

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 3797



Introduced by Honorable Representative
HERMILANDO I. MANDANAS
2nd District, Batangas

**AN ACT AMENDING PRESIDENTIAL DECREE NO. 612, AS
AMENDED, OTHERWISE KNOWN AS THE INSURANCE CODE, AS
AMENDED BY PRESIDENTIAL DECREE NOS. 1141, 1280, 1455,
1460, 1814 AND 1981, AND BATAS PAMBANSA BLG. 874, AND
FOR OTHER PURPOSES**

EXPLANATORY NOTE

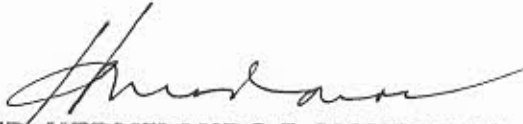
This bill seeks to amend Presidential Decree No. 1460 (PD 1460) as amended, otherwise known as "The Insurance Code of 1978". Thirty two years of experience under the Insurance Code adopted in 1978 marked by monumental changes and development in the world of commerce, trade and industry have exposed the unsuitability of certain provisions of the Insurance Code and their inadequacies to address the emerging issues in the field of insurance and changing business climate in both the domestic and foreign markets. In the light of this development, it has become imperative upon our lawmakers to attune our insurance laws to the prevailing economic conditions if the insurance industry is to remain an engine of economic growth.

A sound and efficient insurance industry is critical in promoting our country's financial growth and developing our national economy. Insurance provides economic protection and financial security to the policy owners and their dependents. It significantly contributes to capital market development and savings mobilization which can be tapped to finance various investments and other productive economic activities. It is an efficient form of raising much needed capital to fuel our economy and provides a stable and rich source of long-term capital which is critical in our national development. Its long term investments offer more ideal source of financing that satisfy the needs of both the public and the private sector. Insurance products are vehicles for increasing our national wealth in the form of financial savings generated from the policy owners.

Its pension and retirement plans efficiently supplement, if not substitute, for the declining state-provided social security programs. In a way, the insurance industry encourages and empowers the people to provide for their own retirement instead of just relying on the government welfare program and dole-outs. It is critical that a healthy and stable insurance industry is promoted and maintained to make it more dynamic and responsive to the increasing needs of our people and the demands of the changing economic conditions.

In pursuing this major legislative initiative, it is our intention to formulate a legislative framework which shall enable the insurance industry to sufficiently cope with the new trends and challenges both in the domestic and foreign insurance markets. Our objective is to enhance the growth of the industry by maintaining a safe, sound and strong industry which will enable the insurers to efficiently achieve their business ends and expand their insurance activities that will further promote the security, protection and interest of the insuring public. This bill introduces significant changes to the present Code. However, despite the several changes proposed by this bill to The Insurance Code of 1978, many relevant provisions thereof which have served us well in the past are retained. This legislative measure has also incorporated the relevant circulars and regulations issued by the Insurance Commission in the course of its prudent regulation and supervision of the insurance industry. We have also adopted new insurance activities and business models such as micro-insurance and bank assurance to reflect current developments in the industry. This bill is also introduced to further reinforce the authority of the Insurance Commission to effectively pursue its mandate and prudently perform its regulatory functions particularly in enhancing the interest of the insuring public. We strongly believe that legislative intervention and structural reforms are needed to strengthen and revitalize the insurance industry and make it a robust partner of our government in pursuing economic development for the greater benefit of our people. Amending the Insurance Code shall not only sustain the gains of the insurance industry and accelerate its further growth but shall develop a strong domestic insurance industry which can fairly compete with foreign insurers once the ASEAN Economic Market is launched in 2015.

In view of the foregoing, the approval of this bill is earnestly requested.


REP. HERMILANDO I. MANDANAS
2ND District, Batangas

Introduced by Honorable Representative
HERMILANDO I. MANDANAS
2nd District, Batangas

AN ACT AMENDING PRESIDENTIAL DECREE NO. 612, AS AMENDED, OTHERWISE KNOWN AS THE INSURANCE CODE, AS AMENDED BY PRESIDENTIAL DECREE NOS. 1141, 1280, 1455, 1460, 1814 AND 1981, AND BATAS PAMBANSA BLG. 874, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled.

SECTION 1. Title. - This Act shall be known as "*The Insurance Code of 2010*".

SEC. 2. Section 1 of the Insurance Code, as amended, is hereby amended to read as follows:

"Section 1. This Act shall be known as "*The Insurance Code of 2010*".

SEC. 3. Section 2, paragraph 2(d) of The Insurance Code, as amended, is hereby amended to read as follows:

"(d) doing or proposing to do any business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of this Code, including the practice of self-insurance by any person or entity extending life insurance or similar protection to its borrowers, depositors, clients or third parties."

SEC. 4. Section 3 of the Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 3. Any contingent or unknown event, whether past or future, which may damnify a person having an insurable interest or create a liability against him, may be insured against, subject to the provisions of this chapter.

"The consent of the spouse is not necessary for the validity of an insurance policy taken out by a married person on his or her life or that of his or her children.

"All rights, title and interest in the policy of insurance taken out by an original owner on the life or health of the person insured shall automatically vest in the latter upon the death of the original owner, unless otherwise provided for in the policy."

SEC. 5. Section 6 of The Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 6. Every corporation, partnership, or association duly authorized to transact insurance business as elsewhere provided in this code, may be an insurer."

SEC. 6. Section 12 of The Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 12. The interest of a beneficiary in a life insurance policy shall be forfeited when the beneficiary is the principal, accomplice, or accessory in willfully bringing about the death of the insured. In such a case, the share forfeited shall pass on to the other beneficiaries, unless otherwise disqualified. In the absence of other beneficiaries, the proceeds shall be paid in accordance with the policy contract. If the policy contract is silent, the proceeds shall be paid to the insured's estate."

SEC. 7. Section 45 of The Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 45. If a representation is false in a material point, whether affirmative or promissory, the injured party is entitled to rescind the contract from the time when the representation becomes false."

SEC. 8. The last paragraph of Section 50 of The Insurance Code, as amended, is hereby deleted.

SEC. 9. Section 60 of the Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 60. An open policy is one in which the value of the thing insured is not agreed upon, and the amount of the insurance merely represents the insurer's maximum liability. The value of such thing insured shall be ascertained at the time of the loss."

SEC. 10. Section 64, paragraph (f) of The Insurance Code, as amended, is hereby amended to read as follows:

"(f) discovery of other insurance coverage that makes the total insurance in excess of the value of the property insured; or a determination by the Commissioner that the continuation of the policy would violate or would place the insurer in violation of this Code."

SEC. 11. Section 65 of The Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 65. All notices of cancellation mentioned in the preceding section shall be in writing, mailed or delivered to the named insured at the address shown in the policy or to his broker, and shall state (a) which of the grounds set forth in section sixty-four is relied upon and (b) that, upon written request of the named insured, the insurer will furnish the facts on which the cancellation is based."

SEC. 12. Section 77 of The Insurance Code, as amended, is hereby amended to read as follows:

"Sec. 77. An insurer is entitled to payment of the premium as soon as the thing insured is exposed to the peril insured against. Notwithstanding any agreement to the contrary, no policy or contract of insurance issued by an insurance company is valid and binding unless and until the premium thereof has been paid, except in the case of a life or an industrial life policy whenever the grace period provision applies, or whenever under the agency agreements with duly licensed intermediaries, a 90-day credit extension is given. No credit extension to a duly licensed intermediary should exceed 90-days from date of issuance of the policy. Payments of premium to brokers are not considered payment of premium to the insurers."

SEC. 13. A new Section 78 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 78. An employee of the Republic of the Philippines, including its political subdivisions and instrumentalities, and government owned or controlled corporations, may pay his insurance premium and loan obligations through salary deduction: *Provided*, the treasurer, cashier, paymaster or official of the entity employing the government employee is authorized, notwithstanding the provisions of any existing law, rules and regulations to the contrary, to make deductions from the salary, wage or income of the latter pursuant to the agreement between the insurer and the government employee and to remit such deductions to the insurer concerned, and collect such reasonable fee for its services."

SEC. 14. The old Section 78 of The Insurance Code, as amended, is hereby renumbered as Section 79 and the sections subsequent thereto are accordingly renumbered until Section 80, which shall be renumbered as Section 81.

SEC. 15. Section 81 of The Insurance Code, as amended, is hereby renumbered as Section 82 and amended to read as follows:

"Sec. 82. A person insured is entitled to return of the premium when the contract is voidable and subsequently annulled under the provisions of the Civil Code; or, on account of fraud or intentional misrepresentation of the insurer, or of his agent, or on account of facts, the existence of which the insured was ignorant without his fault; or when by any default of the insured other than actual fraud, the insurer never incurred any liability under the policy."

"A person insured is not entitled to a return of premium if the policy is annulled, rescinded or if a claim is denied by reason of his fraud or misrepresentation."

SEC. 16. Section 82 of The Insurance Code, as amended, is hereby renumbered as Section 83 and amended to read as follows:

"Sec. 83. In case of an over-insurance by several insurers other than life, the insured is entitled to a ratable return of the premium, proportioned to the amount by which the aggregate sum insured in all the policies exceeds the insurable value of the thing at risk."

SEC. 17. A new Section 84 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 84. An insurer may contract and accept payments, in addition to regular premium, for the purpose of paying future premiums on the policy or to increase the benefits thereof"

SEC. 18. The old Section 83 of The Insurance Code, as amended, is hereby renumbered as Section 85 and the sections subsequent thereto are accordingly renumbered until Section 87, which shall be renumbered as Section 89.

SEC. 19. Section 88 of The Insurance Code, as amended, is hereby renumbered as Section 90 and amended to read as follows:

"Sec. 90. In case of loss, an insurer is exonerated, if notice thereof be not given to him by an insured, or some person entitled to the benefit of the insurance, without unnecessary delay from occurrence of the loss. In case of death, an insurer is likewise exonerated if notice thereof be not given the insurer without unnecessary delay from discovery of death."

SEC. 20. The old Section 89 of The Insurance Code, as amended, is hereby renumbered as Section 91 and the sections subsequent thereto are accordingly renumbered until Section 93, which shall be renumbered as Section 95.

SEC. 21. Section 94 of The Insurance Code, as amended, is hereby renumbered as Section 96 and amended to read as follows:

"Sec. 96. Where the insured, in a policy other than life, is overinsured by double insurance:

"(a) The insured, unless the policy otherwise provides, may claim payment from the insurers in such order as he may select, up to the amount for which the insurers are severally liable under their respective contracts;

"(b) Where the policy under which the insured claims is a valued policy, any sum received by him under any other policy shall be deducted from the value of the policy without regard to the actual value of the subject matter insured;

"(c) Where the policy under which the insured claims is an unvalued policy any sum received by him under any policy shall be deducted against the full insurable value, for any sum received by him under any policy;

"(d) Where the insured receives any sum in excess of the valuation in the case of valued policies, or of the insurable value in the case of unvalued policies, he must hold such sum in trust for the insurers, according to their right of contribution among themselves;

"(e) Each insurer is bound, as between himself and the other insurers, to contribute ratably to the loss in proportion to the amount for which he is liable under his contract."

SEC. 22. The old Section 95 of The Insurance Code, as amended, is hereby renumbered as Section 97 and the sections subsequent thereto are accordingly renumbered until Section 178, which shall be renumbered as Section 180.

SEC. 23. Section 179 of The Insurance Code, as amended, is hereby renumbered as Section 181 and amended to read as follows:

"Sec. 181. Life insurance is insurance on human lives and insurance appertaining thereto or connected therewith.

"Every contract or undertaking for the payments of annuities including contracts for the payment of lump sums under a retirement program where a life insurance company manages or acts as a trustee for such retirement program shall be considered a life insurance contract for purposes of this Code.

"A life insurance policy may also be taken by an individual who intends to travel by ship or airplane. Such policy shall be effective only during the course of the travel."

SEC. 24. Section 180 of The Insurance Code, as amended, is hereby renumbered as Section 182 and amended to read as follows:

"Sec. 182. An insurance upon life may be made payable on the death of the person, or on his surviving a specified period, or otherwise contingently on the continuance or cessation of life.

"Every contract or pledge for the payment of endowments or annuities shall be considered a life insurance contract for purpose of this Code.

"In the absence of a judicial guardian, the father, or in the latter's absence or incapacity, the mother, or any minor, who is an insured or a beneficiary under a contract of life, health or accident insurance, may exercise, in behalf of said minor, any right under the policy, without necessity of court authority or the giving of a bond, where the interest of the minor in the particular act involved does not exceed two hundred fifty thousand pesos or in such amount as may be determined by the Commissioner. Such right may include, but shall not be limited to, obtaining a policy loan, surrendering the policy, receiving the proceeds of the policy, and giving the minor's consent to any transaction on the policy.

"In the absence or in case of the incapacity of the father or mother, the grandparent, the eldest brother or sister at least eighteen years of age, or any relative who has actual custody of the minor insured or beneficiary, shall act as a guardian without need of a court order or judicial appointment as such guardian, as long as such person is not otherwise disqualified or incapacitated. Payment made by the insurer pursuant to this section shall relieve it of any liability under the contract."

SEC. 25. The old Section 180-A of The Insurance Code, as amended, is hereby renumbered as Section 183 and the sections subsequent thereto are accordingly renumbered until Section 183, which shall be renumbered as Section 186.

SEC. 26. A new Title on Microinsurance and a new Section 187 of The Insurance Code, as amended, are hereby added to read as follows:

"Title 6 "MICROINSURANCE

"Sec. 187. The term "microinsurance" shall mean an activity providing specific insurance, insurance-like and other similar products and services that meet the needs of the low-income sector for risk protection and relief against distress, misfortune and other contingent events. This shall include all forms of insurance, insurance-like and other similar activities with the following features:

- a. Premiums, contributions, fees or charges are collected/deducted prior to the occurrence of the a contingent event; and
- b. Guaranteed benefits are provided upon occurrence of a contingent event.

"No insurance company shall engage in the business of microinsurance unless it possesses all the requirements as may be prescribed by the Commissioner. The Commissioner shall issue such rules and regulations governing microinsurance."

SEC. 27. Section 184 of The Insurance Code, as amended, is hereby renumbered as Section 188 and amended to read as follows:

"Sec. 188. For purposes of this Code, the term "insurer" or "insurance company" shall include all partnerships, associations, or corporations, including government-owned or controlled corporations or entities, engaged as principals in the insurance business. Unless the context otherwise requires, the terms shall also include professional reinsurers defined in section [two hundred eighty]. "Domestic company" shall include companies formed, organized or existing under the laws of the Philippines. "Foreign company" when used without limitation shall include companies formed, organized, or existing under any laws other than those of the Philippines."

SEC. 28. Section 185 of The Insurance Code, as amended, is hereby renumbered as Section 189 and amended to read as follows:

"Sec. 189. The provisions of the Corporation Code, as amended, shall apply to all insurance corporations now or hereafter engaged in business in the Philippines insofar as they do not conflict with the provisions of this chapter."

SEC. 29. Section 186 of The Insurance Code, as amended, is hereby renumbered as Section 190 and amended to read as follows:

"Sec. 190. No corporation, partnership, or association of persons shall transact any insurance business in the Philippines except as agent of a corporation, partnership or association authorized to do the business of insurance in the Philippines, unless possessed of the capital and assets required of an insurance corporation doing the same kind of business in the Philippines and invested in the same manner; nor unless the Commissioner shall have granted to it a certificate to the effect that it has complied with all the provisions of this Code.

"Every corporation, partnership, or association receiving any such certificate of authority shall be subject to the insurance and other applicable laws of the Philippines and to the jurisdiction and supervision of the Commissioner and other appropriate government agencies."

SEC. 30. Section 187 of The Insurance Code, as amended, is hereby renumbered as Section 191 and amended to read as follows:

"Sec. 191. No insurance company shall transact any insurance business in the Philippines until after it shall have obtained a certificate of authority for that purpose from the Commissioner upon application therefor and payment by the company concerned of the fees hereinafter prescribed.

"The Commissioner may refuse to issue a certificate of authority to any insurance company if, in his judgment, such refusal will best promote the interest of the people of this country. No such certificate of authority shall be granted to any such company until the Commissioner shall have satisfied himself by such examination as he may make and such evidence as he may require that such company is qualified by the laws of the Philippines to transact business therein, that the grant of such authority appears to be justified in the light of economic requirements, and that the direction and administration, as well as the integrity and responsibility of the organizers and administrators, the financial organization and the amount of capital, reasonably assure the safety of the interests of the policyholders and the public.

"In order to maintain the quality of the management of the insurance companies and afford better protection to policyholders and the public in general, any person of good moral character, unquestioned integrity and recognized competence may be elected or appointed director or officer of insurance companies, in accordance with the pertinent provisions contained in the Corporate Governance circulars prescribed by the Commissioner. In addition hereto, the Commissioner shall prescribe the qualifications of directors, executive officers and other key officials of insurance companies for purposes of this section.

"No person shall concurrently be a director and/or officer of an insurance company and an adjustment company. Before issuing such certificate of authority, the Commissioner must be satisfied that the name of the company is not that of any other known company transacting a similar business in the Philippines, or a name so similar as to be calculated to mislead the public, in accordance with the provisions of the Corporation Code on the use of corporate names.

"Every company receiving any such certificates of authority shall be subject to the provisions of this Code and other related laws and to the jurisdiction and supervision of the Commissioner and other appropriate government agencies.

"No insurance company may be authorized to transact in the Philippines the business of life and non-life insurance concurrently unless specifically authorized to do so by the Commissioner: *Provided*, That the terms "life" and "non-life" insurance shall be deemed to include health, accident and disability insurance.

"No insurance company shall have equity in an adjustment company and neither shall an adjustment company have equity in an insurance company."

SEC. 31. Section 188 of The Insurance Code, as amended, is hereby renumbered as Section 192 and amended to read as follows:

"Sec. 192. No domestic stock insurance company shall engage in insurance or reinsurance business in the Philippines unless possessed of the required capitalization which includes minimum net worth and paid-up capital, as defined and provided under applicable orders and/or circulars issued by the Secretary of Finance, upon recommendation of the Insurance Commissioner. The Secretary of Finance may change such minimum net worth and paid-up capital stock requirement, under such terms and conditions as he may impose, to an amount which, in his opinion, would reasonably assure the safety of the interests of the policyholders and the public.

"The Commissioner may, as a pre-licensing requirement of a new insurance company, in addition to the paid-up capital stock, require the stockholders to pay in cash to the company in proportion to their subscription interests a contributed surplus fund in an amount as may be fixed in applicable orders and circulars duly issued by the Commissioner. He may also require such company or already existing companies, to submit to him a capital build-up program or a business plan showing the company's estimated receipts and disbursements, as well as the basis therefor, for the next succeeding three years.

"If organized as a mutual company, in lieu of such capital stock, it must have available cash assets in an amount not less than that required under present or future applicable orders or circulars issued by the Secretary of Finance, upon recommendation of the Commissioner. These required cash assets must be net of all liabilities for losses reported, expenses, taxes, legal reserve, and reinsurance of all outstanding risks, and the contributed surplus fund must be equal to the amounts required of stock corporations. A stock insurance company doing business in the Philippines may, subject to the pertinent laws and regulations which now are of hereafter may be in force, alter its organization and transform itself into a mutual insurance company."

SEC. 32. The old Section 189 of The Insurance Code, as amended, is hereby renumbered as Section 193 and the sections subsequent thereto are accordingly renumbered until Section 190, which shall be renumbered as Section 194.

SEC. 33. Section 191 of The Insurance Code, as amended, is hereby renumbered as Section 195 and amended to read as follows:

"Sec. 195. No insurance company organized or existing under the government or laws other than those of the Philippines shall engage in business in the Philippines unless possessed of paid-up unimpaired capital or assets and reserve not less than that required of domestic insurance companies under applicable order or circulars of the Commissioner, nor until it shall have deposited with the Commissioner for the benefit and security of the policyholders and creditors of such company in the Philippines, securities satisfactory to the Commissioner

consisting of good securities of the Philippines, including new issues of stock of "registered enterprises", as this term is defined in Omnibus Investments Code, as amended, to the actual market value of not less than the minimum paid-up capital required of domestic insurance companies: *Provided*, That at least fifty *per centum* of such securities shall consist of bonds or other evidences of debt of the Government of the Philippines, its political subdivisions and instrumentalities, or of government-owned or controlled corporations and entities, including the Bangko Sentral ng Pilipinas. *Provided further*, that the total investment of a foreign insurance company in any registered enterprise shall not exceed twenty *per centum* of the net worth of said foreign insurance company nor twenty *per centum* of the capital of the registered enterprise, unless previously authorized in writing by the Commissioner.

"For purposes of this Code, the net worth of a foreign insurance company shall refer only to its net worth in the Philippines."

SEC. 34. Section 192 of The Insurance Code, as amended, is hereby renumbered as Section 196 and amended to read as follows:

"Sec. 196. The Commissioner shall hold the securities, deposited as required in the immediately preceding section, for the benefit and security of all the policyholders and creditors of the company depositing the same. *Provided*, That the Commissioner may, as long as the company is solvent, permit it to collect the interest or dividends on the securities so deposited, and, from time to time, with his assent, to withdraw any of such securities, upon depositing with said Commissioner other like securities, the market value of which shall be equal to the market value of such as may be withdrawn. In the event of any company ceasing to do business in the Philippines, the securities deposited as aforesaid shall be returned upon the company, upon the Commissioner's written approval and only after the company has duly proven in its application therefore that it has no further liability whatsoever under any of its policies nor to any of its creditors in the Philippines."

SEC. 35. The old Section 193 of The Insurance Code, as amended, is hereby renumbered as Section 197.

SEC. 36. Section 194 of The Insurance Code, as amended, is hereby renumbered as Section 198 and amended to read as follows:

"Sec. 198. An insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital and networth requirements as prescribed by the Commissioner. Such requirements shall be based on internationally accepted solvency frameworks and adopted only after due consultation with and consideration of the recommendations of the insurance industry associations.

Such assets, liabilities and reserves shall exclude assets, liabilities and reserves included in separate accounts established in accordance with section [two hundred thirty-seven]. Whenever the aforementioned margin be found to be less than that herein required to be maintained, the Commissioner shall forthwith direct the company to make good any such deficiency by cash, to be contributed by all stockholders of record in proportion to their respective interest, and paid to the treasurer of the company, within fifteen days from receipt of the order: *Provided*, That the company in the interim shall not be permitted to take any new risk of any kind or character unless and until it make good any such deficiency: *Provided, further*, that a stockholder who aside from paying the contribution due from him, pays the contribution due from the another stockholder by reason of the failure or refusal of the latter to do so, shall have a lien on the certificates of stock of the insurance company concerned appearing in its books in the name of the defaulting stockholder on the date of default, as well as on any interests or dividends that have accrued or will accrue to the said certificates of stock, until the corresponding payment or reimbursement is made by the defaulting stockholder."

SEC. 37. Section 195 of The Insurance Code, as amended, is hereby renumbered as Section 199 and amended to read as follows:

"Sec. 199. No domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements under Section One Hundred Ninety Eight and except from profits attested in a sworn statement to the Commissioner by the president or treasurer of the corporation to be remaining on hand after retaining unimpaired:

"(a) The entire paid-up capital stock;

"(b) In the case of life insurance corporation, the legal reserve fund required by section [two hundred eleven];

"(c) In the case of corporations other than life, the legal reserve fund required by section [two hundred thirteen];

"(d) A sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

"Any dividend declared or distributed under the preceding paragraph shall be reported to the Commissioner within thirty days after such declaration or distribution.

"If the Commissioner finds that any such corporation has declared or distributed any such dividend in violation of this section, he may order such corporation to cease and desist from doing business until the amount of such dividend or the portion thereof in excess of the amount allowed under this section has been restored to said corporation."

SEC. 38. Section 196 of The Insurance Code, as amended, is hereby renumbered as Section 200 and amended to read as follows:

"Sec. 200. In any determination of the financial condition of any insurance company doing business in the Philippines, there shall be allowed and admitted as assets only such assets legally or beneficially owned by the insurance company concerned as determined by external auditors accredited by the Commissioner who examined the financial statements of the insurance company concerned and which consist of:

"1. Cash in the possession of the insurance company or in transit under its control, and the true and duly verified balance of any deposit of such company in a financially sound commercial bank or trust company.

"2. Investments in securities, including money market instruments, and in real property acquired or held in accordance with and subject to the applicable provisions of this Code and the income realized therefrom or accrued thereon.

"3. Loans granted by the insurance company concerned to the extent of that portion thereof adequately secured by non-speculative assets with readily realizable values in accordance with and subject to the limitations imposed by applicable provisions of this Code.

"4. Policy loans and other policy assets and liens on policies, contracts or certificates of a life insurance company, in an amount not exceeding legal reserves and other policy liabilities carried on each individual life insurance policy, contract or certificate.

"5. The net amount of uncollected and deferred premiums and annuity considerations in the case of a life insurance company which carries the full mean tabular reserve liability.

"6. Reinsurance recoverable by the ceding insurer: (a) from an insurer authorized to transact business in this country, the full amount thereof; or (b) from an insurer not authorized in this country, in an amount not exceeding the liabilities carried by the ceding insurer for amounts withheld under a reinsurance treaty with such unauthorized insurer as security for the payment of obligations thereunder if such funds are held subject to withdrawal by, and under the control of, the ceding insurer. The Commissioner may prescribe the conditions under which a ceding insurer may be allowed credit, as an asset or as a deduction from loss and unearned premium reserves, for reinsurance recoverable from an insurer not authorized in this country but which presents satisfactory evidence that it meets the applicable standards of solvency required in this country.

"7. Funds withheld by a ceding insurer under a reinsurance treaty, provided reserves for unpaid losses and unearned premiums are adequately provided.

"8. Deposits or amounts recoverable from underwriting associations, syndicates and reinsurance funds, or from any suspended banking institution, to the extent deemed by the Commissioner to be available for the payment of losses and claims and values to be determined by him.

"9. Electronic data processing machines, as may be authorized by the Commissioner to be acquired by the insurance company concerned, the acquisition cost of which to be amortized in equal annual amounts within a period of five years from the date of acquisition thereof.

"10. Mutual funds, real estate investment trusts, unit investment trust funds and special deposit accounts.

"11. Other assets, not inconsistent with the provisions of paragraphs 1 to 10 hereof, which are deemed by the Commissioner to be readily realizable and available for the payment of losses and claims at values to be determined by him in a circular, rule or regulation.

"12. Other investments not otherwise covered by the above, provided that such may be reclassified as non-admitted assets after a subsequent audit conducted by the Commissioner."

SEC. 39. The old Section 197 of The Insurance Code, as amended, is hereby renumbered as Section 201.

SEC. 40. Section 198 of The Insurance Code, as amended, is hereby renumbered as Section 202 and amended to read as follows:

"Sec. 202. A life insurance company may lend to any of its policyholders upon the security of the value of its policy such sum as may be determined pursuant to the provisions of the policy.

"No insurance company shall loan any of its money or deposits to any person, corporation or association, except upon the security of any of the following:

"a) first mortgage or deeds of trust of registered, unencumbered, improved or unimproved real estate, including condominiums, in cities and centers of population of municipalities in the Philippines; or

"b) first mortgages or deeds of trust of actually cultivated, improved and unencumbered agricultural lands in the Philippines; or

"c) purchase money mortgages, lease purchase agreements or similar securities executed or received by it on account of the sale or exchange of real property acquired pursuant to sections [two hundred and two hundred two]; or

"d) bonds or other evidences of indebtedness issued or guaranteed by the of the Government of the Philippines or its political subdivisions authorized by law to incur such obligations or issue such guarantees or of government-owned or controlled corporations and instrumentalities including the Bangko Sentral ng Pilipinas; or

"e) obligations issued or guaranteed by universal banks, commercial banks, offshore banking units, investment houses or other financial intermediaries duly registered with the Bangko Sentral ng Pilipinas; or

"f) obligations issued or guaranteed by foreign banks or corporations, each of which shall have total assets of one billion US dollars, as shown in their financial statements as of the immediately preceding fiscal year; or

"g) assignments of monetary instruments such as cash deposits, promissory notes, deposit certificates or other similar instruments of universal banks, commercial banks, investment houses or other financial intermediaries duly registered with the Bangko Sentral ng Pilipinas;

"h) pledges of shares of stock, bonds or other evidences of indebtedness specified in section [two hundred thirty-four];

"i) chattel mortgages over equipment not more than three years old; and

"j) such other security as may be approved by the Commissioner.

"The loans provided in the preceding subsection shall be subject to the following conditions:

"a) The amount of loan secured by real estate mortgage over a non-agricultural land shall not exceed eighty per centum of its appraised value, and in the case of a loan secured by a real estate mortgage over an agricultural land, the amount of loan shall not exceed forty per centum of its market value. Provided that, in no case shall such loan have a maturity period in excess of twenty-five years;

"b) Unless approved by the Commission, no loan may be granted upon the security of a mortgage on improved real estate if the improvements thereon do not belong the owner of the land and the owner of the improvements does not signed the deed of mortgage. However, if the owner of the land is the Government of the Philippines or any of its political subdivisions and a long term lease has been executed in favor of the owner of the improvements, the owner of the land need not be a party to the deed of mortgage. The expiration date of the lease shall not, however, precede the maturity of the loan. The phrase "improved real estate" as used herein shall mean land with permanent building or buildings erected thereon;

"c) Purchase money mortgage, lease-agreements or similar securities received on the sale of real estate property shall not exceed one hundred per centum of the selling price of said property, or one hundred per centum of its market value at the time of its disposition,

whichever amount is lower. However, in no case shall such mortgage or agreement have a maturity period of twenty-five years;

"d) Loans secured by pledges of shares of stock of solvent corporations or institutions shall not exceed fifty per centum of:

- 1) The latest selling price of such stocks listed in the stock exchange or unlisted stock traded elsewhere;
- 2) The book value of said stock, in case of stocks which are neither listed in any stock exchange nor transacted elsewhere; but the stock certificates for the shares pledge shall be endorsed or assigned to the lending insurance company. The phrase "solvent corporation" as used herein shall mean a corporation or entity which has recorded profits for a period of at least three years immediately preceding the date of the loan;

"e) Loans secured by the chattel mortgages over equipment shall not exceed seventy-five per centum of the market value of said equipment; and

"f) Venture capital investments, equity on loans, shall not exceed, per investment, forty per centum of the insurance company's net worth as shown in its latest financial statement approved by the Commission."

SEC. 41. Section 199 of The Insurance Code, as amended, is hereby renumbered as Section 203 and amended to read as follows:

"Sec. 203. No loan by any insurance company on the security of real estate shall be made unless the title to such real estate shall have first been registered in accordance with the existing Land Registration Act, or shall have been previously registered under the provisions of the existing Mortgage Law and the lien or interest of the insurance company as mortgagee has been registered."

SEC. 42. Section 200 of The Insurance Code, as amended, is hereby renumbered as Section 204 and amended to read as follows:

"Sec. 204. (1) An insurance company may purchase, hold, own and convey such property, real and personal, as may have been mortgaged, pledged, or conveyed to it in good faith in trust for its benefit by reason of money loaned by it in pursuance of the regular business of the company, and such real or personal property as may have been purchased by it at sales under pledges, mortgages or deeds of trust for its benefit on account of money loaned by it; and such real and personal property as may have been conveyed to it by borrowers in satisfaction and discharge of loans made by the company in payment or by reason of any loan made by it shall be sold by the company within twenty years after the title thereto has been vested in it.

"(2) An insurance company may purchase, hold, own and convey real and personal property as follows:

"(a) The real property in which the company conducts and carries on its business; Provided, That no domestic non-life insurance company shall invest in the kinds permitted under this section an amount in excess of twenty per centum of the net worth of such insurer as shown by its latest financial statement approved by the Board.

"(b) Bonds or other evidence of indebtedness of the Government of the Philippines or its political subdivisions authorized by law to issue bonds at the reasonable market value thereof.

"(c) Bonds or other evidences of debt of the government-owned or controlled corporations and entities, including the Bangko Sentral ng Pilipinas.

"(d) Bonds, debentures or other evidences of indebtedness of any solvent corporations or institution created or existing under the laws of the Philippines: *Provided, however,* That the issuing, assuming or guaranteeing entity or its predecessors shall not have defaulted in the payment of interest on any of its securities and that during each of any three including the last two of the five fiscal years next preceding the date of acquisition by such insurance company of such bonds, debentures, or other evidences of indebtedness, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as hereinafter defined, shall have been not less than one and one-quarter times the total of its fixed charges for such year; and *Provided, further,* that no life insurance company shall invest in or loan upon the obligations of any one institution in the kinds permitted under this sub-section an amount in excess of twenty-five per centum of the total admitted assets of such insurer as of December thirty-first next preceding the date of such investment.

"As used in this sub-section the term "*net earnings available for fixed charges*" shall mean net income after deducting operating and maintenance expenses, taxes other than income taxes, depreciation and depletion; but excluding extraordinary non-recurring items of income or expense appearing in the regular financial statement of the issuing, assuming or guaranteeing institution. The term "*fixed charges*" shall include interest on funded and unfunded debt, amortization of debt discount, and rentals for leased properties.

"(e) Preferred or guaranteed stocks of any solvent corporation or institution created or existing under the laws of the Philippines; *Provided,* That if the stocks are guaranteed, the amount of stocks so guaranteed is not excess of fifty per centum of the amount of the preferred or common stocks, as the case may be, of the guaranteeing corporation; and *Provided, finally,* That no life insurance company shall invest in or loan upon obligations of any one institution in the kinds permitted under this sub-section an amount in excess of ten per centum of the total admitted assets of such insurer as of December thirty-first next preceding the date of such investment.

"(f) Common stocks of any solvent corporation or institution created or existing under the laws of the Philippines; *Provided, however,* That no life insurance company shall invest in or loan upon the obligations of any one corporation or institution in the kinds permitted under this sub-section an amount in excess of ten per centum of the total admitted assets of such insurer as of December thirty-first next preceding the date of such investment.

"(g) Securities issued by an "registered enterprise", as this term is defined in Republic Act No. 5186, otherwise known as the Investment Incentives Act, as amended, provided that the total investment of a domestic non life insurance company in any registered enterprise shall not exceed fifty per centum of the net worth of said insurance company as shown by its aforesaid financial statement unless previously authorized by the Commissioner.

"(h) Certificates, notes and other obligations issued by the trustees or receivers of any institution created or existing under the laws of the Philippines which, or the assets of which, are being administered under the direction of any court having jurisdiction; *Provided, however,* That such certificates, notes or other obligations are adequately secured as to principal and interests.

"(i) Equipment trust obligations or certificates which are adequately secured or other adequately secured instruments evidencing an interest in equipment wholly or in part within the Philippines: *Provided, however,* That there is a right to receive determined portions of rental, purchase or other fixed obligatory payments for the use or purchase of such equipment.

"(j) Any obligation of any corporation or institution created or existing under the laws of the Philippines which is, on the date of acquisition by the insurer, adequately secured and has qualities and characteristics wherein the speculative elements are not predominant.

"(k) Such other securities as may be approved by the Commissioner.

"(3) Any domestic insurer which has outstanding insurance, annuity or reinsurance contracts in currencies other than the national currency of the Philippines may invest in, or otherwise acquire or loan upon securities and investments in such currency which are substantially of the same kinds, classes and investment grades as those eligible for investment under the foregoing subdivisions of this section; but the aggregate amount of such investment and of such cash in such currency which is at anytime held by such insurer shall not exceed one and one-half times the amount of its reserves and other obligations under such contracts or the amount of its reserves and other obligations under such contracts or the amount which such insurer is required by the law of any country outside the Republic of the Philippines to be invest in such country, whichever shall be greater."

SEC. 43. Section 201 of The Insurance Code, as amended, is hereby renumbered as Section 205 and amended to read as follows:

"Sec. 205. An insurance company may (1) invest in equities of other financial institutions, and (2) engage in the buying and selling of short-term debt instruments: *Provided,* That any or all of such investments shall be with the prior approval of the Commissioner, except listed equities of other financial institutions."

SEC. 44. Section 202 of The Insurance Code, as amended, is hereby renumbered as Section 206 and its paragraph (a) is hereby amended to read as follows:

"(a) Acquire or construct housing projects and, in connection with any such project, may acquire land or any interest therein by purchase, lease or otherwise, or use land acquired pursuant to any other provision of this Code. Such company may thereafter own, maintain, manage, collect or receive income from, or sell and convey, any land or interest therein so acquired and any improvements thereon. The aggregate book value of the investments of any such company in all such projects shall not exceed at the time of such investments twenty five per centum of the total admitted assets of such company on the thirty-first day of December next preceding; *Provided,* That the funds of the company for the payment of pending claims and obligations shall not be used for such investments;"

SEC. 45. The old Section 203 of The Insurance Code, as amended, is hereby renumbered as Section 207 and the sections subsequent thereto are accordingly renumbered until Section 207, which shall be renumbered as Section 211.

SEC. 46. Section 208 of The Insurance Code, as amended, is hereby renumbered as Section 212 and amended to read as follows:

"Sec. 212. (1) All bonds or other evidences of indebtedness having a fixed term and rate of interest and held by any life insurance company authorized to do business in this country, if amply secured and if not in default as to principal or interest, shall be valued based on their amortized cost using effective interest method less impairment and unrecoverable amount based

on appropriate measurement methods which are generally accepted in the industry and accepted by the Commission. The Commissioner shall have the power to determine the eligibility of any such investments for valuation on the basis of amortization, and may by regulation prescribe or limit the classes of securities so eligible for amortization. All bonds or other evidences of indebtedness which in the judgment of the Commissioner are not amply secured shall not be eligible for amortization and shall be valued in accordance with paragraph two. The Commissioner may, if he finds that the interest of policy holders so permit or require, by official regulation permit or require any class or classes of insurers, other than life insurance companies, authorized to do business in this country, to value their bonds or other evidences of indebtedness in accordance with the foregoing rule.

"(2) The investments of all insurers authorized to do business in this country, except securities subject to amortization and except as otherwise provided in this chapter, shall be valued, in the discretion of the Commissioner, at their market value at their amortized cost using effective interest method less impairment and unrecoverable amount or at valuation representing their fair market value. If the Commissioner finds that in view of the character of investments of any insurer authorized to do business in this country it would be prudent for such insurer to establish a special reserve for possible losses or fluctuations in the values of its investments, he may require such insurer to establish such reserve, reasonable in amount, and include a report thereon in any statement or report of the financial condition of such insurer. The Commissioner may, in connection with any examination or required financial statement of an authorized insurer, require such insurer to furnish him complete financial statements and audited report of the financial condition of any corporation of which the securities are owned wholly or partly by such insurer and may cause an examination to be made of any subsidiary or affiliate of such insurer as appropriate to specific investments as provided in appropriate circulars issued by the Commissioner.

"(3) The stock of an insurance company shall be valued as follows: a) listed stocks shall be valued at market value and periodically adjusted to reflect market changes through a special valuation account to reflect their realizable value when sold; b) unlisted stocks shall be valued at book value based on the latest unqualified audited financial statements of the company which issued such stocks; and c) stocks of a corporation under the control of the insurer shall be valued using the equity method which is the cost plus or minus the share of the controlling company in the earnings or losses of the controlled company after acquisition of such stocks.

"(4) The stock of an insurance company shall be valued at the lesser of its market value or its book value as shown by its last approved audited financial statements or the last report on examination, whichever is more recent. The book value of a share of common stock of an insurance company shall be ascertained by dividing (a) the amount of its capital and surplus less the value of all of its preferred stock, if any, outstanding, by (b) the number of shares of its common stock issued and outstanding. Notwithstanding the foregoing provisions, an insurer may, at its option, value its holdings of stock in a subsidiary insurance company in an amount not less than acquisition cost if such acquisition cost is less than the value determined as hereinbefore provided.

"(5) Real estate required by foreclosure or by deed in lieu thereof, in the absence of a recent appraisal deemed by the Commissioner to be reliable, shall not be valued at an amount greater than the unpaid principal of the defaulted loan at the date of such foreclosure or deed, together with any taxes and expenses paid or incurred by such insurer at such time in connection with such acquisition, and the cost of additions or improvements thereafter paid by such insurer and any amount or amounts thereafter paid by such insurer on any assessments levied for improvements in connection with the property.

"(6) Purchase money mortgages received on dispositions of real property held pursuant to section [one hundred ninety-eight] shall be valued in an amount equivalent to ninety per centum of the value of such real property. Purchase money mortgages received on disposition of real property otherwise held shall be valued in an amount not exceeding ninety per centum of the value of such real property as determined by an appraisal made by an appraiser at or about the time of disposition of such real property.

"(7) The stock of a subsidiary of an insurer shall be valued on the basis of the greater of (i) the value of only such subsidiary of the assets of such subsidiary as would constitute lawful investments for the insurer if acquired or held directly by the insurer or (ii) such other value determined pursuant to standards and cumulative limitations, contained in a regulation to be promulgated by the Commissioner.

"(8) Notwithstanding any provision contained in this section or elsewhere in this chapter, if the Commissioner find that the interests of policyholders so permit or require, he may permit or require any class or classes of insurers authorized to do business in this country to value their investments or any class or classes thereof as of any date heretofore or hereafter in accordance with any applicable valuation or method."

SEC. 47. The old Section 209 of The Insurance Code, as amended, is hereby renumbered as Section 213.

SEC. 48. Section 210 of The Insurance Code, as amended, is hereby renumbered as Section 214 and amended to read as follows:

"Sec. 214. Every life insurance company, doing business in the Philippines, shall annually make a valuation of all policies, additions thereto, unpaid dividends, and all other obligations outstanding on the thirty-first day of December of the preceding year. All such valuations shall be made according to the standard adopted by the company, as prescribed by the Commissioner in accordance with internationally accepted actuarial standards, which standard shall be stated in its annual report.

"Such standard of valuation shall be according to a standard table of mortality with interest at not more than six per centum compound interest. When the preliminary term basis is used, the term insurance shall be limited to the first policy year.

"The results of such valuations shall be reported to the Commissioner on or before the thirtieth day of April of each year accompanied by a sworn statement of the company's actuary certifying to the figures and stating upon what mortality table it is based, upon what rate of interest the valuation is made, and the methods used in arriving at the result obtained."

SEC. 49. The old Section 211 of The Insurance Code, as amended, is hereby renumbered as Section 212 and the sections subsequent thereto are accordingly renumbered until Section 218, which shall be renumbered as Section 222.

SEC. 50. Section 219 of The Insurance Code, as amended, is hereby renumbered as Section 223 and amended to read as follows:

"Sec. 223. Any insurance company doing business in the Philippines desiring to cede their excess risks to foreign insurance or reinsurance companies not authorized to transact business in the Philippines may do so under such terms and conditions which the Commissioner may prescribe.

"Should any reinsurance agreement be for any reason cancelled or terminated, the ceding company concerned shall inform the Commissioner in writing of such cancellation or termination within thirty days from the date of such cancellation or termination or from the date notice or information of such cancellation or termination is received by such company as the case may be."

SEC. 51. Section 220 of The Insurance Code, as amended, is hereby renumbered as Section 224 and amended to read as follows:

"Sec. 224. Every insurance company authorized to do business in the Philippines shall report to the Commissioner on forms prescribed by him the particulars of reinsurance treaties or any new treaties or changes in existing treaties within six months from their effectivity."

SEC. 52. The old Section 221 of The Insurance Code, as amended, is hereby renumbered as Section 225 and the sections subsequent thereto are accordingly renumbered until Section 224, which shall be renumbered as Section 228.

SEC. 53. Section 225 of The Insurance Code, as amended, is hereby renumbered as Section 229 and amended to read as follows:

"Sec. 229. Within thirty days after the approval of the Board of Directors, every insurance company doing business in the Philippines shall publish in a newspaper of general circulation a synopsis of its audited annual financial statements showing fully the conditions of its business and setting forth its resources and liabilities, in accordance with such form prescribed by the Commissioner."

SEC. 54. A new Section 230 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 230. The Commissioner shall have the authority to make, amend, and rescind such accounting rules and regulations as may be necessary to carry out the provisions of this Code, and define accounting, technical and trade terms used in this Code, provided that such shall be in accordance with internationally accepted accounting standards. Among other things, the Commissioner may prescribe the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and income statement, and the methods to be followed in the preparation of accounts, appraisal or valuation of assets and liabilities, determination of recurring and nonrecurring income, differentiation of investment and operating income, and in the preparation, where the Commissioner deems it necessary or desirable, of consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the insurance company."

SEC. 55. The old Section 226 of The Insurance Code, as amended, is hereby renumbered as Section 231 and the sections subsequent thereto are accordingly renumbered until Section 227, which shall be renumbered as Section 231.

SEC. 56. Section 228 of The Insurance Code, as amended, is hereby renumbered as Section 232 and its paragraphs (g) and (i) are hereby amended to read as follows:

"(g) A provision that the insurer will issue to the policyholder for delivery to each person insured a statement as to the insurance protection to which he is entitled, to whom the insurance benefits are payable, and the rights set forth in paragraphs (h), (i) and (j) following;" and

"(i) A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates and who has been so insured for five years prior to such

termination date shall be entitled to have issued to him by the insurer an individual policy of life insurance subject to the same limitations as set forth in paragraph (h), except that the group policy may provide that the amount of such individual policy shall not exceed the amount of the person's life insurance protection ceasing;"

SEC. 57. The old Section 229 of The Insurance Code, as amended, is hereby renumbered as Section 233 and the sections subsequent thereto are accordingly renumbered until Section 244, which shall be renumbered as Section 248.

SEC. 58. A new Section 249 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 249. It is unlawful to: a) present or cause to be presented any false or fraudulent claim for the payment of a loss under a contract of insurance; and b) prepare, make or subscribe any writing with intent to present or use the same, or to allow it to be presented or used in support of any such claim. Any person who violates this section shall be punished by a fine not exceeding twice the amount claimed or imprisonment of five years or both at the discretion of the Court."

SEC. 59. The old Section 245 of The Insurance Code, as amended, is hereby renumbered as Section 250 and the sections subsequent thereto are accordingly renumbered until Section 247, which shall be renumbered as Section 252.

SEC. 60. Section 248 of The Insurance Code, as amended, is hereby renumbered as Section 253 and a new last paragraph is added to read as follows:

"No insurance company, life or non-life, or any professional reinsurer, ordered to be liquidated by the Commissioner under the provisions hereunder may be rehabilitated or authorized to transact anew, insurance or reinsurance business, as the case may be."

SEC. 61. The old Section 249 of The Insurance Code, as amended, is hereby renumbered as Section 254 and the sections subsequent thereto are accordingly renumbered until Section 270, which shall be renumbered as Section 276.

SEC. 62. Section 271 of The Insurance Code, as amended, is hereby renumbered as Section 277 and its paragraphs (4) and (8) are amended to read as follows:

"(4) The presence in person or by proxy of five *per centum* of the members entitled to vote at any meeting shall constitute a quorum for the transaction of business, including the amendment of the Articles of Incorporation and/or the by-laws, unless otherwise provided by the by-laws." and "

"(8) All insurers mutualized under the provisions of this chapter shall be subject to all other applicable provisions of this Code. The provisions of the Corporation Code shall apply in a suppletory manner."

SEC. 63. The old Section 272 of The Insurance Code, as amended, is hereby renumbered as Section 278.

SEC. 64. A new Section 279 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 279. A domestic mutual life insurance company doing business in the Philippines may convert itself into an incorporated stock life insurance company by demutualization. To that end, it may provide and carry out a plan for the conversion by complying with the requirements of this Title.

"The conversion of a domestic mutual life insurance company to an incorporated stock life insurance company shall be carried out pursuant to a conversion plan duly approved by the Commissioner.

"The Commissioner shall promulgate such rules and regulations as he or she may deem necessary to carry out the provisions of this Title, after due consultation with representatives of the insurance industry.

"All converted insurers under the provisions of this Title shall be subject to all other applicable provisions of Code. The provisions of the Corporation Code shall apply in a suppletory manner."

SEC. 65. The old Section 273 of The Insurance Code, as amended, is hereby renumbered as Section 280 and the sections subsequent thereto are accordingly renumbered until Section 275, which shall be renumbered as Section 282.

SEC. 66. Section 276 of The Insurance Code, as amended, is hereby renumbered as Section 283 and amended to read as follows:

"Sec. 283. The Commissioner shall cause an examination of the books and records of the withdrawing company, and if, upon such examination, the Commissioner finds that the insurer has no outstanding liabilities to policyholders and creditors in the Philippines, and no policies uncanceled; or its primary liabilities have not been reinsured and assumed by another insurance company authorized to transact business in the Philippines, as required in the preceding section, it shall cancel the withdrawing company's certificate of authority, if unexpired, and shall permit the insurer to withdraw. The cost and expenses of all such examination shall be paid as prescribed in section [four hundred seventeen]."

SEC. 67. The old Section 277 of The Insurance Code, as amended, is hereby renumbered as Section 284 and the sections subsequent thereto are accordingly renumbered until Section 279, which shall be renumbered as Section 286.

SEC. 68. Section 280 of The Insurance Code, as amended, is hereby renumbered as Section 287 and amended to read as follows:

"Sec. 287. Except as otherwise provided in this Code, no person, partnership, association or corporation shall transact any business in the Philippines as a professional reinsurer until it shall have obtained a certificate of authority for that purpose from the Commissioner upon the application therefor and payment by such person, partnership, association or corporation of the fees hereinafter prescribed. As used in this Code, the term "*professional reinsurer*" shall mean any person, partnership, association or corporation that transacts solely and exclusively reinsurance business in the Philippines.

"The Commissioner may refuse to issue a certificate of authority to any partnership, association or corporation if, in his judgment, such refusal will best promote public interest. No such certificate of authority shall be granted to any such partnership, association or corporation unless and until the Commissioner shall have satisfied himself by such examination as he may make and such evidence as he may require that such partnership, association or corporation is qualified by the laws of the Philippines to transact business therein as a professional reinsurer.

"Before issuing such certificate of authority of the Commissioner must be satisfied that the name of the applicant is not that of any other known company transacting insurance or

reinsurance business in the Philippines, or a name so similar as to be calculated to mislead the public.

"The certificate of authority shall be valid unless sooner revoked or cancelled by the Commissioner.

"Every such partnership, association, or corporation receiving such certificate of authority shall be subject to the provisions of this Code and other related laws, and to the jurisdiction and supervision of the Commissioner."

SEC. 69. Section 281 of The Insurance Code, as amended, is hereby renumbered as Section 288 and amended to read as follows:

"Sec. 288. Any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least two billion pesos, paid in cash, of which at least fifty per centum consists of paid-up capital and the remaining portion thereof as contributed surplus, which in no case shall be less than four hundred million pesos or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the Commissioner; Provided, That twenty-five per centum of the paid-up capital must be invested in securities satisfactory to the Commissioner, consisting of bonds or other evidences of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or controlled corporations and entities, including the Bangko Sentral ng Pilipinas, and deposited with the Commissioner, and the remaining seventy-five *per centum* in such other securities as may be allowed and permitted by the Commissioner, which securities shall at all times be maintained free from any lien or encumbrance: *Provided*, That the aforesaid capital requirement is without prejudice to other requirements to be imposed under any risk-based capital method that may be adopted by the Commissioner: *Provided, Finally*, That the provisions of this chapter applicable to insurance companies shall so far as practicable be likewise applicable to professional reinsurers."

SEC. 70. The old Section 282 of The Insurance Code, as amended, is hereby renumbered as Section 289 and the sections subsequent thereto are accordingly renumbered until Section 298, which shall be renumbered as Section 305.

SEC. 71. Section 299 of The Insurance Code, as amended, is hereby renumbered as Section 306 and its second paragraph is amended to read as follows:

"No insurance company doing business in the Philippines, nor any agent thereof, shall pay any commission or other compensation to any person for services in obtaining insurance, unless such person shall have first procured from the Commissioner a license to act as an insurance agent of such company or as an insurance broker as hereinafter provided. An insurance agent is an independent contractor and not an employee of the company represented. "Insurance agent" includes agency leader, agency manager, or their equivalent.

"No person shall act as an insurance agent or as an insurance broker in the solicitation or procurement of applications for insurance, or receive for services in obtaining insurance, any commission or other compensation from any insurance company doing business in the Philippines, or any agent thereof, without first procuring a license to act from the Commissioner, which must be renewed every five years thereafter. Such license, which shall ipso facto expire upon termination of the agent's agreement with the insurance company, shall be issued by the Commissioner only upon the written application of the person desiring it, such application if for a license to act as insurance agent, being approved and countersigned by the company such person desires to represent, and shall be upon a form prescribed by the Commissioner giving such information as he may require, and upon payment of the corresponding fee hereinafter prescribed. The Commissioner shall satisfy himself as to competence and trustworthiness of the

applicant and shall have the right to refuse to issue or renew and to suspend or revoke any such license in his discretion."

SEC. 72. A new Section 299-A of The Insurance Code, as amended, is hereby added to read as follows:

"The provisions of Sections 299 and 300 shall apply to an employee who shall be engaged to sell insurance products by an insurance company.

"Since the insurance industry is imbued with public interest, the insurance companies upon approval of the Commission may exercise wide latitude in supervising the activities of their insurance agents to ensure the protection of the insuring public."

SEC. 73. The old Section 300 of The Insurance Code, as amended, is hereby renumbered as Section 307 and the sections subsequent thereto are accordingly renumbered until Section 316, which shall be renumbered as Section 323.

SEC. 74. Section 317 of The Insurance Code, as amended, is hereby renumbered as Section 324 and its first paragraph is amended to read as follows:

"A certificate of registration issued to a resident agent shall expire on the thirtieth day of June of the fifth year following its issuance unless it is renewed."

SEC. 75. The old Section 318 of The Insurance Code, as amended, is hereby renumbered as Section 325 and the sections subsequent thereto are accordingly renumbered until Section 327, which shall be renumbered as Section 334.

SEC. 76. Section 328 of The Insurance Code, as amended, is hereby renumbered as Section 335 and amended to read as follows:

"Sec. 335. Any adjuster's license issued hereunder shall be valid until after the thirtieth day of June of the fifth year following the issuance of such license unless it is renewed; Provided that, such license shall ipso facto expire upon termination of the independent adjuster's agreement with the insurance company, or of the public adjuster's agreement with the insured, as the case may be."

SEC. 77. The old Section 329 of The Insurance Code, as amended, is hereby renumbered as Section 336 and the sections subsequent thereto are accordingly renumbered until Section 335, which shall be renumbered as Section 342.

SEC. 78. Section 336 of The Insurance Code, as amended, is hereby renumbered as Section 343 and its second paragraph is amended to read as follows:

"No certificate of registration issued under this title shall be valid after the thirtieth day of June of the fifth year following its issuance unless it is renewed."

SEC. 79. The old Section 337 of The Insurance Code, as amended, is hereby renumbered as Section 344 and the sections subsequent thereto are accordingly renumbered until Section 364, which shall be renumbered as Section 371.

SEC. 80. A new Section 372 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 372. The Commissioner, in consultation with the duly accredited associations representing the insurance industry, shall adopt and promulgate a code of conduct to promote

integrity, honesty and ethical business practices among insurance agents, distributors and other intermediaries."

SEC. 81. A new Title on Bancassurance and Sections 373 to 375 of The Insurance Code, as amended, are hereby added to read as follows:

**"Title 9
"BANCASSURANCE"**

"Sec. 373. The term "bancassurance" shall mean the presentation and sale to bank customers by an insurance company of its insurance products within or outside the premises of the head office of such bank duly licensed by the Bangko Sentral ng Pilipinas or any of its branches under such rules and regulations which the Commission may promulgate. To engage in bancassurance, the bank is not required to have equity ownership of the insurance company. No insurance company shall engage in the business of bancassurance unless it possesses all the requirements as may be prescribed by the Commission.

"No insurance product under this Section, whether life or non-life, shall be issued or delivered unless in the form previously approved by the Commission.

"Sec. 374. Personnel tasked to present and sell insurance products within the bank premises shall be duly licensed by the Commission and shall be subject to the rules and regulations of this Act.

"Sec. 375. The Commission, in coordination with the Bangko Sentral ng Pilipinas, shall promulgate rules and regulations to effectively supervise the business of bancassurance."

SEC. 82. Chapter of the Insurance Code, "Security Fund", consisting of Sections 365 up to 372 is hereby deleted.

SEC. 83. The old Section 373 of the Insurance Code, as amended, is hereby renumbered as Section 376 and the sections subsequent thereto are accordingly renumbered until Section 412, which shall be renumbered as Section 415.

SEC. 84. Section 413 of The Insurance Code, as amended, is hereby renumbered as Section 424 and amended to read as follows:

"Sec. 416. All trustees shall, before entering in the performance of the duties of their trust, obtain a certificate of registration from the Commissioner.

"All provisions of this Code governing mutual benefit associations and such other provisions herein, whenever practicable and necessary, shall be applicable to trusts for charitable uses."

SEC. 85. A new Section 425 of The Insurance Code, as amended, is hereby added to read as follows:

"Sec. 417. The treasurer of a charitable trust shall file a fidelity bond in the amount commensurate with the value of the trust property in his custody, as may be determined by the Commissioner."

SEC. 86. A new Chapter on Trust Business in General and Section 418 to 422 of The Insurance Code, as amended, are hereby added to read as follows:

**"Chapter VIII
"TRUST BUSINESS IN GENERAL**

"Sec. 418. An insurance company duly authorized by the Insurance Commission may engage in trust business, which trust business shall be separate and distinct from the general business of the insurance company, without need of securing a license from the Bangko Sentral ng Pilipinas. The insurance company shall act as a trustee or administer any trust or hold property in trust or on deposit for the use, benefit, or behoof of others. For purposes of this Act, such separate, distinct and duly authorized trust business shall be referred to as a trust entity.

"Sec. 419. A trust entity shall administer property under its custody with the diligence that a prudent man would exercise in the conduct of an enterprise of a like character and with similar aims. No trust entity shall, for the account of the trustor or the beneficiary of the trust, purchase or acquire property from, or sell, transfer, assign or lend money or property to, or purchase debt instruments of, any of the departments, directors, officers, stockholders, or employees of the trust entity, relatives within the first degree of consanguinity or affinity, or the related interests, of such directors, officers and stockholders, unless prior to the transaction, such transaction is specifically authorized by the trustor and the relationship between the trustee and the other party involved in the transaction is fully disclosed to the trustor or beneficiary of the trust. The Insurance Commission shall promulgate such rules and regulations as may be necessary to regulate the conduct of trust business by insurance companies.

"Sec. 420. The trust business and all funds, properties or securities received by any trust entity as executor, administrator, trustee, receiver, or depository shall be kept separate and distinct from the general business of the insurance company, or allied insurance company including all other funds, properties, and assets of such trust entity. The accounts of all such funds, properties, or securities shall likewise be kept separate and distinct from the accounts of the general business of the trust entity.

"Sec. 421. Unless otherwise directed by the instrument creating the trust, the lending and investment of funds and other assets acquired by a trust entity as executor, administrator, or trustee, shall be limited to loans or investments as may be prescribed by law, and/or the Insurance Commission.

"Sec. 422. No assets held by a trust entity in its capacity as trustee shall be subject to any claims other than those of the parties interested in the specific trusts."

SEC. 87. A new Chapter on Registration, Responsibilities and Oversight of Self-Regulatory Organizations and Sections 423 to 429 of The Insurance Code, as amended, are hereby added to read as follows:

**"Chapter IX
"REGISTRATION, RESPONSIBILITIES AND OVERSIGHT OF SELF-REGULATORY
ORGANIZATIONS**

"Sec. 423. The Commissioner shall have the power to register as a self-regulatory organization, or otherwise grant licenses, and to regulate, supervise, examine, suspend or otherwise discontinue, as a condition for the operation of organizations whose operations are related to or connected with the insurance market such as but not limited to associations of insurance companies, whether life or non-life, reinsurers, actuaries, agents, brokers, dealers, mutual benefit associations, trusts, rating agencies, and other persons regulated by the Commissioner, which are engaged in the business regulated by this Code.

"The Commissioner may prescribe rules and regulations which are necessary or appropriate in the public interest or for the protection of investors to govern self-regulatory

organizations and other organizations licensed or regulated pursuant to the authority granted in hereunder, including but not limited to the requirement of cooperation within and among all participants in the insurance market to ensure transparency and facilitate exchange of information.

"Sec. 424. An association cannot be registered as a self-regulatory organization unless the Commissioner determines that:

"(a) The association is so organized and has the capacity to be able to carry out the purposes of this Code and to comply with, and to enforce compliance by its members and persons associated with its members, with the provisions of this Code, the rules and regulations thereunder, and the rules of the association.

"(b) The rules of the association, notwithstanding anything in the Corporation Code to the contrary, provide that:

- (i) Any entity possessing the qualifications set out in the rules and none of the disqualifications may become a member of the association;
- (ii) There exists a fair representation of its members to serve on the Board of Directors of the association and in the administration of its affairs, and that any natural person associated with a juridical entity that is a member shall himself be deemed to be a member for this purpose;
- (iii) The Board of Directors of the association includes in its composition: (a) the president of the association and (b) at least 2 independent directors;
- (iv) For the equitable allocation of reasonable dues, fees, and other charges among members and other persons using any facility or system which the association operates or controls;
- (v) For the prevention of fraudulent and manipulative acts and practices, the promotion of just and equitable principles of business, and, in general, the protection of the insuring public;
- (vi) That its members and persons associated with its members shall be appropriately disciplined for violation of any provision of this Code, the rules or regulations thereunder, or the rules of the association;
- (vii) That a fair procedure for the disciplining of members and persons associated with members, the denial of membership to any person seeking membership therein, the barring of any person from becoming associated with a member thereof, and the prohibition or limitation by the association of any person with respect to access to services offered by the association or a member thereof.

"Sec. 425. A self-regulatory organization may examine and verify the qualifications of an applicant to become a member in accordance with procedures established by the rules of the association.

"A self-regulatory organization shall deny membership or condition the membership of, an entity, if the entity:

- (i) Does not meet the standards of financial responsibility, operational capability, training, experience, or competence that are prescribed by the rules of the association; or

- (ii) Has engaged, and there is a reasonable likelihood it will again engage, in acts or practices inconsistent with just and equitable principles of fair trade.

"A self-regulatory organization may deny membership to an entity not engaged in a type of business in which the rules of the association require members to be engaged.

"Sec. 426. Upon the filing of an application for registration as a self-regulatory organization under this Title, the Commissioner shall have ninety (90) days within which to either grant registration or institute a proceeding to determine whether registration should be denied. In the event proceedings are instituted, the Commissioner shall have two hundred seventy (270) days within which to conclude such proceedings at which time it shall, by order, grant or deny such registration.

"Sec. 427. Every self-regulatory organization shall comply with the provisions of this Code, the rules and regulations thereunder, and its own rules, and enforce compliance therewith, notwithstanding any provision of the Corporation Code to the contrary, by its members, persons associated with its members or its participants.

"Sec. 428. Each self-regulatory organization shall submit to the Commissioner for prior approval any proposed rule or amendment thereto, together with a concise statement of the reason and effect of the proposed amendment.

"Within sixty (60) days after submission of a proposed amendment, the Commissioner shall, by order, approve the proposed amendment. Otherwise, the same may be made effective by the self-regulatory organization.

"In the event of an emergency requiring action for the protection of the insuring public, a self-regulatory organization may put a proposed amendment into effect summarily: Provided, however, That a copy of the same shall be immediately submitted to the Commissioner.

"The Commissioner is further authorized, if after making appropriate request in writing to a self-regulatory organization that such organization effect on its own behalf specified changes in its rules and practices and, after due notice and hearing it determines that such changes have not been effected, and that such changes are necessary, by rule or regulation or by order, may alter, abrogate or supplement the rules of such self-regulatory organization in so far as necessary or appropriate to effect such changes in respect of such matters as:

"(a) Safeguards in respect of the financial responsibility of members and adequate provision against the evasion of financial responsibility through the use of corporate forms or special partnerships;

"(b) The supervision of market practices;

"(c) The manner, method, and place of soliciting business;

"(d) The fixing of reasonable rates of fees, interest, listing and other charges, but not rates of commission; and self-regulatory organization

"(e) The supervision, auditing and disciplining of members.

"In addition to the general powers of the Commissioner over the entities under his/her supervision, the Commissioner, after due notice and hearing, is authorized, in the public interest and to protect insuring public:

"(a) To suspend for a period not exceeding twelve (12) months or to revoke the registration of a self-regulatory organization, or to censure or impose limitations on the activities, functions, and operations of such self-regulatory organization, if the Commission finds that such a self-regulatory organization has willfully violated or is unable to comply with any provision of this Code or of the rules and regulations thereunder, or its own rules, or has failed to enforce compliance therewith by a member of, person associated with a member, or a participant in such self-regulatory organization;

"(b) To expel from a self-regulatory organization any member thereof or any participant therein who is found to have willfully violated any provision of this Code or suspend for a period not exceeding twelve (12) months for violation of any provision of this Code or any other laws administered by the Commission, or the rules and regulations thereunder, or effected, directly or indirectly, any transaction for any person who, such member or participant had reason to believe, was violating in respect of such transaction any of such provisions; and

"(c) To remove from office or censure any officer or director of a self-regulatory organization if it finds that such officer or director has violated any provision of this Code, any other law administered by the Commissioner, the rules or regulations thereunder, or the rules of such self-regulatory organization, abused his authority, or without reasonable justification or excuse has failed to enforce compliance with any of such provisions.

"Sec. 429. (a) A self-regulatory organization is authorized to discipline a member of or participant in such self-regulatory organization, or any person associated with a member, including the suspension or expulsion of such member or participant, and the suspension or bar from being associated with a member, if such person has engaged in acts or practices inconsistent with just and equitable principles of fairness or in willful violation of any provision of the Code, any other law administered by the Commission, the rules or regulations thereunder, or the rules of the self-regulatory organization. In any disciplinary proceeding by a self-regulatory organization (other than a summary proceeding pursuant to paragraph (b) of this subsection) the self-regulatory organization shall bring specific charges, provide notice to the person charged, afford the person charged with an opportunity to defend against the charges, and keep a record of the proceedings. A determination to impose a disciplinary sanction shall be supported by a written statement of the offense, a summary of the evidence presented and a statement of the sanction imposed.

"(b) A self-regulatory organization may summarily: (i) suspend a member, participant or person associated with a member who has been or is expelled or suspended from any other self-regulatory organization; or (ii) suspend a member who the self-regulatory organization finds to be in such financial or operating difficulty that the member or participant cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, participants or the self-regulatory organization: Provided, That the self-regulatory organization immediately notifies the Commission of the action taken. Any person aggrieved by a summary action pursuant to this paragraph shall be promptly afforded an opportunity for a hearing by the association in accordance with the provisions of paragraph (a) of this subsection. The Commissioner, by order, may stay a summary action on its own motion or upon application by any person aggrieved thereby, if the Commissioner determines summarily or after due notice and hearing (which hearing may consist solely of the submission of affidavits or presentation of oral arguments) that a stay is consistent with the public interest and the protection of the insuring public.

"(c) A self-regulatory organization shall promptly notify the Commission of any disciplinary sanction on any member thereof or participant therein, any denial of membership or participation in such organization, or the imposition of any disciplinary sanction on a person associated with a member or a bar of such person from becoming so associated. Within thirty (30) days after such notice, any aggrieved person may appeal to the Commissioner from, or the Commissioner on its

own motion within such period, may institute review of, the decision of the self-regulatory organization, at the conclusion of which, after due notice and hearing (which may consist solely of review of the record before the self-regulatory organization), the Commissioner shall affirm, modify or set aside the sanction. In such proceeding the Commissioner shall determine whether the aggrieved person has engaged or omitted to engage in the acts and practices as found by the self-regulatory organization, whether such acts and practices constitute willful violations of this Code, any other law administered by the Commission, the rules or regulations thereunder, or the rules of the self-regulatory organization as specified by such organization, whether such provisions were applied in a manner consistent with the purposes of this Code, and whether, with due regard for the public interest and the protection of investors the sanction is excessive or oppressive."

SEC. 88. A new Chapter on Confidentiality and a new Section 430 of The Insurance Code, as amended, are hereby added to read as follows:

**"Chapter X
"CONFIDENTIALITY**

"Sec. 430. All life insurance companies doing business in the Philippines are hereby required to inform persons applying for life insurance as well as persons proposed for insurance that as part of the underwriting procedure, a report may be obtained by the insurance company that will provide it with applicable and relevant information regarding the person's health, mode of living, and other personal background as gathered from the person himself, from the results of any required physical examination, from the reports obtained from physicians or other medical personnel, institutions or facilities where the person had been attended, or, in general, from any other sources.

"All these information in relation to the person's insurability shall be treated as confidential and shall not be disclosed by the life insurance company, its directors, officers, employees, agents, brokers, or other business partners, in any form or manner, unless otherwise required by law, by lawful order of a Court of competent jurisdiction, or upon the written permission of the person himself, provided, however, that the insurance company may release information in its file to other life insurance companies to whom the person may apply for life, accident or health insurance, or to whom a claim for benefits may be submitted."

SEC. 89. A new Chapter on Taxation and a new Section 431 of The Insurance Code, as amended, are hereby added to read as follows:

**"Chapter XI
"TAXATION**

"Sec. 431. The death benefits received under a life insurance policy shall be exempt from all taxes."

- **SEC. 90.** Chapter VIII on The Insurance Commissioner of The Insurance Code, as amended, is hereby renumbered as Chapter XII.

SEC. 91. Section 414 of The Insurance Code, as amended, is hereby renumbered as Section 432 and amended to read as follows:

"Sec. 432. The Insurance Commissioner shall have the duty to see that all laws relating to insurance, insurance companies and other insurance matters, mutual benefit associations, and trusts for charitable uses are faithfully executed and to perform the duties imposed upon him by this Code, and shall, notwithstanding any existing laws to the contrary, have sole and exclusive authority to regulate the issuance and sale of variable contracts as defined in section [two

hundred thirty-two] and to provide for the licensing of persons selling such contracts, and to issue such reasonable rules and regulations governing the same.

"The Commissioner may issue such rulings, instructions, circulars, orders and decision as he may deem necessary to secure the enforcement of the provisions of this Code, to ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public, subject to the approval of the Secretary of Finance. Except as otherwise specified, decisions made by the Commissioner shall be appealable to the Secretary of Finance.

"In addition to the foregoing, the Commissioner shall have the following powers and functions:

"a) Formulate policies and recommendations on issues concerning the insurance industry, advise Congress and other government agencies on all aspects of the insurance industry and propose legislation and amendments thereto;

"b) Approve, reject, suspend revoke or require amendments to registration and licensing applications provided for by this Code;

"c) Impose sanctions for the violation of laws and the rules, regulations and orders issued pursuant thereto;

"d) Prepare, approve, amend or repeal rules, regulations and order, and issue opinions and provide guidance on and supervise compliance with such rules, regulations and orders;

"e) Enlist and aid and support of and/or deputize any and all enforcement agencies of the Government, civil or military as well as any private institution, corporation, firm, association or person in the implementation of its powers and functions under this Code;

"f) Issue cease and desist orders to prevent fraud or injury to the insuring public;

"g) Punish for contempt of the Commission, both direct and indirect, in accordance with the pertinent provisions of and penalties prescribed by the Rules of Court;

"h) Compel the officers of any registered insurance corporation or association to call meetings of stockholders or members thereof under its supervisions;

"i) Issue subpoena duces tecum and summon witnesses to appear in any proceedings of the Commission and in appropriate cases, order the examination, search and seizure of all documents, papers, files and records, tax returns, and books of accounts of any entity or person under investigation as may be necessary for the proper disposition of the cases before it, subject to the provision of existing laws;

"j) Suspend or revoke, after proper notice and hearing the license or certificate of authority of any entity or person under its regulation, upon any of the grounds provided by law;

"k) Conduct of examination to determine compliance with laws and regulations if the circumstances so warrant as determined by appropriate rules and regulations;

"l) Regular investigation which shall not be oftener than once a year from the last date of examination to determine whether an institution is conducting its business on a safe and sound basis; Provided, That, the deficiencies/irregularities found by or discovered by an audit shall be immediately addressed;

"m) Inquire into the solvency and liquidity of the institutions under its supervision and enforce prompt corrective action; and

"k) Exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to the carrying out of, the express powers granted the Commission to achieve the objectives and purposes of these laws."

SEC. 92. The old Section 415 of The Insurance Code, as amended, is hereby renumbered as Section 433 and the sections subsequent thereto are accordingly renumbered until Section 424, which shall be renumbered as Section 442.

SEC. 93. This Act shall also amend the section numbers referred to in The Insurance Code to reflect the renumbering resulting from the amendments brought about by this Act.

SEC. 94. *Separability Clause.* If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC. 95. *Repealing Clause.* All laws, decrees, orders, rules and regulations or parts thereof, inconsistent with this Act are hereby amended or modified accordingly.

SEC. 96. *Effectivity.* This Act shall take effect 15 days following its publication in a newspaper of general circulation, provided that the tax incentives granted hereunder shall take effect on _____.

Approved,