

**MINUTES OF MEETING
OF THE BOARD OF DIRECTORS
BETHEL GENERAL INSURANCE AND SURETY CORPORATION
held on December 20, 2024 at 3:00 P.M.
Discovery Primea, Makati City and via Zoom (Hybrid)**

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 Garcia
Mr. 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

CALL TO ORDER

The Meeting was called to order at 3:00 p.m. on December 20, 2024 by the Chairman of the Board, who presided over the meeting. The Corporate Secretary took the minutes of the meeting.

SERVICE OF NOTICE AND DETERMINATION OF QUORUM

The Chairman asked the Corporate Secretary if there was a valid quorum to transact business. The Corporate Secretary reported that in accordance with 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 via e-mail. Dr. Garces joined the meeting via the video conferencing app Zoom, the rest of the attendees were personally present. The Chairman initially joined via video conferencing. With all of the directors present, the Corporate Secretary confirmed that there is a valid quorum to transact the business.

APPOINTMENT OF MR. AMIEL MERCADO AS THE MANAGING DIRECTOR OF THE CORPORATION

The draft of the Board Resolution was sent via e-mail to all members of the Board last December 16, 2024. Mr. Delos Reyes asked if the operational setup of the corporation will remain despite the approval of the Board Resolution. Mr. Bantayan answered in the positive; he explained that there will be no changes, that he will remain as CEO, and Ms. Uy will remain as COO. He further discussed that the reasoning behind this resolution is that the company is dealing with a brand new generation of clients; this is specifically geared to the requirement of the brokers, which are used to functional relationships. Mr. Delos Reyes agreed and nominated

Mr. Mercado as the Managing Director, seconded by Ms. Santos; there being no objections, the following resolution was passed:

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that MR. AMIEL M. MERCADO is hereby appointed as the Managing Director of the Corporation, effective 01 January 2025, with the authority and responsibilities defined in the Corporation's by-laws and as may be further prescribed by the Board of Directors;

RESOLVED FURTHER, that as the Managing Director, he shall be vested with the full authority to execute contracts, represent the Corporation in all dealings, and perform such acts necessary and proper for the efficient administration and governance of the Corporation, subject to the general supervision and oversight of the Board of Directors;

RESOLVED FINALLY, that the Corporate Secretary is hereby instructed to record this resolution in the official corporate records and to issue certified copies hereof to relevant parties as necessary."

The Board unanimously approved the resolution.

APPROVAL OF THE MINUTES OF THE BOARD MEETING HELD ON JUNE 26, 2024

The Minutes of the Meeting of the Board of Directors held on June 26, 2024 was sent to all members last December 16, 2024.

A motion to approve the Minutes of the June 26, 2024 Board Meeting was raised by Mr. Bantayan and seconded by Ms. Chiong. The Vice Chairman thereafter declared that the Minutes of the Meeting of the Board of Directors held on June 26, 2024, were thereby duly approved.

MATTERS ARISING FROM THE PREVIOUS MEETING

The Corporate Secretary advised the Board of a motion made by Ms. Chiong, particularly on line 287 of the minutes of the Board of Directors meeting held on June 26, 2024, in which the Internal Auditor, Mr. Marlon Lim, was directed to present to the Board the process flow of the internal audit program.

Ms. Chiong advised that the items raised by other board members with regard to matters arising from the previous meeting should be reflected in the preparation of the Board's materials. She further requested that minutes of the meeting be circulated two (2) weeks after the meeting.

Mr. Delos Reyes asked the management to attend the queries of the directors on the next committee meetings.

The Chairman asked if the board will consider increasing the authorized capital stock as another strategy. Mr. Delos Reyes affirmed, however, he noted that the contributed surplus plays a big role in offsetting whatever deficiency may arise; despite this, the increasing of authorized capital stock will still be considered. In order to have time to evaluate the resolution, Mr. Delos Reyes asked the chairman to defer the resolution to raise capital stock until the next meeting.

Ms. Garcia also raised if the corporation can readily comply with IFRS. Mr. Delos Reyes affirmed. Ms. Uy reported that the company may ask for a deferral of one year. Mr. Bantayan

95 stated that the company has already signed an agreement with AMI Risk based in Miami, Florida.
96 In addition, Mr. Mercado discussed that aside from the actuary, we also have to coordinate with
97 the external auditor to validate figures.

98
99 **UPDATE FROM THE BOARD COMMITTEES: AUDIT COMMITTEE, RISK OVERSIGHT**
100 **COMMITTEE and CORPORATE GOVERNANCE COMMITTEE**
101

102 The minutes of the Board of Directors meeting held October 28, 2024, were sent to all
103 members via email on December 16, 2024. The Corporate Secretary provided a brief summary of
104 the Board Committee meetings. To start, he informed the Board that the Bethel Gen Conference
105 Room hosted all committee meetings on October 28, 2024.

106
107 **1. Corporate Governance Committee**
108

109 The Corporate Governance Committee discussed the ACGR assessment; its
110 chairperson, Ms. Chiong, reminded the members that the responses to the ACGR must be
111 properly backed up by documents posted on the corporate website; it was also
112 recommended that the Corporation release an annual report. The President suggested that
113 the annual report be outsourced. Additionally, it was mentioned that the Board
114 encourages all officials to participate in ICD seminars and, if feasible, pursue the ICD
115 fellow professional designation. Moreover, in relation to ACGR, the Chairman said we
116 should aim to obtain the Golden Arrows Award; these are companies with scores above
117 90/128 points in total. We have not yet received the final ACGR assessment results.

118 Lastly, the Chairman reminded the Compliance Officer, Mr. Rudy Mahinay, to
119 collaborate with the MIS department to monitor feedback posted on social media for
120 corresponding action. It was noted that one negative feedback is noted on the website,
121 Reddit, citing that Bethel General Insurance is the 'worst' motor vehicle insurance.

122 For the discussion of the Board, the consultant stated that he subscribes that the
123 Board should attend seminars conducted by ICD. On the subject of feedback, the
124 consultant advised to only reply in formal forums, as it would symbolize professionalism.
125 The Vice Chairman said that the Corporation shall not respond as a professional business
126 to trolls, as they are being used by competitors. In addition, Outcomm will assist the
127 business in managing its entire digital process, including negative feedback, as stated by
128 Mr. Bantayan.

129 In order to facilitate ICD compliance, Ms. Chiong inquired if the company group
130 could put together a corporate communication. In response, Mr. Delos Reyes stated that
131 it will cause delay in compliance, if the company would not act independently.

132 Atty. Mison asked the President about his approach for the annual report's
133 substance, aside from outsourcing it. The President countered that it would be a
134 straightforward annual report that would be paperbound or magazine-style and feature
135 the Chairman's message, the Board's CV, professional photos, financial disclosures, and a
136 statement from the external auditor.

137 When Dr. Laxamana inquired about the intended audience for this annual report,
138 Mr. Delos Reyes said that it was for our clients and other businesses who were interested
139 in our business.

140
141 **2. Risk Oversight Committee**

The Salvage Recovery Schedule was also covered. Chief Claims Officer Mr. Dizon clarified that the Asset Recovery Management Team is currently preparing the opening for a bidding of all things that were lost. In answer to Ms. Garcia's question, Mr. Dizon stated that although there have been [REDACTED] incident reports of claims made as a result of the recent typhoons, the estimated total loss is only 30 units.

The meeting also addressed the company's risk appetite and capacity, which will remain in effect until June 30, 2025 due to a treaty renewal that concluded on June 30, 2024. Mr. Liwanag, the Chief Risk Officer, presented about capacity per line.

The Chief Claims Officers concluded the discussion by reporting the current outstanding losses as of the committee meeting date, which totaled [REDACTED]. This represents an increase of [REDACTED]% in gross losses for the second quarter of the year, while the paid losses came to [REDACTED].

3. Audit Committee

The discussion revolved around IFRS-17; preparations will start upon submission of the required data. The external auditor proposed a coordination with the SSMB group and the actuary.

Thereafter, Ms. Parado reported the statement of income as of June 30, 2024, according to which the company has generated P [REDACTED] in premium and P [REDACTED] in commission revenue, adding up to P [REDACTED] in underwriting revenue. The expenses consisted of a commission charge of P [REDACTED], net insurance benefits and claims of P [REDACTED] and an additional underwriting cost of P [REDACTED] among the expenses.

Also discussed was the statement of financial position as of June 30, 2024; the unaudited statement of financial position was presented, showing the total asset as of said date reached P [REDACTED], a [REDACTED]% increase from P [REDACTED] last year. For overall liabilities, the amount of P [REDACTED] is reported, a [REDACTED]% increase from P [REDACTED] last year.

After the committee meeting report had been reviewed, Ms. Chiong requested that the Corporate Secretary submit items of business for the board's approval at the next meeting.

On a motion duly made and seconded, the Board took notice of the updates on the matters submitted by the Audit Committee and Risk Oversight Committee.

REPORT OF THE PRESIDENT AND CEO

PERFORMANCE REPORTS FOR THE PERIOD ENDING SEPTEMBER 30, 2024

A. Production Performance

Mr. Bantayan presented the report on the company's performance from the 3rd quarter of 2024 with a comparative figure of the same period of 2023.

The premium production stands at [REDACTED], which is [REDACTED]% growth vs. last year; annualized, we expect to end the year with 1.5 billion gross premiums written. The average 2-year growth is at [REDACTED]%, and we have hit [REDACTED]% of the annual target.

On a per-line basis of production, the President assured the Board that the business remains steady. The growth of premiums per line is reassuring at double-digit growth, presented as follows:

Line	% of Production	Premiums	Growth vs 2023
Fire			
Motorcar			
Bonds			
Misc. & Engineering			
Marine & Aviation			
Accident			

The company's growth has slowed compared to last year, but it remains robust at █% compared to █% last year. On a production-per-channel basis, the Luzon branches produced █% of total premiums, followed by brokers and agencies at █%, Visayas at █%, the NCR at █%, Mindanao at █%, and reinsurance and the Head Office. The reinsurance channel has the highest growth rate at █%, accounting for P██████ of the total gross. The lowest is in Mindanao, with a █% variance; nonetheless, the company intends to help Mindanao by opening a new branch in Butuan City. This new acquisition has the potential to generate P██████ in premiums annually.

B. Profitability Statistics

The President reported that bonds has the biggest percentage of underwriting income per line, at █%, followed by Fire at █% and Misc. & Engineering at █%, Marine and Aviation at █%, Accidents at █%, and Motorcar at █%.

The overall underwriting income is P██████. The loss ratio per line is as follows: fire at █% losses incurred; marine and aviation with a █% losses incurred; motorcar with a █% losses incurred; accident at █% ratio or █%; bonds with █% incurred or a ratio of █%; and miscellaneous and engineering with an █% loss ratio or P██████ losses.

C. Financial Position

Total assets as of September 30, 2024, are up █% to P██████. Some of its composition is as follows: "Cash and cash equivalents" in the amount of P██████ (with a █% increase), mainly from time deposits; "Insurance receivables" at P██████ (with a █% increase), due to a considerable increase in premium receivables.

Total liabilities came to P██████ (%), consisting of "insurance contract liabilities" at P██████ (%), primarily due to increased production; "reinsurance payable" at P██████ (%); "deferred commission income" at P██████ (%); and "accounts and other payables" at P██████ (%).

The company's net worth has increased by █ million, which includes common stock, accumulated profits, and other assets. The president concluded his report.

Mr. Delos Reyes commended the report, which was seconded by the members of the Board.

Ms. Garcia inquired, given that the figures were only as of September 2024 and that many typhoons hit the Philippines in November and December, whether there would be major changes to the report, particularly in terms of loss. The President responded that the losses reported for the aforementioned months remain manageable.

PROPOSED BOARD CALENDAR

The Corporate Secretary presented the proposed Board Calendar, which focuses on the schedule of Board Committees meetings and the Board meetings. The sole highlight is the merging of the Annual Stockholders Meeting and the Board Meeting, which will take place in April 2025.

OTHER MATTERS

a. CONFIRMATION OF THE APPOINTMENT OF MR. MARLON A. LIM AS CHIEF AUDIT EXECUTIVE

The President introduced Mr. Marlon Lim, the internal auditor, to the Board. Mr. Lim greeted the Board Members and introduced himself. He stated that he is a Polytechnic University of the Philippines alumnus with seven years' experience in auditing field.

The appointment of Mr. Lim as the Internal Auditor of the Company was served last April 29, 2024, the Chairman endorsed its confirmation to the Board. Ms. Chiong moved to appoint Mr. Marlon A. Lim as the Chief Audit Executive, Mr. Bantayan seconded, there being no objection despite given opportunity to do so, the following Resolution was thus adopted:
"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that MR. MARLON A. LIM is hereby appointed as the Chief Audit Executive of the Corporation, effective 28 October 2024."

The Board has agreed that the Chief Audit Executive is to present a report at the next Board Meeting. The Chairman suggested that the Internal Auditor be a mandatory member of the Audit Committee.

b. DIRECTORS AND OFFICERS LIABILITY INSURANCE

Ms. Garcia inquired about the possibility of releasing Directors and Officers Liability Insurance; Mr. Delos Reyes said that the group will work to formulate a Directors and Officers Liability Insurance.

ADJOURNMENT

There being no other matter or business to transact, upon motion made by Mr. Mercado and seconded by Mr. Bantayan, the meeting was adjourned at 5:00 o'clock in the afternoon.

Prepared by:


ATTY. DYANDELL G. MENDOZA
Corporate Secretary