



**KASAGANA-KA Mutual Benefit Association, Inc.**  
**6<sup>th</sup> Regular Meeting of the Board of Trustees**  
**KMBA Members Center Building, 5 Matimpiin Street, Pinyahan, Quezon City**  
**October 27, 2023 1:00 pm**

**In Attendance:**

Board of Trustees:

- |  |                           |
|--|---------------------------|
| 1. Marlin Perez                          | -President                |
| 2. Nelly Vengano                         | -Vice President           |
| 3. Whilmelita Pableo                     | -Secretary                |
| 4. Emelda Castro                         | -Treasurer                |
| 5. Jeronima Teodoro                      | -Board Member             |
| 6. Myrna Verdadero                       | -Board Member             |
| 7. Sylvia Trijo                          | -Board Member             |
| 8. Philip Arnold P. Tuaño                | -Independent Board Member |
| 9. Atty. Maria Cleofe Gettie C. Sandoval | -Independent Board Member |

**Also Present:**

Board of Advisers:

10. Dexter Flores
11. Chona Capayas
12. Isabel Iliw-iliw
13. Enriquetta Navarro

Board Member Emeritus

14. Leticia Rodriguez
15. Wenifreda Rodriguez

Management and Staff

- |                          |                  |
|--------------------------|------------------|
| 16. Silvida R. Antiquera | -General Manager |
| 17. Evelyn Lagmay        | -Finance Manager |

**ORDER OF BUSINESS**



#### **A. Board Agenda**

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the Proposed Agenda
- V. Reading and Approval of the previous meeting's Minutes on September 1, 2023
- VI. Business arising from the previous meeting
- VII. Financial Report
  - a. Financial Statement for the Month of August and September 2023
  - b. Investments as of September 2023
- VIII. For Discussion and Matters Requiring Resolution
  - a. Operations update
  - b. MIMAP Memo on Independent Board
  - c. 2022 AS Verification Results
  - d. Investible funds for placement
  - e. File disposal of Resigned members
  - f. Ehtics Committee report
- IX. Upcoming Schedules
  - a. Next BoT Meeting: presentation of 2024 plans and budget - November 30, 2023, 9am
  - b. KSO Get-together for Board and Coordinators - December 1, 2023
- X. Adjournment

#### **DISCUSSION HIGHLIGHTS**



I. The meeting was formally started at 1:00 pm with a prayer.

## II. Quorum and Agenda

President Marlin Perez conducted the roll call and determined the presence of a quorum, with all members of the Board present. She then inquired if there are any revisions or additions to the agenda. With no clarifications, the Agenda was approved by the Board upon motion by BoT Nelly Emelda Castro and seconded by BoT Sylvia Trijo.

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

President Marlin Perez presented the minutes of the previous meeting. There being no objections or clarifications, the minutes of the previous meeting was approved upon motion by BoT Nelly Vengano and seconded by BoT Sylvia Trijo.

## IV. Business Arising

General Manager Salve Antiquera mentioned that there are no pending assignments from the previous meeting.

## V. Financial Report

### A. Financial Statements for August and September 2023

Particulars	As of August 31, 2023	As of September 30, 2023	As of September 30, 2022	Variance	
				Amount	%
Total Assets	Php 248,447,834.56	Php 248,782,606.05	Php 234,610,932.97	Php 14,171,673.08	6.04 %
Total Liabilities	148,276,810.31	148,915,064.44	128,897,561.38	20,017,503.06	16%
Total Fund Balance	100,171,024.26	99,867,541.62	105,713,371.59	(5,845,829.97)	- 5.53 %

Finance Manager, Evelyn Lagmay presented the Statement of Financial Position for the month of August and September 2023. The summary of the report is provided below:

It was explained in the report that there was an increase in current assets due to matured long term investments in MetroBank worth Php 20,000,000.00 and in ChinaBank worth Php 6,000,000.00 or a total amount of Php 26,000,000.00.

Board Adviser Letty Rodriguez inquired on the management's recommendation on what action to take on the matured investments. Finance Manager Evelyn Lagmay responded that the recommendations will be discussed at the meeting which include the re-investment of these amounts.

On the other hand, the summary of the Income Statement for the month of August and September 2023 are as follows:



Particulars	For the Month of August 2023	For the Month of September 2023	Variance in Amount
Gross Revenue	Php 4,487,234.60	Php 3,654,217.27	(Php 833,017.33)
Total Benefit Expense	2,733,985.16	2,549,152.48	(184,832.67)
Total Operating Expense	991,878.54	920,487.92	(71,390.62)
Total Investment Revenue and Other Income	289,493.13	377,538.63	88,045.50
Net Surplus (Loss) before Income Tax	858,165.82	285,293.05	(572,872.78)
Income Tax Expense	-	-	-
<b>Net Surplus (Loss)</b>	858,165.82	285,293.05	(572,872.78)

The Income Statement was also reported comparing the income as of September 2023, compared to the same month last year:

Particulars	As of September 2023	As of September 2022	Variance in Amount
Gross Revenue	Php 36,655,913.89	Php 38,003,958.26	(Php 1,348,044.37)
Total Benefit Expense	25,571,858.31	26,517,912.63	(946,054.32)
Total Operating Expense	11,406,276.50	9,273,148.78	2,133,127.72
Total Investment Revenue and Other Income	3,127,752.00	3,037,669.30	90,082.70
Net Surplus (Loss) before Income Tax	2,805,531.08	3,470,460.62	(664,929.54)
Income Tax Expense	(31,834.08)	-	31,834.08
<b>Net Surplus (Loss)</b>	2,773,697.00	3,470,460.62	696,763.62

The report explained that the association would have had a net loss of Php 92,245.58 for the month of September, but due to investment income had a net income of Php 2,773,697.00. Mr. Lagmay reiterated the importance of finding the right investment mix because it generates income especially in times of high operating and benefit expenses. It was also explained that one of the reasons for the lower income this year was the lower collection percentage.

The Board accepted the Financial Report for the month of August and September 2023 upon motion by BoT Nelly Vengano and seconded by BoT Jeronima Teodoro.

**B. Investments as of September 2023**

The portfolio mix as of September 30, 2023, is as follows:

Type of Investment	As of September 30, 2023	As of October 26, 2023
Cash in Bank	Php 39,312,464.10	Php 43,901,728.49



<b>Type of Investment</b>	<b>As of September 30, 2023</b>	<b>As of October 26, 2023</b>
Time Deposit	3,194,720.73	3,199,071.48
UITF	22,217,292.89	22,399,040.20
Government Securities	74,676,369.56	74,676,369.56
Corporate Bonds	10,280,000.00	10,280,000.00
Mutual Fund	5,683,432.31	5,683,432.31
Stocks	13,052,100.00	13,052,100.00
Investment Property	62,285,682.47	62,285,682.47
<b>TOTAL INVESTMENTS</b>	Php 235,701,972.06	<b>Php 234,477,424.51</b>

Board Adviser Dexter Flores raised the question of what month the investment mix is being reported, and Finance Manager Evelyn Lagmay responded that the report is for the month of September, but in the name of transparency, the most recent data is being added before the Board meeting.

The Investment Mix as of September 30, 2023 was approved upon motion by BoT Emelda Castro and seconded by BoT Jeronima Teodoro.

## **VI. For Discussion**

### **a. Operations update**

General Manager Salve Antiquera explained that increasing the number of new members has always been a challenge in Operations. She mentioned that in the insurance field, it is important to continuously increase the membership since it has direct impact with the organization's sustainability. But in the last three months, it is apparent that very small number are being added to the membership of KMBA. From the total number of 52,679 in the month of August, it has only increased to 52,951 or an additional 272 members. Because of this, the marketing to organized groups, aside from the efforts in partnership with K-Coop is continuously being strengthened to reach the required number of members.

In this regard, Board Adviser and K-Coop General Manager Dexter Flores showed the trend of membership in K-Coop because it has a direct impact on the membership of KMBA. It can be seen from the trend that from April to July the number of members in the cooperative does not increase, rather it decreases. The number only started to increase in the months of August and September, where only 533 members were added. He explained, that in the past the cooperative experienced a high employee turnover and up to 43 employees needed to be filled.

The MIS team also gave an update regarding the ongoing development of the mobile application. Some of them are as follows:

- The member can update his personal information through the mobile app, for example if there is a change in his civil status, mobile number and so on
- It is now possible to monitor the status of claims through the app
- The app also uses QR Code, which makes the transaction easier
- The e-payment system is currently being set up through G-Cash where premiums can be paid through the app



The Board accepted the Operations report and extend their support to the efforts of the management to continuously strive for the attainment of the vision and mission of the organization.

b. MIMAP Memorandum Pertaining to Independent Board

GM Salve explained that MIMAP has released a Memorandum which would serve as a guide regarding the Independent Trustees of its member MBAs. In the said memorandum, it was clarified that the independent Trustees should not be members of the MBA they belong to, so as to maintain their independence in their decisions. In the discussion at MIMAP, there are MBAs who have enrolled their independent Trustees in their basic life, and KMBA is one of them. As a remedial action, MIMAP suggests that the independent Trustees be excluded from basic life and that they get a different and separate insurance product. The management proposes to follow and address this policy so that the independent Trustees Atty. Gettie Sandoval and Mr. Phillip Arnold Tuaño will be removed of their KMBA membership and will be covered by a separate insurance.

The disbursement of K-Kabataan support to qualified employees and Officers of the Association was submitted for approval by the Board. It was discussed that K-Kabataan is a support given to employees who have been employed for 1 year or more regularly and to officers who have an educational beneficiary. During the discussion, the following policies to be implemented for K-Kabataan were clarified:

c. 2022 Annual Statement Verification Results

The Insurance Commission conducted a verification of the association's Annual Statement for the year 2022 and based on this, had several findings that must be addressed:

- The guaranty fund of the association is Php 30,816,939.68 and there is a deficit of Php 2,324,817.25 because the guaranty fund should be based on the computation stated in section V of Insurance Memorandum Circular No. 9-2006 is Php 33,141,756.93. This deficiency was met because on July 17, 2023, the association was able to deposit Php 2,324,818.00.
- The result of AS verification for the year 2021 was not discussed in the Board meeting. Because of this, it was reiterated that the the results of AS verification will be discussed to the Board.
- The association has a total equity value worth Php 10,836,742.35 for members with lapsed membership. According to section 409 of the Amended Insurance Code, only inforce members should have equity value equivalent. It is suggested that the remaining funds of members with lapsed membership be re-classified to "other long-term liability" to truly reflect the actual fund for the basic life insurance product.



d. Investible Funds for Placement

Finance Manager Evelyn Lagmay discussed that the Association has funds that can be placed for investment worth Php 26,000,000.00. She explained that this amount came from long term investments so it is also recommended that it be reinvested in long-term investment because it has an effect on the liquidity ratios that the Association must follow according to the Insurance Commission's standards. The investment can be considered long term if the duration is for more than a year or more.

In the discussion, the Board reiterated that there should be a balance between whether the available funds will be invested in long-term investment or whether it will be invested first in short-term investment so that there are funds available in case the association has immediate needs.

Here are the investment quotations submitted by investment providers:

BANGKO	INVESTMENT TYPE	MATURITY DATE	GROSS RATE	NET
BDO	Short term	September 2024	6.4850%	5.016%
	Long Term	April 2025	6.45%	5.160%
ChinaBank	Short term	October 2024	6.46%	5.164%
	Long Term	August 2025	6.375%	5.100%

It was explained to the Board that investment agencies recommend that the most appropriate investment is Treasury bills because it has a high interest rate at the moment. The Board accepted the management's recommendation and put the available funds into short term investment, but the maturity date must be in January 2024 or up to April 2024 at the maximum.

The Board approved the placement of a short-term investment in Banco De Oro in the amount of Twenty Six million pesos (Php 26,000,000.00) upon motion by BoT Sylvia Trijo and seconded by BoT Nelly Vengano.

**BOARD RESOLUTION No. 2023-18  
APPROVING THE PLACEMENT OF SHORT-TERM INVESTMENT**

**RESOLVED**, to approve and authorize the investment of Twenty Six Million Five Pesos (PHP 26,000,000.00) in the treasury bills in Banco De Oro.

e. File Disposal of Resigned Members

GM Salve informed that due to the heavy volume of KMBA files stored in the Satellite Offices of K-Coop, there is a problem with its storage that must be addressed immediately. To address this, KMBA asked fellow members in MIMAP and found out that the practice of other MBAs is that they dispose the files of resigned members. As a clarification, the management also wrote to the Insurance Commission inquiring what can be done with the files of resigned members but the agency does not have a policy regarding this and that the handling of this matter can be based on the policy of the association. Because of this, the management suggests that the file of resigned members be disposed of so that the filing in the Satellite Offices can be done more smoothly. GM Salve also explained that the information of resigned



members has already been encoded in the system and in case they want to join again, they will have to submit new forms and documents. And therefore there is no need to store the old file since it would no longer be needed.

The Board approved the disposal of the file of resigned members upon motion by BoT Nelly Vengano and seconded by BoT Sylvia Trijo.

**BOARD RESOLUTION No. 2023-19  
APPROVING THE DISPOSAL OF THE FILES OF RESIGNED MEMBERS**

**RESOLVED**, to approve and authorize the disposal of files of resigned members, subject to the provisions of Data Privacy Act of 2012 in ensuring data privacy and confidentiality.

f. Ethics Committee Report

The Board was informed by Board Emeritus, Wenifreda Rodriguez, also the Chairperson of the Ethics Committee that Ms. Chona Capayas has submitted her resignation as Board Adviser. With a heavy heart, Ms. Capayas has to resign from her post due to personal reasons that she is currently dealing with. With regret, the resignation of Ms. Capayas was accepted by the Board and expressed deep gratitude for her contributions to the association.

GM Salve explained that due to the resignation of Mrs. Capayas, KMBA is required to appoint another representative to the Board of KDCI, as its institutional member.

The nomination of Board Adviser, Isabel Iliw-Iliw as the representative of KMBA was approved by the Board upon motion by BoT Jeronima Teodoro and seconded by BoT Emelda Castro.

**BOARD RESOLUTION No. 2023-20  
APPOINTMENT OF MS. ISABEL ILIW-ILIW AS KMBA REPRESENTATIVE TO THE  
KDCI BOARD**

**RESOLVED**, to approve the appointment of Ms. Isabel Iliw-Iliw as representative of KMBA to the KDCI Board of Trustees.

**VII. Schedules**

- Next BoT Meeting

The Board was informed that the next Board meeting will be on November 30, 2023 at 9:00 am. In this meeting, the plans and proposed budget for the year 2024 will be presented.

- KSO Get-Together for Board and Coordinators

The Board was also informed that the Board and Coordinators of all KSO will have a Christmas and Year-end Party on December 1, 2023 at 9:00 a.m. on the 3rd Floor of the KMBA Members Center Building.





**XI. Adjournment**

There being no other matters discussed, the meeting ended at 3:55 pm upon motion by BoT Nelly Vengano and seconded by BoT Emelda Castro.