

**MINUTES OF MEETING**  
**AUDIT COMMITTEE of the BOARD**  
**BETHEL GENERAL INSURANCE AND SURETY CORPORATION**  
**APRIL 11, 2024, 10:00 A.M., Bethel Gen Conference Room and via Zoom (Hybrid)**

**PRESENT:**

Ms. Vida T. Chiong  
Ms. Dominga G. Garcia

Chairperson  
Member

Resource persons:

Mr. Rudy E. Mahinay, Jr.

AVP-Finance

Ms. Maricor Q. Parado

VP-Finance

Mr. Isagani Sabado

External Auditor

Atty. Rozaire G. Ombao-Bagares

Minute taker (Corporate Secretary)

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**CALL TO ORDER**

The Meeting was called to order by the Chairperson of the Committee at 10:00 A.M. on April 11, 2024, at the Bethel Conference Room, located at the Bethel General Insurance - Head Office. Atty. Ombao took the minutes of the meeting.

**SERVICE OF NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary reported that, following the provisions of the Corporation Code and the Amended By-Laws of the Company, written notice of the meeting was served to all members of the Committee. The majority of the members of the committee are present to validly transact business at the meeting. It was acknowledged that Mr. Cruz, who is joining the meeting through videoconferencing, can hear, understand, and participate in the discussions.

**DISCUSSION**

Ms. Parado, as the resource person of the Audit Committee, presented the unaudited financial statements as of December 31, 2023.

The total premiums earned amounted to P [REDACTED] with a significant increase of P [REDACTED] compared to the previous year. Ms. Parado also mentioned the commission income amounting to P [REDACTED], arriving at a total underwriting income of P [REDACTED].

Investment and other income amounted to P [REDACTED] with a significant increase of P [REDACTED]. This is mainly due to the rise in the value of assets classified as investment properties, giving us a total income of P [REDACTED].

Ms. Chiong asked if there were any receivables in the total income reported, to which Ms. Parado answered that around [REDACTED]% of the total income is receivables. The collection department has been reminded to double its collection efforts.

For the expense account, the net "Insurance benefits & claims" amounted to P [REDACTED] with a significant increase of P [REDACTED]. The said increase is mostly from fire losses and motor car losses, both paid and outstanding. The "Commission Expense" amounted to P [REDACTED] while the "Other Underwriting Expenses" amounted to P [REDACTED], giving us a Total Underwriting Expense of P [REDACTED]. The general and administrative expenses amounted to P [REDACTED]. The total expenses are at P [REDACTED], resulting in an "Income Before Tax" of P [REDACTED]. Income tax expense is at P [REDACTED], leaving us with a total net income of P [REDACTED].

The [REDACTED]% increase in net income was mainly due to the increase in the value of investment properties which were reappraised this year, and the increase in premiums earned (an increase of [REDACTED]%).

Ms. Garcia requested for a simple schedule of the "Net Insurance Benefits & Claims" and the "Commission Income". Ms. Parado explained that since our gross premiums written amounted to P [REDACTED] compared to P [REDACTED] last year, the commission expense is bound to rise.

Ratios were then discussed by Ms. Parado as follows:

RATIOS	
LOSS RATIO	[REDACTED] %
COMMISSION EXPENSE	[REDACTED] %
GENERAL ADMIN. EXPENSE RATIO	[REDACTED] %
NET INCOME RATIO	[REDACTED] %

Ms. Garcia also requested to be furnished a report on the ageing of premiums (both payables and receivables), ageing of claims, a report on salvage recoveries, and a list of claims pending with the Insurance Commission.

To continue with her report, Ms. Parado presented the Statement of Financial Position as of December 31, 2023. The total cash on hand amounted to P [REDACTED], cash in bank amounted to P [REDACTED], and time deposits reached P [REDACTED]. Ms. Chiong asked if the company could consider investing the P [REDACTED] cash in bank, [REDACTED]. Ms. Garcia asked for the schedule of cash in bank, time deposit, and amounts recoverable from insurers.

The loan receivables amounted to P [REDACTED], with an increase of P [REDACTED] due to the reclassification of the Tanay property from investment to receivables. The term of the loan is until 2025. For Available For Sale assets, the total amount of P [REDACTED] has a decrease of P [REDACTED]; the decrease was due to stocks that are no longer active (write-off).

Ms. Parado moved on to liabilities, the claim liabilities amounted to P [REDACTED] while premium liabilities amounted to P [REDACTED], with an increase of P [REDACTED]. Ms. Garcia asked for the schedule of claim liabilities.

Taxes payable amounted to P [REDACTED] and Ms. Chiong sought clarification because the taxes payable were on the high side. Ms. Parado explained that it was expected because of



the increase in premiums. She further explained that this amount includes documentary stamp tax, income tax, and withholding tax. The total liabilities amounted to P [REDACTED]

Ms. Parado further mentioned that the amount of pension obligation will be adjusted with Zalamea Actuarial. Ms. Parado also mentioned that a meeting with AMI and the external auditor was set for April 17, 2024, to discuss the IFRS preparations.

Under shareholder's equity, share capital amounted to P [REDACTED] while the subscribed share capital amounted to P [REDACTED]. The contributed surplus was P [REDACTED], reserve accounts with P [REDACTED] and P [REDACTED] for retained earnings. The total shareholders' equity amounted to P [REDACTED]. Ms. Chiong requested an update regarding the company's plan for the contributed surplus after a decision is reached by the majority of the stockholders.

At 11:20 in the morning, Mr. Isagani Sabado (external auditor) joined via Zoom. Ms. Chiong requested the Finance Department to improve the efficiency or capability of the team regarding the preparation of the Financial Statements because it was noted that it is already the middle of April but the external auditor still does not have the final reports. Atty. Ombao offered to have a Zoom meeting after the audited FS is finalized.

#### ADJOURNMENT

There being no other matters to be taken up, the meeting was adjourned at 11:30 a.m.

Certified Correct:

ATTY. ROZAIRE G. OMBAO-BAGARES  
Corporate Secretary