



Republic of Maldives

Pension and Social Protection Administration Project

IDA Credit No.: 4611-MV

## **Disability Insurance Consultant (international)**

### **Terms of Reference**

**(Consultancy No: MV/PSPAP/C 46)**

#### **A. Background**

Following the ratification of the Maldives Pension Act in 2009, the Maldives Pension Administration Office (MPAO) was established to administer the Maldives Retirement Pension Scheme (MRPS) and Old-age Basic Pension Scheme (BP). The MRPS is a mandatory DC scheme for both the private and public sector where the employer and employee together contribute 14% of basic wage as monthly pension contributions. The BP is a demogrant funded through government budget appropriations.

The Pension Act, envisages the provision of employer-financed Disability Insurance in accordance with regulations by the Maldives Monetary Authority and also with advice from the ministry responsible for social security. In addition, the Act also requires the formulation of specific regulations for the participation of self-employed persons and fishermen in the Disability Insurance Scheme.

The Act defines Disability Insurance as insurance taken to protect the rights of an Employee in the event of a disability.

#### **B. Objective of the assignment**

The objective of this assignment is to undertake a comprehensive study on the establishment of the Disability Insurance Scheme as envisage in the Pension Act. The study would review the scope and coverage, eligibility requirements, funding options, and administration arrangements of Disability Schemes as practiced globally and provide implementation guidelines and recommendations with due reference to local legal framework, economic and business context as well as insurance industry structure.

#### **C. Scope of work**

1. Review the existing legal framework and conduct preliminary stakeholder assessment.

The consultant is expected to seek advice from the relevant government ministries, including the Ministry of Health, Ministry of Finance and Treasury, and other state institutes, including Maldives Monetary Authority, The Capital



Market Development Authority, the Civil Service Commission, and, from private sector as well.

2. Propose a comprehensive plan for the establishment and management of Disability Insurance Scheme as envisage in the Act.

The consult is expected to propose the scope and coverage of the scheme, eligibility requirements (with the possibility of inclusion of cases relating to terminal illness), funding options and premium rates, and other required administration arrangements such as grievance procedures and detail documentation necessary for proper administration and recordkeeping of such a Scheme.

3. Suggest the investment strategy, benefit calculation methodologies, and models for the estimation of the future liability.

It is expected that the consultant undertakes a review of the current investment process, the member recordkeeping system in place for MRPS and determine the level of integration or separation required for the effective management and administration of the Scheme. Also, the consultant should develop clear guidelines on benefit calculation methods, the possible offsetting of retirement benefits and integration of early withdrawal of retirement benefits, and models for estimating future liability for benefits and the funding requirements.

4. Assess the cost/benefit of outsourcing.

It is expected that the consultant review the local insurance industry structure and undertake a cost/benefit analysis of in-house versus outsourcing of the administration and management of the Scheme.

5. Development of appropriate regulations and regulations specific to inclusion of self-employed and fishermen in the Scheme.

**D. Schedule for completion of tasks**

The duration of this assignment would be for 12 months starting March 2014.

Tasks	Timeframe
<u>Review the existing legal framework and conduct preliminary stakeholder assessment.</u>	The preliminary plan should be developed and comments sought from the stakeholders within the first three months of the commencement of the assignment
<u>Propose a comprehensive plan for the establishment and management of Disability Insurance Scheme as envisage in the Act, including an assessment of</u>	The comprehensive plan with clear implementation guidelines and recommendations should be submitted within six months following the



<u>cost/benefit of outsourcing and recommendations on investment strategy</u>	submission of the final report on the preliminary assessment.
<u>Development of appropriate regulations and regulations specific to inclusion of self-employed and fishermen in the Scheme.</u>	It is expected that the regulations, and other literature are completed within three months following the submission of the comprehensive plan

#### **E. Services and Facilities to be provided by the Client**

The consultant is expected to work in MPAO or in the premises identified by MPAO. The Chief Executive Officer would assign a focal point for the Consultant within MPAO who would communicate the progress to the involved parties and ensure all necessary support to the Consultant for the timely completion of the assignment.

The Client shall ensure that office space and office facilities-local calls, internet connection, general stationery, support staff and all other relevant information for the completion of the task is made available to the selected Consultant in timely manner.

#### **F. Deliverables**

1. Preparation of a report and conduct a presentation on the review of Disability Insurance Schemes covering the scope and coverage, benefits, funding and administration arrangements as practiced across the world and which modalities are practical under the local context.
2. Comprehensive implementation plan and recommendations on the establishment and management of Disability Insurance Scheme, funding arrangements and premium rates, the investment process, the level of integration with existing member recordkeeping system of MRPS, the necessary changes to the organization structure and governance of MPAO any training and development needs for the effective and efficient administration of the Scheme.
3. Develop the financial models required for the estimation of future benefit liability and funding requirements and training of staff.
4. Development the necessary regulations and literature including employer and employee handbooks.

#### **G. Composition of review committee to monitor consultants work**

Consultant shall report to the CEO of the MPAO, and will work closely with the technical team of MPAO which comprise of key personnel from Asset Management, Operations, Stakeholder Relations and Corporate Affairs. The focal point assigned by MPAO would communicate the progress to the involved parties and ensure all necessary support to the Consultant for the timely completion of the assignment.



## **H. Procedures for review of outputs**

The review processes consist of analysis of the deliverables together with the assigned timelines. The Client will ensure that the deliverables of the consultant are reviewed in a timely manner, preferably within two weeks of submission of the output.

## **I. Qualification and Experience**

1. Advance Degree in Actuarial Science or CFA, FCII, FIA
2. Minimum of 6 years' experience in designing and implementing disability insurance schemes.
3. Minimum of 3 years' experience in DC systems.
4. Advanced technical expertise and product specific knowledge.
5. Proven interpersonal, communication and presentation skills.
6. Proven analytical, critical thinking and problem-solving skills
7. Project management, organization, and planning skills
8. Knowledge of Microsoft Office Suite and other business-related software systems, including processing systems and applications.