



Senate
Office of the Secretary

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE

RECEIVED BY: JAN

P.S.R. No. 267

Introduced by SENATOR SONNY ANGARA

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE/S TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATE OF THE COUNTRY'S PRE-NEED INDUSTRY AND THE IMPLEMENTATION OF REPUBLIC ACT NO. 9829, OTHERWISE KNOWN AS THE PRE-NEED CODE OF THE PHILIPPINES

WHEREAS, Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines, seeks to regulate the establishment of pre-need companies and to place their operation on sound, efficient and stable basis to derive the optimum advantage from them in the mobilization of savings and to prevent and mitigate, as far as practicable, practices prejudicial to public interest and the protection of planholders;

WHEREAS, the law was enacted to prevent a repeat of the tragedy suffered by hundreds of thousands of families who could not claim on their pre-need plans because many of the more than 200 pre-need firms operating in the country collapsed during the 1997 Asian Financial Crisis;

WHEREAS, the Pre-Need Code transferred the primary and exclusive supervision and regulation of all pre-need companies from the Securities and Exchange Commission (SEC) to the Insurance Commission (IC) as the law recognized that pre-need products are more like insurance rather than investment products, thus would be better supervised with a more appropriate regulator;

WHEREAS, the Pre-Need Code mandated the institutionalization of capital requirements wherein a pre-need company selling three types of plans—education, pension and memorial—is required to have a minimum paid-up capital of P100 million and to establish a trust fund per pre-need plan in order to provide a solid capital base to ensure that pre-need firms have the means to service their liabilities and lessen the risk of instability;

WHEREAS, notwithstanding the enactment of the Pre-Need Code, the IC reported in February 2012 that within the 12-month period from September 2010 to September 2011, the IC had placed no less than thirty pre-need companies, Prudentiallife Plans Inc. (PPI), under conservatorship;

WHEREAS, according to recent news reports, some 300,000 holders of PPI education, pension and memorial pre-need plans have suffered huge losses due to PPI's collapse, with 50,000 of them possibly not getting any payment at all from the PPI;

WHEREAS, in view of the recent events, there is an urgent need to look into the current state of the Philippine pre-need industry and review the implementation of the Pre-need Code in order to protect the interests of holders of pre-need plans and promote the long-term viability of the Philippine pre-need industry, so that Filipinos will no longer fear

for the safety of their pre-need plans that they had paid with their hard-earned money to guarantee a better future for their family;

NOW, THEREFORE, BE IT RESOLVED, as it hereby resolved to direct the appropriate Senate Committee/s to conduct an inquiry, in aid of legislation, on the state of the country's pre-need industry and the implementation of Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines.

Adopted,

A handwritten signature in black ink, consisting of a stylized 'S' followed by a long horizontal flourish.

SENATOR SONNY ANGARA