

[PRESIDENTIAL DECREE NO. 1280, January 06, 1978]

AMENDING TITLE 17, CHAPTER III, OF PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN AS THE INSURANCE CODE, ON THE MUTUALIZATION OF STOCK LIFE INSURANCE COMPANIES.

WHEREAS, under Title 17, Chapter III, of Presidential Decree No. 612, otherwise known as the Insurance Code, a domestic stock life insurance company doing business in the Philippines may convert itself into an incorporated mutual life insurer;

WHEREAS, a big majority of the stockholders of one such stock life insurance company, recognizing the contribution made by the policyholders to the total assets of the company over the years, and fully believing that the social, economic and political development of the country will be enhanced by the wider ownership of companies, have decided to mutualize under the provisions of the aforementioned Title 17, Chapter III, of the Insurance Code, and thus achieve the widest conceivable distribution of ownership of the company;

WHEREAS, under the aforementioned provisions of the Insurance Code, a stock life insurance company becomes mutualized only when outstanding shares of its capital stock are purchased and surrendered for cancellation or retired, and the articles of incorporation are amended to formalize the conversion;

WHEREAS, there is need to amend the aforementioned provisions of the Insurance Code in order that the desire of the big majority of the stockholders of a stock life insurance company may not be thwarted by the obstinacy or disapproval of a few of such stockholders;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. Title 17, Chapter III, of Presidential Decree No. 612, otherwise known as the Insurance Code, is hereby amended by inserting between sections two hundred sixty-nine and two hundred seventy thereof the following:

SEC. 269-A. If, at any time within the period provided in the plan for the acquisition of the outstanding shares of stock of the insurer, ninety percent thereof has already been acquired and transferred to the trustees under the plan, the insurer by a vote of a majority of the directors may determine to make an offer, with the permission of the Commissioner subject to such requirement as he may specify, to acquire by purchase all of the shares not theretofore acquired under the plan, at a specified price which the insurer considers to be their fair value as of the date of making such offer.

If the offer to acquire is permitted by the Commissioner the insurer shall make a written offer by registered mail to each shareholder whose shares have not theretofore been acquired under the plan or otherwise, offering to acquire all his shares at such price if accepted in writing within thirty days after the mailing of such offer. Any shareholder accepting such offer within the time therefor shall, within sixty days after his acceptance,