



Bonifacio Drive, South Harbor, Port Area, Manila 1018, Philippines, P.O. Box 436, Manila, Philippines
Tel. No. (0632) 527-8356, Fax No. (0632) 527-4855, <http://www.ppa.com.ph>

November 15, 2011



MEMORANDUM

FOR : All Port District Managers
All Port Managers
The Manager, HMD

FROM : The Acting Manager
Administrative Services Department

SUBJECT : RE-CIRCULATION OF PPA ADMINISTRATIVE ORDER
NO. 06-2000 ENTITLED "AMENDED GUIDELINES OF
PROPERTY INSURANCE AND RECOVERY OF
DAMAGES" DATED MARCH 27, 2000

Relative to the memorandum dated November 2, 2011 of the Assistant General Manager for Finance, Legal and Administration (copy attached), we are re-circulating PPA Administrative Order No. 06-2000, for your reference and guidance.


ANTONIO C. IGNACIO, JR.

VISION

By 2010, PPA shall have met the international standards in port facilities and services in at least ten (10) ports in support of national development.

MISSION

We commit to provide reliable and responsive services in our ports, sustain development of our port communities and the environment, and be a model corporate agency of the government.



Bonifacio Drive, South Harbor, Port Area, Manila 1018, Philippines, P.O. Box 436, Manila, Philippines
Tel. No. (0632) 527-8356, Fax No. (0632) 527-4855, <http://www.ppa.com.ph>

November 02, 2011

MEMORANDUM

T O : The Port Manager
PMO Tacloban

T H R U : The Port District Manager
PDO Visayas

F R O M : The Assistant General Manager
Finance, Legal and Administration

S U B J E C T : **Fire Claim No. FC2011-028 – Port of Calbayog**
Date of Fire – November 14, 2010

Please be advised that the Government Service Insurance System denied the subject fire claim of PPA based on its breach of the insurance policy clause for Period of Filing of Notice of Loss by the Assured. A copy of the letter of the GSIS dated October 6, 2011 is attached.

It is hoped that the re-circulation of PPA Administrative Order No. 06-2000 entitled "Amended Guidelines of Property Insurance and Recovery of Damages" on October 5, 2011 will remind the Port District Managers/Port Managers/HMD Manager/ASD Manager to observe the Period of Filing of Notice of Loss clause as provided in Section 3.5 and 3.6 thereof.

For your full attention and guidance.


DAVID R. SIMON

Copy Furnished: All Port District Managers
All Port Managers
Manager, HMD
Manager, ASD

VISION

By 2010, PPA shall have met the international standards in port facilities and services in at least ten (10) ports in support of national development.

MISSION

We commit to provide reliable and responsive services in our ports, sustain development of our port communities and the environment, and be a model corporate agency of the government.



MAR 27 2000

PPA ADMINISTRATIVE ORDER
NUMBER 06 -2000

TO : All Port District Managers, Port Managers, Project Managers and
All Other RCs Concerned

SUBJECT : **AMENDED GUIDELINES ON PROPERTY INSURANCE
AND RECOVERY OF DAMAGES**

1. AUTHORITY

- 1.1 R.A. No. 656 known as the Property Insurance Law
- 1.2 Presidential Administrative Order No. 33
- 1.3 Presidential Administrative Order No. 141
- 1.4 Presidential Decree 1594

2. STATEMENT OF POLICY

- 2.1 All insurance coverages shall be secured directly from the General Insurance Fund of the Government Service Insurance System.
- 2.2 Insurance premium payment to companies other than Government Service Insurance System shall be considered an illegal disbursement of fund.
- 2.3 All fixed assets of the Authority with valuation at more than the prescribed amount of loss recovery deductible, which are physically inventoried and/or recorded in the books and all fixed assets or properties where PPA has an insurable interest shall be covered by insurance detailed in Section 2.5 hereof.
- 2.4 "All fixed assets or properties where PPA has an insurable interest" shall be understood as land improvements constructed by lessee on PPA lot/s and properties under Build-Operate-Transfer (BOT) contract, joint venture and/or any business venture or contract where PPA has an interest.

- | | | |
|-------|---|--|
| 3.1.2 | Submission of the REPORT/LISTING OF COMPLETED INFRA-STRUCTURE PROJECTS, thru the AGM-Engineering, within one week from completion of the project | Project Implementor/
Controllershship Dept. |
| 3.1.3 | Submission of the REPORT/LISTING OF FIXED ASSET/S WHERE PPA HAS AN INSURABLE INTEREST, thru the AGM-Engineering, within one week from the date of completion | PDO/PMO |
| 3.1.4 | Submission of the SCHEDULE OF ADDITION TO FIXED ASSETS for assets procured, within one week from delivery. | ASD/HMD/PDO/ PMO |
| 3.1.5 | Submission of the SCHEDULE OF DEDUCTION FROM FIXED ASSETS for assets demolished/transferred/ disposed/sold within one week. (For fixed assets demolished, submission should be thru the AGM-Engineering.) | ASD/HMD/PMTO/
FCMD/PDO/ PMO |
| 3.1.6 | Submission of written request for coverage of leased properties pursuant to Section 3.4.3 hereof within one week | PDO/PMO |
| 3.1.7 | Determination of proper insurable value, risk cover, policy deductible and other applicable insurance terms. | Treasury Department |
| 3.1.8 | Acquisition/Renewal of insurance coverage with the GSIS. | Treasury Department |
| 3.1.9 | Cancellation of insurance coverage due to asset disposition/loss. | Treasury Department |
| 3.2 | The above listing/reports shall be submitted to the Office of the AGM-FAS (Attn: Treasury Department) and it shall indicate the following information/data. | |
| 3.2.1 | Detailed description of the asset/project | |
| 3.2.2 | Acquisition Cost/Project cost/Extent of PPA ownership or interest | |

- 3.2.3 Cost of Improvements/Major Repair, if any
- 3.2.4 Accumulated Depreciation (if any)
- 3.3 Procurement of Insurance Coverage for all On-Going Infrastructure Projects.
 - 3.3.1 All on-going infrastructure projects (original contract price and any additive variation orders) shall be insured by the Contractor with the General Insurance Fund of the GSIS under a Master Policy for PPA Infrastructure Projects and covered by Contractors All Risks (With Vessel Impact) Open Policy.
 - 3.3.2 It shall be the responsibility of Project Implementor to monitor and ensure compliance by the Contractor.
 - 3.3.3 A copy of the insurance policy/indorsement and the Official Receipt for premium payment shall be submitted to Treasury Department thru the AGM-FAS.
- 3.4 Procurement of Insurance Coverage for All Fixed Assets or Properties Where PPA has an Insurable Interest
 - 3.4.1 All fixed assets or properties where PPA has an insurable interest including additional improvements, except land and reclamation areas, shall be insured by the lessee/operator with the General Insurance Fund of the GSIS in favor of PPA and covered by Property All Risks and other applicable coverage provided in Section 2.5 hereof. Violation of this requirement shall be a sufficient ground for the revocation of the Contract or Permit.
 - 3.4.2 It shall be the responsibility of the PDO and PMO Managers concerned to monitor and ensure compliance by the lessee/operator. The PMO shall require from the lessee/operator the submission of a certified xerox copy of the insurance policy or the Certificate of Renewal together with a copy of Official Receipt for premium payment, within 30 days from the acquisition or renewal of the policy. The same documents shall be kept in file by the PDO/PMO as supporting evidence to an eventual recovery claim. A semi-annual insurance coverage report on these properties shall be submitted to the AGM-Finance and Administrative Services (Attn.: Treasury Department).

- 3.4.3 An insurable asset leased to several tenants, may be covered with insurance by the Treasury Department, upon the written request by the Port Manager. However, reimbursement of insurance premium shall be collected by the PDO/PMO concerned from the lessee/s. This provision should be specified in the contract/permit for the lessee's information and guidance.

3.5 Procedure for Recovery of Damages

- 3.5.1 An initial report of damage to the insured property shall be sent by fax by the R.C. Manager concerned to the Office of the AGM-FAS (Attn: Treasury Department) immediately after the casualty incident. The report shall cite the casualty incident and the property damaged, as basis of the initial report to GSIS.
- 3.5.2 Thereafter, a formal Report of Damage shall be submitted by the R.C. Manager concerned within one week and to include the supporting documents (where applicable) as follows:
- 3.5.2.1 Police/Fire Investigation Report
 - 3.5.2.2 Pictures of Damaged Properties
 - 3.5.2.3 Damage Estimate/Program of Work
 - 3.5.2.4 Ship Captain's Marine Protest (for dredgers/boats)
 - 3.5.2.5 Copy of Insurance Policy and Official Receipt of premium payment
- 3.5.3 For on-going infrastructure projects, a formal Report of Damage shall be submitted within 10 calendar days by the Contractor to GSIS, copy furnished AGM-FAS and AGM-Engineering, to include the following supporting documents:
- 3.5.3.1 Contract
 - 3.5.3.2 Accomplishment Reports (weekly and monthly)
 - 3.5.3.3 Pictures
 - 3.5.3.4 Estimate of repair
 - 3.5.3.5 Plan
 - 3.5.3.6 Bill of Materials
 - 3.5.3.7 Various Purchase Orders or Requisitions (for stocks/materials)
 - 3.5.3.8 Incident Report
- 3.6 Submission of report and claims processing shall be the responsibility of the following:

Activity

OPR

3.6.1 Submission of Report of Damage to Insured Asset to AGM-FAS

- | | |
|---|----------------------------|
| - PDO assets | Port District Office |
| - PMO assets | Port Management Office |
| - Head Office assets | Admin. Services Dept. |
| - Dredgers/boats | Harbor Maintenance Dept. |
| - Third Party Liabilities | RMD-Port Management Office |
| - Shipwrecks and Debris | Port Management Office |
| - Fixed Assets/Properties where PPA has an insurable interest | Port Management Office |

3.6.2 Filing of Notice of Claim to GSIS Treasury Department

3.6.3 Coordination with GSIS Surveyor/ Adjuster for inspection/appraisal of the damages Treasury Department

3.6.4 Coordination with GSIS for Treasury Department settlement of the claim

3.7 A damaged property where PPA has an insurable interest shall be restored by the lessee/operator to its original operating condition at its own expense. The Port Manager concerned shall supervise and ensure the restoration of the damaged property. PPA shall remit to the lessee/operator the full amount recovered from the GSIS for the settlement of the particular damage claim, upon certification by the Port Manager concerned that the damaged property has been fully restored.

3.8 A damaged on-going infrastructure project shall be restored by the Contractor at its own expense, hence, the contractor is entitled to the full claims settlement recovered from the GSIS. The Project Implementor shall see to it that the damaged project has been fully restored and a copy of the report thereon shall be furnished to the AGM-Engineering, copy furnished AGM-FAS (Attn.: Treasury Department).

3.9 Motor Vehicle Insurance

3.9.1 All vehicles shall be covered by Motor Car Comprehensive Insurance from the Government Service Insurance System.

3.9.2 It shall be secured by the Administrative Services Department thru the AGM-FAS for Head Office vehicles and Resource Management Division thru the Port District Manager/Port Manager for the vehicles of the PDOs and PMOs.

3.9.3 A Fleet Policy each for the Head Office, each PDO (Proper) and each PMO may be secured from GSIS for easier monitoring of vehicle insurance.

3.9.4 Claims for damages shall be accordingly filed and settlement thereof shall be coordinated with the GSIS by the Administrative Services Department/Resource Management Division thru the AGM-FAS/PDM/PM.

4. ACCOUNTING TREATMENT OF INSURANCE CLAIMS/RECOVERY

The accounting treatment on insurance claims and recovery of damages is provided in separate guidelines.

5. REPEALING CLAUSE

PPA Administrative Order No. 09-96 and all PPA orders, guidelines or circulars inconsistent herewith are hereby repealed or amended accordingly.

6. EFFECTIVITY

This Order takes effect immediately.



JUAN O. PEÑA
General Manager