**Terms of Reference**

**Information Technology Expertise to the Insurance Regulatory Commission of Sri Lanka**

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| ***1.*** | ***Background***  Robust financial sector development can help Sri Lanka sustain its developmental returns. The deepening of capital, pension and insurance markets can help manage some fiscal challenges such as deficit financing and contingent liabilities due to aging population, natural hazards and the economic vulnerability of the poor, including closing the protection gap. Greater financial inclusion, inclusive insurance can help increase spatial integration and access to opportunities and contain costs of informality. However, to make this happen, Sri Lankan authorities must effectively address several challenges in the financial sector. Among other actions, addressing gaps in insurance sector infrastructure, legal/regulatory/supervisory framework and supervisory capacity are needed as key starting points.  To that effect, the Government of Sri Lanka has sought the support of development partners such as the World Bank to provide technical and financial support to activities aimed at developing the financial sector. The World Bank agreed to support a Project {known **as “Sri Lanka Financial Sector Modernization Project” (FSMP)**} over a period of 5 (five) years, with the 3 (three) financial sector regulators as the implementing partners.  **The Insurance Regulatory Commission of Sri Lanka (Client),** established by the Regulation of Insurance Industry Act, No. 43 of 2000 for the purpose of developing, supervising and regulating the insurance industry in Sri Lanka is one of the implementing partners.  The Project Development Objective (PDO) is to contribute to increasing financial market and insurance sector efficiency and use of financial/insurance services among micro, small and medium enterprises (MSMEs) and individuals.  The project will achieve the PDO through modernizing financial market infrastructure, upgrading the legal and regulatory framework for the financial system and strengthening the institutional capacity of financial sector regulators; the Central Bank of Sri Lanka (CBSL), the Securities and the Exchange Commission of Sri Lanka (SEC) and the Insurance Regulatory Commission of Sri Lanka, (IRCSL).  The component relating to the Client under the project aims to strengthen legal, regulatory and supervisory frameworks as well as enhance supervisory expertise and powers of the Client with a focus on migration to Risk Based Supervision (RBS), strengthening reinsurance arrangements, modernizing the IT infrastructure to enable RBS, developing micro-insurance, restructuring of motor third-party liability insurance, and to strengthen the HR function of the Client, etc.  The IRCSL has Divisions and Units performing different functions/activities. Currently the IRCSL consists of 05 Divisions namely, the Supervision, Legal & Enforcement, Investigation, Market Development & External Relations and Finance & Administration, and 02 Units namely, the Actuarial and the Statistical (The existing organizational structure is attached as Annexure). The Information Technology function is managed under Finance and Administration Division. Divisions are headed by divisional Directors while the Director General acts as the Chief Executive Officer with the overall authoritative power vested by the Regulation of Insurance Industry Act, No. 43 of 2000 and by the Members of the Commission.  Please refer to <http://projects.worldbank.org/P159303?lang=en> for further the details about the FSMP. |
| ***2.*** | ***Objective(s) of the Assignment***  The Objectives of this Assignment are to:   1. Establish the IT infrastructure for the Insurance Regulator/Supervisor to support and increase the efficiency of supervisory activities, ensure policyholder protection, support business environment and enforcement (in sum, to set up supervisory technology from a manual to automation). 2. Design, develop and implement the IT infrastructure (software & hardware) at the Client with the objective of fully automating the operations (ex: regulatory, supervisory, and administrative functions at the Client in line with international standards to support the implementation of Client’s main objectives and developments connected with the FSMP Project. 3. Create a web-enabled (online) information submission, monitoring and evaluation framework at the Client. This should include collecting information from related stakeholders, performance monitoring indicators and reports. 4. Formulate IT standards, IT policies and required Information Security Standards at the Client. 5. Work with government stakeholders to ensure that government IT policies and standards are met by the Client. |
| ***3.*** | ***Scope of Services, Tasks (Components) and Expected Deliverables*** |
|  | The Consultant is expected to carry out the following activities to ensure the achievement of the above objectives. However, the Consultancy may not limit itself to the following activities;  This assignment will be implemented in three phases:  Phase I is to review the current IT infrastructure and capacity gaps to meet the above objectives.  Phase II is to prepare (a) an IT strategy and detailed implementation plan after identifying requirements at the Client, in consultation with other consultants of the Client, including for RBS and (b). to provide assistance for preparation of bidding documents for IT Goods and Services procurements. Phase II will start once the consultants hired for RBS migrating are in place. This is to have a clear understanding on the IT requirements of the Client.  Phase III is the implementation stage, i.e to fully automate regulatory, supervisory, and administrative functions etc. at the Client after the completion of the procurement process and to develop IT manuals and capacity building. This will start once IT goods and services have been procured. The Client will notify the specific time periods for starting phases II & III. The duration of the entire assignment is 12months and the above phases will take place in both 2021& 2022.  **Phase I** |
|  | 3.1. Review of the current IT infrastructure (software & hardware) at the Client including overall system architecture, IT security, data center, document management system, network, hardware & software, systems related to collection and automation of data.  3.2. Identify existing IT Infrastructure and capacity gaps that require modifications/ re-design to achieve the outcomes of this project and propose an IT organizational structure to the Client to increase supervisory capacity and efficiency in line with international best practices.  **Phase II**  3.3. Prepare an IT strategy and detailed system implementation plan for all relevant business applications including transforming the existing manual system to a scalable end to end automation system established between the Client and insurance industry ensuring reliable transfer, secure and confidential channel. All proposed and implemented systems should ensure modularity, upgradability, scalability and an appropriate service level in line with internationally accepted standards in general and especially during the periods of data collection.  3.4 Prepare a web-enabled (online) monitoring and evaluation framework in consultation with the other consultants of the Client (Insurance, Actuarial, HR, RBS migration) This will include collecting information from related stakeholders, performance monitoring indicators and reports.  3.5. Provide necessary guidance and assistance on hardware and software upgrade requirements for the modernization of IT systems at the relevant product specifications including considering the Government requirement on IT and provide cost estimates with clear recommendations in the procurement process and prepare bidding documents.  3.6. Develop continuity plan and Disaster Recovery plan for the Client that ensures offline and online backups of the data and system operations. All proposed and implemented systems should ensure modularity, upgradability, scalability and an appropriate service level in line with internationally accepted standards in general and especially during the periods of data collection.  3.7. Business Process Re-engineering (BPR) and change management as in any IT transformation project that’s the key in ensuring smooth organizational restructuring and transformation  3.8. Comprehensive Interactive Portal  3.8.1. Defining the regulatory guidelines, programs, policies having access levels to Insurers, Intermediaries and general consumers; act a Central Insurance Bureau system.  3.8.2. Develop an online Certification/Approval process for regulatory certifications and approvals.  3.9. Internal IT automation to support HCM, Payroll, Finance & Controlling (FICO), General Accounting etc.  3.10. Data analytics and BI – Defining the data standards for all Insurers & Intermediaries to submit Policy, Premium and Claims data and Develop Business Analytics solution for analysis on Insurance Business market and risks analysis development.  3.11. Doc management system – Electronic Repository of Insurance Policy Records to be submitted by all Insurers and similar repository for Intermediaries.  3.12. Fraud Detection System**-** Building an advanced fraud detection and prevention system at industry-level by leveraging all available information. This enables insurer identify frauds in underwriting and early claims stage. Further develop industry wide fraud database for insurers & intermediaries to access  3.13. Setting up centralized road accident claim database to identify accident areas on the map to report risks. This could enable partners in accident reduction and prevention measures effectively, an also acts as source for research data to determine sustainable preventive measures in the future.  3.14. Centralized Rating System – A centralized rating mechanisms on product lines to open up free rates with certain guidelines mechanisms in conjunction with centralized rating parameters.  3.15. The IRCSL  digitalization process should be supported by the respective legal framework, hence, the IT consultant should closely communicate and coordinate its work with other consultants working with IRCSL on the development of RBS and other respective reforms.  3.16. Prepare 1st draft of an IT Manual on IT policies & procedures.  **Phase III**  3.17. Complete the implementation of automation after the procurement of IT goods  3.18. Conduct Capacity building and training on IT functions at the Client.  3.19. Prepare final documents of an IT Manual on IT policies & procedures  **Expected Deliverables** |
|  | |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Scope of Service** | **Deliverables** | **Payment %**  **(Based on contract price)** | **Expected due date from commencement of the assignment** | | | | | | **Inception report (outline of the work to be carried out)** | | **Draft Final report** | | **Final report** | | **Phase 1** | | | | | | | | | 3.1 | Provide a detailed report | 5% | within 2 weeks | | within 3 weeks | | within 4 weeks | | 3.2 | Provide a detailed report on findings and recommendations | 5 % | within 4 weeks | | within 5 weeks | | within 6 weeks | | **Phase II** | | | | | | | | | 3.3 | Provide recommendations, guidelines and a report on IT strategy and detailed system implementation plan | 5% | within 8 weeks | | within 10 weeks | | within 11 weeks | | 3.4 | Provide recommendations, guidelines and a report on web-enabled (online) monitoring and evaluation framework | 2.5% | within 11 weeks | | within 12 weeks | | within 13 weeks | | 3.5 | Providing recommendations, guidelines, cost estimate, product specification and prepare bidding documents | 2.5% | within 14 weeks | | within 15 weeks | | within 16 weeks | | 3.6 | Develop Business Continuity plan and Disaster Recovery plan | 2.5% | within 17 weeks | | within 18 weeks | | within 19 weeks | | 3.7 | Business Process Re-engineering (BPR) and change management | 5% | within 20 weeks | | within 22 weeks | | within 23 weeks | | 3.8 | Comprehensive Interactive Portal | 2.5% | within 23 weeks | | within 24 weeks | | within 25 weeks | | 3.9 | Internal IT automation | 2.5% | within 25 weeks | | within 26 weeks | | within 27 weeks | | 3.10 | Data analytics and BI | 2.5% | within 27 weeks | | within 28 weeks | | within 29 weeks | | 3.11 | Doc management system | 2.5% | within 29 weeks | | within 30 weeks | | within 31 weeks | | 3.12 | Fraud Detection System | 2.5% | within 31 weeks | | within 32 weeks | | within 33 weeks | | 3.13 | Setting up centralized road accident claim | 2.5% | within 33 weeks | | within 34 weeks | | within 35 weeks | | 3.14 | Centralized Rating System | 2.5% | within 35 weeks | | within 36 weeks | | within 37 weeks | | 3.15 | Digitalization process | 2.5% | within 38 weeks | | within 39 weeks | | within 40 weeks | | 3.16 | Prepare 1st draft of the IT Manual and policies | 2.5% | within 41 weeks | | within 42 weeks | | within 43 weeks | | **Phase III** | | | | | | | | | 3.17 | Automation | 35% | within 48 weeks | | | | | | 3.18 | Capacity building and training | 10% | within 48 weeks | | | | | | 3.19. | Prepare final document of the IT Manual and policies | 5% | within 45 weeks | within 46 weeks | | within 47 weeks | | |  |  |  |  | | | | | |
|  | Total 100% |
| ***4.*** | ***Team Composition& Qualification Requirements for the Key Experts*** |
|  | The IT experts shall meet the following qualification requirements:  4.1 Team Leader (Project Manager)  4.1.1. Team Leader (Project Manager) with at least 10 years of international experience of delivering more than 6 months implementation assignments, preferably to insurance regulators;  4.1.2. At least 10 years of professional work experience in IT based infrastructure implementation, project management and change management, server management, problem solving, software management, database management, web technologies, computer languages and cloud-based solution preferably in an insurance regulator;  4.1.3. Degree/ Professional Qualification in Information Technology, Computer Science or related field;  4.1.4. Experience in Developing and Implementing RegTech/SupTech within last 10 years;  4.1.5. Experience in Capacity Building and Sharing Knowledge(Should be more than 1 month) within last 5 years;  4.1.6. Possess excellent English communication skills.  **4.2. Key expert for development, monitoring, implementation of an Institutional Information Technology Strategy, and fully automation**  4.2.1. An individual with at least 10 years of experience in providing Consultancy services more than 6 months implementation assignments to global clientele.  4.2.2. Experience in successful delivery of Information Technology Strategy for similar regulatory organizations, systems design, analyze or development and related activities, including simulation, optimization and project planning, preferably in an Insurance Industry for a period not less than 5 years.  4.2.3. Work experience in an insurance regulatory environment  4.2.4. Experience in Developing and Implementing RegTech/SupTech within last 10 years;  4.2.5. Degree/ Professional Qualification in Information Technology, Computer Science or related field;  4.2.6. Possess excellent English communication skills.  **4.3. Key expert for preparation of bidding documents for IT Goods and Services**  4.3.1. An individual with at least 5 years of experience in working with a team in delivering similar assignments  4.3.2. Knowledge in preparation of bidding documents for IT Goods and Services procurements within last 5 years  4.3.3. Working knowledge of World Bank Procurement Guidelines within last 5 years  4.3.4. Possess excellent English communication skills. |
| ***5.*** | ***Reporting Requirements and Time Schedule for Deliverables***  **5.1** The Consultant shall submit the reports as described in the Table above in electronic form to the designated emails of the Project Director, Component and Sub-Component Leaders of the Project Implementtaion Unit (PIU). The reports should be in word/excel and in PDF format.    **5.2** Component Leaders of the Client assigned for each scope of service and forming part of the PIU will **review the deliverables/reports of the Consultant**, and where necessary obtain clarifications or require further improvements on deliverables/ reports from the Consultant and report the acceptance/ non-acceptance of the deliverables/ reports to the Project Director within a period of 3 weeks of receiving the inception/ draft/ final reports.  **5.3** The Consultant is expected to be stationed at the Client’s office towards fulfillment of the assignment, duration is Twelve months (12) months as mentioned in the scope paragraph.  **5.4** Payments to Consultant will be made by the Client based on the percentage mentioned in the Table above and upon acceptance of Final Reports on deliverables by the Project Director.  An initial advance payment of 10% of the total contract price will be made to the Consultant by the Client upon execution of contract and submission of an acceptable work plan. The advance payment will be deducted from the initial payments.  **5.5** Tax liabilities of the Consultant needs to be borne by the Consultant. Information on the Consultant’s tax obligations in the Client’s country can be found at [www.ird.gov.lk](http://www.ird.gov.lk) |
| ***6.*** | ***Client’s Input and Counterpart Personnel***   1. *Services, facilities and property to be made available to the Consultant by the Client:*   Office space will be provided to the Consultant by the Client.   1. *Professional and support counterpart personnel to be assigned by the Client to the Consultant:*Staff members of the Client, having relevant experience will be assigned to work with the Consultant during the period of the assignment. |
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