



IN THE MATTER OF THE RECEIVERSHIP
PROCEEDINGS OF CARITAS FINANCIAL
PLANS, INC.

CRL Ref. No. 2024- 003

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DIRECTIVE

This *Directive* is issued pursuant to Section 6 (k) in relation to Sections 50 of Republic Act No. 9829, otherwise known as "*The Pre-Need Code of the Philippines*", and in the interest of facilitating the **receivership proceedings of Caritas Financial Plans, Inc. (CFPI)**.

In a letter dated 04 July 2023, Caritas Financial Plans, Inc. (CFPI) was directed to address its capital deficiency amounting to Php110,796,642.00 within five (5) days, and Show Cause in writing why it should not be placed under conservatorship for its continuing inability or unwillingness to comply with the order of the Commission.

In response, CFPI in its letter dated 17 July 2023 stated the following:

- a. Caritas Health Shield, Inc. ("CHSI"), its parent company, is currently not able to infuse capital to cover-up the capital deficiency amounting to Php110,796,642.00 since CHSI has been placed under conservatorship on 18 January 2023;
- b. The Parent Company is currently in negotiation with a potential investor interested in acquiring the Caritas ecosystem; and
- c. CFPI is requesting that the Commission hold in abeyance the placing of the company under Conservatorship.

After evaluation of the reply of CFPI, through a letter dated 25 July 2023, the Commission ordered CFPI to **CEASE AND DESIST** from taking any pre-need business of any kind or character **effective 1 August 2023**, and simultaneously placed the company under conservatorship due to its incapacity to comply with the requirements of the Pre-Need Code and/or Order of this Commission pursuant to Section 49 of the Pre-need Code.

The Insurance Commission published a Notice to inform the public about the placing of the CFPI under conservatorship. The notice was published in the Philippine Star on August 2, 9, and 17, 2023 pursuant to IC CL No. 2016-34 dated 21 June 2016. The said notice was also posted on the Insurance Commission's website and in the office premises of CFPI.

During the period of conservatorship, CFPI was allowed to accept subsequent payments from existing plans alongside with the processing of all claims and benefits of its planholders.

However, immediately after placing the company under receivership it was discovered that CFPI is already suffering delays in the payment of plan termination and other planholder's claims. Given this, the designated conservator, ordered the company to reconcile its disbursement account to properly account all its outstanding obligations with its planholders.

In February 2023, CFPI resumed the releasing of checks for payment of plan termination and yearly cash benefits of its planholders.

Based on the Interim Financial Statements as of 31 December 2023 the company has total assets amounting to P1,145,882,184.00 and total liabilities amounting to P1,205,621,717.

The company is likewise non-compliant with the capital and trust fund requirements of this Commission. As per 31 December 2023 unaudited financial statement, CFPI has capital deficiency amounting to P118,685,324.00 and trust fund deficiency of P36,196,337.00.

In view of the foregoing and upon recommendation of the designated conservator, CFPI was placed under receivership effective 25 April 2024.

In line with this, the Commission issued a Notice of Stay Order against CFPI suspending all payments of claims effective 25 April 2024, except for administrative expenses and/or those approved by the Insurance Commission upon the favorable recommendation by the appointed Receiver, until otherwise ordered by the Insurance Commission.

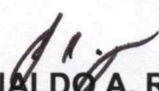
In the interest of fairness and equity, claims against CFPI shall be paid according to the following payment scheme:

- a. Claims for Plan Termination filed before 25 April 2024 shall be processed and paid in accordance with the terms and conditions of their contracts;
- b. Claims for Yearly Cash Benefit which matured before 25 April 2024 shall likewise be paid in accordance with the terms and conditions of their contracts;
- c. Claims for plan termination and yearly cash benefits filed and matured on or after 25 April 2024 shall be suspended pursuant to the Notice of Stay Order and shall be subject to the continuous proceedings of CFPI; and
- d. Payment of all creditors and/or stakeholders other than planholder's claim, including employees, suppliers and the likes, shall be subject to the availability of CFPI's corporate assets.

Finally, the designated receiver is ordered to implement and monitor the full compliance with the above-mentioned payment schemes.

SO ORDERED.

Manila, Philippines, 25 April 2024


REYNALDO A. REGALADO
Insurance Commissioner

