while deciding the appeal.
 - a. If settlement is reached, the parties or their authorized representatives must sign the agreement. Authorized representatives must present special power of attorney prior signing the agreement.
 - b. In case of non-settlement, the parties need to decide on mediator-conciliator, venue, schedule of the mediation-conciliation meeting (based on IC Circular Letter No. 16-2013 Section 5, Number 3).
7. Mediation-conciliation proceedings shall be held in a venue/manner mutually agreed upon by the parties. This shall be conducted within 2 working days from the date of the agreement about the said proceedings (based on IC Circular Letter No. 16-2013 Section 5, Number 8).
 - a. If settlement is reached, the parties or their authorized representatives must sign the agreement. Authorized representatives must present special power of attorney prior signing the agreement (based on IC Circular Letter No. 16-2013 Section 5, Number 8 Letter A).
 - b. If no settlement is reached at the Mi-MBA level within 2 working days from the date of filing the complaint, or where the parties fail to appear for two consecutive sessions, the parties may elevate the case to MiMAP (RIMANSI)¹ upon presentation of Certificate of Non-Resolution issued by the mediator-conciliator (based on IC Circular Letter No. 16-2013 Section 5, Number 8 Letter B).

IX. APPEAL WITH ADR TASK GROUP

1. A complainant may escalate the complaint to appeal in the following circumstances:

¹ MiMAP (RIMANSI) is the association of Microinsurance Benefit Associations of which KCCDFI MBA is a member.



- a. If the complainant has not received any of the mandated communications and/or announcements.
 - b. If the complaint has not been resolved at the level of the ADRO by the end of five (5) days of its receipt.
2. An appeal should be made immediately in writing or within 3 working days from the date of receipt of Certificate of Non-Resolution from the ADRO. Beyond this period, the dispute shall be deemed to proceed for mediation or conciliation.
3. The appellate authority shall decide the appeal within five (5) days of receipt of appeal. This final decision shall be communicated to the complainant by the ADRO.
4. The decision of the appellate authority shall be final and shall close the dispute at the KCCDFI MBA level. To this end, the appellate authority shall be guided by the principles of natural justice, fair play, and equity while deciding the appeal.

X. RESOLUTION AND CLOSURE OF DISPUTE AT THE KCCDFI MBA LEVEL

1. A dispute shall be considered as disposed and closed at the KCCDFI MBA level when:
 - a. The KCCDFI MBA has agreed to the request of the complainant fully.
 - b. The complainant has indicated in writing, acceptance of the response of the KCCDFI MBA.
 - c. The complainant has not responded within two (2) consecutive sessions from the date of filing of the complaint.
 - d. The ADRO has certified that the KCCDFI MBA has discharged its contractual, statutory, and regulatory obligations.
 - e. The complainant has not filed an appeal within three (3) working days from the date of receipt of non-resolution of dispute communicated by the ADRO.
 - f. The appeal decision has been communicated to the complainant by the ADRO.
2. If the dispute is not resolved or partially resolved in favor of the policy holder, ADRO shall inform the complainant of the option to take up the matter to MiMAP (RIMANSI).

XI. REVIEW AND REPORTING

1. The ADRO shall periodically submit an analytical report to the ADR Task Group in a prescribed format (prescribed by ADR Task Group from time to time), in respect of the status of cases under ADReM.
2. The ADRO shall periodically review the ADReM procedure, reports, and cases in order to improve:
 - a. ADReM policy; and
 - b. processes, systems & activities of the Mi-MBA to reduce the incidence of dispute.
3. The ADRO shall submit a quarterly report to the Board of Trustees of the KCCDFI MBA on the dispute resolution status, informing:
 - a. Complaints at the beginning of the period



- b. Complaints received during the period
 - c. Complaints resolved during the period
 - d. Complaints pending at the end of the period
 - e. Analytical note on dispute status
 - f. Such other points which the Board of Trustees may desire from time to time
4. The KCCDFI MBA shall provide information on the outcome of the referred cases to ADReM processes in the Annual Statement Report to the Insurance Commission. This shall be also reflected in the Annual Corporate Governance Report (ACGR). (Section 8, Circular Letter No. 16-2013).

XII. SYSTEM AUTOMATION OF ALTERNATIVE DISPUTE RESOLUTION MECHANISM (ADReM)

1. The KCCDFI MBA shall endeavor to develop an IT module for automation of the workflow of its Alternative Dispute Resolution Mechanism (ADReM) to the extent possible, for the purpose of:
 - a. Online filing of complaint, and issuance of reference number for tracking purposes of both parties.
 - b. Progressive status of resolution of the dispute.
 - c. Generation of different reports pertaining to ADReM policies and/or its implementing guidelines
 - d. Providing links / integration with the relevant IT module of the regulator or other authorities.
2. The KCCDFI MBA shall provide in its website a detailed information about the Mi-MBA's policies and activities, among others, related to ADReM.

XIII. PUBLICISING THE ALTERNATIVE DISPUTE RESOLUTION MECHANISM (ADReM) POLICIES

1. All business policies or similar documents and suitable publicity medium issued by the KCCDFI MBA shall contain a reference to the ADReM.
2. The KCCDFI MBA's website shall display the ADReM Policies in a detailed manner.

XIV. KEY PRINCIPLES

1. Communication by the KCCDFI MBA pursuant to a complaint shall be in the language of the complainant as far as practicable.
2. Complaints and disputes shall be resolved according to the structural elements of ADReM: least cost, accessible, practical, effective, and timely.
3. Legal Counsels are not allowed during the ADReM proceedings.
4. The rules on confidentiality, competence, impartiality, consent and self-determination, and enforcement of settlement agreements that govern ADReM process shall be in accordance with RA 9285 and its implementing rules and regulation (IRR). (Section 9, Circular Letter No. 16-2013).

XV. POLICY REVIEW

The ADReM Policy including its implementing guidelines shall be reviewed at least every three years or as the need arises. It may also be amended by the ADR Task Group in which the recommended amendments shall be subject for review and approval of the Board of Trustees.



XVI. ANNEXES

1. Official Dispute Form
2. Certificate of Resolution for Preliminary Conference
3. Certificate of Non-Resolution for Preliminary Conference
4. Request form for an Appeal
5. Certificate of Resolution for Appeal Proceedings
6. Certificate of Non-Resolution for Appeal Proceedings

XVII. REFERENCES

1. https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2013_16.pdf
2. https://www.aicofindia.com/AICEng/General_Documents/Grievance_Redressal/AIC%20Grievance%20Redressal%20Policy%20.pdf
3. https://www.congress.gov.ph/legisdocs/first_17/CR01211.pdf
4. https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.sampleforms.com%2Fsample-insurance-complaint-form.html&psig=AOvVaw02WVcBFwtRdn_mApzKzE4J&ust=1622755226169000&source=images&cd=vfe&ved=0CAIQjRxqFwoTCJilyrnw-fACFQAAAAAdAAAAABAI