

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

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SENATE
P. S. Res. No. **250**

Introduced by Senator Francis N. Pangilinan

A RESOLUTION
CALLING ON THE COMMITTEE ON TRADE AND COMMERCE
TO INVESTIGATE THE ALLEGED WILFULL EVASION BY THE PACIFIC PLANS
INCORPORATED OF ITS OBLIGATIONS TO ITS CREDITORS, WITH THE OBJECTIVE
OF PROPOSING LEGISLATION TO PREVENT AND PENALIZE CORPORATE
MANEUVERINGS AND OTHER ACTS OF INSURANCE COMPANIES AND FOR
OTHER PURPOSES

WHEREAS, Pacific Plans Inc. (PPI), which is a part of the Yuchengco Group of Companies, is a pioneering company of the pre-need industry since 1966;

WHEREAS, one of the products offered for sale by PPI was the Traditional Open-Ended Educations Plan or the plan where PPI agreed under the terms of the contract to pay the planholder, irrespective of the cost at the time of the availment, tuition and other school fees for the enrollment of the beneficiary;

WHEREAS, in 1992, PPI has stopped selling Traditional Education Plans pursuant to the industry-wide suspension order of the sale of the same by the Securities and Exchange Commission;

WHEREAS, over the years, the Traditional Educational Trust Fund was allegedly being subsidized by more than P1.5 Billion from its operating profits from its other products, such as the Fixed Value Education, Pension and Memorial Plans;

WHEREAS, sometime in June 2004, PPI approved the transfer of its income generating plans to Lifetime Plans Inc, a subsidiary of PPI, allegedly as part of its marketing strategy to focus on distinct market segments;

WHEREAS, the transfer resulted to a state where PPI is left with only its Traditional Educational Plan to sustain its operations, with no other products to sell;

WHEREAS, on August 20, 2004, PPI allegedly approved the sale of its shares of stocks in Lifetime to GPL Holdings for an amount allegedly inconsistent with an arms-length-sale;

WHEREAS, the sale resulted in the complete divestment of PPI's interest in Lifetime;

WHEREAS, PPI filed a Petition for Rehabilitation and successfully obtained on April 13, 2005 a Stay Order prohibiting PPI from making any payment of its liabilities and allowing only the disbursement of at least P341 Million as tuition fee support to its availing planholders;

WHEREAS, PPI allegedly resorted to corporate maneuverings to purposely avoid its obligations with existing holders of Traditional Educational Plans;

WHEREAS, the above allegations, if proven true, would potentially create havoc in the entire pre-need industry, which to date has yielded an estimated four million plan beneficiaries;

RESOLVED, AS IT IS HEREBY RESOLVED, that the Committee on Trade and Commerce investigate the alleged intentional evasion by the Pacific Plans Incorporated of its obligations to its traditional planholders, with the ultimate objective of proposing legislation to prevent and penalize corporate maneuverings and other acts by insurance companies.



FRANCIS N. PANGILINAN