

**MINUTES OF MEETING
OF THE BOARD OF DIRECTORS
BETHEL GENERAL INSURANCE AND SURETY CORPORATION
HELD ON JUNE 26, 2024 AT 4:00 P.M.
UNIT 200, VALERO PLAZA, 124 VALERO ST., SALCEDO VILLAGE, MAKATI CITY**

PRESENT:

Atty. Siegfred B. Mison - Chairman
Mr. Amiel M. Mercado - Vice-Chairman
Mr. Joselito C. Bantayan
Ms. Lanie D. Santos
Ms. Aileen A. Uy
Ms. Vida T. Chiong
Ms. Dominga G. Garcia
Dr. Efren C. Laxamana
Dr. Clinton John C. Garces - (via Zoom Teleconferencing App)

ALSO PRESENT:

Mr. Romulo I. Delos Reyes, Jr. - Consultant to the Board
Atty. Dyandell G. Mendoza - Corporate Secretary
Atty. Rozaire G. Ombao-Bagares - Outgoing Corporate Secretary

CALL TO ORDER

The Meeting was called to order at 4:04 p.m. on June 26, 2024 by the Chairman of the Board, who presided over the meeting.

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 Board on June 19, 2024.

All Board members are physically present, except for Dr. Clinton Garces who joined the meeting via the video conferencing app Zoom. He confirmed that he can hear and see the deliberations and participate in the discussions.

RESIGNATION OF THE CORPORATE SECRETARY (ATTY. OMBAO-BAGARES) AND ITS ACCEPTANCE BY THE BOARD

The Chairman noted that the resignation of Atty. Ombao-Bagares was submitted to the Board and copies were attached to the Notice of Board Meeting. Ms. Chiong moved for the

47 approval of the resignation. The motion was seconded by Ms. Garcia. The Chairman announced
48 that the resignation was formally accepted by the Board.
49

50 With the vacancy in the position of Corporate Secretary, Mr. Bantayan nominated Atty.
51 Dyandell G. Mendoza. Upon the request of Ms. Chiong and the Chairman, Atty. Mendoza
52 introduced himself to the Board, starting with his educational background:

- 53 • Bachelor of Arts in European Languages from the University of the Philippines – Diliman
54 (2015)
- 55 • Juris Doctor Degree from New Era University (2023)
56

57 He took his oath as a lawyer last December 2023. As for his work experience, he started
58 as an HR Specialist at IBM in 2015. In 2023, he was appointed as Claims Manager and Underwriter
59 in the Bonds Department of Stronghold Insurance Company, Inc.
60

61 Mr. Bantayan moved for the nomination of Atty. Mendoza as the new Corporate
62 Secretary, and the motion was seconded by Mr. Mercado. The Chairman announced that Atty.
63 Mendoza has been nominated, and there being no objections, Atty. Mendoza is now appointed
64 as the new Corporate Secretary.
65

66 67 **APPROVAL OF THE MINUTES OF THE BOARD MEETING HELD ON DECEMBER 12, 2023** 68

69 The minutes of the previous Board Meeting held last December 12, 2023 were sent to the
70 Directors in advance before the meeting. Upon hearing no comments from the Board and upon
71 motion of Ms. Chiong and seconded by Ms. Garcia, the Board unanimously approved the
72 Minutes of the December 12, 2023 Board Meeting.
73

74 75 **MATTERS ARISING FROM THE PREVIOUS MEETING** 76

77 The Chairman noted that there were no matters arising from the previous meeting.
78

79 80 **UPDATE FROM THE BOARD COMMITTEES: AUDIT, GOVERNANCE, AND RISK** 81 **OVERSIGHT** 82

83 Ms. Chiong requested the former Corporate Secretary to give the Board members an
84 update on the Board Committee Meetings.
85

86 **1. Audit Committee** 87

88 The Audit Committee meeting was held on April 11, 2024, at 10:00 in the morning. The
89 resource persons for this meeting were Ms. Maricor Parado, the Vice-President of Finance, Mr.
90 Rudy E. Mahinay, Jr., the Asst. Vice-President of Finance, and Mr. Isagani Sabado, the External
91 Auditor.
92

93 During the meeting of the Audit Committee, Ms. Parado presented the unaudited
94 Financial Statements as of December 31, 2023:

95
96 a. Total premiums earned amounted to P██████████ with an increase of P██████████
97 compared to the previous year. The commission income was P██████████ and the total
98 underwriting income was P██████████ The "investments and other income"
99 amounted to P██████████ The total net income reached P██████████.

100
101 b. The following are the financial ratios as of December 31, 2023:

103 Loss Ratio	██████████%
104 Commission Expense	██████████%
105 General Admin. Expense Ratio	██████████%
106 Net Income Ratio	██████████%

107
108 c. Under the Statement of Financial Position, the total cash on hand amounted to P██████████
109 ██████████ with the cash in bank amounting to P██████████ and time deposits of P██████████

110
111
112 d. The loan receivables amounted to P██████████, claim liabilities were P██████████, and
113 premium liabilities amounted to P██████████ Taxes payable amounted to P██████████
114 ██████████

115
116 e. Under the shareholder's equity, the contributed surplus is now at P██████████ and
117 P██████████ for retained earnings. The total shareholders' equity amounted to P██████████
118 ██████████

119
120 f. Later in the said meeting, Mr. Isagani Sabado, the external auditor, joined via Zoom.
121 Ms. Chiong, Chairperson of the Audit Committee, reminded the Finance Department
122 to improve the efficiency of the team regarding the preparation of Financial
123 Statements.

124
125 The Chairman opened the floor for comments from the directors. Ms. Garcia raised her
126 concern, reminding the Board of her request during the Audit Committee, specifically: the ageing
127 of premiums receivables, list of claims payable, ageing of claims, list of salvage recoveries, and
128 the list of claims pending with the Insurance Commission. Atty. Ombao replied that the reports
129 are still being prepared. Mr. Delos Reyes, Jr. requested to be clarified of the reason regarding
130 these requests and suggested that the Board need not delve into the said reports on ageing of
131 payables and claims, as they are being reported and thoroughly discussed in the Executive
132 Committee meetings. Mr. Delos Reyes, Jr. added that if there is a concern related to the requested
133 reports, an explanation from the resource person would be more proper and sufficient. Ms.
134 Chiong replied that the reason for such a request was to compare the reports and balances, in
135 addition, at the time of the meeting, the Committee was expecting the Annual Statements to be
136 ready since the submission was at the end of April.

137
138 Ms. Garcia clarified that the request was not for the purpose of looking into the details but
139 for verification purposes only. Mr. Delos Reyes, Jr. assured the Board that the management

oversees the reports of the company, making sure that they (department heads) submit them on time, and he further made an observation that requesting such details may lead to further delay.

He also suggested that such requests from the board committee must be made ahead of time, and the purpose for the request must be clear. He opined that the Finance Department must finish the required reports first before preparing the reports being requested by the board committees, noting the hefty fines and penalties in case of late submission to the regulators.

Mr. Bantayan pointed out that there is a very thin line between the requirements of the Board Committees and operational issues, and going down to the operational items would be seen as an additional workload for the Board.

The Chairman asked if there were any more comments about the minutes of the meeting of the Audit Committee. Mr. Delos Reyes, Jr. answered that he believes congratulations are in order given the efforts exerted by the Operations Team for coming out with very good results for year 2023. Ms. Garcia also commended the Management for their good financial performance.

Lastly, the comments from the Chairman were discussed. The Chairman pointed out that he agrees with Mr. Delos Reyes, Jr. that Bethel Gen is indeed a very healthy company in terms of financial ratios, noting especially the total amount of time deposits. The Chairman suggested that the management consider other forms of investments. Mr. Delos Reyes, Jr. replied that Bethel Gen, through the holdings company, engaged the services of an investment consultant who has expertise on the matter, being in the banking industry for decades.

The second item raised by the Chairman is the increase of P [REDACTED] in liabilities. He asked if this is a "normal occurrence" for non-life insurers. Mr. Bantayan answered that it was normal as this was a result of a huge jump in gross premiums written.

Lastly, the Chairman noted that considering the exchange of ideas and comments, everyone must be reminded of the importance of drawing lines of responsibility in terms of preparing and filing all the management reports. He clarified that it is the responsibility of the management to submit them on time. On the other hand, on the part of the Board committees, they have the power to ask, but not to stop the submission of the documentary requirements needed by the regulators. The Chairman reiterated that the purpose of the Board committees is oversight.

2. Risk Oversight Committee

The meeting of the Risk Oversight Committee was held on April 11, 2024, at 11:30 in the morning. The resource person for this meeting was Mr. Nestor B. Liwanag Jr., the Chief Risk Officer and Vice President of Underwriting.

- a. During the meeting, Mr. Cruz requested a report on the ageing of losses. Based on the report from the Claims Department, the total number of outstanding claims as of December 31, 2023 is [REDACTED] claims, with Motorcar (Comprehensive) line as the biggest contributor with [REDACTED] claims. Almost [REDACTED]% of all reported outstanding claims are within

187 90 days from the date of reporting. The most common reason for delay for claims
188 beyond 90 days is incomplete documents from the assured.

- 189
- 190 b. Mr. Liwanag, Jr. assured the committee that all claims covered or within the treaty are
191 reported to the management on time and included in the Quarterly Statement of
192 Account. Ms. Garcia also requested that for the next meeting, perhaps the head of the
193 Claims Department may be invited to report on Salvage Recovery and to shed light
194 on other issues regarding the ageing of losses.
- 195
- 196 c. Ms. Chiong requested an update on the plan to come up with a Company Disaster
197 Risk Recovery Plan which is now being finalized.
- 198
- 199 d. Regarding the suggestion to appoint a company spokesperson, it has been mentioned
200 during the last Board Meeting held on December 12, 2023, that in the meantime, the
201 spokesperson will be the President of the Company.
- 202
- 203 e. Mr. Liwanag as CRO discussed in detail the current risk appetite and risk capacity of
204 the company. In line with the company policy to acquire quality business, there is a
205 new set of guidelines for risk appetite and risk capacity. However, Mr. Liwanag
206 explained that this set of guidelines will be subject to an annual review and revision.
- 207

208 The Chairman opened the floor for comments from the directors. Ms. Chiong commented
209 that the objective of the Risk Oversight Committee is to ensure that we have an Enterprise Risk
210 Management framework which is required by the regulators. Mr. Bantayan stated that in his
211 opinion, the purpose of the Risk Oversight Committee of the Board should be to monitor the
212 Enterprise Risk Management, and not "insurance risk" because such is the responsibility of the
213 management team. Mr. Delos Reyes, Jr. agreed with Mr. Bantayan and mentioned that the Risk
214 Oversight Committee should look into the process itself and not the business risk. Secondly, he
215 pointed out that even though the company is not yet covered by the requirement of the Insurance
216 Commission concerning ORSA (Own Risk and Solvency Assessment), the company has started
217 to work on its ORSA to internally accustom the management on the matter of ERM.

218

219 The Chairman noted that Ms. Chiong mentioned the Business Continuity Plan and Disaster
220 Risk Management, he asked if there is any progress on this. Atty. Ombao answered that the
221 company has already finalized and approved the Business Continuity Plan. For the Disaster Risk
222 and Recovery Plan, the Compliance Team is finalizing it, and the timeline is by the end of July
223 2024.

224

225 Ms. Chiong clarified with the Chairman if he would allow the other officers to attend the
226 committee meetings as resource persons. Mr. Delos Reyes, Jr. mentioned that the best resource
227 person for Risk Oversight information is the EVP and General Manager, Ms. Aileen Uy.

228

229 Mr. Delos Reyes, Jr. requested the Management Team to document the procedures in every
230 department. The resulting modules will serve as a guide for the employees and information of
231 the Board. Mr. Bantayan clarified that the requested process is now being started with the arrival
232 of the new Internal Auditor, Mr. Marlon Lim. The Internal Auditor's first order of business was
233 to request all department heads to submit the respective flowchart of their duties and

responsibilities, their workflow, and all of the data pertaining to the processes. Some of the flowcharts submitted were done inaccurately; Mr. Bantayan noticed that this was because the company was deeply engrossed in premium production and network development. Mr. Bantayan explained that the plan for the next few years is to re-examine the processes of the business enterprise. Lastly, Mr. Bantayan stated that during the National Conference in Clark last April 19, 2024, this process was emphasized to the Branch Network. Mr. Bantayan also added that there will be a Strategic Planning session this year and the members of the Board will be invited.

The Chairman inquired if the capacities reported by Mr. Liwanag, Jr. were just right, or if there is a need to increase them. Mr. Bantayan explained that the capacities are dictated by the reinsurance market. With the demands of the company and the requirements of the reinsurance market, the reported data in the meeting is the result of negotiations between the parties. Nevertheless, he will make a request to increase the company's capacity in the succeeding negotiations.

3. Corporate Governance Committee

According to Ms. Chiong, the Corporate Governance Committee was convened in preparation for the submission of the ACGR (Annual Corporate Governance Report) to ensure the responses to the questions will put the company at a higher ranking.

- a. Atty. Ombao reported that for the ACGR covering operations for the year 2023, the Compliance Team prepared an Annual Report which will contain all the answers in the scorecard, to facilitate the checking by the Institute of Corporate Directors. The Annual Report was also uploaded to the website of Bethel Gen. Ms. Chiong suggested publishing an edited version to be distributed to our major clients, brokers, and agents. Atty. Ombao reported that the ACGR was submitted on May 29, 2024 and uploaded on the company website on June 3, 2024.
- b. As for the updates on the responses, the company has an updated Corporate Governance Manual which now includes the shareholder's rights, the approval of the Board in the appointment of the Chief Audit Executive or CAE, and the duties and responsibilities of the CAE. The Board Succession Policy was also discussed in the said meeting. Ms. Chiong suggested improving the policy. It was also mentioned that the current retirement age for the members of the Board is 80 years old. Ms. Chiong also suggested that the Board Succession Policy should also discuss the transfer of Corporate Leadership.
- c. For the performance and assessment of key officers, a round of evaluation is being prepared specifically the "Self-Evaluation Form" and the evaluation form for the CEO and General Manager, in consideration of the suggestion of the President to include the EVP-General Manager in the evaluation because the functions of the CEO and GM are interlocking, or sharing the same functions.

- d. The whistleblowing policy was also discussed during the meeting, this is already included in the Corporate Governance Manual. All whistleblowing incidents shall be reported to the Board of Directors under our transparency framework. The anti-bribery and anti-corruption policies are already in place.

The Chairman opened the floor for comments from the directors. Regarding the Internal Audit mechanism of the company, Ms. Chiong suggested that the Internal Auditor, Mr. Marlon Lim, should submit to the Board the process flow of his internal audit program. Ms. Chiong also asked if the Internal Auditor could also join the Audit Committee so the members could get to know him. In addition, Ms. Chiong also requested that the Compliance Officer, Mr. Rudy Mahinay, Jr., be present in the Committee meetings, together with the presence and assistance of the officers in the company. Mr. Bantayan assured that either he or Ms. Uy will sit in the Committee meetings.

Noting that there were no more comments from the other Board members, the Chairman proceeded to discuss his comments. The Chairman noted that according to the minutes, the goal is to have six (6) board meetings in a year as suggested by the ICD. The Board agreed to hold a board meeting six (6) times for the year 2024.

Lastly, the Chairman expects a timetable for the submission, compliance, finalization, and publication of the promised materials from the meeting. As for the whistle-blowing policy, the complaints or notices must be directed to the Audit Committee at most.

REPORT OF THE PRESIDENT AND CEO: PERFORMANCE REPORTS FOR THE FIRST QUARTER OF 2024

1. Production Performance

Mr. Bantayan discussed the Performance Report of the company for the first quarter of 2024. The premium production was recorded at P [REDACTED] which was a [REDACTED]% increase from last year. The average 2-year growth is at [REDACTED]%.

The dominant line for production is motorcar followed by fire, engineering, and bonds; the growth of premiums per line is summarized as follows:

316		
Line	Premiums	Growth vs 2023
Fire	[REDACTED]	[REDACTED]
Motorcar		
Misc. and Engineering		
Bonds		
Marine and Aviation		
Accident		

As for the production per year, from 2022 the production grew by [REDACTED]% in 2023 and from 2023 up by [REDACTED]% in 2024. For the production per channel, the Luzon branch network remains to

be the dominant producer having produced P [REDACTED], which increased by [REDACTED]% from last year. This is followed by Brokers and Agencies which has total production of P [REDACTED], up by [REDACTED]% from last year. It is worthy to note that all channels have positive growth.

Moving on to the profitability statistics, the premium collection amounted to P [REDACTED] while the net income is at P [REDACTED] which was a [REDACTED]% increase from last year. For the performance ratio, the following statistics were recorded:

Retention Ratio	[REDACTED] %
Commission Expense Ratio	[REDACTED] %
Losses Incurred Ratio	[REDACTED] %
General and Admin Expense Ratio	[REDACTED] %

The underwriting income showed the following statistics:

Lines	Underwriting Income Ratio
Bonds	[REDACTED] %
Misc. and Engineering	[REDACTED] %
Accident	[REDACTED] %
Motorcar	[REDACTED] %
Fire	[REDACTED] %
Marine and Aviation	[REDACTED] %

The following table shows the results for the losses incurred per line:

Line	Losses Incurred	Ratio
Fire	[REDACTED]	[REDACTED]
Marine and Aviation		
Motorcar		
Accident		
Bonds		
Misc. and Engineering		
Total		

The financial position as of March 31, 2024 showed that the total assets reached P [REDACTED] which is a [REDACTED]% increase; liabilities are P [REDACTED], which is up by [REDACTED]%. Mr. Bantayan explained that this is due to some items directly related to the increase in gross premiums written. The total net worth is P [REDACTED], up by [REDACTED]% from last year, while the requirement of the Insurance Commission is only P [REDACTED]. Mr. Bantayan concluded his report.

The following comments were made on the President's Report:

1. The Chairman noted that the underwriting income of bonds was [REDACTED]% with a [REDACTED]% loss ratio, he asked for the management's strategy to get more bonds business. Mr. Bantayan answered that Bethel Gen is well-known in the engineering community regarding government projects, which helped in the bonds business. He explained

that most of the production was government bonds because the management is very careful when it comes to private bonds.

2. Ms. Chiong raised a question of whether the company is required to get a certification from the Insurance Commission for the DPWH bonds. Mr. Bantayan confirmed this.
3. Ms. Garcia asked the Chairman, since suretyship is the most profitable line if the Company can still improve the bonds business as one of its sources of business. Mr. Delos Reyes, Jr. explained that the bond premiums were up by ■% which would mean that generated premiums in bonds are still steadily improving.
4. Ms. Garcia noticed that the performance of the head office is lower than other channels, Ms. Uy clarified that the head office production is from individual agents and walk-in clients. Mr. Delos Reyes, Jr. added that the brokers and agencies are on a different channel but they are managed and serviced by the head office.
5. Ms. Chiong suggested that the breakdown of the assets should be more granular. Mr. Bantayan agreed to prepare it in the next report, in an annex or an extra spreadsheet.

COMMITTEE MEMBERSHIPS

Atty. Ombao explained that this item in the agenda is to allow the Board to finalize the Committee Memberships for the year 2024, noting that this year the company already has three (3) Independent Directors.

The Chairman asked for suggestions about the organization of the Committee Memberships. Ms. Chiong raised her suggestion for the organization of the Committees as follows:

- a) Audit Committee
- b) Risk Oversight Committee and Related Party Transaction Committee
- c) Corporate Governance Committee
- d) Nomination and Remuneration Committee

The Chairman asked what is the difference with the Nomination and Remuneration Committee, Atty. Ombao explained that the Remuneration Committee is one of the committees mentioned in the Annual Statement form from the IC, but for purposes of Corporate Governance, there is no requirement for a Remuneration Committee.

Mr. Delos Reyes, Jr. asked if the committees shall be handled by an Independent Director as Chairman, Atty. Ombao answered that the Nomination Committee is not required to have an Independent Director as its Chairman.

The Board agreed to the following Committee Membership:

AUDIT COMMITTEE	
Dominga Garcia	Chairman
Aileen Uy	Member

Vida Chiong	Member
RISK OVERSIGHT COMMITTEE AND RELATED PARTY TRANSACTION	
Efren Laxamana	Chairman
Dominga Garcia	Member
Lanie Santos	Member
CORPORATE GOVERNANCE COMMITTEE	
Vida Chiong	Chairman
Efren Laxamana	Member
Joselito Bantayan	Member
NOMINATION AND REMUNERATION COMMITTEE	
Aileen Uy	Chairman
Lanie Santos	Member
Joselito Bantayan	Member

The Chairman reminded the Committees that they should meet every quarter and ideally, before the Board Meeting.

Atty. Ombao mentioned that the Corporate Governance Principles require a meeting of the Non-Executive Directors (NEDs) without the presence of management, at least once a year. The new Corporate Secretary was assigned by the Chairman to help in scheduling the NEDs meeting with the Consultant to the Board.

PROPOSED BOARD CALENDAR

Atty. Ombao explained that since the Board agreed to have at least six (6) meetings a year, the proposed Board Calendar is to be updated by the new Corporate Secretary including the schedule of Committee meetings.

Mr. Delos Reyes, Jr. suggested the creation of a group chat between the Board Members for communication purposes, Atty. Mendoza was assigned to implement this for all members of the Board and to announce the revised Board Calendar.

Ms. Chiong asked if Atty. Mendoza should be present during the Committee meetings as the minute taker, the Chairman answered that ideally, he should be present, but he can also assign someone to be the minute taker or Committee Secretary.

OTHER MATTERS

1. Ms. Garcia raised a question regarding an item in the Annual Financial Statements, she asked if the contributed surplus could be reclassified to paid-up capital. Her suggestion was noted and will be subject to review by the management.
2. Ms. Garcia asked to be updated on the company's IFRS Compliance. She mentioned that a deadline was set by the IC on June 30, 2024, for the submission of the qualitative impact analysis. Mr. Delos Reyes, Jr. answered that an actuary was engaged by the Company to assist with the required presentation and synchronization in preparation for the implementation of IFRS 17. He also mentioned that for this year the Financial Statements

431 were prepared in 2 sets, the first set is the ordinary requirement, and the second set is in
432 preparation for compliance with IFRS-17.
433

- 434 3. Ms. Garcia added that as per the Insurance Commission, compliance with IFRS-17 cannot
435 be done by an actuary alone, an external auditor is also required. Mr. Delos Reyes, Jr.
436 agreed and informed the Board that he would talk to the external auditor and the actuary
437 to have a meeting for the report, he also assured the Board that the company is compliant
438 with IFRS-17.
439

- 440 4. Ms. Chiong inquired how the Company complies with the Disaster Risk Financing and
441 Insurance (DRFI) reports, Atty. Ombao replied that reports are being prepared and
442 submitted by the VP for Underwriting.
443

- 444 5. The Chairman suggested that the President's Report include a slide for "new initiatives",
445 Mr. Bantayan noted the request for the next Board Meeting.
446

447 **ADJOURNMENT**
448

449 There being no other matter or business to transact, upon motion made by Mr. Bantayan
450 and seconded by Ms. Garcia, the meeting was adjourned at 6:30 p.m.
451

452
453 Prepared by:
454

455
456  ATTY. ROLANDO G. Ombao-BAGARES
457