

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
PAGASA NG PINOY MUTUAL BENEFIT
ASSOCIATION, INC. (PPMBAI)**

The regular meeting of the Board of Trustees of PagASA ng Pinoy Mutual Benefit Association, Inc. was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on January 22, 2020 at 1:00 p.m.

Present:

Genaro L. Kong
Eufrecina T. De Jesus
Jonnette C. Almanzar
Sheen Ray U. Acosta
Rea R. Agner
Ken Albert G. Bayudan
Julieta Macaoay
Delia Villalon
Josephine Cariso
Ricardo P. Lirio
Reena Concepcion G. Obillo
Atty. Joselito D. Fernandez

Absent:

Elizabeth Loot
Mercy Melloria
Leslie Embradora

Also Present:

Md. Shamsul Hasan
Richard Jeremy L. Tabudlo
Noel D. Madriaga

CALL TO ORDER

The President, Mr. Genaro L. Kong, acting as Chairman called the meeting to order and thereafter presided. The Corporate Secretary, Atty. Joselito D. Fernandez, recorded the minutes thereof.

CERTIFICATION OF QUORUM

The Corporate Secretary certified as to the existence of a quorum for the valid transaction of business.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Upon motion duly made and seconded, the reading of the minutes of the meeting held on October 12, 2019 was dispensed with and the Chairman/President noted that the minutes had been approved.

OPERATIONAL UPDATES FOR THE 4TH QUARTER 2019

The Chairman/President updated the Board on the following matters:

1. The MBA's Management Information System (MIS) is almost complete and the system is expected to be running by February 1, 2020 nationwide;
2. The Insurance Commission has issued a press release last December 10, 2019 regarding its Statistical Report on Microinsurance as of 3rd Quarter 2019. In the said Report, The MBA placed second after CARD MBA in terms of number of lives insured. In terms of premium production, the MBA placed third after CARD MBA and Tulay sa Pag-unlad, Inc.(TSPI) which ranked first and second place, respectively;
3. The Insurance Commission (IC) had already completed its review of the MBA's Annual Information Statement for 2019. The IC had informed the MBA through a letter, that it had no adverse findings. The Commission computed the MBA's Risk-Based Capital (RBC) ratio at 213%, way ahead of the IC's required RBC ratio of 125%.

RENEWAL OF REINSURANCE CONTRACT WITH THE NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (NAT RE)

The Chairman/President reminded the Board that last year, the MBA had entered into a reinsurance contract with the National Reinsurance Corporation of the Philippines (Nat Re) for natural calamity claims and the contract is about to expire this year. Trustee Reena Concepcion Obillo underscored the importance of maintaining a reinsurance contract for the MBA to provide coverage for its members considering that the Philippines is prone to natural calamities.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, AS IT IS HEREBY RESOLVED, that the reinsurance contract between the MBA and Nat Re is hereby approved for renewal.”

**MANDATORY MEMBERSHIP IN THE MBA FOR
PPFC BORROWERS UPON REACHING THEIR
2ND LOAN CYCLE**

The Chairman/President disclosed that upon coordination with PPFC, the MBA shall make membership mandatory for PPFC's borrowers beginning on their 2nd loan cycle. The Chairman/President added that this move would be good for the MBA as it would yield more members.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, AS IT IS HEREBY RESOLVED, that the scheme for the mandatory membership in the MBA for PPFC borrowers beginning on their 2nd loan cycle is hereby ratified and approved.”

**PURCHASE OF REFRIGERATORS OR WASHING
MACHINES FOR THE SEVENTY (70) REGIONAL
OFFICES OF PPFC**

The Chairman/President noted that the Regional Managers (RMs), while they are employees of PPFC, at least about 30% to 40% of their time are spent working for MBA in terms of claims releasing, talking to the borrowers, etc. In this regard, there is a need to contribute towards easing the burdens of the RMs by purchasing either refrigerators or washing machines for the Regional Offices which serves as their base stations. Expected budget for the total purchase cost of the appliance would be around One Million Pesos (₱1,000,000.00). Whether the appliance units would be booked as the MBA's assets or as a donation to PPFC would still have to be decided later on, as a donation would have a tax impact in the form of Donor's Tax as pointed out by the Corporate Secretary.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, AS IT IS HEREBY RESOLVED, that the budget of One Million Pesos (₱1,000,000.00) for the purchase of Seventy (70) units of either refrigerator or washing machine units is hereby approved.”

THE PRESIDENT'S UPDATE ON THE MBA'S OPERATIONAL PERFORMANCE

The Chairman/President/President discussed the MBA's operational performance for the year ended December 31, 2019 (unaudited) as compared with the year ended December 31, 2018. He noted that for the year ended December 31, 2019 as compared to the same period in 2018, collections for Admission Fees registered growth of around 20% with collections at ₱12.5 Million in 2019 versus ₱10.7 Million in 2018, while for Basic Life Insurance Plan (BLIP), it increased roughly by 2% with collections at ₱159.8 Million in 2019 versus ₱155.9 Million in 2018, and on the other hand, Credit Life Insurance Plan (CLIP) posted a big increase as amount collected in 2019 was ₱31.2 Million compared to ₱13.7 Million for the same period of last year with membership pegged at 216,287 and 210,847 in 2019 and 2018 respectively. The Chairman/President/President explained that while there was an apparent mismatch with the increase in the MBA's active membership vis-à-vis the increase in CLIP collections, the growth in terms of absolute value came from the price and not from the volume due to the premium rate hike from ₱2.50 to ₱5.00 implemented starting in 2019.

For Retirement Savings Fund (RSF), members collected was 190,626 in 2019 versus 171,766 in 2018, while collections slightly increased to about ₱49.5 Million for the year ended December 31, 2019 as compared to ₱44.6 Million for the same period in 2018. On the other hand, Hospitalization Care Assistance (HCA), active members posted a huge jump from to 187,494 in 2019 from the previous 10,520 in 2018. The Chairman/President attributed the huge jump in membership to the fact that HCA was only under pilot testing in 2018, but in 2019, it went on full swing. In terms of HCA collections, ₱30.5 Million was collected for the year ended December 31, 2019 as compared to ₱1.9 Million for the same period in 2018. .

For the year ended December 31, 2019 as compared to the year ended December 31, 2018 figures, claims for equity returns and benefits payments (BLIP, CLIP, RSF, and HCA) have all increased in terms of the number of claims and absolute values. For BLIP, RSF, and HCA, the claims both in number and amounts have increased significantly. Total number of BLIP claims were 65,851 and 39,347 with payments amounting to ₱90.5 Million and ₱58.8 Million in 2019 and 2018, respectively. For CLIP, the total number of claims were 613 and 451 with payments amounting to ₱90.5 Million and ₱58.8 Million in 2019 and 2018, respectively. For RSF on the other hand, the total number of claims were 64,620 and 30,527 with payments amounting to ₱24.4 Million and ₱10.9 Million in 2019 and 2018, respectively. Finally, for HCA, the total number of claims were 2,622 and 487 with payments amounting to ₱7.05 Million and ₱0.582 Million in 2019 and 2018, respectively.

THE PRESIDENT'S UPDATE ON THE MBA'S FINANCIAL PERFORMANCE

The Chairman/President/President gave a rundown of the MBA's financial standing. Assets, liabilities, and fund balance as of December 31, 2019 posted significant increases from the same period of last year, to wit:

	As of	
	December 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets	₱ 524,298,952	₱ 437,188,509
Liabilities	₱ 465,493,456	₱ 393,506,222
Fund Balance	₱ 58,805,496	₱ 43,682,287

The Chairman/President explained that the increase in assets is attributable to increase in cash due to increased premium rates (i.e., BLIP) in 2019, which in effect, increased the member's equity.

For the year ended December 31, 2019, net revenues were higher by around 23% than the same period in 2018. The growth in revenues was mostly driven by the increase of CLIP premium in 2019.

	Year Ended	
	December 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Revenues	₱ 224,207,733	₱ 182,599,338
Expenses	₱ 209,084,525	₱ 177,458,044
Net Revenues	₱ 15,123,207	₱ 5,141,294

Insurance liabilities and reserves as of December 31, 2019 (unaudited) were higher at ₱415,411,538 versus the December 31, 2018 figure at ₱356,626,962. Meanwhile, as of December 31, 2018 (no final figures yet for Guaranty Fund and Risk-Based Capital) as of December 31, 2019), the Guaranty Fund amounted to ₱ 45,898, 837 which is over and above the IC's requirement of ₱ 36,014,799. Risk Based Capital (RBC) as of December 31, 2018 stood at 213%, way above the IC's requirement of 125%, the Chairman/President/President noted.

OTHER MATTERS

Members of the Board were allotted time individually by the Chairman/President/President to voice out their comments, suggestions, or opinions on any issues concerning the MBA during the open forum.

For her part, Trustee Josephine Cariso raised the issue of slow release by the MBA of proceeds of death benefit claims as according to one of her group members whose husband had died abroad. Compared with CARD, which is able to release death benefit claims fast to their members. The feedback was duly noted by the Board and endorsed to the MBA's General Manager Noel Madriaga for proper action.

Trustee Julieta Macaoay took the opportunity to clarify whether collections from PFFC members are indeed doubled during holidays. Trustee Eufrecina De Jesus, explained that double collections are only applicable during the Holy Week holidays and does not include apply to all declared holidays. Consultant Md. Shamsul Hasan confirmed that the double collection only applies during the Holy Week holidays.

For Trustee Delia Villalon, the concern raised concerns regarding the processing of death benefits. The Chairman/President instructed GM Noel Madriaga to find ways on how the processing of the member's insurance death benefits could be further improved.

ADJOURNMENT

There being no further business to transact, on motion duly made and seconded, the meeting was adjourned.


JOSELITO D. FERNANDEZ
Secretary of the Meeting

ATTESTED BY:


GENARO L. KONG
President / Chairman of the Meeting
/ Trustee


EUFRECINA T. DE JESUS
Treasurer / Trustee


JONNETTE C. ALMANZAR
Vice-President / Trustee


JOSELITO D. FERNANDEZ
Corporate Secretary / Trustee


KEN ALBERT G. BAYUDAN
Trustee


REA R. AGNER
Trustee


SHEEN RAY U. ACOSTA
Trustee

DELIA VILLALON
Trustee

JULIETA MACAOAY
Trustee

JOSEPHINE B. CARISO
Trustee

RICARDO P. LIRIO
Independent Trustee

REENA CONCEPCION G. OBILLO
Independent Trustee

Absent:

MERCY MELLORIA
Trustee

ELIZABETH LOOT
Trustee

LESLIE EMBRADORA
Trustee