



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
Minutes of 1st Regular Board Meeting
DEHHA Clubhouse, Don Francisco St., Don Enrique Heights
Brgy. Holy Spirit, Quezon City
February 16, 2017 8:30 am

In Attendance

Board of Trustees

1. Isabel M. Iliw-iliw – President
2. Marissa A. Loyola – Treasurer
3. Ailene V. Ramos – Member, Product Dev't and Innovation Committee Member
4. Marivic R. Loterte – Member, Election Committee Chairperson
5. Ma. Teresa G. Bucad – Member, Product Dev't and Innovation Committee Member
6. Anita L. Manundo – Member, Product Dev't and Innovation Committee Member
7. Ma. Elizabeth G. Fuentes – Member, Ethics Committee Member
8. Perla F. Batingal – Independent Board Member, Audit Committee Chairperson

Board of Advisers

9. Elizabeth N. Yayon – Treasury & Ethics Committee Chairperson
10. Chona B. Capayas – Ethics Committee Member
11. Leticia T. Rodriguez – Ethics Committee Member
12. Wenifreda F. Rodriguez – Ethics Committee Member
13. Matiniana G. Mancio – Special Project Committee
14. Ma. Anna DR Ignacio

Also Present

1. Philip Arnold P. Tuaño

Management & Staff

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

Absent

- Jerlene B. Perez – Secretary, Product & Dev't. Committee Chairperson

Certified Correct by:

Isabel M. Iliw-iliw
President



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ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the propose agenda
- V. Reading and approval of previous minutes
- VI. Financial Report & Investment: Financial Statement-December 2016
- VII. Year-end Report (January to December 2016)
- VIII. Matters for discussions and approval
 - a. Calamity Assistance
 - b. Collection Fee
 - c. 2017 Budget
 - d. IC Audit Findings
 - e. Review and Approval of the Mission and Vision Statements
- IX. Updates
 - a. MIS Development
 - b. MIS Staff
 - c. Reclassification of Equity Value
 - d. Cebu visit
 - e. Property
 - f. ICMIF
- X. Adjournment



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I. Prayer

The meeting started at 8 :30 am with a prayer led by BoT member Ma.Teresa Bucad.

II. Determination of Quorum

BoT President Isabel presided the meeting since Secretary Jerlene was on leave due to previous engagement. With eight (8) out of nine (9) board members present, President Isabel reported the presence of a quorum.

III. Approval of the proposed agenda

BoT President Isabel presented the proposed agenda. With no additional matters to be discussed, BoT member Ailene moved for the approval of the proposed agenda, seconded by BoT Treasurer Marissa.

IV. Reading and approval

The board went over every page of the minutes as requested by BoT President Isabel. She also said that clarifications will be discussed after the reading of the minutes.

Clarifications on the minutes of the previous meeting

BoT adviser Me-an made some clarifications on page 3 regarding KMBA's representative to KDCI and not to K-COOP. Upon discussion, she also suggested that KMBA should schedule or conduct a training with regard to financial statements and reading/interpretation of investment especially on terms that is commonly used. She pointed out that the training should be done on the simplest way that the board could easily understand. On page 7, relating to write-off, she clarified that not all unpaid loans are written-off. Instead, it is still collected until the loan amount is being paid. GM Salve also noted that on page 8, that it was only delayed remittance and not loan, which should be remitted at the end of the year.

- BoT Treasurer Marissa moved for the approval of the previous minutes of the meeting, November 18, 2016 and was seconded by BoT member Elizabeth.

V. Financial Report and Investment

a. Financial Statement for December 2016

Particular	Amount (Consolidated)
Total Asset	Php 165M
Total Liabilities	Php 118.5M
Total Fund Balance	Php 46.5M

Based on the statement of comprehensive income as of December 2016, net surplus is Php 5.9M. Compared to November 2016 income statement, this is much lower. FM Eve explained that lower premium collections on December and high operating expenses have affected the income. Details on operating expense can be found on page 17-19.



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BoT Adviser Me-an also noted that KMBA's audit fee to external auditor (BDO Alba Romeo) is much higher compared to KDCI's auditor. She pointed out that KDCI's auditor is doing audit services to all of its branches. She suggested checking the audit fee of KPMG and study if KMBA wants to hire its services on the next audit year.

FM Eve presented the list of investment as of February 2017. She also explained that investment made under UITF of Metrobank and BDO was transferred to Time deposit until new investment instrument with higher interest rate would offer. She also added that prior approval should be secure to IC before another investment should be made, which also cost Php 5000 per approval.

Type of Investment	Bank/ Issuer	Account Type	Maturity Date	Coupon/ Gross Rate	Net Int.Rate	Face Amount
CASH IN BANK	Metro Bank	Current Account - General FUnd #:007-032-50403-1		0.00%	0.00%	869,360.31
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	183,666.95
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	1,299,952.23
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	2,374,068.34
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	538,848.16
	BDO	Savings Account Acct.#7250027686				645,609.65
		Current Account Acct#7258003871				526,764.65
	BPI	Savings Account Acct. #0423-365129				2,242,485.90
	CHINA BANK	Savings Account Acct.#138- 313121-3				191,885.96
		Moneyplus-Savings Account# 103802018383			1.0%	0.80%
Total cash in Bank						14,872,642.15



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TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103203002-3	Mar. 16,2017 (30 Days)	0.500%	0.40%	1,500,000.00
		Regular Time Deposit Acct#032-103202994-7	Feb. 17, 2017 (30 Days)	0.875%	0.70%	10,005,833.34
		Regular Time Deposit Acct#032-103202782-0	Feb. 23,2017 (63 Days)	0.875%	0.70%	4,095,659.34
		Regular Time Deposit Acct# 032-103202982-3	Mar. 1, 2017 (61 Days)	0.875%	0.70%	2,005,559.41
		Regular Time Deposit Acct# 032-103202851-7	Mar. 20, 2017 (35 Days)	0.500%	0.40%	809,520.53
		Regular Time Deposit Acct# 032-103202976-9	Mar. 16, 2017 (30 Days)	0.750%	0.60%	12,030,535.42
	BDO	Regular Time Deposit Acct#372508219267	Mar. 2, 2017 (30 Days)	0.875%	0.70%	10,006,805.55
		Regular Time Deposit Acct#3725000219266	Feb. 23, 2017 (30 Days)	0.750%	0.60%	3,001,750.00
		Regular Time Deposit Acct#372507309020	Feb. 23, 2017 (30 Days)	0.50%	0.40%	304,286.17
Total Time Deposit						43,759,949.76
GOVERNMENT SECURITIES	BDO	RTB (Retail Treasury Bonds)10-04 ; Brokers Confirmation No: 2024061 ISIN#PIID1023H046	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
	Metro Bank	FXTN (Fixed Rate Treasury Notes)25-08; Broker's Confirmation Ref# 3782231-59 ISIN#PIBD2535L086	Dec. 16, 2035 (25years-Tradable)	8.13%	6.32%	15,035,000.00
	FMIC	FXTN(Fixed Rate Treasury Notes)25-08 ; COS# 0100159 ISIN#PIBD2535L086	Dec. 16, 2035 (25years-Tradable)	8.13%	6.48%	5,000,000.00
		RTB10-5 - PIID1026I057	Sept. 20, 2026 (10years-Tradable)	3.50%	2.80%	5,000,000.00
		FXTN(Fixed Rate Treasury Notes)25-08 ;COS# 01001752 ISIN#PIBD2535L086	Dec. 16, 2035 (25years-Tradable)	8.13%	6.43%	4,000,000.00
	CHINA BANK	FXTN(Fixed Rate Treasury Notes)25-08 Broker's Conf'n Ref # 3FSH0110320002-8 ISIN#PIBD2535L086	Dec. 16, 2035 (25years-Tradable)	8.13%	6.49%	7,127,000.00
		RTB(Retail Treasury Bonds)10-04 Ref# 38414 & SN No: 8000258 ISIN#PIID1023H046	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
		RTB(Retail Treasury Bonds)10-59 ISIN#PIBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
	Total Government Securities					



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Corporate Bonds	MERALCO	MERALCO- Fixed Rate Bond	Dec. 12, 2020 (7 years)	4.38%	3.50%	7,000,000.00
	SMIC (SM Investment Corp)	SMIC- Fixed Rate Bond	July 16, 2019 (7 years)	6.00%	4.80%	7,500,000.00
	AYALA LAND INC	ALI- Ayala Land Inc Fixed Rate Bond Due 2023	Oct 7, 2023 (7 years)	3.89%	3.11%	6,000,000.00
Total Corporate Bond						20,500,000.00
MUTUAL FUND			Placement Date	NAVPS Placement	NAVPS 9/27/16	
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.5183	2,000,000.00
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2125	5,000,000.00
Total Mutual Fund						7,000,000.00
STOCKS	PETRON CORP	Petron Preferred Shares Series A	01-Oct-14		6.30%	8,000,000.00
GRAND TOTAL						160,294,591.91

PORTFOLIO MIX

Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 14,872,642.15	10.78%		
Time Deposit		Php 43,759,949.76	31.72%		
Government Securities		Php 66,162,000.00	47.96%		
Corporate Bonds	25%	Php 20,500,000.00	14.86%	10.14%	13,986,065.50
Mutual Fund	10%	Php 7,000,000.00	5.07%	4.93%	6,794,426.20
Stocks	10%	Php 8,000,000.00	5.80%	4.20%	5,794,426.20
TOTAL Funds		Php 160,294,591.91			
Admitted Assets as of December 2015		137,944,262.00			

With no further questions and clarifications, BoT Treasurer Marissa moved for the approval of the Financial Report and seconded by BoT member Teresa.



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VI. Year- end Report (January to December 2016)

GM Salve reported to the Board, KMBA's performance for the year 2016. Highlights of the report are as follows.

1. Assets – increase of 19% for the year 2016 or equivalent to Php 165M compare to previous year Php 138M.
2. Liabilities – increase of 23% or equivalent to Php 118M
3. Fund Balance – increase of 11% or Php 47M
4. Members – total of 44, 372 active members including associates
5. Exit age – total of 58 members were processed. 52 were transferred to Golden-K savings, and the other 6 were received as cash by resigned members.
6. BLIP claims – a total of 432 claims were released or amounting to Php 6.9M from January to December 2016. GM Salve also added that despite of few members died during the year, the amount of benefit released is much higher compare to the amount released to dependent due to length of membership where most of the members are above three (3) years in membership.
7. CLIP claims – a total of 124 claims released or equivalent to Php 1.2M from 94, 356 loans covered.
8. K-kalinga – sold 17,038 units of POC
9. SICAT claims – 42 claims were released amounting to Php 84,000
10. PHILHEALTH – Only 1320 members are enrolled out of 2000 members target
11. Scholars – KMBA has 100 scholars, 40 are college and 60 are high school
12. KMBA held its 10th year anniversary along with the election of new board officers. Adviser Emeritus was also given to Board Adviser Wenifreda Rodriguez in recognition to her outstanding impart as previous board member.
13. GM Salve also reported some of the trainings and workshops attended by KMBA staff and Board such as AMLA and Good Governance attended by AO Richard Monteron, President Isabel and Treasurer Marissa, MOA signing for Microinsurance Product Development which attended by President Isabel and OM Vangie, ICMIF seminar held in Tokyo Japan which attended by GM Salve, and Management Forum at Legazpi Albay with FM Eve, OM Vangie and President Isabel.

- BoT member Teresa moved for the approval of Year-end Report for December 2016 and was seconded by BoT member Marivic.

VII. Matters for discussions/approval

- a. **Calamity Assistance** – GM Salve reported to the Board the status of SICAT bahaynihan program which provide calamity assistance like fire and flood assistance to the members has ended last December 2016. In connection to this, she requested to the board that the same benefit to be given to members who incurred loses due to fire and flood and will serve as calamity assistance. She also suggested that the amount of assistance to be raised from P2000 to P3000.

- BoT member Marivic moved for the approval of P3000 as calamity assistance and seconded by BoT member Anita



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BOARD RESOLUTION NO. 71, SERIES OF 2017 : KMBA CALAMITY ASSISTANCE

“RESOLVED to approve the grant of Calamity Assistance of P3,000.00 to every active member upon satisfactory proof that she/he has been severely affected by natural calamities, resulting in the damage or destruction of her/his house and other property.

RESOLVED FURTHER, that claims for Calamity Assistance must be substantiated by all of the following:

1. KMBA Calamity Assistance Form;
2. Valid identification card of the active member;
3. Brgy. Certification of Being Affected by the Calamity; and
4. Picture showing the damage to property.”

b. **Collection Fee** – GM Salve presented the plan for 2017. In line with this, she also presented the projected income and expenses base on 50000 target members. Expenses were presented base on option 2, 3 & 5% collection fee. GM Salve suggested that the collection fee of K-COOP to be increase which the board has agreed. She then asked the board how much would be the increase based on the option and projection presented. The board has agreed to increase the collection fee from 2% to 3%. BoT adviser Me-an also suggested to do an annual report on excess of unearned income to see if there is enough fund that can be use for other programs and benefits for the members. GM Salve also explained that should there be an excess from 20% OPEX limit, KMBA will try to lower it down by increasing the number of its members. She also added that new members from K-COOP would be of great help to KMBA in terms of premium contribution.

- BoT member Anita moved for the approval of collection fee from 2% to 3% and seconded by BoT member Ailene.

BOARD RESOLUTION NO. 72, SERIES OF 2017 : INCREASE IN MANAGEMENT FEE

RESOLVED to approve the increase in the collection fee due K-Coop from 2% to 3% of the amount of premium contributions coursed through K-Coop.

Relative to the discussions on the management fee, GM Salve informed the Board that K-Coop would like to have one from KMBA’s Board of Advisers to sit as a member of K-Coop’s Board of Directors. This way, coordination between the sister organizations will be facilitated. Decisions of the K-Coop may be properly informed by concerns relating to insurance needs of members. It should be noted that K-Coop members comprise about 70% of the total KMBA membership. Pres. Isabel appreciated the rationale behind the proposition. BoT Marivic also agreed and moved for the approval of the proposal to



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send a BoT Adviser to K-Coop as representative to the latter's Board. Ms. Marissa seconded the motion. There being no objections, the motion is deemed approved.

BOARD RESOLUTION NO. 70, SERIES OF 2017 : KMBA REPRESENTATIVE TO THE K-COOP BOARD OF DIRECTORS

RESOLVED to send a member of the Board of Advisers as representative of the KMBA to the K-Coop Board of Directors

- c. **2017 Budget** – FM Eve presented to the Board the changes and revisions made for 2017 budget which are as follows.

	2017 Interim budget	2017 Revised budget
Target Members	55,000 members	50,000 members
Staff		Additional staff : MIS Officer & Internal Auditor
Acquisitions		3 Laptop for new staff ; 3 Motor vehicle (2 for senior AO & 1 for new AO)
Collections fees		Options 2, 3 or 5%

She also presented the financial projection and budget, financial position, surplus and projected collections based on the options provided such as 2, 3 & 5% collection fee.

BOARD RESOLUTION NO. 73: KMBA REVISED PLAN AND BUDGET PROJECTION FOR 2017

RESOLVED to approve the revised plan and budget projection for 2017, taking into account the foregoing enumerated considerations.

- d. **IC Audit Findings** – GM Salve reported the audit findings done by Insurance Commission last 2016. Based on the report, it is noted that KMBA's computerized system to record transactions is not licensed by the BIR. FM Eve explained that KMBA is currently in the process of developing an MIS. She also add that currently, KMBA is using a system which the partner MFI is also using « Commoncents » for easy preparation of the reports. Nevertheless, the IC specialist still considered it as manual system as long as it is not licensed by the BIR. IC specialist recommended to secure permit from the BIR to use computerized system in recording and preparation of books of account.

GM Salve also informed the board that contract between KMBA and Cloudband Solutions, the company that develop KMBA's MIS has ended last January 2017 and currently on the process of migration of data from old system to new MIS. the new MIS is expected to be use this year of 2017.



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As the discussion continue, GM Salve reported the other findings included in the report. Based on the report, there were discrepancy between the records on books of account versus Official receipt. FM Eve explained to the board, that the discrepancy stated on IC findings are not really « discrepancy ». Instead, the amount recorded on the books of account is the total amount of all OR which reflected on the deposit slip and recording of transaction is based on MIS format. All OR are then attached to the deposit slip, wherein only the total amount on the deposit slip is recorded to the books and not per OR basis. Some of the OR which noted for discrepancy are as follows.

OR number	Amount per OR	Amount per books	Difference
6742	532,071.81	3,182,459.83	2,650,388.02
6935	76,800.00	816,000.00	739,200.00

FM Eve also added that the difference stated on the report is included in one deposit slip and OR number stated above is part from series of ORs. It is also presented to the IC audit team for clarification. Exit meeting between IC and KMBA was also done to further clarify the audit findings. KMBA also write a letter to IC upon receiving of the audit report. Reply letter to IC was not provided as materials during the board meeting.

BoT adviser Me-an asked FM Eve, if the said findings was not noticed by the external auditor considering the materials that has been audit is 2015? FM Eve explained that the external auditor is using the reports generated by the system wherein total amount from the deposit slip is recorded. Series of ORs are then attached to the deposit slip as proof of payment.

GM Salve, ensure the board that there is really no discrepancy as what the IC audit reported. It is only a matter of recording to the system. She also assured the board that KMBA staff and management has no intention of wrong doings, instead, persevere more to make the system more organize.

Independent Board Perla also suggested hiring additional staff that will check and supervise the operation and finance. Based on her experience, without additional staff (internal audit) that will supervise the accounting operation are more prone to unforeseen things or fraud. It also serve as protection for finance to ensure that finance operations are aligned with the company policy. BoT adviser Me-an suggested that the reply letter to IC be included on the next board meeting which GM Salve also agree.

e. Review and Approval of the Mission and Vision Statements

In conformity with the requirements of the ASEAN Corporate Governance Scorecard to conduct an annual review of the mission and vision of the Association, GM Salve presented the current mission and vision statements of KMBA.

There Board was in agreement that the current mission and vision statements remain true, ethical and reflective of KMBA's purposes and goals.



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- Thus, upon motion by Ms. Ailene, seconded by Ms. Anita, the following resolution was unanimously approved by the Board:

BOARD RESOLUTION NO. 74: APPROVAL OF THE KMBA MISSION AND VISION STATEMENTS

“RESOLVED that the current mission and vision of KMBA as stated below remain ethical, true, and reflective of KMBA’s purposes and goals, and thus approved and re-adopted until such time that the Association deems it necessary to amend the same:

KMBA envisions a self-reliant and self-sustaining mutual benefit association that actively and appropriately responds to financial risk management needs of poor Filipino families. Toward this end, it offers microinsurance products and services that provide immediate financial assistance in times of dire needs. In addition to its basic life insurance, KMBA makes available microinsurance packages that can broaden the safety net of the poor. It engages in advocacy and networking activities that seek to render further support to its members. Moreover, it continually seeks to develop cost-effective mechanisms for delivering microinsurance to the poor.”

VIII. Updates

- MIS Staff** – GM Salve introduced Aljon Laureano, former staff from Cloudband Solution as the new MIS staff of KMBA. Aljon also helps in the development of KDCI’s MIS program.
- Reclassification of Equity Value** – GM Salve informed the board that RIMANSI has sent an email to network MBAs that IC has granted the request from Mi-MBA for the reclassification of equity value from year 2007 to 2013. The accumulated amount of equity value is from members below three (3) years of membership who resigned or died. Fund will be allocated based on the previous proposal presented by FM Eve such as capacity building of Board & staff, Training & Formation, and Product Development. BoT Adviser Me-an asked if the 50% equity value of those resigned or died are already returned. GM Salve answered that as of now, KMBA is still waiting for IC approval of new IRR for product enhancement together with equity value.
- ICMIF** – GM Salve reported that ICMIF has accepted the membership of KMBA as a new member of the organization. Yearly report such as financial status and plan for 2017 was also sent to members of the organization.
- Property** – OM Vangie presented the result on meeting with Lot owner.



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Presentaion of Properties

OM Vangie presented to the board, the four (4) properties located at Quezon City. One of the four property along Kalayaan Avenue, near City Hall has a potential for KMBA's acquisition. With a total area of 408 sqm (16x25meters) located at 43 Masikap St. Bgy. Central Quezon City, the owner is selling at Php 16M net. Expenses like taxes and brokers fee will be shouldered by the buyer. Currently, the area is classified as residential-commercial with 4-story condo building near the property. Meeting with lot owner and broker will be set by next week. Preparation of feasibility study is also needed upon decision on which property to acquire.


Presentation of Investment

Mr. Willie Llanto, Investment consultant from MIMAP presented the "Pooled Investment". According to him, MIMAP has seen the need of MBA to look for an investment instrument with high interest rate. Mr. Llanto showed the study made by MIMAP last 2015 wherein most of the investment has an average rate of 2.02% per annum. Most of these are also from Long term investment. He then presented to the board, the process and the amount to be invested. Should the board decide to invest, KMBA can seek approval from the Insurance Commission. Each MBA will have an investment management agreement base on each MBAs policy. The required amount for investment should not lower than P2M to reach the target of P600M pooled funds. Target income is from 4.5% to 7.5% with 3, 5 & 7 year term. He also add, that this rate is much higher compare to the existing rate given by bank or investment house. He suggested that MBA could use the 30% of the liability or equity value. Independent Board Perla, asked how much would be the management fee of the investment manager? Management fee is between 0.25%-0.5%, and 0.125% for the admin and advisory fee of MIMAP said Mr. Llanto. Independent Board Perla again asked, who is responsible in case problem from investment arises? Mr. Llanto said, that the investment manager is directly responsible to MBA and MIMAP. The investment manager will also provide guidelines base on MBA policy. GM Salve suggested to the board to study more the proposed pooled investment.

IX. Adjournment

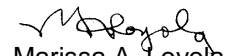
There being no further business to transact, the meeting ended at 1:00 p.m.

Prepared by:


Analyn A. Shih
Executive Assistant

Attested by:



Isabel M. Iliw-iliw
President


Marissa A. Loyola
Treasurer




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Marivic R. Loterte
Board Member


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