



ANNUAL
REPORT | 2019

More than just Protection

***Complete Financial Solution
for Inclusive Growth Year 4:***

co
opAssuranceTM

CREATING BUSINESS OPPORTUNITIES FOR COOPERATIVES

48th Annual General Assembly
Grand Caprice, Cagayan de Oro City
22 - 23 April 2020

VISION

The leading insurer for Philippine Grassroots population.

MISSION

To provide innovative and technology - driven insurance.

To offer risk management solutions primarily to cooperatives in the Philippines and to support their growth.

CORE VALUES

We uphold the universal Cooperative values and principles.

We share the core values of Family, Health, Trust, Respect, Communication and Transparency.

We instill dependability and fairness and work for sustainability.

We innovate to be efficient and technology friendly in our ways of insuring.

We enhance strong partnership to achieve common goals and common interest.

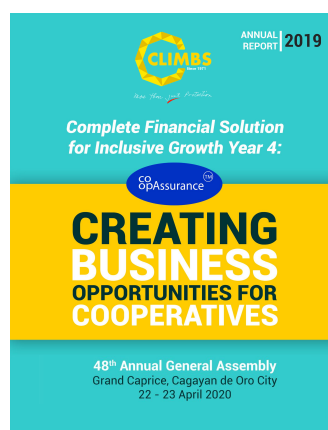
We customize products that will effect resiliency among the communities we serve.

We care for the protection of the environment.

CONTENTS

1	President Rodrigo R. Duterte's Message
2	IC Message
3	CDA Message
4	ICMIF Message
5	Coop College Message
6	City Mayor's Message
7	Chairperson's Message
8	2019-2020 Board of Directors
9	2019-2020 Committee Officers
10	Top Management
11	GA Agenda and House Rules
12-16	2019 General Assembly Minutes
17-31	Board of Directors and Management Report
32-33	CIFL Report
34	CAC Corner
35	Statement of Management's Responsibilities and Financial Statements
36-91	Independent Auditor's Report
92-95	Asian Actuaries Statement of Opinion
96-100	AMI Non Life Actuary Statement of Opinion
101	Proposed Budget for 2020
102-104	Audit Committee Report
105-108	Election Committee Report
109-110	CLIMBS CARES Activities
111	Sales Activities
112	Directory and Affiliations

ABOUT THE COVER



This year's theme is to highlight CLIMBS centrepiece of its marketing strategy.

The CoopAssurance Center was first conceptualized in 1998 and was registered with the Philippine Patent Office in Manila. It is a system of partnership between CLIMBS and qualified cooperatives which acts as a provider of

b insurance in their respective membership and communities where they operate. In 2019, the CAC became the first insurance cooperative franchise in the country with Francorp Philippines.

Message from
Rodrigo R. Duterte
The President of the Philippines



My warmest greetings to **CLIMBS Life and General Insurance Cooperative** as it holds its 48th Annual General Assembly.

Over the years, your organization has enabled our citizens to establish safeguards and prepare for contingencies, enabling them to lead more secure and productive lives. I thus laud your vital role in improving the capacity of our local communities to work for their own sustainable growth and development.

May this convention lead to stronger ties among your members and inspire you to further create insurance policies that will contribute in the realization of a dignified and robust future for all Filipinos. As you work towards a brighter future for your industry, I enjoin you to use your knowledge and expertise in building a humane, progressive and inclusive society that will uplift the lives of our people.

I wish a successful and meaningful event.


RODRIGO ROA DUTERTE

MANILA
23 April 2020

THE PRESIDENT OF THE PHILIPPINES

Message from
Dennis B. Funa
Insurance Commissioner
Insurance Commission



With honor and pleasure, I extend my warmest felicitations to CLIMBS Life and General Insurance Cooperative for the successful occasions of its 48th Annual General Assembly.

2019 has been a promising year for the insurance industry as we broke the records of the previous years. The all-time high numbers we acquired in various performance indicators are concrete evidence of the resilience and continuous growth of the insurance industry in our country.

Being the first and foremost composite insurance cooperative in the country, CLIMBS has played a vital role in contributing to the success of the industry. For nearly five decades, CLIMBS has been our ally in serving the Filipino people by providing a number of services including life insurance, property insurance and health care products.

As we celebrate together these milestones and achievements, the Insurance Commission is looking forward for CLIMBS's continuous support in advocating financial literacy among our countrymen, especially these days when natural disasters

and infectious diseases are prevalent. We need all the support we can muster to amplify our call to the people to secure and educate themselves with the available protection that will safeguard their lives and properties.

Ours is the noble mission to serve the Filipino people, let us answer to such vacation with the deep sense of duty and commitment. The positive trends in the insurance industry grant us the certainty and confidence to look forward for a brighter future. Rest assured of the Commission's continuous support to your endeavors that will champion the good of the Filipino people.

Once again, congratulations to CLIMBS.

Mabuhay po kayo!


DENNIS B. FUNA
Insurance Commissioner 

.....

Message from **Chairman Orlando R. Ravanera** Cooperative Development Cooperative Chairperson



Warm cooperative greetings and congratulations to the officers, staff and members of CLIMBS life and General Insurance Cooperative 48th Annual General Assembly.

The Cooperative Development Authority (CDA) is very grateful to have the CLIMBS as one of the reliable partners of the authority in fulfilling its commitment to promote social justice and equity as well as in liberating those in the marginalized sectors into the mainstream of development process through cooperativism.

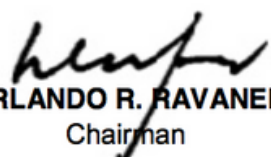
According to the US Agency for International Development (USAID), “where there are cooperatives, the economic life of the people is better.” Indeed, through the years, the cooperatives are proven as effective tool that unfetter the control of the oligarchs in a highly skewed society.

As you conquer another year of success with the theme: “CLIMBS Complete Financial Growth Year 4: Creating Business Opportunities for Cooperatives”, continue to lead the way, constantly look for possibilities, soar above the

challenges and most of all, sustain the momentum of unfolding possibilities that will empower other cooperatives especially those micro and small coops.

Together, let us work hand in hand and be a standout team to advance cooperativism, which DNA is members-owned (no one shall be left behind), value- based and principles driven (not for profits but for service) and sustainable (social inclusion, ecological sustainability and good governance).

Let us empower the path to free those in the dark recesses of their thoughts and to be connected to the Core of the core of all beings – the Unseen, the Love and the Light called God – all for His greater glory!


ORLANDO R. RAVANERA
Chairman

Message from

Shaun Tarbuck

Chief Executive Office

International Cooperative and Mutual Insurance Federation



On behalf of all the Secretariat of the International Cooperative and Mutual Insurance Federation (ICMIF) I am delighted to send our very best wishes to our member organisation CLIMBS Life and General Insurance Cooperative and its many members in the Philippines.

My team and I would like to congratulate everyone at CLIMBS for your 48th year as a cooperative and for offering such wonderful service to your members for so many years.

It is wonderful to hear about the tremendous recent growth of CLIMBS as an organisation and we congratulate you on your recent success with over 4,000 member cooperatives in the Philippines now members of CLIMBS; total assets of P3.2 billion; you provide life insurance cover through 4.8 million policies and non-life cover through almost 70,000 policies; and your organisation now counts on the support of 193 employees. Everyone at ICMIF was also delighted to hear that the Philippines Insurance Commission ranked CLIMBS as the one of the top providers of microinsurance in your country last year. This is truly great achievement and proof of your success and your ongoing commitment to your members.

We are proud to include CLIMBS in the list of the Largest ICMIF members: Emerging markets and in the list of Fastest-growing ICMIF members: Non-life (Source: ICMIF Members Key Statistics 2018).

We would like to extend our warmest wishes to all your members who join you at the 2020 CLIMBS Annual General Assembly. We note with interest that your theme of "CLIMBS Complete Financial Growth Year 4: Creating Business Opportunities for Cooperatives" centres around how cooperative relationships can be intensified by helping cooperatives grow their businesses through the CoopAssurance Center, a concept based on the bancassurance model as a response from CLIMBS to the cooperative principle of cooperation amongst cooperatives.

Last year was a wonderful year of engagement between our two organisations and over the course of a month we welcomed 20 members of the CLIMBS team to our Manchester office and/or to various ICMIF events around the world.

Some of your team took part in the ICMIF Advanced Management Course in Singapore in November, one of whom attended thanks to a scholarship provided by the ICMIF Asia & Oceania Association. The course was attended by from five ICMIF member organisations from five countries in three continents and so a great opportunity for our friends from CLIMBS to network and share best practices with other cooperatives from around the world.

We had the great pleasure of welcoming CLIMBS delegates to the ICMIF Biennial Conference in Auckland (New Zealand) with 12 participants from CLIMBS including eight of your board members. Noel Raboy, President and CEO was a panel list in a thought-provoking session on "Leadership: The future of work" which examined the future of the workplace and considered the implications for the leadership of tomorrow's cooperative/mutual insurers, including the different requirements of a digital organisation and new challenges in talent attraction.

November also provided us with the opportunity to host a delegation from CLIMBS at our head office in Manchester for a Co-operative Executive Masterclass, organised by The Co-operative College in partnership with ICMIF. The session focused on:

- How cooperative leaders think globally and act locally
- What values make a cooperative leader and why
- How to adopt a values-led, adaptive and ethical leadership approach

Finally, we were delighted to join CLIMBS delegates at the Co-operative College Centenary Conference which took place at the birthplace of cooperatives, Rochdale (UK) and we were proud to hear Noel Raboy speaking in the session Co-operative education around the world and Donna Dizon in a panel entitled Education for a Better World: Ideas, Plans and Proposals.

We have enjoyed learning more about your great organisation through these interactions and hope to continue this as we move into 2020. We wish you a very successful and enjoyable General Meeting.

Best wishes,
Shaun Tarbuck

Message from

Dr. Cilla Ross

Principal and Chief Executive
Co-op College



The Co-operative College has strengthened our partnership with CLIMBS Life and General Insurance Co-operative over the past year, following the delivery of an extremely successful three-day masterclass programme that equipped all attendees with the skills and knowledge to lead and manage others within a co-operative context.

It's this strengthening of co-operative bonds, and indeed co-operation amongst co-operatives, that will be needed to tackle many of the challenges that society faces. From climate change to the ever changing nature of work, co-operatives and the set of values and principles that we share differentiate us from other businesses, helping us to remain steadfast in the face of adversity and grow new ethical ideas.

The organisations we lead and the environments in which they operate will vary enormously, but if we hold on to our values, we can make a huge difference to the lives of the members we are all here to serve.

We look forward to working even closer over the coming months and years, inspiring the next generation of co-operative leaders and spreading the message that great things happen when people co-operate.

DR CILLA ROSS

Principal and Chief Executive,
The Co-operative College

Message from **Mayor Oscar S. Moreno**

Cagayan de Oro City



Cagayan de Oro City is the proud home of CLIMBS Life and General Insurance Cooperative.

From its humble roots as a mutual benefit association founded by the late Atty. Mordeno Cua and Atty. Aquilino Pimentel Sr., CLIMBS has proven to be a major player in the insurance industry. In fact, the Insurance Commission has ranked CLIMBS as the number 1 micro-insurance provider in 2019.

Studies have indicated that micro-insurance is one of the fastest growing subsectors in the insurance industry. Micro insurance has also proven to have the deepest and broadest reach to the poor members of the community – making insurance, which used to be beyond their reach, inclusive.

From its humble office in downtown Cagayan de Oro City, CLIMBS in Tiano Street, it now has 25 offices nationwide with assets of over P3 billion and serving the insurance needs of over 4,000 cooperatives; 4.8 million life insurance policies and around 70,000 non-life insurance policies.

It is only very fitting to welcome CLIMBS in the warmest way possible as it brings back home its 48th Annual General Assembly here in the city of its birth.

I congratulate you as you take on this milestone of your cooperative with the theme: “CLIMBS Complete Financial Growth Year -4: Creating Business Opportunities for Cooperatives.

Mabuhay and God bless!

OSCAR S. MORENO
Mayor

Message from

Fr. Elmo P. Manching

Chairperson
CLIMBS



The highly revered member Cooperatives and stakeholders of CLIMBS, The laudably efficient and prolific management hierarchy of this Cooperative Insurance and its subsidiaries,

My Colleagues and Fellow Officers:

My paternal felicitations and greetings!

Since it is not feasible for us to gather this year for our Annual General Assembly because of the thwarting effects of the pandemic, let me extend to you my warmest assurances of mutuality with a twinge of the 'new normal'. Distant may be from each other, but our fellowship and partnership unify us in spirit and fortify our common fortresses enabling as to CLIMB aS ONE still, even with the horrible crisis we face at the moment.

As an institution founded on the solid rock of resiliency, sustainability and adaptability, CLIMBS cannot but continue its operations and services. For whether it be a crisis of nature, economy or health, we need to insure everyone that it's spiraling effects will not hinder nor dampen our resolve to reach out and care especially the grassroots in the communities where we operate. Thanks to modern technology, we have successfully braced our operations as we grapple with the vicissitudes of the

virtual platforms. The operations of 2019 netted us a figure that would somehow boost our confidence that CLIMBS has already stepped the initial lap of its stint toward achieving its newly envisioned goals and targets. They also gave us a gut-feeling that the operations of the current year will not be severely affected by the ensuing economic recession. Maybe, figures of profitability will be undermined. However, the unabated determination and openness of the management to be coached and trained and to educate, consult and learn, are exponential assets of this Cooperative that will hopefully vanquish any taint of doubt on the productivity of the coming years.

Finally, I cannot end this short message without mentioning my sincerest gratitude to my fellow directors for their dedication, love and loyalty to CLIMBS. Truly, I am humbled and deeply honored to share the role of leading and directing our Cooperative with you. I am also beholden to our generous partners especially ICMIF for the opportunity to be schooled further in the insurance business in a foreign soil. My gratitude also goes to the dozens of men and women who silently work and fulfill their commitments and tasks if only to achieve our targets— I am referring to the Management ably headed by its energetic President-CEO, Mr. Noel D. Raboy. May your tribe increase! To one and all, do accept the eternal gratefulness of your Chairman.

All for the sovereignty and wellbeing of the Filipino grassroots, I am.


FR. ELMO P. MANCHING
Chairperson

BOARD OF DIRECTORS

2019-2020



FR. ELMO P. MANCHING
Chairperson
Metro Ormoc Community
Multi-Purpose Cooperative



MGEN. GILBERT S. LLANTO (RET.)
Vice Chairperson
ACDI Multi-Purpose Cooperative



ATTY. ANTONIO MANUEL A. ALCANTARA
Director
Perpetual Help Community
Cooperative - Dumaguete



ATTY. DANIEL O. EVANGELIO JR.
Director
Toril Community Cooperative



SARAH T. AGNER
Director
PHCCI Multi-Purpose Cooperative



EDGARDO G. AMORONIO
Director
Sta. Catalina Credit Cooperative



MARLENE D. SINDAYEN
Director
Novaliches Development
Cooperative



ATTY. LITO B. ASTILLERO
Director
Cebu CFI Community Cooperative



MARJORIE P. ABLAZA
Director
San Dionisio Credit Cooperative



LILIAN D. SULIBRICO
Independent Director



REYNALDO M. VERGARA
Independent Director



FERMIN L. GONZALES
President Emeritus



DORIS B. CALAPIZ
Treasurer
Oro Integrated Cooperative



ATTY. ISIDRO Q. LICO
Corporate Secretary
Mindanao Consolidated Cooperative
Bank



AUDIT

COMMITTEE

MARIE DEE B. BELAGAN, CPA
Providers Multi-Purpose
Cooperative

JUANITO P. ROSINI, PHD
ISU Multi-Purpose Cooperative

EDUARD C. AMOGUIS
Tagum Cooperative

REYNALDO M. VERGARA
Independent Director

ELECTION

COMMITTEE

ATTY JOSE AGERICO R. DE GUZMAN
Makilala Multi-Purpose Cooperative

ATTY. ROLANDO C. CASAWAY
Davao Allied Development and
Services Cooperative

ALEXANDER B. RAQUEPO
Sta. Cruz Savings and Development
Cooperative

GAD COMMITTEE

JOVITO GLODO
Panabo Multi-Purpose Cooperative

ANTONIETO M. VIÑA
Paglaum Multi-Purpose Cooperative

DR. IRMA E. CRUZ
St. Martin of Tours Credit and
Development Cooperative

REMUNERATION COMMITTEE

DAVEN R. GAMOLO
Oro Integrated Cooperative

JOSE EDUARD MANDAPAT
Landbankers Multi-Purpose Cooperative



MEDIATION COMMITTEE

JANETTE B. ROMEO
Bohol Community Multi-Purpose
Cooperative

ATTY. VIVIAN MAQUILING
DCCCO Multi-Purpose Cooperative

ERIC F. DIZON
Manatal Multi-Purpose Cooperative

ETHICS COMMITTEE

CYNTHIA E. FULGUERAS
Basud Development Cooperative

JOSELITO SANTILLAN
Sta. Ana Multi-Purpose Cooperative

ALBIN RESPUESTO
Agdao Multi-Purpose Cooperative

TOP Management



NOEL D. RABOY
President and
Chief Executive Officer



DONNA MARIE MICHELE C. DIZON
Vice President for Admin and Corporate
Planning



BLESILDA L. CUMBA
Vice President for
Marketing



RENAN P. DIAZ
Vice President for Sales



REYNALDO SAN ANDRES, CPA
Vice President for Finance,
Investment and Treasury



NANCY G. ORTEGA
AVP for Life Division



ULYSSES P. ZULUETA
AVP for Reinsurance, Licence
Underwriter and CLIMBS
CARES Executive Manager



CHARED A. NALIPONGUIT
National Sales Manager -
Non Life



ATTY. FRANCIS CYRIL CASINO
Legal Counsel and Compliance
Officer



ROWENA ABELLA
CAC Executive Manager

SUBSIDIARIES



HENRY M. LOPEZ
President and Chief
Executive Officer
**CLIFSA GENERAL
INSURANCE AGENCY,
INCORPORATED**



SAMUEL B. ALMACEN
President and Chief
Executive Officer
**CLIMBS PRINTING PRESS
AND PUBLISHING
CORPORATION**



JORGE G. LUMASAG, JR.
President and Chief
Executive Officer
**CLIMBS INVESTMENT
MANAGEMENT AND
ADVISORY CORPORATION**



RAUL M. PREGON
President and Chief
Executive Officer
**CLIMBS SHARE CAPITAL
EQUITY INVESTMENT
CORPORATION**



MANSUETO V. DELA PEÑA
President and Chief Operating
Officer
**COSMOPOLITAN
CLIMBS LIFE PLAN,
INCORPORATED**



ENGR. DEAL NOEL D. BENEGRADO
President and Chief Executive Officer
**CLIMBS REAL ESTATE
DEVELOPMENT CORPORATION**



DONNA MARIE MICHELE C. DIZON
Executive Director
**CLIMBS INSTITUTE
OF MANAGEMENT**

*CLIMBS Cebu Area Office
Building: Cebu Landmasters, Inc.*

GENERAL ASSEMBLY Agenda

1. House Rules
2. Call to Order
3. Chairperson's Message
4. Proof of Due Notice of General Assembly
5. Roll Call and Confirmation of Quorum
6. Presentation of Candidates
7. Approval of Agenda
8. Reading and Approval of the Minutes of 47th Annual General Assembly held in Blue Leaf Filipinas, Pasay City, Metro Manila
9. Matters Arising from the 47th Annual General Assembly
10. 2019 Annual Report
 - 10.1 Board and Management Reports
 - 10.2 Year 2020 Developmental and Operational Plan
 - 10.3 Audited Financial Statements
 - 10.4 Committee Reports
 - 10.5 Board Resolutions for approval of the General Assembly
11. Matters arising from the Annual Reports of the Officers and Committees
12. Recommendations and New Business
13. Other Matters
14. Declarations of Newly Elected Officers
15. Adjournment

HOUSE Rules

All voting delegates must be separated from the non-voting delegates / participants during the General Assembly,

The non-voting delegates may participate in the discussion but are not allowed to field a motion nor be allowed to vote.

A voting delegate who wants to raise a question or follow-up a question should be recognized first by the Moderator. He/She shall be called by the Moderator and will be requested to stand-up and give his/her name for record purposes.

The Moderator would then ask the voting delegate if his/her question is related to the matter being discussed at hand.

Every voting delegate is allowed to raise only two (2) questions; the first and the other is, for the follow-up question. This is applicable to each issue or concern being discussed, subject however, to the discretion to further accept questions, as he/she deems fit and advisable, or elevate the matter to the Chairman / Presiding Officer for immediate consideration / dispositive action.

Every voting delegates is only allowed a maximum of three (3) minutes to discuss or clarify his/her point.

The Chairman / Presiding Officer using his inherent power, and if he sees fit and reasonable ask question/s or solicit motion/s direct from the Assembly, or even interrupt during deliberations without necessarily asking permission from the Moderator.

OFFICIAL MINUTES OF THE PROCEEDINGS OF THE 47TH CLIMBS ANNUAL GENERAL ASSEMBLY

April 25, 2019 (Thursday) • 3:00 PM

The Blue Leaf Filipinas, Paranaque City

Board of Director and Committee Officers Present:

Fr. Elmo P. Manching (Metro Ormoc Community Cooperative)	-	Chairman
MGen. Gilbert S. Llanto (Ret.) (ACDI Multipurpose Cooperative)	-	Vice Chairman
Atty. Marianito Q. Mojica, Jr. (Countrywide Financial Institutional CFI Coop)	-	Director
Marlene D. Sindayen (Novaliches Development Cooperative)	-	Director
Marjorie P. Ablaza (San Dionisio Credit Cooperative)	-	Director
Atty. Daniel O. Evangelio, Jr. (Toril Community Cooperative)	-	Director
Sarah T. Agner (PHCCI Multipurpose Cooperative Tacloban)	-	Director
Atty. Antonio Manuel A. Alcantara (Perpetual Help Community Cooperative)	-	Director
Edgardo G. Amoronio (Sta. Catalina Credit Cooperative)	-	Director
Fermin L. Gonzales (Excused)	-	President Emeritus
Lillian D. Silubrico (Holy Cross Savings and Credit Cooperative)	-	Independent Director
Reynaldo M. Vergara	-	Independent Director
Noel D. Raboy	-	President and CEO
Atty. Rolando C. Casaway (Davao Allied Development & Services Coop)	-	Election Committee
Jose Agerico R. De Guzman (Makilala Multipurpose Cooperative)	-	Election Committee
Alexander B. Raquero (Sta. Cruz Savings & Development)	-	Election Committee
Marie Dee B. Belagan (Providers Multipurpose Cooperative)	-	Audit Committee
Juanito P. Rosini (Isabela State University MPC)	-	Audit Committee
Eduard C. Amoguis (Tagum Cooperative)	-	Audit Committee
Cynthia E. Fulguerass (Basud Development Cooperative)	-	Ethics Committee
Atty. Marvin S. Pulido (Agdao Multipurpose Cooperative) (Excused)	-	Ethics Committee
Wilma P. Salas (Maripipi Multipurpose Cooperative)	-	Ethics Committee
Janette B. Romero (Bohol Community MultiPurpose Cooperative)	-	Mediation Committee
Dr. Eufemio L. Calio (MSU-IIT National MPC)	-	Mediation Committee
Eric F. Dizon (Manatal Multipurpose Cooperative)	-	Mediation Committee
Romeo A. de Jesus (San Jose del Monte Savings and Credit Coop)	-	GAD Committee
Antonieta M. Viña (Paglaum Multipurpose Cooperative)	-	GAD Committee
Dra. Irma E. Cruz (St.Martin of Tours Credit and Development Cooperative)	-	GAD Committee
Rev. Fr. Anton CT Pascual (Simbayanan ni Maria Development Cooperative)	-	Remuneration Committee
Roberto C. Mascariñas (Barangka Credit Cooperative)	-	Remuneration Committee
Daven P. Gamolo (Oro Integrated Cooperative)	-	Remuneration Committee

OPENING PROGRAM

The 47th CLIMBS Annual General Assembly started with an Invocation, the singing of the National Anthem and the recitation of the Coop Pledge.

BUSINESS ASSEMBLY PROPER

I. Call to Order

Chairperson Fr. Elmo Manching called the meeting to order at 3:00 pm and requested VP for Operation Raul Pregon to read the House Rules and served as Moderator.

II. Proof of Due Notice

Corporate Secretary Isidro Lico declared that there was a Proof of Due Notice sent to the members-cooperatives through mails and emails.

III. Roll Call and Determination of Quorum

Corporate Secretary Isidro Lico attested that there is a quorum and there are 855 delegates representing 245 member cooperatives or 83% to conduct business. However, since there is only 55% of 231 Members in Good Standing present, there is not enough number to warrant approval for any proposed amendment in the by-laws.

IV. Approval and Adoption of Agenda.



- 1 Call to Order
- 2 Proof of Due Notice of Assembly
- 3 Roll Call and Confirmation of Quorum
- 4 Presentation of Candidates
- 5 Approval of the Agenda
- 6 Reading and Approval of the Minutes of the 46th Annual General Assembly
- 7 Matters Arising from the 46th Annual General Assembly
- 8 2018 Annual Report
- 9 1. Board and Management Report
- 10 2. Audited Financial Statements
- 11 3. Proposed Budget for the Year 2019
- 12 4. Audit Committee Report
- 13 5. Election Committee Report
- 14 Proposed Amendment to the By Laws
- 15 a. Article of Cooperation – Article VI, Field of Membership
- 16 b. By Laws – Article II, Section 5 Share Capital Subscription
- 17 c. By Laws – Article IV, Section 24 Composition of the BOD
- 18 d. By Laws – Article IV, Section 27 Qualifications of a RD and ID
- 19 e. By Laws – Article IV, Section 29 Meeting of the Directors
- 20 f. By Laws – Article IV, Section 31 Removal of Director and Committee Member
- 21 g. By Laws – Article VII, Section 51 President of CLIMBS
- 22 h. By Laws – Article X, Section 58 Order of the Distribution of Net Surplus
- 23 Matters Arising from the Annual Reports of the Officers and Committees
- 24 Recommendations and New Business
- 25 Other Matters
- 26 Elections
- 27 Declaration of Newly Elected Officers
- 28 Adjournment

GA Resolution No. 1, series of 2019

On motion made by Miriam Baloyo of Tagum Cooperative, severally seconded and unanimously carried, the Assembly approved the Agenda of the 2019 Annual General Assembly.

Presentation of Candidates

Election Committee Chair Atty. Rolando Casaway then led in the presentation of candidates to the assembly.

V. Reading and Approval of Minutes of the 47th CLIMBS Annual General Assembly

GA Resolution No. 2, series of 2019

On motion made by Juanita Partol of PRO II MPC, severally seconded and unanimously carried, the Assembly approved to dispense the reading of the minutes of the 46th Annual General Assembly held in Bacolod City.

Corrections to the Minutes of the Previous Meeting

Page 14 line 33 and 38 – the correct name is Gertrude Yap.

Page 14 line 42 – the name of the delegate of from Providers MPC should be identified.

Page 14 – all figures should be identified if it is in thousands or millions.

Page 15 line 20 – the correct name is Janet Matuguinas.

Page 17 line 40 – the correct name is Evelia Satur of Tagum Cooperative.

GA Resolution No. 3, series of 2019

On motion made by Nenita Malbas of Tagum Cooperative, severally seconded and unanimously carried, the Assembly adopted and approved the minutes of the previous General Assembly as corrected and shall form as an integral part of the 2018 Annual Report of CLIMBS.

Matters arising from the Minutes of the previous General Assembly

Dr. Victor Bonifacio Hofilena of Sta. Ana MPC reiterated his question of the previous year of how is the dividends being computed. VP for Finance Reynaldo San Andres explain that CLIMBS for 2018, follows the requirements of CDA on the computation of dividends and patronage refund.

Nenita Malbas of Tagum Cooperative then asked for an update on the amendment of by-laws and the renewal of CLIMBS registration to CDA. Chairperson Elmo Manching answered that the matter has been addressed by the Compliance Officer.

VI. 2018 ANNUAL REPORT

1) Board and Management Report

GA Resolution No. 4, series of 2019

On motion made by Evelyn Dimacale of NOVADECI, severally seconded and unanimously carried, the Assembly approved to dispense the reading of the Board and Management Report.

GA Resolution No. 5, series of 2019

On motion made by Nenita Malbas of Tagum Cooperative, severally seconded and unanimously carried, the Assembly approved the 2018 Board and Management Report.

2) Audited Financial Statements

GA Resolution No. 6, series of 2019

On motion made by Miriam Baloyo of Tagum Cooperative, severally seconded and unanimously carried, the Assembly approved to dispense the reading of the Independent Auditor's Report.

Cynthia Lisondra of Sta. Ana MPC then commented on the drastic decrease on net surplus of 189M in 2017 to only 62M in 2018 because of the increase of 233M on legal policy reserves. Darwin Carrasco, Actuarial Consultant explained how legal policy reserve was computed based on the data submitted by management. Ms. Lisondra then asked if there is a policy on how much should be allocated for the legal policy reserves and how often does actuarial is being done.

President and CEO Noel Raboy answered that the Insurance Commission requires insurance companies to engage in a third party actuarial office that will validate the reserves, and based on their assessment, CLIMBS need to put up this much for this year. This is a mandatory requirement of the regulatory to ensure that we can pay future claims in the next 3 to 5 years.

He added that management will be addressing some issues on data management through the help of John Wipf and hopefully some of the amount will be reversed, CLIMBS will also push into individual insurance as additional products to the portfolio. But for now, CLIMBS need to fund the amount required for the legal policy reserves otherwise the Insurance Commission will not grant CLIMBS authority to operate. Independent Director Reynaldo Vergara added that CLIMBS need to submit actuarial reserves report to IC every quarter. He also said that from the premium remitted, a portion of it is automatically placed on reserves.

Nenita Malbas of Tagum Coop then asked on the update of CLIMBS investment to CLIFSA and CIMAC of 15M and 10M, the receivables from them of 20.9M and 13.6M respectively and CLIMBS payables to CLIFSA as well of 36M citing that these are non-interest bearing receivables. VP for Finance Reynaldo San Andres answered that CLIFSA already gave a dividend of 10M and none yet from CIMAC, he also added that receivable from CLIFSA will be collected at the end of the year and CIMAC's is converted to equity. President and CEO Noel Raboy added that management will make sure these will be consolidated by the end of this year.

Sister Remedios Tidor of Vincentian Family MPC then expressed her concern on the effect of the low net surplus to the investment of the coop members, she said that though she understand that CLIMBS has to comply to the requirements of IC, the funding on the legal policy reserves should not have been done instantly given the high amount involved. Chairperson Elmo Manching appeal to the assembly that unfortunately there are some high and low years in any business and management will work hard to be able to bounce back this year and provide a decent dividend in the right time.

PHCCI Tacloban asked if there is a way to allocate the legal policy reserves on percentage basis from the assessment of the actuary. Chairperson Elmo Manching reiterated that unfortunately, there is no way to do it as it is a mandatory requirement of the Insurance Commission.

Renario Quintero of PHCCI Tacloban commented that it should not be earmarked as ordinary expense since this is a reserve for future use and added that the assembly should have been consulted first as this greatly affects their investment income with CLIMBS. Besides he said, CLIMBS is an insurance cooperative and IC would understand that the members are cooperatives and not corporations. The external auditor explained that this is not an extraordinary account in the insurance business only that the amount was significant. Audit Committee Chair Marie Dee

Belagan then said that the objective in presenting this is to come up with a more sound financial statement for a proper measurement of income. Chairperson Elmo Manching added that unfortunately there is no compromise in the mandatory requirements with the regulatory. Cynthia Lisondra of Sta. Ana MPC then commented that despite the decrease in net surplus, CLIMBS did not incur net loss and management has tried to clean what should have been the amounts in the financial and the coop members can look forward to an improved income the coming years. This was agreed by Ernie Tolentino of Coop Bank of Palawan as they also as coop bank experience the mandatory requirement of their regulatory that they also have to comply.

When another delegate then commented that there was no sudden increase in the previous years and so why now when CLIMBS is actually being audited by IC every year. She also added for a possibility of the laws of IC being adjusted for insurance cooperatives and not the same law being implemented for corporations. Chairperson Elmo Manching answered that as much as the Board of Directed fought against the increase on the reserves, the management has no choice because the reserves are not sufficiently funded and CLIMBS is being pressured comply to the laws of IC.

Joselito Santillan agreed and commented that since these are laws by the regulatory, there is no way that it will not be complied. The only thing to do is to always be vigilant but at this time to unite and give the management a chance to improve for next year.

GA Resolution No. 7, series of 2019

On motion made by Joselito Santillan of Sta. Ana MPC, duly seconded by Evelyn Nobleza of NOVADECI, and unanimously carried, the Assembly approved 2018 Audited Financial Statements.

3) 2019 Proposed Budget

	ACTUAL (A)		BUDGET (B)		VARIANCE (A-B)		BUDGET (C)		VARIANCE (C-B)	
	YEAR ENDED DECEMBER 31 2018	%	YEAR ENDED DECEMBER 31 2018	%	YEAR ENDED DECEMBER 31 2018	%	YEAR ENDED DECEMBER 31 2019	%	2019 vs 2018	%
Gross Premium Income	1,984.60	116.67%	2,500.00	104.17%	515.40	-20.62%	2,300.00	115.00%	200.00	-8.00%
Less: Refund and Re-Insurance	287.93	16.97%	100.00	4.17%	187.93	187.93%	300.00	15.00%	200.00	200.00%
Net Premium	1,696.67	100.00%	2,400.00	100.00%	703.33	-29.31%	2,000.00	100.00%	400.00	-16.67%
Less: Direct Costs										
Payment to Policyholders & Beneficiaries	745.44	43.94%	1,020.00	42.50%	274.56	-26.92%	940.00	47.00%	80.00	-7.84%
Commission Expense/Collection	546.72	32.22%	600.00	25.00%	53.29	-8.88%	500.00	25.00%	100.00	-16.67%
Agency Expense	4.45	0.26%	23.50	0.98%	19.05	-81.06%	24.00	1.20%	0.50	2.13%
(Dec)/Inc in Leagl Policy Reserves	233.39	13.76%	360.00	15.00%	126.61	-35.17%	290.88	14.54%	69.12	-19.20%
Total Direct Cost	1,530.00	90.18%	2,003.50	83.48%	473.51	-23.63%	1,754.88	83.51%	248.62	-12.41%
Underwriting Income	166.68	9.82%	396.50	16.52%	229.82	-57.96%	245.12	16.49%	151.38	-38.18%
Operating Expense	172.82	10.19%	240.00	10.00%	67.18	-27.99%	200.00	10.00%	40.00	-16.67%
Operating Income	6.14	-0.36%	156.50	6.52%	162.64	-103.93%	45.12	2.26%	111.38	-71.17%
Investment and Other Income										
Rental Income	3.65	0.22%	3.50	0.15%	0.15	4.40%	3.00	0.15%	0.50	-14.29%
Commission and Other Underwriting Inc.	25.62	1.51%	3.50	0.15%	22.12	632.00%	3.00	0.15%	0.50	-14.29%
Investment and Interest Income	73.90	4.36%	66.50	2.50%	7.40	11.13%	148.88	7.44%	82.38	123.88%
Total Investment and Other Income	103.18	6.08%	73.50	3.06%	29.68	40.37%	154.88	7.44%	81.38	110.72%
Less: Prior Years Adjustments	34.21	2.02%	-		34.21					
NET SURPLUS	62.82	3.70%	230.00	9.58%	167.18	-72.96%	200.00	10.00%	30.00	-13.04%

Cynthia Lisondra of Sta. Ana MPC commented the decrease on the commission income which means a decrease in the commission rate as well, President and CEO Noel Raboy answered that the intervention is to recognize net rates that will help lower the collection expense. When she added that the commission and other underwriting income budget is only 3M when the actual in 2018 is 25.62M, VP for Finance Reynaldo San Andres answered that the retention limit last year is 1M and management has lowered it to 500,000 for 2019. Miriam Baloyo of Tagum Coop noted that the budget expects another 290M on legal policy reserves but the net surplus budget is at 200M, she then recommends for the approval of the budget.

GA Resolution No. 8, series of 2019

Upon motion moved by Leovigildo Elmaco of Perpetual Help Community Cooperative, severally seconded and unanimously carried, the Assembly adopted and approved the proposed 2019 Budget.

4) Committee Reports

AUDIT COMMITTEE

GA Resolution No. 9, series of 2019

Upon motion moved by Renario Quintero of PHCCI Tacloban, severally seconded and unanimously carried, the Assembly adopted and approved the Audit Committee Report.

ELECTION COMMITTEE

Election Committee Chairperson Rolando Casaway read the Election Guidelines and announced that the voting will be done electronically. Thence after, the casting of votes commenced.

Declaration of Winners

REGULAR BOARD OF DIRECTORS FOR MINDANAO

	NAMES OF COOPERATIVE	CANDIDATE	TOTAL VOTES	RANK	REMARKS
1	PANABO MULTIPURPOSE COOPERATIVE	GLODO, JOVITO	93	2ND	
2	TORIL COMMUNITY COOPERATIVE	EVANGELIO, DANIEL JR.	150	1ST	WINNER

AUDIT COMMITTEE

	NAMES OF COOPERATIVE	CANDIDATE	TOTAL VOTES	RANK	REMARKS
1	ISABELA STATE UNIVERSITY MULTIPURPOSE COOPERATIVE	ROSINI, JUANITO P.	376	2ND	WINNER
2	GUADALUPE COMMUNITY MULTIPURPOSE COOPERATIVE	BLANES, FROILAN B.	140	4TH	
3	NUEVA VIZCAYA ALAY KAPWA MULTIPURPOSE COOPERATIVE	YARCIA, ROMEO J.	92	5TH	
4	PROVIDERS MULTIPURPOSE COOPERATIVE	BELAGAN, MARIE DEE B.	380	1ST	WINNER
5	STA. ANA MULTIPURPOSE COOPERATIVE	LISONDRÁ, CYNTHIA A.	326	3RD	
6	TANAY MARKET VENDORS AND COMMUNITY MULTIPURPOSE	BENDAÑA, ZENAIDA J.	88	6TH	

ELECTION COMMITTEE

	NAMES OF COOPERATIVE	CANDIDATE	TOTAL VOTES	RANK	REMARKS
1	STA. CRUZ SAVINGS AND DEVELOPMENT COOPERATIVE	RAQUEPO, ALEXANDER B.	711	1ST	WINNER

Certified Correct by Election Committee :

Atty. Rolando C. Casaway
Chairperson

Atty. Jose Agerico B. De Guzman
Vice-Chairperson

Alexander B. Raqueno
Member

Other Matters

GA Resolution No. 10, series of 2019

Upon motion moved by Merlinda Encarnacion of Sta. Ana MPC, severally seconded and unanimously carried, the Assembly approved the engagement of Reyes, Tacandong and Co. as CLIMBS external auditor for 2019.

The majority of the Assembly then approved that the 2020 Annual General Assembly will be held in Cagayan de Oro City.

VII. ADJOURNMENT

With no other matters being discussed, the 46th Annual General Assembly adjourned at 4:03pm.

(SGD) BLESILDA LAGANG-CUMBA
Recording Board Secretary

Attested by:

(SGD) ATTY. ISIDRO Q. LICO
Corporate Secretary

Approved by:

(SGD) FR. ELMO P. MANCHING
Chairperson

Board and Management Report

Dear Shareholders:

CLIMBS continues to deliver its commitment to provide complete financial solution for inclusive growth. Year 4 emphasizes on Creating Business Opportunity for our Cooperatives. Although the concept is not new but employment of new strategies made sure that our CLIMBS' Coop Assurance Centers (CACs) become viable social enterprises at the grassroots level. Our cooperative network are truly our partners in economic growth and drivers for change in the communities.

Our operational and community plans and actions are aligned with the globally- accepted United Nation's Sustainable Development Goals (SDGs), with main emphasis on the following SDGs:

- SDG 1 – End poverty in all levels
- SDG 2 – Zero Hunger
- SDG 3 – Promote Health and well-being
- SDG 4 – Education
- SDG 5 – Gender Equality
- SDG 6 – Clean Water and Sanitation
- SDG 8 – Decent Work and Economic Growth
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Sustainable consumption and production
- SDG 13 – Climate Change
- SDG 17 – Partnerships for the Goals

At the core of every cooperative endeavor is *Sustainability particularly at the grassroots level*. CLIMBS way of aligning all strategies to the Sustainable Development Goals is the cooperative way of doing things bound by our shared values and principles to meet the needs and aspirations of our people - in social , economic and environmental levels.

These are evident in our responses, plans and actions that fully support the International Cooperative Alliance's *Coops for 2030* - a universal campaign for cooperatives to learn more about the Sustainable Development Goals, committing our pledges and contributions.

We are on track and we continue to extend mutual protection and build resilience in and among our own people.

2019 Performance Highlights

Member's Protection - Addressing evolving members' needs

The strengthening of the Coop Assurance Centers (CACs) nationwide paved the way for a more streamlined operational processes through the introduction of a Franchise concept to the Cooperative network. This gives the Cooperative a viable business, contributing solutions to SDGs 1, 2 and 8 – No Poverty, Zero Hunger and Decent Work and Economic Growth. Access to protection, i.e. Insurance and other financial services are imperatives in economic growth. In particular, it has also given business opportunities to women in their communities, comprising about 74% of the sales agents in these CACs. This is also contributory to SDG 5 – Gender Equality, giving women equal access to financial opportunities.



Moreover, several new products were rolled-out to address the members and their beneficiaries' evolving needs for protection. In 2019 alone, there were 8 products that are now being offered to the CACs. One of these products is the MillennialsProtek which answers the need of the youth market. SDG 4 – Education also includes the advocacy for the youth, giving them access to financial education, preparing them for the future.

Grassroots Leader in Innovation

As the leading Insurer of the grassroots population in the Philippines, the Insurance Commission recognized CLIMBS as the No. 1 Microinsurer in the country covering 4.1 million lives as of December 2019.



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Premium Income of Life Insurance Companies Year 2019 Based on Submitted Unaudited Quarterly Reports on Selected Financial Statistics (QRSFS)									
Name of Company	FIRST YEAR		SINGLE		RENEWAL		TOTAL		GRAND TOTAL
	Traditional	Variable	Traditional	Variable	Traditional	Variable	Traditional	Variable	
1. Sun Life of Canada (Philippines), Inc.	1,459,910,626.13	7,487,109,787	915,657,362.11	5,755,939,746	1,193,708,390.09	18,703,592,503	7,567,274,278	31,946,532,006	39,513,806,284
2. FNU Life Insurance Corporation of USA	140,916,683.97	7,268,168,817	-	2,821,071,394	102,965,911.43	16,753,359,831	322,510,676	26,642,616,641	26,965,125,719
3. Philippine Axa Life Insurance Corporation	1,200,955,235.58	3,388,237,428	(844,526.13)	9,081,207,294	2,891,953,154.55	9,675,255,556	4,092,062,864	22,144,700,282	26,236,763,146
4. Manufacturers Life Insurance Company (Phils.), Inc., The	1,312,391,903.97	2,641,808,751	155,275,675.52	3,883,168,066	4,590,680,040.80	5,763,091,386	6,058,336,620	12,288,068,463	18,346,405,023
5. BPI Philam Life Assurance Corporation	300,507,759.50	123,708,412.67	3,192,542,365	197,385,587.16	9,360,728,177	1,211,664,759	16,024,339,821	17,238,004,380	3,710,748,658
6. Philippine American Life & Gen. Ins. Co. (life unit)	858,505,643.00	2,446,388,444	1,132,802,654.69	589,492,355	2,213,281,448.00	9,415,764,931	4,204,586,643	16,638,434,473	3,620,015,443
7. BDO Life Assurance Company, Inc.	1,389,084,548.26	1,576,211,973	2,672,775.66	1,108,422,281	6,055,857,517.78	4,142,637,254	9,048,124,842	6,827,271,507	14,875,396,349
8. Insular Life Assurance Company, Limited, The	425,335,119.69	911,146,044	195,098,068.69	5,969,426,962	2,839,969,562.40	2,732,325,743	3,441,205,689	9,233,098,750	12,674,304,438
9. FNU Life Insurance Corporation	649,264,477.42	2,914,197,270	1,877,149.00	2,736,423,389	551,540,420.10	3,275,662,851	1,204,882,256	6,316,284,109	9,551,266,364
10. Allianz PNB Life Insurance, Inc.	301,618,240.08	759,344,405	806,554,621.39	6,100,462,582	1,016,649,754.83	457,705,786	2,126,822,916	7,317,512,773	9,444,335,690
11. United Coconut Planters Life Assurance Corporation	1,954,989,781.64	94,547,555	-	1,264,102,142	4,360,385,268.03	148,249,120	6,903,374,050	6,910,272,867	1,814,916,453
12. Manulife Chinese Life Assurance Corporation	423,361,915.94	666,775,543	11,626,387.65	4,100,379,406	247,312,954.86	2,366,021,540	6,533,773,989	7,616,374,182	1,803,545,616
13. Sun Life GREPA Financial, Inc.	486,444,674.48	896,553,138	2,877,891.72	2,230,102,326	1,522,832,248.51	1,517,363,217	2,012,154,516	4,734,018,682	6,746,173,197
14. Eiga Life and General Assurance Phils., Inc. (life unit)	768,358,827.19	49,888,417	-	1,131,141,484	2,237,811,495.65	27,891,159	3,065,972,323	1,268,731,060	4,274,703,383
15. Pioneer Life, Inc.	1,315,196,428.29	197,540,387	-	388,724,438	1,403,124,414.37	429,172,034	2,753,119,835	965,537,258	3,718,657,093
16. East West Angala Life Insurance Corporation	335,551,279.51	1,018,291,008	-	329,617,241	214,239,366.31	248,389,973	549,850,676	1,596,288,223	2,146,148,898
17. Beneficial Life Insurance Company, Inc.	917,425,885.61	-	6,636,900.00	-	30,959,391.88	-	1,655,020,387	1,655,020,387	959,742,543
19. CLIMBS Life & General Insurance Coop. (life unit)	-	-	513,836,873.31	-	-	-	115,391,621.54	-	1,284,559,422
20. Fortune Life Insurance Company, Inc.	327,968,423.00	-	-	774,314,484.80	-	-	1,102,281,107	-	902,531,422
21. First Life Financial Company, Inc.	90,858,835.16	-	279,986.76	12,780,047	987,260,432.80	2,221,839	1,078,486,255	15,191,885	1,093,598,140
22. CLIP Life and General Insurance (life unit)	42,787,448.95	-	-	894,085,379.91	-	-	977,353,027	-	977,353,027

The top five (5) life insurance companies in terms of number of covered lives are: Pioneer Life, Inc., CLIMBS Life and General Insurance Cooperative, The Philippine American Life and General Insurance Company, United Coconut Planters Life Assurance Corporation, and Country Bankers Life Insurance Corporation.

In terms of premium production, CLIMBS Life and General Insurance Cooperative Inc. ranked the highest. The said company is followed by: Pioneer Life, Inc., United Coconut Planters Life Assurance Corporation, The Philippine American Life and General Insurance Company, and Country Bankers Life Insurance Corporation.

Premiums Earned of Non-Life Insurance Companies Year 2019 Based on Submitted Unaudited Quarterly Reports on Selected Financial Statistics (QRSFS)									
Name of Company	FIRST YEAR		SINGLE		RENEWAL		TOTAL		GRAND TOTAL
	Traditional	Variable	Traditional	Variable	Traditional	Variable	Traditional	Variable	
1. Prudential Guarantee & Assurance, Inc.	5,059,161,579	-	-	-	-	-	5,059,161,579	-	5,059,161,579
2. Malayan Insurance Company, Inc.	4,076,417,732	-	-	-	-	-	4,076,417,732	-	4,076,417,732
3. Pioneer Insurance & Surety Corp.	3,710,748,658	-	-	-	-	-	3,710,748,658	-	3,710,748,658
4. Charter Ping An Insurance Corp.	3,620,015,443	-	-	-	-	-	3,620,015,443	-	3,620,015,443
5. Pacific Cross Insurance, Inc. (Blue Cross Insurance, Inc.)	3,169,463,465	-	-	-	-	-	3,169,463,465	-	3,169,463,465
6. FPG Insurance Co., Inc.	3,102,311,922	-	-	-	-	-	3,102,311,922	-	3,102,311,922
7. BPIBS Insurance Corp.	3,039,510,510	-	-	-	-	-	3,039,510,510	-	3,039,510,510
8. Commonwealth Insurance Company	2,298,564,685	-	-	-	-	-	2,298,564,685	-	2,298,564,685
9. UCPB General Insurance Company, Inc.	1,814,916,453	-	-	-	-	-	1,814,916,453	-	1,814,916,453
10. Standard Insurance Company, Inc.	1,803,545,616	-	-	-	-	-	1,803,545,616	-	1,803,545,616
11. Mercantile Insurance Company, Inc.	1,561,710,000	-	-	-	-	-	1,561,710,000	-	1,561,710,000
12. MAA General Assurance Phils., Inc.	1,335,906,877	-	-	-	-	-	1,335,906,877	-	1,335,906,877
13. Stronghold Insurance Company, Inc.	1,094,370,393	-	-	-	-	-	1,094,370,393	-	1,094,370,393
14. Philippine British Assurance Company, Inc.	1,052,772,754	-	-	-	-	-	1,052,772,754	-	1,052,772,754
15. Alpha Insurance & Surety Company, Inc.	999,742,543	-	-	-	-	-	999,742,543	-	999,742,543
16. Paramount Life & General Insurance Corp. (non-life unit)	960,352,517	-	-	-	-	-	960,352,517	-	960,352,517
17. Mapfre Insular Insurance Corp.	934,840,083	-	-	-	-	-	934,840,083	-	934,840,083
18. Insurance Company of North America	902,531,422	-	-	-	-	-	902,531,422	-	902,531,422
19. Western Guaranty Corp.	831,791,815	-	-	-	-	-	831,791,815	-	831,791,815
20. People's General Insurance Corp.	796,061,614	-	-	-	-	-	796,061,614	-	796,061,614
21. Pacific Union Insurance Company	704,102,731	-	-	-	-	-	704,102,731	-	704,102,731
22. Card Pioneer Microinsurance, Inc.	703,389,150	-	-	-	-	-	703,389,150	-	703,389,150
23. Oriental Assurance Corp.	686,290,825	-	-	-	-	-	686,290,825	-	686,290,825
24. PNB General Insurance Company, Inc.	608,604,891	-	-	-	-	-	608,604,891	-	608,604,891
25. Fortune General Insurance Corp.	567,579,355	-	-	-	-	-	567,579,355	-	567,579,355
26. Asia Insurance (Philippines) Corp.	463,810,416	-	-	-	-	-	463,810,416	-	463,810,416
27. Milestone Guaranty & Assurance Corp.	423,072,166	-	-	-	-	-	423,072,166	-	423,072,166
28. Visayan Surety & Insurance Corp.	402,529,889	-	-	-	-	-	402,529,889	-	402,529,889
29. Liberty Insurance Corp.	385,440,351	-	-	-	-	-	385,440,351	-	385,440,351
30. Alliedbankers Insurance Corp.	360,296,453	-	-	-	-	-	360,296,453	-	360,296,453
31. Asia United Insurance, Inc.	338,712,306	-	-	-	-	-	338,712,306	-	338,712,306
32. CLIMBS Life & General Insurance Coop. (non-life unit)	330,131,991	-	-	-	-	-	330,131,991	-	330,131,991
33. Cebu Life Insurance Corp.	287,708,152	-	-	-	-	-	287,708,152	-	287,708,152
34. AIG Philippines Insurance Inc.	283,281,089	-	-	-	-	-	283,281,089	-	283,281,089
35. QBE Seaboard Insurance Philippines, Inc.	270,022,801	-	-	-	-	-	270,022,801	-	270,022,801
36. M Pioneer Insurance Inc.	270,964,331	-	-	-	-	-	270,964,331	-	270,964,331
37. Philippines First Insurance Company	240,378,797	-	-	-	-	-	240,378,797	-	240,378,797
38. Empire Insurance Company	234,789,939	-	-	-	-	-	234,789,939	-	234,789,939
39. Penta Compania de Seguros, Inc.	227,783,886	-	-	-	-	-	227,783,886	-	227,783,886
40. Sterling Insurance Company, Inc.	210,080,498	-	-	-	-	-	210,080,498	-	210,080,498
41. Start International Insurance Philippines Branch	-	-	-	-	-	-	-	-	-

Source: <https://www.insurance.gov.ph/>



2019 Performance Highlights



Technological innovation and disruption are among the challenges in the 4th Industrial Revolution and CLIMBS developed its own digital platform for easy access to products and services via InsurTech or the CLIMBS mobile app which is currently being offered to non-life products.

Industry, innovation and infrastructure or SDG 9 ensures that innovative approaches include the small-scale enterprises, and that includes the cooperatives, in all financial services , integrating them into value-chains and markets. In September 12, 2019, President and CEO Noel Raboy and some members of the Top Management Team along with system developers and ILO fellow assigned in CLIMBS, participated in an Insurtech Conference in Makati, Philippines. Mr. Raboy was also one of the panelists in the NatRe-organized on September 12, 2019 at Makati Diamond Residences.

The island-wide Stakeholders fora in NCR, Luzon, Cebu , Cagayan de Oro and Davao Cities provided a more comprehensive purview of members' needs which are essential tools in the development of marketing strategies.

Revitalizing the Sales Team, training's were conducted and licensing of Sales Agents was facilitated as a compliance measure with the Insurance Commission. As of December 2019, CLIMBS has a total of 31 non life insurance agents and 40 life insurance agents.

As a competitive edge, CLIMBS employed the services of consultants to complement risk management strategies. This is vital for a more forward-looking strategy and boost performance and gains, at par with the insurance industry.

Building Resiliency, Sustainability and Enabling Solutions for Adaptive Capacity

Continuing discussion on a catastrophic insurance with other interest-groups, similar to the weather-based index insurance offered by CLIMBS in 2011 is back, with the onslaught of disasters. Several round-table discussions were participated in by CLIMBS, having the experience and the necessary tools, in local and national levels with international organizations such as the GIZ, UNDP, ILO, ADB and other global private sector-groups and NGOs like the FSSI and GOCC – PHIC for a development of an insurance product to primarily address the agriculture sector that is severely damaged during calamities and disasters. These actions are contributory solutions to SDG 13 – addressing climate change by strengthening the resilience and adaptive capacity to climate-related hazards and natural disasters and to SDG 12-ensuring that there is a sustainable consumption and production , sustainable management and efficient use of natural resources.



2019 Performance Highlights

As a competitive edge, CLIMBS employed the services of consultants to complement risk management strategies. This is vital for a more forward-looking strategy and boost performance and gains, at par with the insurance industry.

An institutionalized Business Continuity Plan enables CLIMBS to operate business and continue to deliver essential services in times of calamities, disasters and other unforeseen events. This advocacy for preparedness and risk mitigation has been taught to partner-coops through the CLIMBS Institute (CIFL). To date, there are 25 cooperatives who underwent the Business Continuity Management Training with 7 who have drafted their own Business Continuity Plans.

Deepening the Bench through Staff Development and Promotions of Health and Excellence



To complement these new strategies, series trainings were conducted for personnel development. The Human Resource and Administration Department conducted a series of in-house trainings for employees on September 28 to October 4, 2019 which were attended by middle managers and leaders.

With our commitment to develop next generation leaders, CLIMBS sent 7 middle managers to the 10th ASEAN Young Insurance Managers Program in Bali, Indonesia which was designed to ensure that future challenges in the insurance landscape will be met by capacitating next-gen talents. The delegates were identified as high-potential managers and are deemed to be the next multi-faceted leaders.



The HRAD also launched the CLIMBS Excellent Employees Leadership (ExCEL) Program to promote excellence, camaraderie and foster solidarity in the workplace. The program includes staff recognitions, birthday and retirement honoring, activities that include family members, employees welfare program such as free lunches and LIFE sessions that serve as avenues and safe spaces to discuss life beyond work and promote overall health (physical, spiritual, emotional and mental) which are also indicators in SDG 3- Ensuring healthy lives and promoting mental health and well-being. A pool of volunteers was also created and mobilization of HR Champs for implementation and monitoring of the HRAD-initiated activities. Along this was the cascading of the updated versions of the CLIMBS Operations Manual and the Employees Handbook.

2019 Performance Highlights

Culminating the year, Management launched a series of sports activities and a team-building activity at Kampo Juan, Bukidnon.



Financial Measures Guided by Ethical Cooperative Values and Principles

Sound financial metrics make a viable business that is core to our sustainability. While this is a primary concern, we do not discount the laid-down values of self-help, self-responsibility, democracy, equality, equity, and solidarity. We believe in the ethical values of honesty, openness, social responsibility and caring for others to guide financial decisions. Cooperative principles particularly on democratic control on membership, practicing “one member, one vote” is evident in our financial dealings, ensuring that all members are treated fairly.

Positive financial outcomes were marked by the end of 2019 with improvements in key financial trends, achieved in a challenging environment and pressure of profitability is prevailing in commercial markets.

This year’s financial highlights, as follows:

- Attained 1.632 billion pesos in gross premium.
- Net Premium grew to 1.592 billion pesos.
- Increased Net Surplus to 200 million pesos.
- Policy reserves decreased to 79.38 million pesos to actualize valuation of the consulting actuary.
- Increased Managed Funds to 1.951 billion pesos.
- Assets valued at 3.233 billion pesos.
- Achieved Net Worth of 1.814 billion pesos.

5-Year Key Financial Summary

	Yr 2019	Yr 2018	Yr 2017	Yr 2016	Yr 2015	Yr 2014
Assets	3,232.71	100.00%	3,321.71	100.00%	2,943.36	100.00%
Cash	851.21	26.33%	1,167.22	35.14%	1,157.49	39.33%
Investments	1,951.67	60.37%	1,593.46	47.97%	1,259.8	42.80%
Insurance Receivables	74.71	2.31%	189.33	5.70%	151.44	5.15%
Property & Equipment	109.06	3.37%	86.39	2.60%	86.93	2.95%
Legal/Unearned Premium Reserves	809.80	25.05%	929.62	27.99%	672.97	22.86%
Net Worth	1,814.67	56.13%	1,907.09	57.41%	1,642.44	55.80%
Net Premium	1,592.54	100.00%	1,719.93	100.00%	1,628.06	100.00%
Investment/Other Income	129.92	8.16%	96.05	5.58%	132.16	8.12%
Gross Revenue	1,722.46	108.16%	1,815.98	105.58%	1,760.22	108.12%
Claims	870.72	54.67%	745.44	43.34%	858.28	52.72%
Policy Reserves	(79.38)	-4.98%	256.65	14.92%	27.56	1.69.00%
Collection Costs	539.34	33.87%	546.72	31.79%	543.35	33.37%
Salaries / Benefits	84.20	5.29%	69.80	4.06%	59.96	3.68%
Other Expenses	101.15	6.35%	107.47	6.25%	81.83	5.03%
Total Expenses	1,516.13	95.20%	1,726.08	100.36%	1,570.99	96.49%
Net Income	200.38	12.58%	62.82	3.65%	189.23	11.62%
Share Value Information	Yr 2019	Yr 2018	Yr 2017	Yr 2016	Yr 2015	Yr 2014
Number of Common Shares with Par Value of P1,000 per Share	1,436,907	1,538,114	1,069,835	710,290	500,976	339,149
Total Equity - Net Preferred Shares	1,623,586,474.00	1,742,682,527.00	1,450,646,260.00	1,115,251,599.00	885,984,067	790,521,526
Book Value Per Share (BVPS)	1,130	1,133	1,348	1,570.00	1,796	2,331
Dividend Per Share	59.1	41.40	110	110	110	100
Dividend Rate	5.91%	4.14%	11.00%	11.00%	11.00%	10.00%

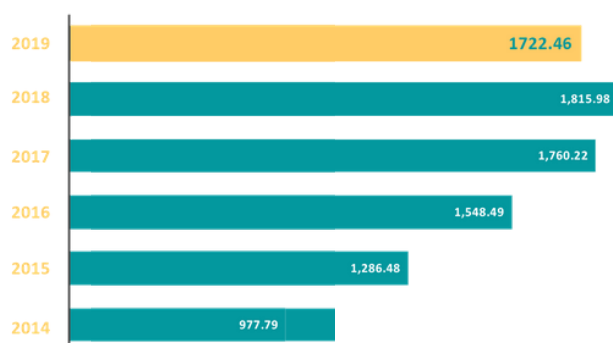
The financial statement of CLIMBS represents the consolidated life and non-life business.

CLIMBS

Key Trends

GROSS REVENUES

(in million pesos)



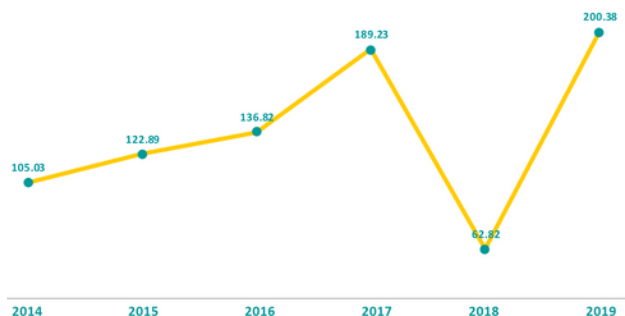
NET WORTH

(in million pesos)



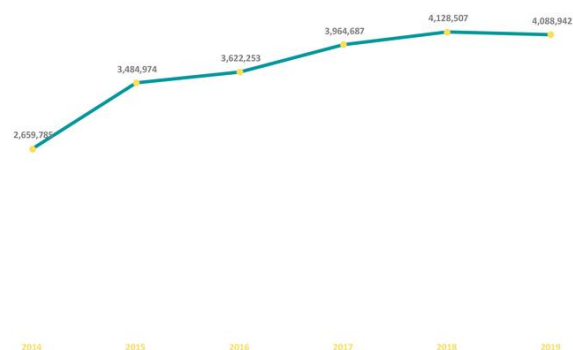
NET SURPLUS

(in million pesos)



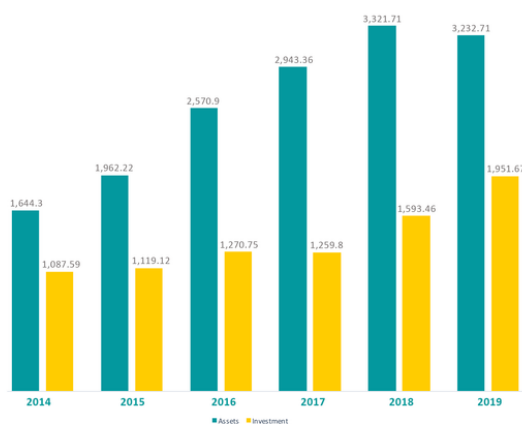
CERTIFICATE OF COVER

(Number of COC)



ASSET AND MANAGED FUNDS

(in million pesos)



GROSS PREMIUM, NET PREMIUM, CLAIMS

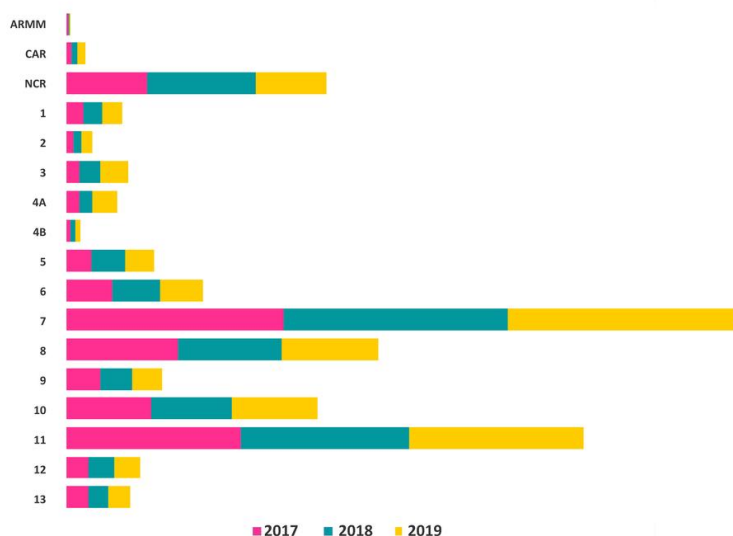
(in million pesos)



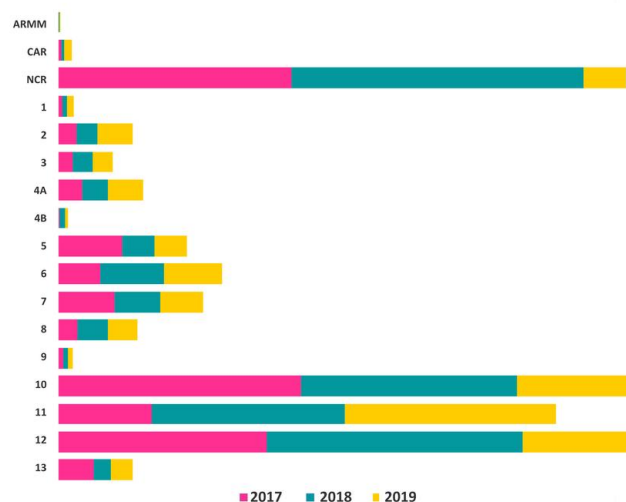
KeyTrends

NUMBER OF LIVES INSURED PER REGION

REGION	2017	2018	2019
ARMM	9,024	3,849	6,136
CAR	22,586	26,924	34,076
NCR	362,391	488,657	320,065
1	76,990	83,314	92,119
2	31,602	37,868	46,276
3	59,634	94,232	123,107
4A	57,779	57,576	112,295
4B	18,745	22,264	23,628
5	112,224	152,828	129,572
6	208,362	213,578	194,621
7	976,712	1,008,906	1,049,917
8	504,640	465,690	435,603
9	154,402	140,262	136,665
10	380,169	365,776	384,677
11	783,430	760,661	784,759
12	98,846	115,976	116,981
13	97,151	90,146	98,349



NUMBER OF ASSURED PER REGION



REGION	2017	2018	2019
ARMM	140	155	99
CAR	813	1,226	2,362
NCR	77,942	97,681	14,291
1	1,281	1,563	2,323
2	6,155	6,892	11,835
3	4,659	6,694	6,896
4A	7,818	8,625	11,946
4B	198	1,960	884
5	21,380	10,905	10,540
6	14,021	21,350	19,261
7	18,800	15,388	14,196
8	6,275	10,272	9,718
9	1,428	1,834	1,494
10	81,093	72,237	63,388
11	31,115	64,655	70,759
12	69,799	85,417	37,269
13	11,888	5,477	7,368

GENDER

(Number of BOD, Committees and Employees)

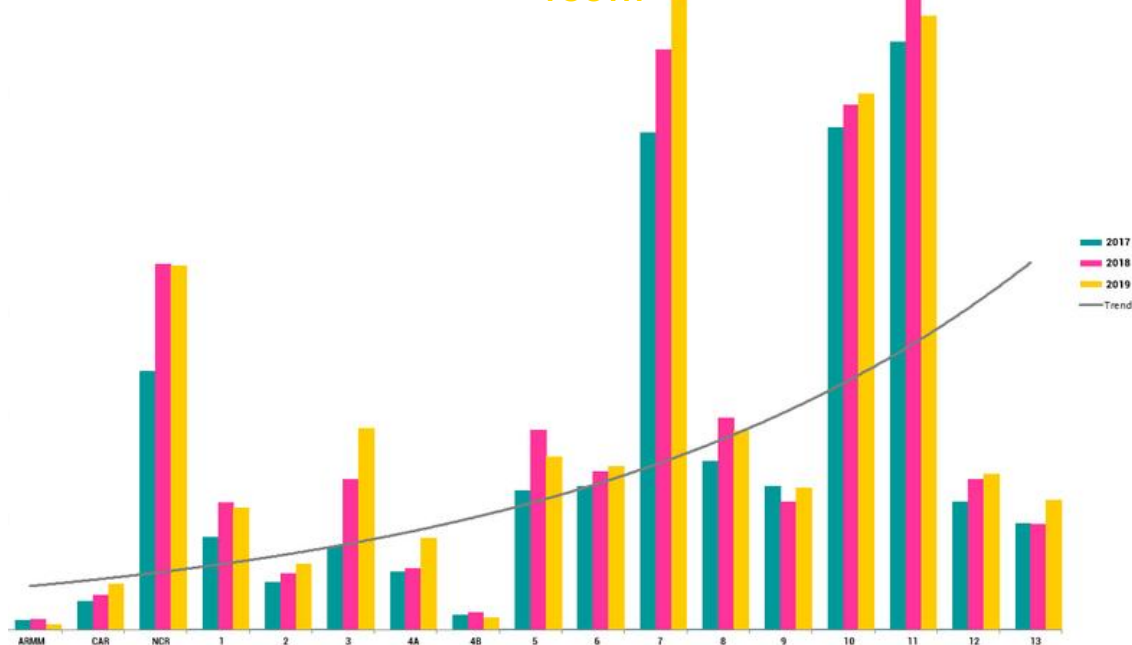
	MALE	FEMALE
BOARD OF DIRECTORS	7	4
ELECTION COMMITTEE	3	
AUDIT COMMITTEE	2	1
ETHICS COMMITTEE	2	1
GAD COMMITTEE	2	1
MEDIATION COMMITTEE	1	2
REMUNERATION COMMITTEE	2	
TOTAL	19	9

	MALE	FEMALE
EXECUTIVE MANAGEMENT	7	6
DEPARTMENT HEADS/MANAGERS	17	21
RANK AND FILE		
REGULAR	48	77
NON-REGULAR	8	12
TOTAL EMPLOYEES	80	116

KeyTrends

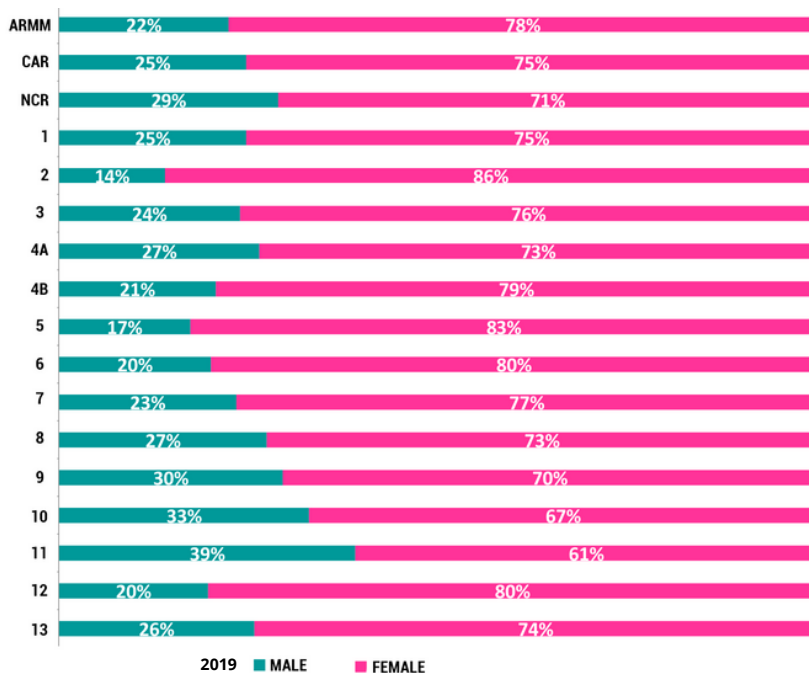
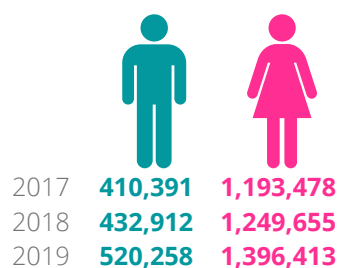
NUMBER OF LIVES INSURED PER REGION

YOUTH*



*Ages 18-35

NUMBER OF LIVES INSURED PER GENDER



CLIMBS 20/24

Beyond Numbers

In 2019, a strategic planning workshop session was conducted to review strategies vis-a-vis current industry landscape. Now on its 48 years of service to the Filipinos and the Philippine Cooperative Movement, CLIMBS will move towards our 50th year with a renewed commitment as the leading grassroots insurance provider in the country.

Thus, our Vision and Mission Statements and Core Values were re-crafted to truly define who we are and our purpose in this global movement with Insurance as core business and the Cooperative, our unique identity.



Propelling organizational growth is a challenge in a volatile, uncertain, complex and ambiguous (VUCA) environment, times and events are ever-changing and strategies will be reviewed annually to meet CLIMBS' overall goals and directions and make it modern, relevant, innovative, and sustainable to outlive 50 years and move on to our centenary.

The Strategic Plan for 2020-2024 echoes a new battlecry, not only for our CLIMBS network but for the whole cooperative movement. We enjoin everyone to take part in our campaign for "20/24" i.e., 20 Million lives insured by 2024.

In CLIMBS, we are more than just protection. We advocate for prevention. This can be done through:

- Advocacy campaigns on community resiliency and sustainability through our allied services.
- Raise and educate a new generation of young co-operators and leaders, keeping the Millennials and Gen Zers in mind in our future activities such as the Youth for Coops Summit and Young Leaders Program
- Forge strategic partnerships with community groups and reputable organizations, local and abroad.

While continuously our premium business generation on:

- Compliance on return on investment and equity capital requirements
 - **Return on Equity** - Target 15% ROE by 2024
 - **Business Mix** - Develop a business mix trend of 27/23/50 (2019), 40/30/30 (2024) for Luzon, Visayas and Mindanao respectively, intensifying the market penetration in Luzon.
 - **Net Surplus** - P200M (2019) / P382M (2024) at 12% net - Profit ratio
 - **Dividend Rate** - 6%(2019) / 10% (2024)
 - **IC Requirements** - Achieve all IC requirements in 2020 and surpassed by 2024 (estimate 20% above IC requirements) and reached P1B in paid-up capital and P1.3B net worth by 2020, and at least P1.2B paid-up capital and approximately P1.5B net worth by 2024.
The VP Finance, Investment and Treasury shall be the captain in making things happen in close coordination with the Top Management team key staff.
- Business operations improvement
- People development and strengthening the management team
- Implementing allied services concern for community programs
- Synergy by working with subsidiaries

- Continues work on future projects
 - Transition CLIMBS Institute for Literacy (CIFL) to Cooperative Institute of Management.
 - Re-organize NAFECOOP as federation that shall espouse the education and advocacy of the cooperative.
 - Establish CIM by 2024 as the exclusive training arm of NAFECOOP and the preferred learning partner of cooperatives.
 - Develop the Business Continuity Planning and Community Resiliency Program as the flagship program of CIM in coordination with the CLIMBS CARES.
 - Develop the youth leadership program inspired by the Rochdale Pioneers of UK Principle-Based coop and Value-Based leadership.
 - Develop a year-round executive development program for partner-coops, Self-help societies/group and the like.
 - Enhance strategic partnerships both local and foreign (at the best interest of CLIMBS) for furtherance of the cooperative movement and industry advocacy campaigns, such as the ILO's Impact Insurance Project.
 - Construct CLIMBS a new corporate headquarters in Bulua, Cagayan de Oro through CLIMBS Real Estate Development Corporation including the development of other CLIMBS properties in the key cities nationwide.

Business Targets for 5-Year Plan

Particulars	Base Year 2019	Year 1 2020	Year 5 2024
Gross Premium in Billion <i>(inclusive of refund)</i>	1.94	2.25	4.2
Life	1.58	1.85	3.4
Non-Life	0.343	0.4	0.8
Investment Return	2.9%	4%	5%
Return on Equity	10%	11%	15%
Million Paying Accounts	160	250	500
Business Mix (Luzon, Visayas, Mindanao)	27/23/50	28/24/48	40/30/30
Net Surplus in Million	206	240	382
Dividend Rate	6%	8%	10%
New CoopAssurance Centers (CAC)	115	100	250
Number of paying accounts <i>(7% of CDA reporting Coops)</i>	1,330	1,630	2,500
Number of Coops with Non-life Policies	1,800	2,000	5,000
Number of lives insured	4.4 M	7.5 M	20M

Network and Linkages



Key officers and staff were sent to several international and local conferences to further strengthen the CLIMBS local and international network and increase learning in strategic areas for development;

ICMIF Advanced Management Course – Singapore, November 2019



ICMIF Conference - Auckland, New Zealand, November 2019 - CLIMBS President and CEO Noel Raboy one of the panelists in the interesting topic on Future of Work that challenges the mutual and cooperatives all over the world in the 4th IR. Among many others, taking care of the people's mental and overall well-being is a focal issue in the workplace.



Coop College Centenary – November 2019

Lloyds of London is the marketplace origin insurance companies dating back from the 1600s.

Attend the ICULDEF Awards Ceremony - President and CEO Noel Raboy delivered a message to Credit Unions in UK and presented the ICULDEF Awards, Joe Biden awards to Philippine cooperators.

Global Executive Masterclass with ICMIF and Co-Operative College – ICMIF, Manchester, UK November 2019



Co-operative College Centenary Conference – Rochdale United Kingdom – CLIMBS presented Cooperative Education in the Philippines (by President and CEO Noel D. Raboy) and future plan and actions through the CLIMBS Institute (by Donna C. Dizon)

Network and Linkages

Partners in Protection, Education, Resiliency and Sustainability

The Impact Insurance Project in the Philippines was formally launched in January 2019 with CLIMBS, through the CLIMBS Institute, as the main partner of the ILO Social Finance Programme. The project aims to develop and provide holistic risk management solutions to savings and credit cooperatives partners of CLIMBS with the OIC, NICO and MSU-IIT NMPC as pilot partners. These are to be replicated to other coop-partners nationwide. The Project runs for 18 months with the assignment of an ILO Fellow in CLIMBS, Preeti Sancheti, to help its partners. All strategies are also aligned with CLIMBS goals and the UN's SDGs especially in protecting the most vulnerable in the communities and in capacity building, among others, as partners in achieving these goals (SDG 17). In October 2019, ILO Chief of Social Finance, Mr. Craig Churchill visited the CLIMBS HO to check on the progress of the project.



Initiatives on scaling-up impact that can be felt bottom-up are also evident through partnerships with reputable international organizations aside from the International Labor Organization (ILO). CLIMBS, as member of a global community, ICMIF, brings to the ground a Young Leaders' Program to echo ICMIF's efforts and commitment to raise young leaders in the sector. This is also in partnership with the Co-operative College in United Kingdom, the century-old Cooperative Education leader in the movement, headquartered in the home of the Rochdale Pioneers, Rochdale, United Kingdom. A Global Executive Masterclass and an executive learning program abroad will be delivered in partnership with the CLIMBS Institute. These international partnerships support CLIMBS efforts and bring in globally -accepted principles on learning while applying in the Philippines context. Conversely, these platforms also provide opportunities for CLIMBS to share best practices in the international arena.

Talks are also underway for other engagements to support International Cooperative Alliance's initiatives on Coops for 2030, with all of us as partners for the UN's Sustainable Development Goals (SDG 17) .

– a universal campaign for cooperatives to learn more about the Sustainable Development Goals, committing our pledges and contributions

Property Management

Per BOD resolution number No. 44 series of 2018 CLIMBS purchased a commercial property consist of 2 units commercial condominium with a total area of 202.61 sqm and 2 parking units with a total area of 25 sqm in Base Line Center, Juana Osmeña Sts., Cebu City for a total amount of P25,910,456.66. The property is owned and developed by Cebu Landmasters, Inc., the leading local housing developer. It is one of the most desirable locations in the city, Base Line Center is within walking distance from the major lifestyle needs in Midtown Cebu. It belongs to a prime 1.6 hectare complex that is easily accessible from the major thoroughfares of Osmeña Blvd, Escario St., and Mango Avenue. It is within 1 kilometer radius from universities, hospitals, churches, government offices and commercial establishments. This commercial area will be utilized for business expansions and to house our Cebu branch office. Currently we are renting four (4) rooms at the 6th floor of the CFI building.



Photo: Cebu Landmasters, Inc

Securing Member-Owners Data and Compliance Measures



Recognizing the dangers of cyber threat and breach of personal data security, CLIMBS Board of Directors appointed a Data Privacy Officer and a team to fully implement the Data Privacy Act of 2012, including good governance between AMLA and Insurance Commission. CLIMBS personnel and member-owners were fully informed of the Data Privacy Act of 2012 in different channels of communication.

As for other regulatory requirements, CLIMBS logo and CAC logo are officially registered with the Intellectual Property of the Philippines (IPO). CLIMBS is also registered with the National Privacy Commission and updated its registration with the Anti-Money Laundering Council.

The following seminars were also conducted to support DOLE in promoting and sustaining a safe and healthy workplace:

- Occupational Safety Seminar – Nov. 22, 2019
- Earthquake Preparedness and Fire Safety Seminar and drills – November 21, 2019





The New Game-Changer: Education through CLIMBS Institute for Financial Literacy (CIFL)

To formally launch as CLIMBS Institute of Management (CIM) in 2020, CIFL as a vanguard of education in the Cooperative milieu remains to be a game-changer as it continues to provide and support the cooperative partners in providing high-quality, continuous Cooperative education at par with global standards, addressing the ever-changing needs of our managers and next-generation leaders. These re-skilling and upskilling support the UN's SDGs on Education (5) and Partnerships for goals (17), primarily on capacity-building.

In 2019, CIFL has grown into 131 partners with over Php40Million in Institute Training Funds.

A remarkable feat was the 1st Global Cooperative Executive Masterclass – a partnership with the Co-operative College of UK, in February 2019, Manila, Philippines that paved the way for CLIMBS' invitation to the Co-operative College's Centenary Celebration in November, 2019 at the cradle of the Cooperative Movement, Rochdale, United Kingdom.



Aside from empowering the young leaders in the Cooperative sector by a values-led leadership masterclass and a Youth Summit, an executive learning program in partnership with the Co-operative College, designed exclusively for the "Cooperative Educators" will be launched in 2020, bringing Cooperative leaders to Rochdale, United Kingdom for a comprehensive Coop executive masterclass and values-led program with a visit to the Rochdale Pioneers Museum.

The institute continues to create new training programs, which includes digital platforms and courses in partnership with renowned local and international training institutions.

We also saw the fruition of ILO's Impact Insurance Project in the Philippines which started in July 2019. The Project is aimed at developing an integrated risk management solutions in partnership with member-cooperatives.

We continue to advocate for the CLIMBS Community Resiliency Program that helps our cooperatives mitigate risk by preparedness through the crafting of Business Continuity Plans.



With the special mission in Education as mandated by the CDA, CIM's vision is to aid in building resiliency and sustainability among the cooperatives and communities by:

- I. Developing quality leaders of cooperatives and other organizations.
- II. Addressing the Management needs of Cooperative Leaders.
- III. Attending to the needs of the communities such as the MSMEs and LGU's and other organizations.

It provides lifelong learning aimed at transforming leaders to embody a culture of excellence as drivers of economic growth. It also aims to fulfill the mandate of CLIMBS:

- I. To be an independent, self-sufficient subsidiary, a "Cooperative College" in the future.
- II. Training and Education Arm focusing on 3 key areas

Believing that education is a key to sustainable development, CLIMBS continues to address the needs of its partner-coops and community, in general. It is primarily hinged on 3 of the 7 Cooperative Principles, namely: Education, Training, & Information, Cooperation among Cooperatives, and Concern for Community. In the Insurance landscape, this sets CLIMBS apart as it focuses on 3 key areas:

- i. Financial Literacy/ Risk Management
- ii. Leadership and Management Series
- iii. Executive Series

The use of the Cooperative Education Training Fund is in accordance with the CDA's requirement on the development and continuous learning of Directors, Officers, Members and staff for the furtherance of the cooperative movement, as a whole.

CIFL Activities



CAC Corner



Greetings to all our CoopAssurance Partners from the islands of Luzon, Visayas and Mindanao!

Our CoopAssurance Partnership is turning a new leaf in the history of Cooperative business undertaking making our commitment to the partnership more meaningful.

We are grateful to our 138 CoopAssurance Partners to date from all islands of the country who have contributed to the success and continuous service provided by CLIMBS. Our CAC Partners are our front liners in bringing protection to the community most especially in the grassroots sector.

Thus this year, we are putting the spotlight on our CoopAssurance Partners with the theme **“Creating Business Opportunities for Cooperatives”**. To support this endeavor, last March 2019, we have created seven (7) new products for both Life and Nonlife that are exclusively for CACs only namely: Life Products are (1) Natural Accident, Life with Earthquake (NATALIE), (2) 3Sure Life Single Premium, (3) Kabayan Insurance (KabayanI) and for the Non-Life Products are (4) Family Aksi Plan (FamSi), (5) Love Your Self Always (LYSA), (6) Millennial Protek, and lastly (7) Tricycle Operators and Drivers - Accident Insurance (T.O.D.Accident). This is in answer to the call of our partner cooperatives for more products to be made available for the cooperative members.

We launched the new products as well as the incentive program for the CACs during the First ever CLIMBS CAC Summit conducted nationwide as follows:

Date	Venue	No. of Coops	No. of Delegates
October 21, 2019	Casa Ibarra, MOA Complex, Pasay City	28	62
October 23, 2019	Bai Hotel, Cebu City	32	80
October 25, 2019	Mallberry Hotel, Cagayan de Oro City	41	112

The summit was followed with various requests for BOD presentation, trainings and business planning conducted in different partner cooperatives nationwide. These activities paved way for the CLIMBS management to create the CAC Team wherein CAC Field Officers were appointed, Three (3) in Luzon, One (1) in Visayas and One (1) in Mindanao whose main function is to assist the CACs and see to it that the CAC Programs are well implemented and sustain its momentum to serve its purpose. The Team is headed by the CAC Executive Manager with the CAC Operations Officer / R & D -Life, Training Officer, Administrative Assistant and IT dedicated to the CAC completing the team.

From January 2019 to March 2020, there were a total of 41 CAC trainings and business planning conducted nationwide, Eleven (11) in Luzon, Seventeen (17) in Mindanao and Thirteen (13) in Visayas. Aside from the trainings, coaching and mentoring was also conducted in different CAC partners.

Some of the future undertakings for the CAC are the monthly promotions of new products, micro-insurance agents licensing, skills and capability programs thru salesmanship training of CAC in Charge, marketing staff and agents as well as continuous impact assessment, monitoring and evaluation of the program. Provision of sales kits for agents and the Phase Two (2) of new products for CAC are also underway. These, and the hope of creating more livelihoods for cooperative members, will help both CLIMBS and our CACs increase productivity while promoting protection in the new normal.



**CLIMBS Life and General Insurance Cooperative**

Zone 5, National Highway, Bulua, 9000 Cagayan de Oro City, Philippines
 Telefax Nos.: (08822) 738738; (088) 8561355 Tel. Nos. (08822) 738722; 738886
 Email: head_office@climbs.coop Website: www.climbs.coop

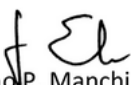
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CLIMBS Life and General Insurance Cooperative** is responsible for all information and representations contained in the financial statements for the years ended December 31, 2019 and 2018. The financial statements have been prepared in conformity with Philippine Financial Reporting Framework for Cooperatives as prescribed by Memorandum Circular No. 2015-06 of the Cooperative Development Authority and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.


In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors (BOD) reviews the financial statements before such statements are approved and submitted to the members of the Cooperative.

Reyes Tacandong & Co., the independent auditors and appointed by the BOD, has examined the financial statements of the cooperative in accordance with Philippine Standards on Auditing and the Standard Audit Systems for Cooperatives, and has expressed an opinion on the fairness of presentation upon completion of such examination, in its report to the members of the cooperative.


Fr. Elmo P. Manching
 Chairman


Mr. Noel D. Raboy, MBA Ex
 Chief Executive Officer


Ms. Doris B. Calapiz, CPA
 Treasurer

Signed this 9th day of March, 2020

LUZON BRANCH OFFICE	BAGUIO AREA OFFICE	NAGA AREA OFFICE	CEBU AREA OFFICE	DAVAO AREA OFFICE	ILOILO AREA OFFICE
Units 501,505,604 & 605 6F EU State Tower 30 Quezon City, Philippines 1100 TF: (063) (02) 511 7078 Email: metro_manila@climbs.coop	Room 402, Lyman Ogilby Centrum Magsaysay Avenue Baguio City, Philippines 2600 TF: (063) (74) 422 6720 Email: metro_baguio@climbs.coop	2F Ramaida Building Elias Angeles, Santa Cruz Naga City, Philippines 4400 TF: (063) (54) 881 7604 Email: nagaclimbs@gmail.com	6F Cebu CFI Building Capital Compound Cebu City, Philippines 6000 TF: (063) (32) 255 2234 Email: metro_cebu@climbs.coop	Door 27 A68, CAM Building Monteverde-Alvarez Streets Davao City, Philippines 8000 TF: (063) (82) 305 1398 Email: marge_climbsdvo@yahoo.com	Door 26, Ground Floor Zerrudo Commercial Complex, E. Lopez St. Jaro, Iloilo City, Philippines 5000 TF: (063) (33) 320 0625 Email: metro_iloilo@climbs.coop



INDEPENDENT AUDITORS' REPORT

The Members and the Board of Directors
CLIMBS Life and General Insurance Cooperative (CLIMBS)
Zone 5, National Highway, Bulua
Cagayan de Oro City

Report on the Financial Statements

Opinion

We have audited the financial statements of CLIMBS Life and General Insurance Cooperative (CLIMBS) (the Cooperative), which comprise the statements of financial condition as at December 31, 2019 and 2018, and the statements of operations, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cooperative as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework for Cooperatives (PFRF for Cooperatives) as prescribed by Memorandum Circular No. 2015-06 of the Cooperative Development Authority (CDA).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA) and Standard Audit System for Cooperatives (SASC). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Cooperative in accordance with the Code of Ethics for Professional Accountants' in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRF for Cooperatives and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cooperative's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA and SASC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA and SASC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

- 3 -

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 35 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Cooperative. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.

Pamela Ann P. Escudro
PAMELA ANN P. ESCUADRO

Partner

CPA Certificate No. 128829

Tax Identification No. 216-321-918-000

BOA Accreditation No. 4782; Valid until August 15, 2021

CDA Accreditation No. 0025-AF

Valid until March 20, 2020

IC Accreditation No. SP-2018/003-O

Valid until March 7, 2021

SEC Accreditation No. 1471-AR-1 Group A

Valid until June 4, 2021

BIR Accreditation No. 08-005144-013-2020

Valid until January 1, 2023

PTR No. 8116481

Issued January 6, 2020, Makati City

March 9, 2020

Makati City, Metro Manila

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



Reyes Tacandong & Co. is a member firm of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.



STATEMENT OF REPRESENTATION

To the Cooperative Development Authority (CDA):

In connection with our audit of the financial statements of CLIMBS Life and General Insurance Cooperative (CLIMBS) (the Cooperative) as at and for the years ended December 31, 2019 and 2018, which are herewith submitted to the CDA, I hereby represent the following:

1. That the accompanying financial statements are prepared by the Cooperative's management and presented in conformity with the Philippine Financial Reporting Framework for Cooperatives as prescribed by Memorandum Circular No. 2015-06 of the CDA;
2. That in the conduct of the audit, I adhered to the Philippine Standards on Auditing (PSA) and the Standard Audit System for Cooperatives (SASC) as required by the CDA;
3. That I am qualified as provided for in Section 8 of the Code of Professional Ethics for Certified Public Accountants and Article 80 of Republic Act No. 9520 (Philippine Cooperative Code of 2008);
4. That I am fully aware of my responsibility as an independent auditor for the audit report issued and attached to the financial statements and the sanctions to be bestowed on me for my misrepresentations that I may have willingly or unwillingly committed;
5. That I nor any member of my immediate family do not have any direct or indirect financial interest with the Cooperative;
6. That I am not an employee nor an officer of a secondary cooperative or tertiary cooperative of which this Cooperative is a member;
7. That I am not an employee of the CDA nor have I engaged an employee of the CDA in the course of the audit;
8. That I make this representation in my individual capacity and as a partner in the accounting firm of Reyes Tacandong & Co.; and,
9. That I am a member of the Philippine Institute of Certified Public Accountants.



It is, however, understood that my accountability is based on matter within the normal coverage of an audit conducted in accordance with PSA and SASC.

REYES TACANDONG & Co.

Pamela Ann P. Escudro
PAMELA ANN P. ESCUADRO

Partner

CPA Certificate No. 128829

Tax Identification No. 216-321-918-000

BOA Accreditation No. 4782; Valid until August 15, 2021

CDA Accreditation No. 0025-AF

Valid until March 20, 2020

IC Accreditation No. SP-2018/003-O

Valid until March 7, 2021

SEC Accreditation No. 1471-AR-1 Group A

Valid until June 4, 2021

BIR Accreditation No. 08-005144-013-2020

Valid until January 1, 2023

PTR No. 8116481

Issued January 6, 2020, Makati City

March 9, 2020

Makati City, Metro Manila

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE (CLIMBS)
STATEMENTS OF FINANCIAL CONDITION

		December 31	
	Note	2019	2018
ASSETS			
Current Assets			
Cash	6	₱397,817,083	₱537,003,962
Short-term placements	7	453,390,870	630,220,678
Insurance receivables	8	60,626,790	189,331,096
Reinsurance assets	9	14,083,901	29,686,817
Financial assets at fair value through profit or loss (FVPL)	10	89,400,451	81,728,863
Financial assets at cost	10	477,465,020	385,042,081
Accounts and other receivables	11	77,494,912	50,545,846
Other funds and deposits	12	–	37,204,682
Prepayments	13	1,181,274	724,033
Total Current Assets		1,571,460,301	1,941,488,058
Noncurrent Assets			
Financial assets at amortized cost	10	1,200,950,402	1,061,765,148
Financial assets at cost - net of current portion	10	183,860,036	64,929,516
Property and equipment	14	109,058,670	82,280,454
Investment property	15	153,038,751	154,711,829
Other noncurrent assets	16	14,342,075	16,535,483
Total Noncurrent Assets		1,661,249,934	1,380,222,430
TOTAL ASSETS		₱3,232,710,235	₱3,321,710,488
LIABILITIES AND EQUITY			
Current Liabilities			
Insurance contract liabilities	17	₱1,188,999,622	₱1,244,286,172
Due to reinsurers	18	10,606,076	11,271,724
Interest on share capital and patronage refund payable	23	112,939,768	43,971,312
Accounts and other payables	19	89,515,816	73,552,386
Total Current Liabilities		1,402,061,282	1,373,081,594
Noncurrent Liabilities			
Retirement payable	20	14,408,317	2,890,455
Other noncurrent liabilities	21	1,574,695	38,647,088
Total Noncurrent Liabilities		15,983,012	41,537,543
Equity			
Members' equity	22	1,582,288,750	1,702,523,074
Statutory funds	23	232,377,191	204,568,277
Total Equity		1,814,665,941	1,907,091,351
TOTAL LIABILITIES AND EQUITY		₱3,232,710,235	₱3,321,710,488

See accompanying Notes to Financial Statements.

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE (CLIMBS)
STATEMENTS OF OPERATIONS

		Years Ended December 31	
	Note	2019	2018
REVENUE			
Gross premiums earned on insurance contracts	24	₱1,631,694,702	₱1,775,540,201
Reinsurers' share of gross premiums earned on insurance contracts	24	(39,156,359)	(55,609,211)
Net insurance premiums		1,592,538,343	1,719,930,990
Income/interest from investments/deposits	6	127,116,868	70,433,397
Commissions and other underwriting income		2,807,880	25,619,138
		1,722,463,091	1,815,983,525
BENEFITS, CLAIMS AND EXPENSES			
Benefits and claims incurred on insurance contracts	25	870,712,485	745,441,287
Collection costs	26	539,344,085	546,715,543
Salaries and benefits	28	84,205,456	69,802,093
General and administrative expenses	27	79,774,836	86,908,362
Increase (decrease) in insurance contract liabilities	17	(79,385,081)	256,651,851
Depreciation and amortization	14	21,478,796	20,560,901
		1,516,130,577	1,726,080,037
OTHER INCOME AND EXPENSES	29	(5,948,179)	(27,087,328)
NET SURPLUS		₱200,384,335	₱62,816,160
DISTRIBUTION OF NET SURPLUS			
Statutory funds:	23		
Reserve fund		₱20,038,434	₱6,281,616
Cooperative education and training fund		20,038,434	6,281,616
Community development fund		6,011,529	1,884,485
Optional fund		14,026,903	4,397,131
Interest on share capital and patronage refund payable		140,269,035	43,971,312
		₱200,384,335	₱62,816,160

See accompanying Notes to Financial Statements.

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE (CLIMBS)
STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31			
	Note	Number of Shares			
		2019	2018	2019	2018
MEMBERS' EQUITY	22				
Common share capital - ₱1,000 par value					
Authorized					
Balance at beginning of year		2,500,000	800,000		
Increase in authorized share capital		–	1,700,000		
Balance at end of year		2,500,000	2,500,000		
Subscribed:					
Balance at beginning of year		1,556,485	800,000	₱1,556,485,000	₱800,000,000
Additions		157,734	812,000	157,734,000	812,000,000
Withdrawals		(277,312)	(55,515)	(277,312,000)	(55,515,000)
Balance at end of year		1,436,907	1,556,485	1,436,907,000	1,556,485,000
Subscriptions receivable:					
Balance at beginning of year				(18,370,750)	–
Additions				(157,734,000)	(812,000,000)
Collections				119,770,183	373,177,859
Withdrawals				10,636,850	385,724
Conversion of deposits for share capital subscription				–	420,065,667
Balance at end of year				(45,697,717)	(18,370,750)
				1,391,209,283	1,538,114,250
Preferred share capital - ₱1,000 par value					
Authorized		500,000	500,000		
Subscribed:					
Balance at beginning of year		165,000	200,000	165,000,000	200,000,000
Additions		87,859	33,000	87,859,000	33,000,000
Withdrawals		(56,100)	(68,000)	(56,100,000)	(68,000,000)
Balance at end of year		196,759	165,000	196,759,000	165,000,000
Subscriptions receivable:					
Balance at beginning of year				(591,176)	–
Additions				(87,859,000)	(33,000,000)
Collections				82,380,855	8,729,216
Withdrawals				389,788	472,471
Conversion of deposits for share capital subscription				–	23,207,137
Balance at end of year				(5,679,533)	(591,176)
				191,079,467	164,408,824
				₱1,582,288,750	₱1,702,523,074

(Forward)



- 2 -

		Years Ended December 31	
	Note	2019	2018
DEPOSITS FOR SHARE CAPITAL SUBSCRIPTION			
Balance at beginning of year		₱—	₱443,272,804
Conversion to share capital		—	(443,272,804)
Balance at end of year		—	—
STATUTORY FUNDS			
	23		
Reserve Fund			
Balance at beginning of year		97,230,420	90,948,804
Allocation from net surplus		20,038,434	6,281,616
Balance at the end of year		117,268,854	97,230,420
Cooperative Education and Training Fund (CETF)			
Balance at beginning of year		16,345,186	16,493,852
Allocation from net surplus		20,038,434	6,281,616
Payable to federation		(10,019,217)	(3,140,808)
Disbursements		(16,952,903)	(3,289,474)
Balance at end of year		9,411,500	16,345,186
Community Development Fund			
Balance at beginning of year		19,804,519	18,497,131
Allocation from net surplus		6,011,529	1,884,485
Disbursements		(5,334,266)	(577,097)
Balance at end of year		20,481,782	19,804,519
Optional Fund			
Balance at beginning of year		71,188,152	66,791,021
Allocation from net surplus		14,026,903	4,397,131
Balance at end of year		85,215,055	71,188,152
		232,377,191	204,568,277
		₱1,814,665,941	₱1,907,091,351

See accompanying Notes to Financial Statements.

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE (CLIMBS)
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus		₱200,384,335	₱62,816,160
Adjustments for:			
Loss on fair values of financial assets at FVPL	10	1,728,689	3,403,877
Depreciation and amortization	14	21,478,796	20,560,901
Decrease (increase) in insurance contract liabilities	17	(79,385,081)	256,651,851
Remeasurement loss (gain) on retirement liability	20	11,554,546	(5,074,049)
Retirement costs	20	2,226,204	2,932,212
Gain on disposal of property and equipment		(129,585)	–
Operating surplus before working capital changes		157,857,904	341,290,952
Decrease (increase) in:			
Short-term placements		176,829,808	(45,553,183)
Insurance receivables		128,704,306	(37,891,999)
Reinsurance assets		15,602,916	(29,686,817)
Accounts and other receivables		(26,949,066)	36,968,966
Other funds and deposits		37,204,682	(6,735,547)
Prepayments		(457,241)	1,388,528
Increase (decrease) in:			
Insurance contract liabilities		24,098,531	(16,821,089)
Due to reinsurers		(665,648)	4,009,046
Accounts and other payables		5,944,213	(42,639,081)
Net cash generated from operations		518,170,405	204,329,776
Retirement benefits paid	20	(2,262,888)	–
Net cash flows from operating activities		515,907,517	204,329,776
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at:			
FVPL		(9,400,277)	(10,000,000)
Amortized cost		(139,185,254)	(257,336,969)
Cost		(211,353,459)	(69,725,476)
Acquisitions of:			
Property and equipment	14	(43,334,875)	(15,807,580)
Investment property	15	(675,176)	(1,180,242)
Additions to computerization costs	16	(608,673)	(2,605,912)
Proceeds from disposal of property and equipment		300,000	–
Proceeds from returns of refundable deposits		57,783	35,106
Net cash flows used in investing activities		(404,199,931)	(356,621,073)

(Forward)

- 2 -

		Years Ended December 31	
	Note	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in other noncurrent liabilities		(P37,072,393)	₱6,797,044
Payments of dividend and patronage refund		(21,521,718)	(8,384,719)
Collections of members' share capital		152,372,177	244,583,160
Withdrawals of members' share capital		(322,385,362)	(122,656,805)
Disbursements from statutory funds		(22,287,169)	(3,866,571)
Net cash flows from (used in) financing activities		(250,894,465)	116,472,109
NET DECREASE IN CASH			
		(139,186,879)	(35,819,188)
CASH AT BEGINNING OF YEAR			
		537,003,962	572,823,150
CASH AT END OF YEAR			
		₱397,817,083	₱537,003,962
NONCASH FINANCIAL INFORMATION			
Conversion of dividend and patronage refund to share capital	22	₱49,778,861	₱137,323,915
Conversion of deposits for share capital subscription	22	—	443,272,804
		₱49,778,861	₱580,596,719

See accompanying Notes to Financial Statements.

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE (CLIMBS)

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. Cooperative Information

CLIMBS Life and General Insurance Cooperative (CLIMBS) (the Cooperative) is a national federation of cooperatives organized on March 17, 2004 and was originally registered with the Cooperative Development Authority (CDA) under Registration No. 0202100010 in accordance with the provisions of Republic Act (R.A.) No. 6938. The Cooperative obtained its insurance license to operate as an insurance cooperative from the Insurance Commission (IC) on April 28, 2004. The Cooperative was re-registered with the CDA under Registration No. 9520-10008741 on March 1, 2010 in accordance with the provisions of R.A. No. 9520, otherwise known as the Philippine Cooperative Code of 2008.

The Cooperative has composite insurance license to operate as a life and general insurance cooperative granted by the IC with Certificate of Authority No. 2019/25-R which is valid until December 31, 2021.

The primary purposes of the Cooperative are, as follows:

- To provide protection for the life, health and property of the members;
- To conduct, transact, or carry on, and undertake insurance business in all its member-cooperatives and other third persons (juridical or natural) pertaining to life and non-life such as accident, health, property and surety agreement; to write insurance contracts providing for all risks, hazards, guarantees and contingencies to which life, accident, health, property and surety insurance is applicable; to grant endowment and annuities, payable between any fixed period or contingencies to their commencement or determination upon any event dependent upon human life or the birth or failure of issues; to issue insurance policies providing for participation or non-participation of profits; and,
- To give protection and encouragement on the capital and savings deposits of the individual members of the cooperative.

The secondary purposes of the Cooperative are, as follows:

- To reinsure all or parts of the risks underwritten by the Cooperative and to undertake all kinds of reinsurance to the extent allowed by law; and,
- To establish a Training Institute on Financial Literacy and Management.

On April 23, 2018, the Cooperative's General Assembly (GA) approved the amendment of its Articles of Cooperation and included, as part of its secondary purposes, to engage in the business of real estate; acquiring, selling, disposing, leasing and encumbering its properties. The amendment was approved by the CDA on May 21, 2018.

One of the Cooperative's divisions is engaged in the business of underwriting life insurance, offering to members and beneficiaries the following products:

1. Coop Life Savings Plan;
2. Coop Loan Protection Plan (CLPP);
3. Group Yearly Renewal Term (GYRT); and,
4. Permanent Plan (5 Pay Life, 5 Pay Life - 15 years endowment, 10 Pay Life - 15 years endowment)

Other than individual and group life insurances, the Cooperative also offers non-life standard and micro-insurance contracts for all risks, hazards and contingencies for marine, fire, motor car and other casualty insurances, as applicable.

The registered office address of the Cooperative is at Zone 5, National Highway, Bulua, Cagayan de Oro City, Philippines.

On July 23, 2019, the Cooperative was granted by the CDA a Certificate of Compliance (COC) under COC No. 10-2019-8930 which is valid until April 30, 2020.

The financial statements were authorized for issuance by the Board of Directors (BOD) on March 9, 2020.

2. Organization and Tax Exemption

Under R.A. No. 9520, cooperatives are exempted from the payment of all national, city, provincial, municipal or barangay taxes of whatever name and nature, including exemption from customs duties, advance sales of compensating taxes on its importation of machinery, equipment and spare parts which are not available locally as certified by the Department of Trade and Industry. The cooperative shall enjoy exemptions from government taxes or fees imposed under internal revenue laws provided that the cooperative does not transact business with non-members or the general public. The cooperative, if transacting business with both members and non-members or the general public, may be exempt from tax if the accumulated reserves and undivided net savings of the cooperative does not exceed ₱10 million. Accordingly, the Cooperative is exempt from taxes, including income tax.

The Cooperative's Certificate of Tax Exemption (CTE) is valid until March 15, 2022.

3. Basis of Accounting

Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) which are carried at fair value. The financial statements are presented in Philippine Peso, the Cooperative's functional currency.

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Framework for Cooperatives (PFRF for Cooperatives) as prescribed by Memorandum Circular (MC) No. 2015-06 of the CDA dated September 16, 2015. The PFRF for Cooperatives was developed from the Philippine Financial Reporting Standard for Small and Medium-sized Entities. Modifications were made on several provisions of the standard taking into consideration cooperative laws, rules, regulations and principles.

Revised Standard Chart of Accounts for Cooperatives

Pursuant to Section 3 of R.A. No. 6939, the CDA issued MC No. 2016-06 prescribing the usage of Standard Chart of Accounts (SCA) for Cooperatives in conformity with the PFRF for Cooperatives. The MC shall be applied in the accounting and financial reporting of all types of cooperatives duly registered with the CDA pursuant to R.A. No. 9520.

4. Summary of Significant Accounting Policies

Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Cooperative recognizes a financial asset or a financial liability only when the Cooperative becomes a party to the contractual provisions of the instrument. Financial instruments are classified as cash, loans and receivables, financial assets at FVPL, financial assets at amortized cost, financial assets at cost, and other financial assets or liabilities, as appropriate.

When a financial asset or financial liability is recognized initially, the Cooperative measures it at the transaction price unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the Cooperative measures the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Cooperative measures financial instruments as follows:

Cash. Cash includes cash in banks, cash in other cooperatives and working funds.

Classified as cash are the Cooperative's cash in banks, cash in other cooperatives and working funds presented under "Cash" (see Note 6).

Loans and receivables. Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are carried at undiscounted amount of cash or other consideration expected to be received, less any allowance for impairment.

Classified as loans and receivables are the Cooperative's short-term placements, insurance receivables, reinsurance assets, accounts and other receivables, other funds and deposits, and refundable deposits (presented under "Other noncurrent assets") (see Notes 7, 8, 9, 11, 12, and 16).

Financial assets at FVPL. Financial assets at FVPL include investments in publicly-traded securities that are held for trading and are quoted in an active market. These investments are measured at fair value. Gains or losses on financial assets at FVPL are recognized in the statement of operations.

Classified as financial assets at FVPL are the Cooperative's investments in publicly-traded securities which are measured at fair value presented under "Financial assets at FVPL" (see Note 10).

Financial assets at amortized cost. Financial assets at amortized cost include financial assets with fixed or determinable payments and investments in debt instruments which are measured at amortized cost using the straight-line method, less any impairment in value.

Classified as financial assets at amortized cost are the Cooperative's investments in retail treasury bonds, corporate bonds, fixed-rate treasury notes and long-term negotiable certificate of deposits (see Note 10).

Financial assets at cost. Financial assets at cost include investments in unquoted equity securities, mutual funds and other externally managed funds. These investments are measured at cost less any impairment in value.

Classified as financial assets at cost are the Cooperative's investments in shares of stock of related parties, cooperative banks and other cooperatives, mutual funds and externally managed funds (see Note 10).

Other financial liabilities. This category pertains to financial liabilities that are not held for trading or not at fair value upon the inception of the liability. These include liabilities arising from operations or non-interest bearing loans and borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost using the effective or straight-line interest amortization method.

Classified as other financial liabilities are the Cooperative's insurance contract liabilities, due to reinsurers, interest on share capital and patronage refund payable, accounts and other payables (excluding statutory payables), and other noncurrent liabilities (see Notes 17, 18, 19, 21 and 23).

Impairment of Financial Assets at Amortized Cost

For financial assets at amortized cost, the Cooperative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

An allowance provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Cooperative will not be able to collect all of the amounts due under the original terms of the loan. The carrying amount of the loans and receivables are reduced by setting up an allowance account. The impairment loss is recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Impairment of Financial Assets at Cost

The Cooperative assesses at each reporting date whether its financial assets at cost is impaired.

If there is objective evidence that an impairment loss has occurred on financial assets at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in the subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

Derecognition of Financial Assets

The Cooperative derecognizes a financial asset only when:

- the contractual rights to the cash flows from the financial assets expire or are settled; or,
- the Cooperative transfers to another party substantially all of the risks and rewards of ownership of the financial assets; or,
- the Cooperative, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Cooperative:
 - Derecognizes the asset; and,
 - Recognizes separately any rights and obligations retained or created in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations is measured at their fair values at that date. Any difference between the consideration received and the carrying amounts is recognized in the statement of operations in the period of the transfer.

If a transfer does not result in derecognition because the Cooperative has retained significant risks and rewards of ownership of the transferred asset, the Cooperative continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The asset and liability are not offset. In subsequent periods, the Cooperative recognizes any income on the transferred asset and any expense incurred on the financial liability.

Derecognition of Financial Liabilities

The Cooperative derecognizes a financial liability (or a part of a financial liability) only when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

If an existing borrower and lender exchange financial instruments with substantially different terms, the Cooperative accounts for the transaction as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Cooperative accounts for a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Cooperative recognizes in the statement of operations any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed.

Offsetting of Financial Instruments

The Cooperative does not offset financial assets and liabilities unless required or permitted by PFRF for Cooperatives.

Insurance Contracts

Product Classification. Insurance contracts are those contracts under which the Cooperative (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Cooperative determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risks.

Benefits and Claims. Claims consist of benefits and claims incurred on insurance contracts. Death claims and non-life insurance claims are recorded on the basis of notifications received. Maturities are recorded when due.

Policy Acquisition Costs. Collection costs and other acquisition costs pertain to expenses that are directly attributable in securing new insurance contracts and renewal of existing contracts. For life insurance contracts, these are recognized in profit or loss when incurred. For non-life insurance contracts, these are recognized using the 24th method of amortization as required by IC.

Liability Adequacy Tests. At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of reinsurance assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as returns from assets backing such liabilities are used. Any deficiency is immediately recognized in profit or loss.

Reinsurance Contracts Held. Contracts entered into by the Cooperative with reinsurers under which the Cooperative is compensated for losses on one or more contracts issued by the Cooperative and that meet the classification requirement for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Cooperative is entitled to under its reinsurance contracts held are recognized as reinsurance assets. These include short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The share of reinsurers in premiums and claims are recognized simultaneously with the related insurance contracts issued by the Cooperative.

If there is objective evidence that reinsurance assets are impaired, the Cooperative reduces the carrying amount of the reinsurance assets and recognizes the impairment loss in profit or loss.

Receivables and Payables Related to Insurance Contracts. Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Cooperative reduces the carrying amount of the insurance receivable and recognizes the impairment loss in profit or loss.

Investment Property

Investment property is measured at its cost at initial recognition. Investment property pertains to land not used in operation and building held for rentals. The cost of a purchased investment property

comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

Investment property is measured after initial recognition at cost less accumulated depreciation and accumulated impairment losses. Depreciation of buildings held for rentals is computed on a straight-line basis over a maximum period of 25 years.

Transfers are made to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of an investment property.

Property and Equipment

Property and equipment is measured at its cost at initial recognition. The cost of an item of property and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments. The cost of property and equipment comprises of the following:

- its purchase price, including legal and brokerage fees, import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- any costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality;
- any estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Cooperative incurs either when the item is acquired or as a consequence of having used the item during a particular period; and,
- any interest and other financing cost of funds borrowed intended for the construction or development of an asset.

Property and equipment is measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any impairment in value. The Cooperative recognizes the costs of day-to-day servicing of an item of property and equipment in the statement of operations in the period in which the costs are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Number of Years
Land improvements	5
Building and improvements	15-25
Transportation equipment	3-5
Furniture, fixtures and office equipment	2-5

The useful lives and method of depreciation are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected usage of the assets.

Construction in progress is stated at cost, which includes cost of materials, labor and other construction related costs incurred. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

When property and equipment is disposed, gain or loss arising from the disposal is the difference between the net disposal proceeds, if any, and the carrying amount of the property and equipment. The gain or loss is recognized in the statement of operations.

Computerization Cost

Computerization cost is measured at its cost at initial recognition. The cost comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use. Computerization cost is measured after initial recognition at cost less any accumulated amortization and any accumulated impairment losses. Amortization of computerization cost is computed on a straight-line basis over a period not exceeding five years or useful life whichever is shorter. Costs associated in maintaining the information technology (IT) computer software are expensed as incurred.

Impairment of Nonfinancial Assets

The Cooperative assesses at reporting date whether there is an indication that prepayments, property and equipment, investment property, and computerization cost may be impaired. An impairment loss is recognized in the statement of operations when the recoverable amount of an asset is less than its carrying amount.

The Cooperative assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the Cooperative determines whether all or part of the prior impairment loss is reversed in the case of an individual asset or cash-generating unit to which the asset belongs.

Insurance Contract Liabilities

A liability for incurred policy benefits relating to life insurance contracts is accrued when premium revenue is recognized. The Cooperative assesses at each reporting date whether insurance contract liabilities are adequate, using the current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance contract liabilities changes in the light of the estimated future cash flows, the change shall be recognized in profit or loss.

The Cooperative's insurance contract liabilities are determined based on the approved valuation method by the IC and using management's estimates for other reserves. These liabilities are derecognized upon the death of policyholder, happening of the insured event, or when the contract has matured, lapsed or has been surrendered by the policyholder.

Related Parties

A related party is a person or entity that is related to the Cooperative.

A person is related to the Cooperative if that person or that person's close family member:

- is a member of the key management personnel of the Cooperative;
- has control over the Cooperative; or,
- has joint control or significant influence over the Cooperative or has significant voting power in it.

An entity is related to the Cooperative if any of the following conditions applies:

- the entity is an associate, subsidiary or joint venture of the Cooperative;
- the entity is a post-employment benefit plan for the benefit of employees of the Cooperative; or,
- the Cooperative is controlled or jointly controlled by a person identified above.

In considering each possible related party relationship, the Cooperative assesses the substance of the relationship and not merely the legal form.

Equity

Members' equity. Members' equity are composed of common share capital and preferred share capital.

Common share capital. Common share capital is measured at par value for all shares subscribed. Common shares are available to regular members only.

Preferred share capital. Preferred share capital is measured at par value for all shares subscribed. Preferred shares are available to associate members.

Statutory funds. Statutory funds are composed of reserve fund, education and training fund, community development fund and optional fund. The funds represent the cumulative balance of the allocation from the distribution of net surplus each year and disbursements thereof.

Revenue

Revenue arises in the course of the ordinary activities of the Cooperative and results directly from the recognition and measurement of assets and liabilities. Revenue is recognized if there is an increase in future economic benefits which can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Life insurance premiums. Insurance premiums are recorded as income as these are collected, usually at the policy anniversary date. Accrual of uncollected premiums is made at the end of the year if the grace period is still in effect. Single premiums, however, are amortized over the term of the policy which are recorded as income at each policy anniversary date. Premium income is also deducted by the amount of premiums on insurance business ceded.

Non-life insurance premiums. Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method, except for the marine cargo where premiums for the last two months are considered earned the following year. The portion of the premiums written that relate to the unexpired periods of the policies at the reporting dates are accounted for as provision for unearned premiums as part of the insurance contract liabilities and presented in the liabilities section of the statement of financial condition. The related reinsurance premiums ceded that pertains to the unexpired periods at reporting dates are accounted for as deferred reinsurance premiums and shown as part of reinsurance assets in the statement of financial condition.

Retirement Plan

The Cooperative has a funded, noncontributory and defined benefit retirement plan, administered by an independent trustee, covering all qualified employees. The defined benefit obligation and the related expense are measured using the projected unit credit method, which is determined by an independent actuary. Actuarial gains or losses are recognized in the statement of operations in the period in which they occur.

The retirement payable is the present value of its obligations under defined benefit plans less the fair value at the reporting date of plan assets out of which the obligations are to be settled directly and any unrecognized past service costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at reporting date.

Distribution of Net Surplus

The net surplus of the Cooperative, as required by law and the Cooperative's by-laws, is distributed as follows:

Statutory Funds

- ***Reserve Fund***
An amount for the reserve fund, which is 10% of net surplus. This fund is set aside for the stability of the Cooperative and to meet net losses in its operations, if any, in its business operations. The general assembly may decrease the amount allocated to reserve fund when such fund exceeds the share capital.
- ***Cooperative Education and Training Fund***
An amount for the education and training fund, which is 10% of net surplus. This fund is set aside for training, development and other similar cooperative activities geared towards the growth of the cooperative movement. Half of the amount transferred to this fund is spent by the Cooperative for education and training purposes; while the other half may be remitted to the cooperative education and training fund of the union or federation chosen by the Cooperative.
- ***Community Development Fund***
An amount for the community development fund, which is 3% of the net surplus. This fund is set aside for projects or activities that will benefit the community where the Cooperative operates.
- ***Optional Fund***
An amount for the optional fund, which is 7% of the net surplus. This fund is intended for future use such as acquisition of land and building, or any other necessary purpose.

Interest on Share Capital and Patronage Refund

The remaining net surplus is made available to the members in the form of interest on share capital and patronage refunds not to exceed the normal rate of return on investments and patronage refund.

Provisions

Provisions are recognized when the Cooperative has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when inflows of economic benefits are probable.

Changes in Accounting Policies and Estimates and Correction of Prior Period Errors

The Cooperative changes its accounting policies if the change is required by PFRF for Cooperatives or as a result of providing reliable and more relevant information about the effects of transactions, other events or conditions on the Cooperative's financial condition. The Cooperative recognizes the effect of changes in accounting policies in the period of change.

In relation to changes in accounting estimates, the Cooperative recognizes the effect of the change prospectively by including it in profit or loss in the period of change and future periods, if applicable.

Prior period errors are omissions from, and misstatements in, the Cooperative's financial statements for one or more periods arising from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts or fraud. The Cooperative recognizes the effect of the correction of prior period error in the financial statements of the current period.

Events After the End of the Reporting Period

Post year-end events that provide additional information about the Cooperative's financial condition at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Cooperative's financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Cooperative believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

Judgments

In the process of applying the Cooperative's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Classification of Lease Arrangements. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership over the leased properties are retained by the Cooperative. Lease contracts which the Cooperative retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

The Cooperative, as a lessor, has existing lease agreements on its investment properties where it has determined that it retains all the significant risks and benefits of ownership over the leased properties. Accordingly, the lease agreements are accounted for as operating leases. Rent income recognized is disclosed in Note 29.

Classification of Properties. Management determines the classification of a property depending on its use. The Cooperative classifies its owner-occupied properties as property and equipment. Properties held to earn rentals or for capital appreciation are classified as investment properties. The change of use of properties will trigger a change in classification and accounting of these properties.

The carrying amounts of investment property and, property and equipment are disclosed in Notes 14 and 15, respectively.

Legal Contingencies. The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsel handling the Cooperative's defense in these matters and is based upon an analysis of potential results. As at March 9, 2020, the Cooperative is not involved in any significant legal cases. No provision for probable losses arising from legal contingencies was recognized in 2019 and 2018.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of Allowance for Probable Losses on Loans and Receivables. The Cooperative assesses at each reporting period whether there is an indication that the receivables may be impaired. If any such indication exists, the Cooperative estimates the allowance for probable losses on receivables based on the past due amount.

The aggregate carrying values of short-term placements, insurance receivables, reinsurance assets, accounts and other receivables, other funds and deposits, and refundable deposits (presented under "Other noncurrent assets") amounted to ₱607.1 million and ₱938.5 million as at December 31, 2019 and 2018, respectively, net of allowance for probable losses amounting to ₱11.1 million as at December 31, 2019 and 2018 (see Notes 7, 8, 9, 11, 12 and 16). No provision for impairment losses on loans and receivables was recognized in 2019 and 2018.

Estimation of Allowance for Impairment Losses on Financial Assets at Amortized Cost and Cost. The Cooperative assesses at each reporting period whether there is objective evidence that a financial asset or group of similar financial assets is impaired.

If the financial asset at cost is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in the statement of operations, is charged in the statement of operations. Reversals of impairment losses are made through the statement of operations if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of operations.

The aggregate carrying values of financial assets at amortized cost and cost amounted to ₱1.9 billion and ₱1.5 billion as at December 31, 2019 and 2018, respectively (see Note 10). No provision for impairment losses in financial assets at amortized cost and cost were recognized in 2019 and 2018.

Estimation of Useful Lives of Property and Equipment, Investment Property, and Computerization Cost. The Cooperative estimates the useful lives of property and equipment, investment property, and computerization cost based on the expected usage of the asset, which is assessed by reference to the asset's expected capacity or physical output. Expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset are also considered in determining the useful life of the assets. The estimated useful lives of the assets are reviewed periodically and updated if there has been a significant change since the last annual reporting date in the pattern by which the Cooperative expects to consume an asset's future economic benefits. While the Cooperative believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the determination of the estimated useful lives of the assets.

The aggregate carrying values of property and equipment, investment property, and computerization cost (presented under "Other noncurrent assets") amounted to ₱274.9 million and ₱252.0 million as at December 31, 2019 and 2018, respectively (see Notes 14, 15 and 16). There was no change in the estimated useful lives of property and equipment, investment property, and computerization cost in 2019 and 2018.

Estimation of Impairment for Nonfinancial Assets. The Cooperative assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Cooperative considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and,
- significant changes or planned changes in the use of the assets.

The aggregate carrying values of prepayments, property and equipment, investment property and computerization cost (presented under "Other noncurrent assets") amounted to ₱276.1 million and ₱252.7 million as at December 31, 2019 and 2018, respectively (see Notes 13, 14, 15 and 16). No provision for impairment in nonfinancial assets was recognized in 2019 and 2018.

Estimation of Legal Policy Reserves and Unearned Premium Reserves. Reserves are set up as requirement pursuant to the provision and guidelines set by the IC, which should not be less than the reserves required. These are computed using assumptions that are based on the standard mortality and morbidity tables, interest rates, lapse and/or persistency, expenses, non-guaranteed benefits, margin for adverse deviation and management's estimates as required by the IC.

The aggregate carrying values of legal policy reserves and unearned premium reserves amounted to ₱738.2 million and ₱929.6 million as at December 31, 2019 and 2018, respectively (see Note 17).

Estimation of Incurred but not Reported Claims. Provision is made for the cost of claims incurred but not yet reported as at reporting date based on the Cooperative's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are recognized in profit or loss of subsequent years.

Incurred but not reported claims amounted to ₱126.9 million and ₱93.0 million as at December 31, 2019 and 2018, respectively (see Note 17).

Estimation of Retirement Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 20 to financial statements and include, among others, discount rates and salary increase rates.

Retirement liability amounted to ₱14.4 million and ₱2.9 million as at December 31, 2019 and 2018, respectively (see Note 20).

6. Cash

This account consists of:

	2019	2018
Cash in banks	₱205,546,924	₱329,618,196
Cash in other cooperatives	190,296,263	205,593,870
Working funds	1,973,896	1,791,896
	₱397,817,083	₱537,003,962

Cash in banks and in other cooperatives earn interest at the respective deposit rates. Working funds represent petty cash fund and revolving fund.

Interest income amounted to ₱5.5 million and ₱7.2 million in 2019 and 2018, respectively.

Details of income/interest from investments/deposits are, as follows:

	Note	2019	2018
Cash		₱5,536,773	₱7,196,760
Short-term placements	7	24,340,807	18,269,836
Financial assets at amortized cost	10	51,093,595	33,578,698
Financial assets at cost	10	45,796,633	11,063,467
Loans receivable	11	349,060	324,636
		₱127,116,868	₱70,433,397

7. Short-Term Placements

Short-term placements amounted to ₱453.4 million and ₱630.2 million as at December 31, 2019 and 2018, respectively. These are investments in time deposits with terms of more than three months to less than one year from the date of placement and earn interest ranging from 3% to 7% per annum and 1% to 8% per annum in 2019 and 2018, respectively.

Interest income amounted to ₱24.3 million and ₱18.3 million in 2019 and 2018, respectively.

8. Insurance Receivables

This account consists of:

	2019	2018
Due from reinsurers	₱43,488,155	₱38,014,803
Premiums receivable	27,415,481	161,512,951
Automatic contribution loans (ACL) from Mutual Aid Services (MAS) members	664,867	664,867
Policy loans	192,815	273,003
	71,761,318	200,465,624
Allowance for probable losses	(11,134,528)	(11,134,528)
	₱60,626,790	₱189,331,096

Premiums receivable represent premiums due and uncollected from member-cooperatives on all policies which are classified as in force. These are non-interest bearing and normally collected within a year.

Due from reinsurers represent reinsurers' share in benefits and claims incurred on insurance contracts. These are non-interest bearing and normally collected within a year.

ACL from MAS members represent premiums receivable from the Cooperative's qualified regular employees.

9. Reinsurance Assets

Reinsurance assets amounting to ₱14.1 million and ₱29.7 million as at December 31, 2019 and 2018, respectively, pertain to estimated recoverable amounts from reinsurers for its share in insurance contract liabilities (see Note 17).

10. Financial Assets

This account consists of:

	2019	2018
Current		
Financial assets at FVPL	₱89,400,451	₱81,728,863
Financial assets at cost	477,465,020	385,042,081
	566,865,471	466,770,944
Noncurrent		
Financial assets at amortized cost	1,200,950,402	1,061,765,148
Financial assets at cost	183,860,036	64,929,516
	1,384,810,438	1,126,694,664
	₱1,951,675,909	₱1,593,465,608

Financial Assets at FVPL

Financial assets at FVPL include investments in publicly-traded securities that are held for trading and are quoted in an active market.

The movements in the financial assets at FVPL are, as follows:

	2019	2018
Balance at beginning of year	₱81,728,863	₱75,132,740
Additions	17,600,000	60,000,000
Disposals	(8,199,723)	(50,000,000)
Loss on fair value	(1,728,689)	(3,403,877)
Balance at end of year	₱89,400,451	₱81,728,863

Financial Assets at Amortized Cost

Financial assets at amortized cost include retail treasury bonds, corporate bonds, fixed-rate treasury notes and long-term negotiable certificate of deposits which are measured at amortized cost using straight-line interest amortization method.

The movements in the financial assets at amortized cost are, as follows:

	2019	2018
Balance at beginning of year	₱1,061,765,148	₱804,428,179
Additions	159,800,000	257,988,060
Redemptions at maturity	(20,000,000)	(29,000,000)
Amortization of discount (premium)	(614,746)	28,348,909
Balance at end of year	₱1,200,950,402	₱1,061,765,148

Interest income amounted to ₱51.1 million and ₱33.6 million in 2019 and 2018, respectively.

Financial Assets at Cost

Financial assets at cost presented as current assets represent investment in mutual funds and externally managed funds. Financial assets at cost presented as noncurrent assets include investments in shares of stock of related parties, cooperative banks and other cooperatives which are not quoted in an active market and are expected to be realized in more than one year.

The movements in the financial assets at cost are, as follows:

	2019	2018
Current		
Balance at beginning of year	₱385,042,081	₱325,509,894
Additions	159,194,438	93,737,573
Withdrawals	(66,771,499)	–
Prior years' adjustment	–	(34,205,386)
Balance at end of year	477,465,020	385,042,081
Noncurrent		
Balance at beginning of year	64,929,516	54,736,227
Additions	119,070,520	10,193,289
Withdrawals	(140,000)	–
Balance at end of year	183,860,036	64,929,516
	₱661,325,056	₱449,971,597

Prior years' adjustment in 2018 amounting to ₱34.2 million represents the effects of change in accounting policy to recognize investments in mutual funds and externally managed funds at cost, less any impairment in value, in accordance with PFRF for Cooperatives. In prior years, these were recognized at FVPL.

Dividend income from financial assets at cost amounted to ₱45.8 million and ₱11.1 million in 2019 and 2018, respectively.

11. Accounts and Other Receivables

This account consists of:

	Note	2019	2018
Accounts receivable:			
Related parties	30	₱17,519,901	₱34,459,700
Others		46,942,020	10,125
Loans receivable		12,510,463	11,738,575
Accrued interest receivable		427,111	1,296,131
Advances to officers and employees		95,417	3,041,315
		₱77,494,912	₱50,545,846

Accounts receivable represent receivables from CLIMBS Investment Management and Advisory Corporation (CIMAC), CLIFSA General Insurance Agency Inc. (CGIAI) and Coop Life General Insurance & Financial Services Agency (CLIFSA), which are related parties of the Cooperative, for the shared expenses paid by the latter which are unsecured, non-interest bearing and shall be settled on demand in the form of cash.

Other accounts receivable represents receivable from member-cooperatives which are unsecured, non-interest bearing and shall be settled on demand in the form of cash.

Loans receivable represent receivables from mortgage and equity loans provided by the Cooperative to its officers and employees, and other cooperatives. Interest rates for the loans range from 7% to 10% per annum in 2019 and 2018. Interest income on these loans amounted to ₱0.3 million in 2019 and 2018.

Accrued interest receivable pertains to interest income earned from financial assets at amortized cost which are already earned but not yet received as at year-end.

Advances to officers and employees pertain to cash advances for official business of officers and employees that are subject to liquidation.

12. Other Funds and Deposits

Other funds and deposits amounting to ₱37.2 million as at December 31, 2018, pertain to endowment trust fund received from various member-cooperatives. These funds were converted to preferred capital shares in 2019 (see Note 21).

13. Prepayments

Prepayments amounting to ₱1.2 million and ₱0.7 million as at December 31, 2019 and 2018, respectively, pertain to prepaid rental for the Cooperative's area offices and satellite buildings.

14. Property and Equipment

The movements in this account are, as follows:

December 31, 2019

Cost	Land	Land Improvements	Building and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Construction in Progress	Total
Balance at beginning of year	₱14,812,148	₱6,803,629	₱64,615,824	₱34,185,001	₱38,439,997	₱3,673,084	₱162,529,683
Additions	-	-	27,396,749	5,309,978	7,609,809	3,018,339	43,334,875
Disposals	-	-	-	(1,136,100)	-	-	(1,136,100)
Balance at end of year	14,812,148	6,803,629	92,012,573	38,358,879	46,049,806	6,691,423	204,728,458
Accumulated Depreciation							
Balance at beginning of year	-	6,541,602	24,995,559	19,232,999	29,479,069	-	80,249,229
Additions	-	180,927	3,703,717	5,271,690	7,229,910	-	16,386,244
Disposals	-	-	-	(965,685)	-	-	(965,685)
Balance at end of year	-	6,722,529	28,699,276	23,539,004	36,708,979	-	95,669,788
Net Book Value	₱14,812,148	₱81,100	₱63,313,297	₱14,819,875	₱9,340,827	₱6,691,423	₱109,058,670

- 21 -

December 31, 2018

	Note	Land	Land Improvements	Building and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year		₱14,812,148	₱6,081,918	₱62,658,710	₱26,488,174	₱35,856,232	₱1,260,042	₱147,157,224
Additions		-	721,711	1,957,114	7,696,827	2,583,765	2,848,163	15,807,580
Reclassifications to investment property	15	-	-	-	-	-	(435,121)	(435,121)
Balance at end of year		14,812,148	6,803,629	64,615,824	34,185,001	38,439,997	3,673,084	162,529,683
Accumulated Depreciation								
Balance at beginning of year		-	4,976,201	21,857,450	15,073,373	22,424,176	-	64,331,200
Additions		-	1,565,401	3,138,109	4,159,626	7,054,893	-	15,918,029
Balance at end of year		-	6,541,602	24,995,559	19,232,999	29,479,069	-	80,249,229
Net Book Value		₱14,812,148	₱262,027	₱39,620,265	₱14,952,002	₱8,960,928	₱3,673,084	₱82,280,454

Depreciation and amortization charged to statements of operations are, as follows:

	Note	2019	2018
Depreciation:			
Property and equipment		₱16,386,244	₱15,918,029
Investment property	15	2,348,254	2,228,179
Amortization	16	2,744,298	2,414,693
		₱21,478,796	₱20,560,901

15. Investment Property

The movements in this account are, as follows:

December 31, 2019

	Land not Used in Operations	Building Held for Rentals	Construction in Progress	Total
Cost				
Balance at beginning of year	₱120,020,151	₱43,658,672	₱703,978	₱164,382,801
Additions	–	675,176	–	675,176
Balance at end of year	120,020,151	44,333,848	703,978	165,057,977
Accumulated Depreciation				
Balance at beginning of year	–	9,670,972	–	9,670,972
Additions	–	2,348,254	–	2,348,254
Balance at end of year	–	12,019,226	–	12,019,226
Net Book Value	₱120,020,151	₱32,314,622	₱703,978	₱153,038,751

December 31, 2018

	Note	Land not Used in Operations	Building Held for Rentals	Construction in Progress	Total
Cost					
Balance at beginning of year		₱119,848,091	₱42,919,347	₱–	₱162,767,438
Additions		172,060	739,325	268,857	1,180,242
Reclassifications from property and equipment	14	–	–	435,121	435,121
Balance at end of year		120,020,151	43,658,672	703,978	164,382,801
Accumulated Depreciation					
Balance at beginning of year		–	7,442,793	–	7,442,793
Additions		–	2,228,179	–	2,228,179
Balance at end of year		–	9,670,972	–	9,670,972
Net Book Value		₱120,020,151	₱33,987,700	₱703,978	₱154,711,829

Rent income from building amounted to ₱1.8 million and ₱3.7 million in 2019 and 2018, respectively (see Note 29).

Fair value of investment property, excluding construction in progress, amounted to ₱186.7 million as at December 31, 2019 and 2018 as determined by an independent appraiser.

16. Other Noncurrent Assets

This account consists of:

	2019	2018
Computerization cost	₱12,851,718	₱14,987,343
Refundable deposits	1,490,357	1,548,140
	₱14,342,075	₱16,535,483

Details of computerization cost are, as follows:

	2019	2018
Cost		
Balance at beginning of year	₱17,402,036	₱14,796,124
Additions	608,673	2,605,912
Balance at end of year	18,010,709	17,402,036
Accumulated Amortization		
Balance at beginning of year	2,414,693	—
Additions	2,744,298	2,414,693
Balance at end of year	5,158,991	2,414,693
Net Book Value	₱12,851,718	₱14,987,343

17. Insurance Contract Liabilities

This account consists of:

	2019	2018
Legal policy reserves	₱657,719,067	₱809,803,735
Insurance payables:		
Policy and contract claims	211,814,912	221,701,773
Incurred but not reported	126,949,260	92,963,868
Outstanding claims reserve	112,049,526	—
Unearned premium reserves	80,466,857	119,816,796
	₱1,188,999,622	₱1,244,286,172

Legal policy reserves and other actuarial items in the financial statements as at and for the years ended December 31, 2019 and 2018 have been computed using management's estimates and actuarial computations as used and certified by the consulting actuary of the Cooperative. The actuarial computations and management's estimates are in accordance with commonly accepted actuarial standards consistently applied and that the legal policy reserves and other actuarial items are fairly stated in accordance with sound actuarial principles.

Details of insurance contract liabilities are, as follows:

	2019		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (see Note 9)	Net
Legal policy reserves	₱657,719,067	₱—	₱657,719,067
Insurance payables:			
Policy and contract claims	211,814,912	(14,083,901)	197,731,011
Incurred but not reported	126,949,260	—	126,949,260
Outstanding claims reserve	112,049,526	—	112,049,526
Unearned premium reserves	80,466,857	—	80,466,857
	₱1,188,999,622	(₱14,083,901)	₱1,174,915,721

	2018		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (see Note 9)	Net
Legal policy reserves	₱809,803,735	₱—	₱809,803,735
Insurance payables:			
Policy and contract claims	221,701,773	(29,686,817)	192,014,956
Incurred but not reported	92,963,868	—	92,963,868
Unearned premium reserves	119,816,796	—	119,816,796
	₱1,244,286,172	(₱29,686,817)	₱1,214,599,355

18. Due to Reinsurers

Due to reinsurers represents unpaid premiums for reinsurance policies payable to the reinsurers. These are normally settled in cash within one year.

Due to reinsurers amounted to ₱10.6 million and ₱11.3 million as at December 31, 2019 and 2018, respectively. Reinsurers' share in benefits and claims on insurance contracts amounted to ₱38.8 million and ₱52.3 million in 2019 and 2018, respectively (see Note 25).

19. Accounts and Other Payables

This account consists of:

	Note	2019	2018
Accounts payable:			
Related parties	30	₱9,057,070	₱36,441,801
Others		32,600,021	33,219,833
Deferred premium income		33,478,139	371,662
CETF payable		13,160,025	3,140,808
Statutory payables		1,220,561	378,282
		₱89,515,816	₱73,552,386

Accounts payable pertain to commission payable to CGIAl, CLIFSA, and to other agents. These are unsecured, non-interest bearing and on demand.

Deferred premium income represents premiums received from member-cooperatives which are not yet specifically identified. These will be recognized as revenue upon determination of the specific premium collected.

CETF payable represents the amount for remittance to the cooperative educational and training fund of the federation or union chosen by the Cooperative (see Note 23).

Statutory payables mainly include contributions to SSS, Pag-IBIG and withholding taxes, which are generally remitted within the next reporting year.

20. Retirement Payable

The Cooperative has a funded, noncontributory and defined benefit retirement plan, administered by an independent trustee, covering all qualified employees. The benefits are based on the years of service and percentage of latest monthly salary as determined by an independent actuary as at December 31, 2019 and 2018. Total retirement costs charged to operations amounted to ₱2.2 million and ₱2.9 million in 2019 and 2018, respectively (see Note 28).

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentration of risks on the plan assets.

The following tables summarize the components of the retirement costs recognized in the statements of operations and amounts recognized in the statements of financial condition for the retirement plan.

Retirement costs recognized in the statements of operations are, as follows:

	2019	2018
Current service cost	₱2,192,699	₱2,645,249
Net interest costs	33,505	286,963
	₱2,226,204	₱2,932,212

The retirement payable recognized in the statements of financial condition is, as follows:

	2019	2018
Present value of defined benefit obligation	₱30,752,016	₱17,942,034
Fair value of plan assets	16,343,699	15,051,579
	₱14,408,317	₱2,890,455

The movements of the present value of defined benefit obligation are, as follow:

	2019	2018
Balance at beginning of year	₱17,942,034	₱18,620,629
Remeasurement loss (gain)	11,554,546	(4,385,673)
Current service cost	2,192,699	2,645,249
Interest cost	1,325,625	1,061,829
Retirement benefits paid from operating funds	(2,262,888)	—
Balance at end of year	₱30,752,016	₱17,942,034

The reconciliation of the fair value of the plan assets is, as follows:

	2019	2018
Balance at beginning of year	₱15,051,579	₱13,588,337
Actual return on plan assets	1,292,120	774,866
Remeasurement gain	—	688,376
Balance at end of year	₱16,343,699	₱15,051,579

Remeasurement loss on retirement benefits amounted to ₱11.6 million in 2019 and remeasurement gain amounted to ₱5.1 million in 2018 (see Note 29).

The components of the Cooperative's plan assets are, as follows:

	2019	2018
Investments in government securities	63%	63%
Investments in unit investment trust fund	26%	26%
Investment in other securities and debt securities	6%	6%
Cash in banks	5%	5%
	100%	100%

The principal assumptions used in determining retirement payable are, as follows:

	2019	2018
Discount rate	5.00%	7.39%
Salary increase rate	5.00%	5.00%
Average remaining working lives of employees	18 years	18 years

The sensitivity analysis of defined benefit obligation for principal assumptions are, as follows:

Principal assumptions	Effect on defined benefit obligation	
	2019	2018
Discount rate:		
Increase by 1%	(₱4,148,384)	(₱2,511,885)
Decrease by 1%	5,317,244	2,458,123
Salary rate:		
Increase by 1%	4,921,226	2,301,081
Decrease by 1%	(3,852,070)	(2,332,464)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

21. Other Noncurrent Liabilities

This account consists of:

	2019	2018
Rental deposits	₱1,574,695	₱1,442,406
Endowment trust fund	—	37,204,682
	₱1,574,695	₱38,647,088

Rental deposits pertain to security deposits which will be refunded upon termination of the lease contracts.

Endowment trust fund represents the contributions of member-cooperatives intended to finance the operations of CLIMBS Institute of Financial Literacy, a division established in 2012 dedicated to respond to the training needs of the members.

The movements of endowment trust fund are, as follows:

	2019	2018
Balance at beginning of year	₱37,204,682	₱30,469,135
Contributions	558,927	6,735,547
Converted to preferred share capital	(37,763,609)	—
Balance at end of year	₱—	₱37,204,682

22. Equity

Increase in Authorized Share Capital

On April 23, 2017, the Cooperative's GA approved the increase in authorized share capital stock from ₱1.0 billion divided into 800,000 common shares and 200,000 preferred shares to ₱3.0 billion divided into 2,500,000 common shares and 500,000 preferred shares, all with a par value of ₱1,000 per share. The CDA approved the increase in authorized share capital on May 21, 2018.

Conversion of Dividend and Patronage Refund to Common Share

In 2019 and 2018, various member-cooperatives converted their dividend and patronage refund to common share capital amounting to ₱49.8 million and ₱137.3 million in 2019 and 2018, respectively.

Conversion of Deposits for Share Capital Subscription

In 2017, the Cooperative received deposits for share capital subscription from existing members for the subscription of additional share capital amounting to ₱443.3 million as at December 31, 2017. These shares were converted into share capital in 2018 upon the approval of the Cooperative's increase in authorized share capital by the CDA.

23. Statutory Funds

This account consists of funds required to be maintained by the Cooperative pursuant to the provisions of R.A. No. 9520, as follows:

	2019	2018
Statutory funds:		
Reserve fund	₱117,268,854	₱97,230,420
CETF	9,411,500	16,345,186
Community development fund	20,481,782	19,804,519
Optional fund	85,215,055	71,188,152
	₱232,377,191	₱204,568,277

The above funds are not available for distribution to members but are used only for the specific purposes for which they are set up, as may be approved by the BOD and the GA.

The distribution of net surplus is, as follows:

	2019	2018
Reserve fund	10%	10%
CETF	10%	10%
Community development fund	3%	3%
Optional fund	7%	7%
Interest on share capital and patronage refund	70%	70%
	100%	100%

CETF

On August 22, 2019, the CDA issued MC No. 2019-08 series of 2019, *Policy Guidelines Governing the Allocation, Utilization and Remittance of the Cooperative Education and Training Fund (CETF) of the Cooperative*, which mandates the remittance of half of the CETF to a secondary or tertiary federation or union, where the cooperative is a member, within sixty days after the deadline of submission of the required reports to the CDA, following the year of allocation. As a transitory provision, the accumulated CETF as at December 31, 2018 intended for secondary or tertiary federation or union, that is above ₱3 million to ₱10 million, shall be remitted within 5 years upon the effectivity of the MC.

Community Development Fund

On September 23, 2019, the CDA issued MC No. 2019-11 series of 2019, *Policy Guidelines Governing the Allocation and Utilization of the Community Development Fund (CDF) of the Cooperative*, which requires that the CDF allocation for the current year shall be fully utilized on the following year unless the projects or activities as approved by the GA require multi-year utilization. The remaining balance of the Cooperative's CDF as at December 31, 2018 that is above ₱3 million to ₱10 million, shall be utilized within 5 years upon the effectivity of the MC and as reflected in the Social Development Plan approved by the GA.

Interest on Share Capital and Patronage Refund Payable

The movements in this account are, as follows:

	2019	2018
Balance at beginning of year	₱43,971,312	₱145,708,634
Conversion to share capital	(49,778,861)	(137,323,915)
Payments	(21,521,718)	(8,384,719)
Allocation from net surplus	140,269,035	43,971,312
Balance at end of year	₱112,939,768	₱43,971,312

24. Net Insurance Premiums

The details of net premiums earned on insurance contracts are, as follows:

	2019	2018
Gross premiums on insurance contracts:		
Loan payment protection insurance	₱778,833,813	₱842,126,464
Group life	528,856,989	452,180,027
Regular plans	190,042,183	321,826,736
Personal accident and other non-life products	133,961,717	159,406,974
	1,631,694,702	1,775,540,201
Reinsurers' share of gross premiums earned on insurance contracts	(39,156,359)	(55,609,211)
	₱1,592,538,343	₱1,719,930,990

25. Benefits and Claims Incurred on Insurance Contracts

The details of benefits and claims incurred on insurance contracts are, as follows:

	Note	2019	2018
Gross benefits and claims incurred on insurance contracts		₱909,561,266	₱797,694,906
Reinsurers' share	18	(38,848,781)	(52,253,619)
		₱870,712,485	₱745,441,287

26. Collection Costs

This account pertains to costs incurred for the collection of premium, commissions and incentives paid to insurance agents. Commissions paid to agents of CLIFSA and CGIAI for marketing and sale of its various life and non-life insurance products amounted to ₱16.1 million and ₱64.0 million in 2019 and 2018, respectively (see Note 30).

27. General and Administrative Expenses

This account consists of:

	2019	2018
Meetings, conferences and general assembly	₱20,610,059	₱18,235,696
General support services	19,339,512	19,098,193
Travel and transportation	12,514,476	12,454,288
Professional fees	8,224,662	13,576,810
Communications	6,217,271	6,576,245
Repairs and maintenance	4,370,737	3,018,722
Power, light and water	3,418,383	3,877,897
Office supplies	1,989,223	2,227,361
License fees and membership	786,064	2,133,522
Insurance	769,968	537,394
Taxes and licenses	189,553	627,497
Miscellaneous	1,344,928	4,544,737
	₱79,774,836	₱86,908,362

28. Salaries and Benefits

This account consists of:

	Note	2019	2018
Salaries and wages		₱54,912,472	₱49,713,495
Employee benefits		27,066,780	17,156,386
Retirement costs	20	2,226,204	2,932,212
		₱84,205,456	₱69,802,093

29. Other Income and Expenses

This account consists of:

	Note	2019	2018
Remeasurement gain (loss) on retirement benefits	20	(₱11,554,546)	₱5,074,049
Rent income	15	1,801,062	3,653,826
Loss on fair values of financial assets at FVPL	10	(1,728,689)	(3,403,877)
Prior year's adjustment	10	–	(34,205,386)
Miscellaneous income		5,533,994	1,794,060
		(₱5,948,179)	(₱27,087,328)

Prior years' adjustment amounting to ₱34.2 million in 2018 represents the effects of change in accounting policy to recognize investments in mutual funds and externally managed funds at cost, less any impairment in value, in accordance with PFRF for Cooperatives. In prior years, these were recognized at fair value through profit or loss.

30. Related Party Transactions

The Cooperative, in its regular course of business, has transactions with its related parties, which principally consist of the following:

	Note	2019	2018
Investments in shares of stock of related parties:	10		
CIMAC		₱66,500,000	₱10,000,000
CGIAI		50,000,000	—
CLIFSA		15,000,000	15,000,000
CLIMBS Real Estate Development Corporation		218,334	—
		₱131,718,334	₱25,000,000

	2019		2018	
Nature of Transactions	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Accounts receivable (see Note 11):				
CGIAI				
Net cash advances	₱17,519,901		₱—	
Balance at end of year		₱17,519,901		₱—
CLIFSA				
Balance at beginning of year	20,969,968		39,285,220	
Collections	(20,969,968)		(18,415,252)	
Balance at end of year		—		20,869,968
CIMAC				
Balance at beginning of year	13,989,732		13,479,915	
Collections	(13,989,732)		—	
Net cash advances	—		109,817	
Balance at end of year		—		13,589,732
		17,519,901		34,459,700
Accounts payable (see Note 19):				
CLIFSA				
Balance at beginning of year	₱36,441,801		₱234,775	
Commissions	10,326,998		64,032,678	
Payments	(39,264,799)		(27,825,652)	
Balance at end of year		₱7,504,000		₱36,441,801
CGIAI				
Commissions	5,795,715		—	
Payments	(4,242,645)		—	
Balance at end of year		1,553,070		—
		₱9,057,070		₱36,441,801

Compensation of Key Management Personnel of the Cooperative

Compensation of the Cooperative's key management personnel consists of salaries and wages, per diems and other short-term benefits amounted to ₱14.5 million and ₱14.0 million in 2019 and 2018, respectively.

31. Segment Reporting

The Cooperative considers its life and nonlife operations as its operating segments. The financial information for each segment as at and for the years ended December 31, 2019 and 2018 are, as follows:

Statements of Financial Condition

	Life		Nonlife	
	2019	2018	2019	2018
ASSETS				
Current Assets				
Cash	₱275,683,464	₱478,036,493	₱122,133,619	₱58,967,469
Short-term placements	226,835,675	290,618,611	226,555,195	339,602,067
Insurance receivables	59,572,709	153,629,257	1,054,081	35,701,839
Reinsurance assets	14,083,901	29,686,817	—	—
Financial assets at fair value through profit or loss (FVPL)	89,400,451	81,728,863	—	—
Financial assets at cost	477,465,020	385,042,081	—	—
Accounts and other receivables	60,586,099	38,423,877	16,908,813	12,121,969
Other funds and deposits	—	37,204,682	—	—
Prepayments	1,181,274	724,033	—	—
Total Current Assets	1,204,808,593	1,495,094,714	366,651,708	446,393,344
Noncurrent Assets				
Financial assets at amortized cost	₱755,891,202	₱672,252,310	₱445,059,200	₱389,512,838
Financial assets at cost - net of current portion	109,750,036	64,929,516	74,110,000	—
Property and equipment	80,467,448	77,527,876	28,591,222	4,752,578
Investment property	153,038,751	154,711,829	—	—
Other noncurrent assets	14,050,657	12,038,600	291,418	4,496,883
Total Noncurrent Assets	1,113,198,094	981,460,131	548,051,840	398,762,299
	₱2,318,006,687	₱2,476,554,845	₱914,703,548	₱845,155,643
LIABILITIES AND EQUITY				
Current Liabilities				
Insurance contract liabilities	₱1,040,263,203	₱1,078,945,694	₱148,736,419	₱165,340,478
Due to reinsurers	354,452	—	10,251,624	11,271,724
Interest on share capital and patronage refund payable	80,308,136	4,883,406	32,631,632	39,087,906
Accounts and other payables	22,028,992	51,228,400	67,486,824	22,323,986
Total Current Liabilities	1,142,954,783	1,135,057,500	259,106,499	238,024,094
Noncurrent Liabilities				
Retirement liability	13,740,632	2,189,020	667,685	701,435
Other noncurrent liabilities	1,574,695	38,647,088	—	—
Total Noncurrent Liabilities	15,315,327	40,836,108	667,685	701,435

	Life		Nonlife	
	2019	2018	2019	2018
Equity				
Members' equity	931,477,073	1,086,225,662	650,811,677	616,297,412
Statutory funds	228,259,504	214,435,575	4,117,687	(9,867,298)
Total Equity	1,159,736,577	1,300,661,237	654,929,364	606,430,114
	₱2,318,006,687	₱2,476,554,845	₱914,703,548	₱845,155,643

Statements of Operations

	Life		Nonlife	
	2019	2018	2019	2018
REVENUE				
Gross premiums earned on insurance contracts	₱1,311,388,952	₱1,451,144,536	₱320,305,750	₱324,395,665
Reinsurers' share of gross premiums earned on insurance contracts	(29,050,124)	(38,567,047)	(10,106,235)	(17,042,164)
Net insurance premiums	1,282,338,828	1,412,577,489	310,199,515	307,353,501
Income/interest from investments/deposits	110,082,604	47,952,189	17,034,264	22,481,208
Commissions and other underwriting income	1,092,262	17,522,994	1,715,618	8,096,144
	1,393,513,694	1,478,052,672	328,949,397	337,930,853
BENEFITS, CLAIMS AND EXPENSES				
Benefits and claims incurred on insurance contracts	726,318,822	623,369,253	144,393,663	122,072,034
Collection costs	415,779,599	430,640,641	123,564,486	116,074,902
Salaries and benefits	49,941,576	49,474,313	34,263,880	20,327,780
General and administrative expenses	62,178,000	77,934,984	17,596,836	8,973,378
Increase (decrease) in insurance contract liabilities	(58,695,326)	236,097,714	(20,689,755)	20,554,137
Depreciation and amortization	20,791,790	19,354,085	687,006	1,206,816
	1,216,314,461	1,436,870,990	299,816,116	289,209,047
OTHER INCOME AND EXPENSES	(39,974,177)	(34,205,386)	34,025,998	7,118,058
NET SURPLUS	₱137,225,056	₱6,976,296	₱63,159,279	₱55,839,864

32. Financial Risk Management Policies and Objectives

The Cooperative is exposed to a variety of risks arising from its operating, investing and financing activities. The BOD has overall responsibility for the Cooperative's financial risk management, which includes establishment and approval of risk strategies, policies and limits. The main objective of the financial risk management is to minimize the adverse impact of financial risks on the Cooperative's financial performance and financial condition due to the unpredictability of financial markets.

The Cooperative's financial instruments consist of cash, short-term placements, insurance receivables, reinsurance assets, financial assets at FVPL, financial assets at amortized cost, financial assets at cost, accounts and other receivables, other funds and deposits, refundable deposits (presented under "Other noncurrent assets"), insurance contract liabilities, due to reinsurers, interest on share capital and patronage refund payable, accounts and other payables (excluding statutory payables) and, other noncurrent liabilities. The main purpose of these financial instruments is to generate surplus and raise funds for the Cooperative's operations.

The main risks arising from the Cooperative's use of financial instruments are summarized are, as follows:

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Cooperative faces under such contracts is when the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is organized by the frequency of claims, severity of claims, actual benefits paid that are greater than original estimates and subsequent development of long-term claims.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Cooperative has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Cooperative's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Cooperative substantially dependent upon any single reinsurance contract.

The Cooperative principally writes life insurance where the life of a policyholder is insured against death, illness, injury or permanent disability which are usually for a predetermined amount.

The Cooperative adopts an underwriting risk policy. The risks associated with the life and accident products are underwriting risk and investment risk.

Underwriting Risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks arise from the combination of the following:

- Mortality risk - risk of loss arising from policyholders' death experience being different than expected
- Morbidity risk - risk of loss due to policyholder health experience being different than expected
- Expense risk - risk of loss arising from expense experience being different than expected
- Investment risk - risk of loss arising from actual returns being different than expected
- Policyholder decision risk - risk of loss arising from policyholders' experiences (lapses and surrenders) being different than expected

The Cooperative's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular view of actual claims experience and product pricing and detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Cooperative is conscious of the need to exercise good judgment in the selection and approval of cooperatives participating in its reinsurance programs. While reinsurance arrangements do not relieve the Cooperative from its direct obligations to the insured, an efficient and effective reinsurance program substantially limits the Cooperative's exposure to potentially significant losses.

The table below sets out the Cooperative's concentration of insurance risk based on types of policy:

Type	2019			2018		
	No. of Policies	Insurance Coverage (in millions)	Gross Premiums	No. of Policies	Insurance Coverage (in millions)	Gross Premiums
Loan payment protection insurance	1,374,931	₱37,264	₱778,833,813	2,452,817	₱58,767	₱842,126,464
Group life	2,904,267	85,822	528,856,989	1,317,041	31,555	452,180,027
Regular plans	46,917	30,472	190,042,183	449,910	67,062	321,826,736
Personal accident and other non-life products	9,200	20,895	133,961,717	9,373	36,728	159,406,974
	4,335,315	₱174,453	₱1,631,694,702	4,229,141	₱194,112	₱1,775,540,201

The table below presents the concentration of risk by attained age based on data of in-force policies as at December 31, 2019. Exposures are concentrated on age brackets 18-35, 36-45, 46-55 and 56-65.

Attained Age	Gross of Reinsurance	
	Coverage (in millions)	Exposure
18-35	₱37,111	21%
36-45	55,922	32%
46-55	39,517	23%
56-65	27,769	16%
66-75	6,149	4%
76 and above	7,985	4%
Total	₱174,453	100%

Material judgment is required in determining the liabilities and in choosing assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions and guidelines set by the IC. For insurance contracts, the Cooperative determines the assumptions in relation to future deaths, illness or injury and investment returns at inception of the contract.

Subsequently, new estimates are developed at each reporting date and liabilities are tested to determine whether such liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. Otherwise, the assumptions are altered to reflect the latest current estimates. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical.

The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are the following:

Mortality Rates. Assumptions are based on standard industry and national mortality tables, according to the type of contract written and which may be adjusted where appropriate to reflect the Cooperative's own experiences. Assumptions are differentiated by sex, underwriting class and contract type.

For life insurance policies, increased mortality rates would lead to a larger number of claims occurring sooner than anticipated, increasing the expenditure and thereby reducing profits from operations.

Discount Rates. Life insurance liabilities are determined as the sum of the present value of the expected benefits less the presented value of the expected premiums that would be required to meet these future cash outflows. The weighted average rate of return is derived based on model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial development. A decrease in the discount rate will increase the value of the liability.

Lapse and Surrender Rates. Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Cooperative's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce net surplus to members, but later increases are broadly neutral in effect.

Expenses. Administrative expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce net surplus to members.

Investment Risk

Investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, future investment risk associated with certain policies currently in force exists which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future investment receipts while continuing to maintain satisfactory investment quality.

The Cooperative likewise adopts investment strategy to invest primarily in high quality securities while maintaining diversification to avoid exposure to issuer or industry concentrations. The Cooperative also adopts strategy to produce cash flows required to meet maturing insurance liabilities. The Cooperative invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Equity securities are subject to declines in fair value. Generally, insurance regulations restrict the type of assets in which an insurance cooperative may invest when permitted by regulatory authorities and when deemed necessary to protect insurance assets including invested assets, from adverse movement of foreign currency exchange rates, interest rates and equity prices. The Cooperative may also enter into derivative transactions as end users.

Financial Risk

The Cooperative is exposed to financial risk through its financial assets and liabilities. In particular, the key financial risk that the Cooperative is exposed to is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate and equity products. These are all exposed to general and specific market movements.

▪ **Credit Risk**

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Cooperative manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Cooperative; setting up exposure limits by each counterparty or group of counterparties and industry segment; right of offset where both counterparties are debtors and creditors; guidelines in obtaining collateral and guarantees; reporting of credit risk exposures; monitoring compliance with credit risk policy; and review of credit risk policy for pertinence and changing environment.

Although the Cooperative has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus, a credit exposure exists with respect to reinsurance ceded, to the extent that the Cooperative may be unable to meet its obligations assumed under such reinsurance agreements. The Cooperative selects only member-cooperatives with strong financial standing and excellent track records which are allowed to participate in the Cooperative's reinsurance programs.

In respect of investment securities, the Cooperative limits its exposure by setting maximum limits of portfolio securities with a single or group of issuers. The Cooperative also makes use of institutions of high credit worthiness.

The Cooperative sets maximum amounts and limits that may be advanced to or placed with individual corporate counterparties which are set by reference to their long-term ratings.

The table below shows the maximum gross exposure to credit risk for the components of the statements of financial condition:

	2019	2018
Cash	₱397,817,083	₱537,003,962
Short-term placements	453,390,870	630,220,678
Insurance receivables	71,761,318	200,465,624
Reinsurance assets	14,083,901	29,686,817
Financial assets at FVPL	89,400,451	81,728,863
Financial assets at amortized cost	1,200,950,402	1,061,765,148
Financial assets at cost	661,325,056	449,971,597
Accounts and other receivables	77,494,912	50,545,846
Other funds and deposits	–	37,204,682
Refundable deposits*	1,490,357	1,548,140
	₱2,967,714,350	₱3,080,141,357

*presented under "Other noncurrent assets"

Credit Quality per Class of Financial Assets. The Cooperative's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard Grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard Grade - These are receivables that can be collected provided the Cooperative makes persistent effort to collect the amounts due.

The table below shows the credit quality by class of financial assets of the Cooperative based on their historical experience with the corresponding parties as at December 31, 2019 and 2018:

2019						
	Neither Past Due nor Impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	
Cash	₱397,817,083	₱—	₱—	₱—	₱—	₱397,817,083
Short-term placements	453,390,870	—	—	—	—	453,390,870
Insurance receivables	60,626,790	—	—	—	11,134,528	71,761,318
Reinsurance assets	14,083,901	—	—	—	—	14,083,901
Financial assets at FVPL	89,400,451	—	—	—	—	89,400,451
Financial assets at amortized cost	1,200,950,402	—	—	—	—	1,200,950,402
Financial assets at cost	661,325,056	—	—	—	—	661,325,056
Accounts and other receivables	—	77,494,912	—	—	—	77,494,912
Refundable deposits*	1,490,357	—	—	—	—	1,490,357
	₱2,879,084,910	₱77,494,912	₱—	₱—	₱11,134,528	₱2,967,714,350
*presented under "Other noncurrent assets"						
2018						
	Neither Past Due nor Impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	
Cash	₱537,003,962	₱—	₱—	₱—	₱—	₱537,003,962
Short-term placements	630,220,678	—	—	—	—	630,220,678
Insurance receivables	189,331,096	—	—	—	11,134,528	200,465,624
Reinsurance assets	29,686,817	—	—	—	—	29,686,817
Financial assets at FVPL	81,728,863	—	—	—	—	81,728,863
Financial assets at amortized cost	1,061,765,148	—	—	—	—	1,061,765,148
Financial assets at cost	449,971,597	—	—	—	—	449,971,597
Accounts and other receivables	—	50,545,846	—	—	—	50,545,846
Other funds and deposits	37,204,682	—	—	—	—	37,204,682
Refundable deposits*	1,548,140	—	—	—	—	1,548,140
	₱3,018,460,983	₱50,545,846	₱—	₱—	₱11,134,528	₱3,080,141,357
*presented under "Other noncurrent assets"						

■ Liquidity Risk

Liquidity risk is the risk from inability to meet obligations when they become due because of the inability to obtain adequate funding. The Cooperative ensures that sufficient liquid assets are available to meet short-term funding and regulatory requirements.

The Cooperative is mainly exposed to liquidity risk through its maturing liabilities.

The details of the Cooperative's maturity analysis are, as follows:

	2019				
	Total	On Demand	Due Within 1 Year	Due More Than 1 Year Up To 5 Years	Due More Than 5 Years
Insurance contract liabilities	₱1,188,999,622	₱—	₱1,180,925,045	₱5,049,425	₱3,025,152
Due to reinsurers	10,606,076	—	10,606,076	—	—
Interest on share capital and patronage refund payable	112,939,768	112,939,768	—	—	—
Accounts and other payables*	88,295,255	41,657,091	46,638,164	—	—
Other noncurrent liabilities	1,574,695	—	1,574,695	—	—
	₱1,402,415,416	₱154,596,859	₱1,239,743,980	₱5,049,425	₱3,025,152
<i>*Excluding statutory payables</i>					
	2018				
	Total	On Demand	Due Within 1 Year	Due Within 1 to 5 Years	Due Above 5 Years
Insurance contract liabilities	₱1,244,286,172	₱—	₱1,236,226,131	₱5,038,605	₱3,021,436
Due to reinsurers	11,271,724	—	11,271,724	—	—
Interest on share capital and patronage refund payable	43,971,313	43,971,313	—	—	—
Accounts and other payables*	73,174,104	69,661,634	3,512,470	—	—
Other noncurrent liabilities	38,647,088	—	38,647,088	—	—
	₱1,411,350,401	₱113,632,947	₱1,289,657,413	₱5,038,605	₱3,021,436
<i>*Excluding statutory payables</i>					

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Cooperative's exposure to market risk relates to changes in interest rates and equity prices.

The following policies and procedures are in place to mitigate the Cooperative's exposure to market risks:

- A market risk policy setting out the assessment and determination of what constitutes market risk for the Cooperative. Compliance with the policy is monitored and exposures and breaches are reported to the BOD. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Set asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and those assets are held to deliver income and gains for policyholders which are in line with expectations to the policyholders.
- Stipulated diversification benchmarks by type of instrument, as the Cooperative is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Cooperative's market risk policy requires it to manage interest rate risk by maintaining significant level of fixed rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities. No sensitivity analysis is needed as future interest rate changes are not expected to affect the Cooperative's net surplus. The Cooperative continuously manages the interest rate risk and ensures that the impact of changes in interest rates on the Cooperative's investment strategies is minimal.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of Philippine Stock Exchange index (PSEi).

The Cooperative's equity price risk exposure relates to equity shares classified as financial assets at FVPL. The effect on equity is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities. The effect on surplus is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities classified as financial assets at FVPL.

Due to the insignificant level of the Cooperative's investments in financial assets at FVPL, the Cooperative assessed that the possible impact of changes in equity prices in net surplus is minimal.

33. Financial Assets and Liabilities

The following table presents a comparison of the carrying amounts and fair values of all the Cooperative's financial assets and liabilities as at December 31, 2019 and 2018:

	2019		2018	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Assets				
Cash	₱397,817,083	₱397,817,083	₱537,003,962	₱537,003,962
Short-term placements	453,390,870	453,390,870	630,220,678	630,220,678
Insurance receivables	60,626,790	60,626,790	189,331,096	189,331,096
Reinsurance assets	14,083,901	14,083,901	29,686,817	29,686,817
Financial assets at FVPL	89,400,451	89,400,451	81,728,863	81,728,863
Financial assets at amortized cost	1,200,950,402	1,200,950,402	1,061,765,148	1,061,765,148
Financial assets at cost	661,325,056	661,325,056	449,971,597	449,971,597
Accounts and other receivables	77,494,912	77,494,912	50,545,846	50,545,846
Other funds and deposits	—	—	37,204,682	37,204,682
Refundable deposits	1,490,357	1,490,357	1,548,140	1,548,140
	₱2,956,579,822	₱2,956,579,822	₱3,069,006,829	₱3,069,006,829
Financial Liabilities				
Insurance contract liabilities	₱1,188,999,622	₱1,188,999,622	₱1,244,286,172	₱1,244,286,172
Due to reinsurers	10,606,076	10,606,076	11,271,724	11,271,724
Interest on share capital and patronage refund payable	112,939,768	112,939,768	43,971,313	43,971,313
Accounts and other payables*	88,295,255	88,295,255	73,174,104	73,174,104
Other noncurrent liabilities	1,574,695	1,574,695	38,647,088	38,647,088
	₱1,402,415,416	₱1,402,415,416	₱1,411,350,401	₱1,411,350,401

*Excluding statutory payables

Cash, Short-term Placements, Insurance Receivables, Reinsurance Assets, Financial Assets at Amortized Cost, Financial Assets at Cost, Accounts and Other Receivables, Other Funds and Deposits, Refundable Deposits (presented under "Other Noncurrent Assets"), Insurance Contract Liabilities, Due to Reinsurers, Interest on Share Capital and Patronage Refund Payable, Accounts and Other Payables and Other Noncurrent Liabilities. The fair values of these financial assets and financial liabilities approximate their carrying amounts due to the nature of these financial instruments.

Financial Assets at FVPL. The fair values of these investments are determined by reference to quoted market bid prices (Level 1 in the fair value hierarchy) as at December 31, 2019 and 2018.

In 2019 and 2018, there were no transfers within any hierarchy level of fair value measurement.

34. Capital Management and Regulatory Framework

Capital Management Framework

All insurance cooperatives are required to maintain a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the Risk-Based Capital (RBC) Model.

Insurance cooperatives manage capital through a process that determines future projected capital requirements through the development of long-term financial plans and projections that consider the impact on the surplus of new business, profitability of in-force business and other major initiatives that will affect capitalization levels. The results of the financial plans and projections provide basis in the determination of capitalization changes and surplus distribution decisions.

The Cooperative's capital are, as follows:

	2019	2018
Members' equity	₱1,582,288,750	₱1,702,523,074
Statutory funds	232,377,191	204,568,277
	₱1,814,665,941	₱1,907,091,351

No changes were made to the Cooperative's capital base, objectives, policies and processes from the previous year.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintaining close vigil to ensure that the Cooperative is satisfactorily managing affairs for the policyholders' benefit. At the same time, the regulators are also interested in ensuring that the Cooperative maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Cooperative are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., margin of solvency to minimize the risk of default and insolvency on the part of the insurance cooperatives to meet the unforeseen liabilities as these arise, fixed capitalization requirements, RBC requirements).

Minimum Statutory Net Worth Requirements

On August 15, 2013, the President of the Philippines approved the R.A. No. 10607 known as the "The Insurance Code" (the Code) which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The amount of required net worth and the schedule of compliance are, as follows:

Minimum Statutory Net Worth	Compliance Date
₱250 million	June 30, 2013
550 million	December 31, 2016
900 million	December 31, 2019
1.3 billion	December 31, 2022

On September 5, 2018, the IC issued Circular Letter (CL) 2018-45 that sets the guidelines on the minimum capitalization and net worth requirements for composite insurance companies under the amended Code. However, the IC issued CL No. 2019-55 which revoked the CL 2018-45 dated October 25, 2019.

Pursuant to Section 202 of the Code, the estimated amount of non-admitted assets as at December 31, 2019 and the actual non-admitted assets as at December 31, 2018 for the Cooperative's life unit are, as follows:

	2019 (Estimated)	2018 (Actual)
Cash and cash equivalents	₱14,148,725	₱10,367,383
Insurance receivables	24,509,997	130,680,440
Accounts and other receivables	63,309,898	49,010,881
Financial assets at FVPL	—	11,547,144
Financial assets at amortized cost	—	10,110,190
Financial assets at cost	430,926,704	165,488,111
Property and equipment	40,811,315	44,047,888
Investment property	122,065,037	70,167,386
Other assets	14,271,761	12,356,549
	₱710,043,437	₱503,775,972

Pursuant to the Code and related circulars, cash and short-term investments to cooperative banks in excess of ₱500,000, insurance receivables beyond 90 days, accounts receivable and loans receivable beyond 90 days and, advances to officers and employees, investments in cooperatives, office furniture and fixtures, office equipment, motor vehicles and other assets are generally non-admitted assets.

As at December 31, 2019, the Cooperative's estimated net worth as at December 31, 2019 and actual net worth as at December 31, 2018 are, as follows:

	Life		Non-life	
	2019 (Estimated)	2018 (Actual)	2019 (Estimated)	2018 (Actual)
Total assets	₱2,318,006,687	₱2,476,554,845	₱914,703,548	₱845,155,643
Total liabilities	1,158,270,110	1,175,893,608	259,774,184	238,725,529
Equity	1,159,736,577	1,300,661,237	654,929,364	606,430,114
Less: Non-admitted assets	680,549,667	482,850,135	29,493,770	20,925,837
Net worth	479,186,910	817,811,102	625,435,594	585,504,277
Less: Net worth requirements as at December 31	450,000,000	275,000,000	450,000,000	275,000,000
Excess over net worth requirements	₱29,186,910	₱542,811,102	₱175,435,594	₱310,504,277

As at December 31, 2019 and 2018, the Cooperative has complied with the minimum paid-up capital and statutory net worth requirements required by IC.

RBC Requirements

The Amended Insurance Code provides that the Commissioner may require the adoption of the RBC approach and other internationally accepted forms of capital framework. Together with the insurance industry, the IC is currently in the process of adopting a new RBC approach that would be more tailored to the Philippine insurance industry. In 2016, the IC issued CL 2016-68 regarding the Amended RBC framework to be known as "RBC2 Framework" which was effective starting January 1, 2017.

CL 2016-68 provides for the RBC2 framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance cooperatives in relation to their investment and insurance risks. Every life insurance cooperative is annually required to maintain an RBC ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance cooperative to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be calculated as total available capital (TAC) divided by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis. Tier 2 Capital which includes reserve for appraisal increment and remeasurement gains or losses on retirement pension asset or obligation shall not exceed 50% of Tier 1 Capital. RBC2 requirement shall be computed based on the formula provided in the circular and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

Every life insurance cooperative is annually required to maintain a minimum RBC2 ratio of 100% and not fail the trend test. The trend test has failed, in the event that all have occurred:

- The RBC2 ratio is less than 125% but is not below 100%;
- The RBC2 ratio has decreased over the past year; and,
- The difference between RBC ratio and the decrease in the RBC2 ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance cooperative to the corresponding regulatory intervention which has been defined at various levels.

The following table shows the RBC2 ratio of the life unit based on internal calculations as at December 31, 2019 and the final RBC2 ratio as determined by the IC as at December 31, 2018:

	Life		Non-life	
	2019 (Estimated)	2018 (Actual)	2019 (Estimated)	2018 (Actual)
Total available capital	₱982,355,456	₱549,658,715	₱678,129,159	₱790,037,607
RBC2 requirement	467,983,943	324,697,793	67,735,545	70,598,238
RBC2 ratio	210%	169%	1,001%	1,119%

The final amount of the RBC2 ratio can be determined only after the accounts of the Cooperative have been examined by the IC specifically for the determination of admitted and non-admitted assets as defined under the Code.

Financial Reporting Framework (FRF) and Valuation Standards

The IC issued CL No. 2016-65, Financial Reporting Framework (FRF), under Section 189 of The Insurance Code (R.A. No. 10607). Whereas, the FRF will adopt the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial and insurance core principles.

IC also released CL No. 2016-66, Valuation Standards for Life Insurance Policy Reserves, pursuant to Sections 216 and 423 of the Code. Where appropriate, the life insurance policy reserves shall be valued using the Gross Premium Valuation (GPV) considering other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. IC decided to treat the change in the basis of valuation as a change in accounting policy and shall be retrospectively applied in its regulatory financial reporting requirements. However, for purposes of compliance with PFRF for Cooperatives, the effects of the change in valuation model is recognized in the current period.

FRF and gross premium valuation are effective starting January 1, 2017. Moreover, the IC provides the submission of the regulatory requirements for the following covered period and corresponding submission date starting 2017:

Period Covered	Submission Date
As of March 31	May 31
As of June 30	August 31
As of September 30	November 30
As of December 31	April 30

The Cooperative has complied with the submission requirements of IC as at December 31, 2019 and 2018 for FRF and gross premium valuation.

35. Supplementary Information Required by the Bureau of Internal Revenue

Certificate of Tax Exemption

The BIR issued a CTE to the Cooperative, which entitles the Cooperative to the following tax exemptions and incentives provided for under Article 60 of R.A. 9520, as implemented by the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of R.A. 9520:

- Income tax on income from CDA-registered operations;
- Value-added tax on CDA-registered sales or transactions;
- Other percentage tax;
- Donor's tax on donations to duly accredited charitable, research and educational institutions, and reinvestment to socio-economic projects within the area of operation of the Cooperative;
- Excise tax for which it is directly liable;
- Documentary stamp tax; provided however, that the other party to the taxable document/transaction who is not exempt shall be the one directly liable for the tax;
- Payment of annual registration fee of ₱500; and,
- All taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

The CTE is valid until March 15, 2022.

Revenue Regulations No. 15-2010

The information for 2019 as required by the above regulation is presented below.

Output VAT

The Cooperative is exempt from VAT pursuant to the provisions of R.A. No. 9520 otherwise known as the Philippine Cooperative Code of 2008.

All Other Local and National Taxes

All other local and national taxes paid in 2019 consist of:

Permits and licenses	₱125,204
Registration fees	50,940
Real estate tax	3,790
Community tax	2,400
Others	7,219
	₱189,553

The above local and national taxes are classified as "Taxes and licenses" under "General and administrative expenses" account in the statements of operations.

Withholding Taxes

Withholding taxes paid and accrued and/or withheld in 2019 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	₱2,888,845	₱389,573	₱3,278,418
Expanded withholding tax	4,350,967	356,678	4,707,645
	₱7,239,812	₱746,251	₱7,986,063

Tax Assessments

The Cooperative has no outstanding tax assessment from the BIR as at December 31, 2019.

Tax Cases

The Cooperative has no pending tax case in courts or other regulatory bodies outside of the BIR as at and for the year ended December 31, 2019.



STATEMENT OF OPINION

I, Panfilo P de la Paz, consulting actuary of CLIMBS, express the opinion that, based on the data supplied to me by the Accounting and IT Departments of CLIMBS, the legal certificate/policy reserves and claim reserves of the Cooperative as of 31 December 2019 amounting to

- P **657,719,066.52** (individual/group life insurance contracts)
- P **3,914,441.27** (MAS plan)
- P **352,014,789.07** (claims reserve liability net of reinsurance receivables)

are adequate and accurate. The calculations of the legal certificate/policy reserves are based on reasonable actuarial assumptions and are in accordance with generally accepted actuarial principles. The due and unpaid policy and contract claims were derived solely from the inventory of such claims conducted by CLIMBS as of December 31, 2019. The Incurred But Not Reported (IBNR) reserves was derived using the chain-ladder method on claims recorded for the last 24 months. Loss development factors were derived by taking the simple average of the smallest 6 duration factors.

PANFILO P DE LA PAZ, FASP, FSA
Consulting Actuary
PTR No 3941

20 March 2020



ANNEX “A”

A. Assets

1. Net life insurance premiums and annuity considerations due and uncollected	Nil
2. Accident and health premiums due and uncollected	Nil

B. Liabilities

1. Aggregate reserve for life policies and contracts	657,719,066.52
2. Aggregate reserve for accident and health policies	Nil
3. Supplementary contracts without life contingencies	Nil
4. Policy and contract claims	
4.1 Due and unpaid	181,792,478.96
4.2 In course of settlement:	
4.2.1 Resisted	57,356,950.88
4.2.2 Others	Nil
4.3 Incurred but not unreported (less reinsurance)	126,949,260.15
4.4 Total (Gross)	366,098,689.91
4.5 Add: Reinsurance assumed on reported claims	Nil
4.6 Less: Reinsurance ceded on reported claims	14,083,900.84
4.7 Net Liability	352,014,789.07
5. Provision for policyholders’ dividends and experience refund payable in following calendar year – estimated amount	Nil
6. Amount provisionally held for deferred dividend policies not included in Item 5	Nil
7. Policy and contract liabilities not included elsewhere:	
7.1 Surrender values on cancelled policies	Nil
8. “Cost of collection” on premiums and annuity considerations uncollected in excess of total loading thereon	Nil
9. Aggregate equity value reserves for MAS Plan	3,914,441.27

C. Net deferred premium Nil

D. All other accounts, if any, as may have to be certified to by the Actuary. Nil

* all figures are in Philippine Pesos

CLIMBS
2019 Actuarial Valuation Results

PH14 VGP Center (formerly ManilaBank Bldg.) Ayala Ave. Makati City
Tel: 7752-0963 E-mail: panfilodelapaz@yahoo.com





STATEMENT OF OPINION

As regards MAS certificate loans, I, **Panfilo P de la Paz**, Consulting Actuary of CLIMBS, based on the data supplied to me by their Accounting and IT departments, to the best of my knowledge and belief, after conducting such tests as I have deemed necessary, expresses the opinion that:

1. the certificate loan balances (contribution and equity loans) as of 31 December 2019 amounting to **192,814.78** bear reasonable relationship with the corresponding member equity values; and
2. for the certificates with loan balances, appropriate reserves have been set up, on a basis consistent with prior years and generally accepted actuarial principles.

The tests consisted of matching the certificate loans' files with the in-force file on a random basis. Similarly, the individual certificate loan balances were matched with the certificate's equity values.

A handwritten signature in black ink, appearing to read 'Panfilo P. de la Paz'.

PANFILO P. DE LA PAZ, FSA, FASP
Consulting Actuary
PTR No 3941

20 March 2020



STATEMENT OF OPINION

This is to certify that the amount of reinsurance recoverable by CLIMBS from its reinsurers as of December 31, 2019 is **14,083,900.84**.

In issuing this certification, I completely relied on the data and information provided to me by the Head of Reinsurance of CLIMBS.

PANFILO P. DE LA PAZ, FSA, FASP
Consulting Actuary
PTR No 3941

20 March 2020

AMI Actuarial Consultants Philippines, Inc.

Unit 18-F Aras cor Wilson Street, Brgy.
Maytunas, San Juan City, 1500

Website: www.amirisk.com

Telephone: (632) 866-3665
Telefax: (632) 727-9504

**REPORT ON THE ACTUARIAL VALUATION
OF NON-LIFE INSURANCE POLICY RESERVES**

**CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE
For the Period Ended December 31, 2019**

SECTION A: SCOPE OF REVIEW

CLIMBS Life And General Insurance Cooperative (“the Company”) has engaged the services of AMI Actuarial Consultants Philippines, Inc. to perform an actuarial valuation at December 31, 2019 of the following, by line of business, consistent with the Revised Financial Reporting Framework and Valuation Standards for Non-life Insurance Policy Reserves:

- Premium Liabilities;
- Unpaid Claim Liabilities; and
- Margin for Adverse Deviation (MfAD).

This Actuarial Valuation Report, together with the attached Valuation Results, is provided solely for the use of, and is only to be relied upon by, the Company, its Board of Directors, external auditors, and the Insurance Commission, for their evaluation of the Company’s policy reserves, and may not be used or distributed for any other purpose.

In performing the actuarial valuation, the assumptions used are intended to be neutral estimates of the most likely or expected outcome (“best estimate”). A Margin for Adverse Deviation (MfAD) is then applied to the best estimate to bring the estimated liabilities to a 75% confidence level of assurance or sufficiency.

Recorded reserves for loss and loss adjustment expenses are the sum of reserves for known claims (case/outstanding reserves) and reserves for Incurred but Not Reported (IBNR) claims, which include Incurred but Not Enough Reported (IBNER) claims.

I have not examined the assets underlying the Company’s policy reserves, and I have formed no opinion as to the validity or value of these assets. I have assumed throughout my analysis that the Company’s reserves are backed by valid assets that have scheduled maturities and/or adequate liquidity to meet cash flow requirements.

I, Aguedo M. Ingco, am the President of AMI Actuarial Consultants Philippines, Inc. and a Fellow of the Actuarial Society of the Philippines, a Fellow of the Casualty Actuarial Society, a Fellow of the Actuarial Society of Hong Kong and a Member of the American Academy of Actuaries. For the purpose of calculating and evaluating the Company’s policy reserves as of December 31, 2019, I meet the Insurance Commission’s accreditation standards for certifying non-life insurance policy reserves. I was appointed by the Board of Directors on June 25, 2018 as an external consultant.

AMI Actuarial Consultants Philippines, Inc.

18-F Aras St, San Juan City 1500 • Telefax: (632)727-9504 Web site: <http://amirisk.com>
Actuaries • Risk Management Consultants

**Back-testing of IBNR and Claims Liabilities from Prior Periods
(Undiscounted at 75% Confidence Level)
Using Data as of December 31, 2019
One-Year Development on Gross Unpaid Claims
(Amounts in Pesos)**

One-Year Development on Gross Unpaid	IBNR Reserves at 12/31/2018**	Actual Reported after 12/31/2018	Adequacy Ratio	Claims Liabilities at 12/31/2018**	Actual Paid after 12/31/2018	Adequacy Ratio
Fire and Allied Perils	4,185,211	1,000,356	418%	5,067,146	1,873,730	270%
Marine Cargo	-	-	-	-	-	-
Marine Hull	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Bonds/Suretyship	-	-	-	-	-	-
Motor CMVL	-	-	-	-	-	-
Motor OD (Other than CMVL)	14,080,185	654,373	> 500%	21,356,898	7,860,003	272%
Personal Accident	17,941,562	7,864,772	228%	22,130,166	11,942,052	185%
Medical and Health	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Others	973,409	(135,409)	> 500%	1,130,965	20,591	> 500%
OFW	-	-	-	-	-	-
Total	37,180,367	9,384,092	396%	49,685,175	21,696,376	229%

* IBNR includes IBNR portion of Claims Handling Expense and MFAD of Outstanding Losses.

AMI Actuarial Consultants Philippines, Inc.

18-F Aras St, San Juan City 1500 • Telefax: (632)727-9504 Web site: <http://amirisk.com>
Actuaries • Risk Management Consultants

**Back-testing of IBNR and Claims Liabilities from Prior Periods
 (Undiscounted at 75% Confidence Level)
 Using Data as of December 31, 2019
 One-Year Development on Net Unpaid Claims
 (Amounts in Pesos)**

One-Year Development on Net Unpaid	IBNR Reserves at 12/31/2018	Actual Reported after 12/31/2018	Adequacy Ratio	Claims Liabilities at 12/31/2018	Actual Paid after 12/31/2018	Adequacy Ratio
Fire and Allied Perils	2,418,955	1,000,356	242%	3,297,465	1,873,730	176%
Marine Cargo	-	-	-	-	-	-
Marine Hull	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Bonds/Suretyship	-	-	-	-	-	-
Motor CMVL	-	-	-	-	-	-
Motor OD (Other than CMVL)	11,855,138	654,373	> 500%	19,103,413	7,860,003	243%
Personal Accident	16,108,784	7,864,772	205%	20,280,989	11,942,052	170%
Medical and Health	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Others	619,654	(135,409)	> 500%	776,588	20,591	> 500%
OFW	-	-	-	-	-	-
Total	31,002,532	9,384,092	330%	43,458,456	21,696,376	200%

* IBNR includes IBNR portion of Claims Handling Expense and MfAD of Outstanding Losses.

AMI Actuarial Consultants Philippines, Inc.

18-F Aras St, San Juan City 1500 • Telefax: (632)727-9504 Web site: <http://amirisk.com>
 Actuaries • Risk Management Consultants

Annex A

Report on the Actuarial Valuation of Non-life Insurance Policy Reserves
CLIMBS Life And General Insurance Cooperative
For the period ended December 31, 2019
Page 8 of 17

**Comparative Analysis between
Current and Previous Valuations
Gross of Reinsurance
(Amounts in Pesos)**

	Valuation @09/30/2019	Valuation @12/31/2019	Increase / Decrease
(1) UPR: Gross of Reinsurance	34,284,850	36,391,640	2,106,790
(2) URR: Best Estimate	11,906,000	14,731,000	2,825,000
(3) MfAD	3,860,923	4,777,025	916,102
(4) Excess of URR + MfAD over UPR net of DAC	49,923,756	44,075,217	(5,848,539)
(5) Total Premium Liabilities	84,208,606	80,466,857	(3,741,749)
(6) Outstanding Claims Reserve	9,542,597	9,765,720	223,123
(7) Claims Handling Expense	48,000	49,000	1,000
(8) IBNR	27,767,000	25,168,000	(2,599,000)
(9) MfAD	25.9%	25.9%	0.0%
(10) Total Losses and Claims Payable	47,049,167	44,058,183	(2,990,984)
(11) Policy Reserves	131,257,773	124,525,039	(6,732,733)

AMI Actuarial Consultants Philippines, Inc.

18-F Aras St, San Juan City 1500 • Telefax: (632)727-9504 Web site: <http://amirisk.com>
Actuaries • Risk Management Consultants

**Comparative Analysis between
 Current and Previous Valuations
 Net of Reinsurance
 (Amounts in Pesos)**

	Valuation @09/30/2019	Valuation @12/31/2019	Increase/ Decrease
(1) UPR: Net of Reinsurance	28,999,161	32,280,260	3,281,099
(2) URR: Best Estimate	10,460,000	13,680,000	3,220,000
(3) MFAD	2,034,958	2,661,398	626,440
(4) Excess of URR + MFAD over UPR net of DAC	50,962,743	44,313,880	(6,648,863)
(5) Total Premium Liabilities	79,961,904	76,594,140	(3,367,764)
(6) Outstanding Claims Reserve	9,542,597	9,765,720	223,123
(7) Claims Handling Expense	48,000	49,000	1,000
(8) IBNR	25,492,000	23,046,000	(2,446,000)
(9) MFAD	15.6%	15.6%	0.0%
(10) Total Losses and Claims Payable	40,542,758	37,975,074	(2,567,684)
(11) Policy Reserves	120,504,662	114,569,214	(5,935,448)

AMI Actuarial Consultants Philippines, Inc.

18-F Aras St, San Juan City 1500 • Telefax: (632)727-9504 Web site: <http://amirisk.com>
 Actuaries • Risk Management Consultants

Proposed Budget for 2019

CLIMBS LIFE & GENERAL INSURANCE COOPERATIVE
PROPOSED BUDGET 2020
For the Period Ended December 31, 2020
(in Million Peso)

	AUDITED ACTUAL		APPROVED BUDGET		PROPOSED BUDGET	
	2019	%	2019	%	2020	%
OPERATING BUDGET FOR 2020						
Gross Premium Income	1,812.97	113.84%	2,300.00	115.00%	2,250.00	110.57%
Less : Refund & Re-Insurance	220.43	13.84%	300.00	15.00%	215.00	10.57%
Net Premium	1,592.54	100.00%	2,000.00	100.00%	2,035.00	100.00%
Direct Costs						
Pay't to policyholders & beneficiaries	870.71	54.67%	940.00	47.00%	915.75	45.00%
Commission expenses/Collection	539.34	33.87%	500.00	25.00%	508.75	25.00%
Agency Expense		0.00%	24.00	1.20%	142.45	7.00%
Agent's awards and incentives					10.18	0.50%
(Dec)/Inc in legal policy reserves	(79.38)	-4.98%	290.88	14.54%	157.67	7.75%
	1,330.67	83.56%	1,754.88	83.51%	1,734.80	85.25%
Underwriting Income	261.87	16.44%	245.12	16.49%	300.20	14.75%
Operating Expenses	185.45	11.64%	200.00	10.00%	203.50	10.00%
Operating Income	76.42	4.80%	45.12	2.26%	96.70	4.75%
Investment and Other Income						
Investment Income	127.11	7.98%	148.88	7.44%	133.50	6.56%
Commission income	2.80	0.18%	3.00	0.15%	5.50	0.27%
Other Income (Expenses)	(5.95)	-0.37%	3.00	0.15%	8.50	0.42%
	123.96	7.78%	154.88	7.74%	147.50	7.25%
NET SURPLUS	200.38	12.58%	200.00	10.00%	244.20	12.00%

CAPITAL BUDGET FOR 2020 (in million peso)

EDP Equipment	8.26
Furnitures & Fixtures	0.68
Office Equipments	0.26
Transportation Equipment (Car)	2.20
System Development	27.00
Building	120.50
Office Renovation	0.30
TOTAL CAPEX	150.94

AUDIT COMMITTEE REPORT

The Audit Committee provides oversight of CLIMBS' financial reporting processes, internal controls, and compliance to laws and regulations. This role also includes oversight of the internal and independent auditors. In 2019, the Committee crafted the Audit Policy in order to establish the framework within which the Internal Audit can provide objective assurance to the Board of Directors over the internal control and risk management processes and systems. The Audit Policy contains the objectives, standards, assumptions, strategies and procedures in the conduct of audit as well as the guidelines for report preparation.

The Audit Committee convened three (3) times in 2019 to review the Internal Audit Reports and the Interim Audit Report of the independent auditor. The results of the review of these reports were presented to and discussed with the Board of Directors in four (4) Joint Officers and Management meetings held in Cagayan de Oro City and Cebu City.

For the year 2019, the Committee has issued six (6) Audit Observation Memorandums (AOM) with 27 audit recommendations. As of June 30, 2020, 18 of these recommendations have been fully implemented while eight (9) are in progress. The audit recommendations that are still in progress are as follows:

AOM No. / OBSERVATIONS	RECOMMENDATIONS	MANAGEMENT REPLIES
<u>2019-08-001</u> Non-compliance to standard procedures of Motor Car Insurance claims 1. Upon inspection of Claim folders, it was noted that some did not contain complete required and applicable documents as enumerated in the Manual. 2. It was noted that the bidding process as indicated in the Claims Manual, where three (3) estimates are required to be submitted and the one with the most competitive amount will be awarded the repair service, was totally ignored.	1. There must be a systematic process of handling and submitting documents from the CAC's to the area offices. 2. The Manual for Motor Car Claims must be reviewed and if necessary, revised, to align with and better suit the current operational situations.	The Board resolved that the Manual for Motor Car Claims be reviewed and the result be presented to the Executive Committee for approval (<i>BOD Res. No. 2019-51</i>). The management has taken action such as benchmarking on the best practices of other insurance companies in running non-life insurance business.
<u>2019-08-002</u> Unremitted Collections (CARAGA Area) There were unremitted collections from different cooperatives, associate members and individuals in CARAGA Region representing premium payments for various products less commissions amounting to a total of P1.4M (<i>Updated</i>).	It is recommended that the management seek full restitution of the amount not remitted.	The Board of Directors, during the regular board meeting on August 27, 2019, made a resolution to file a case against the person involved (<i>BOD Res. No. 2019-52</i>). The management will also seek full restitution of the amount unremitted.
<u>2019-11-001</u> Unremitted Collections (Region 2) Unremitted collections from different cooperatives within Region 2 representing premium payments for various products less commissions amounted to a total of P214,246.	It is recommended that the management seek full restitution of the amount not remitted.	BOD Res. No. 2019-52 covers all violations relating to non-remittance of insurance premiums that will be committed by any personnel. The management will also seek full restitution of the amount unremitted.
<u>2019-11-002</u>		

<p>Large Volume of Non-life Policy Issuances that Were Not Booked as Part of Production</p> <p>1. Paid Policies but Not Booked as Part of Production As of November 26, 2019, there are 8,891 policies that have been issued since 2016 that are not yet booked as part of production. These amounted to a total of P19.8M, the expired portion of which amounted to P8.5M.</p> <p>2. Unpaid Policies and Not Booked as Part of Production Records also show that as of the same cut-off date, there are 11,552 policies issued that remain unpaid and not booked as part of production. These amounted to a total of P23.4M. Portion of this amount could be attributed to unreceipted collections, in which case should be also recorded as part of Gross Premium Income.</p> <p>5,086 of these policies have already expired as of November 26, 2019.</p> <p>3. Unusual Entries in the System Out of the 39,154 policies issued in 2019, the following unusual entries were noted in the system-generated list: 94 policies with Policy Numbers that have fewer digits than normal; and 2,483 policies whose Policy Numbers are used more than once.</p>	<p>The expired portion could be recorded as part of Gross Premiums, but the policies corresponding to these collections must be identified to be booked as part of production. Operations may adopt an acceptable accomplishment ratio per individual to address piling up of un-booked policies.</p> <p>1. Discontinue issuance of policies to individuals without corresponding premium payment.</p> <p>2. Recall all issued policies without premium payment for proper accounting.</p> <p>1. Controls must be added in the Non-life data system such as assigning input parameters that are sensitive to values entered. For instance, Policy Number must not include letters and/or special characters and must not be less than 6 digits.</p> <p>2. The unused duplicated policies should be recalled to prevent use of these policies for anomalous transactions.</p>	<p>These collections will not be taken up yet as part of premium income until they are cleared in the bank reconciliation report and final figures are determined during audit.</p> <p>For the expired portion, efforts will be made to locate these policies and book them accordingly.</p> <p>Management has committed to work on improving the non-life operations.</p> <p>The IT Department is doing some improvements in the system to address this weakness.</p> <p>An inventory of these duplicated policies is being made to facilitate the recall of such pre-printed policy series.</p>
---	--	---

Upon review of the Financial Statements as at and for the year ended December 31, 2019, the following relevant financial ratios were noted, with comparative figures from the previous year:

Relevant Ratios	2019	2018
Current Ratio	1.12:1	1.41:1
Solvency Ratio	113.5:1	45.9:1
Net Profit Margin	12.58%	3.65%
Return on Equity	11.04%	3.29%

Current Ratio measures the Cooperative's ability to pay off short-term liabilities with current assets. CLIMBS' current ratio was high for both years which indicates greater ability to meet financial commitments.

Solvency ratio aims to determine how much of the business assets belong to the Members rather than the Creditors. The lower the ratio, the higher the creditors' claims on the assets, possibly indicating the Cooperative is extending its debt beyond its ability to repay. The ratio for 2019, however, was extremely high which may indicate that CLIMBS is managing its assets too conservatively.

Net Profit Margin or **Return on Sales** measures CLIMBS' operating efficiency. The Cooperative's Net Profit Margin increased significantly from the previous year which indicates improvement in terms of efficiency, flexibility and ability to take on new opportunities.

Return on Equity (ROE) measures how well CLIMBS did in relation to the investments made by members. Similarly, ROE increased significantly in the current year which means that the Cooperative has earned more for every amount of capital invested by members compared to the previous year.

Lastly, the Audit Committee commends the management for crafting the Business Continuity Plan (BCP) which provides for risk management strategies that will enable CLIMBS to continue its operations even at the occurrence of unforeseen events. A resolution to approve the BCP was made at the regular meeting of the Executive Committee on July 24, 2019, which was later ratified by the Board of Directors on August 27, 2019 by virtue of BOD Resolution No. 2019-53.


For the year 2020, the Audit Committee shall focus on assessing the effectiveness of internal controls and ensuring compliance to Cooperative policies and regulations.



MARADEE B. BELAGAN, CPA
Audit Committee Chair



EDUARD C. AMOGUIS, Ed.D
Audit Committee Secretary



JUANITO P. ROSINI, Ph.D
Audit Committee Vice Chair



REYNALDO M. VERGARA
Ex Officio Member

Election Committee Report

To The General Assembly of CLIMBS,

- I. We are reporting herewith the vacancies for the various offices and for filling up during the CLIMBS AGA 2020 Election, as follows:

1. Board of Directors

1.1 Top 5 Shareholders	= 2 seats
1.2 Luzon	= 2 seats
1.3 Visayas	= 2 seats
1.4 Mindanao	= 1 seat
1.5 Independent	= 1 seat

2. Audit Committee = 1 seat

3. Election Committee = 1 seat

- II. The Election Committee has also conducted two (2) meetings prior to this 2019 Annual General Assembly. One was jointly undertaken with the Board of Directors which included CDA Inspection Report, Findings and Recommendation for the amendments of the CLIMBS By Laws in order to conform with RA 9520 and other issuances of CDA.

We are therefore recommending the following Proposed Amendments to CLIMBS By Laws and the Approval by the General Assembly of the same, as follows:

- a. As stated in the Articles of Cooperation that CLIMBS accepts Regular Membership and Associate Membership, the Field of Membership should likewise include acceptance of non-cooperatives.

Article VI. Field of Membership

FROM	TO
That the field of membership of CLIMBS shall be open to all duly registered cooperatives.	That the field of membership of CLIMBS shall be open to all duly registered cooperatives, foundations, self-help group, micro-finance institutions, associations and other organization.

- b. To conform with the provisions of RA 9520, the By Laws must include the following:

Article II. Membership. Section 5. Share capital subscription

FROM	TO
Regular membership.	Regular membership.
Every regular Xxx	Every regular Xxx
	No member of CLIMBS other than itself shall own or hold more than 10% of the subscribed and paid common share capital of CLIMBS.
Every member Xxx. However, he can only own or hold a maximum of 10% of the subscribed share capital of CLIMBS.	Every member Xxx. However, he can only own or hold a maximum of 10% of the subscribed preferred share capital of CLIMBS.

Section 29. Meetings of the Directors

The regular meeting of the board of directors shall be held quarterly. However, the chairman, or in his absence, the vice-chairman or the majority of the directors may, at any time call a special board meeting to consider urgent matters.	The regular meeting of the board of directors shall be held quarterly. However, the chairman or in his absence, the majority of the directors, may at any time, call a special board meeting to consider urgent matters.
--	--

Section 31. Removal of Director and Committee Member

FROM	TO
Any director may be removed from office for cause by a majority of the members entitled to vote, present and constituting a quorum in a regular general or special assembly of the members entitled to vote called for the purpose after having been given the opportunity to be heard.	An elective officer may be removed by three fourths (3/4) votes of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given an opportunity to be heard at said assembly.

Article X. Allocations and Distribution of Net Surplus

Section 58. Order of the Distribution of Net Surplus

FROM	TO
a) An amount for the reserve fund which shall be ten per centum (10%) of net surplus: Xxx	a) An amount for the reserve fund which shall be at least ten per centum (10%) of net surplus: Xxx
b) An amount for the education and training fund, which shall be ten per centum (10%) of the net surplus Xxx	b) An amount for the education and training fund, which shall not be more than ten per centum (10%) of the net surplus Xxx
c) An amount for the community development fund, which shall be three per centum (3%) of the net surplus. Xxx	c) An amount for the community development fund, which shall not be less than three per centum (3%) of the net surplus. Xxx
d) An optional fund, a land and building, and any other necessary fund the total of which shall be seven per centum (7%). Xxx	d) An optional fund, a land and building, and any other necessary fund the total of which shall not exceed seven per centum (7%). Xxx

c. The proposed Composition of the Board of Directors as presented in the 2018 AGA.

Article IV. Section 24. COMPOSITION OF THE BOARD OF DIRECTORS.

FROM	TO
a) The Board of Directors shall be composed of eleven members consisting of two (2) Independent Directors (ID) and nine (9) Regular Directors (RD).	a) The Board of Directors shall be composed of thirteen (13) members consisting of two (2) Independent Directors (ID) and eleven (11) Regular Directors (RD).
a.1.) The nine regular directors shall consist of members-cooperatives which shall be represented by their voting delegates and they shall be elected either by secret ballot or by automation by the voting delegates during the Annual General Assembly election, subject however to the provisions of paragraph b) and sub-paragraphs b.1), b.2), b.3), b.4), b.5), b.6), b.7) and b.8) respectively, as hereunder provided. They shall hold office Xxx	b) The eleven regular directors shall be elected by member cooperatives through their voting delegates during the Annual General Assembly. They shall hold office Xxx
a.2.) Two Independent Directors (ID). Who are natural persons, shall likewise be elected at large by all the entire voting delegates by secret ballot. They shall hold office for a term of two (2) years Xxx	c) Two Directors shall be Independent Directors (ID). When positions for two Independent Directors are opened, immediately the Election Committee shall screen the nominees and the Board of Directors shall finally appoint the qualified nominees. d) The Independent Directors shall hold office for a term of two (2) years but not more than five (5) years.
b.) The aforesaid nine seats of the Regular Directors (RD) shall be apportioned and elected either by secret ballot or by automation as follows:	e) The eleven (11) Regular Directors (RD) shall be elected as follows:

<p>b.1.) Six seats shall be apportioned to the three Island Regions of Luzon, Visayas and Mindanao, respectively, based on the proportionate aggregate share capital paid by the members cooperatives in each of the three Island Regions. Thus, voting delegates coming from Luzon shall elect the Regular Director/s for Luzon. Voting delegates from Visayas shall elect the Regular Director/s for Visayas. Likewise, voting delegates from Mindanao shall elect the Regular Director/s for Mindanao. Provided, however that the two-year term shall be observed.</p>	<p>f) Two (2) Directors shall be elected by each island region of Luzon, Visayas and Mindanao respectively, regardless of the aggregate share capital/investment.</p> <p>g) Three (3) Directors from the first three highest investors/share capital holders shall be voted nominally.</p> <p>h) Two (2) Directors shall be elected at large by the entire assembly.</p> <p>i) All elections of the officers shall be supervised by the Election Committee as provided for in the By Laws of CLIMBS, and its Election Code.</p>
<p>b.6.) Provided that, there shall only be one Regular Director representing a member- cooperative in the Board of Directors at any given time.</p> <p>b.8.) The qualifications manner, procedure, rules and regulations of voting and Xxx</p>	<p>j) There shall only be one Regular Director representing a member- cooperative in the Board of Directors at any given time.</p> <p>k) The qualifications standard, procedure, rules and regulations of voting and Xxx</p>

- d. In compliance to Insurance Commission Circular 016-51 dated September 6, 2016 on Corporate Governance and Circular 018-36 dated June 26, 2018 on Rules, Qualifications and Term Limits of an Independent Director.

Section 27. Qualifications of a Regular Director (RD) and an Independent Director (ID).

<p>a) Independent Director (ID):</p> <p>b.1) He/she must have no conflict of interest and/or has no interest at all with CLIMBS.</p> <p>b.2) He/she must be an Expert and/or Engaged and/or Exposed and comes from reputable financial sector and/or insurance Industry.</p> <p>b.3) He/she must act as adviser of CLIMBS.</p> <p>b.4) He/she must have No personal or financial ties with CLIMBS so that he/she shall be objective in the performance of his/her functions:</p> <ul style="list-style-type: none"> • Competencies in his/her respective fields; • Reminds the Regular Directors/Board of Directors of ultra vires dispositions; <p>b.5) He/She must be a member of a primary or secondary cooperative duly registered with CDA, which is likewise a member of CLIMBS.</p> <p>b.6) He/She at any given time, must only own a one-unit minimum common share capital or equivalent in his/her primary or secondary cooperative, which is likewise a member of CLIMBS.</p>	<p>a) Independent Director (ID):</p> <p>a.1) An independent director shall be one who has not been an officer or employee of CLIMBS, its subsidiaries or affiliates or related interests for at least three (3) years immediately preceding his term or incumbency;</p> <p>a.2) He/she must be an Expert and/or Engaged and/or Exposed and comes from reputable financial sector and/or insurance Industry.</p> <p>a.3) He or she is not related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority shareholder of CLIMBS or any of its related companies;</p> <p>a.4) He or she is not a director or officer of the related companies of CLIMBS and/or majority of its shareholders;</p> <p>a.5) He or she is not acting as nominee or representative of any director or substantial shareholder of CLIMBS, or any of its related companies, or any of its cooperative members with substantial shareholders;</p> <p>a.6) He or she is free from any business or other relationships with CLIMBS or any of its major stockholders which could materially interfere with the exercise of his/her judgment, i.e., has not engaged and does not engage in any transaction with CLIMBS or any of its member cooperatives or any of its substantial shareholders, whether by himself/herself or with other persons or through a firm of which he/she is a partner, director, or a shareholder.</p>
---	--


	<p>a.7) Independent Directors can serve for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the Independent Director position was relinquished or terminated.</p> <p>a.8) After completion of the five-year service period, an Independent Director shall be ineligible for election as such in CLIMBS unless the Independent Director has undergone a "cooling off" period of two (2) years, provided, that during such period, the Independent Director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Director in CLIMBS.</p> <p>a.9) An Independent Director re-elected as such in CLIMBS after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph (1) above. After serving as Independent Director for ten (10) years, the Independent Director shall be perpetually barred from being elected as such in CLIMBS, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate. (Source:IC Circular 016-51 dated September 6, 2016 and IC Circular 018-36 dated June 26, 2018 which is adopted by CLIMBS)</p>
--	---

- e. In compliance to GA Resolution No. 10, series of 2018 on the appointment of the Board Emeritus on the requirement to include a provision in the By Laws.


Section 51. President of CLIMBS

FROM	TO
The President Xxx	<p>The President Xxx</p> <p>Section 51-A. President Emeritus. The President Emeritus is the immediate past president appointed by the Board of Directors on the basis of honoris causa given by virtue of his/her exemplary expertise and services. He/She shall serve in an advisory role to the President and CEO and provides guidance and expertise as a knowledgeable member of the Board of Directors and provides historical perspective in the decision making. He/She shall attend as non-voting member, the Board of Directors meeting as needed from time to time.</p> <p>Only the latest immediate past president shall sit in the Board of Directors once appointed by the Board of Directors as President Emeritus.</p>

Respectfully submitted,


Atty. Rolando C. Casaway
Chairperson


Atty. Jose Agerico R. De Guzman
Vice Chairperson


Alexander B. Ragdepo
Secretary

CLIMBS Community Action Response to Emergency Services

“Concern for the Community” is one of the Cooperative Principles which CLIMBS Life and General Insurance Cooperative (CLIMBS) is deeply engaged in. Community resiliency and sustainability is at the heart of CLIMBS.

Sustainability is attained by addressing it in three fronts; (a) product innovation, (b) social/community action (c) digital services

CLIMBS is a pioneer in introducing a weather-based index insurance in 2011 to address the needs of farmers and agricultural cooperatives and is currently exploring possibilities on private-public partnerships for a Crop Insurance innovation.

As a grassroots insurance cooperative, CLIMBS’ social contract is in its social responsibility. Strengthening the cooperatives and communities and promoting resiliency and sustainability, CLIMBS also helped develop Business Continuity Plans to its cooperative members through its education and training arm, the CLIMBS Institute of Management (formerly CLIMBS Institute for Financial Literacy). To help the Micro Small and Medium Enterprises (MSMEs), a partnership with the Department of Trade and Industry was inked to help entrepreneurs craft their own business continuity plans.

With the growing community concerns, CLIMBS created a response unit, CLIMBS CARES (CLIMBS Action Response to Emergency Services) that continues to address the following priority areas:

1. Community Development
2. Community Resiliency and Sustainability
3. Community Empowerment and Engagement
4. Community Response to Fortuitous events such as fire and natural calamities like flood, typhoons, epidemic, pandemic and other unforeseen events.



August 7, 2019 –CLIMBS purchased a stainless steel fire truck for volunteer firefighting, if the need ever arises. It was entrusted to CLIMBS CARES and was utilized as a transport of fresh water to impoverished areas of Cagayan de Oro City to make it useful while not in use for fire incidents.

(As of this writing, a total of 630,000 liters of fresh water has been distributed within Cagayan de Oro City alone.)



October 9, 2019 –Water distribution at Boy Scouts of the Philippines in Iligan City.



November 7, 2019 –Relief goods distribution was organized for the benefit of the families affected by the fire in Barangay Nazareth, Cagayan de Oro City.



November 8, 2019 – in full cooperation of Regional Cooperative Development Council Region 10, REACT Pineapple Group CDO, Armed Forces of the Philippines, and Strong Radio 90.3 FM went to Makilala, Cotabato City to provide relief goods to families affected by a magnitude 6.5 earthquake and its aftershocks.

Being More Than Just Protection

CLIMBS CARES (Community Action and Response to Emergency Services) was mobilized under the leadership of AVP Ulysses Zulueta. This is our social contract, “Concern for Community” in action. The team, composed of a pool of volunteers, underwent the mandatory 40-Hour Training by the BFP with other partner organizations, React Pineapple Group and the 4th Signal Battalion of the Philippine Army.

With the purchase of a fire truck to support existing Fire Brigade responders, the team also distributes potable water to remote communities in Cagayan de Oro that do not have access to clean water and sanitation, promoting SDG 6 – providing access to clean water and sanitation. CLIMBS CARES also provided relief goods to families and cooperatives affected by the series of earthquakes in early November 2019 such as in Makilala, Cotabato City.



October 15, 2019, CLIMBS joins the Cooperative Month Celebration, which also marked the launch of the Fire Brigade Team



A glimpse of 2020 - CLIMBS COVID 19 Action: COOPS Responding to call for solidarity



We are yet to declare triumph over COVID-19, but this virus will not stop us from celebrating the indomitable will of the human spirit; amidst adversity it refuses to yield its compassion and selflessness. This pandemic has shown us the darker side of humanity; hoarding necessities either for personal use or for profit. In that darkness, the light of the cooperatives pierced through it and proved generosity is a commodity which will never be out of stock with cooperatives.

Since March 21st CLIMBS initiated the Adopt A Hospital Program wherein donations of food and/or PPEs were provided to our front-liners and healthcare workers. Since then, CLIMBS has asked other cooperatives to join in the program and they have responded to the call for solidarity. Our partner-cooperatives and member-cooperatives donated any amount they could, which was used to purchase either food or PPE, and then delivered to hospitals in their areas declared as COVID-19 centers or to border checkpoint front-liners.

Adopt-A-Neighbor Program

On April 22, CLIMBS CARES volunteers were repacking food packs for CLIMBS Life and General Insurance Cooperative's Adopt-A-Neighbor Program.

Each employee in the CLIMBS Head Office Cagayan de Oro identified 20 families around their area as beneficiaries for the relief packs. The program with a total fund of P1.1M was able to benefit 2,690 families within Cagayan de Oro.

President and CEO Noel Raboy said that the Adopt-A-Neighbor is an offshoot from Adopt-A-Hospital program that CLIMBS also recently launched where the fund will come from pledges and donations of CLIMBS employees, cooperative members and partners.



SALES ACTIVITIES HIGHLIGHTS



Mindanao Stakeholders Forum in Cagayan de Oro city last July 16, 2019



Luzon Stakeholders Forum in Metro Manila at Oasis Manila



CAC Enhancement Training at Sacred Heart Saving and Credit Coop in ilocos Sur last Aug. 3 2019



First Loan remittance from Benguet Gov. Employees cooperative last Sep. 17, 2019



CLIMBS Tagum Satellite Office endorsing claim checks to DOHP MPC last Sep. 18, 2019



DCCCO training last May 7-8 and June, 2019

Offices

QUEZON CITY

Unit 604 & 605 EU State Tower, #30 Quezon Ave., Quezon City, Philippines, 1100
Tel: (063) (02) 511 7078

BAGUIO CITY

Upper Ground Floor Pilando Center
Lower Magsaysay, Baguio City, Philippines
Tel: (063) (74) 422 6720

NAGA CITY

2F Ramaida Building, Elias Angeles, Santa Cruz, Naga City, Philippines, 4400
Tel: (063) (54) 881 7604

CABANATUAN CITY

Santarina Building, Maharlika Highway, Cabanatuan City, Nueva Ecija, Philippines
Tel: (063) (44) 958 6783

TUGUEGARAO CITY

Bagay Road, San Gabriel Highway, Tuguegarao City, Philippines
Tel: (+63) 917 130 0782

CALAMBA LAGUNA

D'verde Commercial Building, Brgy. Halang, Calamba Laguna, Philippines
Tel: (+63) 917 3039 697

SANTIAGO CITY

#7 Purok 6, Maharlika Highway, Brgy. Villasis, Santiago City, Isabela, Philippines, 3311
Tel: (063) (76) 305 9345

PAMPANGA

BMP Bldg., Door 2, 2nd floor, McArthur Highway Maimpis, San Fernando, Pampanga, Philippines
Tel: (+63) 935 280 2619

LUCENA CITY

186 Bonifacio Cor., Lacandola Street, Brgy. VII, Lucena City, Quezon Province, Philippines
Tel: (063) (42) 797 4145

BAYOMBONG NUEVA VISCAYA

Nuestro Apt., National Road, Sta. Rosa, Bayombong, Nueva Viscaya, Philippines
Tel: (+63) 977 834 229

DAGUPAN CITY

Dagupan City, Philippines
Tel: (63) 917 854 2476

CEBU CITY

6th Floor CEBU CFI Building, Capitol Ground, Cebu City, Philippines, 6000
Tel: (063) (32) 255 2234

BACOLOD CITY

2nd Floor, Door 6, LCCFCMPC Bldg., Gatuslao Street, Bacolod City, Philippines, 6100
Tel: (+63) 946 205 1895

BOHOL

#6 Visarra Cor., Gallares Street, Tagbilaran City, Bohol, Philippines, 8000
Tel: (038) 501 9979

DUMAGUETE CITY

2nd Floor, Door 2, Locsin Apartment, Cervantes Street, Dumaguete City, Philippines
Tel: (+63) 917 314 2823

TACLOBAN CITY

Door 5, PHCCI Building, Corner Calinipawan-Real Streets, Brgy. 62, Sagkahan, Tacoban City, Philippines
Tel: (+63) 909 396 3019

ILOILO CITY

Door #26 Ground Floor Zerudo Commercial Complex, E. Lopez St., Jaro City, Philippines
Tel: (+63) 977 351 0887

KALIBO

Roxas Avenue Extension, Brgy. Andago, Kalibo, Aklan, Philippines
Tel: (+63) 929 700 8378

CAGAYAN DE ORO CITY (HEAD OFFICE)

CLIMBS Building, Zone 5, Upper Bulua, Cagayan de Oro City, Philippines, 9000
Tel: (063) (83) 856 1355

DAVAO CITY

Door 27 A&B, CAM Building, Monteverde-Alvarez Sts., Davao City, Philippines
Tel: (063) (82) 305 1398

BUTUAN CITY

Aguilar Building, Pili Drive, Butuan City, Philippines, 8600
Tel: (+63) 926 726 1022

DIPOLOG CITY

Purok Buli, Minaog, Dipolog City, Philippines
Tel: (+63) 927 341 6542

PAGADIAN CITY

Bajamunde Building, Duterte Street, Gatas District, Pagadian City, Zamboanga del Sur
Tel: (+63) 917 823 3324

KIDAPAWAN CITY

Door 2, Ground Floor, Esperanza Building, Quezon Blvd., Kidapawan City, Philippines
(+63) 999 991 5681

COMPOSTELA VALLEY

Dr. Segumpan Building, Poblacion, Compostela Valley, Philippines
Tel: (+63) 915 804 7051

GENERAL SANTOS CITY

Door 2, Launtego Building, Roxas East General Santos City, South Cotabato, Philippines
Tel: (+63) 909 260 0739

DIGOS CITY

General Lim Street, Digos City, Philippines
Tel: (063) (32) 255 2234

TAGUM CITY

Door 1, 2nd Floor, Tagum Coop, Budgetel, Dalisay Road, Tagum City, Davao del Norte, Philippines
Tel: (+63) 910 851 3326

Affiliations

INTERNATIONAL



REINSURERS



LOCAL



20/24 CLIMBS

On our 48th year of service to the Filipinos and the Philippine Cooperative Movement, CLIMBS will move towards our 50th year with a renewed commitment as the leading grassroots insurance provider in the country.

We echo a new battlecry, 20/24

"20 Million lives insured by 2024"

In CLIMBS, we are more than just protection.
We advocate for prevention.



Our Challenge

Raise and educate a new generation of young cooperators and leaders and engage them in meaningful social and community actions.

138 CAC OFFICES* NATIONWIDE

coAssuranceTM

