

PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION
MINUTES OF THE EXECUTIVE COMMITTEE MEETING

26 June 2020

*Conducted through Remote Communication via Zoom
due to Covid-19 Pandemic*

Present:	MVJacob	EHTanco		
	JLTanco			
Also Present:	YMBautista	MLAmbagan	LFFadri	OCKho

I. Call to Order

The Chairman, Monico V. Jacob, called the meeting to order and presided over the same. The Assistant Corporate Secretary, Atty. Anna Carmina S. Herrera, recorded the minutes of the proceedings.

II. Certification of Notice and Quorum

The Assistant Corporate Secretary certified that the notices of the meeting were sent to the Executive Committee. Thereafter, the Corporate Secretary conducted a roll call of the Executive Committee members present.

All Executive Committee members attended the meeting through remote communication via Zoom. The Executive Committee members confirmed that they could completely and clearly hear each other. They likewise confirmed receipt of the agenda and all of the materials for the meeting.

After the roll call and foregoing confirmations, the Assistant Corporate Secretary, thereafter, certified as to the existence of quorum for the valid transaction of business.

III. Approval of 6 May 2020 Minutes

Upon motion made and duly seconded, the minutes of the meeting of the Executive Committee on 6 May 2020 were unanimously approved.

IV. Capital Management Framework

❖ OCKho presented the Capital Management Framework of the Corporation to the Executive Committee. He explained that the Capital Management Framework of the Corporation seeks to manage the capital of the Corporation with the objectives of:

- (a) operating with sufficient capital to be able to honor all commitments to its policyholders and creditors with a high degree of confidence to ensure growth and access to financing;
- (b) retaining the ongoing confidence of regulators through compliance with capital requirements; and

- (c) maximizing return on capital to meet shareholders' expectations subject to constraints and considerations of adequate levels of capital established to meet the first two objectives.
- ❖ With respect to liquidity management, OCKho stated that the Corporation would need to manage and ensure the following under the Capital Management Framework:
 - (a) maintenance of asset levels that are sufficient to cover liabilities;
 - (b) diversification of investments by: (i) investing in reputable counterparties; and (ii) setting a threshold for individual exposure to any counterparty except those "Rated" financial institutions and government entities;
 - (c) matching of financial assets against financial liabilities to ensure a net financial asset position at any given time;
 - (d) cash forecasting through: (i) the review and approval of annual budgets; and (ii) the periodic review of the Corporation's cash position.
- ❖ With respect to regulatory framework, OCKho stated that the Corporation must manage its capital based on the statutory requirements to measure the adequacy of its statutory surplus in relation to the risk inherent in its business. He noted that the Corporation would need to monitor the following: (a) minimum net worth requirement and sensitivity analysis (New Insurance Code); (b) risk based capital requirement (IMC No. 6-2006); (c) reserve appropriations on negative reserves (IC Circular Letter 2016-66); and (d) dividend restrictions (New Insurance Code).
- ❖ OCKho stated that, in situations where capital falls below the minimum requirement, the Management Committee shall propose a build-up plan to the Executive Committee for consideration and action. He noted that the plan could include the following: (a) conversion of admissible assets to cash or its equivalent; (b) selling of excess receivables on a non-recourse basis at market rate; and (c) capital infusion by stockholders.
- ❖ OCKho noted that the Management Committee will have the overall responsibility in managing the Corporation's capital subject to the oversight of the Executive Committee.
- ❖ The Executive Committee approved the adoption of the Capital Management Framework of the Corporation and noted that shall take effect or cover the period from 1 January 2020.

RESOLUTION NO. 2020-EC-01

"RESOLVED, That the Executive Committee hereby adopts and approves the Capital Management Framework of the Corporation for the period starting from 1 January 2020;

“RESOLVED FURTHER, That the Capital Management Framework seeks to manage the capital of the Corporation with the objectives of:

- (a) operating with sufficient capital to be able to honor all commitments to its policyholders and creditors with a high degree of confidence to ensure growth and access to financing;*
- (b) retaining the ongoing confidence of regulators through compliance with capital requirements;*
- (c) maximizing return on capital to meet shareholders’ expectations subject to constraints and considerations of adequate levels of capital established to meet the first two objectives.*

“RESOLVED FURTHER, that the Management Committee has the overall responsibility in managing the Corporation’s capital subject to the oversight of the Executive Committee;

“RESOLVED FINALLY, That the Executive Committee hereby delegates the approval of the specific policies in accordance with the Capital Management Framework of the Corporation to the Management Committee.”

V. Approval of Audited Financial Statements

- ❖ OCKho presented the Audited Financial Statements of the Corporation for the year ended 31 December 2019 to the Executive Committee for approval. He noted that audited balances had not changed since the last approval by the Board of Directors.
- ❖ OCKho stated that SGV & CO, the external auditor, would issue an unqualified opinion since the following matters had been resolved:

SGV Matter	Status
Capital infusion to meet the net worth requirement	<ul style="list-style-type: none"> ▪ Subscriptions and payments made by Maestro on May 27, 2020 and June 3, 2020 totaling Php30 Million ▪ Net worth surplus: Php 5 Million
Reconciliation of IBNR audit difference of Php 17 Million	Resolved/reconciled in favor of the Corporation
Material uncertainty paragraph	Removed and resolved <ul style="list-style-type: none"> ▪ Capital infusion ▪ Adoption of capital management framework

- ❖ Upon motion made and duly seconded, the Executive Committee approved the following resolutions in connection with the approval of the Audited Financial Statements of the Corporation for the year ended 31 December 2019:

RESOLUTION NO. 2020-EC-02

“RESOLVED, That the Executive Committee of the Corporation hereby approves and authorizes the issuance of the Audited Financial Statements of the Corporation for the year ended 31 December 2019;

“RESOLVED FURTHER, That the Corporation’s external auditor, SyCip Gorres Velayo & Co. be, as it is hereby authorized, to release the Audited Financial Statements of the Corporation for the year ended 31 December 2019;

“RESOLVED FINALLY, That the proper officers of the Corporation be, as they are hereby, authorized to sign and execute the Statement of Management’s Responsibility for Financial Statements, and to submit the Audited Financial Statements of the Corporation to the appropriate government agencies in accordance with the requirements of applicable laws and regulations.”

VI.







IX. Adjournment

There being no further business to transact, upon motion duly made and seconded, the meeting was adjourned.


ANNA CARMINA S. HERRERA
Assistant Corporate Secretary

ATTEST:


MONICO V. JACOB
Chairman


EUSEBIO H. TANCO
Member


JOSEPH AUGUSTIN L. TANCO
Member