

**[ BOC CUSTOMS MEMORANDUM ORDER NO. 22-2003, October 10, 2003 ]**

**QUARTERLY ACCREDITATION OF SURETY COMPANIES AND  
RENEWAL OF ACCREDITATION**

**1. OBJECTIVES**

1.1. To ensure that only those surety companies in good standing shall be authorized to underwrite bonds as guarantee for the performance of various obligations of the importer, as allowed under the law, rules and regulations

1.2 To ensure that the interests of the government are amply protected with the bonds issued by said surety companies.

1.3 To provide a mechanism for surety companies to settle their outstanding accountabilities.

**2. SCOPE**

This Order shall cover the procedure and documentary requirements in the quarterly accreditation of surety companies and the renewal of such accreditation.

**3. GENERAL PROVISIONS**

3.1 Only surety companies in good standing with the Bureau of Customs (BOC) shall qualify for accreditation in accordance with this Order.

3.2 To be in good standing, a surety company:

3.2.1 must have an authority from the Office of the President to engage in surety business;

3.2.2 must be a holder of a Certificate of Authority duly issued by the Insurance Commission, which must be valid and effective at the time of application/renewal and for the duration of the period applied for;

3.2.3 must not have, as an entity by itself, any due and demandable liabilities with BOC at the time of the application/renewal;

3.2.4 must have settled at least 70% of its outstanding obligations as a surety company of persons/entities having transactions with BOC, if any, as of the first day of the immediately preceding quarter (e.g., as of July 1 for application for accreditation for the 4th quarter).

3.3 The accreditation of the surety company shall be good and effective for a period of one quarter, renewable every quarter thereafter in accordance with this Order. For this purpose, a calendar year is divided as follows: 1st Quarter, January-March; 2nd quarter, April-June; 3rd quarter, July-Sept.; 4th quarter, October-December.

3.4 Applications for accreditations of surety companies shall be filed with and processed by the Bonds Division of the Port where the surety companies wish to be accredited, reviewed by the Collection Service, and upon the latter's recommendation shall be approved by the District Collector concerned.

3.5 No bonds shall be honored or accepted by any port unless issued by a surety company accredited in accordance with this Order, covering transactions falling within the jurisdiction of the collection district of the port where it is accredited, and within the period covered by its accreditation.

#### 4. Application/Renewal of Accreditation

##### 4.1 At the Bonds Division

4.1.1. The surety company shall submit a written application/request for renewal not later than 15 days prior to the onset of the quarter applied for.

4.1.2 The application must be accompanied and supported by, in the original or duly authenticated copy, of the following:

4.1.2.1 Administrative Order issued by the Office of the President granting authority to the firm to engage in surety business;

4.1.2.2 Certificate of Authority issued by the Insurance Commission, indicating among others, its validity at the time of the application/renewal and for the duration of the quarter being applied for;

4.1.2.3 Copy of the latest audited annual financial statement of the surety company, but not exceeding one year at the time of the application/renewal;

4.1.2.4 Certification of the Corporate Secretary of the surety firm indicating and attesting to the authority of the officer authorized to sign the bond, and exhibiting the authorized official's three (3) specimen signatures, initials and impressions on the right and left hands thumbprints;

4.1.2.5 Statement under oath by the Corporate Secretary stating that as an entity by itself, it has no outstanding obligation with BOC, and that as a surety company, out of its total outstanding obligation in terms of the amount of the bonds issued in the past to BOC, the remaining unsettled obligations falls within the 30% threshold, as of the first day of the immediately preceding quarter.

4.1.3 In the computation of the 30% threshold of unsettled obligations, all accounts on bonds of a surety firm shall be considered up to the extent of the amount unpaid or unsettled, including but not limited to accounts on bonds:

4.1.3.1 That are subject of existing compromise or staggered payment arrangements;