

MINUTES OF THE ORGANIZATIONAL 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 7<sup>th</sup> Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on April 20, 2022, at 1:00 p.m.

Present:

Genaro L. Kong  
Jonnette C. Almanzar  
Eufrecina T. De Jesus  
Sheen Ray U. Acosta  
Ken Albert G. Bayudan  
Joan S. Alfarero  
Atty. Joselito D. Fernandez  
Julieta Macaoay (via teleconference)  
Delia B. Villalon  
Josephine B. Cariso (via teleconference)  
Lolita Avenido (via teleconference)  
Marilyn Largo (via teleconference)  
Leslie S. Embradora (via teleconference)  
Ricardo P. Lirio  
Reena Concepcion G. Obillo

Also Present:

TIM Fakruzzaman (via teleconference)  
Md. Shamsul Hasan (via teleconference)  
Richard Jeremy L. Tabudlo  
Noel D. Madriaga  
Atty. Josef Bertrand L. Arquero

**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.

### **OPENING PRAYER**

An opening prayer followed with PPMBAI's Treasurer, Eufrecina T. De Jesus ("Treasurer De Jesus") leading the invocation.

### **WELCOME REMARKS**

Consultant Md. Shamsul Hasan delivered his welcome remarks and salutation to all present in the meeting. He aired his optimism that PPMBAI's performance for the current year would be even better compared with last year, as life now is almost back to normal. He extended thanked the PPMBAI staff for their good performance.

### **CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary certified that notices and agenda of the regular meeting of the Board were sent to all the trustees in accordance with PPMBAI's by-laws and that a quorum existed for the transaction of business.

### **READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

The Chairman/President gave members of the Board time to go over the minutes of the regular meeting of the Board of Trustees last January 27, 2022, for their comments/inputs. Thereafter, the entirety of the minutes was deemed to be a faithful recording of what have transpired during the said meeting, save for some minor revision as raised by Independent Trustee Reena Concepcion G. Obillo ("Independent Trustee Obillo") which she will discuss with the Corporate Secretary after the meeting.

Upon motion made and duly seconded, it was unanimously

**"RESOLVED**, as it is hereby resolved, that the minutes of the regular meeting of PPMBAI's Board of

Trustees held on January 27, 2022, be approved and ratified.”

### **ANNUAL GENERAL MEMBERSHIP (AGM) MEETING OF PPMBAI FOR 2022**

The Chair/President proposed to the Board for holding the PPMBAI’s Annual General Membership (AGM) meeting for the current year, approximately during the 2<sup>nd</sup> or 3<sup>rd</sup> week of June 2022 by employing three modes, namely, hybrid, face-to-face, and virtually through WebEx videoconferencing. The Chairman/President solicited inputs from the Board members as to their preferred mode for the AGM meeting.

The Board members’ consensus was for a hybrid AGM meeting. The Chairman/President advised the Board that he will propose the same to PPMBAI’s partner MFI for its conformity.

Independent Trustee clarified the term “hybrid” and the Chairman/President responded that means a mixed face-to-face and virtual where some of the members from one Division would conduct the meeting face-to-face while the members from another Division would be joining the same meeting virtually.

Upon motion made and duly seconded, it was unanimously

“**RESOLVED**, as it is hereby resolved that the proposal for PPMBAI to hold its AGM meeting for the current year via face-to-face, virtual, and hybrid modes is hereby approved.”

### **OPERATIONAL UPDATES FOR THE FIRST QUARTER 2022**

*Renewal of Insurance License from Insurance  
Commission*

The Chairman/President informed the Board that PPMBAI's license to operate had been renewed by the Insurance Commission ("IC") for another three years.

*Implementation of Expanded Hospitalization Care Assistance*

On Expanded Hospitalization Care Assistance ("HCA"), the Chairman/President announced that the product's rollout across PPFC began in March of this year. A total of 3,223 members have already availed of the product and around ₱851,000 amount of premiums were collected.

**THE PRESIDENT'S REPORT ON PPMBAI'S OPERATIONAL PERFORMANCE**

Moving on to the next item in the agenda, the Chairman/President presented to the Board, the operations data for Q1 2022 vis-à-vis Q1 2021. Premium collections and membership fees posted sizeable increases as compared to Q1 2021 figures across all products/services both in terms of membership and premium collections, which were largely volume-driven not by premium cost, the Chairman/President noted.

<b>PRODUCT/SERVICE COLLECTION</b>		
<b>YEAR</b>	<b>ADMISSION FEE</b>	
	<b>Premium Collection</b>	<b>Members Collected</b>
1 <sup>st</sup> Quarter 2021	₱2,411,317	24,113
1 <sup>st</sup> Quarter 2022	₱3,807,815	38,078
% Increase (Decrease)	58%	58%

<b>PRODUCT/SERVICE COLLECTION</b>			
<b>YEAR</b>	<b>BASIC LIFE INSURANCE PLAN (BLIP)</b>		
	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
1 <sup>st</sup> Quarter 2021	158,364	₱34,542,629	88,571
1 <sup>st</sup> Quarter 2022	223,825	₱45,224,543	115,960
% Increase (Decrease)	41%	31%	31%

<b>PRODUCT/SERVICE COLLECTION</b>			
<b>YEAR</b>	<b>CREDIT LIFE INSURANCE PLAN (CLIP)</b>		
	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
1 <sup>st</sup> Quarter 2021	158,364	₱7,365,998	88,571
1 <sup>st</sup> Quarter 2022	223,825	₱9,333,235	115,960
% Increase (Decrease)	41%	27%	31%

<b>PRODUCT/SERVICE COLLECTION</b>			
<b>YEAR</b>	<b>RETIREMENT SAVINGS FUND</b>		
	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
1 <sup>st</sup> Quarter 2021	610,554	₱11,189,079	86,070
1 <sup>st</sup> Quarter 2022	876,333	₱14,788,378	113,757
% Increase (Decrease)	44%	32%	32%

<b>PRODUCT/SERVICE COLLECTION</b>			
<b>YEAR</b>	<b>HOSPITALIZATION CARE ASSISTANCE</b>		
	<b>Active Members</b>	<b>Premium Collection</b>	<b>Members Collected</b>
1 <sup>st</sup> Quarter 2021	158,030	₱8,832,209	88,322
1 <sup>st</sup> Quarter 2022	223,825	₱12,209,930	122,099
% Increase (Decrease)	42%	38%	38%

As for members' claims, for the Q1 2022 as compared to Q1 2021, the number of claims and claims payments posted mixed results in terms of number of claims and payment amounts for all products/services.

<b>CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT</b>				
<b>CLAIMS</b>	<b>BASIC LIFE INSURANCE (BLIP)</b>		<b>CREDIT LIFE INSURANCE (CLIP)</b>	
	<b>No. of Claims</b>	<b>Claims Payment</b>	<b>No. of Claims</b>	<b>Claims Payment</b>
1st Quarter 2021	22,552	₱24,129,982	173	₱1,547,644
1st Quarter 2022	21,371	₱25,447,143	235	₱2,210,183
% Increase (Decrease)	5%	-5%	-36%	-43%

<b>CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT</b>				
<b>CLAIMS</b>	<b>RETIREMENT SAVINGS FUND</b>		<b>HOSPITALIZATION CARE ASSISTANCE</b>	
	<b>No. of Claims</b>	<b>Claims Payment</b>	<b>No. of Claims</b>	<b>Claims Payment</b>
1st Quarter 2021	19,210	₱7,948,745	730	₱1,169,200

<b>CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT</b>				
<b>CLAIMS</b>	<b>RETIREMENT SAVINGS FUND</b>		<b>HOSPITALIZATION CARE ASSISTANCE</b>	
<b>YEAR</b>	<b>No. of Claims</b>	<b>Claims Payment</b>	<b>No. of Claims</b>	<b>Claims Payment</b>
1st Quarter 2022	18,991	₱7,146,599	738	₱1,288,300
% Increase (Decrease)	1%	10%	-1%	-10%

<b>YEAR</b>	<b>BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment</b>		
	<b>Equity Return</b>	<b>Death Benefit</b>	<b>Total</b>
1st Quarter 2021	₱14,248,644	₱9,881,338	₱24,129,982
1st Quarter 2022	₱11,938,143	₱13,509,000	₱25,447,143

<b>1<sup>st</sup> Quarter 2022</b>						
<b>BENEFIT PAID TO</b>	<b>Equity Return</b>		<b>Death Benefit</b>		<b>TOTAL</b>	
	<b>No. of Claims</b>	<b>Amount</b>	<b>No. of Claims</b>	<b>Amount</b>	<b>Number of Claims</b>	<b>Amount</b>
Dependent	-	₱ -	394	₱3,692,000	394	₱3,692,000
Member	20,742	₱11,938,143	235	₱9,817,000	20,977	₱21,755,143
<b>TOTAL</b>	<b>20,742</b>	<b>₱11,938,143</b>	<b>629</b>	<b>₱13,509,000</b>	<b>21,371</b>	<b>₱25,447,143</b>

The Chairman/President apprised the Board regarding the claims versus collection ratio to wit:

BLIP	29%
CLIP	23%
HCA	10%

The Chairman/President informed the Board that he returned to the actuarial valuator for revision, the report on its previous study conducted on BLIP, as the report recommended for an increase of BLIP premium to ₱700 as the amount was somewhat unrealistic. The Chairman/President noted that the BLIP was almost approaching the maximum threshold of 30% and shared his view that collections from HCA had helped the PPMBAI to cushion the effects of high percentage of BLIP claims as it was a rider to BLIP.

## **THE PRESIDENT'S REPORT ON PPMBAI'S FINANCIAL PERFORMANCE**

The Chairman/President gave an overview of the MBA's financial standing. Assets, liabilities, and fund balance as of March 31, 2022, in relation to figures as of December 31, 2021. The Chair/President noted that the total assets, total liabilities, and fund balance have posted increases as of March 31, 2022, as compared with the December 31, 2021, figures.

	<b>As of</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>			
Cash and Cash in Banks	₱219,625,399	₱277,340,297	₱153,447,510
Time Deposits	217,800,140	217,800,140	358,006,217
FVPL Investments	5,614,161	5,614,161	4,405,320
HTM Investments	81,560,253	81,560,253	-
Receivables	92,406,829	7,016,364	24,050,914
Property and Equipment	4,012,332	4,180,606	5,220,890
Other Assets	686,114	709,410	395,987
<b>Total Assets</b>	<b>₱621,705,228</b>	<b>₱594,221,321</b>	<b>₱545,526,838</b>
<b>Liabilities</b>			
Due to Members (Equity and RSF)	₱468,953,080	₱485,385,056	₱439,658,697
Reserve for Insurance Liability	36,763,688	32,480,766	23,549,322
Hospitalization Care Assistance	9,883,021	9,317,245	6,615,107
Other Liabilities	36,074,247	1,166,391	21,525,447
<b>Total Liabilities</b>	<b>₱551,674,036</b>	<b>₱528,349,549</b>	<b>₱491,348,573</b>
<b>Fund Balance</b>	<b>₱70,031,191</b>	<b>₱65,871,772</b>	<b>₱54,178,265</b>

For the Q1 2022, the excess of revenues over expenses (surplus) was at ₱4.1 million.

<b>FINANCIAL PERFORMANCE (In Php)</b>	<b>For the 3- months ended March 31, 2022</b>	<b>For the year 2021 (Unaudited)</b>	<b>For the year 2020</b>
<b>Revenue</b>	<b>₱70,557,764</b>	<b>₱249,324,192</b>	<b>₱173,471,990</b>
<b>Benefits and Expenses</b>			
Insurance Benefit Expenses	45,258,341	164,152,862	88,654,272
Reimbursement of Expenses	7,917,275	28,400,216	19,673,989
General and Administrative Expenses	13,242,728	44,796,997	62,630,098
<b>Total</b>	<b>66,418,345</b>	<b>237,379,776</b>	<b>170,958,359</b>
<b>Income before final tax</b>	<b>4,159,419</b>	<b>11,974,417</b>	<b>2,513,631</b>

<b>FINANCIAL PERFORMANCE (In Php)</b>	<b>For the 3- months ended March 31, 2022</b>	<b>For the year 2021 (Unaudited)</b>	<b>For the year 2020</b>
<b>Final Tax</b>	-	<b>280,910</b>	<b>1,242,889</b>
<b>Excess of Revenue over Expenses</b>	<b>₱4,159,419</b>	<b>₱11,693,507</b>	<b>₱1,270,742</b>

<b>FINANCIAL PERFORMANCE (In Php)</b>	<b>For the year 2019</b>
<b>Revenue</b>	<b>₱236,750,850</b>
<b>Benefits and Expenses</b>	
Insurance Benefit Expenses	149,319,682
Reimbursement of Expenses	25,193,359
General and Administrative Expenses	50,679,261
<b>Total</b>	<b>225,192,302</b>
<b>Income before final tax</b>	<b>11,558,548</b>
<b>Final Tax</b>	<b>2,333,312</b>
<b>Excess of Revenue over Expenses</b>	<b>₱9,225,236</b>

Insurance liabilities and reserves as of March 31, 2022, were higher at ₱505,716,768 versus the December 31, 2021 (unaudited) figures at ₱517,865,822, to wit:

<b>INSURANCE LIABILITIES AND RESERVE</b>	<b>As of</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021 (Unaudited)</b>	<b>December 31, 2020</b>
Reserves for Member's Equity Value	₱308,337,705	₱332,410,811	₱306,809,362
Retirement Savings Fund			
<b>Total Liabilities – To Members</b>	<b>₱160,615,374</b>	<b>₱152,974,245</b>	<b>₱132,849,335</b>
Reserves for Basic Life Insurance	₱17,771,966	₱15,866,183	₱11,381,875
Reserves for Credit Life Insurance	6,684,385	5,065,063	3,680,655
Policy and Contract Claims Payable	12,307,338	11,549,620	8,486,791
<b>Total Reserve Liabilities</b>	<b>₱36,763,688</b>	<b>₱32,480,766</b>	<b>₱23,549,322</b>
<b>GRAND TOTAL</b>	<b>₱505,716,768</b>	<b>₱517,865,822</b>	<b>₱463,208,019</b>

<b>INSURANCE LIABILITIES AND RESERVE</b>	<b>As of December 31, 2019</b>
Reserves for Member's Equity Value	₱294,720,599
Retirement Savings Fund	121,774,358
<b>Total Liabilities – To Members</b>	<b>₱416,494,957</b>
Reserves for Basic Life Insurance	₱15,233,663
Reserves for Credit Life Insurance	8,721,092



<b>INSURANCE LIABILITIES AND RESERVE</b>	<b>As of December 31, 2019</b>
Policy and Contract Claims Payable	15,885,635
<b>Total Reserve Liabilities</b>	<b>P39,840,390</b>
<b>GRAND TOTAL</b>	<b>P456,335,347</b>

Meanwhile, as of December 31, 2021, the Guaranty Fund amounted to ₱65,000,000, which is over and above the IC's requirement of ₱62,975,776. Risk Based Capital (RBC) as of December 31, 2021, as calculated, stood at 157%, way above the IC's requirement of 125%, the Chair/President/President noted, to wit:

<b>GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT</b>	<b>As of December 31, 2021</b>
TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT)	₱62,975,776
TOTAL GUARANTY FUND DEPOSITED WITH IC – GOV'T. BONDS AND DEPOSIT CERTIFICATES	65,000,000
<b>EXCESS (DEFICIENCY) IN GUARANTY FUND</b>	<b>P2,024,224</b>
Risk Based Capital (RBC) Ratio Requirement per IC	Should not be lower than 125%
<b>PPMBAI RBC – As calculated</b>	<b>157%</b>
PPMBAI RBC – As previously verified by IC (2019)	<b>195%</b>

## **OPEN FORUM**

The other Members of the Board were allotted time individually by the Chairman/President to provide their updates. PPMBAI Trustee and Treasurer Eufrecina T. De Jesus ("Treasurer De Jesus") facilitated the open forum.

The Nanay Trustees presented to the Board their individual reports on the various feedbacks/suggestions they gathered from the other members to wit:

Trustee	Feedback/Suggestion
Trustee Julieta Macaoay	<p>1. Processing of equity return if above ₱3,000 takes too long.</p> <p>Response: Consultant Md. Shamsul Hasan to raise the concern during PPFC's Operations meeting.</p> <p>2. Expanded HCA is expensive if spouse is the only beneficiary.</p> <p>Response: The premium rate for Expanded HCA is the one approved by the Insurance Commission for the benefit of PPMBAI and the members.</p>
Trustee Marilyn Largo	<p>1. Processing of claims should be done at the branch since it takes time if processing is done at the head office.</p> <p>Response: Certain claims particularly death claims need to be processed and thoroughly reviewed at the head office to ensure that the benefit is paid to the correct beneficiaries.</p> <p>2. Increase in death benefits depending on the loan cycle of the member.</p> <p>Response: PPMBAI to consider the proposal as an actuarial study may be needed as increased benefits may require a corresponding increase in premiums to be feasible.</p> <p>3. It is not known that a claim is covered by contestability period, not until the member dies</p> <p>Response: Medical illnesses covered by contestability period is written in the BLIP Certificate. The issue will be raised with PPFC for the purpose of creating awareness among the members about contestability period.</p>

	<p>4. Half of the proceeds of death benefits are already released by CARD MBA even if with incomplete requirements.</p> <p>Response: PPMBAI to conduct a further study on the matter if the same could be implemented. The challenge is to ensure that the insurance benefit is released to the correct beneficiaries.</p> <p>5. Payment of interest to members for LCBU deposits</p> <p>Response: PPFC is not legally allowed to pay interest on LCBU as these are not considered as member's savings but rather as loan collaterals. Unlike CARD MRI, PPFC is not allowed to accept savings from members</p>
Trustee Josephine Cariso	<p>1. To include the whole family in the insurance</p> <p>Response: All members of the household are already covered by insurance, provided that the dependent is below 18 years of age.</p>
Trustee Delia Villalon	<p>1. The member and the dependent spouse to have the same exit age. Currently, for the member, it is 65 years old, while for the spouse is only 60 years old.</p> <p>Response: PPMBAI will study the matter as raising the exit age of dependents could have an impact on the premium. Actuarial study may be required.</p>
Trustee Leslie Embradora	<p>1. Clearer explanation of Expanded HCA</p> <p>Response: PPFC already issued a memo to the field operations staff explaining the Expanded HCA</p>
Trustee Lolita Avenido	<p>1. Same exit age for member and spouse</p>

	Response: Already answered
	2. Members are not aware of the contestability period
	Response: Already answered

Moving on, Treasurer De Jesus underscored the importance of applying for the national identification card for the members as beginning next year, the same shall be among PPFC's requirements for borrowers' loan applications. Moreover, Treasurer De Jesus advised the Nanay Trustees and the members to prepare for more technology innovations ahead as PPFC would be transitioning to a digitalized platform in delivering its services.

### **CLOSING REMARKS**

Consultant TIM Fakruzzaman ("Consultant Fakruzzaman"), President & CEO of PPFC, delivered his closing remarks. He thanked PPMBAI management, the members of the Board of Trustees, especially the Nanay Trustees for providing their assignments by gathering feedback from the members in their respective branches as earlier presented during the open forum. He urged the Nanay Trustees to engage more with the other members, and to observe the how the PPFC branch staff render services to the members and provide feedback to the Board in order for PPFC to take measures aimed at providing better service. As the present situation is better than before and is fast improving from the effects of the pandemic, Consultant Fakruzzaman underscored the importance of group attendance as there are no more quarantine restrictions, and for the members to restart their businesses again without delay and double their efforts so they could recover from their business losses from the pandemic. Finally, he requested PPMBAI management to improve on its current software by including more PPFC-related information in its database to further enhance its services.

## **ADJOURNMENT**

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

CERTIFIED CORRECT:

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

ATTEST:

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

**(SGD.) JONNETTE C. ALMANZAR**  
Trustee / Vice President

**(SGD.) EUFRECINA T. DE JESUS**  
Trustee / Treasurer

**(SGD.) JOSELITO D. FERNANDEZ**  
Trustee / Corporate Secretary

**(SGD.) KEN ALBERT G. BAYUDAN**  
Trustee

**(SGD.) JOAN S. ALFARERO**  
Trustee

**(SGD.) SHEEN RAY U. ACOSTA**  
Trustee

**(SGD.) JULIETA MACAOAY**  
Trustee

**(SGD.) DELIA B. VILLALON**  
Trustee

**(SGD.) JOSEPHINE B. CARISO**  
Trustee

**(SGD.) LOLITA AVENIDO**  
Trustee

**(SGD.) LESLIE S. EMBRADORA**  
Trustee

**(SGD.) MARILYN LARGO**  
Trustee

**(SGD.) RICARDO P. LIRIO**  
Independent Trustee

**(SGD.) REENA CONCEPCION G. OBILLO**  
Independent Trustee