

Circular Letter No. :	<u>29-2006</u>
Date :	<u>07/27/2006</u>

### **CIRCULAR LETTER**

**TO : ALL NON-LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : STRICT IMPLEMENTATION OF THE MINIMUM RATES FOR EARTHQUAKE FIRE AND SHOCK AND TYPHOON AND FLOOD**

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Please be reminded that this Commission requires and expects full compliance with the provisions of IC Circular 24-2006 dated May 26, 2006 on the above.

Please be clarified that the minimum Earthquake and Typhoon and Flood rates shall apply to all policies under the Fire, Engineering, and Casualty Lines which cover the above mentioned perils, including but not limited to:

- Industrial All Risks Policies
- Commercial All Risks Policies
- Electronic Equipment Insurances
- Homeowners and Commercial Package Policies
- Equipment Floater Policies

The Circular 24-2006 dated May 26, 2006 does not apply to:

- Contractors All Risks Insurance
- Erection All Risks Insurance
- Residential Risks as defined under Items 4.1.1 and 4.2.1 (for Building occupied as 1 to 4, Family Dwelling Units, Zone 1 & 2) of the PIRA Fire Manual
- Risks Rated under the Motor Tariff

Please also be advised that:

1. The two-tiered rating system stated under Section 1.1.0 of the PIRA Fire Manual General Tariff Regulations Item 1.1.6 is suspended in view of the application of the minimum Earthquake and Typhoon/Flood rates.
2. Local policies issued under Global arrangements and Properties located in the Philippines shall be required to comply with the minimum rates provisions.
3. Non-liquidation of any stock declaration policy which covers earthquake, typhoon and/or flood within 60-days from expiry of the policy shall likewise be considered a violation of the Circular.

This Circular takes effect for all policies with inception date of August 1, 2006 and onwards.

For strict compliance.

**(SGD.) EVANGELINE CRISOSTOMO-ESCOBILLO**  
Insurance Commissioner

cc: Secretary Margarito B. Teves  
Department of Finance