

AMENDING TITLE 17, CHAPTER III, OF PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN AS THE INSURANCE CODE, ON THE MUTUALIZATION OF STOCK LIFE INSURANCE COMPANIES.

PRESIDENTIAL DECREE NO. 1280, January 06, 1978

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/80d3ea4cf6ae/>

WHEREAS, under Title 17, Chapter III, of Presidential Decree No. 612, otherwise known as the Insurance Code, a domestic stock life insurance company doing business in the Philippines may convert itself into an incorporated mutual life insurer;

WHEREAS, a big majority of the stockholders of one such stock life insurance company, recognizing the contribution made by the policyholders to the total assets of the company over the years, and fully believing that the social, economic and political development of the country will be enhanced by the wider ownership of companies, have decided to mutualize under the provisions of the aforementioned Title 17, Chapter III, of the Insurance Code, and thus achieve the widest conceivable distribution of ownership of the company;

WHEREAS, under the aforementioned provisions of the Insurance Code, a stock life insurance company becomes mutualized only when outstanding shares of its capital stock are purchased and surrendered for cancellation or retired, and the articles of incorporation are amended to formalize the conversion;

WHEREAS, there is need to amend the aforementioned provisions of the Insurance Code in order that the desire of the big majority of the stockholders of a stock life insurance company may not be thwarted by the obstinacy or disapproval of a few of such stockholders;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. Title 17, Chapter III, of Presidential Decree No. 612, otherwise known as the Insurance Code, is hereby amended by inserting between sections two hundred sixty-nine and two hundred seventy thereof the following:

SEC. 269-A. If, at any time within the period provided in the plan for the acquisition of the outstanding shares of stock of the insurer, ninety percent thereof has already been acquired and transferred to the trustees under the plan, the insurer by a vote of a majority of the directors may determine to make an offer, with the permission of the Commissioner subject to such requirement as he may specify, to acquire by purchase all of the shares not theretofore acquired under the plan, at a specified price which the insurer considers to be their fair value as of the date of making such offer.

If the offer to acquire is permitted by the Commissioner the insurer shall make a written offer by registered mail to each shareholder whose shares have not theretofore been acquired under the plan or otherwise, offering to acquire all his shares at such price if accepted in writing within thirty days after the mailing of such offer. Any shareholder accepting such offer within the time therefor shall, within sixty days after his acceptance, transfer to the insurer the certificates representing such shares and, upon doing so, shall be paid by the insurer the amount of such offer for his shares. Any share so acquired shall be assigned and transferred to the trustees under the plan and hold by them as shares acquired pursuant to the plan.

Each shareholder who does not accept such offer to acquire his shares within the time stated in such offer for acceptance thereof shall within fifteen days after the expiration of such offer apply to the Secretary of Finance for a determination of the fair value of his shares as of the date of making such offer. The Secretary of Finance may himself, after due notice and hearing, determine upon the evidence received the fair value of the shares as of the date of making such offer, or appoint three impartial and disinterested persons to appraise the fair value of such shares with such direction as he shall deem proper and necessary to expedite the proceedings. Upon completion of the appraisal proceedings, the appraisers shall file with the Secretary of Finance their report in writing stating the fair value of such shares as of the date of the making of such offer and setting forth their findings in support of such statement. The appraisers shall furnish each party to the proceedings a copy of their appraisal report, and within ten days after receipt thereof any such party may signify his objection, if any, to the report or move for the approval thereof. Upon the expiration of the period often days referred to above, the report shall be set for hearing, after which the Secretary of Finance shall issue an order adopting, modifying or rejecting the report in whole or in part or he may receive further evidence or may recommit it with instructions. Whenever the Secretary of Finance shall determine in any manner, as aforesaid, the fair value of such shares, he may also determine the terms of payment thereof by the insurer. The expenses incidental to the proceedings including charges of the appraisers, if any, shall be paid equally by the insurer and the shareholder.

The findings of the Secretary of Finance on all questions of fact raised at the hearing of the application for determination of the fair value of such shares shall be conclusive upon all parties to the proceedings. The order of the Secretary of Finance determining the fair value of the shares and the terms of payment thereof shall have the force and effect of a judgment which shall be appealable on any question of law. Such order shall become final and executory fifteen days after receipt thereof by the parties to the proceedings.

Upon any such order becoming final and from which no appeal is pending, or when the time to appeal therefrom has expired, each shareholder party to the proceedings shall transfer his shares to the insurer and surrender to the said insurer the certificates representing such shares and the insurer shall make payment therefor as provided in such order. Any shares so acquired by the insurer shall be assigned and transferred to the trustees and held by them as shares acquired pursuant to the plan.

Any shareholder who does not apply to the Secretary of Finance in the manner and within the time hereinbefore prescribed shall be deemed to have accepted the offer referred to above, effective, however, upon the expiration of the time hereinabove prescribed for making such application, and such shareholder's time for accepting such offer shall, for that purpose only, be deemed to have been extended accordingly.

Any offer to acquire shares made pursuant to this Section, shall, except as otherwise provided herein, be irrevocable until all proceedings upon such offer have been completed or all shares have otherwise been earlier acquired by the insurer.

Any shareholder who has expressly or impliedly accepted the plan of the offer to acquire his shares not theretofore acquired under the plan, and any shareholder who has rejected such plan or such offer and has applied, as aforesaid, to the Secretary of Finance for a determination of the fair value of his shares subsequent to which an agreement has been reached or a final order issued fixing such fair value but who fails to surrender his certificates for cancellation upon payment of the amount to which he is entitled, may be compelled to do so by an order of the Secretary of Finance for that purpose and such order may provide that upon failure of such shareholder to surrender such certificates for cancellation such order shall stand in lieu of such surrender and cancellation.

SEC. 2. All laws, decrees, and regulations which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 3. This decree shall take effect immediately.

DONE in the City of Manila, this 6th day of January, in the year of Our Lord, Nineteen hundred and seventy-eight.

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

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Assistant

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.