



TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
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Pasig City, Philippines 1605

NPM No. 24-2010

GPPB-TSO FILE COPY

7 July 2010

MR. RAYMOND C. GO
Operations Manager
TEDDIE CONSTRUCTION DEVELOPMENT, INC.
Veterans Avenue, Beside Caltex Station
Zamboanga City

Re : Certification from the Insurance Commission

Dear Mr. Go:

We respond to your letter dated 9 June 2010 raising several queries on the correct form of certification that should accompany the surety bond which is submitted as a bid or performance security. Section 27.2 (c) and Section 39.2 (c) of the revised Implementing Rules and Regulations (IRR) of Republic Act No. (RA) 9184 prescribe one of the acceptable forms of bid and performance security, as follows:

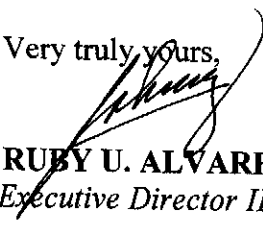
Surety Bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security. [Emphasis supplied]

As represented, it is the usual practice of insurance firms to attach a copy of their certificate or license issued by the Insurance Commission authorizing said corporation to transact in certain class of insurance business. On the other hand, some firms submit a certification that is not even issued by the Insurance Commission. Hence, your query whether such practices comply with the requirements prescribed under the IRR of RA 9184.

Please be informed that both practices do not comply with Section 27.2 (c) and Section 39.2 (c) of the IRR. 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. Consequently, a copy of the firm's license or certificate of authority to transact in insurance business will not suffice. It must be a separate certificate which cannot be issued by any other entity except the Insurance Commission.

We hope to have provided sufficient guidance on the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



RUBY U. ALVAREZ
Executive Director III