

KASAGANA-KA Mutual Benefit Association, Inc.
Risk Management Committee Meeting
24 March 2022 2:00 pm

Present

Board Committee Members

1. Marlin C. Perez - Chairperson
2. Emelda A. Castro - Committee Member
3. Luzviminda Bata - Committee Member
4. Lolita De Vera - Committee Member

Also Present

5. Silvida R. Antiquera - Compliance Officer
6. Jonalyn T. Andres - Board Secretary

Call to Order - The meeting started at 2:05 pm with a prayer led by Ms. Perez.

Chairperson Marlin acknowledge the presence of the committee member. 4/5 were present at the meeting.

Review of the previous Minutes of the Meeting - The Committee reviewed the minutes of the previous meeting. Since there were no clarification or comments made, the committee unanimously accepted and approved the previous minutes of the committee meeting.

Presentation of Risk Management and Plan for 2022

Compliance Officer/GM Silvida Antiquera presented to the committee the KMBA's Risk Assessment and management Plan for the year 2022. She pointed out the importance of yearly assessment to evaluate risks and lay out plans in order to control the risk and minimized the impact or loss that the organization may face in the future. This plan includes the strategic goals from 2017 up to current year.

- Outreach of 90,000 members or 360,000 individuals covered by the Insurance Commission
- Maintain strong relationship with the KSO and form consortium outside KSO.
- Develop partnership to other insurance providers beyond KMBA'S capacity such as the non-life insurance
- Develop and register to BIR an internet-based Management Information System
- Active participation in policy advocacy for MI-MBA Advancement
- Develop links with other network of Mi-MBAs both local and international.

The table below shows the different risk that KMBA has identified corresponding to their impact, strategy, best practice and plan.



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Risk/s	Rating		Indicators	Mitigating Strategy	Present (Practice or Existing policy)	Plan	
	Probability (L-M-H)	Impact (L-M-H)					
A. External							
Impact of natural catastrophe and man-made disasters		H	H	Claims Ratio	Team up with KDCI for DRRM training/education campaign, either in-house or in partnership with other institutions; Firm up support for members in times of crisis;	Reinsurance of KMBA members’ Life and Credit Insurance with NATRE; Support mechanism for members; Go-bag/Kits ready	DRRM trainer’s training for KSO; Mapping of areas prone to hazard; Train local leaders; IEC materials; Business continuity Plan (COVID 19 pandemic)
				Loss of members’ data	Secure data thru CLOUD	Existing storage space of important documents/data thru CLOUD	Scan member’s documents and upload in the KMBA system; continue upgrading of the system
				Damage of KMBA Building	Emergency and Evacuation plan; Safety measures such as fire arrester, fire protection sprinkler system (with underground cistern) and fire extinguisher	Property Insurance; Fire extinguisher in all floors and units; Building is equipped with safety features/systems; compliant to local building regulations and Clearances	Training on occupational safety; Evacuation plan
IC implements IFRS 17 for all covered entities		M	H	Circular issuance directing the implementation of IFRS 17	Participate in the policy dialogue with IC.	Active participation in the lobbying effort of MiMAP for the exemption of Mi-MBAs in the implementation of IFRS17	KMBA to prepare a position paper in support of MiMAP’s position to exempt Mi-MBAs of IFRS 17
Drastic change in the regulatory requirements for Mi-MBAs		L	M	Change in leadership and mandate of regulators towards Mi-MBAs	Participate actively in the regular policy dialogue with Insurance Commissioner initiated by Mimap	Updates IC on developments of Mi-MBAs; Compliance of circular issuances; Initiate dialogue	Discuss accounting system with the Auditor
B. Institutional							
Change in Board leadership and/or management of institutional partners		M	M	Extent of support of new Board leadership and/or management of K-coop and consortium partners	Strengthen relationship with the Kasagana-ka Synergyzing Organizations (KSO) Constant communication and monitoring of consortium partners Expand membership base	Presence of KMBA officers in all planning and evaluation sessions of KSO Regular meeting and communication with management and operations staff of institutional partners Quarterly monitoring visit to consortium partners; area visits	Include in KMBA Operations Manual the regular coordination and communication to partner institutions
KMBA unable to sustain critical mass of members		M	H	Membership growth (declining)	Develop ownership and education programs/activities for members through common activities conducted by KSO Monitor continuously satisfaction level of members through the feedback tool provided by	Presence of KMBA staff in all K-Coop QCCC meetings and General Assemblies to discuss KMBA program and products and to get feedback from the members; Support activities of KSO for members such as Sipat landas and other trainings for K-Coop leaders;	Inclusion of questionnaires in K-Coop feedback form to gather member’s recommendation and feedback for KMBA Or Provide a feedback form and get the satisfactory level of the members to KMBA product and



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					key partner KCoop every quarter KMBA must be present in the joint KSO performance evaluation on a quarterly basis	Attend all KSO scheduled planning and evaluation; Monitoring visits to consortium partners; Product orientation to prospective partners/groups	services during Area Coordinator's center visit ; Sustain existing partnership and expand consortium members; Explore ways to enhance existing products and services; Support system for members Support existing efforts of partners to sustain membership
Principal partner do not patronize the microinsurance products of KMBA		L	M	High commission fee offered by commercial insurance	Strong partnership with principal partners. Encourage joint activities in the pursuit of the members.	Ensure that KMBA products are competitive compared to same products offered by other Insurance company	Regular consultation with partner institutions for product enhancement and development
Current consortium partners will disengage from KMBA		L	M	Stop subscribing to the products and services of KMBA	Develop internal capacity and confidence; Continue enhancement and improvement in KMBA products and services to sustain existing membership And marketing strategy	Regular consultation and evaluation of KMBA services and product; Expand consortium partnerships with partner institutions	Annual product review and assessment
III. Operational							
Skills of staff do not match with the present need of KMBA resulting in possible resignation/ termination		M	H	Performance evaluation	Continue to support training and education needs of staff; Maintain bi-annual performance evaluation and merit system	Bi-annual performance evaluation of KMBA staff; Conduct individual consultation at the start of the year; Retreats/recollection and team building	Skills matching of staff to meet the changing needs of KMBA; Local and international exposures
Absence of a sound		H	H	Failure to comply with	Prioritize the continuing	Two software programmers	Fully developed MIS that

Management Information System				regulatory requirements Incomplete records of members' data may result in fraudulent/delayed claims	development of MIS;	manning the MIS; Creation of reliable system (KOINS) for member's data	responds to the regulatory requirements of all government agencies
IV. Financial							
BIR to impose tax on KMBA operation		M	H	KMBA is being denied of tax exemption.	Consultation with tax lawyer Elevate the issue within the network Participate actively in the network's-initiated discussions with regulators (IC, BIR, lawmakers) as well as experienced tax lawyers	Review/Amend legal papers (SEC); Consultations with External and Internal auditors; Support network's position for tax exemption	Engage a legal services group that will assist KMBA in pursuing its application for tax exemption.
KMBA tax exemption application will be negatively ruled by the BIR		M	H	Formal denial from BIR Amount of tax assessment	Maintain 'submit but don't follow-up' stance	KMBA to reserve funds until formal exemption ruling is obtained	Ensure that reserve fund is sufficient enough for tax payment
KMBA investment yields will not achieve more than inflation levels		M	M	Investment yield ratio	Diversifying investment placements.	Regular monitoring of current investment, renew long term investments with safe and high interest rates	Regular checking of investment markets who offered secure and high interest rates
Lack of investment strategy to increase interest income		M	M	Investments yield is low; No available market to diversify investments	Craft a viable investment strategy	Participate in the network's investment pooling for higher interest yield.	Spread and diversify investments. "Don't put all eggs in one basket" to ensure income from investments

Committee Chairperson Marlin shared her thoughts on the importance of securing members documents not only to provide fast release of claims but also to check and validate the accuracy of the documents easily without the need to go to branch office. CO/GM Silvida informed them that all members data are being scanned and stored up in a central



file. This has been KMBA's practice since 2018. Regular updates of information and any other additional info of the members are done with the help of the OJT.

She also emphasized the importance of keeping KMBA's strong and healthy relationship and regular consultation for product development and enhancement with its sister organization and other partners to maintain the existing numbers of members. She also encouraged the committee to actively campaign KMBA's product to expand and increase its membership.

Committee member Luzviminda agreed and informed the committee that actively engaging in the community to present product information has a big possibility for expansion of membership. While other prospect is not interested in joining the microfinance, they are most likely to join the insurance.

Regular evaluation of staff also helps the management to assess one's capability and maximize its potential by matching one's skill to his job to meet the changing needs of KMBA. Providing regular training and attending seminar also helps to gain additional knowledge and development of staff.

Other Risk factors such as application to BIR for tax exemption is currently on discussions within KMBA's MI-MBAs network. KMBA will also seek professional/legal advised to apply for a tax exemption. Implementation of IFRS 17 is still on networks application to IC for exemption.

Adjournment

The meeting ended at 4:30pm