



Circular Letter (CL) No.:	2023-21
Date:	16 August 2023
Supplements:	CL No. 2022-40 dated 09 August 2022 (<i>Guidelines on Voluntary Cessation and Withdrawal of Pre-Need Business in the Philippines</i>) and CL No. 2014-15 dated 15 May 2014 (<i>Schedule of Fees and Charges</i>)

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : SUPPLEMENTAL GUIDELINES ON VOLUNTARY CESSATION AND WITHDRAWAL FROM PRE-NEED BUSINESS IN THE PHILIPPINES

WHEREAS, Circular Letter (CL) No. 2020-112 dated 02 December 2020 or the *Guidelines on Formal Closure of Liquidation Proceedings for Pre-Need Companies under Liquidation and Final Disposal and Distribution of Assets Including Unclaimed Benefits* was issued to provide guidelines for companies with sufficient corporate assets to satisfy the company's corporate liabilities or if there are no remaining corporate liabilities and the company has no intention to continue its corporate life.

WHEREAS, CL No. 2022-40 dated 09 August 2022 or the *Guidelines on Voluntary Cessation and Withdrawal of Pre-Need Business in the Philippines* was issued to provide specific guidelines for the proper run-off or cessation and withdrawal of pre-need business in the Philippines.

WHEREAS, the Commission observed that the said guidelines on voluntary cessation should also include guidelines on the treatment of unclaimed benefits, surplus in trust funds, and residual corporate freehold assets.

WHEREAS, voluntary cessation and withdrawal of pre-need business can also be classified as another mode of formal closure.

WHEREAS, in cases where the law does not provide for prescriptive periods for bringing actions and claims, the claim shall be barred after five (5) years¹, and that by analogy, this period may also be adopted for the purpose of fixing a legal end to pre-need unreleased benefits.

WHEREAS, there has to be a formal closure of the servicing proceedings and final disposal of documents after all the necessary steps to run-off a company's pre-need business have been fully undertaken;

WHEREAS, it is only fair and reasonable to declare all inactive planholders to have waived their right to their claims should they fail to claim their benefits within the aforesaid period despite personal knowledge, sufficient notices, or publication of the final call for distribution.

NOW, THEREFORE, pursuant to the authority of the Insurance Commissioner provided under Section 6 of Republic Act No. 9829 or the Pre-Need Code of the Philippines, the following "**Supplemental Guidelines on Voluntary Cessation and Withdrawal of Pre-Need Business in the Philippines**" is hereby adopted:

SECTION I - APPLICABILITY

This Guidelines shall apply to any **domestic pre-need company** intending to voluntarily cease the sales and registration of its pre-need plans and withdraw its pre-need business in the Philippines.

SECTION II – DEFINITION OF TERMS

Whenever used in this Guidelines, the following terms shall have the respective meanings hereafter set forth or indicated, unless the context requires otherwise:

- A. Abandoned Benefits** refers to benefits which remain unclaimed for a period of at least five (5) years from the date of the first letter notice of the company offering the early termination of plans or from the maturity date, whichever comes first, and after the process stated in Section IV hereof had been completed. These constructively waived benefits may also be considered as presumed waiver of right (under Sec. II (F) hereof) or presumed error in the books of the concerned pre-need company (under Sec. II (E) hereof) and may

¹ Prescription, Article 1149 and 1150 of the New Civil Code of the Philippines.

Article 1149. *All other actions whose periods are not fixed in this Code or in other laws must be brought within five years from the time the right of action accrues. (n)*

Article 1150. *The time for prescription for all kinds of actions, when there is no special provision which ordains otherwise, shall be counted from the day they may be brought. (1969)*