



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



Legal Opinion No.	LO-2018-10
Date	April 16, 2018

**MR. EUSEBIO H. TANCO**

*Director*

**Philplans First Inc.**

12<sup>th</sup> Floor, STI Holdings Center  
6764 Ayala Avenue  
1226 Makati City

Subject: **Legal Opinion on Investment Restrictions of Directors and Officers of Pre-Need Companies**

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Dear **Mr. Tanco**:

This refers to your letter dated 28 December 2017, requesting for guidance on Section 13 of Republic Act No. 9829 or the Pre-Need Code of the Philippines pertaining to restrictions on investments of directors and officers of pre-need companies.

We understand, based on your letter, that two of the directors in Philplans First, Inc. ("Philplans") have investments in shares of publicly-listed companies where the Philplans' trust fund have investments in. Nevertheless, you state that the investments of the concerned directors were made *prior* to Philplans' trustee bank's investment of the said company's trust fund in the same publicly-listed companies.

**Our Opinion**

Section 13 of the Pre-Need Code of the Philippines provides that "*no director or officer of any pre-need company shall, after his election or appointment as such, directly or indirectly, for himself or as the representative or agent of others, have an investment in excess of Five Million Pesos (Php 5,000,000) in any corporation or business undertaking in which the pre-need company's trust fund has an investment in or has a financial interest with. xxx*"

The evil sought to be avoided by the said provision is to prevent directors and officers from using their positions in the company *after his election or appointment* as