# 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 30, 2023, at 2:30 p.m.

Present:

Genaro L. Kong

Jonnette C. Almanzar

Eufrecina T. De Jesus

Atty. Joselito D. Fernandez

Md. Shamsul Hasan

Sheen Ray U. Acosta

Joan S. Alfarero

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

Also Present:

TIM Fakruzzaman (via videoconference)

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.

**OPENING PRAYER**

Delia B. Villalon, Nanay Trustee for NCR, led the opening prayer.

**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 meeting to proceed.

**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 November 24, 2022, for their comments/inputs. Thereafter, the entirety of the minutes was deemed to be a faithful recording of what transpired during the said 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 November 24, 2022, be approved and ratified.”

Independent Trustee Reena Concepcion Obillo ("Trustee Obillo") requested clarification regarding the last meeting's appointment of new Trustee Md. Shamsul Hasan ("Trustee Hasan") as Trustee Ken Albert Bayudan's replacement, as the appointment was not made available to the Trustees prior to the meeting. The Chair/President explained that the Board's Executive Committee discussed the appointment of Trustee Hasan during its meeting; however, the minutes of said meeting were not distributed to the other trustees. The Chair/President committed to providing a copy of the committee meeting's minutes at the next meeting of the board.

**REAPPOINTMENT OF RETAINER CONTRACT**

**WITH ACTUARIAL VALUATOR**

The Chairman/President likewise proposed for the reappointment of Asian Actuaries, Inc., as its retainer’s contract with PPMBAI for actuarial valuation services is about to expire. Furthermore, the Chairman/President proposed that the term of the retainer contract renewed.

After discussion and upon motion duly made and seconded, it was unanimously

“**RESOLVED**, as it hereby resolved, that the retainer contract with Asian Actuaries, Inc., be renewed, and is hereby retained as PPMBAI’s actuarial valuator.

“**RESOLVED, FURTHER**, that PPMBAI’s President, Mr. Genaro L. Kong, President, be and is hereby authorized to sign, execute, endorse and/or deliver for and on behalf of PPMBAI such documents as may be necessary or required to implement the foregoing authority.”

**REAPPOINTMENT OF EXTERNAL AUDITOR**

The Chair/President proposed to the Board for the firm of SyCip Gorres Velayo & Co. be retained as external auditor of PPMBAI for the ensuing year.

Upon motion made and duly seconded, it was unanimously

“**RESOLVED**, as it is hereby resolved, that the firm of SyCip Gorres Velayo & Co., be and is reappointed as external auditor of the Association for the ensuing year.”

“**RESOLVED, FURTHER**, that PPMBAI’s President, Mr. Genaro L. Kong, President, be and is hereby authorized to sign, execute, endorse and/or deliver for and on behalf of PPMBAI such documents as may be necessary or required to implement the foregoing authority.”

**RESULT OF STUDY ON BASIC LIFE INSURANCE**

**PLAN (BLIP)**

The Chair/President informed the Board that the actuarial evaluator has completed an assessment of the current BLIP premium rate that members pay. The actuarial study indicates that the BLIP premium must be increased by at least ₱50 in order to sustain the revenues generated by BLIP and maintain the insurance benefits for members. The current BLIP premium is ₱390, thus, raising the new rate to ₱440. The actuarial evaluation has been submitted to the Insurance Commission. However, the Chair/President clarified that the proposed fifty-peso increase is currently on hold because PPMBAI needs to discuss it with its partner MFI (PPFC). The Nanay Trustees have been asked to provide their opinion on the matter, but they are currently unable to do so because they need to consult with their respective group members.

**SCHEME FOR COLLECTION OF BLIP, HCA, AND**

**CLIP, FOR MEMBERS AVAILING OF REFORM**

**LOAN**

PPMBAI's partner MFI will launch a new product provisionally dubbed "Reform Loan" that enables borrowers who have amortized their loan for at least half of its term or three (3) months the option to renew or restructure their loan, i.e., an early renewal or refinancing. The difficulty resides in the treatment of BLIP, CLIP, and HCA premiums, as they cover the entire six-month loan term. As a result, there will be unused portions of the premiums if the loan is renewed halfway through its term, as the member will be eligible for a new six-month loan term, and thus would need to pay again for a new BLIP, CLIP, and HCA, as if it were an entirely new loan, not refinancing. The proposed scheme requires approval from the Insurance Commission (IC) because as per PPMBAI’s Implementing Rules, death of the insured member is the only condition that would warrant the pretermination of an insurance policy.

Due to system limitations in PPMBAI's Management Information System (MIS), the Chair/President proposed that members availing of the early loan renewal receive a cash refund for the unused BLIP and HCA premiums and pay the full amount of BLIP and HCA premiums for the new loan term. Similarly, a cutoff was proposed for the fraction of days of the loan's running term at the time of loan renewal to determine how the unused premium will be prorated for purposes of refund, i.e., fractions of fifteen days or less will not be counted, while fractions of more than fifteen days will be counted as one month. Therefore, if the loan term was already three months and ten days at the time of renewal, the excess days will not be considered, and the used premium will be fixed at three months, and three months’ unused premiums will be refunded. If the current loan term is three months and sixteen days, the used premium will be fixed at four months and two months’ unused premiums will be refunded. Considering that the CLIP premium is of relatively small amount, the same will be considered forfeited and member will pay for the full amount of the premium upon loan renewal.

Upon motion made and duly seconded, it was unanimously

“**RESOLVED**, as it is hereby resolved, that the proposed allocation scheme for unused BLIP and HCA premiums be implemented once the early loan renewal product of PPFC comes into effect, on the condition that such scheme shall be submitted to the Insurance Commission for its review and approval, is hereby adopted.”

**PPMBAI’S CONTRIBUTION TO CORPORATE**

**SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

The Chairman/president announced that PPMBAI will be contributing the amount of ₱3.8 million to its partner MFI’s budget for its CSR programs for 2023.

Upon motion made and duly seconded, it was unanimously

“**RESOLVED**, as it is hereby resolved, that PPMBAI’s contribution to the Corporate Social Responsibility (CSR) programs of PPFC for 2023, in the amount of ₱3.8 million, is hereby approved and ratified.”

**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 CY 2022 compared to CY 2021, to wit:

| **PRODUCT/SERVICE COLLECTION** | | |
| --- | --- | --- |
| **YEAR** | **ADMISSION FEE** | |
| **Premium Collection** | **Members Collected** |
| For the year 2021 | ₱13,913,805 | 139,138 |
| For the year 2022 | ₱15,493,573 | 154,936 |
| % Increase (Decrease) | 11.3% | 11.3% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **BASIC LIFE INSURANCE PLAN (BLIP)** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| For the year 2021 | 221,777 | ₱159,344,366 | 408,575 |
| For the year 2022 | 253,926 | ₱190,392,383 | 488,186 |
| % Increase (Decrease) | 14.4% | 19.4% | 19.4% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **CREDIT LIFE INSURANCE PLAN (CLIP)** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| For the year 2021 | 221,777 | ₱33,325,668 | 408,575 |
| For the year 2022 | 253,926 | ₱40,171,814 | 488,186 |
| % Increase (Decrease) | 14.4% | 21% | 19.4% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **RETIREMENT SAVINGS FUND** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| For the year 2021 | 671,499 | ₱51,602,461 | 396,942 |
| For the year 2022 | 947,113 | ₱62,917,819 | 483,983 |
| % Increase (Decrease) | 41% | 22% | 22% |

| **PRODUCT/SERVICE COLLECTION** | | | |
| --- | --- | --- | --- |
| **YEAR** | **HOSPITALIZATION CARE ASSISTANCE** | | |
| **Active Members** | **Premium Collection** | **Members Collected** |
| For the year 2021 | 223,200 | ₱40,968,822 | 409,688 |
| For the year 2022 | 253,926 | ₱57,078,600 | 570,786 |
| % Increase (Decrease) | 14% | 39% | 39% |

The Chair/President noted an across-the-board increase during 2022 for all insurance products in terms of premiums and active members , as compared to 2021 figures, taking note of the notable increases in RSF and HCA collections.

| **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** |
| For the year 2021 | 93,966 | ₱102,816,807 | 772 | ₱15,548,346 |
| For the year 2022 | 90,847 | ₱105,289,777 | 726 | ₱18,905,055 |
| % Increase (Decrease) | -3.3% | 2.4% | -6% | 22% |

| **CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT** | | | | |
| --- | --- | --- | --- | --- |
| **CLAIMS** | **RETIREMENT SAVINGS FUND** | | **HOSPITALIZATION CARE ASSISTANCE** | |
| **YEAR** | **No. of Claims** | **Claims Payment** | **No. of Claims** | **Claims Payment** |
| For the year 2021 | 81,138 | ₱32,887,256 | 2,610 | ₱4,647,600 |
| For the year 2022 | 85,797 | ₱34,732,685 | 4,339 | ₱7,003,700 |
| % Increase (Decrease) | 6% | 6% | 66% | 50% |

| **YEAR** | **BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment** | | |
| --- | --- | --- | --- |
| **Equity Return** | **Death Benefit** | **Total** |
| For the year 2021 | ₱57,236,015 | ₱45,580,792 | ₱102,816,807 |
| For the year 2022 | ₱57,051,125 | ₱48,238,652 | ₱105,289,777 |

| **For the year 2022** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **BENEFIT PAID TO** | **Equity Return** | | **Death Benefit** | | **TOTAL** | |
| **No. of Claims** | **Amount** | **No. of Claims** | **Amount** | **Number of Claims** | **Amount** |
| Dependent | - | ₱ - | 1,352 | ₱13,977,909 | 1,352 | ₱13,977,909 |
| Member | 89,495 | ₱57,051,125 | 726 | ₱34,260,742 | 90,221 | ₱91,311,868 |
| TOTAL | 89,495 | ₱57,051,125 | 2,078 | ₱48,238,652 | 91,573 | ₱105,289,777 |

Payment of claims likewise increased in 2022 compared to 2021, the Chairman/President noted.

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

**FINANCIAL PERFORMANCE**

The Chairman/President gave an overview of the PPMBAI’s financial standing, to wit:

|  | **As of** | |
| --- | --- | --- |
|  | **December 31, 2022 (Unaudited)** | **December 31, 2021**  **(Audited)** |
| **Assets** |  |  |
| Cash and Cash in Banks | ₱408,695,181 | ₱277,340,297 |
| Time Deposits | 238,498,861 | 218,498,861 |
| FVPL Investments | 16,114,161 | 5,614,161 |
| HTM Investments | 12,234,667 | 81,910,870 |
| Loans and Receivables | 9,271,019 | 10,615,180 |
| Property and Equipment | 3,941,312 | 4,158,086 |
| Other Assets | 67,889 | 709,410 |
| **Total Assets** | **₱688,822,890** | **₱598,847,685** |
|  |  |  |
| **Liabilities** |  |  |
| Due to Members (Equity and RSF) | ₱514,954,893 | ₱485,385,056 |
| Reserve for Insurance Liability | 55,872,289 | 32,480,766 |
| Hospitalization Care Assistance | 18,086,069 | 9,317,245 |
| Other Liabilities | 21,162,461 | 8,407,385 |
| **Total Liabilities** | **₱610,075,712** | **₱535,590,452** |
|  |  |  |
| **Fund Balance** | **₱78,747,178** | **₱63,257,233** |

As of December 31, 2022, assets, liabilities, and fund balance were higher than the audited figures as of December 31, 2021. The Chairman/President remarked that the total assets experienced a substantial increase from 598 million on December 31, 2021, to ₱688 million on December 31, 2022. He explained that cash and cash equivalents represented a significant portion of total assets. On the liabilities side, which increased from ₱535 million as of December 31, 2021, to ₱610 million as of December 31, 2022, Dues to Members, which consisted of member's equity and Retirement Savings Fund totaling ₱514 million, comprised a significant portion of PPMBAI's total liabilities.

| **FINANCIAL PERFORMANCE (In Php)** | **For the year ending December 31, 2022** | **For the year ending December 31, 2021** |
| --- | --- | --- |
| **Revenue** | **₱304,835,714** | **₱250,826,649** |
|  |  |  |
| **Benefits and Expenses** |  |  |
|  |  |  |
| Insurance Benefit Expenses | 203,574,568 | 164,152,862 |
| Reimbursement of Expenses | 33,191,719 | 28,400,216 |
| General and Administrative Expenses | 52,579,483 | 49,194,605 |
| **Total** | **289,345,770** | **241,747,683** |
| **Income before final tax** | **15,489,944** | **9,078,966** |
| **Final Tax** | **-** | **-** |
| **Excess of Revenue over Expenses** | **₱15,489,944** | **₱9,078,966** |

The Chair/President also highlighted the significant increase in net revenues for the year ended December 31, 2022, at ₱15.4 million (unaudited) as compared with the year ended December 31, 2021’s ₱6.8 million. He expected that audited net revenues will not be lower than ₱15 million.

|  | **As of** | | |
| --- | --- | --- | --- |
| **INSURANCE LIABILITIES AND RESERVE** | **December 31, 2022** | **December 31, 2021** | **December 31, 2020** |
| Reserves for Member’s Equity Value | ₱333,696,516 | ₱332,410,811 | ₱306,809,362 |
| Retirement Savings Fund | 181,258,377 | 152,974,245 | 132,849,335 |
| **Total Liabilities – To Members** | **514,954,893** | **485,385,056** | **439,658,697** |
|  |  |  |  |
| Reserves for Basic Life Insurance | 27,282,926 | 15,866,083 | 11,381,875 |
| Reserves for Credit Life Insurance | 7,834,131 | 5,065,063 | 3,680,655 |
| Policy and Contract Claims Payable | 20,755,232 | 11,549,620 | 8,486,791 |
| **Total Reserve Liabilities** | **₱55,872,289** | **₱32,480,766** | **₱23,549,322** |
|  |  |  |  |
| **GRAND TOTAL** | **₱570,827,182** | **₱517,865,822** | **₱463,208,019** |

The Chair/President mentioned that the actuarial report for 2022 has not been released yet.

| **GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT** | **As of December 31, 2021** |
| --- | --- |
| TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT) | ₱63,356,574 |
| TOTAL GUARANTY FUND DEPOSITED WITH IC – GOV’T. BONDS AND DEPOSIT CERTIFICATES | 65,000,000 |
| **EXCESS (DEFICIENCY) IN GUARANTY FUND** | **₱1,643,426** |
| Risk Based Capital (RBC) Ratio Requirement per IC | Should not be lower than 125% |
| **PPMBAI RBC – As calculated** |  |
| PPMBAI RBC – As previously verified by IC (2021) | **224%** |
| PER 2021 AS Verification |  |
| ADMITTED ASSETS | **₱588,954,826** |
| TOTAL LIABILITIES | **₱535,609,999** |
| GUARANTY FUND | **₱53,344,827** |

The Chairman/President explained to the Board that PPMBAI’s Risk-Based Capital (“RBC”) as of 2021 as verified by the Insurance Commission at 224% which is higher than the RBC ratio required by the IC.

**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.

Delia Villalon, a Nanay Trustee, provided feedback on her request during last November’s board meeting, for a higher budget for disaster relief goods, noting that she has already explained to the other members that the present budget of ₱250 per member cannot be increased at this time. Md. Shamsul Hasan, PPFC Vice President and Trustee (“Trustee Hasan”), advised the Board that he would discuss the possibility of increasing the budget to ₱300 per member with the PPFC Operations Team.

**CLOSING REMARKS**

Trustee Hasan and Consultant TIM Fakruzzaman, President & CEO of PPFC (“Consultant Fakruzzaman”), delivered their respective closing remarks.

Trustee Hasan noted that PPMBAI’s achievements are very good. He informed the Board, however, that PPFC’s borrower dropout rate is very high, thus, it cannot effectively help PPMBAI increase its revenues unless the borrower retention is effectively managed. Trustee Hasan likewise requested the Nanay Trustees to actively participate in the discussions and provide feedback in order for PPFC to arrive at more effective decision-making.

Consultant Fakruzzaman commended the PPMBAI management team for its good achievement for 2022. He also gave thanks to the independent directors for their contributions. Again, the Nanay Trustees were reminded to continue providing their reports to the Board based on the feedback they have gathered from the members in the field.

**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 / Secretary |
| **(SGD.) MD. SHAMSUL HASAN**  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 | |