

**[ REPUBLIC ACT NO. 3124, June 17, 1961 ]**

**AN ACT TO AMEND FURTHER ACT NUMBERED TWO THOUSAND FOUR HUNDRED AND TWENTY-SEVEN, AS AMENDED, OTHERWISE KNOWN AS THE INSURANCE LAW.**

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

SECTION 1. The last paragraph of Section one hundred eighty-four of Act Numbered Two thousand four hundred twenty-seven, as amended, is hereby further amended to read as follows:

"Any of the foregoing provisions or portions thereof not applicable to single premium or non-participating or term policies shall to that extent not be incorporated therein; and any such policy may be issued or delivered in the Philippines which in the opinion of the Insurance Commissioner contains provisions on any one or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The provisions of this section shall not apply to policies of reinsurance nor to policies of industrial life insurance."

SEC. 2. The same Act, as amended, is further amended by inserting between Sections one hundred eighty-four and one hundred eighty-five thereof the following new sections which shall read as follows:

"SEC. 184-A. The term "industrial life insurance" as used in this Act shall mean that form of life insurance either (a) under which the premiums are payable weekly, or (b) under which the premiums are payable monthly as oftener, but less often than weekly, if the face amount of insurance provided in any policy is two thousand pesos or less and if the words "industrial policy" are printed upon the policy as part of the descriptive matter.

"SEC. 184-B. No policy of industrial life insurance shall be issued or delivered in the Philippines, unless the same shall contain in substance the following provisions:

"First, a provision that the insured is entitled to a grace period of four weeks within which the payment of any premium after the first may be made, except that where premiums are payable monthly, the period of grace shall be either one month or thirty days; and that during the period of grace, the policy shall continue in full force, but if during such grace

period the policy becomes a claim, then any overdue and unpaid premiums may be deducted from any amount payable under the policy in settlement;

"Second, a provision that the policy shall be incontestable after it has been in force during the lifetime of the insured for a specified period, not more than two years from its date of issue, except for non-payment of premiums and except for violation of the conditions of the policy relating to naval or military service, or services auxiliary thereto, and except as to provisions relating to benefits in the event of disability as defined in the policy, and those granting additional insurance specifically against death by accident or by accidental means, or to additional insurance against loss of or loss of use of, specific members of the body;

"Third, a provision that the policy shall constitute the entire contract between the parties, or if a copy of the application is endorsed upon and attached to the policy when issued, a provision that the policy and the application therefor shall constitute the entire contract between the parties, and in the latter case, a provision that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties;

"Fourth, a provision that if the age of the person insured (or the age of any other person considered in determining the premium) has been misstated, any amount payable or benefit accruing under the policy shall be such as the premium paid would have purchased at the correct age or ages;

"Fifth, a provision that if the policy is a participating policy, the company shall periodically ascertain and apportion any divisible surplus accruing on the policy under the condition specified therein;

"Sixth, a provision that in the event of default in premium payments after three full years premiums have been paid, the policy shall be converted into a stipulated form of insurance at the option of the policyholder, and that in the event of default in premium payments after five full years premiums have been paid, a specified cash surrender value shall be available in lieu of the stipulated form of insurance. The net value of such stipulated form of insurance and the amount of such cash value shall be not less than the reserve on the policy and dividend additions thereto, if any, at the end of the last completed policy year for which premiums shall have been paid (the policy to specify the mortality table, rate of interest and method of valuation adopted to compute such reserve), exclusive of any reserve on disability benefits and accidental-death benefits, less an amount not to exceed two and one-half *per centum* of the maximum amount insured by the policy and dividend additions thereto, if any, when the issue age is under ten years and less an amount not to exceed two and one-half *per centum* of the current amount insured by the policy and dividend additions thereto, if any, if the issue age is ten years or older, and less any existing indebtedness to the company on or secured by the policy.