



Legal Opinion	2023-03
Date:	16 January 2023

Police Colonel **PAUL KENNETH T. LUCAS**  
Acting Chief, FEO  
**NATIONAL POLICE COMMISSION**  
Philippine National Police, Civil Security Group  
Firearms and Explosives Office  
Camp BGen Rafael T. Crame, Quezon City

Dear Police Colonel Lucas,

This refers to your letter dated 9 November 2022, seeking guidance and comments relative to the license bond to be secured by every firearm holder with type 3 to 5 licenses and Firearms' Dealers and Manufacturers as required under Republic Act (R.A.) No. 10591.

After careful evaluation, the following are the Commission's answers to your queries:

**1. How much is the amount of firearms license bond and what is its coverage?**

The amount of the firearms bond coverage for individual licensed holder is P25,000.00 per firearm and since the Firearms Bond falls under Class III in the Schedule of Rates for Bonds under Insurance Commission (IC) Circular No. 2018-47, the computation of premium rate is  $P25,000.00 \times 1.824\% = P456.00$ . However, under the said Circular, the premium rate should not be less than P500.00. There are also other applicable fees such as the Value Added Tax (VAT) which is 12%, Document Stamp Tax (DST) which is 12.5% and Local Government Tax (LGT) ranging from .05% to 1.5% depending on the locality, notarial fees, processing fees and other incidental fees that insurance companies may charge. Based on the approved bond form, the bond is liable for any of the following violations:

- a) loss of the firearm or any parts thereof through negligence; or
- b) failure to report to the Firearms and Explosives Office that the subject registered firearm has been lost or stolen within a period of thirty (30) days from the date of discovery.

As regards the Firearms' Dealers and Manufacturers' Bond, Section 13 of R.A. No. 10591 states:

“ Section 13. Issuance of License to Manufacture or Deal n Firearms and Ammunition

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“The Secretary of the DILG or the Chief of the PNP may approve or disapprove such application based on the prescribed guidelines. In the case of approval, the Secretary of the DILG or the Chief of the PNP shall indicate the amount of the bond to be executed by the applicant before the issuance of the license and the period of time by which said license shall be effective, unless sooner revoked by their authority.

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Based on the above-quoted provision, the amount of security required to be posted is to be determined by the Secretary of Department of Interior and Local government (DILG) or the Chief of the Philippine National Police (PNP).

It is noted however, that the amount of bonds for manufacturers and dealers are not indicated in the implementing rules and regulations of R.A. 10591 which needs to be addressed by the PNP.

**2. What will happen to the firearms license bond once the Authority of the surety bond will not be renewed as we were informed that their authority is valid for less than the validity of firearm registration?**

The surety bond is still valid in the event that the Surety Company may not be able to renew its Certificate of Authority (CA). They may be placed under the Conservatorship, Receivership and Liquidation Division and may appoint a Conservator to take charge of the assets, liabilities, and the management of such company, collect all moneys and debts due to said company and exercise all powers necessary to preserve the assets of said company, reorganize the management thereof, and restore its viability and ensure that future claims will be duly taken cared of.

**3. Who will claim from the surety bond in case of the covered incident of the bond happens?**

It is the Obligee who claims from the surety bond in case of any violations indicated in the said bond. In the case of a Firearm's Bond, the PNP is the obligee and would therefore be entitled to file the claim and receive the proceeds thereof.