

MALACAÑAN PALACE  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 394**

**ESTABLISHING AN INTER-ISLAND SHIPPING AUTHORITY, WAR RISK INSURANCE FOR VESSELS ENGAGED IN THE COAST-WISE TRADE AND APPROPRIATING FOR THAT PURPOSE FIVE MILLION PESOS FROM THE FUNDS IN THE PHILIPPINE TREASURY SET ASIDE FOR DEFENSE AND CIVILIAN PROTECTION MEASURES.**

WHEREAS, it is necessary during the present emergency to maintain adequate interisland shipping communication between and among different sections of the Philippines;

WHEREAS, to accomplish this purpose it is necessary to establish an agency that will coordinate shipping activities, establish war risk insurance to cover the losses to shipowners as a result of the operation of their vessels, and appropriate the funds that may be necessary to carry out such purposes;

NOW, THEREFORE, I, MANUEL L. QUEZON, President of the Philippines, by virtue of the powers in me vested by the Constitution and laws of the Philippines, do hereby, -

(1) Create and establish an Interisland Shipping Authority with the following powers and duties:

(a) To determine the port or ports between which shipping communication should be maintained;

(b) To designate which vessels should be placed in operation for that purpose, and to fix the routes for each vessel;

(c) To maintain close contact with army officials to determine the interisland shipping requirements of the army and make arrangements to meet such requirements;

(d) To make recommendations to the Public Service Commission regarding freight and passenger rates and in the meantime to establish maximum passenger and freight rates;

(e) To issue, upon the request of the owners, war risk insurance policies to vessels engaged in the coast-wise trade and which may be required by the Interisland Shipping Authority to be operated so as to maintain interisland shipping communication between the different sections of the Philippines. The value at which each vessel may be insured, as well as the premium to be paid by the owners thereof, shall be determined by the Interisland Shipping Authority, but such value shall not exceed the pre-war value of the vessel; and

(f) To issue regulations and exercise such other powers and duties as may be reasonably necessary to carry out the purposes of this Order.

(2) Appropriate the sum of FIVE MILLION PESOS (₱5,000,000) from the funds in the Philippine Treasury set aside for defense and civilian protection purposes to cover payments under the war risk insurance policies that may be issued and to meet the expenses of the Interisland Shipping Authority herein created. All premiums collected shall accrue to this fund which shall be earmarked in the

Philippine Treasury for the purposes set forth in this Order. The expenses of the Interisland Shipping Authority shall be made in accordance with a budget approved by the President of the Philippines.

Done at the City of Manila, this 24th day of December, in the year of Our Lord, Nineteen hundred and forty-one and of the Commonwealth of the Philippines, the seventh.

(SGD.) MANUEL L. QUEZON

By the President:

(SGD.) JORGE B. VARGAS

Secretary to the President

*Source: Presidential Museum and Library*

Office of the President of the Philippines. (1941). *[Executive Order Nos.: 335 - 400]*. Manila: Presidential Museum and Library.