


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

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SENATE

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P. S. Res. No. 271

Introduced by Senator S. R. Osmeña III

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON TRADE AND COMMERCE, AS PRIMARY COMMITTEE, AND THE COMMITTEE ON SOCIAL JUSTICE, WELFARE AND RURAL DEVELOPMENT, AS SECONDARY COMMITTEE, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE OPERATIONS IN THE PRE-NEED INDUSTRY AND THE ADEQUACY OF THE REGULATORY REGIME IN PROTECTING THE SMALL CONSUMERS FROM THE EXCESSES OF PRE-NEED COMPANIES

WHEREAS, the Pre-Need industry is beset with gargantuan problems owing to the failure of several companies to faithfully honor their obligations to unsuspecting consumers whom they have enticed to buy their various pre-need plans, mostly educational plans;

WHEREAS, foremost among these companies is College Assurance Plan which the SEC had found to be suffering from a huge capital deficiency and acute liquidity problem, and for many years now have been unable to arrest the massive dissipation of the plan holders' trust fund that is already deficient by at least P17,000,000,000.00;

WHEREAS, The SEC had established that the problems were caused by, among others, questionable investments in the businesses of CAP owners;

WHEREAS, another Pre-Need company, Pacific Plans, Inc. (PPI), had recently filed for rehabilitation after it had spun-off its profitable assets to a new company, Lifetime Plans, Inc., prompting allegations that PPI fraudulently divested its choice assets and entered into sweetheart deals, leaving the company essentially bankrupt and unable to pay unwary plan holders.

WHEREAS, in the meantime, hundreds of thousands of plan holders their families who have relied upon the promises of these companies were suddenly thrown in financial crises as they now have the burden of advancing money for the companies, or worse, abandon hopes of education for their children.

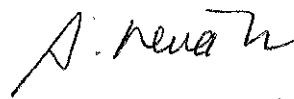
WHEREAS, these plan holders essentially have no means, resources, information and sophistication to protect and enforce their rights against the companies with so many resources and their owners who have even more;

WHEREAS, the obvious disparity in the economic situations of the plan holders on one hand and the big pre-need companies on the other should be addressed by crafting legislation that diffuses economic power to reduce inequalities that lead one sector to defraud or exploit another.

NOW, THEREFORE, in view of the foregoing and in order to protect and pursue the Senate's constitutional prerogatives,

BE IT RESOLVED, as it is hereby resolved, to direct the Committee on Trade and Commerce, as primary committee, and the Committee on Social Justice, Welfare and Rural Development, as secondary committee, to conduct an inquiry, in aid of legislation, into the operations in the Pre-Need industry and the adequacy of the regulatory regime in protecting the small consumers from the excesses of Pre-Need companies.

Adopted,


SERGIO R. OSMEÑA III
Senator