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INSURANCE COMMISSION PLACES LOYOLA PLANS UNDER CONSERVATORSHIP

Insurance Commissioner Dennis B. Funa has ordered the placing of Loyola Plans, Inc. under conservatorship for non-compliance with the minimum unimpaired capital and trust fund requirements and reportorial requirements of the Insurance Commission.

Commissioner Funa cited the continuing inability of Loyola Plans to cover up its capital and trust fund deficiencies required of pre-need companies under Republic Act No. 9829 or the Pre-Need Code of the Philippines as one of the grounds for placing the company under conservatorship.

"Loyola's inability to cover up its paid-up capital impairment amounting to P126 million and trust fund deficiency in the amount of P149 million based on its 2016 Audited Financial Statements as of 31 December 2016 is one of the grounds for placing the company under conservatorship," according to Commissioner Funa.

Considering that the company has a negative net worth based on the verification on the 2016 Annual Financial Statements, its paid-up capital was found to be impaired by P126 million. The company's trust fund, on the other hand, is only P932 million as against its total pre-need reserves (liability) of P1.48 billion.

Pre-need companies are required by law to set up a trust fund out of their premium collections. This fund is supposed to answer for future delivery of services as provided in the pre-need contracts which is separate and distinct from the paid-up capital of the company.

As early as 2018, the Insurance Commission already called the attention of Loyola Plans to cover up its provisional capital and trust fund deficiencies which were based on the 2016 Annual Statement of the company.

He also noted that company has yet to submit its 2017 and 2018 Annual Financial Statements despite issuance of another Show Cause Order.

"At that time, the deficiencies were still considered provisional as the company only submitted its 2016 Annual Statement. It had failed to submit its 2016 Audited Financial Statements within the deadline provided under the Pre-Need Code despite repeated orders and issuance of show cause orders issued by the Insurance Commission.

Despite being provisional, the Insurance Commission already required them to address these deficiencies," said Commissioner Funa.

Loyola Plans, on the other hand, submitted a plan to address its capital impairment and trust fund deficiency.

Commissioner Funa added, "The submission of Annual Financial Statements is important in determining the current financial condition of a pre-need company. However, these reportorial requirements are yet to be submitted to us. In fact, one of the reasons why the evaluation of the company's submitted action plan to address these deficiencies had not yet been completed is due to the non-submission of the its financial reportorial requirements despite sufficient time given to the company."

"Without these documents, we cannot verify the sufficiency and adequacy of the company's action plan to generate cash flow to address its deficiencies," he said.

As a result of the Conservatorship Order issued by Commissioner Funa, Loyola Plans, Inc. is now prohibited from selling new plans, while the management of the company is transferred to the IC-appointed conservator, Atty. Dionne Marie M. Sanchez.

Under the Pre-Need Code, the conservatorship shall take charge of the assets, liabilities and management of company, exercise all powers necessary to preserve the assets of the company and reorganize its management with the goal of restoring the company's viability.

"The IC-appointed conservator was directed to immediately coordinate with Loyola Plans for the immediate execution of the conservatorship process. This process will include the evaluation of the proposed revival plan to be submitted by the company," said Commissioner Funa.

Notwithstanding the issuance of a Conservatorship Order against Loyola Plans, Commissioner Funa said that the company should continue to pay its existing obligations and servicing its clients.

Commissioner Funa emphasized, "Meanwhile, all plans issued before the conservatorship order remain valid, and the obligation of the company toward its planholders still exists. This means that the company is still required to pay all existing and matured claims," Commissioner Funa clarified.

Parties having any claim against the company were advised to file their claims with the company together with all supporting documents detailing the nature, basis and amount of their claim.

Loyola Plans, founded by the late Senator Gil J. Puyat, Sr. and later on managed by her daughter, the late Jesusa Puyat-Concepcion, is a pre-need company offering education, life and pension plans.

Loyola Plans previously avoided being placed under conservatorship after it was able to cover up its trust fund deficiencies through cash and non-cash contributions.

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