



**KASAGANA-KA Mutual Benefit Association, Inc.**  
**Regular Meeting of the Board of Trustees**  
**#5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit, Quezon City**  
**January 31, 2019, 8:30 am**

**In Attendance**

Board of Trustees

- |                             |                     |
|-----------------------------|---------------------|
| 1. Isabel M. Iliw-iliw      | - President         |
| 2. Brenda F. Lumbao         | - Secretary         |
| 3. Marissa A. Loyola        | - Treasurer         |
| 4. Ma. Elizabeth G. Fuentes | - Member            |
| 5. Marilyn C. Aldave        | - Member            |
| 6. Philip Arnold Tuaño      | - Independent Board |

Board of Advisers

- |                      |   |
|----------------------|---|
| 7. Leticia Rodriguez |   |
| 8. Chona B. Capayas  |   |
| 9. Flora Valderama   | - as representative of Board Adviser MeAn Ignacio |

Management and Staff

- |                          |                          |
|--------------------------|--------------------------|
| 10. Silvida R. Antiquera | - General Manager        |
| 11. Evangeline E. Pe     | - Operations Manager     |
| 12. Evelyn Lagmay        | - Finance Manager        |
| 13. Analyn Shih          | - Administrative Officer |

The following were not able to attend:

- |                        |                            |
|------------------------|----------------------------|
| Ma. Teresa G. Bucad    | - Board Member             |
| Anita L. Manundo       | - Board Member             |
| Atty. Gettie Sandoval  | - Independent Board Member |
| Maria Anna dR. Ignacio | - Board Adviser            |
| Wenifreda Rodriguez    | - Board Adviser            |



## 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 the Previous Meeting
- VII. Review of Vision, Mission and Goals
- VIII. Financial Report
  - a. Financial Statement for the month of December 2018
  - b. Investment as of January 30, 2019
- IX. For Discussion/Approval
  - a. 2018 Yearend Report
  - b. 2019 Budget Amendment
  - c. Interest Rate (RF and Equity Value)
  - d. Opening of US\$ Account
  - e. Loan Application of K-Coop
  - f. HR Matters
  - g. Data Privacy Officer
  - h. Proxy Voting
    - Policy
    - Schedule of Activities
- X. For Updates
  - a. Building construction
  - b. Mutual Security Fund
  - c. SEC Papers
  - d. License 2019-2021
- XI. Performance Evaluation
  - a. Performance Evaluation of GM Salve for July to December 2018
  - b. Performance Evaluation of Board of Trustees July to December 2018
- XII. Introduction of New Staff
  - a. Jake Villanueva
  - b. Hannah Grace Bulatao
- XIII. Upcoming Schedule
  - a. 2019 Recollection
  - b. Schedule of the next Board meeting
- XIV. Adjournment



## DISCUSSION HIGHLIGHTS

I. The meeting started at 8:50 a.m. with a prayer.

### II. Quorum and Agenda

The President announced the presence of a quorum, although Atty. Gettie Sandoval, Ms. Teresa Bucad and Ms. Anita Manundo sent word that they will not be able to attend the meeting due to prior engagements or personal emergencies.

GM Salve proposed to add as agenda the allocation of KMBA's Other Income. This will be item (i) of the agenda.

BoT Marissa moved to approve the agenda, including the addition proposed by GM Salve. Ms. Marlyn seconded the motion.

### III. Reading and Approval of the Minutes of the Previous Meeting

The Board went over every page of the minutes. Finding the documentation in order, BoT Marissa moved to approve the minutes of the October 24, 2018 meeting. This was seconded by BoT Beth. With no objections to the motion, the minutes was approved.

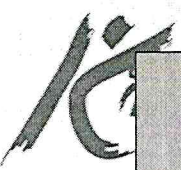
### IV. Business Arising from the Previous Meeting

There were no pending matters from the previous meeting.

### V. Review of Vision, Mission & Goals and ACGS Compliance

ASEAN Corporate Governance Scorecard, which the Insurance Commission has adopted, requires the annual review of the vision, mission and corporate goal statements of organizations. Such a practice would be beneficial to the Association in order to ensure that its operational plans and targets are in harmony with its avowed vision and mission. GM Salve presented the following.

<b>Vision</b>	<i>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.</i>
<b>Mission</b>	<ul style="list-style-type: none"><li>▪ <i>KMBA will offer microinsurance products and services that provide immediate financial assistance in times of dire needs.</i></li><li>▪ <i>KMBA will provide microinsurance packages that can broaden the safety net of the poor.</i></li><li>▪ <i>KMBA will engage in advocacy and networking activities that seek to render further support to its members.</i></li><li>▪ <i>KMBA will continually seek to develop cost-effective mechanisms for delivering microinsurance to the poor and disadvantaged.</i></li></ul>



### Corporate Goals

- *KMBA aspires to become a self-reliant and self-sustaining mutual benefit association that is able to efficiently and effectively provide for safety net to its members.*
- *KMBA intends to be competitive microinsurance provider that meets local and international standards as well as in the promotion of good corporate governance through its operations.*

Board Adviser MeAn suggested that statements shall consider leadership and strategic mindset addressing the now-called VUCA World (Volatile, Uncertain, Complex, and Ambiguous). This shall be done in a separate session like Strategic Plan Reviews.

The Board found that the current statements remain true, ethical and reflective of KMBA's purposes, goals and plans. BoT Marissa moved to accept the current vision, mission and corporate goals of KMBA duly seconded by BoT Tess.

**BOARD RESOLUTION NO. 2019-01:  
ACCEPTANCE OF THE VISION, MISSION AND CORPORATE GOALS REVIEW**

***RESOLVED***, to approve and re-adopt the current vision, mission, and corporate goals of KMBA, as stated below, until such time that the Association deems it necessary to amend the same.

GM Salve also shared to the Board its commitment to the principles of transparency and accountability in decision-making and management, ethical and responsible operations, and equitable treatment of stakeholders, and to related best practices contained in the present manual, and acknowledge that the same serves as guide in the attainment of the association goals.

BoT Tess moved to confirm the commitment of KMBA to Good Corporate Governance duly seconded by BoT Beth.

**BOARD RESOLUTION NO. 2020-02:  
COMMITMENT TO GOOD GOVERNANCE**

***RESOLVED***, to confirm in its commitment to good governance in promoting transparency, accountability and greater participation by its stakeholders, thus, the code of good governance shall also be shared to the association's value chain and members.

## VI. Financial Report

### A. Financial Statements

FM Eve presented the Statement of Financial Position as of December 31, 2018. The summary of the report is provided below.

Particular	As of Dec 31, 2018	As of Dec 31, 2017	Variance	
Total Assets	P 209.98M	P 188.97M	P 21.01M	11%
Total Liabilities	140.44M	129.88M	10.56M	8%
Total Fund Balance	69.54M	59.08M	10.45M	18%





On the other hand, the summary of the income statement as of December 31, 2018 is as follows:

Particular	As of Dec 31, 2018	For the month of Dec 2018	For the month of Nov 2018	Variance
Gross Revenue	P 47.20M	P 4.13M	P 4.29M	P 0.16M
Total Benefit Expense	38.13M	3.08M	3.45M	0.37M
Total Operating Expenses	9.21M	1.41M	0.63M	0.78M
Total Investment Revenue and Other Income	4.80M	0.91M	0.30M	0.61M
Net Surplus (Loss)	4.66M	0.56M	0.51M	0.04M

KMBA recorded higher benefit expenses in November. There were, however, greater operating expenses in December. Despite this, the higher investment income in the last month of 2018 resulted in a slightly higher net surplus compared to November figures.

#### B. Investments as of January 28, 2019

The portfolio mix as of January 28, 2019 is as follows:

Type of Investment	Current Placement (in Php)
Cash in bank	P 34.65M
Time Deposit	5.67M
Government Securities	72.16M
Corporate Bonds	20.50M
UITF	13.00M
Mutual Fund	5.00M
Stocks	8.00M
Property	44.97M
<b>TOTAL INVESTMENTS</b>	<b>P 203.95M</b>

Sir Randy noticed the considerable increase in receivables for December. According to FM Eve, this is due to the loan due for payment by K-Coop in January 2019. K-Coop has reportedly paid in part, and is expected to fully pay within the day, it being the last day of January 2019.

Further, Sir Randy reminded management of the previous Board instruction to present year-on-year income, aside from the month-on-month income report.

**ACTION POINT:** *Present month-on-month report of income every Board meeting, in addition to the year-on-year income presentation.*

With no further comments and noting the observations of Sir Randy, BoT Beth moved to accept the Financial Report as of end of December 2018 and the portfolio mix as of January 28, 2019. BoT Marissa seconded the motion.



## **VI. For Discussion/ Approval**

### **A. 2018 Yearend Report**

GM Salve presented the 2018 yearend report, including the growth in membership, number of policyholders for each insurance product, and organizational development concerns. The report was well-received by the Board.

Board Adviser Letty put forward the idea of designing a new insurance product for senior citizens. While the proposition is sound, GM Salve asked the Board to give management time to study the matter first prior to giving recommendation. Based on the experience in designing HIIP, it requires

a lot of time to design the product and secure the approval of the Commission. In the meantime, KMBA can partner with other MBAs offering the required product.

As to BoT Marlyn's inquiry on whether senior high school students may avail of the KJSP, OM Vangie answered in the affirmative. The scholarship covers up to Grade 12 students.

BoT Marlyn moved to accept the 2018 yearend report. BoT Marissa seconded the motion.

### ***BOARD RESOLUTION NO. 2019-03: Accepting the 2018 Yearend Report***

***RESOLVED, to accept the 2018 Yearend Report.***

### **B. 2019 Budget Amendment**

Management proposed an amendment to the earlier budget for 2019 approved by the Board. Primarily, the amendment is due to the increase in target membership, from the previous 60,000 to 68,000. This would entail adjustments also in projections on members contributions and members benefits.

In addition, the approved salary adjustment of employees was factored in, this time using the proper bottom to top adjustment scheme employed by the HR. Also, there are additional acquisitions for the new building resulting in an additional Php60,000 in the budget.

In total, the previous budget projection of Php16.1Million has risen to Php20Million, including members' benefits.

BoT Adviser Letty asked whether there are adverse implications should the OpEx limit be breached. As explained by GM Salve, there are no penalties to be imposed by the Insurance Commission. KMBA, though, stands to receive lower rating in terms of governance because of failure to keep expenses within the limit. Further, GM Salve advanced the importance of conducting self-evaluation in practicing good governance.

With no further comments on the proposal, Sir Randy moved to approve the 2019 budget amendment. The motion was seconded by BoT Beth.



**BOARD RESOLUTION NO. 2019-04: Approving the amendments to the 2019 Budget**

**RESOLVED**, to approve the adjustment in the 2019 Budget from Php16.1Million to Php20Million, to cover the following additional expenses:

1. After applying the proper adjustment in the salary of employees, following the bottom to top adjustment scheme;
2. For additional acquisitions of equipment and fixtures for the new KMBA Building; and
3. For the increase in target membership, from 60,000 to 68,000, resulting in greater expenses for members' benefits.

**C. Interest Rate (RF and Equity Value)**

By way of recollection, GM Salve reminded the Board of its previous decision to review the interest rate applied on RF and equity value when they are returned to the members. Based on said decision, management will review the interest rates given by the three largest banks at the end of 2018. This will be the basis of its recommendation on the applicable interest rate for the next year. Also, the Insurance Commission approved our proposal to peg the interest rate on the prevailing market rate, but still subject to Board discretion. At present, 2% interest rate is applied to the amount of RF and/or equity value returned to members.

The result of the review by management of the interest rates given by banks show that their average rate is less than 1%. While this may be considered, GM Salve thought that KMBA can still provide for an interest rate higher than the prevailing market rate. Aside from the fact that the members stand to benefit from the same, KMBA would not also want to significantly reduce the rate offered to members. This is one way of enticing them to join the Association and place their money with KMBA. Hence, she proposed to reduce the rate to 1%, subject to periodic review of the prevailing market interest rate.

There was observation that members usually do not pay attention to this interest rate when they apply for membership. However, they will surely pay heed once they are entitled to the return of the RF or equity fund. Thus, the adjustment to 1% from the current 2% should be reasonable, given the prevailing market rate.

BoT Beth moved to approve the adjustment in the interest rate applied on the amount of RF and equity value returned to retiring/resigning members from the current 2% to 1%. BoT Randy seconded the motion. No objections were raised.

**BOARD RESOLUTION NO. 2019-05: Approving the adjustment in the interest rate on the RF and Equity Value**

**RESOLVED**, to approve the adjustment in the interest rate applied on the amount of RF and equity value returned to retiring/resigning members from the current 2% to 1%.





#### **D. Opening of US\$ Account**

Management proposed the opening of a US Dollar corporate bank account. Although KMBA transactions are mostly local in scope, it has been establishing networks internationally. Having a dollar account would facilitate transactions with the international network whenever there are receivables or payments to be made. For instance, when AOA invited two KMBA employees to attend the Hong Kong seminar last year, they committed to shoulder half of the expenses. AOA asked for KMBA's dollar account so they can remit the corresponding amount. KMBA did not have a foreign currency account then.

GM Salve assured the Board that whether there is a maintaining balance required or not, the same will be reported to the Board. The amount under said account will form part of KMBA's cash in bank.

BoT Marlyn agreed to the proposition, considering KMBA's continuing efforts to build international linkages and continuously learn their best practices. She thus moved to authorize the opening of a US Dollar corporate bank account. Ms. Marissa seconded the motion, with no objections from the Board.

#### ***BOARD RESOLUTION NO. 2019-06: Authorizing the Opening of a US Dollar Corporate Bank Account***

***RESOLVED***, to grant authority for the opening of a US Dollar corporate account.

#### **E. Loan Application of K-Coop**

K-Coop submitted a loan application for Php15Million, for which it proposed to pay 5% interest per annum, payable upon its maturity in December 2019. K-Coop hopes to obtain the Board's approval and receive the proceeds of the loan by March for use in its operations.

Per GM Salve, KMBA has a Php30Million savings from which K-Coop's loan may be sourced. However, since the proceeds is expected to be received in March, KMBA may still choose to place the amount and be able to gain interest income.

Noting that the use of the loan is for the benefit of K-Coop members, all of whom are also KMBA members, BoT Marissa moved to approve the loan application of K-Coop with the above terms. BoT Marlyn seconded the motion.

#### ***BOARD RESOLUTION NO. 2019-07: Approving the Loan Application of K-Coop***

***RESOLVED***, to approve K-Coop's loan application, with the following terms:

<i>Principal Amount Borrowed</i>	<i>Php 15 Million</i>
<i>Interest Rate</i>	<i>5% per annum</i>
<i>Maturity Date</i>	<i>December 31, 2019</i>
<i>Expected Date of Release of</i>	<i>Within March 2019</i>
<i>Loan Proceeds</i>	





#### F. HR Matters

The following are submitted by the HR Committee to the Board for consideration:

-Creation of the positions of MIS Officer, with rank 10, and Bookkeeper, with rank 8. This is to rationalize the respective current workload of the MIS Supervisor and Executive Assistant.

-While no immediate rank adjustment is sought, the proposal is to introduce ranges within the rank of an Account Officer (AO). The ranges in a rank should be employed to distinguish between a newly-appointed and a seasoned AO. Also, this is to give recognition to the professional development of the officers and the expansion of their accountability, without having to increase administrative expenses by creating higher positions in the career ladder. Thus, there is movement up the career ladder, without actual promotion in position.

BoT Marlyn moved to approve the proposal of the HR Committee to rationalize the workload of the employees and grant them compensation commensurate to their qualifications and accountabilities. BoT Beth seconded the motion.

***BOARD RESOLUTION NO. 2019-08: Approving the Creation of the Positions of MIS Officer and Bookkeeper, and the Introduction of Ranges in the Rank of Account Officer***

***RESOLVED***, to approve the creation of the positions of MIS Officer with Rank 10, and Bookkeeper with Rank 8;

***RESOLVED FURTHER***, to introduces ranges in the rank of an Account Officer to give due recognition to their professional development, years of service, performance, and contributions to the Association.

#### G. Data Privacy Officer

According to the National Privacy Commission, a data privacy officer cannot act as such for two different organizations. The policy seeks to avoid any conflict of interest that may arise as a result.

Thus, the previous designation of Compliance Officer Maricar Bautista must be revoked, since she is already acting as such for K-Coop. Management recommends the designation of GM Salve, instead, since the responsibilities of a data privacy officer really involves management level functions and decision-making. GM Salve may secure the assistance of Maricar in the process.

Noting the legal requirements for the position, BoT Marissa agreed that GM Salve should be the one designated as KMBA's Data Privacy Officer. BoT Marlyn seconded the motion. No objections were raised.

***BOARD RESOLUTION NO. 2019-09: Designating General Manager Silvina Reyes-Antiquera as Data Privacy Officer, Thereby Revoking the Earlier Designation of Maricar Bautista to the Same Position***



**RESOLVED**, that General Manager Silvida Reyes-Antiquera, whose specimen signature appears below, is hereby designated as the new KMBA Data Protection Officer and, as such, is duly authorized to and made accountable for ensuring compliance with pertinent laws and regulations for the protection of data privacy and security as defined in and pursuant to the requirements of Republic Act No. 10173, also known as the Data Privacy Act of 2012 and the National Privacy Commission (NPC) Advisory No. 2017-01;

**RESOLVED FURTHER**, that the previous designation of Ms. Maricar Bautista as KMBA Data Protection Officer is hereby effectively revoked;

**RESOLVED FINALLY**, that this resolution shall remain valid and binding unless KMBA issues and transmits to the NPC a subsequent Board Resolution or Secretary's Certificate expressly repealing or amending it.

#### H. Proxy Voting

In preparation for the elections of new Trustees in May, guidelines for proxy voting were put on review. After lengthy deliberations, it was agreed that:

- a. KMBA should aim to achieve more than the 70% quorum requirement in the meeting scheduled for proxy voting. A 100% turnout should be the objective. This is to encourage every member to exercise their right to vote, as emphasized by GM Salve. If in the scheduled proxy voting meeting, some members were not present, the socioeconomic officer shall collect the proxy voting form and asked center officers to ensure the attendance of the absentees in next week's center meeting. Authorized representatives other than the SO may be asked to return to the center to secure the vote of the absentees.
- b. The current policy requiring a nominee for Board position to first serve as KMBA Area Coordinator for at least one year has been retained. The Board was in agreement that similar to what they went through and in the interest of KMBA, it would be more reasonable to require a Trustee to have been immersed in the operations of KMBA prior to serving in its Board. GM Salve concurred with the Board, believing it to be more advantageous to the Association to have experienced leaders.
- c. Proxy vote forms will already list the names of the members in each center.
- d. KMBA Area Coordinators and Trustees cannot serve concurrently in leadership positions in other KSOs.

The schedule of activities leading to the general meeting in May was discussed and duly noted.



## **I. Other Income**

KMBA receives other income from its commission fees by offering insurance products of Sunlife, K-Kalinga, Philhealth, and Bankers Assurance, among others. Management proposed that the use of these other income be allocated to cover the all existing benefits granted to KMBA trustees, advisers, Board members emeriti, and coordinators. It was noted that said benefits are the same benefits extended to trustees/directors, advisers and coordinators of the other KASAGANA-KA entities.

BoT Randy moved to approve the allocation of Other Income to cover all existing benefits granted to said KMBA officers. BoT Marlyn seconded the motion.

### ***BOARD RESOLUTION NO. 2019-10: Allocating Other Income to Cover All Existing Benefits Granted to KMBA Officers***

***RESOLVED***, that the Other Income of KMBA be allocated for the payment of all existing benefits granted to KMBA Trustees, Advisers, Board Members Emeriti, and Area Coordinators.

Additional benefits may be granted said officers, subject to approval by the Board. These may also be charged against additional benefits, as may be determined by the Board.

## **VII. Updates**

### **a. Building Construction**

Floor tiles have arrived. These, together with the windows, are ready for installation.

### **b. Mutual Security Fund**

By way of background, RiMANSI invited different MBAs to create a Mutual Security Fund, from which an MBA can draw fund to give another the needed financial assistance. For its three years of participation in the Fund, KMBA has thus far earned Php3,000.

### **c. SEC Papers**

SEC has approved the amendments to KMBA's Articles of Incorporation. As for the By-Laws, SEC insisted following the Corporation Code and its guidelines on the term of office of a Trustee. Thus, although the Insurance Commission allows an Independent Director to serve a term of five years, the three-year term under the Corporation Code will prevail.

### **d. License to Operate**

KMBA has already secured a license to operate for the years 2019-2021.

## **VIII. Introduction of New Members of the Staff**

Jake Villanueva, former SOM of KASAGANA-KA Coop, has transferred to KMBA as new Account Officer. He will handle East 1 (Marikina, Montalban, and RHS) and Central 1 (Batasan, Tandang Sora, and Fairview).

Hannah Bulatao is the new MIS Officer. She will be working with MIS Supervisor Aljon.





**IX. Upcoming Schedules**

Trustees and Coordinators will have its annual retreat and team-building on February 7-8, 2019 at Manresa Retreat House-Banaue and at Ace Waterspa. The decision to hold the activity within Metro Manila this year was in consideration of big expense items of KMBA for 2019, primarily the KMBA Building and the elections.

**XI. Adjournment:**


There being no other matters to discuss, the meeting ended at 1:30 pm.

Prepared by:


  
Brenda F. Lumbao  
Board Secretary


Attested by:


  
Isabel M. Iliw-iliw  
President

  
Marissa A. Loyola  
Treasurer

  
Marilyn C. Aldave  
Member

  
Ma. Teresa G. Bucad  
Member

  
Elizabeth G. Fuentes  
Member

  
Anita L. Manundo  
Member

Atty. Maria Cleofe Gettie C. Sandoval  
Independent Board

Philip Arnold P. Tuaño  
Independent Board