



Management of Key Risks

With the creation of the Oversight and Audit Committee, PPMBAI looks to strengthen its risk management policy and undertake periodic assessment of the various risks that PPMBAI faces in all areas of operations and administration, approximate their probability, and determine ways to minimize, if not completely avoid their negative effects.

Liquidity Risks

This refers to the risk that the Association will not be able to meet its financial obligations as this falls due, basically from lack of funding to finance its growth and capital expenditures and requirements.

The Association's approach to manage its liquidity profile is to ensure that adequate funding is available at all times to meet commitments as these arise without incurring unnecessary costs, and be able to access funding when needed. The Board and Management work closely to manage this risk.

Credit Risk

This involves the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In case of PPMBAI, its receivable balance are carefully monitored on an ongoing basis to ensure that its exposure to impairment is not significant.

Compliance Risk

This arises from violations or non-conformity with laws, rules and regulations, circulars, and prescribed practices of the Insurance Commission and other regulatory bodies, that may expose PPMBAI to fines and penalties.