

[ADMINISTRATIVE ORDER NO. 141, August 17, 1994]

PRESCRIBING GUIDELINES FOR THE INSURANCE OF ALL PROPERTIES, CONTRACTS, RIGHTS OF ACTION, AND OTHER INSURANCE RISKS OF THE GOVERNMENT IN PRIVATIZED CORPORATIONS, AS WELL AS BUILD-OPERATE-AND-TRANSFER PROJECTS

WHEREAS, under Republic Act No. 656, as amended, properties, assets, and interests of the Government are required to be insured with the General Insurance Fund, as administered by the Government Service Insurance System, against any insurable risk;

WHEREAS, notwithstanding the said requirement, there are still properties and assets and interests of the government, including those in the privatized corporations and BOT projects, where the government has or retains interests, which are not insured with the General Insurance Fund, or which are insured with private insurance companies;

WHEREAS, said practice is in contravention of existing laws and deprives not only the GSIS of substantial premium income, which will ultimately redound to the benefit of its 1.5 million members but also the government, of adequate and reliable insurance protection to its properties, assets, and interests;

WHEREAS, the GSIS having more than sufficient assets and funds to cover high value properties is the largest insurance institution of the Philippines as seen in its General Insurance arm and has already acquired the necessary name, fame and reputation as an insurance enterprise;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. All Heads, Presidents, General Managers, Board Members, Directors or Trustees of privatized corporations, including the proponents/implementors of BOT projects, shall insure with or secure insurance or bonds from the Government Service Insurance System (General Insurance Group) on or of all properties or assets, contracts or agreements, causes or rights of action, or other insurable interests as this term is defined in PD 1814 (PD 612, as amended), otherwise known as the Insurance Code, and/or Administrative Order No. 33 issued by the President on August 25, 1987, at least to the extent of the interests of the Government.

Sec. 2. No insurable interest of the Government or any part or portion thereof shall be covered by or insured with and no bonds to the extent of such interest shall be obtained from any entity, enterprise, firm, company, person, corporation or partnership, or any other juridical person other than the GSIS (General Insurance Group).