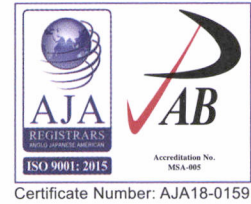




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



PRESS RELEASE
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MERCANTILE CAREPLANS PLACED UNDER CONSERVATORSHIP

The Insurance Commission (IC) has placed Mercantile Careplans, Inc. under conservatorship for its failure to comply with the minimum capital requirement for pre-need companies prescribed under Republic Act No. 9829 or the Pre-Need Code of the Philippines.

“The result of the examination made into the affairs, financial condition, and methods of doing of business of Mercantile Careplans as of end-2018 disclosed that the company failed to comply with the minimum P75-million paid-up capital requirement. Particularly, Mercantile Careplans’ paid-up capital is impaired by P14.23 million,” Insurance Commissioner Dennis B. Funa said.

Commissioner Funa explained, “Under the Pre-Need Code, pre-need companies existing at the time of the effectivity of the law selling two (2) types of plan are required to have a minimum unimpaired paid-up capital of P75 million.”

Before the IC issued the Conservatorship Order, Mercantile Careplans was required to address its capital impairment.

Mercantile Careplans, on the other hand, manifested to the IC that it is no longer financially capable of addressing its capital impairment citing that it ceased selling any plan since 2009 and is merely servicing its existing and maturing plan holders.

Commissioner Funa noted that, while the company’s paid-up capital is impaired, the amount of its trust fund contributions are compliant with the requirements of the Pre-Need Code.

As a result of the Conservatorship Order, the management of the company is now under the IC-appointed conservator, Atty. Marianne P. Lozada-Marquez.

Mercantile Careplans has 5,622 enforced pension plans and 170 enforced educational plans as of end 2018.

Commissioner Funa clarified that the company is required to continue servicing its clients until and unless the IC-appointed conservator recommends otherwise.

“The operations of the company will continue to run under the management of Atty. Lozada. The initial step in the conservatorship process is for the IC-appointed conservator to review the current financial condition of the company and recommend measures to ensure the preservation of the assets of the company for the benefit of its plan holders and other stakeholders.”

Commissioner Funa emphasized that any and all recommendations of the IC-appointed conservator must be approved by the IC.



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