

# [ PRESIDENTIAL DECREE NO. 123, January 29, 1973 ]

## **AMENDING FURTHER CERTAIN SECTIONS OF ACT NUMBERED TWO THOUSAND FOUR HUNDRED TWENTY-SEVEN, AS AMENDED, OTHERWISE KNOWN AS THE "INSURANCE ACT"**

**WHEREAS**, it is the policy of the Government to promote and develop a strong and stable insurance industry and to provide a favorable climate for its integration in all phases of the country's economic and social development;

**WHEREAS**, in line with this policy, there is an urgent need to ensure and maintain the liquidity of insurance companies doing business in the Philippines and to coordinate their investment and credit policies with that of the Government having due regard to the principles adopted by both the monetary and fiscal authorities; and

**WHEREAS**, the recommendations contained in the report on the financial system which have been accepted, with certain modifications, by the monetary authorities, included among others, certain proposals geared toward ensuring the liquidity of insurance companies doing business in the Philippines;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, and in order to effect the desired changes and reforms in the social, economic, and political structure of our society, do hereby order and decree the amendment of Act No. 2427, as amended, as follows:

**SECTION 1.** Section one hundred eighty-four, subsection (g) of Act Numbered Two thousand four hundred twenty-seven is hereby amended to read as follows:

**"SEC. 184 (g).** A provision that after three full years' premiums have been paid, the company at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the owner of the policy less than, the reserve at the end of the current policy year on the policy and of any dividend additions thereto, less a sum not more than two and one-half *per centum* of the amount insured by the policy and of any dividend additions thereto; that the company will deduct from such loan value any existing indebtedness on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year; which provision may further provide that such loan may be deferred for not exceeding six months after the application therefor is made, and that, whenever an increase in the interest rate ceiling is prescribed by the Monetary Board, the rate of interest specified in policy contracts issued after the approval of this Act may, upon written notice to the insured, be increased by the company to a rate not exceeding that prescribed by the Monetary Board: *Provided*, That any such increase is made with the prior approval of the Insurance