



**Simbag sa Emerhensya asin Dagdag Paseguro  
Mutual Benefit Association, (SEDP MBA) Inc.**

# **Finance Committee Charter**

# FINANCE COMMITTEE CHARTER

## BACKGROUND

This document serves as a guide for the Finance Committee and has been approved by the Board of Trustees. The Finance Committee will review and update this charter annually to reassess its adequacy.

## MISSION

The Finance Committee is established as an independent committee of the Board of Trustees whose primary duties are to oversee and review the financial plans and policies of SEDP MBA and implementation of such plans and policies and to assist the Board of Trustees in reviewing investment, strategies, transactions and in overseeing SEDP MBA's capital and financial resources.

## PURPOSE

The Finance Committee's purpose is to oversee all areas of finance of SEDP MBA. The committee shall have oversight responsibility for all actions, transactions and policies affecting the financial condition of SEDP MBA not otherwise assigned to the Audit Committee. The committee shall exercise the power and authority of the Board and assist the board in fulfilling its responsibilities in connection with the financial affairs of SEDP MBA.

## DUTIES AND RESPONSIBILITIES

- 1. The duties and responsibilities of the Committee shall include the following, in addition to such other duties and responsibilities as may be delegated to the Committee from time to time by the Board.**

Without limitations, the Finance Committee shall:

- Review and Recommend SEDP MBA annual budget, business plan and long-range financial plan
- Review and Recommend SEDP MBA capital structure in accordance with the Insurance Commission or as defined by Insurance Commission
- Review and Recommend any capital expenditures and unbudgeted operating expenses that, per board approved policy, are above management authority but below the threshold required for board approval
- Receive and review the following reports:
  - Monthly, quarterly and annual financial statements
  - Investment reports
  - Key financial ratios
  - Key operating benchmarks
- Review and Recommend such other matters that may be referred to the Committee by the Board and by any chart of authority of SEDP MBA approved by the board
- Delegation of responsibilities to other committees
- Reporting to the board

## **2. Oversee the financial risk management of SEDP MBA**

- The finance committee shall oversee the financial risk management of SEDP MBA by reviewing and approving the financial and financial risk management policies, including investment, liquidity and interest rate risk
- The finance committee shall set up guidelines and procedures on investment

## **3. Financial Performance**

- The Finance committee shall review SEDP MBA financial performance results and forecasts through the review of selected financial reports provided by the management and such other information it deems appropriate. The committee shall also review the asset/liability management of the institution, through the review of the activities of management's Asset/Liability Committee and such other information as it deems appropriate

## **4. Financial Compliance**

- The Finance committee shall review SEDP MBA ongoing compliance with financial ratios and other metrics pursuant to applicable regulatory requirements, such as capital adequacy guidelines and internal policies

## **5. Organizational Development**

- The Finance committee shall review material organizational development matters that may result in a significant impact on SEDP, such as proposed mergers or acquisitions

## **ORGANIZATION**

### **1. Membership**

- The Committee shall be comprised of a minimum of three (3) and a maximum of five (5) members. One member of the committee shall serve as Committee Chair

### **2. Appointment and Term**

- The Governance Committee of the board shall nominate the Chair and other members of the Finance Committee for a term of three years. The Board shall approve such nominations, and such Chair and members shall serve at the discretion of the Board

### **3. Duties of Chair**

- The Chair shall preside at all meetings of the Finance Committee and perform any duties as may be assigned by the Board from time to time

### **4. Secretary of Committee**

- The Chair of the Finance Committee shall appoint a secretary of the Finance Committee, subject to approval by the Finance Committee. Secretary is not required to be a member of

the board, but if he or she is not, such Secretary must be an employee of SEDP MBA or any of its subsidiaries

## **5. Resignation**

- Any member of the Finance Committee may resign, effective upon giving written notice to the Chair of the Board, unless the notice specifies a later time for the effectiveness of the resignation

## **6. Vacancies**

- All vacancies of the Finance Committee, however created, may be filled by the Board, subject to nomination by the Governance Committee. Each member of the Finance Committee so appointed shall hold office until the expiration of the appointed term

## **7. Meetings**

- The Committee shall meet at least four times per year and at such times and places and by such means as the Chairman shall determine. The Committee shall report regularly about its activities to the Board

## **8. Special Meetings**

- Special meetings of the Finance Committee may be called at any time by the Chair of the Finance Committee, any two voting members of the Committee, the MBA Manager, or by the majority of the Board. Special meetings may be held upon four days' notice by mail or twenty-four hours' notice received personally by telephone, electronic, facsimile or similar transaction.
- Notice of special meetings need not be given to any member who:
  - i. Before or after the meeting, signs
    - a. A waiver of notice
    - b. A consent to holding the meeting, or
    - c. An approval of the subject minutes; or
  - ii. Attends the meeting without protesting the lack of notice to such member

## **9. Annual Work Plan**

- An annual work plan shall be developed outlining the business to be discussed at the Committee meetings during the upcoming year
- The Finance Committee shall establish goals each year specifying the principal work focus as follows:
  - i. Developing a long-range capital plan integrated with the organization's strategic plan
  - ii. Developing criteria for evaluating proposals for new product lines

- iii. Reviewing investment reports and investment performance consistent with the organization's strategic planning horizon.
- iv. Reviewing the financial plan in relation to long-range strategic targets.

#### **10. Minutes**

- The Secretary of the Finance Committee shall maintain minutes and other relevant records of the meetings and activities of the Finance Committee. The minutes shall be available for review by the Board and any regulatory institution having jurisdiction over the affairs of SEDP MBA. In the event of any meeting in Executive Session or otherwise where the Secretary is not present, the Chair shall act as or designate an acting Secretary for the purpose of recording the minutes of actions taken at the meeting or Executive Session thereof. Beside the Secretariat there must be a Secretary who will assist the BOT Secretary

#### **11. Annual Review of Charter; Amendments**

- The Finance Committee shall review and assess the adequacy of this charter annually and recommend proposed changes to the Board for approval. This Charter shall be amended only by the Board

#### **12. Delegation of Authority**

- This Finance Committee may form and delegate its authority hereunder to subcommittees when appropriate