Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Certificate Number: AJA18-0159

PRESS RELEASE
29 JULY 2019

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.