



IN THE MATTER OF
LIQUIDATION OF PHILIPPINE
PRUDENTIAL LIFE
INSURANCE COMPANY, INC.
(PPLIC)

CRL Reference No. 2021 - 02

DIRECTIVE

10 December 2021

This Directive is issued by the Insurance Commission (IC) pursuant to Section 437 of Republic Act No. 10607, otherwise known as the Amended Insurance Code, in relation to Paragraph 3, Section 256 on "*Proceedings Upon Insolvency*" and for the purpose of setting the official prescribed deadline or cut-off for accepting claims against **PHILIPPINE PRUDENTIAL LIFE INSURANCE COMPANY, INC. (PPLIC)**.

In our letters dated 18 October 2016 and 21 October 2016, which was received by PPLIC on 04 November 2016, the company was ordered by this Commission to cease and desist from transacting life insurance business and simultaneously placed under Conservatorship in accordance with Section 255 of the Amended Insurance Code.

On 27 September 2017, PPLIC was placed by the Commission under Receivership in accordance with Paragraph 1, Section 256 of the Amended Insurance Code and subsequently thereafter, on 07 February 2018, under Liquidation in accordance with Paragraph 3, Section 256 of the same law.

As can be gleaned from the above-timeline, the Commission has given PPLIC over a year, from 04 November 2016 to 06 February 2018, to revive its company, considering that the process of Conservatorship and Receivership also entails a process of rehabilitation, wherein a company is given a chance to revive its operation or rehabilitate, through its own cash infusion or a buy-out by interested investors.

However, despite talks and negotiations with the alleged PPLIC's prospective investors, the supposed rehabilitation of the company has failed to materialize, which constrained this Commission to place it under Liquidation to protect the interest and welfare of PPLIC's policyholders and other stakeholders.

Simultaneous to the Liquidation Order against the company, PPLIC, through the IC-designated Liquidator, Atty. Iris Sylvia Lucero Bonifacio, was required to publish in a newspaper of general circulation, a Notice of Liquidation, requiring the company's policyholders and creditors to submit their claims against the company until 12 September 2018. Despite the said deadline, the Liquidator continues to receive claims being filed in her office to liberally accommodate the request of policyholders.

The Liquidator was also directed by this Commission, among other instructions, to submit a Liquidation Plan, which necessarily includes the details of the company's policyholders and creditors who filed their claims against the company (the Master List of Claims of PPLIC).

Moreover, considering that the company's last submitted financial statements cover only its operation for calendar year 2015, there is a need to engage the services of an IC-accredited external auditor, in order to accurately determine PPLIC's financial condition, which is also an essential component of the Liquidator's proposed Liquidation Plan.

Currently, the aforesaid external auditor's examination is still ongoing. Hence, the Liquidator has yet to finalize her proposed Liquidation Plan, though an Interim Liquidation Plan was already submitted to this Commission on 30 January 2020, and a reply, containing our observations and recommendations thereof, was transmitted by this office to the Liquidator on 18 February 2020.

Among the directives to company's Liquidator, stated in IC Letter dated 30 January 2020, is to expedite the completion of PPLIC's Seriatim List or the Master List of Policyholders ("Master List"), in order to complete the Audited Financial Statements of the company and thereafter finalize her Liquidation Plan.

On 20 July 2020, the Liquidator officially transmitted to the Commission PPLIC's Master List. However, as confirmed by the company, the aforesaid submitted Master List is still subject to validation, particularly the computation of cash values, considering that the same was prepared by PPLIC employees who do not have experience and/or skills for said computation.

In several Memoranda of the Liquidator, she explained that the cause of delay of submission to IC of the aforementioned Master List, was due to four (4) incompatible database system of the company that was allegedly were not properly turned over to the former by the previous officers of PPLIC prior to their resignation or retrenchment. Hence, the current PPLIC employees had to work from scratch with corrupted database system.

Hence, in IC letter dated 14 August 2020, the Commission instructed the Liquidator to expedite the validation of all claims stated in her officially transmitted Master List of PPLIC's Policyholders and submit to the Conservatorship, Receivership and Liquidation Division (CRLD) Examiners the List of Duly Validated Claims, on a weekly basis, together with the claimants' documents for their further evaluation and confirmation.

However, the CRLD finds it necessary to hire an independent consultant to assist them in the evaluation and verification of the aforesaid claims, especially the determination and the accurate computation of the maturity or cash value of every claim.

Hence, in IC letter dated 18 November 2020, the Commission approved the Liquidator's recommended Special Project Consultant, to evaluate and verify the PPLIC's verified claims folder submitted to the Commission. The said Consultant assumed her functions and duties on 01 December 2020.

In the interim, the Liquidator is also facilitating the sale of all the assets of PPLIC who, based on her last update to us, has yet to find a buyer on all the company's real estate assets despite the publication of a Notice of Sale in Philippine Star on 26 April 2020.

Another notice of sale should have been published by the Liquidator to speed up the sale of said properties. However, PPLIC still has unsettled issues with regard to the Bureau of Internal Revenue (BIR)'s claims against the company, in view of the receipt of a Warrant of Distraint and/or Levy by the company on 21 January 2021 from the former for its allegedly unpaid 2015 tax liabilities.

As carefully discussed-above, the process of Liquidation of an insurance company, involves rigorous and stringent procedures to ensure that all assets of the company are accounted, recovered, and safeguarded and the rights of all concerned creditors and policyholders are protected by this Commission.

In fact for almost three (3) years since the supposed deadline on 12 September 2018 for submission of claims against PPLIC, as stated in the Notice to the Public that was published in a newspaper of general circulation in March 2018, the Master List of Policyholders of the company has yet to be finalized, since as admitted by its current employees, they are still in the process of validating all the claims filed, as well as the computation of the supposed Cash Value or Maturity Value of the policyholders' claim against the company.

Nonetheless, in view of the growing clamor of the policyholders and other stakeholders of PPLIC, in IC letter dated 16 March 2021, we requested the Liquidator to submit to us her recommendation on whether or not it is now timely to officially close the filing of claims by the company's policyholders and creditors, as well as the recommended cut-off date for its acceptance.

The aforesaid recommendation requested by this Commission from the Liquidator was in view of our opinion stated in IC letter dated 14 August 2020, that applying a liberal approach, the claims filed by a policyholder against the company beyond the 12 September 2018 deadline of its submission should still be accepted. Otherwise, it would be unreasonable and unjust for those policyholders for us to refuse the acceptance of their claims, when in fact the Liquidator has not yet finalized her Liquidation Plan by reason of the predicaments and issues confronting the company.

In a Memorandum dated 10 June 2021, the Liquidator recommended that the filing of claims against PPLIC that started upon the publication of the Notice to the Public on 12 March 2018, which supposedly prescribed the deadline for its filing of only until 12 September 2018, should officially close on the date of her official submission to IC of PPLIC's Master List of Policyholders on 20 July 2020.

Hence, claims filed by and received from all policyholders and other creditors against PPLIC beyond the said official submission of Master List should no longer be accepted and included therein, considering that the former have already been given an ample time and opportunity of more than 28 months to file their claims against the latter.

It is worthy to note however, that PPLIC is still in the process of validating all the claims included in the Liquidator's officially submitted 20 July 2020 Master List and as of this moment, only the claims folder filed by policyholders against the company prior to issuance by this Commission of the CDO and simultaneous Conservatorship on 04 November 2016, were completely verified and transmitted to this Commission for further verification and validation.

Nevertheless, there is already a need to determine the deadline or cut-off date for accepting the filed claims in order to finally determine the Liquidation Value of all policyholders' claims against the company, since as mentioned in our letter to the Liquidator dated 14 August 2020, we do note that there are already numerous claimants and creditors of PPLIC who are waiting for years to be paid by the company. Thus, there is a need to adopt a concrete plan of action to address the clamor and sentiments of said claimants and creditors.

In exceptional cases and in the interest of justice and equity, the Commission may allow the payment of valid insurance claims or liabilities applying a conservative approach. Among which are PPLIC's insurance claims that were already completely verified by the company and confirmed by this Commission, which can be covered by company's Security Deposit, and its other readily available assets, such as cash in banks.

In view of the foregoing, the Commission hereby officially sets the deadline or cut-off date for accepting the claims filed against PPLIC as within ninety (90) calendar days from the date of issuance of this Directive on 10 December 2021, and not the date of the said submission of the Master List on 20 July 2020, as recommended by the Liquidator, since this is for the best interest of the policyholders and other stakeholders of the company.

Simultaneous to the issuance of this directive, which shall be posted in the website of this Commission to inform the general public, the designated Liquidator of PPLIC is directed to submit to this Commission the certified true copy of complete list of policyholders who filed their claims after her submission of the Master List on 20 July 2020, until the date of issuance of the aforementioned IC Directive.

Moreover, the Liquidator is enjoined to submit to the Commission her detailed Distribution Plan, which was required of her in our letter dated 14 August 2020, detailing the manner and mode of payment of the Liquidation Value of the policyholders' claims against PPLIC, including the detailed processes and documents needed to further substantiate the claims and also sufficiently verify and confirm the identity of the claimants of the company.

Subsequent IC Directives shall be issued by this Commission to be posted in the IC website upon the submission by the Liquidator, and the careful review and evaluation by this Commission of the recommended Distribution Plan.

SO ORDERED.

City of Manila, Philippines; 10 December 2021.

DENNIS B. FUNA
Insurance Commissioner



CLARIFICATION

Please be informed that **PHILIPPINE PRUDENTIAL LIFE INSURANCE COMPANY, INC. (PPLIC)**, a life insurance company, is a separate and distinct company from Prudentiallife Plans, Inc. (PPI), a pre-need company. Hence, the above notice is not applicable to the pre-need planholders of PPI.