



KGI MUTUAL BENEFIT ASSOCIATION INC.

Block 12 Lot 25 Sta. Monica Subdivision, Subic, Zambales
Tel. No.: (047) 232 7298 Email: kgi_mba@yahoo.com



EXCERPT FROM THE MINUTES OF THE BOARD OF TRUSTEES MEETING

REGULAR MEETING OF THE BOARD OF TRUSTEES

April 29, 2022

9:00 A.M. – 11:05 A.M.

Conducted Virtually via Remote Communication

TRUSTEES PRESENT:

Mrs. DOLORES D. MEDINA -	President
Mrs. SUSAN PAJALLA -	Vice President
Mrs. RUBYLYN E. ESTONG -	Board Secretary
Mrs. JUDITA R. REYES-	Treasurer
Dr. RICARDO S. REYES JR.-	Member
Mrs. PIEDAD D. MATIAS-	Member
Mrs. REALIZA C. GUIANG -	Member

BOARD OF ADVISERS:

Mr. MARLOU R. CONCEPCION	KGMI President
Mr. RUBEN A. RIANZARES	KGMI Executive Director
Mr. JOAN A. CORTEZ	KGMI Senior Operations Director
Mr. RONALD V. TACTAQUIN	KGMI Finance & Admin Director
Mr. SONNY GUIANG	KGMI R&D Director

IN ATTENDANCE:

Mrs. MARY JANE N. CONCEPCION	General Manager
Mrs. EDNA E. MEDIARIO	Operations Officer
Mr. RONALD D. PASCUA	MIS Officer
Mrs. CRISTALYN R. ESTEL	Bookkeeper
Ms. CARMÍ G. MULI	Corporate Secretary

I. INVOCATION

Trustee Susan Pajalla led the invocation.

II. NOTICE AND QUORUM:

The President certifies that notice of the meeting had been duly sent and that a quorum is present to conduct business.

III. CALL TO ORDER:

President Dolores D. Medina, after determination of the presence of a quorum called the meeting to order at 9:00 A.M.

56 IV. READING OF THE MINUTES OF THE PREVIOUS BOARD MEETING

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58 The Secretary read the minutes of the previous meeting. After being no correction or
59 clarification being raised, the President declared the minutes of February 24, 2022 Regular Board
60 Meeting stand approved as read.

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63 V. NEW BUSINESS

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65 ➤ FIRST QUARTER BUSINESS PLAN ASSESSMENT

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67 General Manager Mary Jane Concepcion reported on the following:

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69 Mrs. Concepcion assessed the highlights and trends on the target versus the actual
70 achievement on membership (active members, net members, recognized, drop-out), collection,
71 benefit/underwriting expense, expenses, income and reserves.

72 Thereafter, the overall analysis for the First Quarter Business Plan Assessment was
73 presented to the board.

74 That in membership, the total actual current members is 4,734 out of 5,801 target members
75 or 81% of achievement. That the rate of achievement for recognized members is 21% while 40%
76 is the achievement on the drop-out members.

77 The General Manager noted that target contribution for the year 2022 was projected based
78 on averaging the collection trends and anticipated minimum growth over the period.

79 That the figure projected in 2022 business plan was based on November 2021 actual result
80 of operation.

81 That there is 91% rate of achievement on contribution, the total actual contribution of 2.9M
82 is less than the target which is expected to be 3.1M. Mrs. Concepcion explained that the decreased
83 membership greatly affected the collection on BLIP.

84 That the premium on CLIP of the association for the first quarter of the year is 253K
85 compared to 264K expected target or 95% rate of achievement. Mrs. Concepcion then commended
86 the effort of KGMI employees for their invaluable contributions in recruitment and speedy
87 processing of members' insurance claims.

88 That the total benefit expense is 1.9M out of 2.6M target or 75% rate of achievement, of
89 which 1.7M comprised the equity value withdrawn by the members.

90 That the increases in expenses are attributed by the salaries & wages brought by the
91 additional employee hired on July 2021, taxes and licenses for the supervision fee paid in the IC
92 and repair & maintenance of defective aircon of the association.

93 That although the association projected a negative income, still as a whole KGI-MBA
94 operation income for the first quarter rose to 276,960.73 or an average of 96,000 per month or
95 181% rate of achievement.

96 That if the upward trend on income will continue, the performance of the association is
97 very promising at the end of the year, however, for the year the association has upcoming line up
98 for trainings which might affect the result of income.

99 At this juncture, President Concepcion emphasized the effect of membership in the
100 enhancement of KGI-MBA's product and services.

101 Mr. Concepcion further stated that in order for the association to become sustainable,
102 provide the clamor of members to reduce the amount of premium (*through the assessment of the*
103 *actuary*) and continue to improve the insurance products and benefits of the members, the existing
104 membership should be increased.

105 That the greater the number of membership, the greater the chance of the association to
106 grant the request of the members and to reach the pinnacle of success towards the path and road
107 map of KGI-MBA.

108 President Concepcion then inquired the effect of dropped membership in attaining the road
109 map of the association and keeping its direction on the right track.

110 General Manager Concepcion explained in detail to the board the following effects of
111 declined membership:

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- 113 ✓ in giving better insurance product and services to the members;
- 114 ✓ in creating negative effect in the financial performance of the association specifically
- 115 on significant decreased in assets and liabilities;
- 116 ✓ in increasing the amount of premiums and contributions (*to sustain the insurance*
- 117 *benefits of the members*)

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119 In addition, Mrs. Concepcion cited the possible effect of declining membership in the risk
120 based capital ratio of the association which might hamper the ability of the association to
121 continuously provide the benefits of the members.

122 That KGI-MBA is so fortunate that due to its high reserves and investments, the major
123 changes in the membership had no negative impact in the RBC ratio of the association. That the
124 association is still compliant with the minimum RBC ratio requirement.

125 However, the branches already felt the liquidity problem because the benefit expenses
126 exceeded the collection on premiums and contributions due to decreased membership.

127 General Manager Concepcion reiterated the call to everyone to assist the association in
128 augmenting the existing membership to reach the desired target members.

129 That the ideal membership for MBAs to become sustainable is 15,000 active members.
130 That the association is lagging behind with respect to the said parameter.

131 Mrs. Concepcion then stressed that in promoting the insurance products of the association,
132 the equity value should be clearly explained that it is amount set aside primarily as members'
133 savings (*that can be withdrawn upon retirement, resignation or in case of death*) with one-half of
134 the amount serving as payment for their insurance coverage.

135 At this point, President Concepcion noted the huge disparity of 16,000 membership of
136 KGMI versus the 4,734 active members of KGI-MBA.

137 Finance Director Tactaquin stated the challenged concerning the decrease membership and
138 added that the difference is due to classification of members.

139 Mr. Tactaquin further commented that the association should consider enhancing its pricing
140 and insurance product offering. That the members are more particular on the amount of premiums
141 rather than the amount of the insurance benefits.

142 The Finance Director added that the association may consider consolidating its HBRB to
143 HMO of KGMI to lessen the amount of premiums paid by the members.

144 Upon the query of General Manager, Finance Director Tactaquin explained that there are
145 members who are no longer contributed the insurance payment due to token payments but the
146 newly recognized members are required to remit their premiums to the association.

147 President Concepcion, to close the issue, stated that the foregoing concern will be resolved
148 in a separate meeting of the operation.

149 Executive Director Rianzares mentioned that the disparity of KGMI and KGI-MBA
150 membership is due to past due members, that these members are on the process of recovery and
151 allowed to pay their token payments.

152 In addition, there are individuals members who are not members of the association due to
153 previous understanding that their membership in KGI-MBA is optional and also to the restriction
154 and pre- requisite that in order for the ILP members to cover from CLIP they need to have a BLIP.

155 Mr. Rianzares suggested that the insurance products of the association should be offered to
156 individual loan members.

157 The Executive Director conformed to the idea that in promoting the insurance products, the
158 equity value should be emphasized that half of the amount (25.00 pesos) is for the insurance
159 coverage while the other half goes to the equity or savings of the members.

160 That in relation to product pricing, Executive Director Rianzares suggested that the
161 association should make a product review to adjust and lower the amount of premiums to make
162 competitive with other similar microinsurance.

163 The Executive Director further advised that the association should consider and adjust the
164 10% limit on operating expense (OpEx). That KGI-MBA should pursue the appeal on increasing
165 the percentage allocated on administrative expense. That the association has enough funds but it
166 is restricted on using its fund for operational expenses due to regulation.

167 Mr. Rianzares further commented that KGI-MBA will be more efficient if its resources can
168 be used on its optimum operational needs.

169 General Manager Concepcion that the percentage allocation on operating expense is based
170 on the assessment of the actuarial study. That it is also dependent on the amount of premiums and
171 contributions collected.

172 At this point, R&D Director Guiang commented that the disparity on the membership
173 pointed out by the President can be reconciled through aging report. That thru this it can easily
174 determine that the difference is on the groupings and individual members as well as the members
175 who are on their exit age.

176 Trustee Estong, taking into account the declined number of members, mentioned the vital
177 role of MBACs in assisting the association for the campaign and promotional undertaking to
178 increase the existing membership.

179 That the MBACs give their preferential attention concerning the insurance needs and
180 benefits of the members.

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183 VI. ADJOURNMENT

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185 There being no other matter to discuss the meeting was adjourned at 11:05 A.M., April 29,
186 2022.

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191 *Prepared by:*

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Ms. CARMIG. MULI

197 Corporate Secretary

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202 *Certified by:*

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Mrs. RUBYLYN E. ESTONG

207 Board Secretary

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211 *Attested by:*

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Mrs. DOLORES D. MEDINA

216 President

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220 *Read, Signed and Approved by:*

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224 
Mrs. SUSAN PAJALLA
225 Vice President, Board of Trustees


Dr. RICARDO S. REYES JR.
Member, Board of Trustees

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Mrs. REALIZA C. GUIANG
Member, Board of Trustees



Mrs. PIEDAD D. MATIAS
Member, Board of Trustees



Mrs. JUDITA REYES
Member, Board of Trustees