



Circular Letter (CL) No.:	2024-11
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CIRCULAR LETTER

TO : ALL NON-LIFE INSURANCE AND REINSURANCE COMPANIES AND LICENSED INTERMEDIARIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : REINSTATEMENT OF CIRCULAR LETTER NO. 2016-55 ON THE “STRICT IMPLEMENTATION OF THE MINIMUM RATES FOR EARTHQUAKE, TYPHOON AND FLOOD COVERS AND RELATED GUIDELINES” AND PARTICIPATION IN THE PHILIPPINE CATASTROPHE INSURANCE FACILITY (“PCIF”)

WHEREAS, the geographical location and physical environment of our country, situated along the typhoon belt and Pacific Ring of fire with 24 active volcanoes, is visited by an average of 20 typhoons¹ and 703 earthquakes² per year;

WHEREAS, the World Risk Index 2022³ ranked Philippines as the top 1 for the most disaster-prone country in the world, vulnerable and high risk to typhoons, extreme weather events causing floods and volcanic eruptions;

WHEREAS, the Philippine Statistics Authority (PSA) reports that damages incurred due to natural extreme events and disasters amounted to P 453 Billion⁴ from 2010 to 2019.

WHEREAS, the Insurance Commission (IC) recognizes the critical role of catastrophe insurance in increasing the country’s resilience towards natural disasters and in hastening the recovery of communities after a large loss event. Hence, it is imperative to revisit the catastrophe rates to strengthen the country’s financial resiliency against climate change, typhoons, earthquakes, volcanic eruptions, and other natural disasters;

¹ Asian Disaster Reduction Center, <https://www.adrc.asia/nationinformation.php?NationCode=608&Lang=en>

² The Philippines Earthquake Report, <https://earthquakelist.org/philippines/>

³ World Risk Report 2022, https://weltrisikobericht.de/wp-content/uploads/2022/09/WorldRiskReport-2022_Online.pdf

⁴ Philippine Statistics Authority, <https://psa.gov.ph/content/damages-due-natural-extreme-events-and-disasters-amounted-php-463-billion>