



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

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**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:

- iii. New or Additional Company Representative Account Registration; and,
  - iv. Company initiated account deactivation, suspension, and reactivation.
- e. **Reservation Clause.** IC reserves the right to reject any application with incomplete information and/or requirement, obtain from the company additional document for purposes of establishing the veracity of information contained in the accomplished registration form, and/or initiate other appropriate action on any account to promote the best interest of the agency and the companies using the system.

#### **SECTION 4. CONTENTS OF THE SURETY BOND/ CARI POLICY.**

##### 4.1 The surety bond shall contain:

- a. Complete corporate or legal name of the insurance company must appear on the face page. The complete principal address, its email address and contact numbers must likewise be shown as indicated in the insurer's approved bond form.
- b. Bond number;
- c. Service fee/premium of the bond;
- d. Name and signature of the principal;
- e. Name of the obligee;
- f. Project Name;
- g. Amount insured/covered by the bond;
- h. A statement that the bond is callable upon (on) demand;
- i. Name, designation and signature of the authorized officer of the insurance company; and,
- j. Official seal/stamp and hand-written signature of notary public.

##### 4.2 The official seal/stamp of the notary public shall contain the following information as required by law:

- a. Full name of the Notary Public;
- b. Place of Commission;
- c. Roll of Attorney's Number;
- d. PTR No. and Validity Date;
- e. IBP Number;
- f. MCLE Compliance No. and Validity Date/ MCLE Exemption No. (as applicable); and,
- g. Other information required by the laws, rules and regulations on public notarial practices.

- 4.3 The requirements on the contents of the surety bond is without prejudice to other requirements imposed by other circulars or guidelines.
- 4.4 Contents of a CARI policy shall have the same requirements as that of surety bonds under R.A. No. 9184, except that the policy shall not be required to include the following: a) that it be callable on demand; b) the signature of the principal; and c) that it be notarized.

## **SECTION 5. FORMAT OF THE CERTIFICATION.**

- 5.1 Each approved certification processed and issued through the IC e-ACS shall contain:
  - a. Name of the requesting insurance company;
  - b. Name of the principal (as the insured);
  - c. Name of the obligee;
  - d. Project Name;
  - e. Amount insured/ covered by the bond;
  - f. Name of the requesting officer of the insurance company;
  - g. Type of bond;
  - h. Bond number;
  - i. Name of the signatory of the certification and his/her title
  - j. Number of the official receipt of payment
  - k. Statement that the bond is callable upon (on) demand
  - l. Date of the certification; and,
  - m. QR Code and a unique, system generated control number.

Attached as **Annex B** is the sample format of the certification for surety bonds.

- 5.2 Certification for a CARI policy shall have the same information as above, except that the Principal, as defined in these guidelines, shall always be the insured of the policy. The certification shall also not include the name of the Obligee, as defined in these guidelines.

Attached as **Annex C** is the sample format of the certification for CARI policy.

- 5.3 The specific type of bond shall appear in the certification such as bidder's bond, performance bond, warranty bond, advance payment/downpayment bond, retention money bond, etc.
- 5.4 Each certification issued follows the following format:
  - a. Single line spacing; and
  - b. Font style and size of Arial 11 or 12.

- 5.5 Project name refers to the title of the procurement or name of the contract whose obligation is being guaranteed, but in case the project name is very long, it is sufficient that the contract number, if any, is stated.

## **SECTION 6. GENERAL CONDITIONS.**

- 6.1 No insurance company shall use a surety bond or CARI policy whose form was not **approved** by the Insurance Commissioner. The approval of form of surety bond or policy may be verified in the Records Section – Administrative Division of the Insurance Commission.
- 6.2 Approval of the specific surety bond forms should be discussed with the Suretyship Unit and in coordination with the Regulation, Enforcement and Prosecution (REP) Division.

The specific surety bond forms for government procurement activities for approval by the Commission shall comply with the required conditions of R.A. No. 9184 and its IRR. Templates of specific surety bond forms that the Commission may approve and communicate to the Philippine Insurers and Reinsurers Association, Inc. (PIRA) shall bind all non-life insurance companies. No non-life insurance company shall use any specific surety bond forms not consistent with the approved templates and without prior approval of the commission.

- 6.3 It is the responsibility of the insurance company that the contents of the bond are consistent with the previously approved form. Any deviation therefrom may subject the insurance company to an appropriate penalty.

The issuance of the certification does not warrant that the surety bond issued is consistent with what was approved by the Insurance Commission and therefore does not relieve the insurance company from penalty on unapproved policy forms and wordings of the bond.

- 6.4 Endorsement used to amend or add any provision to the surety bond which is submitted as part of the surety bond or issued thereafter to the principal **must have prior approval** of the endorsement form by the Insurance Commission.
- 6.5 No Principal or Obligee in the surety bond/CARI policy or his/her representative shall request or receive the certification from the Commission.
- 6.6 The surety bond submitted should contain complete items as enumerated under Section 4 of these Guidelines. The Acknowledgement portion must be



notarized according to existing law, rules and regulations. The place of notarization must coincide with the place of commission of the notary.

Any changes made to the previously approved surety bond form/CARI policy will only be valid upon compliance with the applicable provisions of IC CL No. 2015-12-C, entitled, "Changes in the Approved Non-Life Insurance Policy Forms" or IC CL No. 2015-58-A, entitled, "Guidelines on the Approval of Non-Life Insurance Policy Forms," as the case may be.

The respective signatures of both Principal and Obligee may be handwritten or electronically-generated, subject to the provisions of IC CL No. 2014-47, entitled, "Guidelines on Electronic Commerce of Insurance Products." Stamp signatures are disallowed.

- 6.7 From February 1, 2017 and onwards, the use of General Surety Bond (G-16) as performance bond (Section 27, IRR), bidder's bond (Section 39, IRR), and other specific surety bonds mentioned in Section 1.1, and any subsequent surety bond that may be required in the IRR of R.A. No. 9184, has been **disallowed**. The Commission reserves the right to reject requests for certification of General Surety Bonds issued within the said period.
- 6.8 Any expiration period of the surety bond must not be in conflict with the required validity period as provided in the IRR of R.A No. 9184.

In the case of the surety bond used as bidder's bond, Section 27 of the IRR states that "bid securities shall be valid for a reasonable period as determined by the Head of the Procuring Entity concerned, which shall be indicated in the Bidding Documents, **but in no case shall the period exceed one hundred twenty (120) calendar days from the date of the opening of bids.**"

In the case of the surety bond used as Performance Bond, Section 39.5 of the IRR of R.A No. 9184 states that "The performance security shall remain valid **until issuance by the procuring entity of the final Certificate of Acceptance.**" Section 6.2 of "Annex E" of the IRR states the same validity for Retention Money Bonds.

For Warranty Bonds, Section 62.2.3.4 of the IRR states that the warranty shall be "effective for a **one (1) year from the date of issuance of the Certificate of Final Acceptance** by the procuring entity, and returned only after the lapse of the said one (1) year period."

For surety bonds used as Advance Payment Bond, Section 4 of "Annex E" of the IRR provides for a validity of the bond until **the advance payment is**

**fully recouped or liquidated** during a period of completion of the project and its extension, and as further provided by the IRR.

- 6.9 Except for the duly authorized general agent of the company, no insurance agent is allowed to sign the surety bond or request letter in behalf of the insurance company.
- 6.10 The request (letter) shall only be made by the officer of the insurance company with the rank equivalent to a Department Head, Bonds Manager, Assistant Vice President, Vice-President or higher.
- 6.11 Only those indicated in the insurance company's Secretary's Certificate or Board Resolution bearing the list of their authorized signatories together with their specimen signatures are authorized to sign company-issued surety bonds/CARI policies, pursuant to the provisions of IC CL No. 2018-47, entitled, "Amended Rules and Regulations on the Issuance of Bonds."

Requests for certification of surety bond(s)/CARI policy(-ies) found to be signed by any other than those indicated in the submitted Secretary's Certificate or Board Resolution shall be **rejected**.

- 6.12 The certification should be personally received by an employee of the insurance company or authorized personnel. No principal in the surety bond or his/her representative shall receive the certification from the Commission.

Insurance *agencies* are **prohibited** from requesting certifications issued pursuant to R.A. 918. Only the issuing surety companies or their official branches are permitted to request for certifications issued under R.A. 9184.

- 6.13 The official receipt issued for payment to a certification shall be used or applied to a particular surety bond **within five (5) working days** from date of its issuance. Official receipt submitted together with the surety bond subject of a request for certification **cannot be used in case of withdrawal or denial** of the request for the particular surety bond.
- 6.14 The Commission may require the officer or liaison employee submitting or processing the request and receiving the certification to present his/her identification card or document of authority or employment from the insurance company to the satisfaction of the Commission. In case a personnel of a general agent is submitting, processing or receiving the certifications, the general agent must be authorized with a power of attorney to process and submit the requests and to receive the certifications in behalf of the insurance company and such authority must be provided to the Commission together with their picture and copy of identification card of the personnel assigned by the general agent.

- 6.15 Certifications shall be issued **on the 3rd working day after receipt** of request with complete requirements. No principal in the surety bond or his/her representative shall receive the certification from the Commission.
- 6.16 The Commission may require the officer or liaison employee submitting the request and/or receiving the certification to present his/her identification card or document of authority or employment from the insurance company and the Official Receipt of the specific certification request to the satisfaction of the Commission. In case a personnel of a general agent is submitting, processing or receiving the certifications, the general agent must be authorized with a power of attorney to process and submit the requests and to receive the certifications in behalf of the insurance company and such authority must be provided the Commission together with their picture and copy of identification card of the personnel assigned by the general agent.

## **SECTION 7. PROCEDURES PRIOR TO FULL IMPLEMENTATION (MANUAL PROCESSING).**

- 7.1 During the *Pilot-testing phase*, request(s) for the issue of (a) certification(s) pursuant to R.A. No. 9184 shall still follow the regular/manual procedure as provided in this section. The following will be the requirements under this section:
  - a. Request letter from the insurance company to issue certification on the bond(s) and/or CARI policy(-ies) listed in the letter;
  - b. Duplicate original or certified true copy of the surety bond; and
  - c. Soft copy of the draft certification *with pertinent Official Receipt Number(s)* which must be submitted through **email** to the Suretyship's Unit official email address.
- 7.2 Except for the softcopy of the draft certification, the company's liaison officer shall present the requirements enumerated above to the Suretyship Unit for the issuance of an Order of Payment. Once issued, the liaison officer shall proceed to the Cashier Section for payment.

A separate receipt shall be taken for each surety bond. The receipt shall be returned together with the certification to the company's liaison officer.
- 7.3 The company liaison officer shall submit the request, official receipt, and duplicate original/ certified true copy of the surety bond to the Suretyship Unit. **Only after verifying the receipt of the softcopy of the draft certification(s)** as required, the Suretyship Unit shall receive the request for processing.

- 7.4 Denial of the request may be issued by the Officer-In-Charge/In-Charge of Office of the Suretyship Unit if the submitted requirements were found non-compliant with these guidelines, R.A. No. 9184 and other applicable laws, rules and regulations.

Appeals shall be made through the Suretyship unit, via e-mail or through formal correspondence. The Suretyship Unit reserves the right obtain from the company additional document for purposes of establishing the veracity of information

- 7.5 The denial of the request may be sent thru email to the president or assigned officer of the insurance company. In this regard, the insurance company shall provide the Commission with the proper email address which shall be used to send the soft copy of the draft certifications, to receive the communication from the Commission for any clarification on the request, and the officer other than president to whom the clarification shall be addressed.

#### **SECTION 8. PROCEDURES THROUGH THE IC ELECTRONIC APPLICATION AND CERTIFICATION SYSTEM (e-ACS).**

- 8.1 The following procedures will be effective **only upon full implementation** of the IC e-ACS. Until then, the immediately preceding section shall apply.
- 8.2 The Request will be created using the IC e-ACS with the documentary requirements duly uploaded to the system.
- 8.3 Prior to application of request, payment shall first be made and a separate receipt shall be taken for each Surety Bond/CARI Policy. The original request letter will be presented prior to creation of Order of payment. The receipt shall be presented during pick-up of the printed certificates.
- 8.4 All of the request(s) are subject to verification and evaluation by the Suretyship Unit. The approval and denial of requests will also be done in the system where comments/remarks will be displayed for guidance. The certification should be personally received by an employee of the insurance company or authorized personnel provided that the original Official Receipt of each certificate will be shown.
- 8.5 The IC shall issue a copy of the official User's Manual to every approved user account in the system, which shall illustrate the usage of the IC e-ACS interface, and outline the Terms of Service (TOS). Approval of registration to use the IC e-ACS automatically binds each user to comply with the TOS.

#### **SECTION 9. PENALTY FOR IMPROPER USE OF DATA.**

Grant of authority to access IC e-ACS, its existing facilities, including but not limited to, computer terminals, secured access to IC server, and the web-application, shall be subject to relevant provisions of Republic Act No. 8792, otherwise known as the Electronic Commerce Act of 2000 and its Implementing Rules and Regulations.

Pursuant to Section 33, Part V of the said law, acts constituting unauthorized access including, among others, interference in a computer system/server or information and communication system and any access intending to corrupt, alter, steal, or destroy using a computer or other similar information and communication devices, without the knowledge and consent of the owner of the computer or information and communications system, shall be **prohibited and penalized**.

## **SECTION 10. DATA PRIVACY POLICY.**

**10.1 Usage of Data.** Pursuant to R.A. No. 10173, otherwise known as the, "Data Privacy Act of 2012", The information gathered from the IC e-ACS shall be treated as highly confidential and shall be utilized solely for documentation and processing purposes within the system and IC, and shall not be shared with any outside parties.

The IC may use the company's provided email address in order to send an e-mail regarding the status of their account or updates about this service. The data provided may also be used for IC-generated statistics, summaries, research and studies for the development of new markets and industry standards.

**10.2 Disclosure of Data.** The IC may, in the good faith, disclose Personal Data provided through the IC e-ACS provided that such action is necessary to:

- a. To comply with a legal obligation
- b. To protect and defend the rights or property of Insurance Commission
- c. To prevent or investigate possible wrongdoing in connection with the Service
- d. To protect the personal safety of users of the Service or the public
- e. To protect against legal liability

**10.3 Security of Data.** Only authorized IC personnel shall have access to the information provided through the IC e-ACS. However, due to the delicate nature of electronic transmission of data/data transfer via the Internet, the IC cannot guarantee absolute security. Nevertheless the IC shall strive to use commercially acceptable means to protect any Personal Data stored through the IC e-ACS.

**10.4 Access and Correction.** The company has the right to ask for a copy of any personal information held by the IC with regards to its authorized accountholders, as well as to ask for pertinent information to be corrected should errors be found by contacting the IC's Information Systems (IS) Division.

**SECTION 11. SAVING CLAUSE.**

Cases not covered and other clarifications regarding the implementation of this Circular shall be addressed to the Office of the Insurance Commissioner, through the Office of the Deputy Insurance Commissioner – Management Support Services for resolution and/or appropriate action.

**SECTION 12. EFFECTIVITY.**

This circular shall be valid fifteen (15) days after the date of publication in the IC Website.



**DENNIS B. FUNA**  
Insurance Commissioner

