

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8500



Introduced by Representative Eric L. Olivarez

EXPLANATORY NOTE

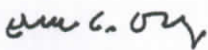
This bill aims to increase the maximum deposit insurance coverage from five hundred thousand pesos (P 500,000.00) to one million pesos (P1000,000.00) due to inflation and changes in the value of money and cost of money.

As stated in Section 1 of Republic Act No. 3591, As Amended otherwise known as "An Act Establishing the Philippine Deposit Insurance Corporation, Defining its Powers and Duties and for other Purposes", it is the basic policy of the Corporation to "promote and safeguard the interests of the depositing public by providing insurance coverage on all insured deposits and helping maintain a sound and stable banking system (as amended by R.A. 10846)

Section 2 of R.A. 3591, As Amended also provides for a strong "mandatory deposit insurance coverage system to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machination."

In line with the aforementioned State policies and considering the fluctuations or changes in the value of money and cost of money due, it is reasonable to periodically adjust the amount of maximum insured deposit to "promote and safeguard the interests of the depositing public"; and the last adjustment on the maximum coverage amount of insured deposit was done two (2) years ago through Republic Act No. 10846, 11 June 2016. It increased the amount of maximum insured deposit to the present five hundred thousand pesos (P 500,000.00).

In view of the foregoing, passage of this bill is earnestly sought.


ERIC L. OLIVAREZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. **8500**

Introduced by Representative Eric L. Olivarez

**AN ACT INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE
AMENDING FOR THIS PURPOSE SECTION 5 (j) OF REPUBLIC ACT
THREE THOUSAND FIVE HUNDRED NINETY ONE, AS AMENDED,
OTHERWISE KNOWN AS THE PDIC CHARTER, AND FOR OTHER
PURPOSES**

SECTION 1. Section 5 (j) of Republic Act 3591, As Amended otherwise known as "Act Establishing the Philippine Deposit Insurance Corporation and for other Purposes" is hereby amended to read as follows:

"(j) The term "*insured deposit*" means the amount due to any *bona fide* depositor for legitimate deposits in an insured bank net of any obligation of the depositor to the insured bank as of date of closure, but not to exceed ONE MILLION PESOS (P1,000,000.00). Such amount shall be determined according to such regulations as the Board of Directors may prescribe. In determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same right and capacity for his benefit either in his own name or in the name of others. A joint account regardless of whether the conjunction 'and,' 'or,' 'and/or' is used, shall be insured separately from any individually-owned deposit account: *Provided*, That (1) If the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit, and (2) If the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposit shall be presumed to belong entirely to such juridical person or entity: *Provided, further*, That the aggregate of the interests of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities,

shall likewise be subject to the maximum insured deposit of ONE MILLION PESOS (P1000,000.00): *Provided, furthermore,* That the provisions of any law to the contrary notwithstanding, no owner/holder of any negotiable certificate of deposit shall be recognized as a depositor entitled to the rights provided in this Act unless his name is registered as owner/holder thereof in the books of the issuing bank: *Provided, finally,* That, in case of a condition that threatens the monetary and financial stability of the banking system that may have systemic consequences, as defined in Section 22 hereof, as determined by the Monetary Board, the maximum deposit insurance cover may be adjusted in such amount, for such a period, and/or for such deposit products, as may be determined by a unanimous vote of the Board of Directors in a meeting called for the purpose and chaired by the Secretary of Finance, subject to the approval of the President of the Philippines."

Section 2. *Implementing Rules and Regulations.* – Within thirty (30) days from the effectivity of this Act, the Secretary of Finance shall, upon recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations of this Act.

Section 3. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions hereof which are not affected thereby shall continue to be in force and effect.

Section 4. *Repealing Clause.* – Any law presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with any provision of this Act is hereby repealed or modified accordingly.

Section 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.