

ESCROW AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This **Escrow Agreement**, made and entered into on this day of _____ 2026 in _____, Philippines, by and among:

_____, a domestic non-life insurance corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at _____ represented by its _____, hereinafter referred to as the "**FIRST PARTY**";

-and-

_____, a domestic banking corporation duly organized and existing under the laws of the Republic of the Philippines and licensed to do trust business, with principal office at the _____ represented by its _____, hereinafter referred to as the "**ESCROW AGENT / SECOND PARTY**";

-and-

NATIONAL LABOR RELATIONS COMMISSION (NLRC), an attached agency of the Department of Labor and Employment (DOLE), with principal office at the 2F Ben-Lor Building, Quezon City represented by its Chairperson, **Grace E. Maniquiz-Tan**, hereinafter referred to as the "**THIRD PARTY**".

WITNESSETH THAT:

WHEREAS, the **FIRST PARTY** has applied for accreditation as bonding company with the **THIRD PARTY** to engage in the issuance of appeal / surety bond;

WHEREAS, in compliance with Section 9, Rule 6 of the 2025 NLRC Rules of Procedure, the Commission *En Banc* promulgated **En Banc Resolution No. 08-25 (Series of 2025)** prescribing the "Revised Guidelines for Accreditation of Surety Companies", the **THIRD PARTY** requires the **FIRST PARTY** to deposit in escrow with the **ESCROW AGENT / SECOND PARTY** the amount of **FIVE MILLION PESOS (PHP5,000,000.00)** to answer for all valid and legal claims arising from non-payment of obligations pertaining to surety bonds issued by the **FIRST PARTY**;

WHEREAS, in compliance with the aforesaid accreditation requirement(s), the **FIRST PARTY** has deposited in escrow with the **ESCROW AGENT / SECOND PARTY**, the sum of **FIVE MILLION PESOS (PHP5,000,000.00)**, Philippine Currency, the receipt of which is likewise acknowledged by the latter;

WHEREAS, for the final consummation of the above transaction, the parties hereto have obligated themselves individually to comply with certain conditions more particularly stipulated hereunder;

NOW THEREFORE, for and in consideration of the premises and more specifically the mutual commitments herein set forth, the parties hereto have voluntarily agreed and covenanted as follows:

1. This Account shall, for all legal purposes, be designated as **ESCROW ACCOUNT NO.** _____ and under this designation, the **ESCROW AGENT / SECOND PARTY** shall conduct its affairs, hold and administer the deposit in escrow as provided herein;
2. The escrow deposit in the amount of **FIVE MILLION PESOS (PHP5,000,000.00)** shall remain intact during the validity of the accreditation unless the same be revoked or otherwise cancelled for whatever legal grounds; provided that in case of voluntary withdrawal from accreditation due to decision to cease from engaging in bonding business or expiration of bonding license, the release of the escrow deposit shall be allowed ONLY after all bonds previously issued by the FIRST PARTY have been cancelled or fully satisfied, and there are no more subsisting bonds issued by them to answer for judgments rendered by the Commission. The escrow deposit may be subject to spot verification by duly authorized representative/s of the **THIRD PARTY**;
3. The deposit in escrow shall not be pre-terminated, transferred, encumbered, withdrawn or released except upon proper authorization/clearance by the **THIRD PARTY** and shall answer for all valid and legal claims arising from non-payment of obligations of the **FIRST PARTY** and/or its authorized agents pertaining to surety bonds issued. In this connection, a written instruction to disburse, accompanied by an original, duplicate original or certified true copy of the final decision/order /resolution issued by the **THIRD PARTY** shall serve as the authority of the **ESCROW AGENT / SECOND PARTY** to disburse from the deposit in escrow and pay the liabilities on a "first come-first served" basis and the Order of Garnishment that is first served upon the **ESCROW AGENT / SECOND PARTY** shall be satisfied, irrespective of the date of the issuance of the writ of execution; provided further, that where several claims are simultaneously presented on the same day, and the escrow deposit is not sufficient to pay the claims, the **ESCROW AGENT / SECOND PARTY** shall pay the claims on a pro-rata basis. It is agreed, however, that the **ESCROW AGENT / SECOND PARTY** shall not be liable beyond deposit in escrow in the amount of **FIVE MILLION PESOS (PHP5,000,000.00)** or beyond whatever balance of the deposit in escrow.
4. The **FIRST PARTY** hereby represents and warrants that:
 - (a) It has the full right and legal authority, and its representative is duly authorized, to execute this Escrow Agreement, make the deposit in escrow and there is no fact, event or circumstance which will impair the validity thereof;

- (b) The escrow deposit is free and clear of any lien, charge or encumbrance of whatever kind and nature, and that there are no contra-accounts dispute, set-off or counterclaims whatsoever against it;
 - (c) The contracts or documents evidencing and/or supporting the deposit in escrow have been duly executed, valid, subsisting and sufficient for legal action;
 - (d) This Agreement constitutes a legal and valid obligation of the **FIRST PARTY** and enforceable in accordance with its terms; and
 - (e) All necessary approvals for the execution and delivery of this Agreement and the performance of its obligations hereunder have been secured.
5. The **ESCROW AGENT / SECOND PARTY** shall notify in writing and advise the **THIRD PARTY** of any payment made from the escrow deposit / account or whenever the escrow deposit is reduced.
 6. That in case the deposit in escrow is reduced by reason of levy made by the Sheriff, the Management and Fiscal Division of the **THIRD PARTY** shall notify the **FIRST PARTY** to replenish and deposit an amount equivalent to the amount levied from the escrow deposit within ten (10) days from receipt of notice. The **ESCROW AGENT / SECOND PARTY** shall at all times advise in writing the **THIRD PARTY** whenever the escrow deposit is reduced or the same is no longer intact; provided further that, violation of the provision shall result in the suspension of accreditation of the **FIRST PARTY** without further notice.
 7. The **ESCROW AGENT / SECOND PARTY** may invest the escrow deposit in government securities, provided that said escrow deposit shall be available anytime on demand by the **THIRD PARTY** for the purpose mentioned in paragraph 3 hereof;
 8. **No PDIC coverage.** This escrow agreement is not covered by the PDIC and that losses, if any, shall be for the account of the **FIRST PARTY**.
 9. This Agreement shall in no case be pre-terminated without prior notice to and clearance by the **THIRD PARTY**; provided further that violation of this provision shall be sufficient cause for revocation of accreditation of the **FIRST PARTY**. It is understood that this provision shall equally apply to transfer of account/re-designation of another bank, which the **FIRST PARTY** may undertake; provided further that in case of re-designation to another bank, the escrow deposit with the **ESCROW AGENT / SECOND PARTY** shall not be released unless appropriate clearance is issued by the **THIRD PARTY**;
 10. The **ESCROW AGENT / SECOND PARTY**, cognizant of the foregoing terms and conditions above stipulated, and having been duly appointed as **ESCROW AGENT** by the **FIRST PARTY** with the agreement of the **THIRD PARTY** does hereby agree to act as

ESCROW AGENT for the **FIRST** and **THIRD PARTY**, and to discharge the duties and perform the undertakings in accordance therewith;

11. For its services, the **ESCROW AGENT / SECOND PARTY**, shall be entitled to receive a compensation equivalent to _____ **PESOS (PHP _____)** per annum. Such fees shall be payable annually, on or before the anniversary date of the opening of the account and shall be for the account of the **FIRST PARTY**;
12. The **FIRST PARTY** hereby warrants that the **ESCROW FUND** and/or additional money/s, security/ies, asset(s) as well as other funds contributed thereto are not in any way derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud and any other crimes. In this connection, the **ESCROW AGENT / SECOND PARTY** and **THIRD PARTY** shall be held free and harmless from any misrepresentation of the **FIRST PARTY** that may subject the **ESCROW AGENT / SECOND PARTY** and **THIRD PARTY** to any legal or regulatory citation, sanction or penalty;
13. Any and all earnings from the investment and re-investment of the deposit in escrow hereof shall be for the account of the **FIRST PARTY**. The **FIRST PARTY** may withdraw periodically the earnings of the deposit in escrow;
14. Upon release and delivery of the entire escrow deposit of the party(ies) entitled thereto and the **FIRST PARTY** fails to replenish the same pursuant to Section 6 hereof, this Agreement shall terminate without any need of any further act on the part of any or all the parties hereto, and the responsibilities of the **SECOND PARTY** as **ESCROW AGENT** under this Agreement shall likewise be terminated provided that the **ESCROW AGENT / SECOND PARTY** shall give written notice of the termination to the **THIRD PARTY** within ten (10) days from the lapse of the period to replenish as provided in Section 6 hereof.
15. The **ESCROW AGENT / SECOND PARTY** shall not look into the veracity, genuineness or validity of the written authorization to release all or any portion of the escrow deposit or any document which it might receive pursuant to the provisions of this Agreement, or otherwise pass upon any requirement of such instrument that may be essential for its validity, the intent of the parties hereto being to assure the immediate release and delivery of all or any portion of the escrow deposit to whoever is entitled thereto when the same is authorized under the terms of this Agreement;
16. The **ESCROW AGENT / SECOND PARTY** is authorized and directed to disregard, on its sole discretion, any and all notices, directives and warnings that may be given to it by the other parties hereto or by any other person, firm, association or corporation which are not in accordance with the terms of this Agreement. It

shall, however, at all times obey the order, judgment or decree of the **THIRD PARTY** arising from the enforcement of final judgment/resolution in case of non-payment of its obligations pertaining to surety bonds and it is hereby authorized to comply with and obey such orders, judgments or decrees and in case of such compliance, it shall not be liable by reason thereof to the parties hereto or to any other person, firm, association or corporation even if, thereafter, any such order, judgment or decree be reversed, modified, annulled, set aside or vacated;

17. The **ESCROW AGENT / SECOND PARTY** assumes no obligation or responsibility hereunder other than to hold the Escrow Deposit, keep the funds/monies invested or re-invested, and to release the same as herein provided. The **ESCROW AGENT / SECOND PARTY** shall not be bound by any agreement or contract between the **FIRST PARTY** and other parties, whether it has knowledge thereof or not, that will contravene its responsibilities hereunder;
18. The **FIRST PARTY** hereby agrees to indemnify and hold the **ESCROW AGENT / SECOND PARTY** free and harmless from any and all losses, damages, cost and expenses that may be incurred by it by reason of its compliance in good faith with the terms of this Agreement;
19. The **FIRST PARTY** holds the **ESCROW AGENT/SECOND PARTY** free and harmless from any liability relating to its acts or performance as **ESCROW AGENT** in the absence of fraud, fault, negligence or bad faith on its part.
20. Should it become necessary for the parties to resort to judicial proceedings in order to enforce any of its rights hereunder, all actions and controversies that may arise under this Agreement shall be brought exclusively before the proper courts in Quezon City, each party hereby expressly waiving any other venue.
20. This Agreement shall not be altered or amended in any manner without the written consent of all the parties hereto.
21. This Agreement shall be binding upon the successors and assignees of the parties hereto, provided that the **FIRST PARTY** may not assign or transfer its rights and obligations hereunder without the consent of the **THIRD PARTY**.

THE PARTIES AFFIRM (a) HAVING CAREFULLY READ AND UNDERSTOOD ALL THE FOREGOING STIPULATIONS AND (b) THAT AT THE TIME THAT THE PARTIES' REPRESENTATIVE HAS AFFIXED HIS/HER SIGNATURE HERETO, ALL THE BLANK SPACES HAVE BEEN CORRECTLY AND COMPLETELY FILLED-UP.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands at the place first above written on this day of _____, 2026.

(NAME OF COMPANY)
(FIRST PARTY)

By:

(NAME OF SIGNATORY)
(Position)

(NAME OF BANK)
(ESCROW AGENT/SECOND PARTY)

By:

NATIONAL LABOR RELATIONS COMMISSION
(THIRD PARTY)

By:

CHAIRPERSON GRACE E. MANIQUIZ-TAN

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____)S.S.

BEFORE ME, a Notary Public for and in the _____ this
_____ day of _____ personally appeared the following:

Name	SSS/Passport No Driver's License No.	Date / Place Issued
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(NAME OF Bonding company)

REPRESENTATIVE

known to me to be the persons who executed the foregoing instrument and acknowledged that the same to be their free and voluntary acts and deeds.

Said instrument refers to the ESCROW AGREEMENT, and consists of nine (9) pages including this page wherein the acknowledgement is written, signed by the parties and witnessed on all pages and sealed with notarial seal.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2026.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____)S.S.

BEFORE ME, a Notary Public for and in the _____ this
_____ day of _____ personally appeared the following:

Name	SSS/Passport No Driver's License No.	Date / Place Issued
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(NAME OF BANK)

REPRESENTATIVE

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ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____)S.S.

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_____ day of _____ personally appeared the following:

Name	SSS/Passport No Driver's License No.	Date / Place Issued
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NATIONAL LABOR RELATIONS
COMMISSION (NLRC)

Chairperson _____

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