



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



Circular No.	: 2016-55
Date	: 14 September 2016
Supersedes	: CL Nos. 24-2006, 29-2006, 39-2006, 8-2007, 20-2007 & 21-2010

CIRCULAR LETTER

TO : ALL NON-LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : STRICT IMPLEMENTATION OF THE MINIMUM RATES FOR EARTHQUAKE, TYPHOON AND FLOOD COVERS AND RELATED GUIDELINES

It has been observed that some circulars relative to the strict implementation of the minimum rates for Earthquake, Typhoon and Flood Covers have been interpreted differently from their intents and purposes.

In view thereof, this Commission hereby reiterates the strict implementation of the following minimum rates for natural perils:

Earthquake	0.10%
Typhoon and Flood	0.05%

The above rates shall apply to all types of policies which cover the above-mentioned perils except risks rated under the motor car tariff. Full compliance will enable insurance companies to build up their reserves and ensure their capacity to respond to losses and meet their liabilities on policies covering natural catastrophic perils.

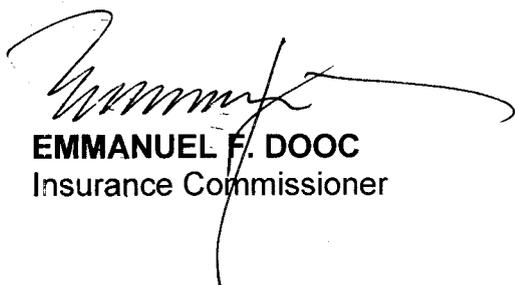
Further, please be advised that:

1. The minimum Typhoon and Flood rate of 0.05% shall be applied regardless of whether the cover being purchased is flood only, typhoon only or a combination of both flood and typhoon;
2. The minimum rates shall be applied to the Total Sum Insured;
3. A policy covering a combination of perils shall indicate the breakdown of the total premium specifying the rate used for each type of peril;

4. The two-tiered rating system stated under Section 1.1.0 of the PIRA Fire Manual General Tariff Regulations item 1.1.6 shall not apply in the application of the minimum Earthquake and Typhoon/Flood rates.
5. Policies issued under global arrangements and properties located in the Philippines shall comply with the minimum rates herein prescribed.
6. Non-liquidation of any stock declaration policy which covers earthquake, typhoon and/or flood within 60-days from expiry of the policy shall be considered a violation of this Circular.
7. The commission rate for natural perils shall be 5%.

Violation of this Circular will be subject to the penalties provided for under the pertinent circulars and/or the provisions of the Insurance Code.

Please be guided accordingly.



EMMANUEL F. DOOC
Insurance Commissioner