

MEMORANDUM ORDER NO. 32

**CREATING A COMMITTEE TO CONDUCT THE PUBLIC BIDDING FOR THE REINSURANCE OF THE PROPERTIES OF THE SOCIAL SECURITY SYSTEM 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 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 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 and reinsurance needs of the Social Security System (SSS);

**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 SSS;

**WHEREAS**, the Secretary of Finance has recommended the institution of a public and transparent bidding of the reinsurance of government properties 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 SSS insured with the GSIS.



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

- Chairman - Secretary, Department of Finance, or his Undersecretary and Chief of Staff
- Voting Members - Two (2) GSIS representatives, who shall be the General Manager and Senior Vice President of the GSIS
- Two (2) representatives from the SSS, who shall be the Chairman of the Social Security Commission and the President of the SSS
- Witness - SSS' 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 SSS' insurance coverage.

The Committee is hereby directed to convene initially on October 9, 2001 at 10:00 A.M., and thereafter, on days and time to be agreed upon by the members of the Committee.

**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 SSS 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 SSS to highlight the broker's responsibility to respond to the needs of the SSS. The said broker shall post the necessary performance bond to secure such contract or contracts.



**SECTION 6.** The GSIS and the SSS 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 SSS 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 21, 2001.

By the President:

**ALBERTO G. ROMULO**  
Executive Secretary



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