AMENDING THE REQUIREMENTS AND PROCEDURES FOR ACCREDITATION OF SURETY COMPANIES

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WHEREAS, the Construction Industry Commission (CIAC) passed Resolution No. 01-2002 on 17 January 2002 amending the Rules of Procedure Governing Construction Arbitration (CIAC Rules);

WHEREAS, the said resolution substantially amended Article XVI of the CIAC Rules Providing for execution of an award although an appeal is made;

WHEREAS, Resolution 03-2002 was thereafter issued on 5 February 2002, providing the necessary guidelines to implement the provision of the CIAC Rules on execution pending appeal, and for this purpose, the CIAC accredited surety companies which shall be authorized to issue bonds or counter-bond pursuant to Article XVI of the CIAC Rules, to allow execution of awards or to stay the execution thereof;

WHEREAS, the guidelines also provide that "by issuing a bond or counter-bond, a surety agrees to submit to the jurisdiction of the Commission and to comply with an order of the arbitrator or the Commission to pay an amount to be fixed by the arbitrator, not to exceed the amount of the bond, upon receipt of notice from the Commission that the decision of the appellate court has become final and executory and upon its failure to do so, the arbitrator may issue, with the concurrence of the Commission, a writ of execution against such surety";

WHEREAS, the foregoing has become the primary consideration in the accreditation of surety companies by the Commission;

WHEREAS, it has come to the attention of the Commission that the duration of the effectivity of accreditation of these surety companies has not been fixed and that their financial capability to underwrite the appealed judgment may be compromised;

WHEREAS, the Supreme Court also maintains a list of accredited sureties where they are thoroughly screened as to their qualifications and capabilities to issue bonds;

WHEREAS, Sections 6 and 21 of Executive Order No. 1008 empower the CIAC "to enunciate policies and prescribe rules and procedures for construction arbitration" and "to formulate necessary rules and procedures for construction arbitration";

NOW, THEREFORE, WE THE UNDERSIGNED CIAC COMMISSIONERS, by virtue of the powers vested in us by law, do hereby promulgate the following policy guidelines, to wit:

> 1. The list of surety companies which have been accredited and given clearance to issue bonds by the Supreme Court shall be adopted by the CIAC as its accredited surety companies. As such, they shall be qualified to issue bonds for the purpose of implementing CIAC Resolution No. 03-2002 provided, however, that a "Surety Undertaking" attached as Annex "A"[*] hereof shall be executed by them which shall form the basis of the approval of their bonds by the CIAC.
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> 2. After the effectivity of this Resolution, all surety companies previously accredited by the CIAC shall be deemed null and void.

3. This Resolution shall take effect on May 1, 2004, and shall cover all Motion for Executions which shall be filed thereafter.

UNANIMOUSLY APPROVED.

Adopted: 30 April 2004

(SGD.) SEDFREY A. ORDONEZ
Chairman

(SGD.) ISAAC S. DAVID
Member

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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