



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular No.	: 2018-47
Date	: 13 September 2018
Supersedes	: Amended Rules on Bonds; and Insurance Memorandum Circular No. 1-77.

CIRCULAR LETTER

**TO : ALL NON-LIFE INSURANCE COMPANIES,
INSURANCE BROKERS AND GENERAL AGENTS
DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : AMENDED RULES AND REGULATIONS ON THE
ISSUANCE OF BONDS**

A. UPDATED RULES AND REGULATIONS ON THE APPROVED SCHEDULE OF RATES

The following are the updated rules and regulations for bonds and the approved Schedule of Rates¹:

1. **Premium rates.** The figures indicated in **Schedule I** are percentage (%) rates per annum which shall be the basis in computing the annual rate of premium to be charged on bonds listed therein.
 - 1.1. Rates indicated in **Schedule I** are for bonds up to P15,000.00 in amount, decreasing by 0.05% for every P5,000.00 increase in amount and subject to the graduated scale shown in **Schedule II** wherein bonds were grouped into five (5) Bond Classifications as shown in **Schedule III**.
2. **Bonds running for less than one year.** The annual premium on bonds that are to run for less than one year according to the covering contract, law or regulation shall not be pro-rated but shall be charged in full at the applicable rate per annum, except for promissory notes.

¹ 4 March 1985 Letter of the Insurance Commission granting the Philippine Association of Surety Underwriters, Inc. ("PHILASURERS") Petition to upgrade bond rates; 28 August 1995 Letter of the Insurance Commission to the Philippine Insurers and Reinsurers Association ("PIRA") approving the Amended Rules on Bonds; and Insurance Memorandum Circular No. 1-77.

- 2.1. But if same bonds are extended by means of an endorsement for the remaining period of the year, additional premium shall no longer be charged. If said bonds are extended due to change orders or for additional works or undertakings for which additional consideration are paid to the principal, additional pro-rated premiums shall be charged.
- 2.2. However, if a new bond is issued for the same undertaking to replace the old bond, then the applicable rate per annum shall be charged in full.
3. **Renewals.** With respect to bond renewals or extension that are to run for more than one year, the premium to be charged shall be pro-rated for the entire duration of its extended term computed at the applicable rate per annum.
4. **Continuing Bonds.** For continuing bonds with an indefinite term, the annual premium at the applicable rate per annum shall be charged in full, and the same renewal premium shall be payable in advance for each renewal period of one year.
5. **Performance Bonds.** For Performance and Surety Bonds covering supply, delivery, installation, construction and other services which may be required to a contractor, the following premium rates shall apply:

Kind of Bond	Amount of Bond	Premium Rate
a. Performance Bond		
1. Callable/Penalty	up to P300,000 over P300,000	per schedule 0.55% minimum
2. Non-callable/Non-penalty	up to P300,000 over P300,000	per schedule 0.50% minimum
b. Surety Bond		
1. Callable/Penalty	up to P500,000 over P500,000	per schedule 0.60% minimum
2. Non-callable/Non-penalty	up to P500,000 over P500,000	per schedule 0.55% minimum

- 5.5. For **government infrastructure projects** requiring performance security under Sections 39 and 62, of RA No. 9184, or the Government Procurement Act, the new Performance Bond (Surety Bond) form² prescribed by this Commission for this purpose shall be used.

- 5.5.1. In this case, the premium rate to be applied shall be for Performance Bond. The additional one (1) year required as defects liability period, which as included in the undertaking of the said Performance Bond (Surety Bond)

² Bond code G(13)-A

shall apply an additional one year premium regardless of the period of completion of the project [i.e. for projects with less than one (1) year period of completion, the applicable premium will be for one (1) year plus the one (1) year premium for the required defects liability period.

- 5.6. For **non-infrastructure government projects** requiring Performance Security under Sections 39 and 62, of the Government Procurement Act, the old Performance Bond (Surety Bond) form³ prescribed by this Commission for this purpose shall be used. In this case, the premium rate to be applied shall be for Performance Bond.
6. **Minimum rate.** In no case, shall the premium be less than P500.00 on any one bond.
7. **Combination of bonds.** When there is a combination of two (2) or three (3) types of bonds to be written in one or single bond, the highest rate shall apply.
8. **Secured bonds.** A reduction of 50% of the annual premium shall be allowed for bonds which are fully secured by either one or a combination of the following:
 - a. Assignments of bank deposits to the Surety;
 - b. Philippine government bonds, treasury certificate or other obligations guaranteed as to principal and interest by the Philippine government;
 - c. Other kinds of securities which are allowable under the Insurance Code, as amended, for investment by insurance companies; and
 - d. Real estate.
- 8.1. For bonds which are fully secured, the words "FULLY SECURED" shall be stamped on the copy of the bond on file with the issuing company and the corresponding securities must be presented upon request.

B. GENERAL RULES AND REGULATIONS ON THE ISSUANCE OF BONDS

1. **Bond Forms.** Bond forms and the series to be issued by the company must be duly approved by the Insurance Commission.
 - 1.1. All bond forms issued by an insurance company must at least be in duplicate and must be consecutively and serially pre-

³ Bond code G(13)

numbered. Such consecutive serial number must be printed in bold color on the original and copies of such bond forms.

- 1.2. All insurance companies authorized to issue bonds in the Philippines are hereby prohibited from issuing signed blank bond forms to their agents. All issued bond forms shall be **originally signed** by the authorized signatory of the company. Stamped signatures are strictly prohibited.
- 1.3. Each and every bond must carry on its face the rate, the amount of premium charged including applicable taxes and the period covered by the bond.
- 1.4. Bond forms issued by an insurance company shall be classified and shall bear the abbreviated symbols or codes as approved by the Insurance Commission and shall be pre-numbered by prefixing the abbreviated symbols or codes to the proposed serial number⁴.
- 1.5. All bond forms issued by the regional or branch offices of an insurance company must follow the same pattern of numbering as prescribed in the preceding paragraph and further prefixing thereto the complete or abbreviated name of the official station of the regional or branch offices. For instance, the Cebu branch office of an insurance company which issues a Bail bond must indicate this number on the Bond:

CEBU/JCR(2) – 00001 OR CEB/JCR(2) – 0001

2. **Spoiled or cancelled bonds.** Any bond form which will be spoiled or cancelled shall be plainly marked with the word "SPOILED" or "CANCELLED" and shall be preserved and placed in a separate file by the insurance company concerned.
 - 2.1. In the event any bond form is lost, the insurance company shall submit without delay to the Insurance Commission a sworn statement of its President or Vice-President, and Treasurer explaining in detail the circumstances of such loss and definitely stating that such lost bond form was never issued in favor of anyone.
3. **Bond registry.** Every insurance company authorized to issue bonds in the Philippines shall maintain a bond registry books which shall be open to the public and to duly authorized representatives of the Insurance Commission during all reasonable business hours.

⁴ See **Schedule IV** for reference.

- 3.1. Every bond issued by an insurance company shall be entered and recorded in numerical and chronological order in the bond registry book, such entry and record to indicate the consecutive serial number of the bond issued, the date and place where it had been issued, the face amount of the bond, the kind or nature of the bond, the nature of the obligation secured by the bond, the agency or instrumentality of the government or the person in whose favor the bond had been issued, as well as an indication that the bond is outstanding or had been cancelled.
 - 3.2. Should such bond registry book be lost or destroyed or should any page or pages thereof be removed therefrom, the insurance company to which such bond registry book belongs shall submit without delay to the Insurance Commission a sworn statement of its President or Vice-President and Treasurer explaining in detail the circumstances of such loss, destruction or removal.
 - 3.3. Any insurance company whose bond registry book had been lost or totally destroyed shall immediately desist from issuing new bonds until such lost or totally destroyed bond registry book shall have been reconstituted. In case any page or pages of a bond registry book had been removed therefrom, a reconstitution of such page or pages should be made without delay by the insurance company concerned.
 - 3.4. Should the certificate of authority granted to an insurance company be suspended or revoked by the Insurance Commissioner, the insurance company concerned shall, without delay, surrender its bond registry book as well as all its unused bond forms to the Insurance Commissioner or to his duly authorized representatives.
4. **Liability Register.** Every insurance company must maintain a liability register wherein all the bonds issued by the company are recorded. In addition, a subsidiary liability register for each type of bond falling under any of the general classifications must be maintained where every bond issued shall be entered and recorded in numerical and chronological order.
5. **Authorized Signatories of Bonds.** Companies shall submit before the Insurance Commission a Secretary's Certificate or Board Resolution bearing the list of their authorized signatories together with their specimen signatures on or before the **30th of June** of every year.
 - 5.1. The company shall immediately inform the Insurance Commission should there be any change in the authorized signatories at any time.

C. SANCTIONS AND PENALTIES

Any violation of the foregoing rules shall be a ground for the suspension or revocation of the license of the Insurance Company, or payment of a penalty, or both.

D. REPEALING CLAUSE

This Circular Letter shall supersede a.) the 4 March 1985 Letter of the Insurance Commission granting the Philippine Association of Surety Underwriters, Inc.'s Petition to upgrade bond rates; b.) the 28 August 1995 Letter of the Insurance Commission to the Philippine Insurers and Reinsurers Association ("PIRA") approving the Amended Rules on Bonds; and, 3.) Insurance Memorandum Circular No. 1-77.

All Orders, Rules and Regulations, Memoranda and other issuances inconsistent with or contrary to the provisions of this Circular are likewise repealed/amended accordingly.

E. EFFECTIVITY

This Circular shall take effect immediately upon publication in the Insurance Commission website.

For strict compliance.



DENNIS B. FUNA
Insurance Commissioner



SCHEDULE I

RATES FOR BONDS UP TO P15,000.00

1.920	Administrator's Bond
2.880	Advance Baggage Bond
2.880	Anti-dumping Bond
2.880	Appeal Bond
1.920	Arrastre Bond
1.920	Attachment Bond
3.840	Attachment Bond, to lift
3.840	Bail Bond, Personal
0.960	Berthing Bond, to pay
0.480	Bidder's Bond – single
0.960	Bidder's Bond – standing
1.920	Bid-Performance, general
3.840	BOI Omnibus Bond
1.920	Broker's Bond – Customs
1.920	- Merchandise
1.920	- Real Estate
1.920	- Pawnshop
1.920	- Ship
1.920	- Stock
0.960	Cigarette Stamp Bond
2.880	Common Carrier Bond – customs
3.840	Contract Growers Bond
2.880	Contract Workers Bond
1.920	Countervailing Bond
3.840	Dealership Bond
0.280	Embroidery Bond
3.840	Energy Development Bond
2.880	Execution Pending Appeal Bond
3.840	Export Bond, Re (motor vehicle only)
2.880	Export Bond, Re (others)
*	Fidelity Bond (blanket)
1.920	Fidelity Bond (individual)
1.920	Firearm Bond (individual)
2.880	Firearm Bond, ROTC Armory
3.840	Firearm Bond Dealer's Bond
1.920	Fishpond Bond
2.880	Forestry Bond (Bureau of Forestry)
2.880	Forestry Bond (internal revenue)
2.880	Guaranty Bond (maintenance/warranty)
2.880	Guaranty Bond (central bank/import)
2.880	Guaranty (Payment)
1.920	Guardian's Bond
3.840	Hauler's Bond
2.880	Heir's Bond
3.840	Immigration Bond
1.920	Importer Bond, general
3.840	Indemnity Bond, (3 rd party, sheriffs)
2.880	Injunction Bond (plaintiff)
3.840	Injunction Bond (to lift)
2.880	Internal Revenue Bond (Payment of Deficiency Tax)
3.840	Internal Revenue Bond (Payment of Taxes under Protest)
2.880	Land Carrier Bond, for (TH) (customs)
2.880	Manufacturer's Official Bond
2.880	Miller's Bond (NFA)
2.880	Milling Contract Bond (NPA)

2.880	Miner's Official Bond
2.880	Payment Bond (for construction)
3.840	Payment of Taxes & Duties Bond (customs)
2.880	Penalty & forfeiture Bond (construction)
1.920	Performance Bond – for construction
1.920	- for services
1.920	- for supply and delivery
3.840	Production of Certificate of Lading Bond
3.840	Quedans Financing Bond (NFA)
2.880	Receiver's Bond
2.880	Receiver's Bond, to appoint
3.840	Receiver's Bond, to lift
1.920	Reconstituted Title Bond
2.880	Replacement for Lost TW, Checks, etc.
1.920	Replevin Bond
3.840	Replevin Bond, Counter
0.960	Shipside Bond
2.880	Stock Brokers and Dealers Bond
3.840	Supersedeas Bond
3.840	Surety Bond, General
3.840	Sweepstake Bond (one year)
3.840	Sweepstake Bond (one draw)
2.880	Tax Exemption Bond
0.960	Tonnage Bond, to pay
2.880	Truck Operator Bond for (customs)
2.880	Valuation Differences Bond
2.880	Warehousing Bond, General
2.880	Warehouse, General Bond for Bonded
2.880	Warehouse Bond for raw materials
2.880	Warehouse Bond, Rice Bonded (BODT)
2.880	Warehouse Bond, Rice Bonded (NFA)
0.960	Wharfage Bond, to pay

Bonds Required in RA 9184 – Government Procurement Reform Act

1.920	Performance Bond (Infrastructure Project)
3.840	Advance Payment Bond
2.880	Warranty Bond
2.880	Retention Money Bond

Surety Bond (Promissory Note) any amount:

- a) 9% if secured; and
- b) 14% if not secured. In both cases (a) and (b), all charges except bank charges, registration fees and documentary stamp tax are to be included in the above rates.

* - discretionary

SCHEDULE II

SCHEDULE OF RATES FOR BONDS

amount not more than	class				
	I	II	III	IV	V
15,000	0.480	0.960	1.920	2.880	3.840
20,000		0.912	1.872	2.832	3.792
25,000		0.864	1.824	2.794	3.744
30,000		0.816	1.776	2.736	3.696
35,000		0.768	1.728	2.688	3.648
40,000		0.720	1.680	2.640	3.600
45,000		0.672	1.632	2.592	3.552
50,000		0.624	1.584	2.544	3.504
55,000		P312 +	1.536	2.496	3.456
60,000		0.288% on	1.488	2.488	3.408
65,000		amount over	1.440	2.400	3.360
70,000		P50,000	1.392	2.352	3.312
75,000			1.344	2.304	3.264
80,000			1.296	2.256	3.216
85,000			1.248	2.208	3.168
90,000			1.200	2.160	3.120
95,000			1.152	2.112	3.072
100,000			1.104	2.064	3.024
105,000			P1,104 +	2.014	2.976
110,000			0.288% on	1.938	2.928
115,000			amount over	1.920	2.880
120,000			P100,000	1.872	2.832
125,000				1.824	2.784
130,000				1.776	2.736
135,000				1.728	2.688
140,000				1.680	2.640
145,000				1.632	2.592
150,000				1.584	2.544
155,000				P2,376 +	2.496
160,000				0.288% on	2.448
165,000				amount over	2.400
170,000				P150,000	2.352
175,000					2.304
180,000					2.256
185,000					2.208
190,000					2.160
195,000					2.112
200,000					2.064
					P4,128 +
					0.288% on
					amount over
					P200,000

SCHEDULE III

BOND CLASSIFICATION

CLASS 1

G - Bidder's Bond – single

CLASS 2

C - Berthing Bond, to pay
G - Bidder's Bond – standing
IR - Cigarette Stamps Bond
C - Ship's Side Bond
C - Tonnage Bond, to pay
C - Wharfage Bond, to pay

CLASS 3

JCL - Administrator's Bond
C - Arrastre Bond
JCL - Attachment Bond
G - Bid – Performance General
G - Broker's Bond - Customs
G - - Merchandise
G - - Real Estate
G - - Pawnshop
G - - Ship
G - - Stock
C - Countervailing Bond
FID - Fidelity Bond – individual
FA - Firearm Bond - individual
G - Fishpond Bond
JCL - Guardian's Bond
C - Importer's Bond, General
G - Performance Bond - for supply & delivery
G - Performance Bond - for construction
G - Performance Bond - services
G - Performance Bond - for government infrastructure project
G - Reconstituted Title Bond
JCL - Replevin Bond

CLASS 4

C - Advance Baggage Bond
C - Anti-Dumping Bond

JCR	-	Appeal Bond
C	-	Common Carrier Bond
G	-	Contract Workers Bond
JCL	-	Execution Pending Appeal Bond
C	-	Export Bond, Re (other than motor vehicles)
F	-	Firearm Bond, Armory
IR	-	Forestry Bond
G	-	Forestry Bond (BFD)
G	-	Guarantee Bond (Central Bank/Re-Import)
G	-	Guarantee Bond (maintenance/warranty)
G	-	Heir's Bond
JCL	-	Injunction Bond, Plaintiff
IR	-	Internal Revenue Bond
C	-	Land Carrier Bond for (TH)
IR	-	Manufacturer's Official Bond
G	-	Miller's Bond
G	-	Milling Contract Bond (NFA)
IR	-	Miner's Official Bond
G	-	Payment Bond (for construction)
G	-	Penalty and Forfeiture Bond
JCL	-	Receiver's Bond
JCL	-	Receiver's Bond, to appoint
G	-	Replacement for Lost TW, Checks, etc. Bond
G	-	Retention Money Bond
G	-	Stockbrokers and Dealers Bond
C	-	Tax Exemption Bond
C	-	Truck Operators (T) Bond for
C	-	Valuation Differences Bond
G	-	Warranty Bond
C	-	Warehousing Bond, General
C	-	Warehouse, General Bond for Bonded
C	-	Warehouse Bond for Raw Materials
C	-	Warehouse Bond, Rice Bonded (BODT)
C	-	Warehouse Bond, Rice Bonded (NFA)

CLASS 5

G	-	Advance Payment Bond
JCL	-	Attachment Bond, to Lift
JCR	-	Bail Bond
G	-	BOI Omnibus Bond
G	-	Contract Growers Bond
G	-	Dealership Bond
G	-	Energy Development Bond (BOED)
C	-	Export Bond, Re (motor vehicles only)
F	-	Firearm Dealers Bond
G	-	Hauler's Bond
IM	-	Immigration Bond
JCL	-	Indemnity Bond – 3 rd Party – Sheriffs
JCL	-	Injunction Bond, to lift
IR-C-G	-	Payment of Taxes/Duties Bond

- C - Production of Certificate of Lading Bond
- G - Quedans Financing Bond (NFA)
- JCL - Receivership Bond, to lift
- JCL - Replevin Bond, Counter
- JCL - Supersedeas Bond
- G - Surety Bond, General
- G - Sweepstake Bond (one year)

OCW REPATRIATION BOND

1.680% per annum or P336.00 for P20,000.00 cover
(IC letter dated December 9, 1991)

SCHEDULE IV

SYMBOLS/CODES TO THE SERIAL NUMBER ON THE FOLLOWING BONDS:

CLASS OF BOND	SYMBOL	NUMBER
JUDICIAL CIVIL		
	JCL	
Administrator Bond	JCL(1)	00001
Appeal Bond	JCL(2)	00001
Attachment Bond, to lift	JCL(3)	00001
Attachment Bond	JCL(4)	00001
Guardian's Bond	JCL(5)	00001
Heir's Bond	JCL(6)	00001
Heir's Bond (two years)	JCL(7)	00001
Injunction Bond	JCL(8)	00001
Injunction Bond, to lift	JCL(9)	00001
Receiver's Bond	JCL(10)	00001
Receiver's Bond, to appoint	JCL(11)	00001
Receiver's Bond, to lift	JCL(12)	00001
Replevin Bond	JCL(13)	00001
Replevin Bond, counter	JCL(14)	00001
Supersedeas Bond	JCL(15)	00001
Etc.	JCL(---)	00001
JUDICIAL CRIMINAL		
	JCR	
Appeal Bond	JCR(1)	00001
Bail Bond	JCR(2)	00001
FIREARMS		
	F	
Firearm Bond	F(1)	00001
Firearm Bond, Armory	F(2)	00001
Firearm Dealer's Bond	F(3)	00001
INTERNAL REVENUE		
	IR	
Cigarette Stamp Bond	IR(1)	00001
Internal Revenue Bond (payment of deficiency taxes)	IR(2)	00001
Internal Revenue Bond (payment of taxes under protest)	IR(3)	00001
CUSTOMS		
	C	
Advance Baggage Bond	C(1)	00001
Anti-dumping Bond	C(2)	00001
Arrastre Bond	C(3)	00001
Berthing Bond	C(4)	00001
Common Carrier Bond	C(5)	00001
Compensating Tax Bond	C(6)	00001
Broker's Bond, Customs	C(7)	00001
Export Bond	C(8)	00001
Export Bond, Re	C(9)	00001
General Importer's Bond	C(10)	00001
General Bonded Warehouse	C(11)	00001
Surety Bond	C(12)	00001

Wharfage Bond	C(13)	00001
Etc.	C---	00001
GUARANTY	G	
Bid Bond, Standing	G(1)	00001
Bid Bond, one bid only	G(2)	00001
Broker's Bond, Merchandise	G(3)	00001
Broker's Bond, Pawnshop	G(4)	00001
Broker's Bond, Real Estate	G(5)	00001
Broker's Bond, Ship	G(6)	00001
Broker's – Dealer's Bond, Stock	G(7)	00001
Fishpond Bond	G(8)	00001
Forestry Bond	G(9)	00001
Guaranty Payment	G(10)	00001
Manufacturer's Official Bond	G(11)	00001
Payment Bond	G(12)	00001
Performance Bond	G(13)	00001
Reconstituted Title Bond	G(14)	00001
Reconstituted Title Bond (2 years)	G(15)	00001
Surety Bond	G(16)	00001
Sweepstake Bond (one draw)	G(17)	00001
Sweepstake Bond (one year)	G(18)	00001
Warehouse, Rice Bonded	G(19)	00001
Etc.	G---	00001
BONDS REQUIRED IN RA 9184 – Government Procurement Reform Act	G	
Performance Bond (Infrastructure Project)	G(13)-A	00001
Advance Payment Bond	G(40)	00001
Warranty Bond	G(41)	00001
Retention Money Bond	G(42)	00001
FIDELITY	FID	
Fidelity Bond (blanket)	FID(1)	00001
Fidelity Bond (individual)	FID(2)	00001
PROMISSORY NOTE	PN	
Promissory Note	PN(1)	00001
IMMIGRATION	IM	
Immigration Bond	IM(1)	00001