



KASAGANA-KA Mutual Benefit Association, Inc.
7th Regular Meeting of the Board of Trustees
KMBA Members' Center #5 Matimpiin St. Pinyahan, Quezon City
December 10, 2020 12:30 pm

In Attendance:

Board of Trustees:

- | | |
|-----------------------------|---------------------------|
| 1. Enriqueta V. Navarro | -President |
| 2. Alma D. Gilbaliga | -Vice President |
| 3. Lilibeth C. Molina | -Treasurer |
| 4. Jonalyn T. Andres | -Board Secretary |
| 5. Teresita D. Padel | -Board Member |
| 6. Rita Dela T. Cruz | -Board Member |
| 7. Jenifer L. Abao | -Board Member |
| 8. Philip Arnold P. Tuaño | -Independent Board Member |
| 9. Atty. Gettie C. Sandoval | -Independent Board Member |

Also Present:

Board of Advisers:

10. Chona B. Capayas
11. Isabel M. Iliw-iliw
12. Maria Anna dR. Ignacio

Board Member Emeritus

13. Leticia T. Rodriguez
14. Wenifreda F. Rodriguez

Management and Staff

- | | |
|--------------------------|----------------------|
| 15. Silvida R. Antiquera | -General Manager |
| 16. Evelyn Lagmay | -Finance Manager |
| 17. Analyn Shih | -Executive Assistant |



ORDER OF BUSINESS

A. Board Agenda

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of Proposed Agenda
- V. Reading and Approval of the minutes of the previous meeting
- VI. Business arising from previous meeting
- VII. Financial Report
 - a. Financial Statement for the month of October 2020
 - b. Investment as of December 9,2020
- VIII. For Discussion and Approval
 - a. 2021 Work Plan and Budget
 - b. Realignment of Free and Unassigned Surplus
 - c. Confirmation of Approved Calamity Assistance
 - d. Confirmation of BIR VAT Registration
 - e. Premyo Bond 2
 - f. KMBA Risk Management Plan
 - g. 3rd Quarter Key Performance Indicator
 - h. Creation of Mandated Committees
 - i. Cash Gift
- IX. Upcoming Schedules
 - a. Coordinators' Meeting
 - b. KSO Strategic Planning
- X. Other Matters
- XI. Schedule of next regular/special board meeting
- XII. Adjournment

DISCUSSION HIGHLIGHTS

I. The meeting started at 1:07 p.m. with a prayer.

II. Quorum and Agenda

Board Secretary Jonalyn conducted a roll call and determined the presence of a quorum. Pres. Enriqueta presented the proposed agenda for the day's meeting. It was approved by the Board upon motion by BoT Alma, duly seconded by BoT Lilibeth.

III. Reading and Approval of the Minutes of the Meeting

The minutes of the previous Regular Board meeting were provided ahead of the meeting. That considering, BoT Rita moved for the deferment of reading the minutes of the previous of meeting, duly seconded by BoT Teresita.

IV. Business Arising

GM Salve informed the Board that KMBA's account opening to UnionBank is pending on approval in the latter's Head Office. Moreover, she said that the performance evaluation sheets distributed to the Board has been submitted to the management already.



V. Financial Report

A. Financial Statements

FM Eve presented the Statement of Financial Position as of October 31, 2020. The summary of the report is provided below.

Particular	As of October 31, 2020	As of October 31, 2019	Variance	
			Amount	%
Total Assets	Php 231,787,898.69	Php 219,801,070.97	Php 11,986,827.73	5%
Total Liabilities	159,478,741.98	145,395,478.86	14,083,263.12	10%
Total Fund Balance	72,309,156.71	74,405,592.11	(2,096,435.40)	-3%

On the other hand, the summary of the Income Statement for the month ended October 31, 2020 is as follows:

Particular	As of October 31, 2020	As of October 31, 2019	Variance Amount
Gross Revenue	Php 31,166,677.61	Php 45,099,987.60	Php (13,933,309.99)
Total Benefit Expense	27,824,843.52	33,401,725.56	(5,576,882.04)
Total Operating Expense	8,662,058.98	8,703,577.24	(41,518.26)
Total Investment Revenue and Other Income	3,607,313.21	3,574,312.27	33,000.94
Net Surplus (Loss)	Php (1,712,911.68)	Php 6,568,997.07	Php (8,281,908.75)

B. Investments as of December 9, 2020

The portfolio mix as of December 9, 2020 is as follows:

Type of Investment	Current Placement
Cash in Bank	Php 19,950,867.61
Time Deposit	5,733,138.35
UITF	20,328,757.00
Government Securities	78,162,000.00
Corporate Bonds	6,000,000.00
Mutual Fund	5,000,000.00
Stocks	13,000,000.00
LTNCD	5,000,000.00
Investment Property	61,291,304.93
TOTAL INVESTMENTS	Php 214,466,067.89

Board Emeritus Leticia noticed the CLIP claims ratio of 40% to be above the standard which she said is alarming. FM Eve explained that the high ratio of 40% is due to the low amount of denominator or base which is the gross revenue coming from the premium payments of members. She added that the number of claims disbursed, if compared with same month of the previous years, is on average, same is true with the operating expenses. Board Adviser Chona agreed with FM Eve.

With no further questions, BoT Lilibeth moved to accept the financial reports for the month of October 2020 and investment mix as of December 9, 2020, duly seconded by BoT Jennifer.



VI. 2021 Work Plan and Budget

GM Salve presented KMBA’s priorities for 2021 as follows:

1	Increase in members’ outreach by 10% or 60,000
2	Increase Gross Revenue by 20% or P64.9M
3	Maintain a combined OpEx of 20%
4	Enhancement of products and services
5	Implement online claims transactions
6	Application for Certificate of Tax Exemption
7	Establish at least 1 consortium partner
8	Partner with other insurance providers for other insurance products
9	Conduct of 15 th Annual General Meeting
10	Participate actively in the lobbying efforts and other activities of MiMap and ICMIIF

She added some important considerations in the work plan like hiring a bookkeeper and a housekeeping staff, a limitation on travelling unless necessary, attendance to online trainings and maintaining the liquidity of the association.

FM Eve augmented the information with its corresponding budget. She presented a projection for regular operation per fund allocation in the amount of Php 13,342,771.88. The composition shall include personnel expenses, other administrative expenses and BLIP collection fees. Moreover, she added a budget of Php 1,581,800.00 for building expenses net of monthly dues. Furthermore, she projected a total budget for members’ benefit from excess unassigned surplus amounting to Php 4,652,536.00 which shall include benefits in kind and other relevant services, continuing member education, capacity building and upgrading and improving system. FM Eve finally presented a total amount of Php19,577,107.88 budget for the year 2021 and asked the Board for its approval.

There being no questions asked, the Board approved the 2021 Budget of Php 19,577,107.88 upon motion of Bot Rita, duly seconded by BoT Teresita.

**BOARD RESOLUTION NO. 2020-37:
APPROVING THE BUDGET FOR 2021**

RESOLVED, to approve the 2021 Budget amounting to Nineteen Million Five Hundred Seventy-Seven Thousand One Hundred Seven & 88/100 (Php 19,577,107.88) Pesos.

VII. Realignment of Free and Unassigned Surplus

FM Eve presented the management’s proposed realignment of the excess unassigned surplus allocation as follows:

ITEM	Total Allocation for 2020-2021 (from 2018 and 2019 proposed add'l allocation based on IC verified excess unassigned surplus)	2020 Actual Usage	Balance	PROPOSED REALIGNMENT	
				%	Amount
Benefits in kind	Php 7,967,679.43	Php 2,088,000.00	Php 5,879,679.43	66%	Php 7,646,513.18
Enhancement of equity value	2,256,930.00	0.00	2,256,930.00	0%	0.00
Capacity Building	1,502,188.91	133,400.00	1,368,748.91	12%	1,368,748.91



ITEM	Total Allocation for 2020-2021 (from 2018 and 2019 proposed add'l allocation based on IC verified excess unassigned surplus)	2020 Actual Usage	Balance	PROPOSED REALIGNMENT	
				%	Amount
Research and Development	389,621.75	181,476.00	208,145.75	3%	350,000.00
Upgrading and improving systems and equipment	670,024.00	18,266.00	651,758.00	9%	1,000,000.00
Continuing Member Education	1,757,753.38	590,750.50	1,167,002.88	10%	1,167,002.88
TOTAL	Php 14,544,197.47	Php 3,011,932.50	Php 11,532,264.97	100%	Php 11,532,264.97

GM Salve explained that the proposed realignment focused in increasing members' benefit like calamity and scholarship assistance. She also mentioned the need of the organization in its research and development and upgrading and improving systems and equipment, thus proposing an increase in the allocation. On the other hand, GM Salve projected no activities for the enhancement of equity value in the coming year, therefore realigning the whole amount priorly allocated to the items mentioned above.

There being no questions asked, the Board approved the realignment of the allocation of excess unassigned surplus amounting to Php 11,532,264.97 upon motion of Bot Rita, duly seconded by BoT Jennifer.

**BOARD RESOLUTION NO. 2020-38:
REALIGNMENT OF FREE AND UNASSIGNED SURPLUS**

***RESOLVED**, to approve the realignment of free and unassigned surplus amounting to Eleven Million Five Hundred Thirty-Two Thousand Two Hundred Sixty-Four & 97/100 (Php 11,532,264.97) Pesos.*

VIII. Confirmation of Approved Calamity Assistance

The Board confirmed the approved resolution on the calamity assistance extended to the victims of Typhoon Ulysses upon motion of BoT Lilibeth duly seconded by BoT Alma.

**BOARD RESOLUTION NO. 2020-34:
CALAMITY ASSISTANCE TO AFFECTED MEMBERS DUE TO TYPHOON ULYSSES**

***RESOLVED**, to approve the decrease in the amount of cash assistance from Three Thousand (Php 3,000.00) Pesos to Two Thousand (Php 2,000.00) Pesos to accommodate all 125 families for a total amount of Two Hundred Fifty Thousand (Php 250,000.00) Pesos;*

***RESOLVED FURTHER** to approve KMBA's contribution to KSO Relief Operations (food packs to affected members) amounting to another Two Hundred Fifty Thousand (Php 250,000.00) Pesos.*

IX. Confirmation of BIR VAT Registration

The Board confirmed the approved resolution on the VAT registration of KMBA in its leasing activities upon motion of BoT Teresita duly seconded by BoT Jennifer.



**BOARD RESOLUTION NO. 2020-35:
APPROVAL OF THE VAT REGISTRATION OF KMBA**

RESOLVED, to approve the registration of KMBA as VAT taxpayer insofar of its leasing activity;

RESOLVED FURTHER, to authorize any of the following in all dealings and transactions with the BIR with the power to sign, execute and deliver document and to perform any other act as maybe necessary or appropriate to effect the foregoing:

<i>Silvida Reyes-Antiquera</i>	<i>General Manager</i>
<i>Evelyn A. Lagmay</i>	<i>Finance Manager</i>
<i>Analyn A. Shih</i>	<i>Executive Assistant/Administrative Officer</i>

X. Premyo Bond 2

FM Eve presented Premyo Bond 2 to the Board and asked for approval to invest in the said opportunity:

Face Amount	5,000,000.00	Interest Rate Gross	1.25%	Salient Bond Feature	Non-Tradable	Settlement Date	December 16, 2020
Term	1 year	Coupon Frequency	Quarterly	Public Offer	Nov 11-Dec 11, 2020	Maturity	December 16, 2021
Rewards	On top of quarterly interest payment, bondholder get a chance to win, net of tax, quarterly cash reward draw						
Bond Unit	Every Php 500.00 placement is equivalent to one Premyo Bond Unit. Each Premyo Bond Unit entitles the bondholder to one electronic Rewards Number (e-RN)						

She added that their investment in Premyo Bond 1 will mature in December 18, 2020 and recommended that the sum shall be invested in Premyo Bond 2.

The Board approved the management’s proposal upon motion of BoT Lilibeth duly seconded by BoT Jennifer.

**BOARD RESOLUTION NO. 2020-39:
APPROVAL OF THE P5M – INVESTMENT TO PREMYO BOND 2**

RESOLVED, to approve the investment to Premyo Bond 2 amounting to Five Million (Php5,000,000.00) Pesos.

XI. KMBA Risk Management Plan

GM Salve presented KMBA’s Risk Assessment and Management Plan based on the strategic goals envisioned for the years 2017-2022. She enumerated risks in different areas like (1) External sources; (2) Institutional sources; (3) Operational; and (4) Financial. Moreover, she itemized mitigating strategies, both current practices and plans, that KMBA framed to manage the identified risks.

XII. 3rd Quarter Key Performance Indicator

FM Eve presented KMBA’s Key Performance Indicator for the 3rd quarter of the year:

Financial Stability	<i>Solvency</i>	137.74%	Service	<i>Time to Payout</i>	100.00%
	<i>Liquidity</i>	144.41%		Outreach	<i>Growth</i>
	<i>BLIP OpEx</i>	27.61%			
	<i>BLIP Claims</i>	38.30%			



Fund Management / Product Value	<i>Overall OpEx</i>	37.26%		<i>Participation</i>	100.00%
	<i>Opt OpEx</i>	75.89%			
	<i>Opt Claims</i>	35.75%			
	<i>Return on Equity</i>	-4.93%			

XIII. Creation of Mandated Committees

GM Salve presented IC's recommendation for KMBA to comply regarding the establishment of the following mandated Committees:

Committee	Composition	REMARKS
Corporate Governance Committee	At least three members, majority of whom should be independent directors	Chairman is an Independent Director
Board Risk Oversight Committee (BROC)	At least three members, majority of whom should be independent directors including the Chairman	The Chairman (Independent) is not the Chairman of the Board or of any other Committee; at least one member has relevant and thorough knowledge and experience on risk and risk management
Related Party Transaction Committee (RPTC)	At least three non-executive directors, majority of whom should be independent, including the Chairman	

GM Salve asked guidance from the Board and Board Advisers considering constraints in numbers of the composing members of the Board especially Independent Trustees.

Atty. Gettie recommended that KMBA shall pose a formal letter to IC and ask guidance regarding the possibility of merging committees with similarities in functions. Board Adviser MeAn agreed to Atty Gettie and added that KMBA should also explore if they can consider their Board Emeritus as Independent since they no longer hold membership with KMBA.

GM Salve took note of the recommendations.

Action Point: *Inquire with the Insurance Commission and ask guidance about the constraints and limitations of KMBA in establishing the mandated committees.*

XIV. Cash Gift

The KSOs agreed to propose to their respective Boards a year-end Cash gift of Php 5,000.00 per employee. The proposed amount is in recognition of the employees' enthusiastic and good work despite the working condition and the financial impact that the pandemic has brought to the organization. The proposed Cash Gift is lower than what is previously given to the employees in the past years.

The Board approved the recommendation upon motion of BoT Alma duly seconded by BoT Lilibeth.



**BOARD RESOLUTION NO. 2020-39:
APPROVAL OF CASH GIFT TO KMBA EMPLOYEES**

RESOLVED, to approve cash gift amounting to Five Thousand (Php 5,000.00) Pesos per KMBA employee.

XV. Upcoming Schedules

- A. **Coordinator's Meeting.** December 14, 2020 via Zoom
- B. **KSO Strategic Planning.** January 2021 (Date TBA)

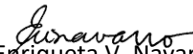
IX. Adjournment

There being no other matters discussed, the meeting ended at 3:43 pm.

Prepared by:


Jonalyn T. Andres
Board Secretary

Attested by:


Enriqueta V. Navarro
President