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KCCDFI Mutual Benefit Association, Inc.

Minutes of 10th Annual General Membership Meeting Narra Function Room, LM Metro Hotel, Tetuan, Zamboanga City October 15, 2019 (Tuesday)

Board of Trustees and MBA Coordinators/Representative:

Present:

- | | |
|-------------------------------|-------------------------------|
| 1. Ms. Ellen M. Benitez | - President |
| 2. Ms. Mary Ann R. Candoy | - Vice-President |
| 3. Ms. Araceli J. Amlih | - Secretary |
| 4. Ms. Myrna D. Gregorio | - Treasurer |
| 5. Ms. Mercedes G. Faustino | - Board Member |
| 6. Ms. Dezza S. Mohammad | - Independent Trustee |
| 7. Ms. Nevilyn P. Abualas | - Independent Trustee |
| 8. Atty. Ibarra A. Malonzo | - Advisory Board |
| 9. Ms. Catherine A. Elumbra | - Advisory Board |
| 10. Ms. Arline B. Casimiro | - MBA Coordinator |
| 11. Ms. Jessica A. Araneta | - MBA Coordinator |
| 12. Ms. Rachel S. Natividad | - MBA Coordinator |
| 13. Ms. Lida A. Santos | - MBA Coordinator |
| 14. Ms. Ma. Cristina D. Bugay | - MBA Coordinator |
| 15. Ms. Daniela V. Barredo | - MBA Coordinator |
| 16. Ms. Hermie A. Hasan | - MBA Coordinator |
| 17. Ms. Imelda F. Bautista | - MBA Coordinator |
| 18. Ms. Alona D. Inso | - MBA Coordinator (Ipil) |
| 19. Mr. Wilfredo A. Biwang | - MBA Coordinator (Kabasalan) |
| 20. Ms. Evangeline D. Recalde | - MBA Coordinator (Olutanga) |
| 21. Ms. Argelyn P. Pable | - MBA Coordinator (Kabasalan) |
| 22. Ms. Ludivina Q. Suminog | - Representative (Liloy) |

Excused:

- | | |
|----------------------------|-------------------|
| 1. Ms. Arlene C. Sevillano | - MBA Coordinator |
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AGENDA:

1. Opening Prayer
2. Call to Order
3. Proof of Notice of Meeting
4. Determination of Quorum
5. Approval of Agenda
6. Reading and Approval of the Minutes of 2018 Annual General Membership Meeting
7. Business Arising from the Previous Meeting
8. New Agenda
 - a. President's Report
 - b. Treasurer's Report
 - c. Ratification of Management and Board Actions
 - d. Appointment of External Auditor
 - e. Question & Answer
9. Adjournment

PROCEEDINGS OF THE MEETING:

1. Opening Prayer

- a. The opening prayer was led by Ms. Nevilyn P. Abualas.

2. Call to Order

- a. Ms. Ellen M. Benitez, the President of the Board of Trustees, presided over the meeting and called the meeting to order at 1:00 in the afternoon.

3. Proof of Notice of the Meeting

- a. Ms. Araceli J. Amlih, the Secretary, certified that Notice of Annual General Membership Meeting was issued September 11, 2019 through publication in the KCCDFI MBA website and through an advisory served to the members through their Branch Offices.

4. Declaration of Quorum

- a. Ms. Araceli J. Amlih, the Secretary, determined the number of attendees, whether in person or in proxy, to validly transact business. Out of 21,275 voting members, there were 14,952 proxy votes gathered and 22 voting members present in person or 63.23%. That being so the meeting was formally started.

5. Reading and Approval of the Minutes of 2018 Annual General Membership Meeting

- a. The Secretary, Ms. Araceli J. Amlih read the Minutes of the 2018 Annual General Membership Meeting held on October 15, 2018. The Secretary informed that a copy of the Minutes are with the office of the Secretary and is available during office hours.
- b. The members were asked if they have any questions on the Minutes. Since no questions were asked, the President then, sought for the approval of the Minutes including acknowledgment of the completeness and accuracy thereof. The Resolution is as follows:

Members’ Resolution No. 1-2019

“**RESOLVED**, that the reading of the Minutes of the 9th Annual General Membership Meeting of the KCCDFI Mutual Benefit Association, Inc., held on October 15, 2018 at 3rd Flr. KCCDMFI Bldg. MCLL Highway, Guiwan, Zamboanga City be, as they are hereby approved.”

The votes cast and received on approval of the minutes of the 2018 Annual General Membership Meeting on October 15, 2018 were as follows:

Total Voting Members	Total Votes Cast	Votes in Favor	Invalid Votes	Abstentions
21,275	14,952	14,952	0	6,323

6. Business Arising

- a. There were no business arising which should be resolved from the previous annual general membership meeting.

7. President’s Report

The President, Ms. Ellen M. Benitez presented to the general assembly the 2018 KCCDFI MBA, Inc. result of operations highlights, key accomplishment and forward plans for 2020, to wit:

Operations Update

Particulars	2018
No. of Active Members	15,573
No. of Insured Individuals	46,123
BLIP Contribution	11.4 Million
CLIP Contribution	3.4 Million
Total Claims Paid	7.2 Million
Total No. of Claims Paid	362

CLAIMS PAID 2018 Breakdown

PARTICULARS	No of Claims	Amount of Claims
Death & TPD	238	5,744,000
MVAH	21	88,878
Credit Life	103	1,368,000
Refund of Contribution(Equity)	4,546	5,655,268
Refund of RSF	4,546	3,800,242

1-3-5 days Claims Settlement Ratio

86%

Processing Time	Frequency	Percentage
1 day	80	34%
2-3 days	60	25%
4-5- days	65	27%
> 5 days	33	14%

Key Accomplishment

Key Areas	Accomplishment
Governance	<ul style="list-style-type: none">❑ We were able to update the Contract of Management Services between KCCDFI MBA and KCCDMFI, defining individual responsibility as partners in providing social protection to its member.❑ Based on the 2018 Asean Corporate Governance Scorecard Report KCCDFI was among the Top 5 (Rank 4) among the 19 MI-MBA network.❑ Formally able to execute a management agreement with KCCDMFI on the latter's obligation, reflecting the terms of payment, interest and collateral assignment to properly secure its obligation to KCCDFI MBA, and subsequently resulted to improved solvency ratio.

Key Areas	Accomplishment
Membership	<ul style="list-style-type: none">❑ We have expanded our membership to other segments such as 4Ps, organized group and barangay council thus more lives and families are protected. Also subsequently resulted to an additional associate members of about 1,517.
Investment	<ul style="list-style-type: none">❑ We have diverted our investments from time deposit to government securities in the form of treasury bills and retail treasury bonds which offers a better rate than commercial banks investment rate.❑ We have participated in the pooled UITF investment created solely for MI MBA's with a prospective ROI ranging from 5-8% per annum depending on the fund performance. And we were one of the pioneer investor of the Bayanihan Balanced Fund with BPI with an investment amount of Php 6 M.❑ Interest income from investments increased around 100% compared to previous years.

Key Areas	Accomplishment
Product	<p>❑ We have finalized the Enhanced BLIP subject for review and approval of IC with features of more higher benefits for member and shorter waiting period.</p> <p>❑ HAPI Plan for Client and Spouse was developed and finalized and now subject for review and approval of the Insurance Commission</p> <p>❑ Policy on Exclusions for Accidental Death to avoid confusions as to whether it be categorized as natural or accidental death</p> <p>❑ Exit Age of Spouse and Legal Dependents</p>
Claims	<p>❑ We have improved our 1-3-5 claims settlement ratio from 81% last year to 86 % this 2018.</p>

Key Areas	Accomplishment
Regulatory Compliance	<p>❑ The association has successfully registered by the following line agencies:</p> <ul style="list-style-type: none"> • Credit Information Corporation (CIC) • National Privacy Commission (NPC) • Anti Money Laundering Council (AMLC) <p>❑ We were able to renew our License to operate microinsurance effective January 1, 2019 to December 31, 2021.</p>

➤ Way Forward for 2020 >>>>>

- To Conduct Strategic Plan for 2020 onwards.
- Enhance/Improve Good Corporate Governance Practice, by institutionalizing committee charter and strengthen the functions of the board committees.
- To Follow up with IC on the proposed HAPI Plan and BLIP enhancement for members.
- To design plans and options for surplus distribution for free and unassigned surplus in excess of 20% in the form of added benefits/services to member.
- To Increase membership thru intensifying marketing efforts as our contribution to our networks shared mission of 12*24*48, which means 12 million members by year 2024 covering 48 million lives.
- To upgrade MIS database tailor fit with the proposed additional optional product and BLIP enhancement with better features and capabilities.
- Re-application for tax exemption with BIR.

Members' Resolution No. 02-2019

“RESOLVED, as the President report be, as they are hereby, accepted.”

The votes casted and received on acceptance of the Presidents Report were as follows:

Total Voting Members	Total Votes Cast	Votes in Favor	Invalid Votes	Abstentions
21,275	14,952	14,952	0	6,323

8. Treasurer’s Report

Ms. Myrna D. Gregorio, the Treasurer presented to the general assembly the 2018 KCCDFI MBA, Audited Financial Statements, to wit:

- **Audited Financial Statement**

AUDITED FINANCIAL STATEMENTS	
December 31	2018
ASSETS	
Current Assets	
Cash and Cash Equivalents	17,938,612
Receivables from agents and others	35,956,684
Prepayments	225,850
Total Current Assets	<u>54,121,146</u>
Non-Current Assets	
Property and equipment	177,456
Investment in debt securities-at amortized cost	43,120,476
Investment in equity security-at FVOCI	5,961,600
Total Non-current assets	<u>49,259,532</u>
TOTAL ASSETS	<u>103,380,678</u>

AUDITED FINANCIAL STATEMENTS	
December 31	2018
LIABILITIES	
Current Liabilities	
Trade and other payables	1,165,160
Insurance contract liabilities	570,833
Total Current Liabilities	<u>1,735,993</u>
Non-Current Liabilities	
Aggregate reserves for unexpired risks	37,533,426
Retirement Trust Fund	30,091,720
Total Non-Current Liabilities	<u>67,625,146</u>
TOTAL LIABILITIES	<u>69,361,139</u>

AUDITED FINANCIAL STATEMENTS	
December 31	2018
FUND BALANCES	
Guaranty Fund	15,357,504
General Fund	18,700,435
Revaluation reserve on financial assets at fair value	(38,400)
Total Fund Balances	<u>34,019,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>103,380,678</u>

AUDITED FINANCIAL STATEMENTS	
December 31	2018
REVENUE	
Gross member's premium contribution	14,742,829
Contributions to Guaranty Fund	(737,141)
Net premium contributions	14,005,688
Interest and investment income	1,289,402
Membership fees	255,950
Interest income	2,241,647
Others	1,196,665
Total Revenue	18,989,352

AUDITED FINANCIAL STATEMENTS	
December 31	2018
BENEFITS AND OPERATING EXPENSES	
Increase(decrease) in aggregate reserves for unexpired risk	(9,697,545)
Gross benefits and claims paid to members	14,137,145
Collection expenses	1,240,718
Interest	594,578
Total Member's Benefit and Expenses	6,274,896
General and Admin expenses	2,536,390
Compensation and employees benefits	2,260,821
Depreciation	91,425
Total Benefits and Operating Expenses	11,163,532
NET SURPLUS FOR THE YEAR	7,825,820

Members' Resolution No. 03-2019

"RESOLVED, that the audited financial statements for the year ended December 31, 2018 be, as the same are hereby, approved."

The votes casted and received on approval of the audited financial statement for the year ended December 31, 2018 were as follows:

Total Voting Members	Total Votes Cast	Votes in Favor	Invalid Votes	Abstentions
21,275	14,952	14,952	0	6,323

9. Ratification of Management and Board Actions

Ms. Maria Teresa C. Gonzales, the General Manager presented to the general assembly the list of the resolutions passed by the Board of Trustees during the previous year and was asked to approve and ratify the said actions. A total of 10 resolutions were passed last 2018. Accordingly, the following Members' resolution was passed:

Members' Resolution No. 04-2019

“RESOLVED, that the acts of the Board of Trustees and Management during the year 2018 be, as they are hereby, approved.”

The votes casted and received on approval of the acts of the Board of Trustees and Management during the year 2018 were as follows:

Total Voting Members	Total Votes Cast	Votes in Favor	Invalid Votes	Abstentions
21,275	14,952	14,952	0	6,323

10. Appointment of External Auditor

Ms. Nevilyn P. Abualas, Audit Committee Chairman presented to the general assembly Quilab & Garsuta CPAs' to be the external auditing firm to conduct the annual audit of KCCDFI Mutual Benefit Association, Inc. transactions for the calendar year January 2019-December 2019. Quilab & Garsuta CPAs' has been the external auditor of the Association for the past 2 years with different Partners heading the audit.

Members' Resolution No. 06-2019

“RESOLVED, that Quilab & Garsuta CPAs' be as they are hereby reappointed as external auditor of KCCDFI Mutual Benefit Association, Inc., for the Year 2019 for a remuneration to be approved by the Board.”

The votes casted and received on the reappointment of external auditors were as follows:

Total Voting Members	Total Votes Cast	Votes in Favor	Invalid Votes	Abstentions
21,275	14,952	14,952	0	6,323

11. Questions and Answers

- After the presentation of the reports, the general assembly were asked if they had any question or clarification that needed to be answered and clarified. There were no questions, issues or clarifications made.

12. Adjournment

There were no more other matters to be discussed the 10th Annual General Membership Meeting adjourned at 2:10 in the afternoon upon motion of Ms. Mercedes G. Faustino and duly seconded by Ms. Mary Ann R. Candoy.


Prepared by:



Ms. Ma. Perla J. Medina

Secretariat

Approved by:



Ms. Ellen M. Benitez

President