



KASAGANA-KA Mutual Benefit Association, Inc.
1st Regular Meeting of the Board of Trustees
KMBA Members' Center Bldg, 5 Matimpiin St. Pinyahan, Quezon City
January 26, 2024 9:00 am

In Attendance:

Board of Trustees:

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

Also Present:

Board of Advisers:

9. Maria Anna Ignacio
10. Isabel Iliw-iliw
11. Enriquetta Navarro

Board Member Emeritus

12. Leticia Rodriguez
13. Wenifreda Rodriguez

Management and Staff

- | | |
|-------------------|------------------|
| 14. Evelyn Lagmay | -Finance Manager |
| 15. Khayla Lacpao | -Admin Officer |



ORDER OF BUSINESS

- 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 the previous meeting
 - a. Christmas gift for employees
 - b. Equity and RF of Independent Board members
- VII. Financial Report
 - a. Financial Statement (November and December 2023)
 - b. Investments as of January 2024
- VIII. For Discussion and Matters Requiring Resolution
 - a. Presentation of 2023 year-end report and 2024 plan
 - b. Revised 2024 budget
 - c. New Salary Rate
 - d. Reduction in Calamity Assistance
 - e. Realignment of excess and unassigned surplus
 - f. Review of vision, mission, and goals
 - g. Review of Related Party Transaction
 - h. Commitment to Good Corporate Governance
 - i. July to December 2023 Performance Evaluation
- IX. Other Matters
- X. Adjournment



DISCUSSION HIGHLIGHTS

I. The meeting was formally started at 9:00 am with a prayer. President Marlin Perez expressed a warm welcome to the guests from Simbag sa Emerhensiya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. SEDP MBA, like Kasagana-ka Mutual Benefit Association Inc (KMBA) is part of the MIMAP network. The Board of Trustees, several Coordinators and Management team visited KMBA for a study tour with the aim of learning best practices that will help to improve the management of their organization.

II. Quorum and Agenda

President, Marlin Perez conducted the roll call and determined the presence of a quorum, with eight of the nine members of the Board present. Board Secretary, Whilmelita Pableo and General Manager Salve Antiquera were unable to attend the meeting.

Subsequently, President Marlin Perez presented the Agenda, where it was requested that the update on the conduct of proxy-voting in the Satellite Offices be added to matters to be discussed in the meeting . There were no other questions or additions to the Agenda so it was approved by the Board upon motion by BoT Emelda Castro and seconded by BoT Sylvia Trijo.

III. Reading and Approval of the Minutes of the Meeting

The minutes of the previous meeting was reviewed, and with no other clarifications, the minutes of the previous meeting was approved upon motion by BoT Jeronima Teodoro and seconded by BoT Sylvia Trijo.

IV. Business Arising

In the previous meeting, the grant of cash gift to qualified employees was discussed based on the policy followed by the KSO. In the said meeting, the submitted amount of Cash Gift to the Board was just a range, from Php 13,000 to Php 15,000 based on the net income at the end of the month of November. Finance Manager Evelyn Lagmay stated that the actual amount given to employees as Cash Gift in December was Php 14,000 per regular employee.

Finance Manager Evelyn also explained that at the Board meeting last November, there was a discussion about the issued MIMAP Memorandum regarding the Independent Trustees of its MBAs members. In the said memorandum, it was clarified that the independent Trustees should not be members of the MBAs they belong to, so as to maintain their independence in their decisions. In compliance with this, the membership of the independent Boards, Atty. Gettie Sandoval and Mr. Philip Arnold Tuaño was already terminated and their equity and RF have also been returned to them.

Apart from the matters mentioned above, there is no remaining business from the previous meeting.

V. Financial Report

A. Financial Statements for November and December 2023

Finance Manager, Evelyn Lagmay presented the Statement of Financial Position for the months November and December. The summary of the report is provided below:

Particulars	As of November 30, 2023	As of December 31, 2023	As of December 31, 2022	Variance	
				Amount	%



Total Assets	Php 245,824,423.62	Php 247,155,667.32	Php 241,166,987.56	Php 5,988,679.77	2.54%
Total Liabilities	146,063,150.78	145,838,865.30	142,396,121.52	3,442,743.78	2%
Total Fund Balance	99,761,272.84	101,316,802.02	98,770,866.04	2,545,935.98	2.72%

On the other hand, the summary of the Income Statement for the months of November and December 2022 are as follows:

Particulars	For the Month of November 2023	For the Month of December 2023	Variance in Amount
Gross Revenue	Php 4,148,141.35	Php 4,024,878.24	(Php 123,263.11)
Total Benefit Expense	3,267,532.29	2,167,420.77	(1,100,111.62)
Total Operating Expense	1,554,080.83	1,211,413.89	(342,666.94)
Total Investment Revenue and Other Income	552,387.20	1,741,356.76	542,925.98
Net Surplus (Loss) before Income Tax	858,165.82	285,293.05	(572,872.78)
Income Tax Expense	(31,834.08)	-	-
Net Surplus (Loss)	(121,084.67)	1,741,356.76	1,862,441.43

Also reported is the Income Statement comparing the income as of December 31, 2023, compared to the same month last year:

Particulars	As of December 2023	As of December 2022
Gross Revenue	Php 49,150,029.96	Php 51,514,944.25
Total Benefit Expense	34,655,793.06	36,093,339.48
Total Operating Expense	15,377,966.85	15,161,393.53
Total Investment Revenue and Other Income	5,033,875.68	4,673,150.43
Net Surplus (Loss) before Income Tax	4,150,145.73	4,933,361.67
Income Tax Expense	(31,834.08)	(76,357.48)
Net Surplus (Loss)	4,118,311.65	4,857,004.19

The report outlined that prior to investment gains, KMBA incurred a loss of Php 883,729.95. However, through strategic investments, the organization realized an income of Php 4,118,311.65 over the course of the fiscal year. This represents a marginal decrease from the income recorded in 2022, which totaled Php 4,857,004.19.

The Board acknowledged that despite the slight decrease in income compared to the previous year, it remains considerable given the challenges encountered in member recruitment and heightened operational costs. The discussion underscored the importance of proactive member recruitment efforts in the coming year to bolster recovery, recognizing that the strength of the association lies in its numbers.



The Board emphasized that without a concerted effort to increase membership, the sustainability of the association could be compromised.

The Board duly accepted the Financial Report for the months of November and December 2023, with BoT Emelda Castro leading the motion and BoT Myrna Verdadero seconding it.

B. Investments as of January 25, 2024

The composition of the Association's investments as of the conclusion of the year 2023, and extending through January 25, 2024, is detailed as follows:

Type of Investment	As of December 31, 2023	As of January 25, 2024
Cash in Bank	Php 24,665,417.05	Php 33,053,550.04
Time Deposit	3,199,890.71	3,199,890.71
UITF	23,508,328.37	23,508,328.37
Government Securities	95,076,857.68	95,076,857.68
Corporate Bonds	4,280,000.00	4,280,000.00
Mutual Fund	5,771,986.37	5,771,986.37
Stocks	12,692,000.00	12,692,000.00
Investment Property	62,026,106.84	62,026,106.84
TOTAL INVESTMENTS	Php 236,220,587.02	Php 234,646,722.50

The Board acknowledged the efforts of the management and praised its good performance concerning the management of the organization's investments.

Additionally, it was elucidated that the "difference" between the total investment and total assets amounts to Php 10,935,080.30, comprising the following components:

ITEMS	AMOUNT
Cash on Hand	22,000.00
Receivables	6,214,187.71
PPE	3,088,631.66
Intangible	508,490.15
Prepaid Assets	417,914.25
Retirement Asset Benefit	652,740.53
Deferred Tax Asset	31,116.00
TOTAL DIFFERENCE	10,935,080.30

The Investment Mix as of December 31, 2023 was approved, with BoT Sylvia Trijo leading the motion and BoT Myrna Verdadero seconding it.

VI. For Discussion

a. Presentation of 2023 year-end report and 2024 plans

Manager Evelyn Lagmay presented the operations status for the year 2023:

	TARGET	2023
Membership	60,000	53,994
Premium Collection	P61.36M	P44.5M



Assets	P252.5M	P247.16M
Liabilities	P140.5M	145.8M
Fund Balance	P105M	101.31M
Net Surplus	3.49	4.12M
Number of claims	-	819
Amount of claims	-	P13.8M
Operating expense	<20%	28%

During the discussion, it was clarified that out of the total membership of 53,994, only 38,412 are currently active, while 15,582 have lapsed. The breakdown of the KMBA's membership comprises 41,064 K-Coop members, 10,915 from CAPS-R, 515 from JVOMFI, and 1,500 from various smaller organizations.

Furthermore, the report highlighted 819 claims processed, amounting to P13.8M disbursed. The primary causes of death were identified as cardiovascular (164 deaths), respiratory (104), hematological (68), neurological (66), and gastrointestinal (43).

Regarding the Credit Life Insurance Program (CLIP), the total insured loan amount reached Php 1.54 Billion, with a corresponding premium of Php 11.35 Million.

In addition, the association obtained tax exemption status in 2023 and was honored with two Golden Arrow Awards. These awards recognize exemplary corporate governance performance based on the ASEAN Corporate Governance Scorecard (ACGS) for publicly listed insurance companies.

The Board duly accepted the Operations report for the year 2023, upon motion by BoT Myrna Verdadero and seconded by BoT Nelly Vengano.

Ms. Lagmay also explained the focal points that KMBA will prioritize for the year 2024. Emphasizing the primary objective, she underscored that the association's overarching goal for the upcoming three years is to regain its pre-pandemic membership numbers and status.

PRIORITY AREAS	ACTIVITIES
Products and Services	Retain existing benefits; Additional partner for other non life insurance products
Membership growth	Increase in members to 65,000; Recruit 15,000 new members
Underwriting	Digitize documents of all policy holders including dependents to be uploaded in Koins system; Issuance of insurance policy; Regular updating of members' records
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	Microinsurance awareness campaign; Popularize the use of KMBA mobile App for enrollment; Maximize the use of social media platforms;
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; Secure QC Council for the expanded use of office space of KMBA Members' Center
Finance and Accounting	Increase revenues; Use of online banking and e-wallet system for fast payments; Familiarize with IFRS 17 requirements in accounting;
Compliance	Waiting for KMBA Logo copyright approval from IPOPHL ; Participate in the Field system audit for IFRS 17 ; Pursue with the IFRS 17 exemption as spearheaded by MiMAP Passing mark for all SEGURO/SEGURADO standard; Asean Corporate Governance Score Card
Personnel	Claims and Underwriting specialists to take the TESDA NCII-Microinsurance; FM to take the CPA Review; New Organizational structure; Competency training of staff.
Networking	Remain active in MiMAP and ICMIF activities

The plans for the year 2024 were accepted by the Board upon motion by BoT Emelda Castro and seconded by BoT Sylvia Trijo.

b. Revised Budget and Projection for 2024

The budget and projection for the year 2024 was discussed examining anticipated financial allocations and forecasts for the upcoming period:

ASSUMPTIONS	2023 PROJECTION	ACTUAL as of December 31, 2023	PROJECTION FOR 2024
MEMBERS	50,500	53,994	60,000
ASSETS	252,497,514.42	247,294,993.00	268,329,307.07
LIABILITIES	146,247,334.29	145,838,865.00	164,028,106.06
FUND BALANCE	106,250,18.12	101,456,127.00	104,301,201.01
NET SURPLUS	3,490,456.08	4,257,637.00	7,185,261.74
TOTAL COLLECTIONS	61,355,000.00	46,169,872.83	66,420,000.00
OPERATING EXPENSE	15,415,189.32	12,295,911.75	14,007,399.00
TOTAL BUDGET	41,778,693.76	30,135,809.82	41,745,932.26

The budget and projections for the year 2024 were approved upon motion by BoT Jeronima Teodoro and seconded by BoT Myrna Verdadero.

**BOARD RESOLUTION No. 2024-01
APPROVING PLANS AND BUDGET FOR THE YEAR 2024**

RESOLVED, to approve the plans and budget for the fiscal year 2024, as presented by the management team.

c. New Salary Rate

During the preceding meeting, the Board endorsed the proposed organizational structure and salary framework slated for implementation throughout the year 2024. The discussion underscored that this



adjustment does not entail a salary increment but rather serves to appropriately compensate employees for additional responsibilities assumed. As computed, the total salary adjustment equates to Php 466,792.00 per month. Notably, the existing monthly salary cost stands at Php 466,798.00. It is evident that despite the salary adjustment, there has been no net increase in the previous salary expenditure. This is attributed to the departure of three senior employees who were replaced by new hires with comparatively lower salaries. Consequently, while certain roles experienced a salary hike, it did not impact the organization's overall expenses.

The Board expressed unanimous agreement with the salary adjustment, recognizing it as a means to acknowledge and appreciate the dedication and contributions of employees in advancing the organization's objectives.

Upon motion by BoT Sylvia Trijo and seconded by BoT Myrna Verdadero, the Board officially ratified the salary adjustment of Php 466,792.00 per month, effective February 1, 2024.

**BOARD RESOLUTION No. 2024-02
APPROVING THE SALARY ADJUSTMENT OF EMPLOYEES**

***RESOLVED,** to approve the recommendation of the Human Resources Committee providing for a salary adjustment to be made effective by February 1, 2024.*

- d. Reduction in calamity assistance
Presently, KMBA extends Php 3,000 financial assistance to members impacted by calamities like typhoons and fires. However, due to a decrease in the allocated funds for this purpose, there is a suggestion to adjust the calamity assistance amount to Php 1,500. Initially set at Php 20 million, the remaining fund for calamity assistance has dwindled to Php 5 million. Additionally, another rationale for this adjustment is to encourage higher enrollment in K-Kalinga.

K-Kalinga represents an additional insurance product developed in partnership with Malayan Insurance. For a premium of Php 50, members gain coverage for accidents or calamities such as fires. Under this scheme, if a member suffers from fires, they are entitled to Php 10,000 in benefits and can avail up to 5 units, totaling Php 50,000.

The Board, upon motion by BoT Jeronima Teodoro and seconded by BoT Sylvia Trij, has approved the reduction in calamity assistance from Php 3,000 to Php 1,500, effective February 1, 2024.

- e. Realignment of excess and unassigned surplus
The proposed realignment of excess and unassigned surplus was presented to the Board for approval:

ITEM	2023 ENDIING	2024	2025	TOTAL
Benefits in kind and other relevant services	-	350,000.00	350,000.00	700,000.00
	-	670,000.00	670,000.00	1,340,000.00
Total benefits in kind	2,798,980.89	1,020,000.00	1,020,000.00	2,040,000.00
Capacity building	777,210.16	750,000.00	750,000.00	1,500,000.00
Research and development	408,600.00	300,000.00	300,000.00	600,000.00
Upgrading and improving systems and equipment	986,712.10	500,000.00	200,000.00	700,000.00



Continuing member education	879,951.22	500,000.00	511,454.37	1,011,454.37
TOTAL EXCESS UNASSIGNED SURPLUS	5,851,454.37	3,070,000.00	2,781,454.37	5,851,454.37

BoT Emelda Castro inquired whether the reduction in calamity assistance had been factored into the reported figures, to which Finance Manager Evelyn Lagmay affirmed that the proposed adjustments had been duly accounted for.

Board Adviser MeAn Ignacio raised a query regarding the timeline for the accrual of additional unassigned surplus. In response, the Finance Manager explained that KMBA undergoes an annual audit conducted by the Insurance Commission, during which any surplus identified is allocated to the unassigned surplus.

The realignment of excess unassigned surplus was approved upon motion by BoT Emelda Castro and seconded by BoT Myrna Verdadero.

**BOARD RESOLUTION No. 2024-03
APPROVING THE REALIGNMENT OF UNASSIGNED SURPLUS**

***RESOLVED**, to authorize the realignment of the excess and unassigned surplus amounting to 5,851,454.37 to fund strategic initiatives and projects that align with the organization's objectives and growth plans.*

f. Review of vision, mission, and goals

The Independent Trustee and Chairperson of the Board Risk Oversight and Corporate Governance Committee introduced the existing vision and mission of KMBA for discussion, with the intention of evaluating the necessity for any revisions. This presentation aimed to thoroughly assess the alignment of KMBA's objectives with its current operational landscape and future aspirations.

VISION	MISSION	GOALS
A self-reliant and self-sustaining mutual benefit association that actively and appropriately responds to the financial risk management needs of the poor Filipino families.	To provide microinsurance products and services to the poorest Filipino families.	<ul style="list-style-type: none"> To promote life insurance that can broaden the safety net of the Filipino poor; To engage in a socially oriented activities that render assistance to members in terms of their security needs; To develop a cost-effective mechanism for the delivery of microinsurance products and services
Isang MBA na matatag at may ganap na kasarinlan na aktibong tumutugon sa pangangailangang pinansyal dulot ng panganiid sa buhay nga mga maralitang Pilipino.	Makapagbigay ng mga produkto at serbisyong microinsurance sa pinakamahirap na pamilyang Pilipino.	<ul style="list-style-type: none"> Maisulong at maipalaganap ang basic life insurance na makapagpapalawak ng seguridad ng mga maralitang Pilipino. Makilahok sa mga panlipunang Gawain na makakapaghatid ng tulong sa mga miyembro lalo na sa kanilang mga pangangailangan sa seguridad. Makabuo ng mekanismong matipid, sulit, at epektibo para sa paghahatod



		ng mga serbisyong microinsurance.
--	--	-----------------------------------

Vice President, Nelly Vengano affirmed that the presented vision and mission statements encapsulate the collective aspirations and endeavors of KMBA. In her view, there is no imperative to amend them.

The Board did not raise any queries or seek clarifications regarding the current vision, mission, and goals of KMBA. Consequently, the proposals were unanimously endorsed by the Board, with BoT Myrna Verdadero leading the motion and BoT Sylvia Trijo seconding it.

g. Commitment to Good Corporate Governance

Subsequently, the review and ratification of the commitment to good governance was carried out, stating the following:

The Board of Trustees and the Management team of KMBA are committed to the principles of and best practices on good governance as expressed in its Articles of Incorporation, By-Laws, and the Corporate Governance Manual, and as provided by pertinent laws and government regulations. To this end, Board and management will maintain transparency and accountability to its members and other stakeholders, and shall manage its operations with integrity. Periodic disclosure of relevant information to the public and specific stakeholders will be complied with. Greater participation of members in policy determination and decision-making shall continually be encouraged. Checks and balances and the appropriate control mechanisms shall always be in place and further strengthened.

The Board affirmed the commitment to good governance upon motion by BoT Sylvia Trijo and seconded by BoT Jeronima Teodoro.

h. Review of Related Party Transactions

The Independent Trustee and Chairperson of the Related Party Transactions Committee deliberated on Atty. Gettie Sandoval's report concerning related party transactions. This report outlined the transactions between KMBA and its affiliated entities, such as K-Coop. The underlying objective of this reporting mechanism is to uphold transparency and ensure equitable dealings among sister organizations.

RELATED PART BALANCES		As of December 31, 2023
1.	Unremitted contribution dues and fees	Php 3,356,813.99
2.	Unremitted Premiums CLIP	796,493.81
3.	Unremitted Premiums HIIP	310,672.04
4.	Receivables to (from)	275,968.04
5.	Payable to K-Coop	1,053,706.38
	TOTAL	5,793,654.26

Atty. Sandoval elucidated that, following thorough analysis, the transactions between KMBA and K-Coop were found to be routine, with no anomalies warranting scrutiny.

The Board duly acknowledged and accepted the Committee's report concerning related party transactions, with BoT Nelly Vengano spearheading the acceptance motion and BoT Emelda Castro providing the second.



i. Performance Evaluation

The Board received an update on the performance evaluation of employees for the period of July to December 2023. The outcomes of these evaluations will determine the eligibility of employees for performance incentives.

Additionally, it was conveyed to the Board that a performance review for the General Manager will be conducted at the conclusion of the meeting. The Board members were asked to assess the performance of GM Salve Antiquera.

VII. Other Matters

Updates on the conduct of proxy-voting

The Finance Manager Evelyn Lagmay explained that schedules and timelines for the conduct of the election have been prepared and will be submitted to the Election Committee meeting. The start of activities for this is on February 5, 2024.

VIII. Adjournment

There being no other matters discussed, the meeting ended at at 11:43 noon upon motion by BoT Emelda Castro and seconded by BoT Jeronima Teodoro.