



KASAGANA-KA Mutual Benefit Association, Inc.
7th Regular Meeting of the Board of Trustees
KMBA Members Center Building, 5 Matimpiin Street, Pinyahan, Quezon City
November 30, 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. Isabel Iliw-iliw
12. Enriquetta Navarro

Board Member Emeritus

13. Leticia Rodriguez
14. Wenifreda Rodriguez

Management and Staff

- | | |
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| 15. Silvida Antiquera | -General Manager |
| 16. Evelyn Lagmay | -Finance Manage |

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 meeting's Minutes on Oktubre 27, 2023
- VI. Business arising from the previous meeting
- VII. Financial Report
 - a. Financial Statement for the Month October 2023
 - b. Investments as of November 2023
- VIII. For Discussion and Matters Requiring Resolution
 - a. Interim plan and budget for 2024
 - b. Additional guaranty fund
 - c. Renewal of insurance coverage for K-Kalinga
 - d. Renewal of insurance coverage for K-Bente
 - e. Renewal of Fire Insurance Coverage for KMBA Building
 - f. Christmas Gift for KMBA employees
 - g. Authority of GM to sign acceptance of FS 2023
- IX. Upcoming Schedules
- X. Next Board meeting
- XI. 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

Finance Manager Evelyn Lagmay clarified that the investment will be made not only in Banco De Oro, but also in ChinaBank. There being no other 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 the Month of October 2023

Finance Manager Evelyn Lagmay reported the Statement of Financial Position for the month of October 2023. The summary of the report is as follows:

Particulars	As of October 31, 2023	As of October 31, 2022	Variance	
			Amount	%
Total Assets	Php 246,646,708.29	Php 234,575,467.18	Php 12,071,241.11	5.15%
Total Liabilities	146,730,516.94	129,105,315.20	17,625,201.75	14%
Total Fund Balance	99,916.191.35	105,470,151.99	(5,553,960.63)	-5.27%

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

Particulars	For the Month of September 2023	For the Month of October 2023	Variance in Amount
Gross Revenue	Php 3,654,217.27	Php 4,321,096.48	666,879.21
Total Benefit Expense	2,549,152.48	2,580,354.81	20,644.92
Total Operating Expense	920,487.92	1,206,195.63	8,885.26
Total Investment Revenue and Other Income	377,538.63	258,423.30	(119,115.33)
Net Surplus (Loss) before Income Tax	274,735.64	792,969.34	518,233.70
Income Tax Expense	-	-	-
Net Surplus (Loss)	274,735.64	792,969.34	518,233.70



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

Particulars	As of October 2023	As of October 2022	Variance in Amount
Gross Revenue	Php 40,977,010.37	Php 42,406,689.29	(Php 1,429,678.92)
Total Benefit Expense	28,162,770.53	29,250,265.38	(1,087,494.85)
Total Operating Expense	12,612,472.13	12,529,221.47	83,250.66
Total Investment Revenue and Other Income	3,386,175.30	3,312,513.93	73,661.37
Net Surplus (Loss) before Income Tax	3,587,943.01	3,939,716.38	(351,773.30)
Income Tax Expense	(31,834.08)	-	31,834.08
Net Surplus (Loss)	3,556,108.93	3,939,716.38	(383,607.38)

The Board accepted the financial report for the month of October 2023 upon motion by BoT Nelly Vengano and seconded by BoT Jeronima Teodoro.

A. Investments as of October 2023

The investment mix of the Association as of October 31, 2023 is as follows:

Type of Investment	As of October 31, 2023	As of November 29, 2023
Cash in Bank	Php 43,482,664.08	Php 13,742,465.03
Time Deposit	3,194,720.73	3,199,101.63
UITF	22,237,422.36	22,237,422.36
Government Securities	74,676,369.56	100,523,771.88
Corporate Bonds	4,280,000.00	4,280,000.00
Mutual Fund	5,671,452.85	5,671,452.85
Stocks	12,790,400.00	12,790,400.00
Investment Property	62,199,157.26	62,199,157.26
TOTAL INVESTMENTS	Php 233,532,186.84	Php 229,643,771.01

Finance Manager, Evelyn Lagmay explained the increase in investment in government securities from Php 74 million to Php 100 million, is due to which the investable funds were deposited, as approved by the Board in the previous meeting last October.

She also explained that the "difference" in total investment compared to total assets is Php 13,114,521.45, of which it consists of the following:

ITEMS	AMOUNT
Cash on Hand	22,000.00
Receivables	8,248,832.36
PPE	3,185,957.81



Intangible	535,539.63
Prepaid Assets	438,335.12
Retirement Asset Benefit	652,740.53
Deferred Tax Asset	31,116.00
TOTAL DIFFERENCE	13,114,521.45

The investment mix as of 31 October 2023 was approved upon motion by BoT Jeronima Teodoro and seconded by BoT Sylvia Trijo.

B. For Discussion

a. Interim plan and budget for 2024

GM Salve reviewed the operations report, specifying that the data to be presented spans from January to October 2023. She highlighted the significant challenges the association faces in member recruitment and retention. The financial report reflected a decline in collections due to a sluggish increase in membership. Although there were 10,000 new members, the number still surpassed those who resigned. GM Salve underscored the urgency of robust recruitment efforts, emphasizing that stagnation in membership growth is unsustainable in the insurance industry.

During the discussion, a unanimous agreement emerged on the need for a targeted campaign to reduce lapsed accounts and boost enrollment in K-Bente and HIIP. GM Salve mentioned communicating this concern to K-Coop to ensure stricter implementation of mandatory HIIP enrollment for members in their 2nd loan cycle.

GM Salve also outlined the key focus areas for KMBA in 2024. Emphasizing that the primary goal over the next three years is to restore the association to its pre-pandemic numbers and status, she articulated the strategic objectives for the upcoming year.



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PRIORITY AREAS	ACTIVITIES
Products and Services	Retain existing benefits; Added RMSI to the existing list of partners for KOK; Maintain 50K enrolment for K-Bente.
Membership growth	Increase in members to 65,000; Recruit 7,000 associates
Underwriting	At least 70% of 2023 policy holders' data are digitized and uploaded in the KMBA Koins system; On-time issuance of insurance policy; Regular updating of members' records including dependents
Claims	8-24 hours claims settlement upon receipt of completed documents; Maintain 100% compliance; Train/Retrain members through Area coordinators on set of rules in processing claims
Marketing and promotion	Referral system/Incentives for "agents"; Forge partnerships to at least 2 consortium groups; Microinsurance awareness campaign; At least 70% of members are registered in KMBA Mobile App; Associates use payment system thru mobile app; Monthly promotional posting in Facebook page
IT/MIS	Full integration of database management system with other systems via API and digital platform; Development of additional modules for new products; Collaborate with Actuarial and Audit for IFRS 17 integration/development; Strict monitoring of security measures
Administrative	On-time submission of regulatory requirements to avoid penalties. Explore the adoption of a paperless, digital system to eliminate printing-related costs; cost-cutting of admin expenses
Finance and Accounting	Familiarize with IFRS 17 requirements in accounting;
Compliance	Apply for KMBA Koins copyright from the IPOPHL Conduct of impact assessment for IFRS 17 SEGURO On-time submission of ACGR
Building	Reclassification of building use

budget projection for the year 2024 was also discussed.:

ASSUMPTIONS	2023 PROJECTION	ACTUAL as of October 2023	PROJECTION FOR 2024
MEMBERS	50,500	48,850	65,000
ASSETS	252,497,514.42	246,571,312.00	265,684,181.13
LIABILITIES	146,247,334.29	146,730,517.00	163,186,237.98
FUND BALANCE	106,250,180.12	99,840,795.00	102,497,943.15
TOTAL COLLECTIONS	61,355,000.00	39,740,060.25	66,420,000.00
TOTAL BUDGET	41,778,693.76	29,943,270.58	41,886,249.82

GM Salve also informed the Board about the temporary suspension of KDCI's program operations, in order to study appropriate and sustainable strategies for its operations. KDCI has owned shares in Rimansi Mutual Solutions Insurance Agency, Inc. (RMSI), the provider of some of the insurance products for members such as Kwarta or Kahon and K-Yakap. Due to the temporary stoppage of KDCI operations,



the management of the insurance products obtained from RIMANSI will be taken over by KMBA, as well as the personnel handling it from KDCI.

Independent Trustee, Mr. Philip Arnold Tuaño raised the question of where the additional members of KMBA will come from. GM Salve responded that the new members will come from K-Coop due to the opening of six (6) new Satellite Offices. The search for associate members in organized groups will also continue.

The initial projection and interim budget for 2024 was approved and accepted by the Board upon motion by BoT Emelda Castro and seconded by BoT Nelly Vengano.

Also submitted for approval is the proposed organizational structure and salary scheme to be implemented for the year 2024. Ms. Salve presented the proposed organizational structure, highlighting the existing flat hierarchy that offers limited promotional opportunities for employees. Despite this, she emphasized the organization's commitment to fostering career growth. The proposed changes involve introducing managerial positions under the General Manager, specifically in back-office support. These positions include the Finance Manager overseeing not only the Finance, but also the administration and leading of the Compliance officer, Admin officer, Accounting officer, Accounting staff, and Utility staff. Additionally, a technical support head role is introduced to oversee the Management Information System (MIS) unit.

Restructuring in the Operations is also outlined, dividing operations into three specialties: underwriting, claims processing, and marketing. Underwriting will be consolidated under a single individual who will be responsible for overseeing member records. Consequently, the task of managing records will be removed from the duties of claims processors, allowing them to concentrate solely on processing claims. Marketing supervisor will be responsible for leading multiple marketing specialists. Ms. Salve mentioned the incorporation of additional employees from KDCI into the marketing unit. Urgent hiring priorities were identified for accounting staff and additional MIS staff crucial to the insurance organization's operations.

To align with these changes, a review of the existing salary grades is proposed. Ms. Salve clarified that this adjustment is not a salary increase but rather an effort to provide appropriate compensation for the additional responsibilities, aiming to boost employee morale. The suggested salary adjustment would result in an additional annual expense of Php 500,000.00.

The new organizational structure and salary scheme was approved by the Board upon motion by BoT Nelly Vengano and seconded by BoT Jeronima Teodoro.

b. Additional guaranty fund

GM Salve clarified the annual necessity of allocating funds for the guaranty fund, which serves as a financial reserve to safeguard policyholders in the event of an organization facing financial difficulties. For 2023, the association is obligated to contribute a guaranty fund amounting to Two Million Five Hundred Thousand



Philippine Pesos (Php 2,500,000.00). Finance Manager Evelyn Lagmay further expounded on the calculation, indicating that the precise required amount for the guaranty fund is Php 2,324,817.45. However, to ensure that the fund will not fall short by the end of the year, it is recommended to round it up to Php 2.5 million.

The additional guaranty fund amounting to Php 2,500,000.00 was approved by the Board upon motion by BoT Myrna Verdadero and seconded by BoT Sylvia Trijo.

**BOARD RESOLUTION No. 2023-21
APPROVING THE ADDITIONAL GUARANTY FUND**

RESOLVED, to approve the placement of additional guaranty fund as required by the Insurance Commission amounting to Php 2,500,000.00.

c. Renewal of insurance coverage for K-Kalinga

The Board was presented with the proposal for the renewal of K-Kalinga in Malayan Insurance for the year 2024. GM Salve provided insights, explaining that while the revenue generated from this product is relatively modest, K-Kalinga plays a crucial role in assisting members during emergencies such as fires and accidents, offering coverage at affordable premium rates. The management recommends the continuation of K-Kalinga, emphasizing its significance as a valuable KMBA service to the members.

The renewal of K-Kalinga was approved by the Board upon motion by BoT Sylvia Trijo and seconded by BoT Myrna Verdadero.

**BOARD RESOLUTION No. 2023-22
AUTHORIZING THE RENEWAL OF K-KALINGA POLICY**

RESOLVED, to approve the renewal of K-Kalinga policy agreement with Malayan Insurance effective December 1, 2023..

d. Renewal of insurance coverage for K-Bente

The renewal of K-Bente with First Life Insurance for the year 2024 was presented to the Board. GM Salve explained that K-Bente provides a great help to members during unexpected events at a very low premium price. She stressed the importance of campaigning K-Bente among the members to increase its availment rate. This is because there is a number that must be reached to keep its premium amount at twenty pesos.

BoT Emelda Castro raised the concern that one of the reasons why its availment is limited is because the age of the child that can be enrolled to K-Bente is only 18 years and below. Many of the members no longer have children within this age requirement. GM Salve responded that apart from children, members can also enroll other relatives who are associate members of KMBA.



The renewal of K-Bente was approved by the Board upon motion by BoT Nelly Vengano and seconded by BoT Jeronima Teodoro.

**BOARD RESOLUTION No. 2023-23
AUTHORIZING THE RENEWAL OF K-BENTE POLICY**

***RESOLVED**, to approve the renewal of K-Bente policy agreement with First Life Insurance effective December 15, 2023.*

e. Renewal of Fire Insurance Coverage for KMBA Building

The Board was informed that the property insurance of the KMBA Members Center building with Pioneer insurance has expired on December 01, 2023. As such, it is necessary to re-insure the building for the year 204 to ensure that it has coverage during unexpected losses or damages. The management proposes to renew the property insurance with Pioneer Insurance in the amount of Php 80,095.76.

BoT Adviser Isabel Iliw-Iliw raised the question of whether the building's income from rents is sufficient for the amount required for insurance. GM Salve responded that currently the rental income is not enough to cover the cost of the building insurance, because besides this there are other expenses such as maintenance and security. Despite that, she explained that if one looks at the value of the property, it can be seen that the value of the building is now almost double compared to the value when the land on which it stands was acquired.

The renewal of the property insurance in Pioneer Insurance in the amount of Eighty Thousand Ninety Five (80,095.76) was approved and agreed to by the Board upon motion by BoT Sylvia Trijo and seconded by BoT Myrna Verdadero.

**BOARD RESOLUTION No. 2023-24
AUTHORIZING THE RENEWAL OF PROPERTY INSURANCE**

***RESOLVED**, to approve the renewal of property insurance for the KMBA Member Center Building with Pioneer Insurance amounting to ng Eighty Thousand Ninety Five pesos (80,095.76).*

f. Christmas Gift for KMBA employees

GM Salve presented the proposal to provide cash gifts to eligible employees, and the established computation method used by the KSOs. The policy governing the distribution of cash gifts to employees was discussed with the following key points:

- The cash gift is contingent upon the net income of K-Coop as of the end of November each year.
- The cash gift will only be disbursed if the net income reaches or exceeds ten million pesos (Php 10,000,000.00).
- If the specified net income threshold is achieved, each regular employee will receive a cash gift of ten thousand pesos (Php 10,000.00), while new regular



employees will receive a pro-rata amount based on the date of regularization.

- An additional one thousand pesos (Php 1,000.00) will be granted to each regular employee for every five million pesos (Php 5,000,000.00) that exceeds the initial ten million pesos (Php 10,000,000.00) net income.

Based on these guidelines, it is estimated that employees may receive cash gifts ranging from Php 13,000 to Php 15,000, depending on the net income at the end of November.

The Board accepted and endorsed the proposal for giving cash gifts to employees in accordance with the existing policy and computation. BoT Emelda Castro led the motion, and was seconded by BoT Nelly Vengano, resulting in unanimous approval by the Board.

**BOARD RESOLUTION No. 2023-25
AUTHORIZING THE GRANT OF CASH GIFT TO QUALIFIED EMPLOYEES**

***RESOLVED**, to approve the grant of cash gift to all regular employees, subject to pro-rating depending on the date of regularization.*

- g. Authority of GM to sign acceptance of FS 2023

GM Salve clarified the annual requirement for the signing of the Financial Statement and requested the Board's authorization to sign it on behalf of the Association.

The authorization for General Manager Silvida Antiquera to sign and accept the 2023 Financial Statements as a representative of KMBA was approved by the Board upon motion by BoT Sylvia Trijo and seconded by Jeronima Teodoro.

**BOARD RESOLUTION No. 2023-26
AUTHORIZING TO SIGN AND ACCEPT THE 2023 AUDITED FINANCIAL
STATEMENTS**

***RESOLVED**, to grant authority to Ms. Silvida Antiquera to sign and accept the Financial Statements for 2023.*

C. Upcoming Schedules

- Next BoT Meeting
The Board was informed that the next Board meeting will be held on January 26, 2024.

D. Adjournment

The meeting ended at 11:40 am with a motion led by BoT Nelly Vengano and seconded by BoT Myrna Verdadero.