



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

21 October 1997

**CUSTOMS MEMORANDUM ORDER**  
**NO. 27 - 97B**

TO : All Collectors of Customs  
All Importers, Brokers  
and Others Concerned

Questions have been raised on the applicable insurance premium pursuant to CMO Nos. 27-97 & 27-97A for shipments with terms of sale in C&F or FOB. To clarify matters once and for all, the following supplemental instructions are hereby issued:

1.0 If the terms of sale is C&F or FOB and the shipment is insured with a domestic company, the amount of insurance premium to be declared must be the premium actually paid or  $\frac{1}{2}$  % of export value whichever is higher, regardless of what the recommended premium appear in the CRF. A certification as to the premium actually paid must be attached to the entry, otherwise, declaration and computation shall proceed as in 1.1 and 1.2 below.

1.1 If the importer cannot present a certification from the local insurance/surety firm on the insurance premium paid, the insurance premium appearing in the CRF will be used but in no case shall it be less than  $\frac{1}{2}$  % of export value.

1.2 If a certification from the local insurance/surety firm cannot be presented and there is no recommended insurance premium in the CRF as well, the insurance premium shall be computed at 4% of export value.

2.0 In view of the difficulty being experienced by our assessment personnel implementing paragraph 1 of CMO 27-97, which difficulty arises from the fact that the insurance premium is not reflected separately from Cost and Freight in the CRF, and until such that the CRF already reflects the Insurance premium separately, then the following shall be observed . - "If the terms of sale is CIF, then the export value must be the amount appearing in the CRF and there is no need to break it down in to Cost, Insurance and Freight; Provided, that provision 7.0 of CAO 2-96 on whichever is higher between the values appearing in the CRF, Invoice and Publication must be observed."

Be guided accordingly.

  
GUILLERMO L. PARAYNO, JR.  
Commissioner