



TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
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Pasig City, Philippines 1605

NPM No. 13 -2010

20 May 2010

HON. DIMAS S. SAGUILON
Assistant Secretary
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
Bonifacio Drive, Port Area
Manila, Philippines

Re : Certification from the Insurance Commission

Dear Sir:

We refer to your letter dated 15 February 2010 requesting for clarification on the certification that must be issued by the Insurance Commissioner if a bidder opts to submit a surety bond as a form of bid, performance, or warranty security.

One of the problems commonly raised by procuring entities is the submission of surety bonds by unauthorized insurance or surety companies. Accordingly, relevant provisions of the implementing rules were revised by the Government Procurement Policy Board to ensure that bidders submit surety bonds by insurance or surety companies duly authorized to issue said securities by the Insurance Commission.

In view of said objective, it is our considered opinion that the certification which must be submitted by the bidder together with the surety bond must (i) unequivocally state that the surety or insurance company is specifically authorized to issue surety bonds callable on demand, and (iii) must be issued by the Insurance Commission.

We hope to have provided sufficient guidance on the matter.

Very truly yours,


RUBY U. ALVAREZ
Executive Director III