

AN ACT TO CREATE AND ESTABLISH A PROPERTY INSURANCE FUND; AND TO PROVIDE FOR ITS ADMINISTRATION AND FOR OTHER PURPOSES.

REPUBLIC ACT NO. 656, June 16, 1951

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. This Act shall be known as the "Property Insurance Law."

SEC. 2. In order to indemnify or compensate the Government as defined in this Act for any damage to, or loss of, its properties due to fire, earthquake, storm, or other casualty there is hereby established the "Property Insurance Fund", which shall consist of all moneys resulting from the liquidation of the insurance constituted in section three hundred forty of the Revised Administrative Code and from premiums and other incomes.

SEC. 3. For the effectuation of the purpose of this Act, the administration of the Fund is hereby placed under the Government Service Insurance System with powers and authority to reinsure with private insurance companies under such terms and conditions that may be mutually agreed upon any excess risk it may deem advisable; to prescribe necessary rules and regulations, including such incidental powers as are necessary for its operation; and to appoint personnel, who are certified as eligibles by the Civil Service, prescribe their duties, and fix their remuneration. Section fifteen of Commonwealth Act Numbered One hundred eighty-six shall not be applicable to the personnel of the Fund.

SEC. 4. Definitions.-For the purposes of this Act-

- "System" means the Government Service Insurance System created under Commonwealth Act Numbered One hundred and eighty-six.
- "Fund" means the "Property Insurance Fund" created under this Act.
- "Property" includes vessels and craft, motor vehicles, machineries, permanent buildings, properties stored therein, or in buildings rented by the Government, or properties in transit.
- The word "Government" as used in this Act refers to the National, provincial, city, or municipal government, agency, commission, board or enterprises owned or controlled by the Government.
- "Disposable Surplus" means the amount left after the necessary insurance reserves and other reserves have been set aside together with the expenses incidental to the administration of the Fund.

SEC. 5. Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies: Provided, however, That the System reserves the right to disapprove the whole or a portion of the amount of insurance applied for: Provided, further, That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company. A municipal government below first class may upon application insure its

properties in the Fund under such rules and regulations as the System may prescribe.

SEC. 6. Collection and payment of premiums.-

- In accordance with such rules and regulations as the System prescribe under section three of this Act, the premiums on insurance under section five hereof shall be paid in advance to the System by the government concerned.
- Penalties.-Any cashier, treasurer, or any government official responsible for the collection and/or remittance of the premiums hereinabove prescribed, who refuses or habitually neglects to comply with the instructions of the System and to collect or accept payments of the said premiums, issue receipts therefor, and/or remit the same within the time prescribed by the System, shall be held liable for the payment of said premiums and shall pay to the System a fine of two per centum per month of said premiums from their due dates until received by the System.

SEC. 7.

- There shall be collected, classified, analyzed, and kept under the custody of the System such statistical data as may be necessary for the proper determination of risks and rates of premiums for the insurance of properties herein denned.
- The records and accounts of the Fund shall be kept separate and distinct from those of other funds of the System.
- During the month of October of each year, the System shall submit to the President a report of the operations of the Fund during the preceding year.

SEC. 8. The Auditor General and the Government Corporate Counsel shall be the ex-officio auditor and legal adviser of the Fund, respectively. The Auditor General, or his authorized representative, shall submit to the System soon after the close of each fiscal year audited statements showing its financial condition and progress for the fiscal year just closed and the actuary shall likewise make an actuarial examination and valuation of the fund.

SEC. 9. Any disposable surplus that may result from the operation of this Fund once declared by the System shall be apportioned in accordance with the schedule approved by the System among the governments whose properties are insured in the Fund.

The Government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the Fund when and as they shall become due.

SEC. 10. Upon approval of this Act, the System shall require the inventory of the property belonging to each government, determine the value thereof for purposes of insurance, and advise the government concerned of the total premiums each shall pay to the Fund. The government concerned shall, upon receipt of advice from the System, set aside from any savings in its appropriation the amount needed for such premiums and certify to the availability thereof, and the Auditor General or his duly authorized representative shall forthwith release the same to the credit of the System by means of a journal voucher drawn for the purpose. Thereafter, the official concerned shall remit it to the System immediately: Provided, That the premiums corresponding to the insurance of properties belonging to an entity operated with a special fund shall be payable from said fund; otherwise, from the general fund.

SEC. 11. Each government as defined herein shall include in its annual appropriation the amount necessary to cover the premiums for the insurance of its properties during each fiscal period and remit the same immediately to the System as provided in section ten hereof.

SEC. 12. Chapter sixteen of the Revised Administrative Code, as amended, is hereby repealed, and all the present assets and liabilities of the Property Insurance Fund created thereunder shall be liquidated upon approval of this Act and turned over to the System. The Auditor General and the Commissioner of the Budget or their authorized representative shall carry out the provisions of this section: Provided, That the properties insured under the Property Insurance Fund shall continue to be governed by existing law until they shall have been insured anew with the Fund under the provisions of this Act.

SEC. 13. This Act shall take effect on the first day of the third calendar month following that of its approval.

Approved, June 16, 1951.

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