



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



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Supersedes:	CL No. 2016-32, CL No. 2016-44

CIRCULAR LETTER

TO : All Non-Life Insurance Companies

SUBJECT : Revised Guidelines on the Issuance of Certifications under R.A. No. 9184 and the Adoption of the Insurance Commission Electronic Application and Certification System (IC e-ACS) for the Implementation Thereof

WHEREAS, guidelines were previously issued to facilitate the submission, preparation and issuance of the certifications to accompany surety bonds required under the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184, otherwise known as the “Government Procurement Reform Act”;

WHEREAS, R.A. 11032, otherwise known as “Ease of Doing Business and Efficient Government Service Delivery Act of 2018” requires all government offices and agencies including local government units (LGUs), government-owned or controlled corporations and other government instrumentalities to develop a program for the adoption of simplified requirements and procedures that will reduce red tape and expedite business and nonbusiness related transactions in government;

WHEREAS, pursuant to R.A. 11032, the Insurance Commission (IC) adopted as its banner program for 2019, the development and establishment of an on-line and automated system for the issuance of certifications under R.A. 1984;

WHEREAS, the development and establishment of an on-line and automated system for the issuance of certifications under R.A. 1984 requires the establishment of appropriate guidelines;

NOW, THEREFORE, pursuant to the power of the Insurance Commissioner to repeal or amend rules or regulations under Section 437 (d) of the Insurance Code, as amended, the following revised guidelines, “*Issuance of Certifications under R.A. No. 9184 and the Adoption of the Insurance Commission Electronic Application and Certification System (IC e-ACS) for the Implementation Thereof,*” are hereby promulgated:

SECTION 1. APPLICABILITY

The following guidelines shall be applicable to surety bonds and CARI policies covered by R. A. No. 9184 which requires certification duly issued by the Insurance Commission, namely:

1.1 **Surety Bonds Covered by R.A. No. 9184.** The following are the securities required in the IRR of R.A. No. 9184:

- a. Surety Bond (Bidder's Bond) under Section 27 of the IRR;
- b. Surety Bond (Performance Bond) under Section 39 of the IRR;
- c. Surety Bond (Warranty Bond) under Section 62 of the IRR;
- d. Surety Bond (Advance Payment or Downpayment Bond) under Section 4 of Annex E of the IRR; and
- e. Surety Bond (Retention Money Bond) under Section 6 of Annex E of the IRR.

1.2 **Requirement for Certification.** The surety bonds enumerated in the preceding section shall be **callable upon demand** and must be issued by a surety or insurance company **duly certified by the Insurance Commission as authorized to issue such security**, pursuant to various sections in the IRR of R.A. No. 9184.

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. DEFINITION OF TERMS.

For purposes of these guidelines, the following terms or words or phrases shall mean or be understood as follows:

2.1 **Electronic Application and Certification System (e-ACS)** – is an automated and online service developed by the IC to properly track the requests for certification of Surety Bonds under R.A. No. 9184 and of CARI Policy/ies, as defined by these guidelines, and promote a paperless transaction in the Suretyship Section of Insurance Commission.

2.2 **Surety Bond** – a security issued by an insurance company authorized by the Insurance Commission to act as a surety, which binds them solidarily with the Principal to guaranty the fulfilment of a Government Procurement Contract, as defined in these guidelines.

2.3 **Bidder's Bond** – or "Bidder's Security," is a surety bond issued to guarantee that, after receipt of the Notice of Award, the winning bidder shall enter into contract with the Procuring Entity within the stipulated time and furnish the required performance security, as provided by Sections 27, 27.2 and 28.1 of the IRR of R. A. No. 9184.

- 2.4 **Performance Bond** – or “Performance Security,” is a surety bond issued to guarantee the faithful performance by the winning bidder of its obligations under the contract, as provided by Sections 39, 39.2, 39.3, 39.4 of the IRR of R.A. No. 9184.
- 2.5 **Retention Money Bond** – is a surety bond issued to guarantee the release of the retention money to answer for uncorrected defects and third-party liabilities, and are applied to the obligee’ s progress payments, as provided by Section 6.2 of Annex E of the IRR of R.A. No. 9184.
- 2.6 **Warranty Bond** – or “Warranty Security,” is a surety bond issued to guarantee that the project undertaken shall be free from structural defects or failures, as provided by Section 62 and 62.2.3 of Annex E of the IRR of R.A. No. 9184.
- 2.7 **Advance Payment Bond** – is a surety bond to guarantee the repayment of the advance/ downpayment made by the Obligee to the Principal to be used exclusively for project mentioned in their contract, as provided by Section 4 of Annex E of the IRR of R.A. No. 9184.
- 2.8 **Contractor’s All Risk Insurance (CARI) Policy** – is a standard insurance policy that provides coverage for property damage and third-party injury or damage claims, except for its “Warranties and Clauses” which may vary between surety companies and are approved separately.
- Damage to property can include improper construction of structures, the damage that happens during a renovation and damage to temporary work erected on-site. The goal of a CARI policy is to ensure all parties are covered on a project, regardless of the type of damage to the property or who caused the damage.
- 2.9 **Principal** – is the obligor in the Government Procurement Contract and the party primarily liable under the surety bond/CARI policy covered by these guidelines. It may refer to a private individual, partnership or corporation.
- 2.10 **Obligee** – is any branch, agency, department, bureau, office, or instrumentality of the Government of the Philippines (GoP), including government-owned and/or –controlled corporations (GOCCs), government financial institutions (GFIs), state universities and colleges (SUCs), and local government units (LGUs) who enters into a Government Procurement Contract. It is referred to as the “Procuring Entity” referred to in the IRR of R.A. 9184.
- 2.11 **Government Procurement Contract** – refers to the contract entered into for the purpose of providing goods, consulting services, and the contracting for infrastructure projects by the Obligee, including the lease of lease of

goods and real estate, *subject to the exclusions and limitations set forth by the IRR of R.A. 9184 and other applicable laws and regulations.*

- 2.12 **Project Name** – or “Contract ID”/“Contract Name,” refers to the undertaking indicated in the surety bond issued pursuant to R.A. No. 9184/ CARI policy that has been applied for certification under these guidelines.

SECTION 3. REQUIREMENTS FOR PROCESSING OF THE REQUEST FOR ISSUANCE OF CERTIFICATIONS UNDER R.A. NO. 9184 USING THE IC e-ACS.

- 3.1 *Upon full implementation*, requests submitted through the IC e-ACS must include the following attachments:

- a. Scanned copy of the Request letter from the insurance company for the issuance of (a) certification(s) on the bond/s and/or CARI Policy(-ies) which **must be signed by the company’s Assistant Vice President, Vice President or of higher position;**
- b. Scanned copy of the Duplicate Original or certified true copy of the Surety Bond and/or CARI Policy (Document captured using a camera will not be accepted); and ,
- c. Proof of Payment (Scanned copy of Official Receipt or Order of payment where the number series of the Official Receipt is clearly visible).

- 3.2 Pursuant to Section 27 of Republic Act No. 8792 otherwise known as the “Electronic Commerce Act of 2000” and such other related laws and regulations, covered entities shall use in the submission of request for issuance of certifications under R.A. No. 9184 the dedicated Insurance Commission’s (IC) information system known as the “IC Application and Certification System” or IC e-ACS to be implemented in two (2) phases, namely:

- a. **Pilot Testing-** The use of the system shall be initially pilot-tested to cover selected insurance companies authorized to issue surety bond, pursuant to R.A. No. 9184. The IC shall issue official advisories on company account registration for the Pilot-Testing. Once registered, a trial shall be conducted for each company, in systematic and scheduled batches.
- b. **Full Implementation Phase** – The IC shall issue official advisories on the full implementation of the system and on its effective date, submission and processing of requests shall fully transition from the manual process to the IC e-ACS.

3.3 No insurance company shall be issued with the right to access the IC e-ACS unless the following conditions are met:

- a. **Registration of Users.** To initiate signing up for the system, a company must download from the IC website, and completely fill out, the IC e-ACS Registration Form (**Annex A**) to be signed by an authorized company officer who, for all intents and purposes in these guidelines, refer to a personnel with the rank of Department Head, Bonds Manager, and Vice-President or higher.

Provision of access to the system shall be strictly one (1) account per authorized company representative. A company may submit an application for additional account for more than one (1) authorized representative.

- b. **Supporting Documents.** For every recommended company representative, the duly accomplished Registration Form must be accompanied by:

- i. A certified true copy of one (1) government-issued ID; and,
- ii. Authorization letter signed by an authorized company officer.

- c. **Notification of Successful Registration.** Upon submission of requirements for account registration, IC shall confirm approval of, and/or issue, the company account credentials and other pertinent information for use in accessing the system through the **official email address** specified by the company in the account registration form. All succeeding email exchanges concerning the IC e-ACS including releases of official information and advisories shall be through the address specified by the company during the account registration.

- d. **Account Validity and Update/s.** Authority to use the IC e-ACS account shall remain valid unless suspended or revoked by IC. The termination of employment of an account holder with his/her endorsing company shall likewise terminate the authority to use the account. Suspension, termination and/or otherwise invalidation of the account shall not affect the validity of completed actions which are compliant with laws and IC issued regulations. The company and/or its authorized representative shall have the full responsibility to immediately and timely file the IC e-ACS Registration Form to update IC on any matter affecting account validity, including but not limited to the following: