

[ Act No. 2436, December 28, 1914 ]

**AN ACT CREATING THE FIDELITY FUND, AND REPEALING ACT NUMBERED SEVENTEEN HUNDRED AND THIRTY-NINE, AS AMENDED.**

*By authority of the United States, be it evaded by the Philippine Legislature, that:*

SECTION 1. There is hereby created a permanent reimbursable appropriation to be known as the fidelity fund which shall be administered by the Insular Treasurer, and which shall be available for the following purposes:

- (a) To replace losses, shortages, and defalcations in the accounts of all public officers and employees bonded under this Act, it being the purpose to indemnify against all losses, shortages, and defalcations fairly arising under the head of fidelity insurance.
- (b) To pay such expenses of administration and operation of the fidelity fund as may be incurred in carrying out the purposes of this Act.

SEC. 2. There is hereby appropriated for and as the permanent capital of said fidelity fund the sum of fifty thousand pesos out of any moneys in the Insular Treasury not otherwise appropriated; and all accretions and gains by way of premiums, interest, earnings, or otherwise accruing in the operation of the fidelity fund shall pertain to said fund until the combined capital and net earnings shall amount to one hundred thousand pesos. Any excess thereof shall revert to the general funds: *Provided*, That in case the total claims payable from the fidelity fund shall at any time exceed the capital and net earnings pertaining thereto, the amount necessary to cover such deficit shall be advanced from the general surplus of the Insular Government until such time as the overdraft shall have been offset by the future net earnings of the fund.

SEC. 3. The Governor-General shall fix, and may from time to time change, the annual rate of premium chargeable for insurance of the fidelity of officers and employees in the fidelity fund and the rate so fixed shall be uniform throughout the service. Said premium shall be paid by the Bureau, Office, province, municipality, or other governmental unit to which the bonded position may pertain: *Provided*, That one-third of said premium shall be repaid by the officer or employee to the Bureau, Office, province, or municipality, or other branch of the Government concerned except in those cases in which an officer or employee is exempted by virtue of the provisions of this law. When an official is acting in a bonded capacity for two or more governmental units, the governmental share of the premium on his bond shall be borne by the respective units served in such proportion as the Insular Auditor shall determine.

SEC. 4. Any and all claims against the fidelity fund shall be made or forwarded to the Insular Auditor together with the evidence relating thereto, and if he shall recommend payment of the same, or a part thereof, and such recommendation shall receive the approval of the Governor-General, the same shall be a legal claim against the fidelity fund and shall be paid, but not otherwise.

SEC. 5. All bonds shall be approved in form, amount, and sufficiency by the insular