



KCCDFI Mutual Benefit Association Inc.

Minutes of 8th Annual General Membership Meeting

October 16, 2017

Kamagong Func. Room, LM Metro Hotel, Tetuan, Zamboanga City

Tel No. 990 2429

Board of Trustees and MBA Coordinators:

Present:

1. Ms. Ellen M. Benitez – President
2. Ms. Arline B. Casimiro – Vice-President
3. Ms. Imelda F. Bautista – Secretary
4. Ms. Myrna D. Gregorio – Treasurer
5. Ms. Daniela V. Barredo – Board Member
6. Ms. Jessica A. Araneta – Board Member
7. Ms. Mercedes G. Faustino – Board Member
8. Ms. Dezza S. Mohammad – Independent Trustee
9. Ms. Mary Ann R. Candoy – MBA Coordinator
10. Ms. Rachel S. Natividad – MBA Coordinator
11. Ms. Lida A. Santos – MBA Coordinator
12. Ms. Ma. Cristina D. Bugay – MBA Coordinator
13. Ms. Araceli J. Amlih – MBA Coordinator
14. Ms. Hermie A. Hasan – MBA Coordinator
15. Ms. Arlene C. Sevillano – MBA Coordinator

Excused:

1. Ms. Ellen R. Anadon – Board Member

AGENDA:

1. Opening Prayer/Doxology
2. Call to Order
3. Proof of Notice of Meeting
4. Declaration of Quorum
5. Reading and Approval of the Minutes of 2016 Annual General Membership Meeting
6. Business Arising from the Previous Meeting
7. President's Report
8. Treasurer's Report
9. Inspirational Message
10. Ratification of Management and Board Action
11. Approval of the Amendment of KCCDFI MBA Articles of Incorporation and By Laws
12. Open Forum (Question & Answer)
13. Adjournment

PROCEEDINGS OF THE MEETING:

1. Opening Prayer/Doxology

- a. The doxology was played on screen as opening prayer. And it was followed by the video presentation of the singing of the National Anthem.

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 9:20 in the morning.

3. Proof of Notice of the Meeting

- a. Ms. Imelda F. Bautista, certified that Notice of Annual General Membership Meeting was issued September 15, 2017 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. Imelda F. Bautista, the Secretary, determined the number of attendees, whether in person or in proxy, to validly transact business. Out of 17,115 voting members, there were 12,568 proxy votes gathered and 14 voting members present in person or 73.43%. With that, officially the meeting was started.

5. Reading and Approval of the Minutes of 2016 Annual General Membership Meeting

- a. The Secretary, Ms. Imelda F. Bautista read the Minutes of the 2016 Annual General Meeting held on October 15, 2016. 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 queries on the Minutes. No questions were asked, the President then, sought for the approval of the Minutes including acknowledgment of the completeness and accuracy of the same. The Resolution is as follows:

Members' Resolution No. 1-2017

"RESOLVED, that the reading of the Minutes of the 8th Annual General Membership Meeting of the KCCDFI Mutual Benefit Association, Inc., held on October 15, 2016 at 3rd Flr., KCCDFI Bldg. MCLL Highway, Guiwan, Zamboanga City be, as they are hereby approved."

The votes casted and received on approval of the minutes of the 2016 Annual General Meeting on October 15, 2016 were as follows:

| Total Voting Members | Total Votes Cast | Votes in Favor | Invalid Votes | Abstentions |
|----------------------|------------------|----------------|---------------|-------------|
| 17,115 | 12,568 | 12,568 | 0 | 4,547 |

- c. Ms. Barredo moved for the approval of the new agenda and it was seconded by Ms. Mohammad.

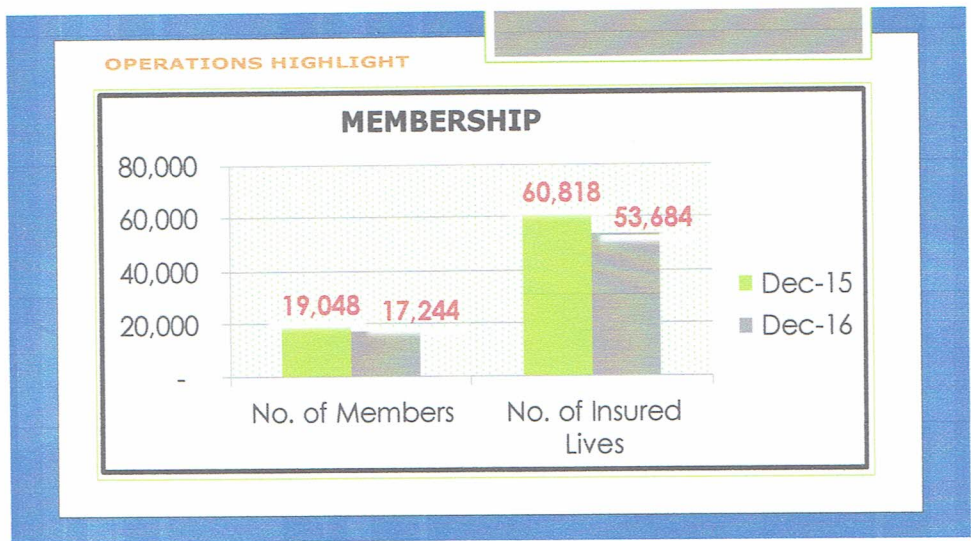
6. Business Arising

- a. No business arising were resolved from the previous annual general membership meeting.

7. President's Report

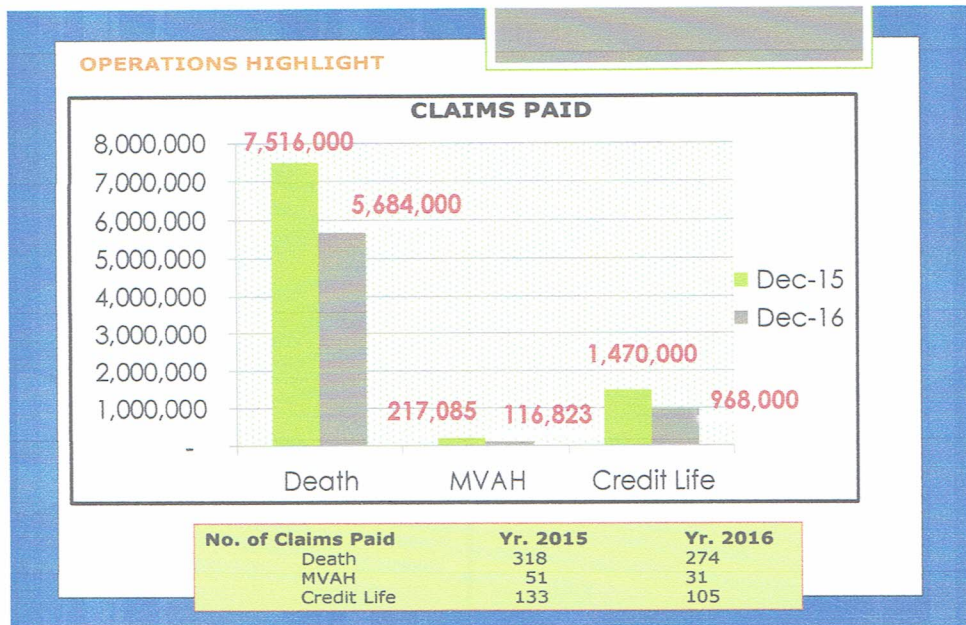
The President, Ms. Ellen M. Benitez presented to the Body the 2016 KCCDFI MBA, Inc.

90 a.1. Membership



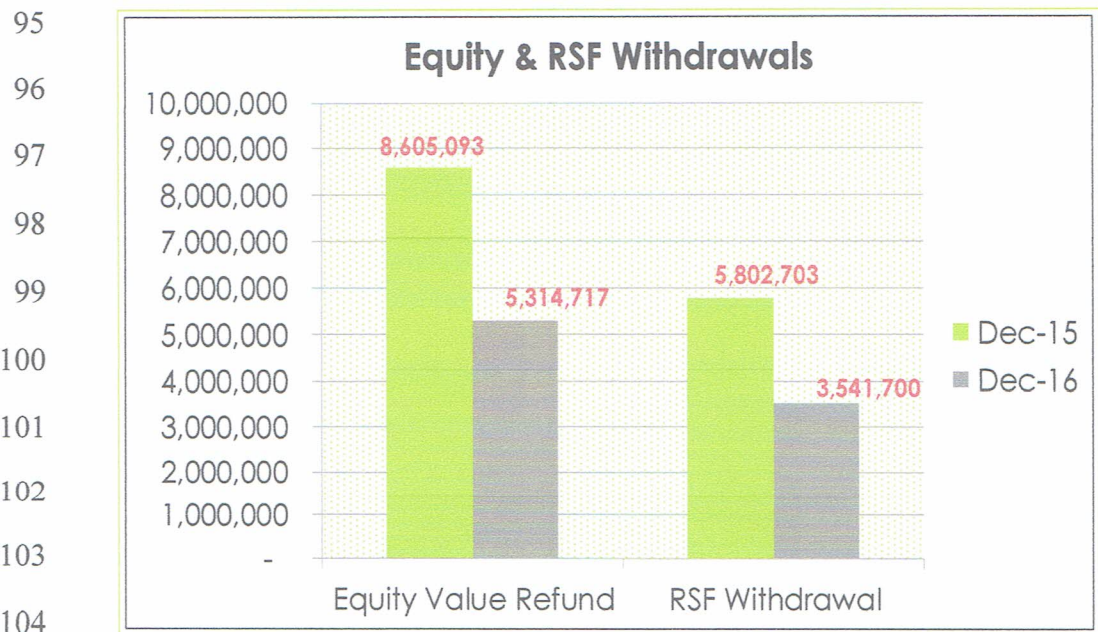
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92 a.2. Claims Paid



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94 a.3. Equity and RSF Withdrawals



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KCCDFI Mutual Benefit Association Inc.**Status Update**

As of December 31, 2016

Membership

| | |
|---------------------------|--------|
| No of Active Members | 17,244 |
| No of Insured Individuals | 53,684 |
| No of Branches Served | 18 |
| No of Staff | 9 |
| No. of Board of Trustees | 10 |
| No. of Coordinators | 14 |

GROSS CONTRIBUTION

| | |
|---------------------------|------------|
| Contribution (Basic Life) | 13,448,075 |
| Premium (Credit Life) | 3,071,053 |
| Retirement Savings | 4,482,530 |

PAID CLAIMS

| Particular | No. of Claims | Amount |
|----------------------------------|---------------|--------------|
| Basic Life Insurance Plan | | |
| Death & TPD | 274 | 5,864,000.00 |
| MVAH | 31 | 116,823.00 |
| Life Refund | 5686 | 5,314,717.00 |
| Credit Life Plan | 105 | 968,000.00 |
| Retirement Savings Fund | 5686 | 3,541,700.00 |

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Cont.**LIABILITY TO MEMBERS**

| | |
|--------------------------------------|-------------------|
| Liability on Individual Equity Value | 46,009,732 |
| Retirement Savings Fund | 28,144,323 |
| Total | 74,154,055 |

FINANCIAL HIGHLIGHTS

| | |
|---------------------------------|-------------|
| Total Assets | 102,114,072 |
| Total Liabilities/Reserves | 74,706,723 |
| Total Fund Balance | 27,407,349 |
| Revenue | 20,373,714 |
| Benefits and Operating Expenses | 19,881,002 |
| Net Comprehensive Surplus | 492,712 |

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What Transpired Last Year?

- ☐ The Board sets monthly regular meeting to discuss on the status and financial condition of the MBA and to formulate policies that will be beneficial for both the members and instituon.
- ☐ Reviewed the expenses and imposed cost cutting measures
- ☐ Initiate retrenchment and payment of separation pay of staff.
- ☐ Change of company structure wherein it has appointed Ms. Mercy G. Faustino as voting member of the BOT and Atty. Bong Malonzo as a non-voting member/Advisory Board.

- ☐ Decided to let KCCDMFI assume ownership of Montero to minimize expenses.
- ☐ Mandated management to seek BOT approval for expenses beyond 5,000 except for regular routinely expenses like salaries, electric bills, telephone bills rental and the likes.
- ☐ Lobbied to MFI regarding regular and updated remittance of current collection and a monthly payment of P500, 000 intended for loan payment and un-remitted collection of prior years.
- ☐ Review the approach/system in claims payment to better serve the members.

a.6. Strategic Plan Output

Reviewed Business & Strategic Plan that resulted to the following output:

New Mission:

"To provide members with affordable risk protection."

New Vision:

"To saturate Zamboanga Peninsula in 10 years."

- ❖ Double MBA Membership from 17,000-34,000
- ❖ Stable and Sustainable
- ❖ MIS-Compatible to MFI-MIS
- ❖ Unmarried Members will be legalized
- ❖ Health Benefits

Core Values

- Honesty and Integrity
- Passion for Excellence
- Loyalty
- Transparency
- Respect

Strategy:

Turn around strategy
"Ibalik sa dating sigla ang MBA"

3 Year Goals/Objectives

- ☐ 10% Operating Expense Level
- ☐ 90% 1-3-5 Claims Settlement
- ☐ Increase Membership to 26,000
- ☐ 1% of Premium from Surplus of Insurance Operations
- ☐ 120% Solvency Level

a.7. On-going and Future Plans

On-going and Futures Plans

To Intensify Membership Expansion thru

- Extending membership of KCCDFIMBA to MBA & MFI staff and members relatives
- Extend membership to other organized groups like cooperatives, 4ps beneficiaries lending companies etc.

To Maximize funds through

Diversification of Investment Options like Investing in Government Securities, Corporate bonds and other instrument that is safe and may offer better rates than the usual Savings and Time Deposit.

To Enhance systems and processes to hasten claims payment but will also ensure that only valid claims is being paid/settled.

To Develop optional product that will provide for health benefit of members and insuring members age 65 and above.

Members' Resolution No. 02-2017

“RESOLVED, that the on-going and future plans for the coming year be, as the same are hereby, approved.”

The votes casted and received on approval of the on-going and future plans of the Board of Trustees and Management for the year 2018 were as follows:

| Total Voting Members | Total Votes Cast | Votes in Favor | Invalid Votes | Abstentions |
|----------------------|------------------|----------------|---------------|-------------|
| 17,115 | 12,568 | 12,568 | 0 | 4,547 |

8. Treasurer's Report

The Treasurer, Ms. Myrna D. Gregorio presented to the Board the 2016 KCCDFI MBA, Audited Financial Statements, to wit:

1.1. Statements of Financial Position

STATEMENTS OF FINANCIAL POSITION KCCDFI Mutual Benefit Association, Inc.

| December 31 | 2016 | 2015 |
|--|-------------------------|------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash (Note 4) | P 58,182,436.00 | P 51,303,065.00 |
| Receivable from agents and others (Note 5) | 43,794,294.00 | 47,473,916.00 |
| Total Current Assets | 101,976,730.00 | 98,776,981.00 |
| Non-Current Assets | | |
| Property & Equipment (Note 6) | 137,342.00 | 1,213,565.00 |
| TOTAL ASSETS | P 102,114,072.00 | P 99,990,546.00 |
| LIABILITIES AND FUND BALANCES | | |
| Current Liabilities | | |
| Trade and other payables (Note 8) | P 209,479.00 | P 1,815,999.00 |
| Insurance contract liabilities (Note 9) | 343,189.00 | 821,490.00 |
| Total Current Liabilities | P 552,668.00 | P 2,637,489.00 |
| Non-Current Liabilities | | |
| Retirement Trust Fund (Note 10) | 28,144,323.00 | 26,658,995.00 |
| Aggregate reserve for unexpired risk (Note 11) | 46,009,732.00 | 44,605,381.00 |
| Total Non Current Liabilities | 74,154,055.00 | 71,264,376.00 |
| Total Liabilities | 74,706,723.00 | 73,901,865.00 |
| Fund Balances | | |
| Guaranty Fund (Note 12) | 13,840,805.00 | 13,014,849.00 |
| General Fund | 13,566,544.00 | 13,073,832.00 |
| Total Fund Balances | 27,407,349.00 | 26,088,681.00 |
| TOTAL LIABILITIES AND FUND BALANCE | P 102,114,072.00 | P 99,990,546.00 |

| STATEMENTS OF PROFIT OR LOSS KCCDFI Mutual Benefit Association, Inc. | | |
|---|----------------------|-----------------------|
| Years ended December 31 | 2016 | 2015 |
| REVENUE | | |
| Gross member's premium contribution on life (Note 13) | ₱ 13,448,075.00 | ₱ 16,916,834.00 |
| Gross member's premium contribution for credit life policies | 3,071,053.00 | 3,758,182.00 |
| Contributions to Guaranty Fund (Note 12) | (825,956.00) | (1,033,878.00) |
| Net premium contributions | 15,693,172.00 | 19,641,138.00 |
| Investment income (loss) - net (Note 7) | 334,821.00 | (1,034,538.00) |
| Membership fees | 235,000.00 | 496,800.00 |
| Interest Income- LRF (Note 5) | 3,014,962.00 | 3,126,670.00 |
| Others | 1,095,759.00 | 1,688,073.00 |
| Total Revenue | 20,373,714.00 | 23,918,143.00 |
| BENEFITS AND OPERATING EXPENSES | | |
| Increase in aggregate reserves for unexpired risks (Note 11) | 6,719,068.00 | 8,275,883.00 |
| Gross benefits and claims paid to members | 6,636,572.00 | 9,605,808.00 |
| Collection expenses | 1,189,075.00 | 1,465,991.00 |
| Interest (Note 10) | 636,771.00 | 688,526.00 |
| Total Benefits and Expenses | 15,181,486.00 | 20,036,208.00 |
| Salaries, wages and employee's benefits (Note 14) | 2,617,080.00 | 3,292,195.00 |
| General and administrative expenses (Note 15) | 1,801,547.00 | 2,807,886.00 |
| Depreciation (Note 6) | 280,889.00 | 406,163.00 |
| Total Benefits and Operating Expenses | 19,881,002.00 | 26,542,452.00 |
| PROFIT (LOSS) FOR THE YEAR | ₱ 492,712.00 | (2,624,309.00) |

Members' Resolution No. 03-2017

"RESOLVED, that the audited financial statements for the year ended December 31, 2016 be, as the same are hereby, approved."

The votes casted and received on approval of the audited financial statements for the year ended December 31, 2016 were as follows:

| Total Voting Members | Total Votes Cast | Votes in Favor | Invalid Votes | Abstentions |
|----------------------|------------------|----------------|---------------|-------------|
| 17,115 | 12,568 | 12,568 | 0 | 4,547 |

9. Inspirational Message

Meanwhile, Atty. Ibarra A. Malonzo took over the floor to inspire and empower everyone with his very informative inspirational message.

10. Ratification of Management and Board Actions

The General Manager, Ms. Maria Teresa C. Gonzales presented in the assembly the list of the resolutions passed by the Board of Trustees during the previous year and was asked to approve and ratify the same. Accordingly, the following Members' resolution was passed:

Members' Resolution No. 04-2017

"RESOLVED, that the acts of the Board of Trustees and Management during the year 2016 be, as they are hereby, approved."

The votes casted and received on approval of the acts of the Board of Trustees and

| Total Voting Members | Total Votes Cast | Votes in Favor | Invalid Votes | Abstentions |
|----------------------|------------------|----------------|---------------|-------------|
| 17,115 | 12,568 | 12,568 | 0 | 4,547 |

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11. Approval of the Amendment of KCCDFI MBA Articles of Incorporation and By Laws

a. Amendment of KCCDFI MBA Articles of Incorporation and By-Laws for the change of the principal address of the Main Office and in compliance with the requirements of the governance and Bureau of Internal Revenue rulings, was presented by Ms. Ma. Perla J. Medina, Promotions and Underwriting Officer/BOT Secretariat as follows:

| No. | Reference | Existing | Amend to |
|-----|---|--|--|
| 1 | Articles of Incorporation (Paragraph 1) | The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntary agreed to form a <u>Mutual Benefit Association</u> under the laws of the Republic of the Philippines. | The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntary agreed to form a <u>non-stock and non-profit Mutual Benefit Association</u> under the laws of the Republic of the Philippines. |
| 2 | Articles of Incorporation (Third) | That the place where the principal office of KCCDFI Mutual Benefit Association, Inc. is to be established or located is at: <u>2nd Flr. V.H., Wee Bldg., Veterans Avenue, Zamboanga City</u> | That the place where the principal office of KCCDFI Mutual Benefit Association, Inc. is to be established or located is at: <u>2nd Flr., KCCDFI Bldg.,MCLL Highway, Guiwan, Zamboanga City</u> |
| 3 | Articles of Incorporation (Twelfth) | That KCCDFI Mutual Benefit Association, Inc. shall comply with the requirements for non-stock corporations in the course of its operation. (Moved to Fifteenth) | Twelfth: <u>That the trustees of the association do not receive any compensation or remuneration.</u> |
| 4 | Articles of Incorporation (Thirteenth new) | | Thirteenth: <u>That no part of the association's net income shall inure to the benefit of any private individual.</u> |
| 5 | Articles of Incorporation (Fourteenth new) | | Fourteenth: <u>That, in case of dissolution, assets of the association shall be transferred to similar institution or to the government.</u> |
| 6 | Articles of Incorporation (Twelfth) | That KCCDFI Mutual Benefit Association, Inc. shall comply with the requirements for <u>non-stock corporations in the course of its operation.</u> (Moved to Fifteenth) | Fifteenth: That KCCDFI Mutual Benefit Association, Inc. shall comply with the requirements for <u>non-stock and non-profit corporations in the course of its operation.</u> |
| 7 | By-Laws Article IV Section 1. Annual Meetings | The annual meetings of the members shall be held on such time as may be decided by the Board of Trustees on <u>January 21st of each year.</u> Special meetings of the members shall be called as the need thereof arises, by the Board of Trustees or the President or upon petition of one third (1/3) of the general membership | The annual meetings of the members shall be held on such time as may be decided by the Board of Trustees on <u>October 15th of each year.</u> Special meetings of the members shall be called as the need thereof arises, by the Board of Trustees or the President or upon petition of one third (1/3) of the general membership |

Members' Resolution No. 05-2017

"RESOLVED, that the Amendment of KCCDFI MBA Articles of Incorporation and By-Laws, be, as they are hereby approved."

The votes casted and received on approval of the amendment of the Articles and By-Laws were as follows:

| Total Voting Members | Total Votes Cast | Votes in Favor | Invalid Votes | Abstentions |
|----------------------|------------------|----------------|---------------|-------------|
| 17,115 | 12,568 | 12,568 | 0 | 4,547 |

12. Open Forum (Question & Answer)

- a. During the open forum Ms. Mercedes G. Faustino, BOT Member/KCCDMFI COO suggested that, since the bigger number of members came from MFI it is also proper to provide a seat for the Operation Head as Advisory Board of KCCDFI MBA.
- b. After some discussions, the Board through Ms. Daniela V. Barredo unanimously took into consideration the said suggestion and the same is to be discussed further in the regular meeting of the Board of Trustees.
- c. And it was also suggested that, a new Independent Trustee should likewise be appointed in replacement of Mr. Edgardo F. Faustino. The same was set to be part of the agenda in the coming regular meeting of the Board of Trustees.

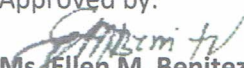
13. Adjournment

There were no more questions, issues and concerns raised and to be discussed, the 8th Annual General Membership meeting adjourned at 12:30 in the afternoon upon motion of Ms. Arline B. Casimiro and seconded by Ms. Myrna D.Gregorio.

Prepared by:


Ms. Ma. Perla J. Medina
Secretariat

Approved by:


Ms. Ellen M. Benitez
President