



## 1CISP CODE OF GOOD GOVERNANCE

The Board of Directors, Officers, and Management and Staff of the 1 Cooperative Insurance System of the Philippines Life and General Insurance (1CISP), hereinafter referred to as [“the Cooperative”], hereby commit to the principles and best practices contained in this Code and acknowledge that the same will be the guide for the attainment of the 1CISP’s goals.

### ARTICLE I PREAMBLE

**Section 1. Title.** This Code shall be known as the “**1 Cooperative Insurance System of the Philippines Life and General Insurance (1CISP) Code of Good Governance**”.

**Section 2. Declaration of Policy.** All Directors, Officers, Employees, and Members of the Cooperative shall abide and adhere to this Code. Towards this end, they shall serve and partake in the roles as stakeholders with utmost professionalism, commitment, integrity, morality and nationalism.

### ARTICLE II VISION

**Section 1.** The vision statement of 1CISP is stated as: “To insure three million Filipinos by 2025.”

### ARTICLE III MISSION

**Section 1.** The mission statement of 1CISP is stated as: “A viable and socialized cooperative insurance service that protects and empowers Filipinos, especially those who have less in life.”

### ARTICLE IV THE BOARD OF DIRECTORS

**Section 1. Composition of the Board.** The Board shall be composed of nine (9) members elected by the general assembly for a term fixed in the by-laws not exceeding two (2) years, two (2) of whom shall be Independent Directors which shall serve for a period of five (5) years, and shall hold office until their successors are duly elected and qualified, or until duly removed for cause.

**Section 2. Prime Decision Center.** The Board is primarily responsible for the governance of the Cooperative. The administration and management of the affairs of the Cooperative are within the duty and power of the Board. In the absence of fraud, bad faith or negligence which will amount to a breach of contract, the members cannot interfere

with the exercise of cooperative judgment by the Board relating to the management of the Cooperative. Management powers refer only to management prerogative, to an ordinary cooperative transaction. There are some powers reserved to the members which cannot be exercised solely by the directors until they are approved or ratified by the members.

**Section 3. Diligence of a Good Father of a Family.** In the performance of its duties and responsibilities, the Board should take into consideration the welfare and well-being of the general membership and its employees as well as the advancement of the Cooperative, the community and the nation. As such, it should exercise its functions with due care and prudence like a good father of a family and must be thoroughly knowledgeable on the management and operation of its cooperative. Specifically, it should:

1. Adopt bold and aggressive policies that can withstand the rigors of public scrutiny and a policy of transparency for the welfare of the general membership;
2. Seek new and better ways in making the cooperative responsive, viable and progressive;
3. Coordinate with the committees and management to effect harmonious business operation;
4. Be supportive of the union's and federation's program and activities where the cooperative is a member;
5. Respect the powers of the President or Chief Executive Officer as duly defined in the Articles of Cooperation and By-laws of the cooperative;
6. Must not engage in the business which directly competes with the business of the cooperative;

**Section 4. Directors' Roles.** As the one responsible in ensuring that the Cooperative is governed and managed prudently to meet its obligations to members and the community, and the country, the following guidelines should be observed by the Board in the performance of its roles:

1. The roles of the Board are to be clearly defined and documented. These should include the following: Setting the cooperative Mission & Vision, approving the strategic plan, ensuring a framework for adequate internal controls, reviewing management performance, and setting standards;
2. All directors must objectively take decisions in the interests of the Cooperative;
3. If authority to make decisions on any board matters is delegated by the Board to an executive committee if any, such delegation should be documented;
4. The Board should meet regularly and as warranted by circumstances. The meetings of the Board or the respective Committees can be held anytime of the year. The attendance of every board member at these meetings, should be disclosed in the annual report to the general assembly;
5. Directors shall make every effort to attend all Board meetings and shall not absent themselves without valid reasons;
6. Directors should be given appropriate orientation following their assumption of office so that they are familiar with their roles and responsibilities. The Cooperative should ensure that they are familiarized with relevant laws and regulations and have undergone the mandatory trainings which will help them fulfill their roles and responsibilities;
7. The Board should be responsible for the appointment and removal upon due process of the Treasurer, Co-operative Secretary and President/CEO.
8. The Board should report to the Annual General Assembly Meeting on key activities occurring since the last meeting and matters required under RA 9520 and

its Revised IRR including the proposed distribution of net surplus and the work of the Board in the preceding financial year; and

9. The Board should ensure that all Board meetings are properly recorded.

**Section 5. The Board and Committee Composition shall consider the following parameters:**

1. Financial management skills, when applicable, and the character of the Board and Committee members;
2. Directors and Committee Members commitment to the mission of the cooperative;
3. Directors and Committee Members ability and willingness to fulfill duties of care, loyalty and obedience;
4. Directors and Committee Members commitment to develop knowledge and skill of new existing members; and
5. Directors and Committee Members performance evaluations.

**Section 6. The Chairperson and the President.** To ensure a balance of power and authority, there should be a clear division of responsibilities between the Chairperson and the President following the provisions of Rule 7 of the Revised IRR. The Chairperson should, among other things:

1. Lead the Board to ensure its effectiveness;
2. Ensure that the rules on parliamentary procedures are followed;
3. Ensure that the members of the committees are performing their duties and responsibilities;
4. Ensure that the Directors receive accurate, timely and clear information;
5. Ensure effective communication with members;
6. Encourage constructive relations between the Board and Management;
7. Facilitate the effective contribution of directors;
8. Promote high standards of governance; and
9. Ensure that policies are given to management and are implemented.

**Section 7. Board-Management Relations.**

1. It is to be emphasized that the relationship between an elected Board and professional management is complementary and mutually reinforcing;
2. The President shall be the Chief Executive Officer (CEO) of the Cooperative but shall not be a member of the Board. He/She is responsible for the implementation of the policy of the Board. Among his/her major responsibilities is to keep the Board informed; and
3. The Board and Management must have clarity about roles and responsibilities of each and about the complementarity of both. The Board exercises this responsibility by drawing on the institutional memory of directors, making binding decisions as a group and maintaining prudent distance from daily operations.

**Section 8. Access to Information.** Board members should be provided with complete and timely information prior to Board meetings.

1. Management should furnish the Board with complete information in a timely manner to enable the Board to make key decisions.
2. Information provided should include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents,

budgets, plans and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

3. The role of the Secretary should be clearly defined and include responsibilities for ensuring that all meetings and Board procedures are followed and in compliance with existing rules and regulations. He/she should attend all meetings. In his/her absence the Chairperson should designate his/her substitute from outside of the Board.

**Section 9. Internal Control Responsibilities of the Board.** The Board should ensure that the Management maintains a sound internal control system to safeguard the members' interests and the assets.

1. The control environment is composed of:
  - a. The Board which ensures that the Cooperative is appropriately and effectively managed and controlled;
  - b. The Management that actively manages and operates the Cooperative in a sound and prudent manner;
  - c. The organizational and procedural control supported by an effective management information system and risk management reporting system; and
  - d. The independent audit mechanisms to monitor the adequacy and effectiveness of the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts.
2. The minimum internal control mechanisms for the Board's oversight responsibility may include:
  - a. Defining the duties and responsibilities of the President/CEO;
  - b. Selecting or approving an individual with appropriate ability, integrity and experience to fill the President/CEO role;
  - c. Reviewing proposed senior management appointments;
  - d. Ensuring the selection, appointment and retention of qualified and competent management; and
  - e. Reviewing the personnel and human resource policies and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plan.
3. The minimum internal control mechanisms for management's operational responsibility would center on the President/CEO, being ultimately accountable for the organizational and procedural controls.

**Section 10. Committees of the Cooperative.** The Committees of the Cooperative shall be constituted in aid of good cooperative governance. In the performance of their respective duties and responsibilities as provided in the Revised IRR of RA 9520, the Articles of Cooperation and By-laws, the committees should:

1. Formulate their sound policies subject to the approval of the Board of Directors or course through it for the approval of the General Assembly;
2. Prepare an annual program of activities to be approved by the Board of Directors and to be integrated with the annual plan and budget; and

3. Actively pursue the development of its members, promote the understanding of the affairs of the Cooperative, and foster harmonious relationship and cooperation.

**Section 11. Potential Areas of Conflict.** The Board should establish clear written policies requiring declaration of interests by directors, officers, committee members and management staff to avoid conflicts of interest in their dealings within and without the cooperative following the relevant provisions of RA 9520.

**Section 12. Compensation and Per Diem of Directors and Officers.** There should be formal and transparent procedures for developing policies on compensation and per diem payments to directors and officers. No director/officer should individually decide on his/her own compensation and per diem. The Board should seek to ensure that the compensation/per diem policies are in line with the co-operative's development plan, strategic objectives and values. In determining the amount of compensation/per diem of the Directors and officers of the cooperative the following should be considered:

1. The obligations, duties functions and responsibilities of the position;
2. The volume of business, and the financial capacity of the cooperative;
3. The existing laws and issuances regarding the grant of compensation to cooperative directors and officers.

The Board should adopt a disclosure policy on compensation/per diem and the procedure for setting compensation/per diem in the annual report.

## **ARTICLE V OFFICERS OF THE COOPERATIVE**

**Section 1. Duties and Responsibilities of the Officers.** The Cooperative shall have a Chairperson, Vice-Chairperson, Treasurer, and a Co-operative Secretary who shall serve according to the functions of their respective offices as provided in the Revised IRR of RA 9520 and in Cooperative by-laws.

## **ARTICLE VI THE MANAGEMENT STAFF**

**Section 1. Appointment of Members of the Management Staff.** The Board of Directors shall appoint the President and CEO. The appointment of other Management staff is delegated to the President/CEO, subject to review and such other limitations set by the Board of Directors.

**Section 2. General Duties and Responsibilities.** The President/CEO and other members of the management staff, in the performance of their duties and responsibilities as stated in the by-laws and in the Revised IRR of RA 9520, should be of good moral character, honest, dedicated and committed to the Cooperative. Therefore, they have to give the best possible service to the members and officers of the Cooperative. Among others, they must:

1. Observe the existing policies and procedures;
2. Subject themselves to management policies and should not be beholden to any member of the board and inhibit themselves from campaigning during the cooperative elections;
3. Take the initiative to develop themselves, and undergo training, seminar and other manner of education to improve their competence and perspective;

4. In matters relating to cooperative business all employees should place the interest of the Cooperative ahead of his/her own personal interest; and
5. Refrain from:
  - a. Using cooperative funds or assets for any unlawful and unethical purposes;
  - b. Engaging in activities inimical to the interest of the cooperative; such as but is not limited to; establishment of undisclosed or unrecorded funds; engage in any arrangement that results in making false or artificial entries in the books or records of the cooperative; bribing or causing others to bribe public officials to advance, promote, or expedite the interest of the cooperative interests, a bribe is defined as anything such as money, property of favor offered to induce that person to act dishonestly; and
  - c. Using the cooperative for personal interest.

## **ARTICLE VII THE GENERAL ASSEMBLY**

**Section 1. The Role of the General Assembly.** The General Assembly is the highest policy making body of the Cooperative. All authority within the Cooperative emanates from it as provided for in its articles and by-laws. As the supreme body, the interest of the members must be protected at all times whereby:

1. any business to be undertaken must be embodied in an annual plan, program, and budget that must be approved by the General Assembly. New business not included in the plan approved in the last general assembly and believed to be profitable, may be undertaken by the Board of Directors and must be reported and ratified at the next General Assembly Meeting; and
2. a policy of transparency must always be maintained whereby books of accounts and minutes of Board of Directors' meetings are properly kept and made accessible to members and regular financial statements are religiously prepared and made known to the members and other parties interested on the operation as authorized by law or the Board of Directors.

No officer or member shall bring any complaint against any officers, members and the Cooperative itself before the appropriate administrative agency or the courts unless the General Assembly has discussed and decided the matter with finality.

A member who refuses to abide by the decision of the General Assembly may be subjected to disciplinary action, such as suspension of rights and privileges or termination of membership, only after due notice and hearing.

The foundation of a cooperative is cooperation. Therefore, any member who cannot respect the decisions of the General Assembly has no place in the organization, and may be subjected to disciplinary action.

## **ARTICLE VIII CODE OF CONDUCT FOR MEMBER-COOPS**

**Section 1. Standard of Personal Conduct.** In member-coop's dealing, a cooperative member is expected to:

1. Be respectful and observe proper decorum considering the organizational hierarchy;
2. Be receptive to constructive criticisms by developing and maintaining emotional maturity and stability.

3. Be actively involved in cooperative and community affairs; and
4. Refrain from:
  - a. Giving and receiving gifts to obtain or in exchange for favor (bribery or being the recipient of bribery);
  - b. Engaging in activities inimical to the interest of the cooperative; and
  - c. Using the cooperative for personal interest.

**Section 2. Members' Rights, Privileges and Responsibilities.** Every member-coop should exercise their rights and privileges and perform their duties as defined in the by-laws.

## **ARTICLE IX ACCOUNTABILITY AND AUDIT**

**Section 1. Accountability.** The Board should ensure that the Cooperative has a sound financial management system and complies with the applicable rules and regulations to ensure accountability and effective use of resources. The Board should present a balanced assessment of the performance, financial standing plans and achievements. The following guidelines should therefore be observed:

1. The assessment of the performance, financial standing, plans and achievements may extend to any mandatory reports, reports to members and reports to other agencies of the government (if required).
2. The Management should provide all members of the Board with management reports on a monthly basis.
3. The Board shall make sure that the annual budget is appropriate for the activities of the cooperative and monitor regularly its budget expenditure.

## **ARTICLE X CAPITAL, ASSETS AND FUNDS**

**Section 1. Asset Management.** The Board should ensure that the assets of the Cooperative are wisely managed for the best interest of the members. For this purpose, proper observance should be made on the following guidelines:

1. The Board should ensure that the Management of the cooperative has written financial policies and procedures in place to protect its assets. The Management should ensure that the cooperative is operating on a financially sound basis, which includes sufficient liquidity and capital adequacy.
2. Should the cooperative undertake developmental projects, Management should ensure that the optional fund is sufficiently funded. The cooperative should disclose the size, purpose and planned timeline for the capital development/acquisition.
3. There should be written investment policies and procedures which are approved by the general assembly and reviewed by the Board periodically. A review of the performance of the investment should be carried out.
4. Before the cooperative embarks on fund raising exercises, the Board should ensure that the Management reviews the need and purpose for additional funds from members and/or other parties and obtain prior Board's approval.

## **ARTICLE XI COOPERATIVE COMMUNICATIONS: COMMUNICATIONS WITH MEMBERS AND STAKEHOLDERS**

**Section 1. Access to Information.** Relevant information should be made available to members, to enable them to make informed decisions. The Board should ensure that there is a clearly written policy for relevant information to be provided to members. Such information can include the by-laws, latest audited financial statements and annual reports. Annual reports should be made available in the office for members' information or webpage if any.


**ARTICLE XII**  
**REVIEW AND AMENDMENTS OF 1CISP CODE OF GOOD**  
**GOVERNANCE**

**Section 1. Annual Review.** The 1CISP Code of Good Governance maybe subjected for an annual review. Any amendments thereof, can be adopted by a simple majority of the Board of Directors except on matters that are related to 1CISP By-Laws which shall be governed by the said by-laws.

-----




**1CISP Governance Committee**

  
**Fr. Antonio Cecilio T. Pascual**  
Committee Member


  
**Nestor D. Ortigoza**  
Committee Member

  
**Col. Germiniano D. Yuson Jr. PAF (Ret)**  
Committee Member

  
**Col. Jesus D. Madlangbayan**  
Committee Member

  
**Atty. Lyman A. Manzanares**  
Committee Member

  
**Anna Maria B. Crisolo**  
Committee Secretariat

  
**Jerson S. Remo**  
Committee Chairperson  
Independent Director

**30 May 2022**  
Date Signed