

collected not regularly and/or no fixed amount from whomsoever may contribute, shall be known as a mutual benefit association within the intent of this Code.

"Any society, association, or corporation principally organized as a labor union shall be governed by the Labor Code notwithstanding any mutual benefit feature provisions in its charter as incident to its organization.

"In no case shall a mutual benefit association be organized and authorized to transact business as a charitable or benevolent organization, and whenever it has this feature as incident to its existence, the corresponding charter provision shall be revised to conform with the provision of this section. Mutual benefit association, already licensed to transact business as such on the date this Code becomes effective, having charitable or benevolent feature shall abandon such incidental purpose upon effectivity of this Code if they desire to continue operating as such mutual benefit associations.

"SEC. 404. A mutual benefit association, before it may transact as such, must first secure a license from the Commissioner. The application for such license shall be filed with the Commissioner together with certified true copies of the articles of incorporation or the constitution and bylaws of the association, and all amendments thereto, and such other documents or testimonies as the Commissioner may require.

"No license shall be granted to a mutual benefit association until the Commissioner shall have been satisfied by such examination as he may make and such evidence as he may require that the association is qualified under existing laws to operate and transact business as such. The Commissioner may refuse to issue a license to any mutual benefit association if, in his judgment, such refusal will best promote the interest of the members of such

association and of the people of this country. Any license issued shall expire on the last day of December of the third year following its issuance and, upon proper application, may be renewed if the association is continuing to comply with existing laws, rules and regulations, orders, instructions, rulings and decisions of the Commissioner. Every association receiving any such license shall be subject to the supervision of the Commissioner: *Provided*, That no such license shall be granted to any such association if such association has no actuary.

"SEC. 405. No mutual benefit association shall be issued a license to operate as such unless it has constituted and established a Guaranty Fund by depositing with the Commissioner an initial minimum amount of Five million pesos (P5,000,000.00) in cash, or in government securities with a total value equal to such amount, to answer for any valid benefit claim of any of its members.

"All moneys received by the Commissioner for this purpose must be deposited by him in interest-bearing deposits with any bank or banks authorized to transact business in the Philippines for the account of the particular association constituting the Guaranty Fund.

"Any accrual to such fund, be it interest earned or dividend additions on moneys or securities so deposited, may, with the prior approval of the Commissioner, be withdrawn by the association if there is no pending benefit claim against it, including interest thereon or dividend additions thereto.

"The Commissioner, prior to or after licensing a mutual benefit association, may require such association to increase its Guaranty Fund from the initial minimum amount required to an amount equal to the capital investment required of an existing domestic insurance company under Section 209 of this Code.