

MINUTES OF THE 6<sup>TH</sup> ANNUAL GENERAL MEMBERSHIP  
MEETING OF  
**PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.**

The annual members' meeting of Pagasa Philippines Finance Association was held at the 7<sup>th</sup> Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on August 18, 2020 at 9:00 in the morning.

Trustees and Members Present or Represented

	No. of Votes
PPMBAI General Members present or by proxy	194,561
Genaro L. Kong	
Jonnette C. Almanzar	
Eufrecina T. De Jesus	
Sheen Ray U. Acosta	
Ken Albert G. Bayudan	
Atty. Joselito D. Fernandez	
Julieta Macaoay (via teleconference)	
Delia B. Villalon (via teleconference)	
Josephine B. Cariso (via teleconference)	
Elizabeth A. Loot (via teleconference)	
Mercy Melloria (via Teleconference)	
Leslie S. Embradora (via teleconference)	
Ricardo P. Lirio (via teleconference)	
Reena Concepcion G. Obillo (via teleconference)	

Also Present:

TIM Fakruzzaman (via teleconference)  
Md. Shamsul Hasan (via teleconference)  
Md. Azizur Rahman (via teleconference)  
Noel D. Madriaga  
Richard Jeremy L. Tabudlo  
Rowena Masing

Absent:

Rea R. Agner

**CALL TO ORDER**

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

## **CERTIFICATION OF QUORUM**

The President/Chairman requested the Corporate Secretary to report on the existence of quorum at the meeting. The Corporate Secretary certified as to the existence of a quorum with members of the Board of Trustees and the active members, representing a majority of the members of PPMBAI entitled to vote, represented at the meeting in person or by proxy. The acting Chairman then declared the body duly constituted and ready to transact business.

## **OPENING REMARKS AND INTRODUCTION OF THE MEMBERS OF THE BOARD OF TRUSTEES**

The President/Chairman called on PFC President and PPMBAI Consultant TIM Fakruzzaman ("Consultant Fakruzzaman") to deliver his welcome remarks, followed by similar welcome remarks from the other consultants, Messrs. Md. Shamsul Hasan and Md. Azizur Rahman.

Next on the agenda was the introduction of the current members of the Board of Trustees and management team to the general membership. The trustees took turns in introducing themselves, while President/Chairman took charge of introducing the management team to the members.

## **READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEMBERSHIP MEETING**

The President/Chairman recited the minutes of the 2019 Annual General Membership meeting held on June 17, 2019. Thereafter, the members were given time to review the minutes for any questions or comments they may have. The President/Chairman asked the members if they have any questions or comments. There being none, the President/Chairman requested for a motion for approval.

Upon motion duly made and seconded, it was unanimously

**Member's Resolution No. AGM-2020-0818-001**

**"RESOLVED**, as it is hereby resolved, That the minutes of the Annual General Membership meeting of the members held on June 17, 2019 be, and the same is hereby in all respects, ratified, approved and confirmed."

The total votes casted and received on the approval of the Minutes of the 2019 Annual General Membership meeting were:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Total Voting Members	194,561	0	0

**RATIFICATION OF ALL RESOLUTIONS OF  
THE BOARD OF TRUSTEES SINCE THE LAST  
ANNUAL GENERAL MEMBERSHIP MEETING**

The President/Chairman recited all the resolutions passed by PPMBAI's Board of Trustees in 2019 and requested the general membership for its ratification. The President/Chairman asked the members if they have any questions or comments. There being none, the President/Chairman requested for a motion for approval.

Upon motion duly made and seconded, it was unanimously

**Member's Resolution No. AGM-2020-0818-002**

**"RESOLVED**, as it is hereby resolved, That the all the resolutions passed by the Board of Trustees in 2019 since the last Annual General Membership meeting, and all acts taken, authorized, or approved

at such meetings be, and the same hereby are, in all respects, ratified, approved and confirmed.”

The total votes casted and received on the approval of the resolutions and all acts taken, authorized, or approved at such meetings were:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Total Voting Members	194,561	0	0

### **THE PRESIDENT’S REPORT ON THE OPERATIONAL AND FINANCIAL PERFORMANCE**

#### *Operational Performance*

The President/Chairman requested Treasurer, Ms. Eufrecina T. De Jesus (“Treasurer De Jesus”) to present PPMBAI’s comparative operational performance for 2019 versus 2018 with regards to premium collections and claims payments.

Treasurer De Jesus noted that premium collections for all products have increased in 2019 as compared with 2018, to wit:

<b>COLLECTIONS</b>	<b>ADMISSION FEE</b>	
<b>YEAR</b>	<b>Premium Collection</b>	<b>Members Collected</b>
For the Year 2018	₱10,776,788	107,768
For the Year 2019	₱12,598,353	125,984

<b>COLLECTIONS</b>	<b>BASIC LIFE INSURANCE PLAN (BLIP)</b>		
<b>YEAR</b>	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
For the Year 2018	210,487	₱155,946,978	399,864
For the Year 2019	216,287	₱159,857,948	409,892

<b>COLLECTIONS</b>	<b>CREDIT LIFE INSURANCE PLAN (CLIP)</b>		
<b>YEAR</b>	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
For the Year 2018	210,487	₱13,758,353	399,864
For the Year 2019	216,287	₱31,282,610	409,892

<b>COLLECTIONS</b>	<b>RETIREMENT SAVINGS FUND</b>		
<b>YEAR</b>	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
For the Year 2018	341,927	₱44,659,210	171,766
For the Year 2019	467,933	₱49,562,792	190,626

<b>COLLECTIONS</b>	<b>HOSPITALIZATION CARE ASSISTANCE</b>		
<b>YEAR</b>	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
For the Year 2018	10,520	₱ 1,996,800	19,968
For the Year 2019	187,494	₱22,682,237	305,284

Treasurer De Jesus summarized the premium collections by geographic Divisions (Luzon, Visayas, and Mindanao), to wit:

<b>PER DIVISION – FOR THE YEAR 2019</b>				
<b>PRODUCT</b>	<b>LUZON</b>	<b>VISAYAS</b>	<b>MINDANAO</b>	<b>TOTAL</b>
Admission Fee	₱ 6,847,865	₱ 1,479,310	₱ 4,468,930	₱ 12,796,105
Percentage	54%	12%	35%	100%
Basic Life Insurance (BLIP)	₱85,181,460	₱14,284,920	₱60,373,560	₱159,839,940
Percentage	53%	9%	38%	100%

Treasurer De Jesus noted that Luzon posted the highest percentage of collections for Admission Fees and BLIP.

Similarly, in 2019, the both the number and amount of claims payments registered substantial increases vis-à-vis 2018, to wit:

<b>CLAIMS</b>	<b>BASIC LIFE INSURANCE</b>		<b>CREDIT LIFE INSURANCE</b>	
	<b>No. of Claims</b>	<b>Claims Payment</b>	<b>No. of Claims</b>	<b>Claims Payment</b>
For the Year 2018	39,347	₱58,823,230	451	₱6,787,847

CLAIMS	BASIC LIFE INSURANCE		CREDIT LIFE INSURANCE	
	YEAR	No. of Claims	Claims Payment	No. of Claims
For the Year 2019	65,851	₱90,537,756	613	₱8,463,734

CLAIMS	RETIREMENT SAVINGS FUND		HOSPITALIZATION CARE ASSISTANCE	
	YEAR	No. of Claims	Claims Payment	No. of Claims
For the Year 2018	30,527	₱10,991,505	487	₱ 582,567
For the Year 2019	64,620	₱24,480,267	2,622	₱2,668,567

YEAR	BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment		
	Equity Return	Death Benefit	Total
For the Year 2018	₱25,381,031	₱33,442,198	₱58,823,230
For the Year 2019	₱49,013,739	₱41,524,017	₱90,537,756

For the year Ended December 31, 2019						
BENEFIT PAID TO	Equity Return		Death Benefit		TOTAL	
	No. of Claims	Amount	No. of Claims	Amount	Number of Claims	Amount
Dependent	-	₱ -	1,231	₱10,109,000	1,231	₱10,109,000
Member	64,620	49,013,739	613	31,415,017	65,233	80,428,756
TOTAL	64,620	₱49,013,739	1,258	₱41,524,017	38,884	₱90,537,756

PER DIVISION – FOR THE YEAR 2019				
PRODUCT	LUZON	VISAYAS	MINDANAO	TOTAL
Death Benefit	₱22,428,000	₱2,866,500	₱16,229,517	₱41,524,017
Percentage	54%	7%	39%	100%
Equity Return	₱29,408,243	₱1,960,549	₱17,644,946	₱49,013,738
Percentage	60%	4%	36%	100%
CLIP-Benefit	₱ 4,729,339	₱ 551,993	₱ 3,182,402	₱ 8,463,734
Percentage	56%	7%	38%	100%
HCA	₱ 1,008,002	₱ 250,700	₱ 1,409,865	₱ 2,668,567
Percentage	38%	9%	53%	100%
RSA	₱19,094,068	₱ 979,211	₱ 4,406,448	₱24,480,267
Percentage	78%	4%	18%	100%

The President/Chairman summarized Treasurer De Jesus' presentation by saying that all of PPMBAI's five products have in fact registered increased collections in 2019 while highlighting the fact that among the five products, the Retirement Savings Fund ("RSF") and

Hospitalization Care Assistance (“HCA”) posted the biggest increases, which is good news, as it would mean that the members are already starting to save through the RSF and for the HCA, the membership had increased significantly in 2019.

### *Financial Highlights*

The President/Chairman discussed the comparative financial performance of the PPMBAI for 2019 and 2018, to wit:

	As of	
	December 31, 2019	December 31, 2018
<b>Assets</b>		
Cash and Other Cash Equivalents	₱ 367,645,922	₱ 381,884,501
Financial Assets	155,132,576	48,610,960
Property and Equipment	6,360,113	6,601,708
Other Assets	2,785,637	1,125,157
<b>Total Assets</b>	<b>₱531,924,248</b>	<b>₱438,222,326</b>
<b>Liabilities</b>		
Insurance Liabilities and Reserve	₱ 456,335,347	₱ 382,519,800
Hospitalization Care Assistance	7,840,435	-
Other Liabilities	14,840,943	12,020,239
<b>Total Liabilities</b>	<b>₱479,016,725</b>	<b>₱394,540,039</b>
<b>Fund Balance</b>	<b>₱ 52,907,523</b>	<b>₱ 43,682,287</b>

The President/Chairman attributed the rise in total assets in 2019 due to increased collections from the members on account of mandatory membership in PPMBAI from the 3<sup>rd</sup> to 2<sup>nd</sup> cycle for PPFC borrowers and upsurge of enrollment in the HCA. He noted that the total liabilities likewise increased but so with the fund balance, which represents the cumulative net earnings of PPMBAI.

For the income statement, revenues were higher in 2019 by 27% versus 2018 figures, to wit:

	<b>For the Year 2019</b>	<b>For the Year 2018</b>	<b>Increase (Decrease)</b>
<b>Revenues</b>	<b>₱236,750,850</b>	<b>₱186,725,788</b>	<b>27%</b>
<b>Benefits and Expenses</b>			
Insurance Benefit Expenses	149,319,682	122,425,628	22%
Commission	25,193,359	18,924,198	33%
General and Administrative Expenses	50,679,261	38,989,496	30%
<b>Total</b>	<b>₱225,192,302</b>	<b>₱180,339,322</b>	<b>25%</b>
<b>Income before final tax</b>	<b>11,558,548</b>	<b>6,386,566</b>	<b>81%</b>
<b>Final Tax</b>	<b>2,333,312</b>	<b>716,674</b>	
<b>Excess of Revenue over Expenses</b>	<b>₱9,225,236</b>	<b>₱5,669,892</b>	<b>63%</b>

Increased BLIP premium from previous ₱2.50 to ₱5.00, the introduction of the HCA, and mandatory membership in PPMBAI for PPFC members from 3<sup>rd</sup> to 2<sup>nd</sup> cycle, all contributed to PPMBAI's growth in terms of revenue in 2019, the President/Chairman explained. For the benefits and expenses, the figures were higher in 2019 by 25%, which resulted to a 63% increase in net revenues in 2019.

For the insurance liabilities and reserves, Guaranty Fund ("GF") and Risk-Based Capital ("RBC") requirements, the President/Chairman explained each item to the members, noting that PPMBAI's GF and RBC were higher than the reserve requirement of the IC at ₱49,005,785 and 210% respectively as of December 31, 2019, to wit:

<b>INSURANCE LIABILITIES AND RESERVE</b>	<b>As of</b>	
	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Reserves for Member's Equity Value	₱ 294,720,599	₱ 261,018,548
Retirement Savings Fund	121,774,358	95,608,414
<b>Total Liabilities – To Members</b>	<b>₱416,494,957</b>	<b>₱ 356,626,962</b>
Reserves for Basic Life Insurance	₱ 15,223,663	₱ 12,700,604
Reserves for Credit Life Insurance	8,721,092	3,015,303
Policy and Contract Claims Payable	15,885,635	12,700,604
<b>Total Reserve Liabilities</b>	<b>₱ 39,830,390</b>	<b>₱ 28,416,511</b>
<b>GRAND TOTAL</b>	<b>₱456,325,347</b>	<b>₱ 385,043,473</b>



<b>GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT</b>	<b>As of December 31, 2019</b>
TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT)	₱45,571,828
TOTAL GUARANTY FUND DEPOSITED WITH IC - GOV'T. BONDS AND DEPOSIT CERTIFICATES	₱49,005,785
<b>EXCESS (DEFICIENCY) IN GUARANTY FUND</b>	<b>₱3,433,957</b>
Risk Based Capital (RBC) Ratio Requirement per IC	Should not be lower than 125%
<b>PPMBAI RBC - As calculated</b>	<b>210%</b>
PPMBAI RBC - As previously verified by IC (2018)	213%

## **OTHER MATTERS**

The President/Chairman informed the member of the following effects of the Covid-19 pandemic on PPMBAI's operations:

- (i) From the month of March to June 2020, PPMBAI had no collections due to quarantine restrictions on account of the Covid-19 pandemic.
- (ii) For July to December 2020, it is forecasted that premium collections are forecasted to drop by 30%.
- (iii) For life insurance of members which matured during the period of Enhanced Community Quarantine, meaning, from March 17 to May 31, 2020, additional 30 days of coverage would be added on top of the 45-day grace period.
- (iv) Members whose loans with PPFC availed of the government-mandated moratorium may still avail of insurance coverage during the extended period of the loan, if they will pay the proportionate premiums, otherwise, their insurance policies shall be deemed as lapsed.

## **OPEN FORUM**

The President/Chairman commenced the open forum where the members were encouraged to express their opinions.

The Branch Manager of Tandag Branch raised his concern that due to the present Covid-19 pandemic; the Regional Managers are unable to visit the branches and asked if they could be given higher approval authority for equity returns. The President/Chairman replied that he will study and look into the matter and is unable to readily provide an answer for the time being.

A member from Calumpang Branch asked if they could be allowed to continue their insurance coverage under PPMBAI even if they are no longer active borrowers of PPFC? The President/Chairman replied that PPMBAI's Implementing Rules and Regulations as approved by the Insurance Commission ("IC") requires that PPMBAI members must be an active PPFC or PMPMI borrower at the same time, and once membership with either PPFC or PMPMI ceases, the membership with PPMBAI automatically terminates.

One Regional Manager asked if there could be other option for HCA, such as using for hospital bills instead of fixed allowance per day? The President explained that the IC only approved for a fixed rate for HCA, obviating the need to submit receipts, thus, PPMBAI decided to fix the HCA benefit at ₱300/day.

Independent Trustee Reena Concepcion Obillo ("Independent Trustee Obillo") commended the PPMBAI for as it still managed to stay afloat because of its sound financial policies which enabled it to cushion the impact of the current Covid-19 pandemic. The President/Chairman in turn, thanked Independent Trustee Obillo for the encouraging words.

In closing, the President/Chairman expressed optimism that as far as the PPMBAI is concerned, it can withstand the effects of the ongoing Covid-19 pandemic. Through the years, the PPMBAI had adopted sound financial

policies, thus enabling it to have a bigger capacity to absorb the impact of the pandemic, as it was able to build very good macro financial figures such as liquidity, current ratio, etc., and as such, the PPMBAI is financially sound and stable. In sum, the President/Chairman assured all the members and stakeholders that the PPMBAI remains financially sustainable for the near future.

### **ADJOURNMENT**

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

**(SGD.) JOSELITO D. FERNANDEZ**  
Secretary of the Meeting

ATTESTED BY:

**(SGD.) GENARO L. KONG**  
Chairman of the Meeting