



Legal Opinion No.:	2020-08
Date:	19 August 2020

Ms. ARDELIZA R. MEDENILLA, MNSA, CESO I
 Undersecretary for Support Services

and, **Ms. MA. VICTORIA S. GREGORIO**
 OIC-Director, Procurement Service

Department of Public Works and Highways
 Central Office
 Manila

SUBJECT: Effect of Inclusion of a Surety Company in the Negative list of the Government Procurement Policy Board (GPPB)

Dear Undersecretary Medenilla and Ms. Gregorio:

This is to acknowledge receipt of your letter dated 10 February 2020, received by this Commission on 14 February 2020, contents of which are duly noted.

Pursuant to the Guidelines for the Establishment of Negative List of Surety and/or Insurance Companies¹, the effect of Inclusion in the Negative List posted in the website of the Government Procurement Policy Board (GPPB) are the following:

1. It shall result in the **rejection** of the surety bonds issued by the suspended surety/insurance company submitted as bid, performance or warranty security in the relevant procurement activities of NGAs, GOCCs, GFIs, SUCs, and LGUs during the period of inclusion and suspension.
2. The **Bids and Awards Committee (BAC) shall ensure** that surety bonds issued as bid, performance or warranty security submitted **are not issued by surety companies included in the list**. Any bidder who submits a surety bond issued by a surety company in the Negative List shall be declared ineligible.
3. Considering that surety companies are subject to the jurisdiction and supervision of the Insurance Commission, the list **may** serve as basis for the pursuit of complaint/s filed before the Insurance Commission, if any.

The Insurance Commission (IC) is of the position that it is one of the primary responsibilities of the BAC of the procuring government agency, unit, corporation, or instrumentality (Procuring Entity) to ensure that its surety providers (Surety) are operating in

¹ In, Appendix 28 of the Implementing Rules and Regulations of Republic Act (R.A.) 9184, otherwise known as the "Government Procurement Act."