



## MINUTES OF THE SPECIAL BOARD MEETING

March 27, 2023 @ 3:00PM

VENUE: HYBRID / ZOOM MEET

### Summary of Attendance

#### Present were:

Jed Justin Narvios	- Chairman of the Board
Catherine B. Cerna	- Director/President-CEO
Cheryl C. Medalla	- Director/VP Finance & Acctg.
Gabrielle Marcelo B. Cerna	- Director/VP HR & Admin. Support
Gillian Joy H. Dico-Cerna	- Director/VP Sales & Mktg.
Maria Bebeth N. Bernales	- Director/ Treasurer
Robert Quindoza	- Independent Director
Nazelle M. Vallespin	- Independent Director
Lelani E. Paredes	- Independent Director
Lea Katrina B. Cerna	- Corp Sec/VP Operations

#### Guest attendees:

Julie B. Jabagat	- AVP-Manager, Operations
Atty. Perla G. Centino-Gullaksen	- Adviser/Consultant
Atty. Cynthia A. Cañete	- Adviser/Consultant
Ella Gabrielle M. Mapalo	- Administrative Assistant to the VPs

### **AGENDA**

1. Replacement of Committee Membership and Chairmanship
2. Other matters:
  - a. MOA Concern/Legalities (SOCOTECO)
  - b. Autoliv Client Concern
  - c. Hospital & Laboratory Cash Bond
  - d. Company Vehicle Disposal

#### **I. Call to Order**

The Corporate Secretary, Ms. Lea Katrina Cerna, called the meeting to order at 3:08PM with a prayer.

- A. The floor was given to the Chairman, Mr. Narvios, to welcome Ms. Lelani E. Paredes as the newest Independent Director. With Ms. Paredes subscription contract completed as of March 23, 2023, she faithfully took her oath of office before the board of directors present and officiated by the Chairman.

- B. Minutes of the previous meeting was approved, as moved and seconded.
- C. Follow-up of the actionable items stemmed from March 17, 2023 Board Special Meeting, yielded the following discussions:

- i) **ACTIONABLE ITEM #1:** Implementing Bidding Procedure

Ms. Lea Cerna informed the body that she was previously assigned to this item, but with the restructuring, this project should be appropriately transferred to Ms. Gillian Cerna, being the Marketing Manager.

Thus, the details for documenting the bidding process shall be overseen by Ms. Gillian Cerna to be presented at the next board meeting.

Initial discussions directed Ms. Gillian to identify the existing contracts with LGUs, government agencies, the handling agents, and assess the current practices to document a standard procedure. Suggested actions include identification of personnel in charge of the government biddings and see if trainings are needed.

*Project owner: Gillian Dico | deadline: April 20, 2023*

- ii) **ACTIONABLE ITEM #2:** Adopting an e-signature system

Backdrop per Atty. Centino-Gullaksen, there was a previous board resolution for the company to adopt an e-signature policy. Again, with the restructuring, this matter is appropriately lodged under Mr. Gabrielle Cerna, for the initial step of evaluating and identifying the official process to implement the e-signature to be acknowledged as an official method of signing documents pertinent to board of directors' official issuances. Mr. Narvios suggested to explore the capabilities of Adobe Acrobat and make an all systems go presentation. Updates to be presented to the board on April 20, 2023.

*Project owner: Gab Cerna | deadline: April 20, 2023*

- iii) **ACTIONABLE ITEM #3:** Negotiation and transaction with vendors in identifying IT Security Systems

Mr. Gab Cerna informed the Board that he, Mr. Leslie Bukiron, and Mr. Angelo Agravante (Sir Lito), conducted a meeting with "Veeam", a vendor offering IT back-up representation. However, they did not reach a resolution because Veeam's services were not in line with the company's current IT security needs. He will find another vendor that conforms more with said added security needs.

Mr. Bukiron informed the Board that the license for firewall and anti-virus were renewed. The reliability percentage on said IT security is at 100%. However, there is still a need to develop a more secure backup system.

Mr. Narvios concluded that the IT department, in coordination with Mr. Gab Cerna, will canvass for third party vendors, get proposals, and shortlist said vendors to decide which among them will conduct a data vulnerability test and committed to do it regularly. Mr. Cerna will present the status next meeting.

Ms. Nazelle Vallespin, chair of the Risk Oversight Committee, reported the findings, observations, and recommendations of DMD from their business process review. They also presented a gap analysis and found 18 issues to be addressed. A copy of the report has been submitted to the Board via Facebook Messenger for a more detailed inspection.

Among the highlighted deliverables are the policies and procedures from different departments within the company, specifically in producing a manual for the following:

- IT Policy
- Data Privacy
- AMLA (separate engagement)
- Other policies (separate engagement with BizProtek)

Mr. Narvios suggested that a report be given to the Risk Oversight Committee to collate the findings of DMD and ask for an update on whether they still have other deliverables to be sent. From such findings, the Committee will develop a list of existing gaps from which the Board shall assess which issues to prioritize and actions to take moving forward.

Ms. Nazelle confirmed that DMD will still have a submission of other deliverables by April, which shall be presented at the next meeting and must have been distributed to everyone concerned and be read in advance.

v) **ACTIONABLE ITEM #5: Organizational Changes**

With the ratification by the stockholders of the incumbency of Ms. Catherine B. Cerna as President and Ms. Bebeth Bernales as Treasurer, the effective term of their tenure on the date of the Annual Stockholders' Meeting every third Saturday of June (June 17, 2023).

The nomination and appointment of Ms. Lelani Paredes was confirmed during the Stockholders' Meeting on March 17, 2023. Ms. Lea Cerna updated that the share of Twenty Five (25) stockholdings was transferred to Ms. Paredes on March 23, 2023 and her oath of office taken on March 27, 2023.

vi) **ACTIONABLE ITEM #6:**

Ms. Lea Cerna informed that Board that the renewed License/Registration Certificate issued by the Insurance Commission is already posted in the company office. This certificate of registration



is good until December 2025, subject to existing rules and regulations, any amendments or revisions, new rules, regulations, orders and circulars as may be issued by the Commission.

vii) **ACTIONABLE ITEM #7:**

Ms. Lea Cerna informed the Board about the authorization of Ms. Roselle Racaza for matters involving the BIR online registration and update system. This activity has already been complied with and updated.

**II. Replacement of Committee Membership and Chairmanship**

The Chairman of the Board identified the vacated positions in the following committees:

- (1) Chairman for Nomination and Corporate Governance Committee to replace Mr. Narvios
- (2) Members for Risk Oversight Committee to replace Mr. Narvios and Mr. Baricuatro

Upon motion and duly seconded on record, and with her consent, Ms. Lelani Paredes was appointed to chair the Corporate Governance Committee and to be a member of the Risk Oversight Committee, in replacement of Mr. Narvios. **(Resolution No. 2023-431)**

Likewise, upon motion duly seconded on record, and with her consent, Ms. Gillian Cerna, an executive director, has agreed to be a member of the Nomination and Corporate Governance Committee. **(Resolution No. 2023-432)**

Notwithstanding the violation re: the committee qualification, the company shall justify the naming of an executive director to the committee membership, due to the limited number of non-executive directors from the reorganization.

**III. Other Matters**

**A. MOA Concern/Legalities re: SOCOTECO**

Ms. Lea Cerna informed the Board that SOCOTECO, a client from Mindanao that effectively renewed its membership last January 21, had recently transmitted the Memorandum of Agreement that is of a different template, with Mr. Darwin Cabuyo, as the signatory instead of then President/CEO, Mr. Gabrielle Marcelo B. Cerna. Mr. Cabuyo is not an employee of Life and Health, but was given the authority as agent/representative for bidding purposes. Thus, this contract is officially not binding to Life and Health, unless ratified.

The Board upon show of hands, resolved to ratify the SOCOTECO contract, and authorized Mr. Darwin Cabuyo, Marketing Officer/ Agent, for and on behalf of the corporation, to enter into agreement with said client contract. **(Resolution No. 2023-433)**

Mr. Jed Narvios raised the issue of authorization in signing contracts, and if the Board can issue a resolution for authorization for MOA signing. As per Atty. Centino, the Company practice is that the CEO has the authority to sign all contracts, being the Company representative based on the corporation law and as expressly enunciated in the by-laws. Should the Company assign a representative other than the President, then that's the time that there must be a resolution from the Board.

Moving forward, Mr. Narvios noted to create a contract regarding the scope and limitations of the agents' representation of the company. All MOAs should first be submitted to the board for review before the agent can represent the company. The development of such contract is assigned to Ms. Gillian Cerna in tandem with Atty. Centino-Gullaksen.

#### **B. Autoliv Client Concern**

Ms. Lea Cerna presented the issue of clients, particularly Autoliv, that have their own MOA.

The board's stand is that the Insurance Commission's approved MOA should not be tweaked and to ensure that the client's own MOA should include that the MOA approved by the Insurance Commission shall form an integral part of the agreement.

Actions on this matter shall first be reported to Management, and on a case-to-case basis, particularly on revisions that do not affect the terms of the services approved by Insurance Commission.

#### **C. Medical Facilities Cash Bonds**

Put to the table is PAHMOC'S resolution of the no-cash bond policy as approved and affirmed by its Board on March 9, 2021. Unfortunately, this has not been enforced in the hospitals particularly in the Luzon & Mindanao area, as records show that Life and Health already has placed Seven Million Seven Hundred Fifty-One Thousand Pesos (P 7,751,000.00) of cash bond with different partner establishment.

Atty. Centino-Gullaksen enjoins to take note that it among the necessary requirements for the HMO license, is the affiliation with the accredited community/organizations recognized by the Insurance Commission. Which leaves the Company a choice with only two - Association of Health Maintenance Organizations of the Philippines, Inc. (AHMOPI) or the Philippine Association of Health Maintenance Organization Companies (PAHMOC).

And since we are already a member of PAHMOC, then we should abide with its guidelines and circulars to be able to maintain our good standing. Thus, the Board resolves to refer to PAHMOC for intervention, all cash bond requirements from hospitals as guarantee for accreditation. Only in cases where hospitals still refuse to honor PAHMOC's undertaking, that Life and Health shall evaluate the need to put up a cash bond. **(Resolution No. 2023-434)**.

#### **D. Sale of company motor vehicle**

To avoid high costs of repair, Ms. Catherine Cerna brought up the issue of disposal of the company motor vehicle due to full depreciation, more particularly described as follows:



BRAND	FORD
MODEL	EXPLORER
TYPE OF BODY	WAGON, (SUV)
YEAR MODEL	2017
PLATE NO.	GAC 34ENGINE NO. HGC43741
COLOR	BLACK
SERIAL /CHASSIS NO.	1FM5K7FHXHGC43741

With show of hands, the body has unanimously agreed to sell the said vehicle for Two Hundred Thousand Pesos (Php200,000.00). **(Resolution No. 2023-435)**

**E. SAP System**

Mr. Gab Cerna reiterated that the existing system for customer database will integrate SAP, making it more efficient. Mr. Narvios suggested to identify the needs, invite vendors to make a presentation, come up with a short list. It does not have to be SAP only. Explore other systems that might fit cater to the needs of the company. Preferably find a vendor that already has another HMO under their roster.

**F. Purchase of Investment Products through East West Bank**

To obtain an additional source of revenue for 2023, the Board approved and authorized the corporation to invest in or purchase investment products offered by or through East West Banking Corporation. The signatories of which are the following: **(Resolution No. 2023-436)**

- a. Catherine B. Cerna
- b. Lea Katrina B. Cerna
- c. Gabrielle Marcelo B. Cerna
- d. Ma. Bebeth N. Bernales

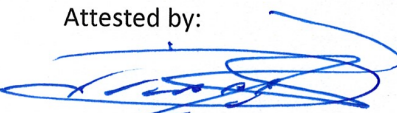
**IV. Adjournment**

There being no other matters left to transact, on motion duly made and seconded, the meeting was adjourned at 5:43PM.

Certified Correct:

  
**LEA KATRINA B. CERNA**  
Secretary

Attested by:

  
**JED JUSTIN C. NARVIOS**  
Chairman