

**[ EXECUTIVE ORDER NO. 107, April 20, 1946 ]**

**PROVIDING FOR THE REHABILITATION OF DOMESTIC INSURANCE COMPANIES, APPROPRIATING FUNDS FOR THAT END, AND FOR OTHER PURPOSES**

WHEREAS many domestic insurance companies have, on account of the Pacific War, sustained big losses and are not now in a position to resume operations, pay their creditors and provide insurance facilities for the insuring public; and

WHEREAS the economic reconstruction program of the country demands the immediate resumption of the business operation of domestic insurance companies which have not been reopened by rehabilitating their finances;

NOW, THEREFORE, I, SERGIO OSMEÑA, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws of the Philippines, do hereby order:

Section 1. The sum of three million six hundred thousand pesos is hereby appropriated out of any funds in the National Treasury not otherwise appropriated to constitute a special fund which shall be designated "DOMESTIC INSURANCE COMPANY REHABILITATION FUND." This fund shall be used to purchase preferred shares of stock of insurance companies organized and now existing under and by virtue of the laws of the Philippines, and such part of this fund not so utilized within two years of the effective date of this Order or such earlier date as the President may determine, shall revert to the general fund of the National Treasury.

Sec. 2. The fund shall be placed under the management of the Financial Rehabilitation Board created by section two of Commonwealth Act Numbered Seven hundred and twenty-six. This Board shall manage the fund, invest the same under terms and conditions not inconsistent with the purposes of this Order, and limit salaries and other expenses paid or incurred by the companies receiving aid from the special fund herein appropriated. The Board shall issue such further rules and regulations as it may deem necessary to carry out the purposes of this Order.

Sec. 3. The Board may invest the fund entrusted to it for management and investment under this Order in preferred shares of domestic insurance companies applying to it for financial assistance after the Board is satisfied that the shareholders of the company had exerted every effort to extend assistance to the applicant. The Board may subscribe up to fifteen million pesos in such preferred shares, not less than twenty-five per centum thereof payable upon subscription and the balance upon call by the company as need therefor arises. In determining the financial condition of the company under the provisions of Act Numbered Twenty-four hundred and twenty-seven, as amended, the balance of the subscription payable shall be admitted as an asset. Such shares shall be entitled to cumulative dividends at the rate of one per centum during the first five years; two per centum