

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

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SENATE 260
P. S. R. No. _____

RECEIVED BY: _____

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES AND THE SENATE COMMITTEE ON EDUCATION, ARTS AND CULTURE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE FINANCIAL CATASTROPHE THAT BEFELL PACIFIC PLANS, INC. AND THE LAWS GOVERNING PRE-NEED COMPANIES

WHEREAS, the Constitution, Article XIV, Section 1, provides that: "The state has the constitutional duty to promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all";

WHEREAS, due to the spiraling costs of quality education, especially in the tertiary level, it has been extremely difficult for parents to shoulder tuition fees and other standard school fees of their children;

WHEREAS, in order to send their children to college, parents have resorted to availing of pre-need educational plans from pre-need companies;

WHEREAS, pre-need educational plans provide for the performance of future services or the payment of future monetary considerations at the time of actual need; these plans typically guarantee payment of college tuition fees and other school fees of the planholder's child;

WHEREAS, Section 16 of the Securities Regulation Code mandates the Securities and Exchange Commission (SEC) to impose requirements on pre-need companies relative to capital, bonding, and other financial responsibility, and to establish trust funds for payment of benefits under pre-need plans;

WHEREAS, Pacific Plans, Inc. is one such pre-need company offering pre-need educational plans;

WHEREAS, on 14 April 2005, Pacific Plans, Inc. announced that it had filed a petition for rehabilitation with the Regional Trial Court; it alleged that it had run out of cash and can only pay P341 million worth of educational claims;


WHEREAS, Pacific Plans, Inc. has 34,000 planholders, 16,000 of whom have already filed for educational claims for the school year 2005-2006; the financial obligations of Pacific Plans, Inc. to its planholders is pegged at P350 million for the present enrollment period alone, thus generating a discrepancy of around P9 million since it only has P341 million to answer for its obligations;

WHEREAS, the much publicized financial troubles of Pacific Plans, Inc. and other pre-need companies indicate an urgent necessity for tighter supervision over the pre-need industry;

WHEREAS, pre-need companies offering pre-need educational plans are vested with public interest because heads of families rely on them to secure the future of their children; the government thus has the duty to ensure that these companies live up to their fiduciary obligations;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to direct the Senate Committee on Banks, Financial Institutions and Currencies and the Senate Committee on Education, Arts and Culture to conduct an inquiry in aid of legislation on the sudden financial catastrophe that befell Pacific Plans, Inc. and the laws regulating pre-need companies.

Adopted,


MIRIAM DEFENSOR SANTIAGO
MS

/dpm