

**PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION**  
**MINUTES OF THE EXECUTIVE COMMITTEE MEETING**

**25 March 2021**

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

**Present:** MVJacob EHTanco  
JLTanco

**Also Present:** MLAmbagan OCKho LFFadri

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**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 June 2020 Minutes**

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

**IV. Finance**

- ❖ OCKho presented the snapshot of the results of operations for the year ended 31 December 2020:

*Amount in Php [REDACTED] (Unaudited)*

PERIOD	DECEMBER 2020	DECEMBER 2019	INC (DEC)	%
<b>Income from Insurance Business</b>				
Net Written Premium				
Underwriting Expenses				
<b>Underwriting Income</b>				
<b>Income from Loan Business</b>				
Revenue on Loan Business				

PERIOD	DECEMBER 2020	DECEMBER 2019	INC (DEC)	%
Costs of Loan Business				
<b>Net Income from Loan Business</b>				
<b>Total Operating Expenses</b>				
<b>Income from Operations</b>				
<b>Income from Other Investments</b>				
<b>EBITDA</b>				
Interest Expenses				
Depreciation Expense				
Provision for Income Tax				
<b>Net Income</b>				

❖ OCKho provided the following breakdown for insurance revenue:

Amounts in Php ██████ (unaudited)	December 2020	December 2019
<b>First Year (FY)</b>		
Individual Ordinary Life, DepEd, Instl, SLI		
Group-Others		
<b>Renewal Year (RY)</b>		
Individual Ordinary Life, DepEd, Instl, SLI		
Group-Others		
<b>Total FY and RY</b>		
Inc. in Net Due & Uncollected Premiums		
Reinsurance Premiums		
<b>Net Written Premium</b>		

❖ OCKho noted that the pandemic and the typhoon had affected the overall insurance business. He explained that agents and account executives had difficulty in getting new clients due to movement restrictions.

❖ OCKho stated that the Corporation had been able to secure the following new clients:

Client	Actual Premium	Annual Premium
██████		

❖ OCKho noted that individual premium remittance had been affected by the moratorium imposed by the Insurance Commission. He stated that the Corporation had been able to renew all major accounts but that collections had weakened.

❖ OCKho provided the following breakdown for the Corporation's loan business:

Amounts in Php ██████ (unaudited)	December 2020	December 2019
Interest Income		

Service Fee (NFC)	
Gain on sale of loans receivables	
<b>Revenue on Loan Business</b>	
Transportation	
Service on loan (1/% of Loan amount)	
Loan Incentive (.75% Loan amount)	
Management Financial Assistance	
Satellite Subsidy (Php200 per Php200K)	
Collection Fee, Interest, Taxes, others	
Impairment reversal – net	
<b>Costs of Loan Business</b>	
<b>Net Income from Loan Business</b>	

❖ OCKho noted the following highlights of the loan business:

Production & Interest Income	<ul style="list-style-type: none"> <li>No production from March 17 to May 24, 2021</li> <li>Lower SLI production ( ) versus ( ); Interest income ( ) versus ( )</li> </ul>
Collection efficiency	Improved from to
Total loan volume	<ul style="list-style-type: none"> <li>2019: ( )</li> <li>2020: ( )</li> </ul>
Loan receivable balance at start of year	<ul style="list-style-type: none"> <li>2019: ( )</li> <li>2020: ( )</li> </ul>

❖ EHTanco noted that the Corporation should monitor receivables and implement plans to maintain growth.

❖ OCKho presented the following summary of normalized net income of the Corporation for the year 2020:

Amounts in PHP ( )	2020 Adjusted	2019 Adjusted	Adjustments Made
Income from Insurance Business			
Net Written Premium			
Underwriting Expenses			
<b>Underwriting Income</b>			
Income from Loan Business			
Revenue on Loan Business			
Costs of Loan Business			
<b>Net Income from Loan Business</b>			
<b>Total Operating Expenses</b>			
<b>Income from Operations</b>			
<b>Income from Other Investments</b>			
<b>EBITDA</b>			

Interest Expense	
Depreciation Expense	
Provision for Income Tax	
<b>Net Income</b>	

❖ OCKho presented the following net worth computation as of December 2020:

Net worth as of June 2020	
Less: Non-Admitted Assets	
Salary loans- SLI	
Unlisted shares of stocks – Riviera	
Other receivables	
Non-IT fixed assets	
Deposit & prepayments	
Investment in AAMI	
Deferred Tax	
Net Worth, net of non-admitted assets	
Minimum Net Worth requirement 2020	
<b>Net Worth Surplus/(Deficiency) in 2020</b>	

OCKho noted that there had been a reduction in discount rates in 2020 of almost [REDACTED] bases points. He noted that the increase in long-term policy reserves due to discount rate was [REDACTED] which was recorded under OCI, gross of DTA.

- ❖ OCKho presented the following capital build-up plans until 2022:

Estimated Net Worth, 2020	[REDACTED]
Projected Net Income:	[REDACTED]
2021	[REDACTED]
2022 ([REDACTED] increase)	[REDACTED]
Other Additions	[REDACTED]
Capital Call (PhilCare GCPB)	[REDACTED]
Impact of CSV Program	[REDACTED]
Discount rate increase ([REDACTED] bases)	[REDACTED]
[REDACTED]	[REDACTED]
Recovery of CEB share	[REDACTED]
Recovery of VUL shares	[REDACTED]
Sale of golf shares	[REDACTED]
Projected Net Worth, 2022	[REDACTED]
Minimum Requirement, 2022	[REDACTED]
Surplus	[REDACTED]

V. DepEd Business Updates

- ❖ MLAmbagan presented the following TCAA updates.
  - Current TCAA is extended up to 31 May 2021.
  - The proposed major changes to TCAA by DepEd are: (i) reduction in non-finance charges from [REDACTED] to [REDACTED]; (ii) introduction of 4-year and 5-year term loans; (iii) fixed contractual interest rate of [REDACTED] for all loan terms; and (iv) online processing of loan applications and online billing.
  - The Corporation has submitted its comment to the draft of the new TCAA to retain existing rates from [REDACTED].
  - All documentary requirements for the renewal of TCAA for loans and insurance have been submitted to DepEd.
- ❖ MLAmbagan presented the following DepEd production report:

In [REDACTED] Php	For the Month	Year-to-date
As of 24 March 2021	[REDACTED]	[REDACTED]
As of 16 March 2020	[REDACTED]	[REDACTED]
Increase	[REDACTED]	[REDACTED]
Percentage	[REDACTED]	[REDACTED]

MLAmbagan noted that there were 393 applications in the pipeline as of 24 March 2021 amounting to [REDACTED]. There is DepEd Verifier approval for [REDACTED].

MLAmbagan noted the following:

- The Corporation temporarily stopped lending starting 17 March 2020 due to the ECQ.
- Teachers received their salary increases in February 2021. In the previous year, the salary increases was received in January.

- (c) The surge in the loan production in March mainly resulted from the higher net take home pay. Another factor is the shift in preference of some teachers from the banks to PhilLife.

JLTanco stated that the sales team had been doing well in generating loan volume.

EHTanco noted that the Corporation should expect an increase in DepEd loans. He added that the Corporation may need to start availing of credit lines to accommodate the expected increase in DepEd loans.

**VI. Reversal of Excess Appropriations from Retained Earnings**

- ❖ OCKho stated that management would seek Board approval for the reversal of excess appropriations from retained earnings as summarized below:

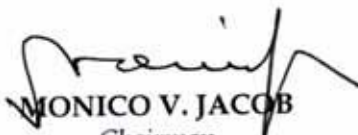
Reversal of Excess Appropriations from Retained Earnings	<ul style="list-style-type: none"><li>▪ Pursuant to Insurance Commission Circular No. 2016-66, <i>Valuation Standards for Life Insurance Policy</i>, the Corporation is required to make appropriations of its retained earnings if the actuarial computation using gross premium valuation (GPV) on traditional life insurance results in a negative reserve as at year-end.</li><li>▪ Existing appropriations amounted to [REDACTED] while negative reserves are only at [REDACTED] as at reporting date.</li><li>▪ Management will thus seek Board approval to reverse excess appropriations amounting to [REDACTED] as of 31 December 2020.</li></ul>
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**VII. 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