

Circular No. :	<u>39-2006</u>
Date :	<u>December 7, 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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This Commission has been informed that various methods are being devised in order to circumvent and effectively violate the provisions of the Insurance Commission Circular No. 24-2006 dated May 26, 2006 on Minimum Rates for Natural Perils.

Companies are reminded that the objective of the minimum rates requirement is to ensure the ability of the industry to responsively serve its policy holders. Therefore, strict compliance with the provisions of the circular is required.

Accordingly, please be reminded that: -

- (1) The minimum Typhoon and Flood rate of .05% shall be applied whether only Typhoon or only Flood cover is taken.
- (2) The minimum rates shall be applied to the Total Sum Insured whether a policy is issued on a "loss limit" basis, "first loss" basis or with higher than the standard deductibles.
- (3) Minimum rates of 0.10% must be applied for Earthquake and 0.05% for **TYPHOON** and/or **FLOOD**. All other perils/coverages under the policy must have their corresponding premium.

The Commission shall shortly be commencing audit of companies to monitor compliance with the provisions of Circular No. 24-2006 and violations will be appropriately dealt with.

Please be guided accordingly.

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

cc: Hon. Margarito B. Teves  
Secretary  
Department of Finance