# 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 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on August 18, 2022, at 1:00 p.m.

Present:

Genaro L. Kong

Eufrecina T. De Jesus

Sheen Ray U. Acosta (via videdoconference)

Ken Albert G. Bayudan

Joan S. Alfarero

Atty. Joselito D. Fernandez

Julieta Macaoay (via videoconference)

Delia B. Villalon

Josephine B. Cariso (via videoconference)

Lolita Avenido (via videoconference)

Marilyn Largo (via videoconference)

Leslie S. Embradora (via videoconference)

Ricardo P. Lirio

Reena Concepcion G. Obillo (via videoconference)

Absent:

Jonnette C. Almanzar

Also Present:

TIM Fakruzzaman (via videoconference)

Md. Azizur Rahman

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.

**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 April 20, 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 correction in the text as raised by Independent Trustee Reena Concepcion G. Obillo (“Independent Trustee Obillo”). The Corporate Secretary took note of the particular text of the minutes to be corrected.

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 April 20, 2022, be approved and ratified.”

**OPENING REMARKS**

PPFC’s Chief Operating Officer and PPMBAI Consultant, Md. Azizur Rahman, gave his brief welcome remarks.

**OPERATIONAL UPDATES FOR THE**

**SECOND QUARTER 2022**

The Chairman/President provided the Board with a summary of the feedback as gathered from the general members during the previously held Annual General Meeting (“AGM”) last July 12, 14, and 15, 2022 for Luzon, Mindanao, and Visayas, respectively. Various concerns were raised by the members, ranging from retirement fund, scholarships for dependents, insurance coverage during calamities, annual insurance coverage, increase in exit age of spouse, HCA to include emergency cases. All the proposals and concerns of the members have been addressed accordingly during the AGM meeting.

With regard to the proposal on exit age for spouse-dependents, the Chairman/President recommended to the Board to raise the dependent spouses’ exit age from the current sixty to sixty-five, stating that this would not have any substantial impact on the number of insurance claims from members, given the fact only around 5% of members' spouses are older than sixty-five. The Board agreed with the Chairman/President.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, as it is hereby resolved, that the exit age for spouse/partner age from the current sixty to sixty-five years of age is hereby approved.”

Moreover, the Chairman/President likewise sought for the Board’s approval regarding the 15-days’ confinement limit in the HCA be removed for as long as the maximum benefit limit of ₱5,000 is retained, regardless of the number of days of confinement.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, as it is hereby resolved, that the current 15-day confinement limit for HCA be removed is hereby approved.”

**THE PRESIDENT’S REPORT ON PPMBAI’S**

**OPERATIONAL PERFORMANCE**

Moving on to the next item on the agenda, the Chairman/President presented to the board the operations data for Q2 2022 compared to Q2 2021. Premium collections and membership fees posted sizeable increases as compared to Q2 2021 figures across all products and services, both in terms of membership and premium collections, which were volume-driven and not driven by premium cost, the Chairman/President noted.

| **PRODUCT/SERVICE COLLECTION** | | |
| --- | --- | --- |
| **YEAR** | **ADMISSION FEE** | |
| **Premium Collection** | **Members Collected** |
| 2nd Quarter 2021 | ₱6,277,232 | 62,772 |
| 2nd Quarter 2022 | ₱7,348,813 | 73,488 |
| % Increase (Decrease) | 17% | 17% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **BASIC LIFE INSURANCE PLAN (BLIP)** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| 2nd Quarter 2021 | 186,802 | ₱72,852,725 | 186,802 |
| 2nd Quarter 2022 | 234,259 | ₱91,361,179 | 234,259 |
| % Increase (Decrease) | 25% | 25% | 25% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **CREDIT LIFE INSURANCE PLAN (CLIP)** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| 2nd Quarter 2021 | 186,802 | ₱15,394,018 | 186,802 |
| 2nd Quarter 2022 | 234,259 | ₱19,063,667 | 234,259 |
| % Increase (Decrease) | 25% | 24% | 25% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **RETIREMENT SAVINGS FUND** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| 2nd Quarter 2021 | 713,789 | ₱23,561,367 | 181,241 |
| 2nd Quarter 2022 | 1,073,456 | ₱30,064,340 | 231,264 |
| % Increase (Decrease) | 50% | 28% | 28% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **HOSPITALIZATION CARE ASSISTANCE** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| 2nd Quarter 2021 | 186,489 | ₱18,648,853 | 186,489 |
| 2nd Quarter 2022 | 234,259 | ₱25,151,991 | 234,259 (9,567 Expanded HCA from Mar.-Jun.) |
| % Increase (Decrease) | 25% | 34% | 25% |

As for members’ claims, for the Q2 2022 as compared to Q2 2021, the number of claims and claims payments posted significant gains in terms of number of claims and payment amounts for all products/services.

| **CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT** | | | | |
| --- | --- | --- | --- | --- |
| **CLAIMS** | **BASIC LIFE INSURANCE (BLIP)** | | **CREDIT LIFE INSURANCE (CLIP)** | |
| **YEAR** | **No. of Claims** | **Claims Payment** | **No. of Claims** | **Claims Payment** |
| 2nd Quarter 2021 | 45,139 | ₱46,872,980 | 309 | 3,459,482 |
| 2nd Quarter 2022 | 40,555 | ₱48,270,809 | 380 | 4,066,268 |
| % Increase (Decrease) | 10% | 3% | 23% | 18% |

| **CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT** | | | | |
| --- | --- | --- | --- | --- |
| **CLAIMS** | **RETIREMENT SAVINGS FUND** | | **HOSPITALIZATION CARE ASSISTANCE** | |
| **YEAR** | **No. of Claims** | **Claims Payment** | **No. of Claims** | **Claims Payment** |
| 2nd Quarter 2021 | 38,436 | ₱15,823,007 | 1,358 | 2,173,300 |
| 2nd Quarter 2022 | 37,136 | ₱14,556,227 | 1,683 | 2,828,350 |
| % Increase (Decrease) | 3% | 8% | 24% | 30% |

| **YEAR** | **BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment** | | |
| --- | --- | --- | --- |
| **Equity Return** | **Death Benefit** | **Total** |
| 2nd Quarter 2021 | 28,116,338 | ₱18,756,642 | 46,872,980 |
| 2nd Quarter 2022 | 24,219,250 | ₱19,942,000 | 44,161,250 |

| **2nd Quarter 2022** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **BENEFIT PAID TO** | **Equity Return** | | **Death Benefit** | | **TOTAL** | |
| **No. of Claims** | **Amount** | **No. of Claims** | **Amount** | **Number of Claims** | **Amount** |
| Dependent | - | ₱ - | 683 | ₱14,795,000 | 683 | ₱14,795,000 |
| Member | 39,872 | ₱24,219,250 | 380 | ₱5,147,000 | 40,252 | ₱29,366,250 |
| TOTAL | 39,872 | ₱24,219,250 | 1,063 | ₱19,942,000 | 40,935 | ₱44,161,250 |

**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 June 30, 2022, in relation to figures as of June 30, 2021. The Chair/President noted that the total assets, total liabilities, and fund balance had posted increases as of June 30, 2022, as compared with the June 30, 2021, figures, which he attributed to the substantial increase in receivables from PPMBAI’s partner MFI.

|  | **As of** | |
| --- | --- | --- |
|  | **June 30, 2022** | **June 30, 2021** |
| **Assets** |  |  |
| Cash and Cash in Banks | ₱404,739,414 | ₱288,437,627 |
| Time Deposits | 72,945,146 | 238,841,572 |
| FVPL Investments | 5,614,161 | 5,405,320 |
| HTM Investments | 81,910,870 | 17,299,409 |
| Receivables | 95,264,409 | 29,483,225 |
| Property and Equipment | 3,853,651 | 4,751,061 |
| Other Assets | 677,162 | 648,769 |
| **Total Assets** | ₱**665,004,813** | ₱**584,866,984** |
|  |  |  |
| **Liabilities** |  |  |
| Due to Members (Equity and RSF) | ₱525,873,454 | ₱443,599,666 |
| Reserve for Insurance Liability | 168,482,618 | 30,130,671 |
| Hospitalization Care Assistance | 11,728,919 | 8,372,965 |
| Other Liabilities | 37,763518 | 30,472,015 |
| **Total Liabilities** | ₱**584,716,650** | ₱**512,575,317** |
|  |  |  |
| **Fund Balance** | ₱**80,288,63** | ₱**72,291,667** |

| **FINANCIAL PERFORMANCE (In Php)** | **For the 6-months ended June 30, 2022** | **For the 6-months ended June 30, 2021** | **For the year 2020** |
| --- | --- | --- | --- |
| **Revenue** | **₱143,817,906** | **₱113,197,728** | **₱173,471,990** |
|  |  |  |  |
| **Benefits and Expenses** |  |  |  |
|  |  |  |  |
| Insurance Benefit Expenses | 87,542,498 | 59,649,086 | 88,654,272 |
| Reimbursement of Expenses | 15,799,084 | 12,968,766 | 19,673,989 |
| General and Administrative Expenses | 23,445,394 | 22,466,475 | 62,630,098 |
| **Total** | **126,786,976** | **95,084,327** | **170,958,359** |
| **Income before final tax** | **17,030,930** | **18,113,402** | **2,513,631** |
| **Final Tax** | **-** | **-** | **1,242,889** |
| **Excess of Revenue over Expenses** | **₱17,030,930** | **₱18,113,402** | **₱1,270,742** |

Insurance liabilities and reserves as of June 30, 2022, were higher at ₱525,8773,454 versus the June 30, 2021 figure at ₱473,730,337, to wit:

|  | **As of** | | |
| --- | --- | --- | --- |
| **INSURANCE LIABILITIES AND RESERVE** | **June 30, 2022** | **June 30, 2021** | **June 30, 2020** |
| Reserves for Member’s Equity Value | ₱320,497,135 | ₱303,047,491 | ₱303,466,218 |
| Retirement Savings Fund | 168,482,618 | 140,552,175 | 127,603,634 |
| **Total Liabilities – To Members** | **488,979,753** | **443,599,666** | **431,069,852** |
|  |  |  |  |
| Reserves for Basic Life Insurance | 17,819,456 | 14,486,815 | 9,878,186 |
| Reserves for Credit Life Insurance | 7,283,515 | 5,072,248 | 6,530,101 |
| Policy and Contract Claims Payable | 11,790,730 | 10,571,608 | 15,625,794 |
| **Total Reserve Liabilities** | ₱**36,893,701** | ₱**30,130,671** | ₱**32,034,080** |
|  |  |  |  |
| **GRAND TOTAL** | ₱**525,873,454** | ₱**473,730,337** | ₱**463,103,932** |

Meanwhile, as of December 31, 2021, the Guaranty Fund amounted to ₱65,000,000, which is over and above the IC’s requirement of ₱53,342,274. 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:

| **GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT** | **As of December 31, 2021** |
| --- | --- |
| TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT) | ₱53,342,274 |
| TOTAL GUARANTY FUND DEPOSITED WITH IC – GOV’T. BONDS AND DEPOSIT CERTIFICATES | 65,000,000 |
| **EXCESS (DEFICIENCY) IN GUARANTY FUND** | **₱11,657,726** |
| Risk Based Capital (RBC) Ratio Requirement per IC | Should not be lower than 125% |
| **PPMBAI RBC – As calculated** | **157%** |
| PPMBAI RBC – As previously verified by IC (2019) | **195%** |

**OPEN FORUM**

The Chairman/President provided time to each of the other Board members to present their updates. Treasurer De Jesus moderated the open forum.

As the nanay trustees have not presented their reports or provided feedback to the Board, and no other trustees have raised any additional issues, Treasurer De Jesus has concluded the open forum.

**CLOSING REMARKS**

Consultant TIM Fakruzzaman, President & CEO of PPFC (“Consultant Fakruzzaman”), delivered his closing remarks. He thanked everyone for their contributions to PPMBAI’s very good achievements despite difficult times. He added that PPFC will again hold its annual Group Leaders’ gathering this year by October and November and hoped to see everyone.

**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.) 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**  Trustee | **(SGD.) REENA CONCEPCION G.**  **OBILLO**  Independent Trustee |
| ABSENT: | |

**JONNETTE C. ALMANZAR**

Trustee