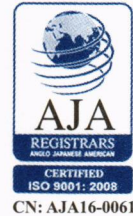




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
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IC PROPOSES BSP FACT-FINDING INVESTIGATION VS UCPB

The Insurance Commission sought the assistance of the Bangko Sentral ng Pilipinas (BSP) to conduct a fact-finding investigation on United Coconut Planters Bank (UCPB) on the alleged commission or omission of acts required of the said bank as a trustee of Provident Plans International Corporation (Provident Plans), a pre-need company offering life and pension plans.

Insurance Commissioner Dennis B. Funa said, "The IC wrote a letter to BSP Governor Nestor A. Espenilla, Jr., requesting that a fact-finding investigation be conducted on UCPB in connection with the handling of the trust fund deposits of Provident Plans."

Commissioner Funa clarified that, "This request was prompted by the letter from Siguion Reyna Montecillo & Ongsiako Law Offices, counsel of Provident Plans, to the IC alleging that UCPB committed gross negligence and fraudulent mismanagement of Provident Plans' Trust Fund Deposits which resulted in the impairment of the required capital and deficiency in required trust fund of the said pre-need company."

"Upon evaluation of Provident Plans' request, we deemed it proper to refer the same to the BSP considering that the regulatory and supervisory powers over UCPB is vested upon it," said Commissioner Funa.

He added, "Nevertheless, we required UCPB to submit to us their reply on the allegations of Provident Plans."

Before the appointment of UCPB as Provident Plans' trustee, the trust fund of Provident Plans was being managed by Export and Industry Bank (EIB). It was EIB who invested the trust funds of Provident Plan in its own "Expert 7 Time Deposit" product which has a double your money feature and comes in the form of zero coupon government securities and a guaranteed interest rate of 17.86% gross rate per annum maturing in seven (7) years.

When UCPB replaced EIB as Provident Plans' trustee bank in 2010, the investment of the trust fund remained in EIB's time deposit.

According to Provident Plans, "Despite possession of information regarding EIB's precarious financial condition and the concerns raised by Provident, UCPB did not lift a finger to pre-terminate the Expert 7 Time Deposit. Instead, UCPB banked heavily on the supposed plan of Banco de Oro to acquire EIB and offered this as an excuse to Provident to justify its inaction."

Provident Plans is among the companies that the IC has found to be financially deficient after the regulation of the pre-need industry was placed under the IC in 2010 pursuant to Republic Act 9829. Pre-need firms were previously under the supervision of the Securities and Exchange Commission (SEC).

Based on the latest letter submitted by Provident Plans to the IC, Provident Plans is in the process of negotiating with new investors who will either acquire or invest in the company in addition to raising of new funds as part of its capital build-up program.



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