

1 **Minutes of the NATCCO MBAI Board of Trustees Special BOT Meeting**

2 Board Room, NATCCO Bldg.,

3 Project 4, Quezon City

4 November 16, 2018

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6 **Attendees:**

7
8 Ms. Ellen Pastores - Chairperson
9 Ms. Evelia Tizon - Vice-Chairperson
10 Mr. Jupiter Bonilla - Member
11 Mr. Leonardo Banga - Member
12 Mr. Angel Garcia Jr. - Member
13 Mr. Romeo Magdaong - Independent Trustee
14 Ms. Minerva Tejada - President
15 Ms. Zorahayda Cafirma - Treasurer
16 Mr. Robert Abao - Auditor
17 Ms. Mildred Cerezo - Secretary

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19 **Regret:**

20 Atty. Adolfo Ibanez - Independent Trustee

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23 **I. Call to Order**

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25 The meeting was called to order by Chairperson Pastores at 2:00 o' clock in the
26 afternoon.

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28 The Secretary certified the existence of the quorum.

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30 **II. Approval of the Agenda**

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32 The agenda was presented as follows:

- 33 i. Call to order
34 ii. Approval of the agenda
35 iii. For Approval
36 a. 2019 NMBAI Plans and Budget
37 b. Product Development Partner Actuary
38 c. New Design of Product Brochure
39 iv. IC 2017 Examination/Audit Recommendation
40 v. Committee Reports
41 vi. NMBAI Christmas Party
42 vii. Other Matters
43 viii. Adjournment

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45 Trustee Garcia asked to include in the agenda the governance tool for the Board of
46 Trustees.

47 Trustee Banga moved for the approval of the agenda to include governance tool for
48 Board of Trustees as other matters, which was seconded by Trustee Bonilla. Motion
49 Approved.
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51 **III. For Approval**

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53 The President presented the following items seeking for approval from the Board:

54 **A. 2019 Plans and Budget**

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57 The Board deferred the approval of the 2019 Plans and Budget presented and
58 mandated the Management to incorporate all the figures set during the strategic
59 planning highlighting the plans and activities that must be based on the target set
60 therein. This shall be presented in December BOT for final approval.
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62 **B. Product Development Partner Actuary**

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64 President Tejada presented the details of the service agreement for Lyndon Fadri as
65 actuary partner for NMBAI. After due deliberations, Trustee Magdaong moved
66 approving Lyndon Fadri as the official partner actuary for developing new products of
67 the NMBAI. The motion was seconded by Vice-Chair Tizon. Motion Approved.
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69 **Resolution No. 27-Series 2018. Resolution, approving Lydon Fadri as product**
70 **development partner actuary of NMBAI.**

71 **C. New Design of Product Brochure**

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74 Also presented was the new design of product brochure; however, the Board
75 decided to defer the approval and suggested the following to consider in the revision:

- 76 • Have it written in Filipino
- 77 • All pictures should have the consent of the owner
- 78 • Incorporate all the new products to be designed with the help of partner
79 actuary.

80 **D. IC 2017 Examination/Audit Recommendation**

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83 The body discussed the result of the 2017 Examination Audit of the Insurance
84 Commission (IC), including their recommendations.
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86 **I. HIGHLIGHTS OF FINANCIAL CONDITION:**

87 Recommendation: The association is hereby directed to make good the deficiency in the
88 Guaranty Fund by depositing to the Commission the amount of at least P2,053,215.08
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90 *NATCCO MBAI ACTION: The additional P2,053,215.08 will be transferred to ROSS Account.*
91 *This is being processed and expected to be completed by October 2018. All documents and*
92 *records will be submitted to IC as soon as these are completed. – **This is already completed,***
93 *with documents received by Insurance Commission last October 17, 2018.*

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II. OTHER FINDINGS & REQUIREMENTS:

a. **FREE AND UNASSIGNED FUND BALANCE:** exceeded the 20% Limit set forth in IC

Circular Letter No.2015-46:

Free and Unassigned Fund Balance, as adjusted	P4,970,430.99
Less: Limit (20% of 2017 Total Liabilities)	<u>4,709,312.80</u>
Excess	<u>P 261,118.19</u>

Recommendation: Allocate the excess in accordance with the said Circular Letter. Show proofs of compliance thereto.

NATCCO MBAI ACTION: Additional 433,861.45 will be re-allocated to Free and Unassigned Fund Balance since this is the excess amount recorded as per 2017 AFS.

b. **EMPLOYEES RETIREMENT PLAN:** no funds were set aside for the Association's Retirement Plan to correspond to the liability set up in the amount of P671,938.00

NATCCO MBAI ACTION: The association will set-up separate account for this, utilizing our current bank account. Once set-up, the Association will report back to Insurance Commission.

c. **COMPLIANCE WITH CORPORATE GOVERNANCE:** The Audit Committee was not comprised of independent directors as required in IC Circular Letter No. 31-2005 dated 26 September 2015.

Recommendation: Immediately comply with the provision of Section II.D (5.b.1) of the above Circular Letter No. and submit compliance thereto.

NATCCO MBAI ACTION: The association, with its Special Board Meeting held last July 11-12, 2018, have corrected the composition of Audit Committee. Two (2) Independent Trustees are now part of this committee: (please see attached Board Resolution)

- 2018 – 2019 NATCCO MBAI Audit Committee Members:*
- 1. Independent Trustee Romeo M. Magdaong*
 - 2. Independent Trustee Adolfo A. Ibañez*
 - 3. Trustee Leonardo Banga*

d. **OTHERS:** Association showed that the association continued the collection of contributions for its optional insurance and the provision of the corresponding benefits thereof. However, these features are not indicated in the membership certificate approved by IC.

Recommendation: Association to submit revised Implementing Rules and regulations and Membership Certificate taking into account the benefits indicated in the MOA with different cooperatives.

NATCCO MBAI ACTION: The Association is currently in coordination with its Actuary to revise the product IRR and Membership Certificate.

145 Part of the recommendations which caught the attention of the Board was the need
146 to set up the retirement plan for the employees. Thereafter, Vice-Chair Tizon made
147 the motion directing the Management to study and recommend to the Board the trust
148 fund bank that will handle the retirement plan for the employees of NMBAI. The
149 motion was duly seconded by Trustee Banga. Motion Approved.

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151 **Resolution No. 28-Series 2018. Resolution, directing the Management to**
152 **recommend a Trust Fund/bank that will handle the NMBAI employees**
153 **retirement plan.**

154 After discussing all matters in the IC 2017 Examination, Trustee Banga moved for
155 the acceptance of the report from IC audit, which was seconded by Trustee Bonilla.
156 Motion Approved.

157 **Resolution No. 29-Series 2018. Resolution, accepting the report of the 2017**
158 **Examination conducted by the Insurance Commission.**

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160 **IV. Committee Reports**

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162 **A. Remuneration Committee Report**

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164 Trustee Magdaong presented their report.

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166 The Committee recommended to the Board to increase the rice subsidy from P1000
167 to P2000 by next year. The Board requested from the Committee to review further.

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169 Also noted, the President shall be evaluated by her performance after every Annual
170 Meeting.

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172 After discussing all matters in the report, Trustee Banga moved for the acceptance of
173 the report which was seconded by Vice-Chair Tizon. Motion Approved.

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175 **B. Audit Committee Report**

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Trustee Banga reported.

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It was clarified that Auditor Abao shall be reporting to the Audit Committee of the
178 Board.

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After discussing all matters in the report presented, Trustee Bonilla moved for the
180 acceptance which was seconded by Trustee Garcia. Motion Approved.

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182 **C. Executive Committee Report**

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The Chairperson turned over the facilitation of the meeting to Vice-Chair Tizon.

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Chairperson Pastores presented the Executive Committee Charter of NMBAI.
184 Thereafter, Trustee Bonilla moved for the approval of the Executive Committee
185 Charter of NMBAI, which was seconded by Trustee Banga. Motion Approved.

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Resolution No. 30-Series 2018. Resolution, approving the NMBAI Executive Committee Charter.

D. RPT Committee Report

Vice-Chair Tizon returned the Chairmanship to Chairperson Pastores.
Trustee Magdaong presented the report. He also seek the approval of Policy drafted by the Committee on RPT.

Vice-Chair Tizon moved to dispense with reading of the policy presented, which was seconded by Trustee Garcia. After the thorough reading and discussions, Trustee Bonilla moved for the approval of the policy on RPT for the NMBAI, the motion was duly seconded by Trustee Banga. Motion Banga.

Resolution No. 31-Series 2018. Resolution, approving the RPT Policy for the NATCCO MBAI.

After discussing all matters in the RPT report, Vice-Chair Tizon moved for the acceptance of the report of the RPT Committee, seconded by Trustee Bonilla. Motion Approved.

E. Nomination Committee

Vice-Chair Tizon presented the report. Discussion ensued. Thereafter, Trustee Magdaon moved to approve the Election Code as presented. The motion was seconded by Trustee Banga. Motion Approved.

Resolution No. 32-Series 2018. Resolution, approving the Election Code of NATCCO MBAI.

V. NMBAI Christmas Celebration (December 10, Monday)

The President presented the plan and venue of the Christmas party to be held after the Board meeting on December 10 at Soleste Suites.

VI. Other Matter

A. Governance Tool Budget

The Board discussed and set the budget for governance tool amounting to P20,000 each, any excess in the budget set shall be shouldered by each Trustee and Officer. The motion was made by Vice-Chair Tizon and was duly seconded severally. Motion Approved.

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Resolution No. 33-Series 2018. Resolution, allocating P20,000 budget for governance tool for each Trustee and Officer for NMBAI.

VII. Adjournment

The meeting adjourned at 6:30 o'clock in the evening.

Recorded by:

Attested by


Mildred C. Cerezo
Secretary


Ellen R. Pastores
Chairperson