

[PRESIDENTIAL DECREE NO. 1141, May 25, 1977]

AMENDING SECTION 249, TITLE 15, PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN AS THE INSURANCE CODE

WHEREAS, the Insurance Commissioner is entrusted with the duty to see that all laws relating to insurance, insurance companies and other insurance matters are faithfully executed and to perform the duties imposed upon him by the Insurance Code;

WHEREAS, considering the nature of insurance transactions which depend entirely on utmost good faith especially on the part of the insurer, and where an insurance company has become insolvent or cannot continue to resume business with safety to its policyholders and other creditors, its assets must be preserved to settle satisfactorily and expeditiously as possible its debts and accounts; and,

WHEREAS, the action of the Insurance Commissioner in connection therewith should not be hampered unnecessarily by tedious and protracted court litigations;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the amendment of Presidential Decree No. 612, otherwise known as the Insurance Code, as follows:

SECTION 1. Section 249, Title 15, Presidential Decree No. 612, is hereby amended to read as follows:

"TITLE 15.

PROCEEDINGS UPON INSOLVENCY

"Sec. 249. Whenever, upon examination or other evidence, it shall be disclosed that the condition of any insurance company doing business in the Philippines is one of insolvency, or that its continuance in business would be hazardous to its policyholders and creditors, the Commissioner shall forthwith order the company to cease and desist from transacting business in the Philippines and shall designate a receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its policyholders and creditors, and exercise all the powers necessary for these purposes including, but not limited to, bringing suits and foreclosing mortgages in the name of the insurance company.

"The Commissioner shall thereupon determine within thirty days whether the insurance company may be reorganized or otherwise placed in such condition so that it may be permitted to resume business with safety to its policyholders and creditors and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the insurance company shall be determined by the Commissioner and shall be paid out of the assets of such company.