



PHILIPPINE BIDDING DOCUMENTS

REINSURANCE OF THE INDUSTRIAL ALL RISK INSURANCE WITH SABOTAGE & TERRORISM AND SUBMARINE CABLE INSURANCE OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (REBIDDING)

For the Period

From: 15 April 2019

To: 31 December 2019

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Section I. Invitation to Bid



GSIS Government Service Insurance System
Financial Center, Pasay City, Metro Manila 1308

**REINSURANCE OF THE INDUSTRIAL ALL RISK INSURANCE WITH
SABOTAGE & TERRORISM AND SUBMARINE CABLE INSURANCE
OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (REBIDDING)**

- The Government Service Insurance System (GSIS), through its 2019 Corporate Budget, wishes to receive bids for the Reinsurance of the Industrial All Risk with Sabotage & Terrorism and Submarine Cable Insurance of the **NATIONAL GRID CORPORATION OF THE PHILIPPINES (Rebidding)** for the period 15 April 2019 to 31 December 2019, with a Total Sum Insured of Two Billion Seven Hundred Twenty One Million Eight Hundred Eighty Two Thousand One Hundred Thirty Five US Dollars and 82/100 (US\$2,721,882,135.82). The Approved Budget for the Contract¹ (ABC) amounts to **One Million Eight Hundred Fourteen Thousand Seven Hundred Forty Eight US Dollars and 17/100 (US\$1,814,748.17)** with a Peso equivalent of **Ninety Four Million Eight Hundred Seventy Six Thousand Eight Hundred Forty Nine Pesos and 08/100 (Php94,876,849.08)²**, with the following particulars:

Coverage	ABC (inclusive of 20% GSIS Commission)	Retention	Facultative Reinsurance
IAR/ST/SC	US\$1,814,748.17 or Php94,876,849.08	US\$25,505.46 or Php1,333,450.96	US\$1,789,242.71 or Php93,543,398.12

Bids received in excess of the ABC shall be automatically rejected at the bid opening.

- Bidders should have completed, within five (5) years from the date of submission and receipt of bids, a contract similar to the Project. The description of an eligible bidder is contained in the Bidding Documents, particularly in Section II. Instructions to Bidders.
- Bidding will be conducted through open competitive bidding procedures using a non-discretionary “pass/fail” criterion as specified in the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184, otherwise known as the “Government Procurement Reform Act”.

Bidding is open to all interested bidders, whether local or foreign, subject to the conditions for eligibility provided in the IRR of RA 9184.

¹ The ABC for CY 2019 is based on the approved GSIS’ APP for CY 2019 and GSIS’ Corporate Budget for CY 2019.

² BSP exchange rate [USD1 = Php52.281] on Mar.7, 2018

4. Interested bidders may obtain further information and inspect the Bidding Documents at the GSIS Bids and Awards Committee (GBAC) Secretariat (Project Coordinators), Level 3 Core C, GSIS Headquarters Building, Financial Center, Pasay City, during office hours.
5. A complete set of Bidding Documents may be acquired by interested bidders starting on the date of publication/posting of this Invitation to Bid from the abovementioned address and upon payment of a non-refundable fee for the Bidding Documents in the amount of **Php50,000.00**.

It may also be downloaded free of charge from the website of the Philippine Government Electronic Procurement System (PhilGEPS) and the GSIS website (<http://www.gsis.gov.ph/opportunities/gibac-notices>), provided that bidders shall pay the applicable fee for the Bidding Documents not later than the submission of their bids. However, the Underwriting Information shall be available only to bidders who purchased the Bidding Documents not later than the submission of their bids.

6. The GSIS will hold a Pre-Bid Conference on **15 March 2019, 9:00AM** at the GBAC Conference Room, Level 2 Core G, GSIS Headquarters Building, Financial Center, Pasay City. The Pre-Bid Conference shall be open to prospective bidders.
7. The short list of preferred lead market accordingly ranked must be delivered by the potential bidders on or before **22 March 2019** (8:30 am) at the GBAC Secretariat (for GIBAC), Level 3, Core C, GSIS Building, Financial Center, Macapagal Avenue, Pasay City. Late submission shall not be accepted. The lead markets will be allocated on **22 March 2019** (9:00 am) at the Multi-purpose Conference Room, CoreC, Level 3, GSIS Building, Financial Center, Macapagal Avenue, Pasay City, in the presence of the Bidders or their representatives who choose to attend. The GSIS shall thereafter issue the corresponding certificates of exclusive Lead Market allocation which shall be posted in the GSIS and Philippine Government Electronic Procurement System (Philgeps) websites. Potential bidders are prohibited from approaching retrocessionaires who have been allocated to other potential bidders for the purpose of securing quotations for the submission of bids. Previous market allocations are deemed superseded.

Potential bidders who did not participate in the market allocation activity are not disqualified from submitting their bids. However, they are likewise prohibited from approaching retrocessionaires who have been allocated to other potential bidders for the purpose of securing quotations for the submission of bids.

8. Bids must be submitted to the address stated in Item No. 4 and must be duly received by the GBAC Secretariat (Project Coordinators) or other authorized GSIS personnel on or before **27 March 2019, 8:30AM**. All bids must be accompanied by a bid security in any of the acceptable forms and in the amount stated in **ITB** Clause 18

Bid opening shall be on **27 March 2019, 9:00AM** at the address stated in Item No. 6. Bids will be opened in the presence of the bidders' representatives who choose to attend the said activity. Late bids shall not be accepted.

9. The GSIS warns the public/bidders of unscrupulous individuals and groups posing as officers/employees of the GSIS soliciting money, gifts, favors or benefits for alleged aid for whatever purpose. **DO NOT GIVE** anything to these unscrupulous individuals and groups. The GSIS thus enjoins the cooperation of the public/bidders to report these

individuals/groups to the GSIS Insurance Bids and Awards Committee and GBAC Secretariat Project Coordinators.

10. The GSIS reserves the right to accept or reject any bid, to annul the bidding process, and to reject all bids at any time prior to contract award, without thereby incurring any liability to the affected bidder or bidders.
11. For further information, please refer to

GBAC Secretariat (Project Coordinators)
GSIS Insurance Bids and Awards Committee (GIBAC)
Level 3 Core C, GSIS Headquarters Building
Financial Center, Pasay City
Contact no. 479-3600 loc. 3306 / 976-4655
Email: gbac_secretariat@gsis.gov.ph

(Sgd.) EDUARDO V. FERNANDEZ
Chairperson
GSIS Insurance Bids and Awards Committee

Section II. Instructions to Bidders

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General

1. Scope of Bid

- 1.1. The Procuring Entity named in the **BDS** invites bids for the supply and delivery of the Goods as described in Section VII. Technical Specifications.
- 1.2. The name, identification, and number of lots specific to this bidding are provided in the **BDS**. The contracting strategy and basis of evaluation of lots is described in **ITB** Clause 28.

2. Source of Funds

The Procuring Entity has a budget or has received funds from the Funding Source named in the **BDS**, and in the amount indicated in the **BDS**. It intends to apply part of the funds received for the Project, as defined in the **BDS**, to cover eligible payments under the contract.

3. Corrupt, Fraudulent, Collusive, and Coercive Practices

- 3.1. Unless otherwise specified in the **BDS**, the Procuring Entity as well as the bidders and suppliers shall observe the highest standard of ethics during the procurement and execution of the contract. In pursuance of this policy, the Procuring Entity:
 - (a) defines, for purposes of this provision, the terms set forth below as follows:
 - (i) “corrupt practice” means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in RA 3019.
 - (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
 - (iii) “collusive practices” means a scheme or arrangement between two or more Bidders, with or without the knowledge of the

Procuring Entity, designed to establish bid prices at artificial, non-competitive levels.

- (iv) “coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
- (v) “obstructive practice” is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an administrative proceedings or investigation of the Procuring Entity or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or
 - (bb) acts intended to materially impede the exercise of the inspection and audit rights of the Procuring Entity or any foreign government/foreign or international financing institution herein.
- (b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

3.2. Further, the Procuring Entity will seek to impose the maximum civil, administrative, and/or criminal penalties available under applicable laws on individuals and organizations deemed to be involved in any of the practices mentioned in **ITB** Clause 3.1(a).

3.3. Furthermore, the Funding Source and the Procuring Entity reserve the right to inspect and audit records and accounts of a bidder or supplier in the bidding for and performance of a contract themselves or through independent auditors as reflected in the **GCC** Clause 3.

4. Conflict of Interest

4.1. All Bidders found to have conflicting interests shall be disqualified to participate in the procurement at hand, without prejudice to the imposition of appropriate administrative, civil, and criminal sanctions. A Bidder may be considered to have conflicting interests with another Bidder in any of the events described in paragraphs (a) through (c) below and a general conflict of

interest in any of the circumstances set out in paragraphs (d) through (g) below:

- (a) A Bidder has controlling shareholders in common with another Bidder;
- (b) A Bidder receives or has received any direct or indirect subsidy from any other Bidder;
- (c) A Bidder has the same legal representative as that of another Bidder for purposes of this bid;
- (d) A Bidder has a relationship, directly or through third parties, that puts them in a position to have access to information about or influence on the bid of another Bidder or influence the decisions of the Procuring Entity regarding this bidding process;
- (e) A Bidder submits more than one bid in this bidding process. However, this does not limit the participation of subcontractors in more than one bid;
- (f) A Bidder who participated as a consultant in the preparation of the design or technical specifications of the Goods and related services that are the subject of the bid; or
- (g) A Bidder who lends, or temporarily seconds, its personnel to firms or organizations which are engaged in consulting services for the preparation related to procurement for or implementation of the project, if the personnel would be involved in any capacity on the same project.

4.2. In accordance with Section 47 of the IRR of RA 9184, all Bidding Documents shall be accompanied by a sworn affidavit of the Bidder that it is not related to the Head of the Procuring Entity (HoPE), members of the Bids and Awards Committee (BAC), members of the Technical Working Group (TWG), members of the BAC Secretariat, the head of the Project Management Office (PMO) or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. On the part of the Bidder, this Clause shall apply to the following persons:

- (a) If the Bidder is an individual or a sole proprietorship, to the Bidder himself;
- (b) If the Bidder is a partnership, to all its officers and members;
- (c) If the Bidder is a corporation, to all its officers, directors, and controlling stockholders;
- (d) If the Bidder is a cooperative, to all its officers, directors, and controlling shareholders or members; and

- (e) If the Bidder is a joint venture (JV), the provisions of items (a), (b), (c), or (d) of this Clause shall correspondingly apply to each of the members of the said JV, as may be appropriate.

Relationship of the nature described above or failure to comply with this Clause will result in the automatic disqualification of a Bidder.

5. Eligible Bidders

5.1. Unless otherwise provided in the **BDS**, the following persons shall be eligible to participate in this bidding:

- (a) Duly licensed Filipino citizens/sole proprietorships;
- (b) Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;
- (c) Corporations duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;
- (d) Cooperatives duly organized under the laws of the Philippines; and
- (e) Persons/entities forming themselves into a Joint Venture (JV), *i.e.*, a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, that Filipino ownership or interest of the JV concerned shall be at least sixty percent (60%).

5.2. Foreign bidders may be eligible to participate when any of the following circumstances exist, as specified in the **BDS**:

- (a) When a Treaty or International or Executive Agreement as provided in Section 4 of RA 9184 and its IRR allow foreign bidders to participate;
- (b) Citizens, corporations, or associations of a country, the laws or regulations of which grant reciprocal rights or privileges to citizens, corporations, or associations of the Philippines;
- (c) When the Goods sought to be procured are not available from local suppliers; or
- (d) When there is a need to prevent situations that defeat competition or restrain trade.

5.3. Government owned or –controlled corporations (GOCCs) may be eligible to participate only if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not attached agencies of the Procuring Entity.

- 5.4. Unless otherwise provided in the **BDS**, the Bidder must have completed a Single Largest Completed Contract (SLCC) similar to the Project and the value of which, adjusted, if necessary, by the Bidder to current prices using the Philippine Statistics Authority (PSA) consumer price index, must be at least equivalent to a percentage of the ABC stated in the **BDS**.

For this purpose, contracts similar to the Project shall be those described in the **BDS**, and completed within the relevant period stated in the Invitation to Bid and **ITB** Clause 12.1(a)(ii).

- 5.5. The Bidder must submit a computation of its Net Financial Contracting Capacity (NFCC), which must be at least equal to the ABC to be bid, calculated as follows:

NFCC = [(Current assets minus current liabilities) (15)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started, coinciding with the contract to be bid.

The values of the domestic bidder's current assets and current liabilities shall be based on the latest Audited Financial Statements submitted to the BIR.

For purposes of computing the foreign bidders' NFCC, the value of the current assets and current liabilities shall be based on their audited financial statements prepared in accordance with international financial reporting standards.

If the prospective bidder opts to submit a committed Line of Credit, it must be at least equal to ten percent (10%) of the ABC to be bid. If issued by a foreign universal or commercial bank, it shall be confirmed or authenticated by a local universal or commercial bank.

6. Bidder's Responsibilities

- 6.1. The Bidder or its duly authorized representative shall submit a sworn statement in the form prescribed in Section VIII. Bidding Forms as required in **ITB** Clause 12.1(b)(iii).
- 6.2. The Bidder is responsible for the following:
- (a) Having taken steps to carefully examine all of the Bidding Documents;
 - (b) Having acknowledged all conditions, local or otherwise, affecting the implementation of the contract;
 - (c) Having made an estimate of the facilities available and needed for the contract to be bid, if any;
 - (d) Having complied with its responsibility to inquire or secure Supplemental/Bid Bulletin(s) as provided under **ITB** Clause 10.4.

- (e) Ensuring that it is not “blacklisted” or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;
- (f) Ensuring that each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;
- (g) Authorizing the HoPE or its duly authorized representative/s to verify all the documents submitted;
- (h) Ensuring that the signatory is the duly authorized representative of the Bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Bidder in the bidding, with the duly notarized Secretary’s Certificate attesting to such fact, if the Bidder is a corporation, partnership, cooperative, or joint venture;
- (i) Complying with the disclosure provision under Section 47 of RA 9184 and its IRR in relation to other provisions of RA 3019;
- (j) Complying with existing labor laws and standards, in the case of procurement of services; Moreover, bidder undertakes to:
 - (i) Ensure the entitlement of workers to wages, hours of work, safety and health and other prevailing conditions of work as established by national laws, rules and regulations; or collective bargaining agreement; or arbitration award, if and when applicable.

In case there is a finding by the Procuring Entity or the DOLE of underpayment or non-payment of workers’ wage and wage-related benefits, bidder agrees that the performance security or portion of the contract amount shall be withheld in favor of the complaining workers pursuant to appropriate provisions of Republic Act No. 9184 without prejudice to the institution of appropriate actions under the Labor Code, as amended, and other social legislations.

- (ii) Comply with occupational safety and health standards and to correct deficiencies, if any.

In case of imminent danger, injury or death of the worker, bidder undertakes to suspend contract implementation pending clearance to proceed from the DOLE Regional Office and to comply with Work Stoppage Order; and

- (iii) Inform the workers of their conditions of work, labor clauses under the contract specifying wages, hours of work and other benefits under prevailing national laws, rules and regulations; or collective bargaining agreement; or arbitration award, if and when applicable, through posting in two (2) conspicuous places in the establishment's premises; and
- (k) Ensuring that it did not give or pay, directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity.

Failure to observe any of the above responsibilities shall be at the risk of the Bidder concerned.

- 6.3. The Bidder is expected to examine all instructions, forms, terms, and specifications in the Bidding Documents.
- 6.4. It shall be the sole responsibility of the Bidder to determine and to satisfy itself by such means as it considers necessary or desirable as to all matters pertaining to the contract to be bid, including: (a) the location and the nature of this Project; (b) climatic conditions; (c) transportation facilities; and (d) other factors that may affect the cost, duration, and execution or implementation of this Project.
- 6.5. The Procuring Entity shall not assume any responsibility regarding erroneous interpretations or conclusions by the prospective or eligible bidder out of the data furnished by the procuring entity. However, the Procuring Entity shall ensure that all information in the Bidding Documents, including bid/supplemental bid bulletin/s issued, are correct and consistent.
- 6.6. Before submitting their bids, the Bidder is deemed to have become familiar with all existing laws, decrees, ordinances, acts and regulations of the Philippines which may affect this Project in any way.
- 6.7. The Bidder shall bear all costs associated with the preparation and submission of his bid, and the Procuring Entity will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.
- 6.8. The Bidder should note that the Procuring Entity will accept bids only from those that have paid the applicable fee for the Bidding Documents at the office indicated in the Invitation to Bid.

7. Origin of Goods

Unless otherwise indicated in the **BDS**, there is no restriction on the origin of goods other than those prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, subject to **ITB** Clause 27.1.

8. Subcontracts

- 8.1. Unless otherwise specified in the **BDS**, the Bidder may subcontract portions of the Goods to an extent as may be approved by the Procuring Entity and stated in the **BDS**. However, subcontracting of any portion shall not relieve the Bidder from any liability or obligation that may arise from the contract for this Project.
- 8.2. Subcontractors must submit the documentary requirements under **ITB** Clause 12 and comply with the eligibility criteria specified in the **BDS**. In the event that any subcontractor is found by the Procuring Entity to be ineligible, the subcontracting of such portion of the Goods shall be disallowed.
- 8.3. The Bidder may identify the subcontractor to whom a portion of the Goods will be subcontracted at any stage of the bidding process or during contract implementation. If the Bidder opts to disclose the name of the subcontractor during bid submission, the Bidder shall include the required documents as part of the technical component of its bid.

Contents of Bidding Documents

9. Pre-Bid Conference

- 9.1. (a) If so specified in the **BDS**, a pre-bid conference shall be held at the venue and on the date indicated therein, to clarify and address the Bidders' questions on the technical and financial components of this Project.

(b) The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids, but not earlier than seven (7) calendar days from the posting of the invitation to bid/bidding documents in the PhilGEPS website. If the Procuring Entity determines that, by reason of the method, nature, or complexity of the contract to be bid, or when international participation will be more advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids, as specified in the **BDS**.
- 9.2. Bidders are encouraged to attend the pre-bid conference to ensure that they fully understand the Procuring Entity's requirements. Non-attendance of the Bidder will in no way prejudice its bid; however, the Bidder is expected to know the changes and/or amendments to the Bidding Documents as recorded in the minutes of the pre-bid conference and the Supplemental/Bid Bulletin. The minutes of the pre-bid conference shall be recorded and prepared not later than five (5) calendar days after the pre-bid conference. The minutes shall be made available to prospective bidders not later than five (5) days upon written request.
- 9.3. Decisions of the BAC amending any provision of the bidding documents shall be issued in writing through a Supplemental/Bid Bulletin at least seven (7) calendar days before the deadline for the submission and receipt of bids.

10. Clarification and Amendment of Bidding Documents

- 10.1. Prospective bidders may request for clarification on and/or interpretation of any part of the Bidding Documents. Such request must be in writing and submitted to the Procuring Entity at the address indicated in the **BDS** at least ten (10) calendar days before the deadline set for the submission and receipt of Bids.
- 10.2. The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of Bids.
- 10.3. Supplemental/Bid Bulletins may also be issued upon the Procuring Entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents not later than seven (7) calendar days before the deadline for the submission and receipt of Bids. Any modification to the Bidding Documents shall be identified as an amendment.
- 10.4. Any Supplemental/Bid Bulletin issued by the BAC shall also be posted in the PhilGEPS and the website of the Procuring Entity concerned, if available, and at any conspicuous place in the premises of the Procuring Entity concerned. It shall be the responsibility of all Bidders who have properly secured the Bidding Documents to inquire and secure Supplemental/Bid Bulletins that may be issued by the BAC. However, Bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with **ITB** Clause 23.

Preparation of Bids

11. Language of Bids

The eligibility requirements or statements, the bids, and all other documents to be submitted to the BAC must be in English. If the eligibility requirements or statements, the bids, and all other documents submitted to the BAC are in foreign language other than English, it must be accompanied by a translation of the documents in English. The documents shall be translated by the relevant foreign government agency, the foreign government agency authorized to translate documents, or a registered translator in the foreign bidder's country; and shall be authenticated by the appropriate Philippine foreign service establishment/post or the equivalent office having jurisdiction over the foreign bidder's affairs in the Philippines. The English translation shall govern, for purposes of interpretation of the bid.

12. Documents Comprising the Bid: Eligibility and Technical Components

- 12.1. Unless otherwise indicated in the **BDS**, the first envelope shall contain the following eligibility and technical documents:
 - (a) Eligibility Documents –

Class “A” Documents:

- (i) PhilGEPS Certificate of Registration and Membership in accordance with Section 8.5.2 of the IRR. For procurement to be performed overseas, it shall be subject to the Guidelines to be issued by the GPPB.
- (ii) Statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid; and

Statement of the Bidder’s SLCC similar to the contract to be bid, in accordance with ITB Clause 5.4, within the relevant period as provided in the **BDS**.

The two statements required shall indicate for each contract the following:

- (ii.1) name of the contract;
 - (ii.2) date of the contract;
 - (ii.3) contract duration;
 - (ii.4) owner’s name and address;
 - (ii.5) kinds of Goods;
 - (ii.6) For Statement of Ongoing Contracts - amount of contract and value of outstanding contracts;
 - (ii.7) For Statement of SLCC - amount of completed contracts, adjusted by the Bidder to current prices using PSA’s consumer price index, if necessary for the purpose of meeting the SLCC requirement;
 - (ii.8) date of delivery; and
 - (ii.9) end user’s acceptance or official receipt(s) or sales invoice issued for the contract, if completed, which shall be attached to the statements.
- (iii) NFCC computation in accordance with ITB Clause 5.5 or a committed Line of Credit from a universal or commercial bank.

Class “B” Document:

- (iv) If applicable, the Joint Venture Agreement (JVA) in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners in accordance with Section 23.1(b) of the IRR.

- (b) Technical Documents –
 - (i) Bid security in accordance with **ITB** Clause 18. If the Bidder opts to submit the bid security in the form of:
 - (i.1) a bank draft/guarantee or an irrevocable letter of credit issued by a foreign bank, it shall be accompanied by a confirmation from a Universal or Commercial Bank; or
 - (i.2) a surety bond, it shall be accompanied by a certification by the Insurance Commission that the surety or insurance company is authorized to issue such instruments;
 - (ii) Conformity with technical specifications, as enumerated and specified in Sections VII and VIII of the Bidding Documents; and
 - (iii) Sworn statement in accordance with Section 25.3 of the IRR of RA 9184 and using the form prescribed in Section VIII. Bidding Forms.
 - (iv) For foreign bidders claiming eligibility by reason of their country's extension of reciprocal rights to Filipinos, a certification from the relevant government office of their country stating that Filipinos are allowed to participate in their government procurement activities for the same item or product.

13. Documents Comprising the Bid: Financial Component

- 13.1. Unless otherwise stated in the **BDS**, the financial component of the bid shall contain the following:
 - (a) Financial Bid Form, which includes bid prices and the applicable Price Schedules, in accordance with **ITB** Clauses 15.1 and 15.4;
 - (b) If the Bidder claims preference as a Domestic Bidder, a certification from the DTI issued in accordance with **ITB** Clause 27, unless otherwise provided in the **BDS**; and
 - (c) Any other document related to the financial component of the bid as stated in the **BDS**.
- 13.2. (a) Unless otherwise stated in the **BDS**, all bids that exceed the ABC shall not be accepted.
- (b) Unless otherwise indicated in the **BDS**, for foreign-funded procurement, a ceiling may be applied to bid prices provided the following conditions are met:

- (i) Bidding Documents are obtainable free of charge on a freely accessible website. If payment of Bidding Documents is required by the procuring entity, payment could be made upon the submission of bids.
- (ii) The procuring entity has procedures in place to ensure that the ABC is based on recent estimates made by the responsible unit of the procuring entity and that the estimates reflect the quality, supervision and risk and inflationary factors, as well as prevailing market prices, associated with the types of works or goods to be procured.
- (iii) The procuring entity has trained cost estimators on estimating prices and analyzing bid variances.
- (iv) The procuring entity has established a system to monitor and report bid prices relative to ABC and engineer's/procuring entity's estimate.
- (v) The procuring entity has established a monitoring and evaluation system for contract implementation to provide a feedback on actual total costs of goods and works.

14. Alternative Bids

- 14.1 Alternative Bids shall be rejected. For this purpose, alternative bid is an offer made by a Bidder in addition or as a substitute to its original bid which may be included as part of its original bid or submitted separately therewith for purposes of bidding. A bid with options is considered an alternative bid regardless of whether said bid proposal is contained in a single envelope or submitted in two (2) or more separate bid envelopes.
- 14.2 Each Bidder shall submit only one Bid, either individually or as a partner in a JV. A Bidder who submits or participates in more than one bid (other than as a subcontractor if a subcontractor is permitted to participate in more than one bid) will cause all the proposals with the Bidder's participation to be disqualified. This shall be without prejudice to any applicable criminal, civil and administrative penalties that may be imposed upon the persons and entities concerned.

15. Bid Prices

- 15.1. The Bidder shall complete the appropriate Schedule of Prices included herein, stating the unit prices, total price per item, the total amount and the expected countries of origin of the Goods to be supplied under this Project.
- 15.2. The Bidder shall fill in rates and prices for all items of the Goods described in the Schedule of Prices. Bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, Schedule of Prices, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is

indicated, the same shall be considered as non-responsive, but specifying a zero (0) or a dash (-) for the said item would mean that it is being offered for free to the Government, except those required by law or regulations to be accomplished.

- 15.3. The terms Ex Works (EXW), Cost, Insurance and Freight (CIF), Cost and Insurance Paid to (CIP), Delivered Duty Paid (DDP), and other trade terms used to describe the obligations of the parties, shall be governed by the rules prescribed in the current edition of the International Commercial Terms (INCOTERMS) published by the International Chamber of Commerce, Paris.
- 15.4. Prices indicated on the Price Schedule shall be entered separately in the following manner:
 - (a) For Goods offered from within the Procuring Entity's country:
 - (i) The price of the Goods quoted EXW (ex works, ex factory, ex warehouse, ex showroom, or off-the-shelf, as applicable);
 - (ii) The cost of all customs duties and sales and other taxes already paid or payable;
 - (iii) The cost of transportation, insurance, and other costs incidental to delivery of the Goods to their final destination; and
 - (iv) The price of other (incidental) services, if any, listed in the **BDS**.
 - (b) For Goods offered from abroad:
 - (i) Unless otherwise stated in the **BDS**, the price of the Goods shall be quoted DDP with the place of destination in the Philippines as specified in the **BDS**. In quoting the price, the Bidder shall be free to use transportation through carriers registered in any eligible country. Similarly, the Bidder may obtain insurance services from any eligible source country.
 - (ii) The price of other (incidental) services, if any, listed in the **BDS**.
 - (c) For Services, based on the form which may be prescribed by the Procuring Entity, in accordance with existing laws, rules and regulations
- 15.5. Prices quoted by the Bidder shall be fixed during the Bidder's performance of the contract and not subject to variation or price escalation on any account. A bid submitted with an adjustable price quotation shall be treated as non-responsive and shall be rejected, pursuant to **ITB** Clause 24.

All bid prices for the given scope of work in the contract as awarded shall be considered as fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances. Upon the

recommendation of the Procuring Entity, price escalation may be allowed in extraordinary circumstances as may be determined by the National Economic and Development Authority in accordance with the Civil Code of the Philippines, and upon approval by the GPPB. Nevertheless, in cases where the cost of the awarded contract is affected by any applicable new laws, ordinances, regulations, or other acts of the GOP, promulgated after the date of bid opening, a contract price adjustment shall be made or appropriate relief shall be applied on a no loss-no gain basis.

16. Bid Currencies

16.1. Prices shall be quoted in the following currencies:

- (a) For Goods that the Bidder will supply from within the Philippines, the prices shall be quoted in Philippine Pesos.
- (b) For Goods that the Bidder will supply from outside the Philippines, the prices may be quoted in the currency(ies) stated in the **BDS**. However, for purposes of bid evaluation, bids denominated in foreign currencies shall be converted to Philippine currency based on the exchange rate as published in the *Bangko Sentral ng Pilipinas* (BSP) reference rate bulletin on the day of the bid opening.

16.2. If so allowed in accordance with **ITB** Clause 16.1, the Procuring Entity for purposes of bid evaluation and comparing the bid prices will convert the amounts in various currencies in which the bid price is expressed to Philippine Pesos at the foregoing exchange rates.

16.3. Unless otherwise specified in the **BDS**, payment of the contract price shall be made in Philippine Pesos.

17. Bid Validity

17.1. Bids shall remain valid for the period specified in the **BDS** which shall not exceed one hundred twenty (120) calendar days from the date of the opening of bids.

17.2. In exceptional circumstances, prior to the expiration of the bid validity period, the Procuring Entity may request Bidders to extend the period of validity of their bids. The request and the responses shall be made in writing. The bid security described in **ITB** Clause 18 should also be extended corresponding to the extension of the bid validity period at the least. A Bidder may refuse the request without forfeiting its bid security, but his bid shall no longer be considered for further evaluation and award. A Bidder granting the request shall not be required or permitted to modify its bid.

18. Bid Security

18.1. The Bidder shall submit a Bid Securing Declaration or any form of Bid Security in the amount stated in the **BDS**, which shall be not less than the percentage of the ABC in accordance with the following schedule:

Form of Bid Security	Amount of Bid Security (Not Less than the Percentage of the ABC)
<p>(a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank.</p> <p><i>For biddings conducted by LGUs, the Cashier's/Manager's Check may be issued by other banks certified by the BSP as authorized to issue such financial instrument.</i></p>	
<p>(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</p> <p><i>For biddings conducted by LGUs, Bank Draft/Guarantee, or Irrevocable Letter of Credit may be issued by other banks certified by the BSP as authorized to issue such financial instrument.</i></p>	Two percent (2%)
<p>(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</p>	Five percent (5%)

The Bid Securing Declaration mentioned above is an undertaking which states, among others, that the Bidder shall enter into contract with the procuring entity and furnish the performance security required under ITB Clause 33.2, within ten (10) calendar days from receipt of the Notice of Award, and commits to pay the corresponding amount as fine, and be suspended for a period of time from being qualified to participate in any government procurement activity in the event it violates any of the conditions stated therein as provided in the guidelines issued by the GPPB.

- 18.2. The bid security should be valid for the period specified in the **BDS**. Any bid not accompanied by an acceptable bid security shall be rejected by the Procuring Entity as non-responsive.

- 18.3. No bid securities shall be returned to Bidders after the opening of bids and before contract signing, except to those that failed or declared as post-disqualified, upon submission of a written waiver of their right to file a request for reconsideration and/or protest, or upon the lapse of the reglementary period to file a request for reconsideration or protest. Without prejudice on its forfeiture, bid securities shall be returned only after the Bidder with the Lowest Calculated Responsive Bid (LCRB) has signed the contract and furnished the performance security, but in no case later than the expiration of the bid security validity period indicated in **ITB** Clause 18.2.
- 18.4. Upon signing and execution of the contract pursuant to **ITB** Clause 32, and the posting of the performance security pursuant to **ITB** Clause 33, the successful Bidder's bid security will be discharged, but in no case later than the bid security validity period as indicated in the **ITB** Clause 18.2.
- 18.5. The bid security may be forfeited:
- (a) if a Bidder:
 - (i) withdraws its bid during the period of bid validity specified in **ITB** Clause 17;
 - (ii) does not accept the correction of errors pursuant to **ITB** Clause 28.3(b);
 - (iii) has a finding against the veracity of any of the documents submitted as stated in **ITB** Clause 29.2;
 - (iv) submission of eligibility requirements containing false information or falsified documents;
 - (v) submission of bids that contain false information or falsified documents, or the concealment of such information in the bids in order to influence the outcome of eligibility screening or any other stage of the public bidding;
 - (vi) allowing the use of one's name, or using the name of another for purposes of public bidding;
 - (vii) withdrawal of a bid, or refusal to accept an award, or enter into contract with the Government without justifiable cause, after the Bidder had been adjudged as having submitted the LCRB;
 - (viii) refusal or failure to post the required performance security within the prescribed time;
 - (ix) refusal to clarify or validate in writing its bid during post-qualification within a period of seven (7) calendar days from receipt of the request for clarification;
 - (x) any documented attempt by a Bidder to unduly influence the outcome of the bidding in his favor;

- (xi) failure of the potential joint venture partners to enter into the joint venture after the bid is declared successful; or
 - (xii) all other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late Bids or patently insufficient bid, for at least three (3) times within a year, except for valid reasons.
- (b) if the successful Bidder:
- (i) fails to sign the contract in accordance with **ITB** Clause 32; or
 - (ii) fails to furnish performance security in accordance with **ITB** Clause 33.

19. Format and Signing of Bids

- 19.1. Bidders shall submit their bids through their duly authorized representative using the appropriate forms provided in Section VIII. Bidding Forms on or before the deadline specified in the **ITB** Clauses 21 in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid, including the eligibility requirements under **ITB** Clause 12.1, and the second shall contain the financial component of the bid. This shall also be observed for each lot in the case of lot procurement.
- 19.2. Forms as mentioned in **ITB** Clause 19.1 must be completed without any alterations to their format, and no substitute form shall be accepted. All blank spaces shall be filled in with the information requested.
- 19.3. The Bidder shall prepare and submit an original of the first and second envelopes as described in **ITB** Clauses 12 and 13. In addition, the Bidder shall submit copies of the first and second envelopes. In the event of any discrepancy between the original and the copies, the original shall prevail.
- 19.4. Each and every page of the Bid Form, including the Schedule of Prices, under Section VIII hereof, shall be signed by the duly authorized representative/s of the Bidder. Failure to do so shall be a ground for the rejection of the bid.
- 19.5. Any interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the duly authorized representative/s of the Bidder.

20. Sealing and Marking of Bids

- 20.1. Bidders shall enclose their original eligibility and technical documents described in **ITB** Clause 12 in one sealed envelope marked "ORIGINAL - TECHNICAL COMPONENT", and the original of their financial component in another sealed envelope marked "ORIGINAL - FINANCIAL COMPONENT", sealing them all in an outer envelope marked "ORIGINAL BID".

- 20.2. Each copy of the first and second envelopes shall be similarly sealed duly marking the inner envelopes as “COPY NO. ___ - TECHNICAL COMPONENT” and “COPY NO. ___ – FINANCIAL COMPONENT” and the outer envelope as “COPY NO. ___”, respectively. These envelopes containing the original and the copies shall then be enclosed in one single envelope.
- 20.3. The original and the number of copies of the Bid as indicated in the **BDS** shall be typed or written in ink and shall be signed by the Bidder or its duly authorized representative/s.
- 20.4. All envelopes shall:
- (a) contain the name of the contract to be bid in capital letters;
 - (b) bear the name and address of the Bidder in capital letters;
 - (c) be addressed to the Procuring Entity’s BAC in accordance with **ITB** Clause 21;
 - (d) bear the specific identification of this bidding process indicated in the **ITB** Clause 1.2; and
 - (e) bear a warning “DO NOT OPEN BEFORE...” the date and time for the opening of bids, in accordance with **ITB** Clause 21.
- 20.5. Bid envelopes that are not properly sealed and marked, as required in the bidding documents, shall not be rejected, but the Bidder or its duly authorized representative shall acknowledge such condition of the bid as submitted. The BAC or the Procuring Entity shall assume no responsibility for the misplacement of the contents of the improperly sealed or marked bid, or for its premature opening.

Submission and Opening of Bids

21. Deadline for Submission of Bids

Bids must be received by the Procuring Entity’s BAC at the address and on or before the date and time indicated in the **BDS**. In case the deadline for submission of bids fall on a non-working day duly declared by the president, governor or mayor or other government official authorized to make such declaration, the deadline shall be the next working day.

22. Late Bids

Any bid submitted after the deadline for submission and receipt of bids prescribed by the Procuring Entity, pursuant to **ITB** Clause 21, shall be declared “Late” and shall not be accepted by the Procuring Entity. The BAC shall record in the minutes of bid submission and opening, the Bidder’s name, its representative and the time the late bid was submitted.

23. Modification and Withdrawal of Bids

- 23.1. The Bidder may modify its bid after it has been submitted; provided that the modification is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of bids. The Bidder shall not be allowed to retrieve its original bid, but shall be allowed to submit another bid equally sealed and properly identified in accordance with ITB Clause 20, linked to its original bid marked as “TECHNICAL MODIFICATION” or “FINANCIAL MODIFICATION” and stamped “received” by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the Bidder unopened.
- 23.2. A Bidder may, through a Letter of Withdrawal, withdraw its bid after it has been submitted, for valid and justifiable reason; provided that the Letter of Withdrawal is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of bids. The Letter of Withdrawal must be executed by the duly authorized representative of the Bidder identified in the Omnibus Sworn Statement, a copy of which should be attached to the letter.
- 23.3. Bids requested to be withdrawn in accordance with **ITB** Clause 23.1 shall be returned unopened to the Bidders. A Bidder, who has acquired the bidding documents, may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of bids. A Bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract.
- 23.4. No bid may be modified after the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form. Withdrawal of a bid during this interval shall result in the forfeiture of the Bidder’s bid security, pursuant to **ITB** Clause 18.5, and the imposition of administrative, civil and criminal sanctions as prescribed by RA 9184 and its IRR.

24. Opening and Preliminary Examination of Bids

- 24.1. The BAC shall open the bids in public, immediately after the deadline for the submission and receipt of bids, as specified in the **BDS**. In case the Bids cannot be opened as scheduled due to justifiable reasons, the BAC shall take custody of the Bids submitted and reschedule the opening of Bids on the next working day or at the soonest possible time through the issuance of a Notice of Postponement to be posted in the PhilGEPS website and the website of the Procuring Entity concerned.
- 24.2. Unless otherwise specified in the **BDS**, the BAC shall open the first bid envelopes and determine each Bidder’s compliance with the documents prescribed in **ITB** Clause 12, using a non-discretionary “pass/fail” criterion. If a Bidder submits the required document, it shall be rated “passed” for that particular requirement. In this regard, bids that fail to include any requirement

or are incomplete or patently insufficient shall be considered as “failed”. Otherwise, the BAC shall rate the said first bid envelope as “passed”.

- 24.3. Unless otherwise specified in the **BDS**, immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second bid envelope of each remaining eligible bidder whose first bid envelope was rated “passed”. The second envelope of each complying bidder shall be opened within the same day. In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the submitted total bid price exceeds the ABC unless otherwise provided in **ITB** Clause 13.2, the BAC shall rate the bid concerned as “failed”. Only bids that are determined to contain all the bid requirements for both components shall be rated “passed” and shall immediately be considered for evaluation and comparison.
- 24.4. Letters of Withdrawal shall be read out and recorded during bid opening, and the envelope containing the corresponding withdrawn bid shall be returned to the Bidder unopened.
- 24.5. All members of the BAC who are present during bid opening shall initial every page of the original copies of all bids received and opened.
- 24.6. In the case of an eligible foreign bidder as described in **ITB** Clause 5, the following Class “A” Documents may be substituted with the appropriate equivalent documents, if any, issued by the country of the foreign Bidder concerned, which shall likewise be uploaded and maintained in the PhilGEPS in accordance with Section 8.5.2 of the IRR:
 - (a) Registration certificate from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives;
 - (b) Mayor’s/Business permit issued by the local government where the principal place of business of the bidder is located; and
 - (c) Audited Financial Statements showing, among others, the prospective bidder’s total and current assets and liabilities stamped “received” by the Bureau of Internal Revenue or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two years from the date of bid submission.
- 24.7. Each partner of a joint venture agreement shall likewise submit the requirements in **ITB** Clause 12.1(a)(i). Submission of documents required under **ITB** Clauses 12.1(a)(ii) to 12.1(a)(iii) by any of the joint venture partners constitutes compliance.
- 24.8. The Procuring Entity shall prepare the minutes of the proceedings of the bid opening that shall include, as a minimum: (a) names of Bidders, their bid price (per lot, if applicable, and/or including discount, if any), bid security, findings of preliminary examination, and whether there is a withdrawal or

modification; and (b) attendance sheet. The BAC members shall sign the abstract of bids as read.

- 24.8 The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall ensure the integrity, security, and confidentiality of all submitted bids. The Abstract of Bids as read and the minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.
- 24.9 To ensure transparency and accurate representation of the bid submission, the BAC Secretariat shall notify in writing all bidders whose bids it has received through its PhilGEPS-registered physical address or official e-mail address. The notice shall be issued within seven (7) calendar days from the date of the bid opening.

Evaluation and Comparison of Bids

25. Process to be Confidential

- 25.1. Members of the BAC, including its staff and personnel, as well as its Secretariat and TWG, are prohibited from making or accepting any kind of communication with any bidder regarding the evaluation of their bids until the issuance of the Notice of Award, unless otherwise allowed in the case of **ITB** Clause 26.
- 25.2. Any effort by a bidder to influence the Procuring Entity in the Procuring Entity's decision in respect of bid evaluation, bid comparison or contract award will result in the rejection of the Bidder's bid.

26. Clarification of Bids

To assist in the evaluation, comparison, and post-qualification of the bids, the Procuring Entity may ask in writing any Bidder for a clarification of its bid. All responses to requests for clarification shall be in writing. Any clarification submitted by a Bidder in respect to its bid and that is not in response to a request by the Procuring Entity shall not be considered.

27. Domestic Preference

- 27.1. Unless otherwise stated in the **BDS**, the Procuring Entity will grant a margin of preference for the purpose of comparison of bids in accordance with the following:
- (a) The preference shall be applied when the lowest Foreign Bid is lower than the lowest bid offered by a Domestic Bidder.
 - (b) For evaluation purposes, the lowest Foreign Bid shall be increased by fifteen percent (15%).
 - (c) In the event that the lowest bid offered by a Domestic Bidder does not exceed the lowest Foreign Bid as increased, then the Procuring Entity

shall award the contract to the Domestic Bidder at the amount of the lowest Foreign Bid.

- (d) If the Domestic Bidder refuses to accept the award of contract at the amount of the Foreign Bid within two (2) calendar days from receipt of written advice from the BAC, the Procuring Entity shall award to the bidder offering the Foreign Bid, subject to post-qualification and submission of all the documentary requirements under these Bidding Documents.

27.2. A Bidder may be granted preference as a Domestic Bidder subject to the certification from the DTI that the Bidder is offering unmanufactured articles, materials or supplies of the growth or production of the Philippines, or manufactured articles, materials, or supplies manufactured or to be manufactured in the Philippines substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines.

28. Detailed Evaluation and Comparison of Bids

28.1. The Procuring Entity will undertake the detailed evaluation and comparison of bids which have passed the opening and preliminary examination of bids, pursuant to **ITB** Clause 24, in order to determine the Lowest Calculated Bid.

28.2. The Lowest Calculated Bid shall be determined in two steps:

- (a) The detailed evaluation of the financial component of the bids, to establish the correct calculated prices of the bids; and
- (b) The ranking of the total bid prices as so calculated from the lowest to the highest. The bid with the lowest price shall be identified as the Lowest Calculated Bid.

28.3. The Procuring Entity's BAC shall immediately conduct a detailed evaluation of all bids rated "passed," using non-discretionary pass/fail criteria. The BAC shall consider the following in the evaluation of bids:

- (a) Completeness of the bid. Unless the **BDS** allows partial bids, bids not addressing or providing all of the required items in the Schedule of Requirements including, where applicable, Schedule of Prices, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a zero (0) or a dash (-) for the said item would mean that it is being offered for free to the Procuring Entity, except those required by law or regulations to be provided for; and
- (b) Arithmetical corrections. Consider computational errors and omissions to enable proper comparison of all eligible bids. It may also consider bid modifications. Any adjustment shall be calculated in monetary terms to determine the calculated prices.

- 28.4. Based on the detailed evaluation of bids, those that comply with the above-mentioned requirements shall be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, discounts and other modifications, to identify the Lowest Calculated Bid. Total calculated bid prices, as evaluated and corrected for computational errors, discounts and other modifications, which exceed the ABC shall not be considered, unless otherwise indicated in the **BDS**.
- 28.5. The Procuring Entity's evaluation of bids shall be based on the bid price quoted in the Bid Form, which includes the Schedule of Prices.
- 28.6. Bids shall be evaluated on an equal footing to ensure fair competition. For this purpose, all bidders shall be required to include in their bids the cost of all taxes, such as, but not limited to, value added tax (VAT), income tax, local taxes, and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including said taxes, shall be the basis for bid evaluation and comparison.
- 28.7. If so indicated pursuant to **ITB** Clause 1.2, Bids are being invited for individual lots or for any combination thereof, provided that all Bids and combinations of Bids shall be received by the same deadline and opened and evaluated simultaneously so as to determine the Bid or combination of Bids offering the lowest calculated cost to the Procuring Entity. Bid prices quoted shall correspond to all items specified for each lot and to all quantities specified for each item of a lot. Bid Security as required by **ITB** Clause 18 shall be submitted for each contract (lot) separately. The basis for evaluation of lots is specified in **BDS** Clause 28.3.

29. Post-Qualification

- 29.1. The BAC shall determine to its satisfaction whether the Bidder that is evaluated as having submitted the Lowest Calculated Bid complies with and is responsive to all the requirements and conditions specified in **ITB** Clauses 5, 12, and 13.
- 29.2. Within a non-extendible period of five (5) calendar days from receipt by the bidder of the notice from the BAC that it submitted the Lowest Calculated Bid, the Bidder shall submit its latest income and business tax returns filed and paid through the BIR Electronic Filing and Payment System (eFPS) and other appropriate licenses and permits required by law and stated in the **BDS**.

Failure to submit any of the post-qualification requirements on time, or a finding against the veracity thereof, shall disqualify the bidder for award. Provided in the event that a finding against the veracity of any of the documents submitted is made, it shall cause the forfeiture of the bid security in accordance with Section 69 of the IRR of RA 9184.
- 29.3. The determination shall be based upon an examination of the documentary evidence of the Bidder's qualifications submitted pursuant to **ITB** Clauses 12 and 13, as well as other information as the Procuring Entity deems necessary

and appropriate, using a non-discretionary “pass/fail” criterion, which shall be completed within a period of twelve (12) calendar days.

- 29.4. If the BAC determines that the Bidder with the Lowest Calculated Bid passes all the criteria for post-qualification, it shall declare the said bid as the LCRB, and recommend to the HoPE the award of contract to the said Bidder at its submitted price or its calculated bid price, whichever is lower.
- 29.5. A negative determination shall result in rejection of the Bidder’s Bid, in which event the Procuring Entity shall proceed to the next Lowest Calculated Bid with a fresh period to make a similar determination of that Bidder’s capabilities to perform satisfactorily. If the second Bidder, however, fails the post qualification, the procedure for post qualification shall be repeated for the Bidder with the next Lowest Calculated Bid, and so on until the LCRB is determined for recommendation for contract award.
- 29.6. Within a period not exceeding fifteen (15) calendar days from the determination by the BAC of the LCRB and the recommendation to award the contract, the HoPE or his duly authorized representative shall approve or disapprove the said recommendation.
- 29.7. In the event of disapproval, which shall be based on valid, reasonable, and justifiable grounds as provided for under Section 41 of the IRR of RA 9184, the HoPE shall notify the BAC and the Bidder in writing of such decision and the grounds for it. When applicable, the BAC shall conduct a post-qualification of the Bidder with the next Lowest Calculated Bid. A request for reconsideration may be filed by the bidder with the HoPE in accordance with Section 37.1.3 of the IRR of RA 9184.

30. Reservation Clause

- 30.1. Notwithstanding the eligibility or post-qualification of a Bidder, the Procuring Entity concerned reserves the right to review its qualifications at any stage of the procurement process if it has reasonable grounds to believe that a misrepresentation has been made by the said Bidder, or that there has been a change in the Bidder’s capability to undertake the project from the time it submitted its eligibility requirements. Should such review uncover any misrepresentation made in the eligibility and bidding requirements, statements or documents, or any changes in the situation of the Bidder which will affect its capability to undertake the project so that it fails the preset eligibility or bid evaluation criteria, the Procuring Entity shall consider the said Bidder as ineligible and shall disqualify it from submitting a bid or from obtaining an award or contract.
- 30.2. Based on the following grounds, the Procuring Entity reserves the right to reject any and all bids, declare a Failure of Bidding at any time prior to the contract award, or not to award the contract, without thereby incurring any liability, and make no assurance that a contract shall be entered into as a result of the bidding:

- (a) If there is *prima facie* evidence of collusion between appropriate public officers or employees of the Procuring Entity, or between the BAC and any of the Bidders, or if the collusion is between or among the bidders themselves, or between a Bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
 - (b) If the Procuring Entity's BAC is found to have failed in following the prescribed bidding procedures; or
 - (c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP as follows:
 - (i) If the physical and economic conditions have significantly changed so as to render the project no longer economically, financially or technically feasible as determined by the HoPE;
 - (ii) If the project is no longer necessary as determined by the HoPE; and
 - (iii) If the source of funds for the project has been withheld or reduced through no fault of the Procuring Entity.
- 30.3. In addition, the Procuring Entity may likewise declare a failure of bidding when:
- (a) No bids are received;
 - (b) All prospective Bidders are declared ineligible;
 - (c) All bids fail to comply with all the bid requirements or fail post-qualification; or
 - (d) The bidder with the LCRB refuses, without justifiable cause to accept the award of contract, and no award is made in accordance with Section 40 of the IRR of RA 9184.

Award of Contract

31. Contract Award

- 31.1. Subject to **ITB** Clause 29, the HoPE or its duly authorized representative shall award the contract to the Bidder whose bid has been determined to be the LCRB.
- 31.2. Prior to the expiration of the period of bid validity, the Procuring Entity shall notify the successful Bidder in writing that its bid has been accepted, through a Notice of Award duly received by the Bidder or its representative personally or sent by registered mail or electronically, receipt of which must be confirmed in writing within two (2) days by the Bidder with the LCRB and

submitted personally or sent by registered mail or electronically to the Procuring Entity.

- 31.3. Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions:
- (a) Submission of valid JVA, if applicable, within ten (10) calendar days from receipt of the Notice of Award;
 - (b) Posting of the performance security in accordance with **ITB** Clause 33;
 - (c) Signing of the contract as provided in **ITB** Clause 32; and
 - (d) Approval by higher authority, if required, as provided in Section 37.3 of the IRR of RA 9184.
- 31.4. At the time of contract award, the Procuring Entity shall not increase or decrease the quantity of goods originally specified in Section VII. Technical Specifications.

32. Signing of the Contract

- 32.1. At the same time as the Procuring Entity notifies the successful Bidder that its bid has been accepted, the Procuring Entity shall send the Contract Form to the Bidder, which contract has been provided in the Bidding Documents, incorporating therein all agreements between the parties.
- 32.2. Within ten (10) calendar days from receipt of the Notice of Award, the successful Bidder shall post the required performance security, sign and date the contract and return it to the Procuring Entity.
- 32.3. The Procuring Entity shall enter into contract with the successful Bidder within the same ten (10) calendar day period provided that all the documentary requirements are complied with.
- 32.4. The following documents shall form part of the contract:
- (a) Contract Agreement;
 - (b) Bidding Documents;
 - (c) Winning bidder's bid, including the Technical and Financial Proposals, and all other documents/statements submitted (*e.g.*, bidder's response to request for clarifications on the bid), including corrections to the bid, if any, resulting from the Procuring Entity's bid evaluation;
 - (d) Performance Security;
 - (e) Notice of Award of Contract; and
 - (f) Other contract documents that may be required by existing laws and/or specified in the **BDS**.

33. Performance Security

- 33.1. To guarantee the faithful performance by the winning Bidder of its obligations under the contract, it shall post a performance security within a maximum period of ten (10) calendar days from the receipt of the Notice of Award from the Procuring Entity and in no case later than the signing of the contract.
- 33.2. The Performance Security shall be denominated in Philippine Pesos and posted in favor of the Procuring Entity in an amount not less than the percentage of the total contract price in accordance with the following schedule:

Form of Performance Security	Amount of Performance Security (Not less than the Percentage of the Total Contract Price)
<p>(a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank.</p> <p><i>For biddings conducted by the LGUs, the Cashier's/Manager's Check may be issued by other banks certified by the BSP as authorized to issue such financial instrument.</i></p>	
<p>(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</p> <p><i>For biddings conducted by the LGUs, the Bank Draft/Guarantee or Irrevocable Letter of Credit may be issued by other banks certified by the BSP as authorized to issue such financial instrument.</i></p>	<p>Five percent (5%)</p>
<p>(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</p>	<p>Thirty percent (30%)</p>

33.3. Failure of the successful Bidder to comply with the above-mentioned requirement shall constitute sufficient ground for the annulment of the award and forfeiture of the bid security, in which event the Procuring Entity shall have a fresh period to initiate and complete the post qualification of the second Lowest Calculated Bid. The procedure shall be repeated until the LCRB is identified and selected for recommendation of contract award. However if no Bidder passed post-qualification, the BAC shall declare the bidding a failure and conduct a re-bidding with re-advertisement, if necessary.

34. Notice to Proceed

Within seven (7) calendar days from the date of approval of the contract by the appropriate government approving authority, the Procuring Entity shall issue the Notice to Proceed (NTP) together with a copy or copies of the approved contract to the successful Bidder. All notices called for by the terms of the contract shall be effective only at the time of receipt thereof by the successful Bidder.

35. Protest Mechanism

Decisions of the procuring entity at any stage of the procurement process may be questioned in accordance with Section 55 of the IRR of RA 9184.

Section III. Bid Data Sheet

ITB Clause	
1.1	The Procuring Entity is <i>Government Service Insurance System (GSIS)</i>
1.2	<p>The name of the Contract is REINSURANCE OF THE INDUSTRIAL ALL RISK INSURANCE WITH SABOTAGE & TERRORISM AND SUBMARINE CABLE INSURANCE OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (Rebidding)</p> <p>The lot(s) and reference is/are:</p> <p><i>Not Applicable</i></p>
2	<p>The Funding Source is:</p> <p>The Government Service Insurance System (GSIS), through its 2019 Corporate Budget, in the amount of One Million Eight Hundred Fourteen Thousand Seven Hundred Forty Eight US Dollars and 17/100 (US\$1,814,748.17) with a Peso equivalent of Ninety Four Million Eight Hundred Seventy Six Thousand Eight Hundred Forty Nine and 08/100 (Php94,876,849.08)</p> <p>The name of the Project is: REINSURANCE OF THE INDUSTRIAL ALL RISK INSURANCE WITH SABOTAGE & TERRORISM AND SUBMARINE CABLE INSURANCE OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (Rebidding)</p>
3.1	No further instructions.
5.1	No further instructions.
5.2	Foreign bidders may be reinsurers or reinsurance brokers.
5.4	<p>The Bidder must have completed, within the period specified in the Invitation to Bid and ITB Clause 12.1(a)(ii), a single contract that is similar to this Project, equivalent to at least fifty percent (50%) of the ABC.</p> <p style="text-align: center;"><i>Or</i></p> <p>In view of the determination by the Procuring Entity that imposition of the provisions of Section 23.4.1.3 of the IRR of RA 9184 will likely result to “failure of bidding” <i>or</i> “monopoly that will defeat the purpose of public bidding”, the Bidder should comply with the following requirements:</p> <ul style="list-style-type: none"> a) Completed at least two (2) similar contracts, the aggregate amount of which should be equivalent to at least fifty percent (50%) of the ABC for this Project; and b) The largest of these similar contracts must be equivalent to at least

	<p>half of the percentage of the ABC as required above.</p> <p>For this purpose, similar project/contract shall refer to Industrial All Risk Insurance</p>
7	No further instructions.
8.1	Subcontracting is not allowed.
8.2	Not applicable
9.1	<p>Pre-Bid Conference will be held on 15 March 2019, 9:00 AM at the following address:</p> <ul style="list-style-type: none"> • Multi-purpose Hall Conference Room, Level 3, Core C, GSIS Headquarters Building, Financial Center, Pasay City.
10.1	<p>The Procuring Entity's address is:</p> <p>GBAC Secretariat GSIS Insurance Bids and Awards Committee Level 3 Core C, GSIS Headquarters Building Financial Center, Pasay City Contact no. 479 3600 loc 3306 / 976-4655 Email Address: gbac_secretariat@gsis.gov.ph</p>
12.1	<p>The first envelope shall contain the following:</p> <p>I. Legal Documents</p> <p>A. PhilGEPS Certificate of Registration and membership, with the following attachments:</p> <p>A.1. Registration certificate from Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives</p> <p>For the registration certificate from SEC, any of the following may be submitted:</p> <ul style="list-style-type: none"> (a) Certificate of Registration; (b) Certificate of Incorporation or Partnership; (c) Certificate of Filing of Amended Articles of Incorporation or Partnership <p>A.2. Mayor's/Business permit issued by the city or municipality where the principal place of business of the prospective bidder is located, or the equivalent document for Exclusive Economic Zones or Areas</p>

In cases of recently expired Mayor's/Business permits, it shall be accepted together with the official receipt as proof that the bidder has applied for renewal within the period prescribed by the concerned local government unit, provided that the renewed permit shall be submitted as a post-qualification requirement in accordance with Section 34.2 of the RIRR of RA 9184.

A.3. Tax clearance per E.O. 398, s. 2005, as finally reviewed and approved by the Bureau of Internal Revenue (BIR).

II. Technical Documents

A. Statement of all Ongoing Government and Private Contracts

A.1 Bidder is required to submit certified true copies of its latest Recapitulations I and IV as submitted to the Insurance Commission, in lieu of the "Statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid".

A.2 Bidder is required to submit a statement of its ongoing similar contracts for the top twenty (20) risks in terms of premiums (*form provided*)

B. Statement of Single Largest Completed Contract (SLCC)

Statement of completed similar insurance policy/ies or reinsurance binder/s, issued within the period as stated in the Invitation to Bid. Bidder must submit any of the following:

- B.1. A single contract that must be at least fifty percent (50%) of the ABC for this project.
- B.2. At least two (2) similar contracts and the aggregate contract amounts should be equivalent to at least 50% of the ABC. The largest of these similar contracts must be equivalent to at least half of the percentage of the ABC as required above.

The statement shall include, for each policy/binder, the following:

- Name of the Assured/Reinsured
- Period of cover of the Insurance
- Limit of the Cover
- Amount of Contract:
 - (i) For Insurance Policy/ies, the amount of Contract refers to the Total Premium, including taxes;

(ii) For Reinsurance Binder/s, the amount of Contract refers to the Net Amount Due Reinsurer, net of commission earned and applicable taxes.

- Certified true copy/ies of the Official Receipt/s as evidence of premium payment for the insurance policy/ies or reinsurance binder/s.
- Certified true copy/ies of the insurance policy/ies or reinsurance binder/s.

III. Financial Documents

- A. The prospective bidder's audited financial statements, showing, among others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission
- B. Prospective bidder's computation of its Net Financial Contracting Capacity (NFCC); or committed Line of Credit from a Universal or Commercial Bank

The Line of Credit must be at least equal to ten percent (10%) of the ABC to be bid.

NFCC, computed using the following formula, must be at least equal to the ABC to be bid:

NFCC = [(Current assets minus current liabilities) (15)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid. The values of the domestic bidder's current assets and current liabilities, breakdown of which is attached, shall be based on the latest Audited Financial Statements submitted to the BIR through its Electronic Filing and Payment System (EFPS).

For purposes of computing the foreign bidders' NFCC, the value of current assets and current liabilities shall be based on their Audited Financial Statements prepared in accordance with international financial reporting standards.

The value of all outstanding or uncompleted portions of the projects under on-going contracts, including awarded contracts yet to be started coinciding with the contract to be bid shall be the bidder's net premiums written.

	<p>IV. Class “B” Document</p> <p>Notarized Joint Venture Agreement or the Duly Notarized Statement in accordance with Section 23.1(b) of the RIRR of RA 9184, if applicable;</p> <p>V. Bid security in the prescribed form, amount and validity period</p> <p>The bidder shall submit a Bid Securing Declaration using the form prescribed in the Bidding Documents or any of the following form of Bid Security, in an amount not less than the required percentage of the ABC:</p> <p>a) Amount equivalent to 2% of the ABC, if bid security is in cash, cashier’s/manager’s check, or bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank</p> <p>Bidders who opt to submit a bid security in the form of cash and/or cashier’s/manager’s check shall deposit the said bid security to the GSIS Cashier, in coordination with the GBAC Secretariat, prior to the submission of bids. The Official Receipt issued by the GSIS Cashier shall be submitted as part of the Technical Component.</p> <p>b) Amount equivalent to 5% of the ABC, if bid security is in Surety Bond. A valid certification from the Insurance Commission must be attached/submitted.</p> <p>VI. Technical Specifications</p> <p>The bidder must submit a Sworn Statement that it complies with Section VII – Technical Specifications of the Bidding Documents (<i>form provided</i>).</p> <p>In addition, it must submit all documents required in Section VII – Technical Specifications of the Bidding Documents.</p> <p>VII. Omnibus Sworn Statement in accordance with Section 25.3 of the RIRR of RA 9184 and using the form prescribed in the Bidding Documents</p> <p>VIII. For foreign bidders claiming eligibility by reason of their country’s extension of reciprocal rights to Filipinos, a certification from the relevant government office of their country stating that Filipinos are allowed to participate in their government procurement activities for the same item or product.</p>
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12.1(a)(iii)	<p>In case of joint venture, the partner/party who is responsible for the submission of the NFCC shall also submit the following:</p> <ol style="list-style-type: none"> 1. Certified true copies of its latest Recapitulations I and IV as submitted to the Insurance Commission, in lieu of the “Statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid”; 2. Statement of its ongoing similar contracts for the top twenty (20) risks in terms of premiums (form provided); and 3. Audited Financial Statements in accordance with the provisions/requirements stated in ITB Clause 12.1(a)(i) of the Bid Data Sheet.
13.1	The financial component of the bid shall contain the Bid Form.
13.1(b)	No further instructions.
13.1(c)	No additional requirements.
13.2	The ABC is USD1,814,748.17 (Php94,876,849.08). Any bid with a financial component exceeding this amount shall not be accepted.
15.4(a)(iv)	No incidental services are required.
15.4(b)	Not applicable
16.1(b)	The Bid prices shall be quoted in the same currency as the ABC.
16.3	Payment shall be made in in the same currency as the ABC.
17.1	Bids will be valid until One Hundred Twenty (120) Calendar days from the opening of Bids.
18.1	<p>The bid security shall be in the form of a Bid Securing Declaration using the form prescribed in the Bidding Documents or any of the following forms and amounts:</p> <ol style="list-style-type: none"> 1. USD36,294.97 (Php1,897,537.00) [2% of ABC], if bid security is in cash, cashier’s/manager’s check, bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank <p>Bidders who opt to submit a bid security in the form of cash and/or cashier’s/manager’s check shall deposit the said bid security to the GSIS Cashier, in coordination with the GBAC Secretariat, prior to the submission of bids. The Official Receipt issued by the GSIS Cashier shall be submitted as part of the Technical Component.</p> <p>If a bank draft/guarantee or an irrevocable letter of credit issued by a foreign bank, it shall be confirmed or authenticated by a Universal or Commercial Bank.</p>

	2. USD90,737.41 (Php4,743,842.53) [5% of ABC], if bid security is in Surety Bond. It shall be accompanied by a certification from the Insurance Commission stating that the surety or insurance company is authorized to issue such instruments.
18.2	The bid security shall be valid until up to <i>One Hundred Twenty (120) Calendar days from the opening of Bids.</i>
20.3	Each Bidder shall submit 1 original and 1 copy of the first and second components of its bid.
20.4	All envelopes shall be properly marked/labeled. The marking/label shall contain the following details: <ul style="list-style-type: none"> • Name of the contract to be bid • Name and address of the prospective bidder • Be addressed to the following: <p style="margin-left: 40px;">GBAC Secretariat GSIS Insurance Bids and Awards Committee Level 3 Core C, GSIS Headquarters Building, Financial Center Pasay City</p> • Bear a warning “DO NOT OPEN BEFORE...” the date and time of the Bid Opening
21	Bids must be submitted to the address below and must be duly received by the GBAC Secretariat or other authorized GSIS personnel on or before 27 March 2019, 8:30AM: <ul style="list-style-type: none"> • GBAC Secretariat (Project Coordinators), Level 3 Core C, GSIS Headquarters Building, Financial Center, Pasay City
24.1	Bid Opening shall be on 27 March 2019, 9:00AM at the following address: <ul style="list-style-type: none"> • Multi-purpose Conference Room, Level 3 GBAC Conference Room, Level 2, Core G, GSIS Headquarters Building, Financial Center, Pasay City
24.2	No further instructions.
24.3	No further instructions.
27.1	No further instructions.
28.3 (a)	Partial bid is not allowed. The goods are grouped in a single lot and the lot shall not be divided into sub-lots for the purpose of bidding, evaluation, and contract award.
28.4	No further instructions.

29.2	<p data-bbox="403 197 783 226">Post-Qualification Documents</p> <p data-bbox="403 264 1391 472">After the Bid Opening, the GIBAC/Technical Working Group (TWG) shall conduct a detailed evaluation of the financial component of the eligible bid/s to determine the Lowest Calculated (LCB)/Single Calculated Bid (SCB). The bidder with the LCB/SCB shall be notified to submit the following post-qualification documents (4 copies each) within five (5) calendar days from receipt of the Notice from the GIBAC:</p> <ol data-bbox="432 510 1369 1249" style="list-style-type: none"> <li data-bbox="432 510 1369 651">1. Latest Income Tax Return (for monthly or quarterly tax remittance) within the last six months prior to the date of bid submission or Annual Income Tax for CY 2017. <i>(Only tax returns filed and paid through the BIR eFPS shall be accepted.)</i> <li data-bbox="432 689 1369 792">2. Business Tax (Percentage Tax or VAT) Returns within the last six months prior to the date of bid submission. <i>(Only tax returns filed and paid through the BIR eFPS shall be accepted.)</i> <li data-bbox="432 831 1369 1182">3. All parties to the Joint Venture shall submit the following: <ol data-bbox="469 898 1369 1182" style="list-style-type: none"> <li data-bbox="469 898 1369 1039">a. Latest Income Tax Return (for monthly or quarterly tax remittance) within the last six months prior to the date of bid submission or Annual Income Tax for CY 2017. <i>(Only tax returns filed and paid through the BIR eFPS shall be accepted.)</i> <li data-bbox="469 1077 1369 1182">b. Business Tax (Percentage Tax or VAT) Returns within the last six months prior to the date of bid submission. <i>(Only tax returns filed and paid through the BIR eFPS shall be accepted.)</i> <li data-bbox="432 1220 1369 1249">4. Certified true copy of Notes to Financial Statement
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Section IV. General Conditions of Contract

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1. Definitions

1.1. In this Contract, the following terms shall be interpreted as indicated:

- (a) “The Contract” means the agreement entered into between the Procuring Entity and the Supplier, as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- (b) “The Contract Price” means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations.
- (c) “The Goods” means all of the supplies, equipment, machinery, spare parts, other materials and/or general support services which the Supplier is required to provide to the Procuring Entity under the Contract.
- (d) “The Services” means those services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental services, such as installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the Contract.
- (e) “GCC” means the General Conditions of Contract contained in this Section.
- (f) “SCC” means the Special Conditions of Contract.
- (g) “The Procuring Entity” means the organization purchasing the Goods, as named in the **SCC**.
- (h) “The Procuring Entity’s country” is the Philippines.
- (i) “The Supplier” means the individual contractor, manufacturer distributor, or firm supplying/manufacturing the Goods and Services under this Contract and named in the **SCC**.
- (j) The “Funding Source” means the organization named in the **SCC**.
- (k) “The Project Site,” where applicable, means the place or places named in the **SCC**.
- (l) “Day” means calendar day.
- (m) The “Effective Date” of the contract will be the date of signing the contract, however the Supplier shall commence performance of its obligations only upon receipt of the Notice to Proceed and copy of the approved contract.

- (n) “Verified Report” refers to the report submitted by the Implementing Unit to the HoPE setting forth its findings as to the existence of grounds or causes for termination and explicitly stating its recommendation for the issuance of a Notice to Terminate.

2. Corrupt, Fraudulent, Collusive, and Coercive Practices

2.1. Unless otherwise provided in the **SCC**, the Procuring Entity as well as the bidders, contractors, or suppliers shall observe the highest standard of ethics during the procurement and execution of this Contract. In pursuance of this policy, the Procuring Entity:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and it includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019.
 - (ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
 - (iii) “collusive practices” means a scheme or arrangement between two or more Bidders, with or without the knowledge of the Procuring Entity, designed to establish bid prices at artificial, non-competitive levels.
 - (iv) “coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
 - (v) “obstructive practice” is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an

administrative proceedings or investigation of the Procuring Entity or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or

(bb) acts intended to materially impede the exercise of the inspection and audit rights of the Procuring Entity or any foreign government/foreign or international financing institution herein.

(b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

2.2. Further the Funding Source, Borrower or Procuring Entity, as appropriate, will seek to impose the maximum civil, administrative and/or criminal penalties available under the applicable law on individuals and organizations deemed to be involved with any of the practices mentioned in **GCC** Clause 2.1(a).

3. Inspection and Audit by the Funding Source

The Supplier shall permit the Funding Source to inspect the Supplier's accounts and records relating to the performance of the Supplier and to have them audited by auditors appointed by the Funding Source, if so required by the Funding Source.

4. Governing Law and Language

4.1. This Contract shall be interpreted in accordance with the laws of the Republic of the Philippines.

4.2. This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract. All correspondence and other documents pertaining to this Contract exchanged by the parties shall be written in English.

5. Notices

5.1. Any notice, request, or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request, or consent shall be deemed to have been given or made when received by the concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram, or facsimile to such Party at the address specified in the

SCC, which shall be effective when delivered and duly received or on the notice's effective date, whichever is later.

- 5.2. A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the SCC for GCC Clause 5.1.

6. Scope of Contract

- 6.1. The Goods and Related Services to be provided shall be as specified in Section VI. Schedule of RequirementsSchedule of Requirements.
- 6.2. This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. Any additional requirements for the completion of this Contract shall be provided in the SCC.

7. Subcontracting

- 7.1. Subcontracting of any portion of the Goods, if allowed in the **BDS**, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.
- 7.2. If subcontracting is allowed, the Supplier may identify its subcontractor during contract implementation. Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract. In either case, subcontractors must submit the documentary requirements under **ITB** Clause 12 and comply with the eligibility criteria specified in the BDS. In the event that any subcontractor is found by the Procuring Entity to be ineligible, the subcontracting of such portion of the Goods shall be disallowed.

8. Procuring Entity's Responsibilities

- 8.1. Whenever the performance of the obligations in this Contract requires that the Supplier obtain permits, approvals, import, and other licenses from local public authorities, the Procuring Entity shall, if so needed by the Supplier, make its best effort to assist the Supplier in complying with such requirements in a timely and expeditious manner.
- 8.2. The Procuring Entity shall pay all costs involved in the performance of its responsibilities in accordance with **GCC** Clause 6.

9. Prices

- 9.1. For the given scope of work in this Contract as awarded, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon

prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and its IRR or except as provided in this Clause.

- 9.2. Prices charged by the Supplier for Goods delivered and/or services performed under this Contract shall not vary from the prices quoted by the Supplier in its bid, with the exception of any change in price resulting from a Change Order issued in accordance with **GCC** Clause 29.

10. Payment

- 10.1. Payments shall be made only upon a certification by the HoPE to the effect that the Goods have been rendered or delivered in accordance with the terms of this Contract and have been duly inspected and accepted. Except with the prior approval of the President no payment shall be made for services not yet rendered or for supplies and materials not yet delivered under this Contract. At least one percent (1%) but shall not exceed five percent (5%) of the amount of each payment shall be retained by the Procuring Entity to cover the Supplier's warranty obligations under this Contract as described in GCC Clause 17.
- 10.2. The Supplier's request(s) for payment shall be made to the Procuring Entity in writing, accompanied by an invoice describing, as appropriate, the Goods delivered and/or Services performed, and by documents submitted pursuant to the **SCC** provision for **GCC** Clause 6.2, and upon fulfillment of other obligations stipulated in this Contract.
- 10.3. Pursuant to **GCC** Clause 10.2, payments shall be made promptly by the Procuring Entity, but in no case later than sixty (60) days after submission of an invoice or claim by the Supplier. Payments shall be in accordance with the schedule stated in the **SCC**.
- 10.4. Unless otherwise provided in the **SCC**, the currency in which payment is made to the Supplier under this Contract shall be in Philippine Pesos.
- 10.5. Unless otherwise provided in the **SCC**, payments using Letter of Credit (LC), in accordance with the Guidelines issued by the GPPB, is allowed. For this purpose, the amount of provisional sum is indicated in the **SCC**. All charges for the opening of the LC and/or incidental expenses thereto shall be for the account of the Supplier.

11. Advance Payment and Terms of Payment

- 11.1. Advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the Contract amount, unless otherwise directed by the President or in cases allowed under Annex "D" of RA 9184.
- 11.2. All progress payments shall first be charged against the advance payment until the latter has been fully exhausted.

- 11.3. For Goods supplied from abroad, unless otherwise indicated in the **SCC**, the terms of payment shall be as follows:
- (a) On Contract Signature: Fifteen Percent (15%) of the Contract Price shall be paid within sixty (60) days from signing of the Contract and upon submission of a claim and a bank guarantee for the equivalent amount valid until the Goods are delivered and in the form provided in Section VIII. Bidding Forms.
 - (b) On Delivery: Sixty-five percent (65%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of receipt of the Goods and upon submission of the documents (i) through (vi) specified in the **SCC** provision on Delivery and Documents.
 - (c) On Acceptance: The remaining twenty percent (20%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of submission of the acceptance and inspection certificate for the respective delivery issued by the Procuring Entity's authorized representative. In the event that no inspection or acceptance certificate is issued by the Procuring Entity's authorized representative within forty five (45) days of the date shown on the delivery receipt, the Supplier shall have the right to claim payment of the remaining twenty percent (20%) subject to the Procuring Entity's own verification of the reason(s) for the failure to issue documents (vii) and (viii) as described in the **SCC** provision on Delivery and Documents.

12. Taxes and Duties

The Supplier, whether local or foreign, shall be entirely responsible for all the necessary taxes, stamp duties, license fees, and other such levies imposed for the completion of this Contract.

13. Performance Security

- 13.1. Within ten (10) calendar days from receipt of the Notice of Award from the Procuring Entity but in no case later than the signing of the contract by both parties, the successful Bidder shall furnish the performance security in any the forms prescribed in the **ITB** Clause 33.2.
- 13.2. The performance security posted in favor of the Procuring Entity shall be forfeited in the event it is established that the winning bidder is in default in any of its obligations under the contract.
- 13.3. The performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.
- 13.4. The performance security may be released by the Procuring Entity and returned to the Supplier after the issuance of the Certificate of Final Acceptance subject to the following conditions:

- (a) There are no pending claims against the Supplier or the surety company filed by the Procuring Entity;
 - (b) The Supplier has no pending claims for labor and materials filed against it; and
 - (c) Other terms specified in the SCC.
- 13.5. In case of a reduction of the contract value, the Procuring Entity shall allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

14. Use of Contract Documents and Information

- 14.1. The Supplier shall not, except for purposes of performing the obligations in this Contract, without the Procuring Entity's prior written consent, disclose this Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the Procuring Entity. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.
- 14.2. Any document, other than this Contract itself, enumerated in **GCC** Clause 14.1 shall remain the property of the Procuring Entity and shall be returned (all copies) to the Procuring Entity on completion of the Supplier's performance under this Contract if so required by the Procuring Entity.

15. Standards

The Goods provided under this Contract shall conform to the standards mentioned in the Section VII. Technical Specifications; and, when no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the institution concerned.

16. Inspection and Tests

- 16.1. The Procuring Entity or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract specifications at no extra cost to the Procuring Entity. The SCC and **Section VII. Technical Specifications** shall specify what inspections and/or tests the Procuring Entity requires and where they are to be conducted. The Procuring Entity shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.
- 16.2. If applicable, the inspections and tests may be conducted on the premises of the Supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the Supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge

to the Procuring Entity. The Supplier shall provide the Procuring Entity with results of such inspections and tests.

- 16.3. The Procuring Entity or its designated representative shall be entitled to attend the tests and/or inspections referred to in this Clause provided that the Procuring Entity shall bear all of its own costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.
- 16.4. The Procuring Entity may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to the Procuring Entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to **GCC** Clause 5.
- 16.5. The Supplier agrees that neither the execution of a test and/or inspection of the Goods or any part thereof, nor the attendance by the Procuring Entity or its representative, shall release the Supplier from any warranties or other obligations under this Contract.

17. Warranty

- 17.1. The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, except when the technical specifications required by the Procuring Entity provides otherwise.
- 17.2. The Supplier further warrants that all Goods supplied under this Contract shall have no defect, arising from design, materials, or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions prevailing in the country of final destination.
- 17.3. In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period specified in the **SCC**. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least one percent (1%) but shall not exceed five percent (5%) of every progress payment, or a special bank guarantee equivalent to at least one percent (1%) but shall not exceed five percent (5%) of the total Contract Price or other such amount if so specified in the **SCC**. The said amounts shall only be released after the lapse of the warranty period specified in the **SCC**; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.
- 17.4. The Procuring Entity shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, within the period specified in the **SCC** and with all reasonable speed, repair or replace the defective Goods or parts thereof, without cost to the Procuring Entity.

- 17.5. If the Supplier, having been notified, fails to remedy the defect(s) within the period specified in **GCC Clause 17.4**, the Procuring Entity may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Procuring Entity may have against the Supplier under the Contract and under the applicable law.

18. Delays in the Supplier's Performance

- 18.1. Delivery of the Goods and/or performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by the Procuring Entity.
- 18.2. If at any time during the performance of this Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and/or performance of Services, the Supplier shall promptly notify the Procuring Entity in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, and upon causes provided for under **GCC Clause 22**, the Procuring Entity shall evaluate the situation and may extend the Supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of Contract.
- 18.3. Except as provided under **GCC Clause 22**, a delay by the Supplier in the performance of its obligations shall render the Supplier liable to the imposition of liquidated damages pursuant to **GCC Clause 19**, unless an extension of time is agreed upon pursuant to **GCC Clause 29** without the application of liquidated damages.

19. Liquidated Damages

Subject to **GCC Clauses 18 and 22**, if the Supplier fails to satisfactorily deliver any or all of the Goods and/or to perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions if any, the Procuring Entity shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay until actual delivery or performance. The maximum deduction shall be ten percent (10%) of the amount of contract. Once the maximum is reached, the Procuring Entity may rescind or terminate the Contract pursuant to **GCC Clause 23**, without prejudice to other courses of action and remedies open to it.

20. Settlement of Disputes

- 20.1. If any dispute or difference of any kind whatsoever shall arise between the Procuring Entity and the Supplier in connection with or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
- 20.2. If after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the Procuring Entity or the

Supplier may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.

- 20.3. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be settled by arbitration. Arbitration may be commenced prior to or after delivery of the Goods under this Contract.
- 20.4. In the case of a dispute between the Procuring Entity and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 (“R.A. 9285”), otherwise known as the “Alternative Dispute Resolution Act of 2004.”
- 20.5. Notwithstanding any reference to arbitration herein, the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree; and the Procuring Entity shall pay the Supplier any monies due the Supplier.

21. Liability of the Supplier

- 21.1. The Supplier’s liability under this Contract shall be as provided by the laws of the Republic of the Philippines, subject to additional provisions, if any, set forth in the SCC.
- 21.2. Except in cases of criminal negligence or willful misconduct, and in the case of infringement of patent rights, if applicable, the aggregate liability of the Supplier to the Procuring Entity shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

22. Force Majeure

- 22.1. The Supplier shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that the Supplier’s delay in performance or other failure to perform its obligations under the Contract is the result of a *force majeure*.
- 22.2. For purposes of this Contract the terms “*force majeure*” and “fortuitous event” may be used interchangeably. In this regard, a fortuitous event or *force majeure* shall be interpreted to mean an event which the Supplier could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Supplier. Such events may include, but not limited to, acts of the Procuring Entity in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.
- 22.3. If a *force majeure* situation arises, the Supplier shall promptly notify the Procuring Entity in writing of such condition and the cause thereof. Unless otherwise directed by the Procuring Entity in writing, the Supplier shall

continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the *force majeure*.

23. Termination for Default

23.1. The Procuring Entity shall terminate this Contract for default when any of the following conditions attends its implementation:

- (a) Outside of *force majeure*, the Supplier fails to deliver or perform any or all of the Goods within the period(s) specified in the contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the Supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contract price;
- (b) As a result of *force majeure*, the Supplier is unable to deliver or perform any or all of the Goods, amounting to at least ten percent (10%) of the contract price, for a period of not less than sixty (60) calendar days after receipt of the notice from the Procuring Entity stating that the circumstance of force majeure is deemed to have ceased; or
- (c) The Supplier fails to perform any other obligation under the Contract.

23.2. In the event the Procuring Entity terminates this Contract in whole or in part, for any of the reasons provided under GCC Clauses 23 to 26, the Procuring Entity may procure, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to the Procuring Entity for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of this Contract to the extent not terminated.

23.3. In case the delay in the delivery of the Goods and/or performance of the Services exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the Supplier, the Procuring Entity may terminate this Contract, forfeit the Supplier's performance security and award the same to a qualified Supplier.

24. Termination for Insolvency

The Procuring Entity shall terminate this Contract if the Supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Procuring Entity and/or the Supplier.

25. Termination for Convenience

- 25.1. The Procuring Entity may terminate this Contract, in whole or in part, at any time for its convenience. The HoPE may terminate a contract for the convenience of the Government if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and national government policies.
- 25.2. The Goods that have been delivered and/or performed or are ready for delivery or performance within thirty (30) calendar days after the Supplier's receipt of Notice to Terminate shall be accepted by the Procuring Entity at the contract terms and prices. For Goods not yet performed and/or ready for delivery, the Procuring Entity may elect:
- (a) to have any portion delivered and/or performed and paid at the contract terms and prices; and/or
 - (b) to cancel the remainder and pay to the Supplier an agreed amount for partially completed and/or performed goods and for materials and parts previously procured by the Supplier.
- 25.3. If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for goods specially manufactured for the Procuring Entity which cannot be sold in open market, it shall be allowed to recover partially from this Contract, on a *quantum meruit* basis. Before recovery may be made, the fact of loss must be established under oath by the Supplier to the satisfaction of the Procuring Entity before recovery may be made.

26. Termination for Unlawful Acts

- 26.1. The Procuring Entity may terminate this Contract in case it is determined *prima facie* that the Supplier has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:
- (a) Corrupt, fraudulent, and coercive practices as defined in **ITB** Clause 3.1(a);
 - (b) Drawing up or using forged documents;
 - (c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and
 - (d) Any other act analogous to the foregoing.

27. Procedures for Termination of Contracts

- 27.1. The following provisions shall govern the procedures for termination of this Contract:

- (a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Implementing Unit shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;
- (b) Upon recommendation by the Implementing Unit, the HoPE shall terminate this Contract only by a written notice to the Supplier conveying the termination of this Contract. The notice shall state:
 - (i) that this Contract is being terminated for any of the ground(s) afore-mentioned, and a statement of the acts that constitute the ground(s) constituting the same;
 - (ii) the extent of termination, whether in whole or in part;
 - (iii) an instruction to the Supplier to show cause as to why this Contract should not be terminated; and
 - (iv) special instructions of the Procuring Entity, if any.
- (c) The Notice to Terminate shall be accompanied by a copy of the Verified Report;
- (d) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Supplier shall submit to the HoPE a verified position paper stating why this Contract should not be terminated. If the Supplier fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the HoPE shall issue an order terminating this Contract;
- (e) The Procuring Entity may, at any time before receipt of the Supplier's verified position paper described in item (d) above withdraw the Notice to Terminate if it is determined that certain items or works subject of the notice had been completed, delivered, or performed before the Supplier's receipt of the notice;
- (f) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the HoPE shall decide whether or not to terminate this Contract. It shall serve a written notice to the Supplier of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Supplier of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate;
- (g) The HoPE may create a Contract Termination Review Committee (CTRC) to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the HoPE; and

- (h) The Supplier must serve a written notice to the Procuring Entity of its intention to terminate the contract at least thirty (30) calendar days before its intended termination. The Contract is deemed terminated if it is not resumed in thirty (30) calendar days after the receipt of such notice by the Procuring Entity.

28. Assignment of Rights

The Supplier shall not assign his rights or obligations under this Contract, in whole or in part, except with the Procuring Entity's prior written consent.

29. Contract Amendment

Subject to applicable laws, no variation in or modification of the terms of this Contract shall be made except by written amendment signed by the parties.

30. Application

These General Conditions shall apply to the extent that they are not superseded by provisions of other parts of this Contract.

Section V. Special Conditions of Contract

GCC Clause	
1.1(g)	The Procuring Entity is <i>Government Service Insurance System</i> .
1.1(i)	The “Supplier” means the winning bidder if it is a reinsurance company. If the winning bidder is a reinsurance broker, the Supplier means the reinsurance broker and/or its securities as appropriate.
1.1(j)	The Funding Source is Government Service Insurance System (GSIS), through its 2019 Corporate Budget, in the amount of One Million Eight Hundred Fourteen Thousand Seven Hundred Forty Eight US Dollars and 17/100 (US\$1,814,748.17) with a Peso equivalent of Ninety Four Million Eight Hundred Seventy Six Thousand Eight Hundred Forty Nine & 08/100 (Php94,876,849.08)
1.1(k)	Not applicable.
2.1	No further instructions.
5.1	<p>The Procuring Entity’s address for Notices is:</p> <p style="text-align: center;"> GBAC Secretariat GSIS Insurance Bids and Awards Committee Level 3 Core C, GSIS Headquarters Building, Financial Center Pasay City Contact no. 479-3600 loc. 3306 / 976-4655 Email: gbac_secretariat@gsis.gov.ph </p> <p>The Supplier’s address for Notices is: <i>[Insert address including, name of contact, fax and telephone number]</i></p>
6.2	Not Applicable.
10.4	Full Payment of premium shall be made by the GSIS as stated in Section VII. Technical Specifications. Payment shall be made in the currency specified in the contract.
10.5	Payment using LC is not allowed.
11.3	Terms of Payment as stated in Section VII. Technical Specifications
13.4(c)	No further instructions.
16.1	None.
17.3	Not applicable.
17.4	Not applicable.
21.1	All partners to the joint venture shall be jointly and severally liable to the Procuring Entity.

Section VI. Schedule of Requirements

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

Item No.	Description	Qty.	Delivery (Weeks/Months)	Statement of Compliance
<i>NOT APPLICABLE</i>				

Section VII. Technical Specifications

I. SCHEDULE

LINE	:	Industrial All Risk with Sabotage & Terrorism and Submarine Cable
INSURED	:	National Grid Corporation of the Philippines (NGCP) and/or Power Sector Assets and Liabilities Management (PSALM) Corporation, and/or National Transmission Corporation (TRANSCO), as co-beneficiaries
REINSURED	:	Government Service Insurance System
INSURED'S ADDRESS	:	Quezon Avenue corner BIR Road, Diliman, Quezon City 1100
PERIOD OF INSURANCE	:	From: April 15, 2019 To : December 31, 2019
LOCATION OF transit PROPERTIES	:	Anywhere in the Philippines, including whilst in and/or as more fully described in the Policy Wordings
INSURED'S BUSINESS	:	Power Transmission
INTEREST INSURED	:	<u>Industrial All Risk</u> All real and personal property, excluding transmission lines in excess of 1,000 meters radius from a sub-station perimeter fence <u>Sabotage and Terrorism</u> All real and personal property, submarine cables excluding transmission lines in excess of 1,000 meters radius from a sub-station perimeter fence. <u>Submarine Cables</u> Submarine cables and related real and personal properties (accessories) Covers all risks which include but not limited to loss, destruction or damage caused by impact by any vessel or each equipment or cargo, anchor, anchor chain, or fishing nets or fishing equipment.
TOTAL SUM INSURED	:	US\$2,721,882,135.82

APPROVED BUDGET FOR : US\$1,814,748.17
THE CONTRACT

COVERAGE : Industrial All Risk with Sabotage & Terrorism and
Submarine Cable

DECLARED VALUES :

	In US\$
Substations and CTS	<u>2,091,933,034.82</u>
North Luzon	765,537,824.37
South Luzon	460,568,357.89
Visayas	486,145,421.92
Mindanao	379,681,430.64
Submarine Cable	<u>224,209,006.88</u>
South Luzon	19,592,173.74
Visayas	204,616,833.14
Metering	<u>15,859,713.81</u>
North Luzon	4,959,372.21
South Luzon	7,787,528.63
Visayas	1,668,889.99
Mindanao	1,443,922.98
System Operation	<u>384,744,291.92</u>
Head Office	110,881,770.81
North Luzon	52,313,673.25
South Luzon	35,506,834.58
Visayas	80,741,971.86
Mindanao	105,300,041.42
NGCP Main building & SO Building	5,136,088.39
TOTAL	<u>2,721,882,135.82</u> =====

LIMITS OF LIABILITY/DEDUCTIBLE:

SCHEDULE OF LIMIT OF LIABILITY AND DEDUCTIBLE

	Limit of Liability (USD)	Deductible (USD)
I. INDUSTRIAL ALL RISK	50,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
<i>natural catastrophe</i>	50,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
II. SUBMARINE CABLE	15,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
III. SABOTAGE & TERRORISM	50,000,000.00 <i>any one occurrence</i>	US\$ 250,000 each and every loss
WARRANTIES, CLAUSES AND ENDORSEMENTS	:	As stated in the proposed Policy wordings
DEDUCTION FROM REINSURANCE PREMIUM	:	20% as Reinsurance Commission
REINSURER SHARE HEREON	:	US\$2,683,627,320.50 of the Total Sum Insured
REINSURANCE PREMIUM PAYMENT TERM date	:	Within One Hundred Twenty (120) days from the date of receipt of the reinsurance binder or the date of the inception of the Policy whichever comes later.

II. OTHER REQUIREMENTS

The "Technical Component" Envelope must also contain the following:

- A. Sworn Statement that it complies with Section VII – Technical Specifications of the Bidding Documents (*form provided*)
- B. Certified true copy/ies of the following:
 1. Certificate of Authority issued by the Insurance Commission, if the bidder is an Insurer/Reinsurer.
 2. Brokers Insurance License issued by the Insurance Commission, if the bidder is a Broker.

3. Certificate of Authority/ Brokers Insurance License issued by the country of origin, for a foreign bidder; and a documentation issued by the Insurance Commission on the registration of the resident agent of the foreign bidder.
 4. Current Credit Rating of at least B+ issued by A.M. Best.
- C. The bidder must disclose its retention and its list of securities/panel of reinsurers. The bidder must submit the following:
1. For Insurance & Reinsurance Companies:
 - 1.a If the terms and conditions are allowed under the bidder's reinsurance treaty
 - 1.a.1. Sworn statement indicating the amount and percentage retention out of the total sum insured, and that the retained amount is within the gross retention of the Treaty (form provided).
 - 1.a.2. Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares, in case of facultative reinsurance for the portion in excess of its treaty facility. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent (form provided).
 - 1.b If the terms and conditions are not allowed under the bidder's reinsurance treaty agreement
 - 1.b.1. Sworn statement indicating the amount and percentage retention out of the total sum insured, provided the amount retained by the bidder should not be more than twenty percent (20%) of the bidder's net worth which should also be stated (form provided)
 - 1.b.2. Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares, in case of facultative reinsurance for the portion in excess of its net retention. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent (form provided).
 2. Reinsurance Brokers

A Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent.

- D. Single Errors and Omission Policy for P1M enforceable in the Philippines
- E. Certification from the Insurance Commission that it has a reputable claims settlement record with the Claims Adjudication Division as of January 31, 2019, if the insurance/reinsurance company is a domestic corporation.
- F. Sworn Statement that it will furnish GSIS certified true copies of the Underwriters Acceptance Slip/Cover Notes of all participating Reinsurers included in the submitted written lines within five (5) days from receipt of the notice of award (form provided).

III. PROPOSED POLICY WORDINGS

Section 1 – SCHEDULE

LINE	:	Industrial All Risk with Sabotage & Terrorism and Submarine Cable
INSURED	:	National Grid Corporation of the Philippines (NGCP) and/or Power Sector Assets and Liabilities Management (PSALM) Corporation, and/or National Transmission Corporation (TRANSCO), as co-beneficiaries
INSURED’S ADDRESS	:	Quezon Avenue corner BIR Road, Diliman, Quezon City
PERIOD OF INSURANCE	:	From: April 15, 2019 To : December 31, 2019
LOCATION OF transit PROPERTIES	:	Anywhere in the Philippines, including whilst in transit
INSURED’S BUSINESS	:	Power Transmission
INTEREST INSURED	:	<u>Industrial All Risks</u>
		All real and personal property, excluding transmission lines in excess of 1,000 meters radius from a sub-station perimeter fence
		<u>Sabotage and Terrorism</u>
		All real and personal property, submarine cables excluding transmission lines in excess of 1,000 meters radius from a sub-station perimeter fence.

Submarine Cables

Submarine cables and related real and personal properties (accessories)

Covers all risks which include but not limited to loss, destruction or damage caused by impact by any vessel or each equipment or cargo, anchor, anchor chain, or fishing nets or fishing equipment.

COVERAGE : Industrial All Risk with Sabotage & Terrorism and Submarine Cable

TOTAL SUM INSURED : **US\$2,721,882,135.82**

PREMIUM : **As Awarded**

DECLARED VALUES :

	In US\$
Substations and CTS	<u>2,091,933,034.82</u>
North Luzon	765,537,824.37
South Luzon	460,568,357.89
Visayas	486,145,421.92
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North Luzon	4,959,372.21
South Luzon	7,787,528.63
Visayas	1,668,889.99
Mindanao	1,443,922.98
System Operation	<u>384,744,291.92</u>
Head Office	110,881,770.81
North Luzon	52,313,673.25
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Visayas	80,741,971.86
Mindanao	105,300,041.42
NGCP Main building & SO Building	5,136,088.39
TOTAL	<u>2,721,882,135.82</u> =====

LIMIT OF LIABILITY and DEDUCTIBLE:

SCHEDULE OF LIMIT OF LIABILITY AND DEDUCTIBLE

	Limit of Liability (USD)	Deductible (USD)
I. INDUSTRIAL ALL RISK	50,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
<i>natural catastrophe</i>	50,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
II. SUBMARINE CABLE	15,000,000.00 <i>any one occurrence</i>	US\$1,000,000 each and every loss
III. SABOTAGE & TERRORISM	50,000,000.00 <i>any one occurrence</i>	US\$ 250,000 each and every loss

Section 2 - INSURING CLAUSE

The Insurers will indemnify the Insured, subject to the terms, exceptions and conditions contained herein, against accidental direct physical loss or damage to any of the Property Insured at locations described in the Schedule, occurring during the Period of Insurance, and which is due to any cause whatsoever other than those excluded.

In the event of any indemnifiable loss or damage, the amount payable hereunder shall not reduce the respective Sums Insured and Limits stated in the Schedule, and thus this insurance will be maintained in full during the period of the Policy.

Basis of Indemnity

The basis of indemnity shall be:

1. For property lost or destroyed – the cost of re-building, or reinstating the property or its replacement by similar property, whichever is the least, in either case in a condition equal to but no better or more extensive than its condition when new.
 - a. The work of re-building, reinstatement or replacement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured, subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable dispatch and due diligence
 - b. If re-building, reinstatement or replacement by similar property or equipment is not practicable or not economic to the Insured then the Insured may re-build, reinstate or replace with property fulfilling the same purpose or function subject to the liability of the Insurers not exceeding the amount which would have been payable had the Insured re-built or replaced with similar property.
 - c. No payment shall be made until the costs of rebuilding, reinstatement or replacement shall have been actually incurred

Where by reason of the above provisions 1a. and/or 1b. no payment is to be made for re-building or reinstatement or replacement, or, if the Insured elects not to re-build, reinstate or replace, the Insurers will pay to the Insured the actual cash value of the property at the time of the happening of its destruction.

2. For property damage – the repair and restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.
3. For records and documents – the cost of labour and any research or other works necessary to replace the lost or destroyed information plus the material costs of the replacement records and documents themselves but not for the value to the Insured of the information contained herein.

4. For stock in trade and inventories – the cost of replacing the same at the point of loss, destruction or damage or elsewhere if replacement at the point of loss, destruction or damage is not possible or practicable.

The basis of Indemnity shall also include:

- (i) Cost of dismantling, demolishing, shoring-up or propping and otherwise making safe the Property Insured and other neighboring property owned/rented/controlled by the Insured or operations of the Insured, emergency costs and costs protecting the Property Insured against imminent further loss, damage or destruction or in minimizing such loss damage or destruction, fencing or protection required during the above and during site clearance, re-building, repair, reinstatement, replacement, restoration or re-commissioning, cost of temporary repairs and all cost of firefighting and extinguishment if the Insured is legally liable.
 - (ii) Costs of clean-up and recovery of Property Insured and, the removal of debris wreckage or obstruction or debris, making good the surrounding land, and cost of re-commissioning the Property Insured and any costs necessarily incurred to decommission and/or re-commission other property insured whose operation is impaired or necessarily withdrawn from service in consequence of the loss, damage or destruction, subject always to the limitations of this Policy.
 - (iii) Costs reasonably incurred to expedite swift re-building, reinstatement, repair, replacement, including overtime rate of wages, express delivery costs (including air freight) and any other cost reasonably incurred to accelerate supply and work times not exceeding 50% of the loss before such costs are added, and in no event increasing the Insurers total liability in respect of the loss beyond the limit of liability stated in the schedule.
 - (iv) Consultant's, architect's, surveyors' legal and other fees reasonably incurred in the re-building, reinstatement, repair, replacement, restoration, decommissioning or re-commissioning of the Property Insured.
 - (v) Customs and excise duties, import taxes, freight, insurance and similar charges in respect of the procurement of goods, materials and services for re-building, reinstatement, repair, restoration or re-commissioning.
 - (vi) Cost reasonably incurred to determine the existence or extent of such loss, destruction or damage where this is a reasonably suspected including such costs which show that loss, destruction or damage has not occurred but in no event increasing the insurers total liability in respect of the loss beyond the limit of liability stated in the schedules.
7. Losses will be adjusted and paid in the currency of the United States of America, unless directed otherwise by the Insured.

In the event of a loss adjustment involving currency conversion, the exchange selling rate will be calculated as follows:

- a. As respects the calculation of deductibles and limits of liability, the rate of exchange published in Bangko Sentral ng Pilipinas on the date of loss.

b. As respects loss or damage to Real and Personal Property:

The cost to repair or replace Real and Personal Property will be converted at the time the cost of repair or replacement is incurred based on the rate of exchange published in Bangko Sentral ng Pilipinas.

If such property is not replaced or repaired, the conversion will be based on the rate of exchange published in Bangko Sentral ng Pilipinas as of the date of loss.

SPECIAL PROVISIONS

a. Property under Sale

If at any time of loss or destruction of or damage to any property insured, the insured shall have contracted to sell his interest in such property and the purchase shall not have been but shall be thereafter completed, the purchaser or completion of the purchase if and so far as the property is not otherwise insured by or on behalf of the purchased against such loss, or damage or destruction of property or damage, shall if the insured so requests following a claim be entitled to the benefit of this Policy so far as it relates to such loss or damage or destruction, without prejudice to the rights and liabilities of the insured or the insurers under this Policy up to the date of completion of the sale provided always that the liability of the insurers shall not exceed the sale of property at the time of the loss occurrence.

b. Personal Property Insured

If the insured requests following a loss or damage or destruction of the property insured shall include, to the extent the same are not otherwise insured, Officers, visitors and employees motor vehicles and other personal properties and effects and tools whilst at any site or premises used by the insured. The property insured shall also include to the extent not otherwise insured, property belonging to fire and ambulance brigades, sports and social clubs, welfare organizations, catering and similar organizations, all associated with the insured including personal effects and belongings of members or guests of such organizations.

c. Emergency Costs for the Property of Others

The Policy shall extend to include reasonably or necessarily incurred by the insured in minimizing, containing or protecting against (or attempts thereto) any incident on the neighboring property of others which could reasonably be considered to create the possibility of loss or damage or destruction to the property insured which would be subject to a collectible claim under this Policy (or would be but for the deductible) but in no event increasing the insurers total liability in respect of the loss beyond the limit of liability stated in the schedule.

d. Increased Costs of Repair due to Laws or By-Laws

The Policy shall include increased costs of re-building, reinstatement, repair, replacement, restoration or re-commissioning occasioned by enforcement of any law or by-law or

ordinance regulating the construction or repair of property and in force at the time such loss occurs, limited however to the minimum requirements of such law, by-law or ordinance. The insurer's liability for such costs is limited to no more than 15% of the loss before such costs are added and in no event increasing the insurer's total liability in respect of the loss beyond the sum insured stated in the schedule.

e. Property Not Owned by the Insured

In respect of betterments and improvements made by the insured in the capacity of landlord or tenant or occupier and also of any property owned by the persons or entities other than the insured but leased to, hired or borrowed by the insured or held in trust, care or custody of the insured, the insurance provided by this Policy shall indemnify the insured without reference to the insured's legal responsibility for such property as if the property were owned by the insured, unless the insured shall request otherwise following a claim.

f. Additional Insureds

Any persons or party other than the insured having an interest in any item of the property insured at the time of loss or damage or destruction shall be indemnified by this Policy to the extent of such interests as if the person or party were an additional insured under this Policy. The indemnity will, however be furnished only if:

- i. The insured stated in the schedule has agreed in writing with the interested party to insure the interest on that party's behalf, or,
- ii. The insured stated in the schedule requests in writing that this indemnity be furnished (which request may be made following the loss occurrence), and
- iii. The value of the interest has been included in the values of the property insured provided to the insurers and only in their capacity as operator and/or joint venture company(ies)

g. Stage Payment of Claims

Nothing in this Policy shall delay the indemnification of the insured for an insured loss until the whole of such loss shall have been finally determined. The insurers agree that once the insured shall have incurred any insured outlay and the outlay is substantiated by the insured, then the amount of the outlay shall be indemnified by the insurers with reasonable dispatch even if the whole of the insured's ultimate loss has still to be determined nor shall any indemnity from the insurers be delayed pending the outcome of recourse efforts by the insured (or by the insurers by way of subrogation) against others.

h. Losses in Progress

If this Policy should terminate whilst a Loss Occurrence is in progress, the entire loss or damage resulting from such Loss Occurrence shall be deemed to have occurred prior to the termination of this Policy and the indemnity provided by the insurers shall be calculated accordingly.

Section 3 – MACHINERY BREAKDOWN ENDORSEMENT

Insuring Clause

The Insurers hereby agree with the Insured that if at any time during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Insurers may accept the premium for the renewal of this Policy, the items (or any part thereof) entered in the Schedule, whilst on the premises mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement,

The Insurers will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Insurers' option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby.

This Policy shall apply to the insured items after successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection.

Provisions

Memo 1 - Sums Insured:

It shall be a requirement of this Policy that the sum insured is equal to the cost of replacement of the insured machinery by new machinery of the same kind and capacity, which means its cost of replacement including, e.g., freight, dues and customs duties, if any, and cost of erection.

If the sum insured is less than the amount required to be insured, the Insurers shall pay only in such proportion as the sum insured bears to the amount required to be insured. Every item if more than one shall be subject to this condition separately.

Memo 2 - Basis of Indemnity:

1. In cases where damage to an insured item can be repaired – the Insurers shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum insured. If the repairs are executed at a workshop owned by the Insured, the Insurers shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account.

If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured immediately before the occurrence of the damage, the item shall be regarded as destroyed and settlement shall be made on the basis provided for in 2. below.

2. In cases where an insured item is destroyed – the Insurers shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and customs duties, if any, provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Insurers shall also pay any normal charges for the dismounting of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing.

The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total cost of repair.

The Insurers shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

Section 4 – SABOTAGE AND TERRORISM ENDORSEMENT

Subject to the terms, clauses and conditions contained herein the underwriters agree to indemnify the Insured against direct physical loss of or damage to the interests insured caused by or arising from sabotage and terrorism, riots and/or strikes and/or civil commotions including fire damage and loss by looting following riots and/or strikes and/or civil commotion and/or material damage as described herein.

For the purpose of this Policy:

1. Sabotage and terrorism, riot and strike and civil commotion damage shall include but not limited to loss directly caused by:
 - a. Any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or
 - b. Any willful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a disturbance of the public peace; or
 - c. Any act of any lawfully constituted authority for the purpose of suppressing or minimizing the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (b) above or minimizing the consequences thereof;
2. Malicious damage shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not the aforesaid act is committed during a disturbance of the public peace and shall include loss caused by sabotage and acts committed by any or all persons who are member(s) of an organization whose aim is or includes the over-throwing of any legal or de facto government by terrorism or violence.

Section 5 – EXCLUSIONS

The Insurers shall not be liable for:

1. the deductible stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
2. loss of or damage to exchangeable tools, e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tires, operating media, e.g. lubricants, fuels, catalysts;
3. loss or damage caused by wear, tear or gradual deterioration; wet rot or dry rot or mould; spoilage, decay or decomposition, normal settling, shrinking or expansion in

buildings, structures or foundations; corrosion or rust; erosion; leakage; any other gradually occurring loss; or any loss which commenced prior to the inception of this Policy; but not excluding any loss of or damage to or destruction of other property insured or other parts of the property insured resulting from such causes;

4. loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale); but not excluding any loss of or damage to or destruction of other property insured or other parts of the property insured resulting from such causes;
5. loss or damage caused by shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile articles, marring, scratching, exposure to light, or change in colour, texture or flavour; unless such loss or damage is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strikes, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism or malicious mischief, theft or attempted theft;
6. loss or damage caused by moths, termites or other insects; vermin; inherent vice or latent defect; dampness or dryness of atmosphere; condensation; smog or fog; or extremes or changes in atmospheric temperature. However, if a cause not otherwise excluded by this Policy results, then any direct physical loss or damage arising directly from that cause shall not be excluded hereunder;
7. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
8. loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects were known to the Insurers or not;
9. loss or damage arising out of the willful act or gross negligence of the Insured or his representatives;
10. consequential loss or liability of any kind or description, loss of use, delay or loss of markets, any payments over and above the indemnity for material damage as provided herein.
11. loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority, which deprives the Insured of the use or value of the Property Insured, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade;
12. loss resulting from total or partial cessation or interruption of work.
13. any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, acts of a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of

or damage to property by order of any government de jure de facto by any public authority. In any action, suit or other proceeding where the Insurers allege that, by reason of this exclusion, any loss or damage is not covered by this Policy, the burden of proving that such loss or damage is covered shall be upon the Insured;

14. loss, damage or increased cost caused by enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any Property Insured hereunder nor any loss, damage, costs, expenses, fine or penalty which is incurred, or sustained by or imposed on the Insured at the order of any Governmental Agency, Court, or other Authority arising from any cause whatsoever; except, this Policy shall not exclude damage to, or destruction of, said property by civil authority during a conflagration and for the sole purpose of retarding the same, provided that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, hostilities, acts of foreign enemies, civil war, revolution, rebellion, insurrection, military or usurped power, martial law, or warlike operations;
15. loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused. Nevertheless, if fire is an insured peril and a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that fire shall (subject to the provisions of this Policy) be covered excluding, however, all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that fire;
16. mysterious disappearance or inventory shortage;
17. theft, fraud, or any kind of wrongful conversion or abstraction, whether committed alone or in collusion with others by:
 - a. the Insured or any associate, officer or employee thereof,
 - b. any bailee or any associate or officer thereof, all while working or otherwise;
18. loss or damage caused by the insolvency or any financial impairment of any person or organisation to whom the Property Insured may be entrusted;
19. electrical or magnetic injury to, or disturbance or erasure of, electronic recordings, except by lightning;
20. loss or damage caused by cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies;
21. loss or damage caused by exposure to weather conditions where any property insured is left in the open or not contained in buildings which are on permanent foundations and capable of secure storage.
22. Machinery Breakdown in respect of Submarine Cables only

Section 6 – EXCLUDED PROPERTY

This Policy does not insure:

1. land (including but not limited to land on which the property is located) or any other naturally occurring substance; or water (other than water contained in plumbing or fire-fighting installations);
2. shafts, mines, tunnels, wells, ponds, dams, dikes, wharves, piers, embankments, bulkheads, earthen structures and the like, and any man made property in or under the ground, but not excluding jetties or berths and ancillary equipment nor cargo in transit by an inland waterway and/or by rail and/or by road between locations within the Philippines;
3. driveways, pavements, curbing, culverts, and sidewalks;
4. power transmission distribution or feeder lines beyond 1,000 meters radius of the Insured's premises or any sub-station perimeter fence, but not excluding submarine cables.
5. any building or structure, or property contained therein, while such building or structure is vacant and/or unoccupied and/or inoperative for more than thirty (30) days;
6. neon signs and automatic or mechanical and/or electric signs, awnings, glass or any ornamentation or lettering thereon;
7. property sold by or under encumbrance to the Insured after it leaves the custody of the Insured or an employee of the Insured;
8. accounts, bills, currency, money, notes, securities, deeds, evidence of debt;
9. aircraft or any other aerial device, watercraft, vehicles designed for highway use and/or any public roads, or locomotives or rolling stock designed for railroad use;
10. animals, plants and living things of all types;
11. jewellery, precious stones, furs and garments.

Section 7 – OTHER INSURANCE

This Policy does not insure:

1. any loss or damage, or any property which is more specifically insured elsewhere, nor
2. any loss of damage, or any property which but for the existence of this Policy would be insured elsewhere.

except, where such amounts insured elsewhere are less than the applicable limit or sub-limit insured by this Policy, this Policy insures for the difference between the amounts insured elsewhere and the applicable limit or sub-limit of this Policy, subject always to the applicable deductible stated in the Schedule.

Section 8 – CONDITIONS

1. The due observance and fulfillment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Insurers.
2. If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Insurers shall not be liable to make any payment hereunder.
3. The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy", wherever used in this contract, shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.
4. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
5. Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.
6. The Insured shall immediately notify the Insurers either by teletype (telex, telefax, telegram) or by telephone confirmed in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly.
7. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall

- a. immediately notify the Insurers either by teletype (telex, telefax, telegram) or by telephone confirmed in writing, giving an indication as to the nature and extent of loss or damage;
- b. take all reasonable steps within his power to minimize the extent of the loss or damage;
- c. preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;
- d. furnish all such information and documentary evidence as the Insurers may require.

Upon notification being given to the Insurers under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.

The liability of the Insurers under this Policy in respect of any insured item shall cease if said item is kept in operations after a claim without being repaired to the satisfaction of the Insurers, or if temporary repairs are carried out without the Insurers' consent.

8. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single Arbitrator, to the decision of two Arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the Arbitrators do not agree, of an Umpire to be appointed in writing by the Arbitrators before the latter enter upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.
9. The Insurer shall be entitled to withhold indemnification
 - a. if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Insurers of the necessary proof;
 - b. if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.
10. In the event of the Insurers disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of Arbitration taking place in pursuance of Condition 8 of this Policy) within three months after the Arbitrators or Umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.

11. The Insurers shall not be liable to pay interest other than interest for default.
12. The Insured shall use due diligence and do and concur in doing all things reasonable to avoid or diminish any loss of or damage to the Property Insured.
13. It is agreed that any protection provided for the safety of the Property Insured shall be maintained in good order throughout the period of this Policy and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Insurers without their consent, except for normal servicing periods.
14. If the property hereby insured shall on the happening of any loss or damage be collectively of greater value than the total declared value hereon, then the assured shall be considered as being its own insurer for the difference and shall bear a ratable proportion of the loss accordingly.
15. If the Insurers become liable for any payment under this Policy in respect of loss or damage, the Insurers shall be subrogated, to the extent of such payment, to all the rights and remedies of the Insured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Insured. The Insured shall give to the Insurers all such assistance in his power as the Insurers may require to secure their rights and remedies and, at the Insurers request, shall execute all documents necessary to enable the Insurers effectively to bring suit in the name of the Insured including the execution and delivery of the customary form of loan receipt.

The Insurers hereon agree that this Policy shall not be invalidated should the Insured waive in writing, prior to loss affected thereby, any or all rights of recovery against any party for loss or damage occurring to the property described herein. The Insurers expressly waive subrogation against any subsidiary, parent, associated, or affiliated company of the Insured, but the above waivers shall not apply where the party otherwise protected thereunder is supplying or receiving goods or services for which a reward, recompense or consideration passes between the Insured and such other party.

The insurers agree that they shall waive all rights of subrogation howsoever arising which they may have against the co-beneficiary thereunder, and all rights to enforce any rights of the co-beneficiary or loss payee against the Insured, National Grid Corporation of the Philippines (NGCP), in circumstances where the NGCP owes the co-beneficiary or loss payee any amount in respect of the insured liabilities.

16. All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
17. This Policy is subject to the laws of the Republic of the Philippines.
18. Assignment or transfer of this Policy shall not be valid except with the written consent of the Insurers.

Neither PSALM nor TRANSCO's right under the Policy shall be canceled or changed without prior written notice to PSALM and TRANSCO.

19. The Insurers shall not be called upon to assume charge of the settlement or defense of any claim made of suit brought or proceeding instituted against the Insured but the Insurers shall have the right and shall be given the opportunity to associate with the Insured in the defense and control of any claim, suit or proceeding relative to any Loss Occurrence where the claim or suit involves, or appears reasonably likely to involve the Insurers, in which event the Insured and the Insurers shall co-operate in all things in defense of such claim, suit or proceedings.
20. In the event of any claim is made under this Policy, the Insurers shall be permitted at all reasonable times during the Period of Insurance to inspect premises, plant, machinery, equipment and operations of the Insured covered by this Policy. The Insurers shall also be permitted at all reasonable times to examine the Insured's books and records which may relate to the subject of the claim and the Insured may require that such inspection or examination be carried out in any manner which will maintain confidential any information obtained and may require the Insurers to agree in writing that they shall treat as confidential obtained without first having the written permission of the Insured.
21. In respect of Submarine Cables – in the event that the date of occurrence cannot be established by the appointed loss adjuster then the date of discovery shall be the date of occurrence. The date of occurrence has to be established as best as possible and the claim only to be paid if it is within the current Period of Insurance.
22. The Insured may cancel in writing to the Insurers by giving 90 days notice, which shall take effect from date of the written of notice. The Insured shall however be subject to any minimum and deposit premium agreed for the annual Policy at inception to which the Insurer and reinsurers have deemed the premium to have been earned and non-refundable.
23. The Insured may cancel this insurance at any time by giving advance written notice to the Insurer, stating clearly the elected date of cancellation. Unless specified otherwise, cancellation shall take effect on the elected date. The Insurer shall be entitled to a premium in proportion to the period of time the Policy has been in force.

The Insurer may cancel this insurance by giving advance written notice to the Insured through registered, certified or other first class mail at the Insured's address as shown in this Policy, starting not less than 30 days thereafter the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. The Insured shall be entitled to a refund of premium in proportion to the remaining duration of Period of Insurance starting on the effective date of cancellation. Cancellation shall be effective even if the Insurer has not made or offered the premium refund.
24. The Insured may carry out any alterations, repairs, purchases, additions, construction, acquisitions or any other changes of whatsoever nature in his business operations and activities without special notice thereof to Insurers and without avoiding or invalidating this Insurance provided such changes are not a breach of the Condition of this insurance and in keeping with the general nature of the Insured's business at the time this Insurance was effected or renewed.
25. Property Insured shall include, without special notice thereof to the Insurers:

- a. any additions, alteration, maintenance and repairs during the period of insurance, with a value of less than 10% of the overall total values at inception;
 - b. any property under construction during the period of insurance with a value not exceeding US\$10,000,000 any one contract. However, in respect of such property, whilst under construction by contractors before hand over to the Insured, the Insured shall have required or arranged a separate builder's all risk insurance covering his interest and this Policy shall only apply thereto should such insurance not have been adequately effected or failed through error or oversight on the part of the insured and/or his contractor and shall not apply on a "first loss" basis.
26. In the event of bankruptcy, insolvency or termination of any party claiming to being indemnified hereunder the Insurers shall not be relieved hereby of the payment of any claim hereunder because of such bankruptcy, insolvency or termination.
27. It is understood and agreed that any inadvertent error and/or omission in the name of the Insured and/or in the title or description or value of the Property Insured hereunder shall not impair nor entitle Insurers to avoid this insurance provided the insured shall advise the Insurer immediately upon discovery of any such discrepancy and pay any additional premium reasonably required by the Insurers in consequence of the revised information.
28. At the expiry of the Period of Insurance, the Insured shall file with Insurers a declaration of values at risk during the Period of Insurance.
- a. If the values so declared are within five per cent of the values declared at inception of the Period of Insurance, there shall be no adjustment to the premium.
 - b. If the values so declared decrease/exceed by, more than 5% of the values declared at inception of the Period of Insurance, a return/an additional premium shall be calculated at pro rata of such decrease/increase.
29. The Insurer and Insured shall agree to accredit and appoint adjusters as stated in the list below of accredited adjusters, who shall control the investigation, evaluation, negotiation and reporting of any claim.

The Insurer shall have the right to select or nominate from the schedule of accredited adjusters the task to handle or adjust its claim.

- a. Crawford and Co. Philippines, Inc.
- b. BA INSIGHT International

30. **Electronic Data Exclusion Clause A**

- a. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- i. This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting there from, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software and other coded instructions for the processing and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan horses”, “worms” and “time or logic bombs”.

- ii. However, in the event that a peril listed below results from any of the matters describe paragraph i. above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy to property insured by this Policy directly caused by such listed peril.

Listed Perils
Fire,
Explosion

b. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replace or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed US\$500,000 any one loss, incurred by the assured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

25/01/01

31. Electronic Data Recognition Clause EDRC (B)

Section 1

This insurance does not cover any loss, damage, cost, claim or expense, whether preventive, remedial or otherwise, directly or indirect arising out of or relating to:

- a. The calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
- b. Any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

However this section shall not apply in respect of physical damage occurring at the insured's premises arising out of the perils of fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow.

Section 2

Notwithstanding Section 1 above, this insurance does not cover any costs and expenses, whether preventive, remedial or otherwise, arising out of or relating to change, alteration or modification of any computer system, hardware, program, or software or any microchip, integrated circuit or similar device in computer or non-computer equipment, whether the property of the insured or not.

Section 3

The date change to the year 2000, or any other date change, including leap year calculations, shall not in and of itself be regarded as an event for the purposes of this insurance.

15/12/97
NMA 2801

32. Seepage and/or Pollution and/or Contamination Exclusion

Notwithstanding any provisions in the Policy to which this Endorsement is attached, this Policy does not insure against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Nevertheless if fire is not excluded from this Policy and a fire arises directly or indirectly from seepage and/or pollution and/or contamination any loss or damage insured under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured Property is the subject of direct physical loss or damage for which the Underwriters has paid or agreed to pay then this Policy (subject to its terms and conditions and limitations) insures against direct physical loss or damage to the Property insured hereunder caused by resulting seepage and/or pollution and/or contamination.

The Insured shall give notice to the Underwriters of intent to claim no later than 12 months after the date of the original physical loss or damage.

33. Debris Removal and Cost of Clean Up Extension

a. Notwithstanding the provisions of the preceding exclusion in this Endorsement or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean-up in the Policy to which this Endorsement is attached, in the event of direct physical loss or damage to the Property insured hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the limit of liability stated in Section 3:

- i. expenses reasonably incurred in removal of debris of the Property insured hereunder destroyed or damaged from the premises of the Insured; and/or
- ii. cost of clean-up, at the premises of the Insured, made necessary as a result of such direct physical loss or damage; Provided that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance not covered by this Policy on or under such premises.

b. It is a condition precedent to recovery under this extension that the Underwriters shall have paid or agreed to pay for direct physical loss or damage to the Property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Insured shall give notice to the Underwriters of intent to claim for cost of removal of debris or cost of clean-up **NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.**

34. This Policy does not cover expenses, fines, penalties or costs incurred or sustained by the Assured or imposed on the Assured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

Nothing in this Endorsement shall override any radioactive contamination exclusion clause in the Policy to which this Endorsement is attached.

Section 9 – DEFINITIONS

1. Loss Occurrence

The words “Loss Occurrence” shall mean all individual losses or damage arising out of and directly occasioned by one event. However, if the following causes are insured by this Policy the duration and extent of any “Loss Occurrence” so defined shall be limited to:

- a. 72 consecutive hours as regards a hurricane, a typhoon, windstorm, rainstorm, hailstorm and/or tornado;
- b. 72 consecutive hours as regards earthquake, tsunami or seaquake, and/or volcanic eruption;
- c. 72 consecutive hours and within the limits of one city, town or village as regards riots, civil commotions and malicious damage;
- d. 72 consecutive hours as regards any “Loss Occurrence” which includes individual loss or losses from any of the causes mentioned in a., b. and c. above;

and no individual loss from whatever insured cause, which occurs outside these periods or areas, shall be included in that “Loss Occurrence”

The Insured may choose the date and time when any such period of consecutive hours commences and if any event is of greater duration than the above period, the Insured may divide that event into two or more “Loss Occurrences” provided no two periods overlap and provided no period commences earlier than the date and time of the happening of the first recorded individual loss to the Insured in that event during the Period of Insurance.

2. Flood

Flood shall mean: rising water; surface water; waves; tidal waves or tidal water; overflow of streams, rivers, lakes, ponds, or other bodies of water; or spray from any of the foregoing; all whether driven by wind or not.

With respect to Flood, Loss Occurrence shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured

hereunder and the receding of the same, regardless of the period of time so embraced; EXCEPT, no Loss Occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured in that occurrence during the Period of Insurance, nor to extend to beyond thirty days after the expiry of this Policy.

3. **Utility/Operating Plants** – refer to those assets employed in the normal conduct of business operations.
4. **Non-utility/Non-operating Plants** – refer to those assets not necessary for continuing business operations. They are usually held for investment purpose, or are surplus and are intended for subsequent disposal. This includes plants that are classified as decommissioned, mothballed and other plants under assets preservation.
5. **Submarine Cable** – cable and associated equipment including but not limited to cable terminal station which is situated in those areas seaward of the mean high tide level and in which the Insured has an insurable interest.

**APPLICABLE TO ALL SECTIONS
(INDUSTRIAL ALL RISK WITH SABOTAGE & TERRORISM AND SUBMARINE
CABLE)**

CLAIMS COOPERATION CLAUSE

The insured/reinsured hereby undertakes to give immediate advice to the insurer/reinsurer of any occurrence which may give rise to a claim hereunder as soon as they are themselves made aware of it and in such event will cooperate fully with the insurer/reinsurer in defense or settlements of such claim and in no case shall the insured/reinsured make any admission of liability under the Policy without the consent in writing of the insurer/reinsurer having been first obtained.

PROVISIONS FOR FILING NOTICE OF LOSS

The insured under the Policy is required to file a Notice of Loss to the insurance company, without unnecessary delay, that is, within sixty (60) days from the date of accident or discovery of the loss.

Failure to submit said Notice of Loss on the above stipulated prescription period shall mean a loss of interest on the part of the Insured and will exonerate the Insurer from any liability on the benefit of the insurance to which the Insured may be entitled to.

SPECIAL EXTENSION CLAUSE

In the event that the renewal terms and conditions of this Policy have not been concluded upon its expiration, this Policy shall be extended for a period not exceeding six (6) months.

As consideration for any extension under this clause there will be an additional premium which shall be calculated at daily pro rata of the annual premium for this Policy and added to the premium for the original 12 month period for this Policy.

NOTE: Whenever found in this Policy, the word “Assured” shall also mean “Insured” and the word “Underwriters” shall also mean “Insurers”, and vice versa.

Section VIII. Bidding Forms

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Form 1.a.1

(Sworn Statement for the Percentage of Retention)

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

- (1) I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;
- (2) That if awarded, *[Name of Bidder]* will retain *[amount in words and figures]* equivalent to *[percentage of retention]* of the total sum insured;
- (3) That the *[Name of Treaty]* covers the risk indicated in Section VII. Technical Specifications of the Bidding Documents for the *[Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency]*
- (4) That the amount retained of *[amount in words and figures]* is within the gross retention of the above-mentioned Treaty; and,
- (5) I execute this Affidavit in compliance with the bid requirements of the Government Service Insurance System and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date) _____, at _____ (place) _____ affiant having exhibited to me his _____ (valid government-issued ID)

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Form 1.a.2

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

I, [Name of Affiant], of legal age, [Civil Status], [Nationality], and residing at [Address of Affiant], after having been duly sworn in accordance with law, do hereby depose and state that:

- (1) I am the [position of the Affiant];
- (2) *I am the duly authorized and designated representative of [Name of Bidder] with office address at [address of Bidder], in its bid for the [Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency];*
- (3) *I hereby submit the list of securities for the facultative reinsurance placement for the above project, for the portion in excess of [Name of Bidder]'s treaty facility, as follows:*

Name of Company	Resident Agent	Percentage Share	Share Amount	AM Best Rating

- (4) *I execute this Affidavit in compliance with the bid requirements of the Government Service Insurance System and for whatever legal purpose it may serve.*

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____
at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date) _____, at _____ (place) _____ affiant
having exhibited to me his _____ (valid government-issued ID)

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Form 1.b.1

(Sworn Statement that the Retention is not more than 20% of the Net Worth)

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

- (1) I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;
- (2) If awarded, *[Name of Bidder]* will retain *[amount in words and figures]* equivalent to *[percentage of retention]* of the total sum insured;
- (3) The above-mentioned retention for the *[Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency]* is not more than twenty percent (**20%**) of the Networth of *[Name of Bidder]* amounting to *[amount of Networth in words and figures]*;
- (4) I execute this Affidavit in compliance with the bid requirements of the Government Service Insurance System and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____
at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date) _____, at _____ (place) _____ affiant
having exhibited to me his _____ (*valid government-issued ID*)

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Form 1.b.2

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

I, [Name of Affiant], of legal age, [Civil Status], [Nationality], and residing at [Address of Affiant], after having been duly sworn in accordance with law, do hereby depose and state that:

- (1) I am the [position of the Affiant];
- (2) *I am the duly authorized and designated representative of [Name of Bidder] with office address at [address of Bidder], in its bid for the [Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency];*
- (3) *I hereby submit the list of securities for the facultative reinsurance placement for the above project, for the portion in excess of [Name of Bidder]'s net retention, as follows:*

Name of Company	Resident Agent	Percentage Share	Share Amount	AM Best Rating

- (4) *I execute this Affidavit in compliance with the bid requirements of the Government Service Insurance System and for whatever legal purpose it may serve.*

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date) _____, at _____ (place) _____ affiant having exhibited to me his _____ (valid government-issued ID)

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Omnibus Sworn Statement

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

AFFIDAVIT

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

2. **Select one, delete the other:**

If a sole proprietorship: I am the sole proprietor or authorized representative of *[Name of Bidder]* with office address at *[address of Bidder]*;

If a partnership, corporation, cooperative, or joint venture: I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;

3. **Select one, delete the other:**

If a sole proprietorship: As the owner and sole proprietor, or authorized representative of *[Name of Bidder]*, I have full power and authority to do, execute and perform any and all acts necessary to participate, submit the bid, and to sign and execute the ensuing contract for *[Name of the Project]* of the *[Name of the Procuring Entity]*, as shown in the attached duly notarized *Special Power of Attorney*;

If a partnership, corporation, cooperative, or joint venture: I am granted full power and authority to do, execute and perform any and all acts necessary to participate, submit the bid, and to sign and execute the ensuing contract for *[Name of the Project]* of the *[Name of the Procuring Entity]*, as shown in the attached *[state title of attached document showing proof of authorization (e.g., duly notarized Secretary's Certificate, Board/Partnership Resolution, or Special Power of Attorney, whichever is applicable;)]*;

4. *[Name of Bidder]* is not "blacklisted" or barred from bidding by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the Government Procurement Policy Board;
5. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;
6. *[Name of Bidder]* is authorizing the Head of the Procuring Entity or its duly authorized representative(s) to verify all the documents submitted;

7. *Select one, delete the rest:*

If a sole proprietorship: The owner or sole proprietor is not related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

If a partnership or cooperative: None of the officers and members of *[Name of Bidder]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

If a corporation or joint venture: None of the officers, directors, and controlling stockholders of *[Name of Bidder]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

8. *[Name of Bidder]* complies with existing labor laws and standards; and
9. *[Name of Bidder]* is aware of and has undertaken the following responsibilities as a Bidder:
- a) Carefully examine all of the Bidding Documents;
 - b) Acknowledge all conditions, local or otherwise, affecting the implementation of the Contract;
 - c) Made an estimate of the facilities available and needed for the contract to be bid, if any; and
 - d) Inquire or secure Supplemental/Bid Bulletin(s) issued for the *[Name of the Project]*.
10. *[Name of Bidder]* did not give or pay directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of ___, 20__ at _____, Philippines.

Bidder's Representative/Authorized Signatory

SUBSCRIBED AND SWORN to before me this ____ day of [month] [year] at [place of execution], Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her [insert type of government identification card used], with his/her photograph and signature appearing thereon, with no. _____ and his/her Community Tax Certificate No. _____ issued on ____ at _____.

Witness my hand and seal this ____ day of [month] [year].

NAME OF NOTARY PUBLIC

Serial No. of Commission _____

Notary Public for _____ until _____

Roll of Attorneys No. _____

PTR No. _____ [date issued], [place issued]

IBP No. _____ [date issued], [place issued]

Doc. No. _____

Page No. _____

Book No. _____

Series of _____

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

This is to certify that _____ [Name of Bidder] _____, located at _____ conforms to the Technical Specifications as enumerated and specified in Section VII of the bidding documents and all Bid Bulletins issued, if any, for the [Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency] and the acceptance of this reinsurance placement shall remain in conformity thereto for the duration of the reinsurance contract.

Further, the reinsurance placement and acceptance of each of the reinsurers/ retrocessionaires for the [Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency] are likewise in accordance with Section VII- Technical Specifications of the bidding documents for the [Name of Project ex. Procurement for the Reinsurance of the Industrial All Risk cover of Government Agency] and shall remain in conformity thereto for the duration of the reinsurance contract.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date) _____, at _____ (place) _____ affiant having exhibited to me his _____ (*valid government-issued ID*)

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

BID SECURING DECLARATION FORM

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

X-----X

BID SECURING DECLARATION Invitation to Bid: *[Insert Title of the Project]*

To: *[Insert name and address of the Procuring Entity]*

I/We³, the undersigned, declare that:

1. I/We understand that, according to your conditions, bids must be supported by a Bid Security, which may be in the form of a Bid-Securing Declaration.
2. I/We accept that: (a) I/we will be automatically disqualified from bidding for any contract with any procuring entity for a period of two (2) years upon receipt of your Blacklisting order; and, (b) I/we will pay the applicable fine provided under Section 6 of the Guidelines on the Use of Bid Securing Declaration, within fifteen (15) days from receipt of the written demand by the procuring entity for the commission of acts resulting to the enforcement of the bid securing declaration under Sections 23.1(b), 34.2, 40.1 and 69.1, except 69.1(f), of the IRR of RA 9184; without prejudice to other legal action the government may undertake.
3. I/We understand that this Bid Securing Declaration shall cease to be valid on the following circumstances:
 - (a) Upon expiration of the bid validity period, or any extension thereof pursuant to your request;
 - (b) I am/we are declared ineligible or post-disqualified upon receipt of your notice to such effect, and (i) I/we failed to timely file a request for reconsideration or (ii) I/we filed a waiver to avail of said right;
 - (c) I am/we are declared the bidder with the Lowest Calculated Responsive Bid, and I/we have furnished the performance security and signed the Contract.

³ Select one and delete the other. Adopt the same instruction for similar terms throughout the document.

IN WITNESS WHEREOF, I/We have hereunto set my/our hand/s this ____ day of [month] [year] at [place of execution].

[Insert NAME OF BIDDER'S AUTHORIZED REPRESENTATIVE]
[Insert Signatory's Legal Capacity]
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of [month] [year] at [place of execution], Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her [insert type of government identification card used], with his/her photograph and signature appearing thereon, with no. _____ and his/her Community Tax Certificate No. _____ issued on ____ at _____.

Witness my hand and seal this ____ day of [month] [year].

NAME OF NOTARY PUBLIC

Serial No. of Commission _____

Notary Public for _____ until _____

Roll of Attorneys No. _____

PTR No. _____ [date issued], [place issued]

IBP No. _____ [date issued], [place issued]

Doc. No. _____

Page No. _____

Book No. _____

Series of _____

Bid Form

Date: _____
Invitation to Bid No: _____

To: *[name and address of Procuring Entity]*

Gentlemen and/or Ladies:

Having examined the Bidding Documents including Bid Bulletin Numbers *[insert numbers]*, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to *[supply/deliver/perform]* *[description of the Goods]* in conformity with the said Bidding Documents for the sum of *[total Bid amount in words and figures]* or such other sums as may be ascertained in accordance with the Schedule of Prices attached herewith and made part of this Bid.

We undertake, if our Bid is accepted, to deliver the goods in accordance with the delivery schedule specified in the Schedule of Requirements.

If our Bid is accepted, we undertake to provide a performance security in the form, amounts, and within the times specified in the Bidding Documents.

We agree to abide by this Bid for the Bid Validity Period specified in **BDS** provision for **ITB** Clause 17.1 and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Commissions or gratuities, if any, paid or to be paid by us to agents relating to this Bid, and to contract execution if we are awarded the contract, are listed below:

Name and address of agent	Amount and Currency	Purpose of Commission or gratuity
_____	_____	_____
_____	_____	_____
_____	_____	_____

(if none, state "None")

Until a formal Contract is prepared and executed, this Bid, together with your written acceptance thereof and your Notice of Award, shall be binding upon us.

We understand that you are not bound to accept the Lowest Calculated Bid or any Bid you may receive.

We certify/confirm that we comply with the eligibility requirements as per **ITB** Clause 5 of the Bidding Documents.

We likewise certify/confirm that the undersigned, *[for sole proprietorships, insert: as the owner and sole proprietor or authorized representative of Name of Bidder, has the full*

power and authority to participate, submit the bid, and to sign and execute the ensuing contract, on the latter's behalf for the Name of Project of the Name of the Procuring Entity [for partnerships, corporations, cooperatives, or joint ventures, insert: is granted full power and authority by the Name of Bidder, to participate, submit the bid, and to sign and execute the ensuing contract on the latter's behalf for Name of Project of the Name of the Procuring Entity].

**OFFERED PREMIUM RATE AND PREMIUM
for the period stated in the Technical Specifications**

TOTAL Bid Price [A] (100% Premium)	Php	Absolute Net Premium
	%	Premium Rate

Breakdown of the Total Bid Price

I. Retained Premium [B]		
II. Reinsured Premium [C] (inclusive of 20% GSIS Commission)		
<i>II.A GSIS Commission [D = C x 20%] (20% of the Reinsured Premium)</i>	Php	
<i>II.B Creditable Withholding Tax [E = C x 2%] (2% of the Reinsured Premium)</i>		
<i>II.C Net Amount due Reinsurer [F = C-D-E] (Reinsured Premium less the GSIS Commission and 2% Creditable Withholding Tax)</i>	Php	
TOTAL Bid Price [B+C] (100% Premium)	Php	

Grand Total in figures and in words:

_____ PHP _____

We acknowledge that failure to sign each and every page of this Bid Form, including the attached Schedule of Prices, shall be a ground for the rejection of our bid.

Dated this _____ day of _____ 20_____.

Bidder's name:

Address:

Telephone/Fax numbers:

Email Address:

Authorized Representative:

Signature:

(Submission of Underwriters Acceptance Slips/Cover Notes)

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

- (1) I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;
- (2) That *[Name of Reinsurer]* shall furnish GSIS certified true copies of the Underwriters Acceptance Slips/Cover Notes of all participating reinsurers included in the submitted written lines within five (5) days from receipt of the notice of award of the Reinsurance of the *[Project Name]*.
- (3) I execute this Affidavit in compliance with the bid requirements of the Government Service Insurance System and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ (date), at _____ (place) affiant having exhibited to me his _____ (*valid government-issued ID*)

Notary

Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

**STATEMENT OF ONGOING SIMILAR CONTRACTS FOR THE TOP TWENTY
(20) RISKS IN TERMS OF PREMIUMS**

Line of Reinsurance	Name of the Insured	Total Sum Insured	Premium	Policy no./Reinsurance Binder no.	Period Covered

(Signature Over Printed Name)

Authorized Representative

Note:

- This Table is just a sample form/template. Bidder may come up with its own form/template, provided that the required information as stated above must be properly presented.

CHECKLIST OF REQUIREMENTS

REINSURANCE OF THE INDUSTRIAL ALL RISK INSURANCE WITH SABOTAGE & TERRORISM AND SUBMARINE CABLE INSURANCE OF THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (Rebidding)

ENVELOPE NO. 1 TECHNICAL COMPONENT

The first envelope shall contain the following:

I. Legal Documents

A. PhilGEPS Certificate of Registration and membership in accordance with Section 8.5.2 of the RIRR of RA 9184

A.1. Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives

For the registration certificate from SEC, any of the following may be submitted:

- (a) Certificate of Registration;
- (b) Certificate of Incorporation or Partnership;
- (c) Certificate of Filing of Amended Articles of Incorporation or Partnership

A.2. Mayor's/Business permit issued by the city or municipality where the principal place of business of the prospective bidder is located, or the equivalent document for Exclusive Economic Zones or Areas

In cases of recently expired Mayor's/Business permits, it shall be accepted together with the official receipt as proof that the bidder has applied for renewal within the period prescribed by the concerned local government unit, provided that the renewed permit shall be submitted as a post-qualification requirement in accordance with Section 34.2 of the RIRR of RA 9184

A.3. Tax clearance per E.O. 398, s. 2005, as finally reviewed and approved by the Bureau of Internal Revenue (BIR).

II. Technical Documents

A. Statement of all Ongoing Government and Private Contracts

A.1 Bidder is required to submit certified true copies of its latest Recapitulations I and IV as submitted to the Insurance Commission, in lieu of the "Statement of all its ongoing government and private contracts, including contracts awarded but not

yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid”.

A.2 Bidder is required to submit a statement of its ongoing similar contracts for the top twenty (20) risks in terms of premiums (*form provided*)

B. Statement of Single Largest Completed Contract (SLCC)

Statement of completed similar insurance policy/ies or reinsurance binder/s, issued within the period as stated in the Invitation to Bid. Bidder must submit any of the following:

- B.1. A single contract that must be at least fifty percent (50%) of the ABC for this project.
- B.2. At least two (2) similar contracts and the aggregate contract amounts should be equivalent to at least 50% of the ABC. The largest of these similar contracts must be equivalent to at least half of the percentage of the ABC as required above.

The statement shall include, for each policy/binder, the following:

- Name of the Assured/Reinsured
- Period of cover of the Insurance
- Limit of the Cover
- Amount of Contract:
 - (i) For Insurance Policy/ies, the amount of Contract refers to the Total Premium, including taxes;
 - (ii) For Reinsurance Binder/s, the amount of Contract refers to the Net Amount Due Reinsurer, net of commission earned and applicable taxes.
- Certified true copy/ies of the Official Receipt/s as evidence of premium payment for the insurance policy/ies or reinsurance binder/s.
- Certified true copy/ies of the insurance policy/ies or reinsurance binder/s.

III. Financial Documents

- A. The prospective bidder’s audited financial statements, showing, among others, the prospective bidder’s total and current assets and liabilities, stamped “received” by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission
- B. Prospective bidder’s computation of its Net Financial Contracting Capacity (NFCC); or committed Line of Credit from a Universal or Commercial Bank

The Line of Credit must be at least equal to ten percent (10%) of the ABC to be bid.

NFCC, computed using the following formula, must be at least equal to the ABC to be bid:

$$\text{NFCC} = [(\text{Current assets minus current liabilities}) (15)] \text{ minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid. The values of the domestic bidder's current assets and current liabilities, breakdown of which is attached, shall be based on the latest Audited Financial Statements submitted to the BIR through its Electronic Filing and Payment System (EFPS).}$$

For purposes of computing the foreign bidders' NFCC, the value of current assets and current liabilities shall be based on their Audited Financial Statements prepared in accordance with international financial reporting standards.

The value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid shall be the bidder's net premiums written.

IV. Class "B" Document

Notarized Joint Venture Agreement or the Duly Notarized Statement in accordance with Section 23.1(b) of the RIRR of Ra 9184, if applicable;

V. Bid security in the prescribed form, amount and validity period

The bid security shall be in the form of a Bid Securing Declaration using the form prescribed in the Bidding Documents or any of the following forms and amounts:

- A. **USD36,294.97** (Php1,897,537.00) [2% of ABC], if bid security is in cash, cashier's/manager's check, bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank

Bidders who opt to submit a bid security in the form of cash and/or cashier's/manager's check shall deposit the said bid security to the GSIS Cashier, in coordination with the GBAC Secretariat, prior to the submission of bids. The Official Receipt issued by the GSIS Cashier shall be submitted as part of the Technical Component.

If a bank draft/guarantee or an irrevocable letter of credit issued by a foreign bank, it shall be confirmed or authenticated by a Universal or Commercial Bank.

- B. **USD90,737.41** (Php4,743,842.53) [5% of ABC], if bid security is in Surety Bond. It shall be accompanied by a certification from the Insurance Commission stating that the surety or insurance company is authorized to issue such instruments.

VI. Technical Specifications

The bidder must submit a Sworn Statement that it complies with Section VII – Technical Specifications of the Bidding Documents (*form provided*).

In addition, it must submit the following documents required in Section VII – Technical Specifications of the Bidding Documents:

A. Sworn Statement that the bidder complies with Section VII – Technical Specifications of the Bidding Documents (*form provided*)

B. Certified true copy/ies of the following:

1. Certificate of Authority issued by the Insurance Commission, if the bidder is an Insurer/Reinsurer.
2. Brokers Insurance License issued by the Insurance Commission, if the bidder is a Broker.
3. Certificate of Authority/ Brokers Insurance License issued by the country of origin, for a foreign bidder; and a documentation issued by the Insurance Commission on the registration of the resident agent of the foreign bidder.
4. Current Credit Rating of at least B+ issued by A.M. Best.

C. Disclosure of the bidder's retention and list of securities/panel of reinsurers

1. For Insurance & Reinsurance Companies:

1.a If the terms and conditions are allowed under the bidder's reinsurance treaty

1.a.1. Sworn statement indicating the amount and percentage retention out of the total sum insured, and that the retained amount is within the gross retention of the Treaty (*form provided*).

1.a.2. Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares, in case of facultative reinsurance for the portion in excess of its treaty facility. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent (*form provided*).

2.b If the terms and conditions are not allowed under the bidder's reinsurance treaty agreement

1.b.1. Sworn statement indicating the amount and percentage retention out of the total sum insured, provided the amount retained by the bidder should not be more than twenty percent

(20%) of the bidder's net worth which should also be stated (*form provided*)

1.b.2. Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares, in case of facultative reinsurance for the portion in excess of its net retention. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent (*form provided*).

2. Reinsurance Brokers

A Sworn Statement indicating the list of securities/panel of reinsurers and their respective shares. The securities/panel of reinsurers, foreign or domestic, should be rated at least "A" by the A.M. Best. The foreign securities/panel of reinsurers must be duly authorized to transact reinsurance business in the Philippines through their appointed resident agent (*form provided*).

D. Single Errors and Omission Policy for P1M enforceable in the Philippines

E. Certification from the Insurance Commission that it has a reputable claims settlement record with the Claims Adjudication Division as of January 31, 2019, if the insurance/reinsurance company is a domestic corporation.

F. Sworn Statement that it will furnish GSIS certified true copies of the Underwriters Acceptance Slip/Cover Notes of all participating Reinsurers included in the submitted written lines within five (5) days from receipt of the notice of award (*form provided*).

VII. Omnibus Sworn Statement in accordance with Section 25.3 of the RIRR of RA 9184 and using the form prescribed in the Bidding Documents

VIII. For foreign bidders claiming eligibility by reason of their country's extension of reciprocal rights to Filipinos, a certification from the relevant government office of their country stating that Filipinos are allowed to participate in their government procurement activities for the same item or product.

**ENVELOPE NO. 2:
FINANCIAL COMPONENT**

The Financial Proposal shall contain the following:
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1. Bid Form

Bidder's Information

Bidder's name:

Address:

Telephone/Fax numbers:

Authorized Representative:

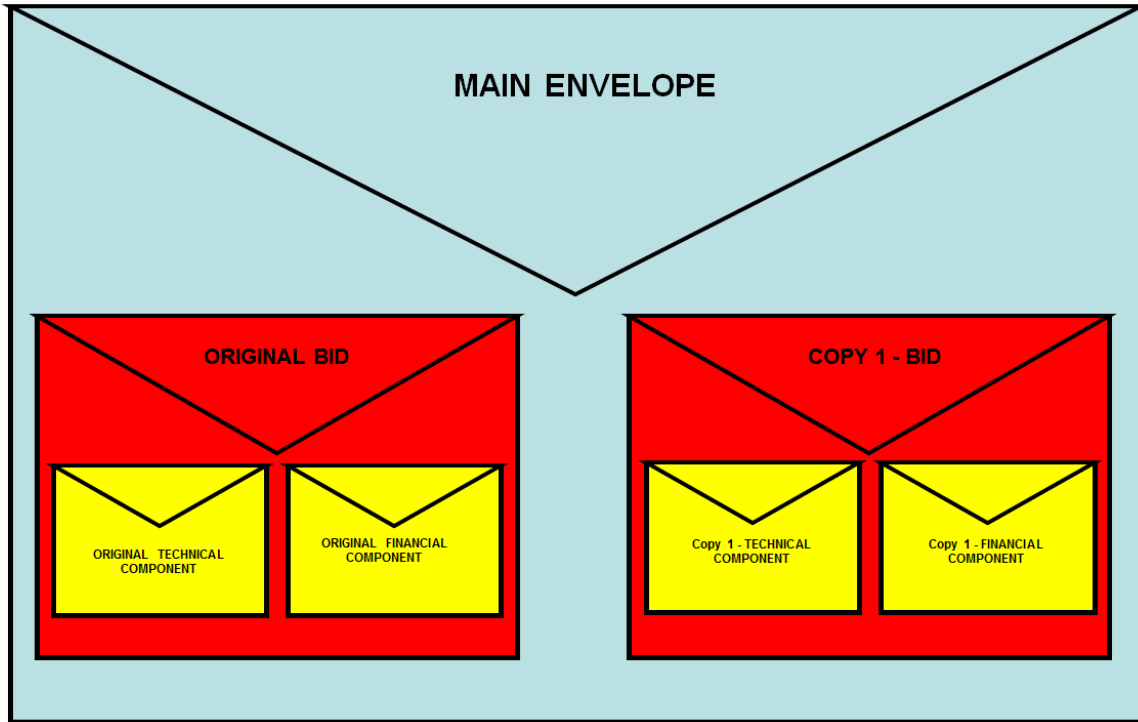
Signature:

POST-QUALIFICATION DOCUMENTS

The bidder with the Lowest Calculated Bid (LCB) / Single Calculated Bid (SCB) shall submit the following documentary requirements within five (5) calendar days from the receipt of the notice to submit the post-qualification documents:

1. Latest Income Tax Return (for monthly or quarterly tax remittance) within the last six months prior to the date of bid submission or Annual Income Tax for CY 2017. *(Only tax returns filed and paid through the BIR eFPS shall be accepted.)*
2. Business Tax (Percentage Tax or VAT) Returns within the last six months prior to the date of bid submission. *(Only tax returns filed and paid through the BIR eFPS shall be accepted.)*
3. All parties to the Joint Venture shall submit the following:
 - a. Latest Income Tax Return (for monthly or quarterly tax remittance) within the last six months prior to the date of bid submission or Annual Income Tax for CY 2017. *(Only tax returns filed and paid through the BIR eFPS shall be accepted.)*
 - b. Business Tax (Percentage Tax or VAT) Returns within the last six months prior to the date of bid submission. *(Only tax returns filed and paid through the BIR eFPS shall be accepted.)*
4. Certified true copy of Notes to Financial Statement

SKELETAL PERSPECTIVE OF A BIDDER'S BID ENVELOPE



ALL envelopes must be properly sealed and marked/labeled. The marking/label shall contain the following details:

- Name of the contract to be bid
- Name and address of the prospective bidder
- Be addressed to the following:

GBAC Secretariat
GSIS Insurance Bids and Awards Committee
Level 3 Core C, GSIS Headquarters Building, Financial Center
Pasay City

- Bear a warning “DO NOT OPEN BEFORE...” the date and time of the Bid Opening

IMPORTANT REMINDER

The Government Service Insurance System (GSIS) warns the public/bidders of unscrupulous individuals and groups posing as officers/employees of the GSIS soliciting money for alleged aid for whatever purpose. **Do not give anything to these unscrupulous individuals and groups.**

GSIS is fully compliant with the *NO SOLICITATION AND GIFT POLICY*. In this regard, **GSIS officials and employees are prohibited** from “directly or indirectly soliciting gifts, favors or benefits from stakeholders and directly or indirectly soliciting, accepting or receiving any gift, favor or benefits from any party which may influence the performance of their official functions or which may be perceived as influencing their past, present and future official functions.”

We thus enjoin the cooperation of the public/bidders to report these individuals/groups to GSIS through the **Office of the President and General Manager at 859-0353** and **GBAC Secretariat at (02) 976-4961 and 976-4945.**

