



KASAGANA-KA  
Mutual Benefit Association, Inc.

**KASAGANA-KA Mutual Benefit Association, Inc.  
Minutes of 4<sup>th</sup> Regular Board Meeting  
5 Don Francisco St., Don Enrique Heights  
Brgy. Holy Spirit, Quezon City  
August 24, 2017 8:30 a.m**

**In Attendance**

**Board of Trustees**

1. Marissa A. Loyola – Treasurer, Treasury Committee Member
2. Jerlene B. Perez – Secretary, Product Dev't & Innovation Committee Chairperson
3. Marilyn C. Aldave – Member, Nomination & Election Committee Chairperson
4. Anita L. Manundo – Member, Product Dev't & Innovation Committee Member
5. Ma. Teresa G. Bucad – Member, Product Dev't & Innovation Committee Member
6. Ma. Elizabeth G. Fuentes – Member

**Board of Advisers**

1. Elizabeth N. Yayon – Special Project Committee Member
2. Chona B. Capayas – Ethics Committee Member
3. Leticia T. Rodriguez – Ethics Committee Member
4. Wenifreda F. Rodriguez – Ethics Committee Member
5. Martiniana G. Mancio – Ethics Committee Member
6. Ma. Anna DR Ignacio


**Management & Staff**

1. Silvida R. Antiquera – General Manager, Treasury Committee Member & Special Project Committee Chairperson
2. Evangeline E. Pe – Operations Manager, Nomination & Election Committee Member
3. Evelyn A. Lagmay – Finance Manager

**Absent**

1. Isabel M. Iliw-iliw – President, Treasury & Ethics Committee Chairperson
2. Perla F. Batingal – Independent Board Member, Audit Committee Chairperson
3. Philip Arnold P. Tuaño – Independent Board Member

**Certified Correct by:**

  
Jerlene B. Perez  
BoT Secretary



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## ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the proposed agenda
- V. Reading and Approval of the previous minutes
- VI. Business Arising from Previous meeting
- VII. Financial Report & Investment: Financial Statement for the month of July 2017
- VIII. Operations Updates
  - a. Consortium and Potential Partners
- IX. For Discussions and Approval
  - a. Hospital Income Insurance Plan
  - b. CAT-XOL (Credit Life Insurance)
  - c. Fraud Management Manual
  - d. Change in Signatories
- X. Revised Building Plan
- XI. Performance Evaluation of GM Silvida Antiquera
- XII. Adjournment



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#### **I. Prayer**

The meeting started at 9:15 a.m., with a prayer led by Ms. Ana Mancio.

#### **II. Determination of Quorum**

The Board Secretary noted that President Isabel sent notice that she will not be able to join the meeting due to a family emergency. Sir Randy had prior engagement. Ms. Perla did not respond to the notice of the meeting.

With the President absent, the Board Secretary took over as the presiding officer.

With six (7) out of nine (9) trustees present, Ms. Marissa, with the concurrence of the rest of the Board, reported the presence of a quorum.

Ms. Me-an reminded the Board to ensure compliance with the required minimum attendance of trustees to Board meetings.

#### **III. Approval of the proposed agenda**

Presiding Officer Ms. Jerlene presented the proposed agenda for the meeting. In addition, Board Adviser Ms. Letty would like to clarify the matter regarding the eligible beneficiaries that may be enrolled under the Basic Life Insurance Plan. Also, Ms. Marilyn raised the issue on the term of MBA Coordinators.

The proposed agenda, along with the two matters added, was adopted, after a motion by Ms. Teresa, and duly seconded by Ms. Marissa.

#### **IV. Reading and approval of previous minutes**

To clarify her comments on the proposed enhancement on the BLIP as recorded in the minutes, Ms. MeAn explained that the said enhancements will be more beneficial to members with several child dependents. In effect, members with fewer or no child dependents are being asked to subsidize or support those with more child dependents. She was proposing to instead review the possibility of increasing the exit age to 70. She also reminded the group to monitor the age profile of members, relative to product enhancement and development.

On the proposed additional feature of credit life insurance under CAT-XOL, Ms. MeAn noticed that there was an approval made, but it was not clear as to which of the options was adopted. Also, the proposed enhancement will cover loans exceeding P25,000. However, she reminded the group that there are not a lot of loans amounting to more than P25,000. Thus, most members are not really exposed to the risk covered by the insurance. In response, Ms. Salve explained that Option 1 was approved, subject to further study as to the appropriate loan size. This will be further discussed under matters For Discussion/ Approval.



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Upon motion by Ms. Marissa, seconded by Ms. Beth Fuentes, the Board approved the minutes of the previous regular board meeting, subject to the above-mentioned clarificatory statements.

#### **V. Business Arising from Previous meeting**

GM Salve gave a status report on matters arising from the previous meeting. On the BLIP enhancement and the proposed increase of exit age, the actuary reported that the increase of exit age to 70 is not possible with the current P20 premium. On a positive note, two children dependents may be added. Also, MVAH for twelve hours will be sufficient for one to claim benefits. The BLIP enhancements have already been submitted to the Insurance Commission. Aside from the mentioned benefits, the enhancements provide for OpEx of only 15%, from the current 20%.

#### **VI. Financial Report & Investment**

##### **a. Financial Statement for the month of July 2017**

FM Eve presented the Statement of Financial Position as of July 31, 2017 and the Portfolio Mix as of August 23, 2017. The summary of the report is provided below.

Statement of Financial Position as of July 31, 2017

<b>Particular</b>	<b>Amount (Consolidated)</b>	
Asset	PHP	176,551,747.52
Liabilities	PHP	119,084,400.93
Fund Balance	PHP	57,467,346.59



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**b. Investment as of August 23, 2017**



**KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC**  
**List of Investment as of August 23, 2017**

Type of Investment	Bank/ Issuer	Account Type	Maturity Date	Coupon/ Gross Rate	Net Int.Rate	Face Amount	
<b>CASH IN BANK</b>	<b>Metro Bank</b>	Current Account - General FUnd #:007-032-50403-1		0.00%	0.00%	510,578.13	
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	296,419.71	
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	1,213,301.99	
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	5,314,128.65	
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	1,840,861.60	
		Savings Account Acct.#7250027686				2,274,622.63	
	<b>BDO</b>	Current Account Acct#7258003871				899,032.49	
		Savings Account Acct. #0423-365129				1,130,281.21	
	<b>BPI</b>	Savings Account Acct.#138- 313121-3				286,950.99	
		Moneyplus-Savings Account Acct#103802018383			1.00%	0.80%	6,022,300.77
	<b>Total cash in Bank</b>						<b>19,788,478.17</b>
	<b>TIME DEPOSIT</b>	<b>Metro Bank</b>	Regular Time Deposit Acct#032-103203002-3	<b>9/22/2017</b> (31 Days)	0.500%	0.40%	1,503,152.76
Regular Time Deposit Acct#032-103202782-0			<b>8/31/17</b> (63 Days)	0.875%	0.70%	4,109,292.45	
Regular Time Deposit Acct#032-103202982-3			<b>9/8/17</b> (63 Days)	0.875%	0.70%	2,011,984.04	
Regular Time Deposit Acct#032-1032028517			<b>9/11/2017</b> (35 Days)	0.500%	0.40%	811,095.83	
<b>BDO</b>		Regular Time Deposit Acct#372507309020	<b>9/07/17</b> (30 Days)	0.50%	0.40%	304,878.30	
		<b>Total Time Deposit</b>					



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UITF			Placement Date	NAVPU Placement	NAVPU 8/22/17	
	<b>METRO BANK</b>	UT160000051822/ 80026		16-Mar-17	1.5697	1.5792
<b>BDO</b>	UITF144978		07-Apr-17	1518.89	1525.896	13,000,000.00
<b>Total UITF</b>						<b>23,000,000.00</b>
<b>GOVERNMENT SECURITIES</b>	<b>BDO</b>	RTB (Retail Treasury Bonds)10-04 ; Brokers Confirmation No:	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
	<b>Metro Bank</b>	FXTN(Fixed Rate Treasury Notes)25-08; Broker's	Dec. 16, 2035 (25years-Tradable)	8.13%	6.32%	15,035,000.00
	<b>FMIC</b>	FXTN(Fixed Rate Treasury Notes)25-08 ; COS# 0100159	Dec. 16, 2035 (25years-Tradable)	8.13%	6.48%	5,000,000.00
		RTB10-5 - PID10261057	Sept. 20, 2026 (10years-Tradable)	3.50%	2.80%	5,000,000.00
	<b>CHINA BANK</b>	FXTN(Fixed Rate Treasury Notes)25-08 ;COS# 01001752	Dec. 16, 2035 (25years-Tradable)	8.13%	6.43%	4,000,000.00
		FXTN(Fixed Rate Treasury Notes)25-08 Broker's Conf'n Ref #	Dec. 16, 2035 (25years-Tradable)	8.13%	6.49%	7,127,000.00
		RTB(Retail Treasury Bonds)10-04 Ref# 38414 & SN No: 8000258	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
		RTB(Retail Treasury Bonds)10-59 ISIN#PBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
<b>Total Government Securities</b>						<b>66,162,000.00</b>

<b>Corporate Bonds</b>	<b>MERALCO</b>	MERALCO- Fixed Rate Bond	Dec. 12, 2020 (7 years)	4.38%	3.50%	7,000,000.00
	<b>SMIC (SM Investment Corp)</b>	SMIC- Fixed Rate Bond	July 16, 2019 (7 years)	6.00%	4.80%	7,500,000.00
	<b>AYALA LAND INC</b>	ALI- Ayala Land Inc Fixed Rate Bond Due 2023	Oct 7, 2023 (7 years)	3.89%	3.11%	6,000,000.00
<b>Total Corporate Bond</b>						<b>20,500,000.00</b>

MUTUAL FUND			Placement Date	NAVPS Placement	NAVPS 5/25/17	
	<b>SUNLIFE</b>	Government Securities Fund (GS Fund)		18-Apr-13	1.6262	1.5357
<b>FAMI (First Metro Asset Management Inc)</b>	FAMI-Save & Learn Fixed Income Fund (SALFIF)		15-Apr-13	2.1180	2.2156	5,000,000.00
<b>Total Mutual Fund</b>						<b>7,000,000.00</b>

<b>STOCKS</b>	<b>PETRON CORP</b>	Petron Preferred Shares Series A	01-Oct-14		6.30%	8,000,000.00
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<b>PROPERTY</b>	<b>LAND</b>					16,000,000.00
	<b>BUILDING</b>					576,800.00

<b>Total Investment property</b>						<b>16,576,800.00</b>
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<b>GRAND TOTAL</b>						<b>169,767,681.55</b>
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<b>PORTFOLIO MIX</b>					
Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 19,788,478.17	12.13%		
Time Deposit		Php 8,740,403.38	5.36%		
Government Securities		Php 66,162,000.00	40.55%		
Corporate Bonds	25%	Php 20,500,000.00	12.56%	12.44%	20,288,433.50
UITF	10%	Php 23,000,000.00	14.10%		
Mutual Fund	10%	Php 7,000,000.00	4.29%	5.71%	9,315,373.40
Stocks	10%	Php 8,000,000.00	4.90%	5.10%	8,315,373.40
Property	25%	Php 16,576,800.00	10.16%	14.84%	24,211,633.50
<b>TOTAL Funds</b>		Php 169,767,681.55			
<b>Admitted Assets as of December 2016</b>		<b>163,153,734.00</b>			

## VII. Operations Update

GM Salve reported on the official trip she went to together with President Isabel. The trip in Cebu was an exposure experience for President Isabel relative to KMBA's partners and their respective operations. The common concern is the difficulty in ensuring smooth continuity of operations, following staff turn-over. As a result, the remaining employees, and the members of the association are at times not in sync about product features and the status of member account. Their request is a general assembly to explain to the staff and the members the insurance products and how to check the status of their accounts.

Also, in Cebu, they met the Regional Director of the international organization Feed the Children. If we are able to get them as partners, the wide reach of the organization will also expand KMBA's partnership in Cebu and other provinces in the Visayas and Mindanao.

Our partners in Baguio was also visited to introduce to them improvements in our KOINS system. Regular communications are maintained with them to ensure that the assistance they need pertinent to our products is extended. GM Salve stressed the need for tighter monitoring and review of documents supporting claims to avoid fraud cases.

The additional agenda raised by Ms. Letty was discussed by GM Salve. Currently, BLIP covers five dependents. If the proposed product enhancement is approved by the Insurance Commission, additional two dependents may be added. If the member is single, dependents are the parents. If lawfully married, the dependents are the legal spouse and the children. Parents of the married member are no longer qualified to be his/her dependents.



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The term of MBA coordinators is one year, with a three-term limit. This policy was reaffirmed by the Board upon motion by Ms. Marilyn, seconded by Ms. Beth Fuentes. Up for re-election are the coordinators in Sapangpalay and Marilao. The Board agreed to invite incumbent coordinators during QCCC to speak about their functions and responsibilities. This will help other members to appreciate the role and encourage them to vie for the position of an MBA coordinator.

## VIII. For Discussions/Approval

### a. Hospital Income Insurance Plan

GM Salve sought the approval of the Board for a new product, the Hospital Insurance Income Plan. To recapitulate, of the KMBA annual budget of around P10.798million, P7.991million will be covered by the OpEx allocation under BLIP and CLIP. The balance of P2.807million requires another fund source. This is proposed to be funded by the OpEx allocation from a new product.

This Hospital Insurance Income Plan provides a specific amount as benefit for every day that the member is hospitalized. Hospital confinement for at least 12 hours is considered one day. Aside from the benefits it offers to the members, this new product serves to compensate for the lower operating expense (OpEx) allocation under BLIP starting next year.

The actuary presented three options for consideration of KMBA:

Particular	Option 1	Option 2	Option 3
Benefit (per day, max of 30 days)	200.00	200.00	250.00
Service Fees	20%	25%	15%
Administrative Expenses	15%	20%	15%
Guaranty Fund	5%	5%	5%
Margin of Adverse Deviation	0%	0%	0%
Accidental Death	5,000.00	5,000.00	5,000.00
Accident TPD	5,000.00	5,000.00	5,000.00
Net Premium	126.56	127.11	157.31
Gross Premium	210.00	250.00	240.00

With a target sales of 30,000 units, Option 2, which would allow allotment of 35% for administrative expenses, would approximate the P2.807million balance that requires a fund source. However, if 35% will go to administrative expenses, only 10% will remain as service fee, which is paid to KCOOP.

Aside from the lower service fee which translates to lower income for KCOOP, Ms. MeAn raised two main points. First is the ability of the KMBA and KCOOP to meet the target sales of 30,000 units. The target would mean requiring all existing KCOOP members to avail of the product. The current RMSI Care product is availed of by only 5,000 members. Ms. Letty agreed that it will be difficult to meet the target sales.





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Second is the use of KMBA's net income to pay for its OpEx. Ms. Eve explained that the Insurance Commission lays down rules for the use of an MBA's income.

Part of the income is restricted. The unrestricted portion is returned to the members in the form of benefits and other products.

Convinced of the benefits of the product, the trustees discussed how best to sell it to the members.

There was an issue as to how the members will pay for the P250 premium in order to ensure that KMBA will meet its target collection to cover OpEx. The P5 weekly increment to the current P20 payment for basic life insurance may be amenable to existing members. However, said weekly payment will take a year to complete the P250 premium. GM Salve was concerned should weekly payments are allowed. What if members withdraw from KCOOP in the middle of the year? KMBA will not be able to meet its funding requirement. Withdrawal from savings to pay for the insurance has been a practice among the members. Such option, however, is not available to first cycle loaners. The full payment of P250 will prove burdensome to them.

GM Salve stressed the importance of securing the agreement of KCOOP in rolling out this product to the members. More importantly, the lower service fee paid to KCOOP will negatively affect its income.

Ms. MeAn also inquired as to the possibility of selling the product to KMBA's partners outside Kasagana-Ka. This will be done, according to GM Salve. She noted, however, that it is possible that those partners are already availing of a similar product from other institutions. This is the reason why the full 30,000 target sales is expected to come from KCOOP members.

The Board approved the adoption of the Hospital Insurance Income Plan, upon the motion of Ms. Tess, duly-seconded by Ms. Marilyn. The approval is subject to the conduct of survey and information campaign to be led by the coordinators.

**BOARD RESOLUTION No. 91, Series of 2017. APPROVAL OF HOSPITAL INSURANCE INCOME PLAN PRODUCT.**

**RESOLVED**, as it is hereby resolved, that the Board approved adoption of the Hospital Insurance Income Plan as a new product of the KMBA.

**RESOLVED FURTHER**, that the MBA coordinators will lead the conduct of survey and information campaign to secure the members' acceptance of the product and their eventual patronage of the same.



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**b. CAT-XOL (Credit Life Insurance)**

GM Salve has informed NATRE of her reservations on the proposed additional feature of CAT-XOL since not a lot of KMBA members take out loans exceeding P25,000. Hence, this additional feature may not provide any useful insurance coverage.

Understanding the concern of KMBA and other MBAs, NATRE reviewed the proposed product enhancement. NATRE came up with another proposal wherein an additional premium of P3,600 will be paid on top of the existing CAT-XOL premium of P34,600. The added premium will provide insurance coverage to members' loans exceeding P25,000. This will increase the annual premium for CAT-XOL to P38,200 per annum for the roughly 42,000 enrolled loans.

For record purposes and easy reference, Ms. MeAn asked for a one-page table showing how the P3,600 amount was arrived at.

The Board approved the additional amount of P3,600 to the existing CAT-XOL of P34,600, upon motion by Ms. Anita, and seconded by Ms. Marilyn.

***BOARD RESOLUTION No. 92, Series of 2017. APPROVAL OF THE ADDITIONAL PREMIUM FOR CAT-XOL.***

***RESOLVED*** to approve the payment of additional annual premium of P3,600.00 for KMBA's existing CAT-XOL reinsurance policy provided by PHILNARE.

**c. Fraud Management Manual**

In line with the Insurance Commission's efforts to combat fraud in the industry, MBAs are required to come up with a Fraud Management Manual. For this, RIMANSI gathered MBAs in a workshop to discuss the preparation of the manual. The workshop helped define fraud policy in general and the outline of the manual, with allowance for MBA-specific protocols and procedures.

Ms. Hazel presented the basic and essential features of the draft Manual. As an overview, she defined fraud as misrepresentation or concealment of truth, to gain personal advantage.

There are three categories of fraud: (i) committed by member; (ii) done within the internal organization; and (iii) those at the intermediary level. The internal organization is the KMBA, particularly its staff and even its Board. The intermediary is the MFI partner, which in the case of KMBA is K-Coop.

The Manual includes features in the prevention and detection of fraud. It also requires the designation of an anti-fraud coordinator, preferably the compliance officer, and the creation of an anti-fraud investigation unit.



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It is important also to provide for education and training. This covers including fraud detection and prevention mechanisms in product brochures and in the training of personnel. There should also be a process for reporting the fraud detected, and how case investigations and resolutions will proceed. Ultimately, the Manual gives the responsibility to the Board to decide what action to take in every case of fraud.

The Board approval of the (i) Manual and (ii) the outsourcing of internal audit and compliance/ anti-fraud services was sought. GM Salve explained that the rationale for outsourcing the anti-fraud services to ensure the independence of the person/s auditing. It is also more economical given the size of the KMBA, which is relatively small to require a regular employee to sit as internal auditor. Shared services with other KSOs is currently seen as sufficient to answer for KMBA's needs.

The Board approved the adoption of the Manual, upon motion by Ms. Maritess, and seconded by Ms. Beth Fuentes.

***BOARD RESOLUTION No. 93, Series of 2017. FRAUD MANAGEMENT MANUAL***

***RESOLVED*** to adopt the Fraud Management Manual and directed its timely submission to the Insurance Commission in compliance with the latter's directive.

The outsourcing of internal audit and compliance/ anti-fraud services was likewise approved, following the motion by Ms. Marilyn, duly seconded by Ms. Anita.

***BOARD RESOLUTION No. 94, Series of 2017. OUTSOURCING INTERNAL AUDIT AND COMPLIANCE MONITORING SERVICES***

***RESOLVED***, to approve the outsourcing of the internal audit and compliance/anti-fraud services required under the Fraud Management Manual ;

***RESOLVED FURTHER***, that, for this purpose, the Internal Audit Service of the Kasagana-Ka Cooperative will be tapped to render internal audit and compliance monitoring services to KMBA.

**d. Change in Signatories**

Following the election of the Board of Trustees last May, a new set of signatories must be named. Since the President, Secretary, Treasurer and the General Manager are automatically signatories, the Board approved the addition of Ms. Anita as one of the five authorized signatories. The motion for approval was made by Ms. Beth Fuentes, and seconded by Ms. Tess.

***BOARD RESOLUTION No. 95, Series of 2017. AUTHORIZED SIGNATORIES***

***RESOLVED***, to grant authority to the new set of authorized signatories of the Association, namely :



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- |                          |                 |
|--------------------------|-----------------|
| 1. Ms. Isabel Iliw-iliw  | President       |
| 2. Ms. Jerlene Perez     | Secretary       |
| 3. Ms. Marissa Loyola    | Treasurer       |
| 4. Ms. Silvida Antiquera | General Manager |
| 5. Ms. Anita Manundo     | Board member    |

**IX. Revised Building Plan**

The revised building plan, with detailed floor plans was presented to the Board. Continuous coordination with the architect is being undertaken by the project administrator GM Salve, to ensure that inputs of the Board and the other KSOs are incorporated in the design.

**X. Performance Evaluation of GM Salve**

The board of trustees sat to rate the performance of GM Salve for the first semester of 2017. During the evaluation, GM Salve excused herself from the meeting.

**XI. Adjournment**

The meeting ended at 1:50 pm.

Prepared by:

Jerlene B. Perez  
Board Secretary

Attested by:

Marilyn C. Aldave  
Board Member

Ma. Teresa G. Bucad  
Board Member

Elizabeth G. Fuentes  
Board Member

Anita L. Manundo  
Board Member

Marissa A. Loyola  
Board Member