

**MEMORANDUM ORDER NO. 30**

**CREATING A COMMITTEE TO CONDUCT THE PUBLIC BIDDING FOR THE REINSURANCE OF THE PROPERTIES OF THE NATIONAL POWER CORPORATION INSURED WITH THE GOVERNMENT SERVICE INSURANCE SYSTEM**

**WHEREAS**, under Republic Act No. 656 as amended by Presidential Decree No. 245 dated July 13, 1973, a General Insurance Fund was established under the administration of the Government Service Insurance System (GSIS); and every Government agency, commission, board or government-owned or controlled enterprise is required to insure its properties against any insurable risk with said Fund and pay the premiums thereon which shall not exceed the premiums charged by private insurance companies;

**WHEREAS**, there is a clear necessity to ensure a cost-effective, efficient and responsive insurance coverage;

**WHEREAS**, it is in the interest of government transparency to allow a public and open insurance bidding process for all insurance needs and the reinsurance of properties of the National Power Corporation (NPC) insured with the GSIS;

**WHEREAS**, in the spirit of competitiveness and to ensure a level playing field, there is a need to allow the widest participation of the private sector in servicing the insurance and reinsurance needs of the NPC;

**WHEREAS**, the Secretary of Finance and the Secretary of Energy, among others, have recommended the institution of a public and transparent bidding of the reinsurance of the properties of NPC insured with the GSIS.

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1.** It is mandatory to institute an open, competitive and transparent bidding process for the reinsurance of the properties of the NPC insured with the GSIS. In line with the information technology thrust of the Government, the most suitable electronic bidding process shall be used for the bidding process as determined by the Committee created under Section 2.



**SECTION 2.** A Committee is hereby created to conduct the public bidding for the reinsurance of the properties of the NPC insured with the GSIS, composed of the following:

- |                |   |   |
|----------------|---|---|
| Chairman       | - | Secretary, Department of Finance  |
| Voting Members | - | Two (2) GSIS representatives, who shall be the General Manager and Senior Vice President of the GSIS    |
|                | - | Two (2) representatives from the NPC, who shall be the Secretary of Energy and the President of the NPC |
| Witness        | - | NPC's resident COA auditor  |

All decisions of the Committee shall be made on the basis of majority vote.

The Committee shall award the winning bid at least fifteen (15) days before the renewal date of the NPC's insurance coverage.

In view of the urgency of the matter, the Committee is hereby directed to convene not later than September 14, 2001.

**SECTION 3.** Only private insurance brokers duly registered to transact directly with Lloyd's of London or rated in accordance with internationally accepted standards shall be qualified to participate in the bidding process. In this regard, the Committee shall formulate such standards and criteria and select such number of qualified brokers, based on the above-mentioned standards and criteria, to participate in such bidding process.

**SECTION 4.** It is necessary to allow, as much as practicable, the participation of all qualified domestic insurance companies in accordance with their financial and technical capabilities and resources. The domestic companies shall, therefore, be offered facultative reinsurance on the NPC insurance program before any foreign reinsurance is placed.

**SECTION 5.** The winning insurance broker shall enter into a valid and comprehensive service contract with the GSIS and the NPC to highlight the broker's responsibility to respond to the needs of the NPC. The said broker shall post the necessary performance bond to secure such contract or contracts.

**SECTION 6.** The GSIS and the NPC shall share and have access to any and all records, documents, and information pertinent to the placement of the insurance, reinsurance, and retrocession of the NPC insurance program. Such records, documents and information shall include without limitation: property appraisal reports, valuation studies,



risk survey reports, claims documents, adjusters' reports, reinsurance and retrocession placement or confirmation slips, and billing and accounting records for such reinsurances and retrocessions.

**SECTION 7.** The Committee shall promulgate such other rules and regulations for the effective and efficient implementation of this Memorandum Order.

**SECTION 8.** All orders, rules, regulations and issuances, or parts thereof, which are inconsistent with this Memorandum Order, are hereby repealed or modified accordingly.

**SECTION 9.** This Memorandum Order shall take effect immediately upon approval.

City of Manila, September 10, 2001.



By the President:



**ALBERTO G. ROMULO**  
Executive Secretary



PMS LIBRARY

Received

SEP 13 2001

Date 