

## **AUTHORIZING THE ORGANIZATION AND LICENSING OF A PROFESSIONAL REINSURER TO BE KNOWN AS THE NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES AND DESIGNATING SAID CORPORATION AS...**

*PRESIDENTIAL DECREE NO. 1270, December 22, 1977*

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WHEREAS, it is the policy of the state to promote and develop a strong national insurance industry and to provide for its integration in the country's economic and social development;

WHEREAS, in line with this policy, there is a pressing need to provide a well-coordinated and efficient machinery in reinsurance for the purpose of achieving a higher national retention indispensable to the growth of healthy insurance and reinsurance markets;

WHEREAS, in line also with this policy, it is desirable to utilize the regional retention capacity to the maximum by participating in regional or international cooperation or arrangement in insurance and reinsurance;

WHEREAS, the Republic of the Philippines on September 30, 1977 signed the Agreement establishing the Asian Reinsurance Corporation;

WHEREAS, there is a need to have an organization through which the Philippine insurance and reinsurance markets may participate in the Asian Reinsurance Corporation or in any other regional or international cooperation or arrangement in insurance and reinsurance;

WHEREAS, Article III, Section 2, of the said Agreement establishing the Asian Reinsurance Corporation allows a Member-State to designate and authorize a national institution to subscribe to and purchase the shares of capital stock allotted to a Member-State;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution do hereby decree, order and make as part of the law of the land the following:

SECTION 1. National Reinsurance Corporation of the Philippines: Authority to License. — Any provision of law, decree, executive order, administrative order, letter of instruction, or rules and regulations to the contrary notwithstanding, authority is hereby granted to the Insurance Commissioner to license a corporation to be organized under the provisions of Act No. 1459, otherwise known as the Corporation Law, as a professional reinsurer under Presidential Decree No. 612, otherwise known as the Insurance Code, which corporation shall be known as the "National Reinsurance Corporation of the Philippines".

SEC. 2. The Insurance Commissioner shall approve the Articles of Incorporation and By-Laws of the said corporation to ascertain the carrying out of the purposes herein above enumerated and, upon approval of the said Articles of Incorporation and By-Laws, shall forward the same to the Securities and Exchange Commission for registration.

SEC. 3. The National Reinsurance Corporation of the Philippines is hereby designated as the national institution authorized to subscribe to the portion of the capital stock of the Asian Reinsurance Corporation allotted to the Republic of the Philippines in the amount of US \$500,000. The insurance Commissioner is hereby designated as the Philippine representative to the Council of Members of the Asian Reinsurance Corporation.

SEC. 4. Upon the commencement of operations of the National Reinsurance Corporation of the Philippines, all non-life insurance and reinsurance companies doing business in the Philippines shall cede to the National Reinsurance Corporation of the Philippines at least ten percent (10%) of their outward reinsurance placed with unauthorized foreign reinsurers, and all life insurance companies doing business in the Philippines shall cede to the National Reinsurance Corporation of the Philippines at least ten percent (10%) of all new reinsurance placed which would otherwise be outward foreign reinsurance as well as of the renewals of such new reinsurance placements.

The aforesaid compulsory cessions from insurance companies shall be accorded the best terms and conditions afforded by the existing treaties.

SEC. 5. Effectivity. — This Decree shall take effect immediately.

DONE in the City of Manila, this 22nd day of December, in the year of Our Lord, Nineteen hundred and seventy-seven.

(Sgd.) FERDINAND E. MARCOS  
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA  
Presidential Assistant

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