



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Circular Letter No.	2016-32
Date	30 May 2016
Supersedes	None

CIRCULAR LETTER

TO : All non-life insurance companies

SUBJECT : Guidelines on the Issuance of Certifications under R.A. No. 9184, Otherwise known as the "Government Procurement Reform Act"

SECTION 1. RATIONALE AND BASIS OF THE ISSUANCE OF CERTIFICATIONS

- 1.1 These Guidelines are being issued to facilitate the submission, preparation and issuance of the certifications to accompany surety bonds required under the Implementing Rules and Regulations ("IRR") of R.A. No. 9184, otherwise known as the "Government Procurement Reform Act."
- 1.2 These surety bonds are options for the securities required in the IRR of R.A No. 9184, which are the following:
- Surety bond (Bidder's Bond) under Section 27 of the IRR.
 - Surety bond (Performance Bond) under Section 39 of the IRR.
 - Surety bond (Warranty Bond) under Section 62 of the IRR.
 - Surety bond (Advance Payment or Downpayment Bond) under Section 4 of Annex "E" of the IRR.
 - Surety bond (Retention Money Bond) under Section 6 of Annex "E" of the IRR.
- 1.3 The IRR of R.A No. 9184 requires that the surety bond to be filed is callable upon demand and is issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.
- 1.4 If required by the government department or agency, a certification on contractor's all risk insurance ("CARI") policy may be issued by the Commission.

SECTION 2. REQUIREMENTS FOR PROCESSING OF THE REQUEST

- 2.1 The following are to be submitted by the insurance company:

- a) Request from the insurance company to issue certification on the bond/s listed in the letter;
- b) Duplicate original or certified copy of the surety bond;
- c) Proof of payment; and
- d) Soft copy of the draft certification which may be given thru a USB or by email to the Regulation, Enforcement and Prosecution Division of the Insurance Commission.

SECTION 3. CONTENTS OF THE SURETY BOND

3.1 The surety bond shall contain:

- a) Name, address and telephone number of the insurance company
- b) Name and signature of the principal
- c) Name of the obligee
- d) Name of the project
- e) Service fee/premium of the bond
- f) A statement that the bond is callable upon (on) demand
- g) Signature of the authorized officer
- h) Amount of the bond
- i) Bond number
- j) Name and signature of the authorized officer of the insurance company
- k) Name and signature of the notary public

3.2 The requirement on the contents of the surety bond is without prejudice to other requirements imposed by other circulars or guidelines.

SECTION 4. FORMAT OF THE CERTIFICATION

4.1. The certification shall contain:

- a) Name of the requesting insurance company
- b) Name of the principal
- c) Name of the obligee
- d) Name of the project
- e) Amount of bond
- f) Name of the requesting officer of the insurance company
- g) Type of bond
- h) Bond number
- i) Name of the signatory of the certification and his/her title
- j) Number of the official receipt of payment
- k) Statement that the bond is callable upon (on) demand
- l) Date of the certification

Attached as Annex "A" is the sample format of the certification for surety bonds.

4.2. The certifications on CARI policy shall have the same requirements and information, except that the policy shall not be required to include the following: a) that it be callable on demand; b) the signature of the principal; and c) that it be notarized.

Attached is Annex "B" as the sample format of the certification for CARI policy.

- 4.3. In a CARI policy, the principal becomes the insured of the policy.
- 4.4. The specific type of bond shall appear in the certification such as bidder's bond, performance bond, warranty bond, advance payment/downpayment bond, retention money bond, etc.
- 4.5. The draft certification submitted shall be in single line spacing using a font style and size of Arial 11 or 12. Project name refers to the title of the procurement or name of the contract whose obligation is being guaranteed, but in case the project name is very long, it is sufficient that the contract number, if any, is stated.

SECTION 5. GENERAL CONDITIONS

- 5.1 No insurance company shall use a surety bond or CAR policy whose form was not approved by the Insurance Commissioner. The approval of form of surety bond or policy may be verified in the Records Section, Administrative Division of the Insurance Commission.
- 5.2 It is the responsibility of the insurance company that the contents of the bond are consistent with the previously approved form, and any deviation therefrom may subject the insurance company to an appropriate penalty. The issuance of the certification does not warrant that the surety bond issued is consistent with what was approved by the Insurance Commission and therefore does not relieve the insurance company from penalty on unapproved policy forms and wordings of the bond.
- 5.3 Endorsement used to amend or add any provision to the surety bond which is submitted as part of the surety bond or issued thereafter to the principal must have prior approval of the endorsement form by the Insurance Commission.
- 5.4 The surety bond submitted should contain complete items as enumerated under Section 3 of these Guidelines. The Acknowledgement portion must be properly notarized.
- 5.5 After four (4) months from the effectivity of this Circular Letter, no insurance company shall use a general surety bond (G-16) for bond to be used as performance bond (Section 27, IRR), bidder's bond (Section 39, IRR), other specific surety bonds mentioned in Section 1.1, and any subsequent surety bond that may be required in the IRR of R.A. No. 9184. Approval of the specific surety bond forms should be discussed with the Regulation, Enforcement and Prosecution (REP) Division.
- 5.6 Any expiration period of the surety bond must not be in conflict with the required validity period of the IRR of R.A No. 9184. In the case of the surety bond used as bidder's bond, Section 27 of the IRR states that "bid securities shall be valid for a reasonable period as determined by the Head of the Procuring Entity concerned, which shall be indicated in the Bidding Documents, but in no case shall the period exceed one hundred twenty (120) calendar days from the date of the opening of

bids." In the case of the surety bond used as performance bond, Section 39.5 of the IRR of R.A No. 9184 states that "The performance security shall remain valid until issuance by the procuring entity of the final Certificate of Acceptance." For warranty against structural defects and failures, Section 62.2.3.4 of the IRR states that "The warranty shall be denominated in Philippine Pesos, remain effective for one (1) year from the date of issuance of the Certificate of Final Acceptance by the procuring entity, and returned only after the lapse of the said one (1) year period."

SECTION 6. PROCEDURES

- 6.1 The request together with the requirements shall be submitted to the Regulation, Enforcement and Prosecution Division.
- 6.2 Prior to submission, the request must first be paid and a separate receipt shall be taken for each surety bond. The receipt shall be returned together with the certification to the company's liaison officer.
- 6.3 The request shall be acted upon within three (3) working days.
- 6.4 Denial of the request may be issued by the chief of the REP Division, subject to the right of appeal to the Insurance Commissioner within five (5) working days from receipt of the denial letter.
- 6.5 The denial of the request may be sent thru email to the president or assigned officer of the insurance company. In this regard, the insurance company shall provide the Commission with the proper email address which shall be used to send the soft copy of the draft certifications, to receive the communication from the Commission for any clarification on the request, and the officer other than president to whom the clarification shall be addressed.
- 6.6 Except for the duly authorized general agent of the company, no insurance agent is allowed to sign in behalf of the insurance company. The request must be made only by the officer of the insurance company with the rank of vice-president or up.
- 6.7 The certification should be personally received by an employee of the insurance company or authorized personnel by the general agency. No principal in the surety bond or his/her representative shall receive the certification from the Commission.
- 6.8 The official receipt which was issued for payment to a certification shall be used or applied to a particular surety bond within five (5) working days from date of its issuance. Official receipt submitted together with the surety bond subject of a request for certification cannot be used in case of the withdrawal or denial of the request for the particular surety bond.
- 6.9 The Commission may require the officer or liaison employee submitting or processing the request and receiving the certification to present his/her identification card or document of authority or employment from the insurance company to the satisfaction of the Commission. In case a personnel of a general agent is submitting, processing or receiving the certifications, the general agent

must be authorized with a power of attorney to process and submit the requests and to receive the certifications in behalf of the insurance company and such authority must be provided the Commission together with their picture and copy of identification card of the personnel assigned by the general agent.

SECTION 7. EFFECTIVITY

This Circular Letter shall take effect immediately.



EMMANUEL F. DOOC
Insurance Commissioner



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

ANNEX "A"

CERTIFICATION

This is to certify that **[NAME OF INSURANCE COMPANY]** is licensed to transact non-life insurance business in the Philippines for [state lines such as **FIRE, MARINE, CASUALTY and SURETY**] lines under **Certificate of Authority No. _____** effective [date: **day/month/year**] until [date: **day/month/year**], unless sooner revoked or suspended for cause.

It is certified, moreover, that **[Name of Insurance Company]** is authorized under its license to issue surety bonds required by the Implementing Rules and Regulations of R.A. No. 9184, and that the insurance company had issued [state surety bond: [type of surety bond] with **[BOND NUMBER]** which is **callable upon demand** together with the principal **[NAME OF THE PRINCIPAL]** in favor of the obligee **[NAME OF THE OBLIGEE]** in the amount of **[AMOUNT IN WORDS] (Php _____)**, for the project: **[NAME OF THE PROJECT]**, certified photocopy [or duplicate copy] of said bond was submitted by the company to the Insurance Commission.

This Certification is issued upon the request of **[Name of the Requesting Person]**, **[Position]** of **[Name of Insurance Company]**, pursuant to the Revised Implementing Rules and Regulations of R.A. No. 9184.

Issued this [day/month/year].

City of Manila, Philippines.

For the Insurance Commissioner:

[NAME OF THE IC DIVISION MANAGER]

IC Division Manager
Regulation, Enforcement,
& Prosecution Division

Paid Under O.R. No. _____



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

ANNEX "B"

CERTIFICATION

This is to certify that **[NAME OF INSURANCE COMPANY]** is licensed to transact non-life insurance business in the Philippines for **[STATE LINES SUCH AS FIRE, MARINE, CASUALTY and SURETY]** lines under **Certificate of Authority No. _____** effective [date: **day/month/year**] until [date: **day/month/year**], unless sooner revoked or suspended for cause.

It is certified, moreover, that **[Name of Insurance Company]** is authorized under its license to issue contractor's all risk insurance policies and that the insurance company had issued a contractor's all risk policy with **Policy No. _____** to the insured **[NAME OF THE INSURED]** in the amount of **[AMOUNT IN WORDS] (Php _____)**, for the project: **[NAME OF THE PROJECT]**, certified photocopy [or duplicate copy] of said policy was submitted by the company to the Insurance Commission.

This Certification is issued upon the request of **[Name of the Requesting Person]**, **[Position]** of **[Name of Insurance Company]** for whatever purpose it may serve.

Issued this [day/month/year].

City of Manila, Philippines.

For the Insurance Commissioner:

[NAME OF THE IC DIVISION MANAGER]

IC Division Manager
Regulation, Enforcement,
& Prosecution Division

Paid Under O.R. No. _____