



**PASEGURUHAN NG MGA NAGLILINGKOD SA PAMAHALAAN
(GOVERNMENT SERVICE INSURANCE SYSTEM)**

Financial Center, Pasay City, Metro Manila 1308

GSIS INSURANCE BIDS AND AWARDS COMMITTEE (GIBAC)

Project title: 2018 GSIS PROPERTY AND ENGINEERING COMBINED RISK AND CATASTROPHE EXCESS OF LOSS TREATY

Bid Bulletin No. 1
November 7, 2017

This bid bulletin is issued to amend and modify items in the Bidding Documents of the “**2018 GSIS Property and Engineering Combined Risk and Catastrophe Excess of Loss Treaty**”. This shall form an integral part of the Bidding Documents.

I. Bidders’ Query

	QUERY	REPLY																															
1	Can you please provide 2017 revised GNPI by Line of business?	Projected Actual for 2017 is Php1.8B. Final GNPI will be determined at the end of the treaty period.																															
2	Please provide a split of Engineering and Property for 2018 Estimated GNPI	For the GNPI estimate of Php1.7B, the split is as follows: Fire - 96% Engineering - 4%																															
3	Noticed that 2018 estimated GNPI is 1.7 bn. Assuming the 2017 final GNPI on a similar level, would result in about 10% less than 2016 GNPI. What are the main drivers for this decline? Is the underlying portfolio not rather growing?	Evaluation of the existing accounts may result on the need to reinsure. Reinsuring existing accounts will result on the decrease in the underlying portfolio.																															
4	<p>From the Fire Risk Profiles we see a decrease in exposure (see screenshot below) from last year. On the typhoon and earthquake aggregates the growth is about 15% year on year (see 2nd screenshot). Can you elaborate on the different movements?</p> <p>Risk Profiles</p> <p>Risk Category: Fire</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Sum of Retention Premium</th> <th>Sum of Number of Risks</th> <th>Sum of Retention Sum Insured</th> </tr> </thead> <tbody> <tr> <td>01-Jul-16 - 30-Jun-17</td> <td>1,727,221,518</td> <td>9,141</td> <td>433,988,129,835</td> </tr> <tr> <td>01-Jul-15 - 30-Jun-16</td> <td>1,731,047,394</td> <td>11,170</td> <td>450,479,167,002</td> </tr> <tr> <td>YoY</td> <td>-0.22%</td> <td>-18.16%</td> <td>-3.66%</td> </tr> </tbody> </table> <p>Nat Cat Aggregates</p> <table border="1"> <thead> <tr> <th>Retention SI</th> <th>Column Labels</th> <th></th> </tr> <tr> <th>Row Labels</th> <th>EQ</th> <th>TC</th> </tr> </thead> <tbody> <tr> <td>01-Jul-16 - 30-Jun-17</td> <td>384,335,720,968</td> <td>352,846,572,337</td> </tr> <tr> <td>01-Jul-15 - 30-Jun-16</td> <td>335,701,685,192</td> <td>303,487,170,760</td> </tr> <tr> <td>YoY</td> <td>14.5%</td> <td>16.3%</td> </tr> </tbody> </table>	Period	Sum of Retention Premium	Sum of Number of Risks	Sum of Retention Sum Insured	01-Jul-16 - 30-Jun-17	1,727,221,518	9,141	433,988,129,835	01-Jul-15 - 30-Jun-16	1,731,047,394	11,170	450,479,167,002	YoY	-0.22%	-18.16%	-3.66%	Retention SI	Column Labels		Row Labels	EQ	TC	01-Jul-16 - 30-Jun-17	384,335,720,968	352,846,572,337	01-Jul-15 - 30-Jun-16	335,701,685,192	303,487,170,760	YoY	14.5%	16.3%	<p>Some of the accounts that resulted the decrease in exposure:</p> <ol style="list-style-type: none"> LRTA Line 1 was not part of the 2016 portfolio with the decrease in TSI from Php19.37B to Php9.29B and premium from Php19.5M to Php9.141M. PSALM - TSI reduced from Php98.99B to Php30.60B and the premium from Php207.11M to Php46.09M. NGCP - TSI decreased from Php132.73B to Php125.47B and the premium from Php228.95M to Php174.44M. <p>With the awareness of the Agencies on the effect of the natural catastrophe, more Agencies secure allied perils cover; typhoon, flood and earthquake.</p>
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5	Please advise the correct treaty period. Based on the front page of the bidding document, the coverage is from December 31, 2017 to December 31, 2018. However, per Invitation to Bid and Contractual Details, the period indicated is January 1, 2018 to December 31, 2018.	The correct treaty period is January 1, 2018 to December 31, 2018
6	What kind of sample treaties do you require?	
	6.1 Do they have to be Property and/or Engineering or can they be any line of business?	No. It can be any line of business.
	6.2 Do they have to be Excess of Loss or can they be any kind of treaty?	Yes. It can be any kind of treaty.
	6.3 Can we use either inward and/or outward treaties?	Yes. You can use either inward or outward treaties.
7	We note that we need to submit a list of the top ten (10) claims paid for 2016 and another list of the top ten (10) claims paid for 2017 as of 30 th September 2017. In case there are some confidential information or in the interest of our clients' data privacy, may we withhold some details? Based on the discussion during the pre-bid conference, we understand that you will allow us to just provide the policy number, nature of loss, and loss amount paid. Please confirm if this is ok.	Yes. Confirmed.
8	We note that there is a minimum share of 5% and a maximum share of 30% across the board because you want to have a good spread of the risk among the panel members. We further note that reinsurers can have different shares on different layers so long as they stay within the 5%-30% range. Please confirm.	Yes. Confirmed.
9	We note that the "Premium Rate" referred to in the Financial Proposal Summary refers to the Rate on GNPI (ROG) and not the Rate on Line (ROL). Please confirm.	Yes. Confirmed.
10	The Financial Proposal Summary has a section wherein we are supposed to declare commissions or gratuities that are paid or to be paid by us. We note that we do not have to declare commissions to be paid by our retrocessionaires to reinsurance brokers. We also note that we can leave this section blank if not applicable. Please confirm.	Yes. Confirmed.
11	In the Contractual Details, we recommend to move the Property Damage Clarification Clause to the Conditions section.	Noted. Property Damage Clarification Clause will be under the Conditions Section.
12	We note that the Original 2018 EGNPI of PHP 1.7 billion is estimated to be split 96% Fire and 4% Engineering. Please confirm.	Yes. Confirmed.
13	We note that the Revised 2017 EGNPI (actual January to September 2017 + projected October to December 2017) is not yet	Please refer to item no. 1

	available. Please confirm.	
14	Please confirm that the GSIS' maximum retention per risk for both Fire and Engineering is still PHP 2 billion.	Yes the GSIS maximum retention per risk for both Fire and Engineering is Php2B.
15	We note that policies in the Risk Profiles where GSIS is retaining more than PHP 2 billion are comprised of multiple locations in which the individual risks are worth less than PHP 2 billion each. Please confirm.	Yes. Confirmed.
16	Please confirm that Motor Own Damage is excluded from this treaty.	Yes it is excluded from this treaty.
17	Regarding your Cresta reports, we note that there is no overlap between the All Risks column and the Earthquake, Typhoon and Flood columns. Thus, to calculate the total Earthquake exposure, we need to add All Risks + Earthquake. If we need the total Typhoon exposure, we need to add All Risks + Typhoon. And same with Flood. Please confirm.	Yes. Confirmed.
18	EGNPI Please provide final GNPI for 2016 (split between Property and Engineering). This should be compared to the Retained Premium Income under the 2016 Fire and Engineering Risk Profiles. Please advice the reason if there is a significant disparity.	The final GNPI for 2016 is as follows: Fire - 1.8B Engineering - 67M The significant increase is due to new business i.e. Assets of the Armed Forces of the Philippines and Philippine National Police.
	Revised GNPI for 2017 (split between Property and Engineering). Estimated 2017 GNPI was Php1.4bil. Estimated 2018 GNPI is Php1.7bil. This is a 21% increase in projected income for 2018. Please provide explanation for this growth.	- Please refer to item no. 2 - The significant increase is due to renewal of the assets of the Armed Forces of the Philippines and Philippine National Police.
19	PROFILES	
	Jan to Dec 2016 , Jan to Dec 2015 Fire Risk Profile - Average retention on risk with SI bands above Php2billion are in excess of maximum retention of Php2billion. Are there special acceptances under the treaty? Please provide list of accounts falling under these Sum Insured bands.	None.
	Please provide the Fire and Engineering Loss Profiles.	No loss in excess of the underlying retention since 2014.
	Please confirm that the Sum Insured range in the Risk Profile pertains to RETENTION portion.	Yes. Confirmed.
20	AGGREGATES	
	How is a policy with multiple locations being captured in GSIS system and reported under the nat cat aggregates?	Data entry in the GIIS system is encoded and extracted per item, location and CRESTA.

<p>How is a risk with multiple policies being captured in GSIS system and reported under the nat cat aggregates?</p>	
<p>Please provide list of risks (net SI PHP 750mn and greater) with the corresponding information;</p> <ul style="list-style-type: none"> a. gross SI (GSIS share) b. net SI (GSIS share) c. gross premium (GSIS share) d. net premium (GSIS share) e. policy number f. name of assured 	<p>The list of policies shall be available to prospective bidders who have purchased and will purchase the bidding documents.</p>
<p>List of accounts on layered policy/ first loss/ excess of loss basis with corresponding information;</p> <ul style="list-style-type: none"> a. Name of assured b. Policy number c. TSI (fgu, i.e. 100% basis not GSIS share) d. Layer structure (i.e. limits and deductibles) (100% basis not GSIS share) e. GSIS corresponding share on the layer 	<p>Not applicable</p>
<p>Please confirm for good order that the aggregates shown under "CRESTA" includes Engineering aggregates as well. If Engineering included, please can we have aggregates split by Property and Engineering. If not possible, please provide a % split as a guide.</p>	<p>CRESTA is limited to Property Insurance</p>
<p>Please confirm that to assess the total EQ exposure, we would be totalling "All Risks exposure" and "EQ Exposure". Likewise for Typhoon and Flood.</p>	<p>Yes</p>
<p>Property aggregates : please provide aggregate data split by occupancy (Industrial/ Commercial/ Residential), values further split by Building, Contents, Business Interruption</p>	<p>There is no split data based on occupancy</p>
<p>Full list of loss limit accounts, with details including loss limit applicable, each location of risk/s (by cresta), occupancy, values split by Buildings, Contents and BI</p>	<p>Not applicable</p>
<p>We have noted that Zone B aggregates have increased by 30% for EQ, 28% for Typhoon and 27% for Flood. Please provide comments on this increase.</p>	<p>With the awareness of the Agencies on the effect of the natural catastrophe, more Agencies secure allied perils cover; typhoon, flood and earthquake. Further COA released Memorandum Circular no. 2016-024 dated December 14, 2016 to ensure that all government agencies have insured all their insurable property, assets and interests with the GIF. All Supervising Auditors and Audit Team Leaders are hereby directed to included in their annual</p>

		audit focus the verification of compliance by all government agencies with Republic Act No. 656.																								
21	<p>In comparing the retained aggregates of the period "1 Jan 2016 to 31 Dec 2016" against "1 Jan 2015 to 31 Dec 2015", there is significant movement between the two years, as well as the % growth between Gross vs Retained aggregates as follows:</p> <table border="1" data-bbox="215 689 766 790"> <thead> <tr> <th>Peril</th> <th>EQ</th> <th>Typhoon</th> <th>Flood</th> </tr> </thead> <tbody> <tr> <td>Total Gross Aggregates</td> <td>+18%</td> <td>+20%</td> <td>+19%</td> </tr> <tr> <td>Total Retained Aggregates</td> <td>+32%</td> <td>+38%</td> <td>+38%</td> </tr> </tbody> </table> <p>This however compares differently when we look at the aggregates of the period "Jul 2015 to 30 June 2016" vs "Jul 2016 to 30 June 2016"</p> <table border="1" data-bbox="215 920 766 1021"> <thead> <tr> <th>Peril</th> <th>EQ</th> <th>Typhoon</th> <th>Flood</th> </tr> </thead> <tbody> <tr> <td>Total Gross Aggregates</td> <td>+17%</td> <td>+18%</td> <td>+17%</td> </tr> <tr> <td>Total Retained Aggregates</td> <td>+14%</td> <td>+16%</td> <td>+14%</td> </tr> </tbody> </table> <p>May we request explanation on the comparison between these two sets of data.</p>	Peril	EQ	Typhoon	Flood	Total Gross Aggregates	+18%	+20%	+19%	Total Retained Aggregates	+32%	+38%	+38%	Peril	EQ	Typhoon	Flood	Total Gross Aggregates	+17%	+18%	+17%	Total Retained Aggregates	+14%	+16%	+14%	For accounts with Limit of Liability (LOL), we used the LOL for 2015. However, for 2016 we used the Total Sum Insured (TSI) and not the LOL.
Peril	EQ	Typhoon	Flood																							
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22	Please clarify the required lead line of the least 50% that seems to conflict with the no reinsurer's share shall be more than 30%.	The lead line of at least 50% is a requirement of the GSIS during the opening of the bids. While, the 30% is the maximum share of a single reinsurer per layer.																								
23	Will there a change in the GSIS's retention policy moving forward?	None.																								
24	Please confirm that Fire/Engineering max per risk retention remains Php2billion.	Yes. Confirmed.																								
25	<p>Item no. 1 of the Technical Documents as found in page 39 of the Bidding Documents (Kindly refer to below screenshot).</p> <p>1. Statement of at least two (2) ongoing and/or completed Treaties, copy attached, issued within the last two years prior to the deadline for the submission and receipt of bids.</p> <p>The aggregate amount of these similar Treaties should be at least "fifty percent (50%)" of the ABC for this project, and</p> <p>The largest of these similar Treaties must be equivalent to at least half of the percentage of the ABC as required above.</p> <p>The statement shall include, for each Treaty, the following:</p> <ol style="list-style-type: none"> Name of the Reinsured if not covered by a Non-Disclosure Agreement Period of cover of the Treaties Treaty Name Limit of Liability Premiums, including taxes Certified true copies of the Official Receipts as evidence of premium payment for the Treaties. 	The Treaty inception date should be from 2015-2016 onwards.																								

	In fulfillment to the above requirement, we are planning to submit a completed Treaty effective from December 31, 2014 to December 31, 2015. Noting that the requirement states that the Treaty should be that which was "issued within the last two years prior to the deadline for the submission and receipt of bids", may we seek your confirmation please if the aforementioned Treaty will be in compliance to the cited requirements of this bidding.	
26	May we request for additional information regarding GSIS retained EQ agss data (consolidated) with the following breakdown: - by occupancy - by item code (building, contents, Loss of Profit/BI etc)	There is no split data based on occupancy
27	Can you ask GSIS to comment on the revised (actual) GNPI for the previous years i.e 2009-2017. In particular what is the expected revised GNPI for 2017. On the 2018 slip we know that it is Php1.7Bn that means that the revised 2017 GNPI should be higher than Php1.7Bn.	Please be informed of the upward trend on the actual GNPI since 2009 from Php1.2B to Php1.8B in 2016. Yes, the 2017 GNPI is higher than Php1.7B because our projected actual GNPI for 2017 is Php1.89B.

II. The Schedule for the submission and opening of bids is hereby postponed until further notice.

For the information and guidance of all concerned.

(Sgd) VALERIE K. MARQUEZ

Chairperson

GSIS Insurance Bids and Awards Committee