

MINUTES OF MEETING
RISK OVERSIGHT COMMITTEE of the BOARD
BETHEL GENERAL INSURANCE AND SURETY CORPORATION
April 11, 2024, 11:30 A.M., Bethel Gen Conference Room

PRESENT:

Ms. Vida T. Chiong	Chairperson
Ms. Dominga G. Garcia	Member
Mr. Jonathan Cruz	Member
Resource persons:	
Mr. Nestor B. Liwanag, Jr.	Chief Risk Officer and VP – Underwriting
Atty. Rozaire G. Ombao-Bagares	Minute taker (Corporate Secretary)

CALL TO ORDER

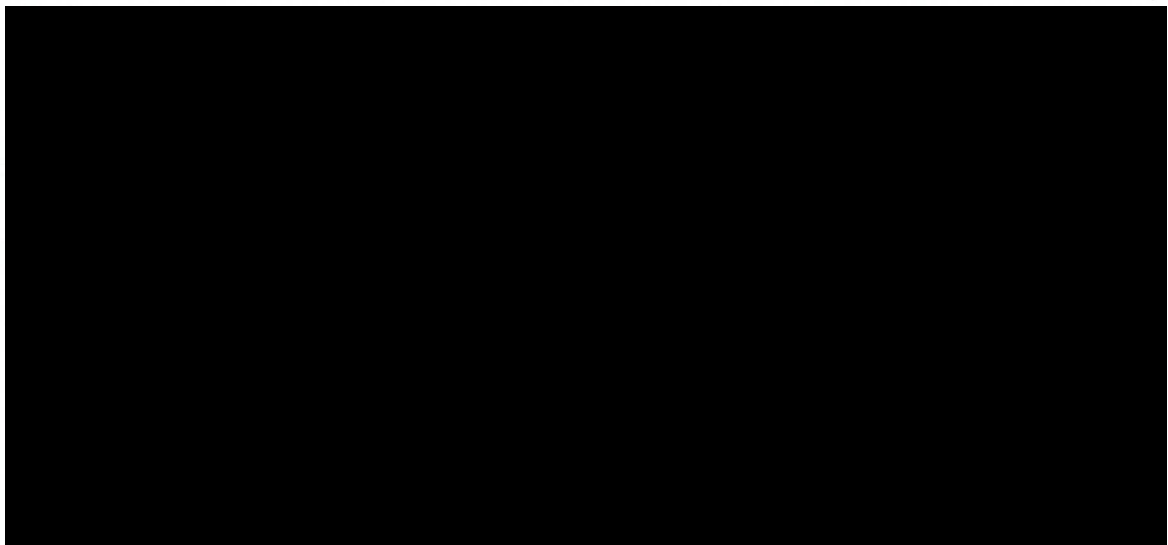
The Meeting was called to order by the Chairperson of the Committee at 11:30 A.M. on April 11, 2024, at the Bethel Conference Room, located at the Bethel General Insurance - Head Office. Atty. Ombao took the minutes of the meeting.

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 Chairperson noted that all members were present. It was acknowledged that Mr. Cruz, who is joining the meeting through videoconferencing, can hear, understand, and participate in the discussions. The Corporate Secretary noted that there is a valid quorum to transact audit and related parties' transactions according to the by-laws.

DISCUSSION

Mr. Cruz reminded the committee of his request regarding the ageing of losses and claims. Atty. Ombao presented the ageing of outstanding losses:



The biggest contributor to the total number of outstanding claims is Motor (Comprehensive) with a total of [REDACTED] claims. [REDACTED]% of the total Motorcar (Comprehensive) claims are within 90 days from the date of claim notification. Claims beyond 90 days are delayed due to a lack of documents from the assured.

Ms. Chiong asked who is in charge of claims payment, Atty. Ombao responded that Mr. Dizon, as head of the Claims department, recommends the claims for payment, and Mr. Bantayan and Ms. Uy have the final approval. Ms. Chiong asked how long it takes for the claims to be recovered. Mr. Liwanag, Jr. answered that as to claims covered by the treaty, they are incorporated in the quarterly SOA inputted in the "premiums ceded", or within 30 days.

The members requested a report on salvage and recovery. Ms. Garcia recommended that this should be reported by the VP-Claims at the next Committee Meeting. She also suggested having only one spokesperson from the Claims Department for any queries of clients and the branches.

Ms. Chiong requested an update on the plan to come up with a Company Disaster Risk Recovery Plan; Atty. Ombao replied that the Admin Department is still waiting for the updated insurance coverage of all branch offices, which report will come from Sterling Insurance. In addition, Atty. Ombao reported that the Head Office had an earthquake and fire drill last March 21, 2024.

Ms. Garcia asked if the management had appointed a company spokesperson. Atty. Ombao replied that as discussed in the last Board Meeting, in the meantime, Bethel's spokesperson is our President and CEO.

As part of our enterprise risk management framework, Mr. Liwanag, Jr. as Chief Risk Officer, discussed the risk appetite and risk capacity effective until June 30, 2024, and will be revised after renewal of the treaty.

Mr. Liwanag discussed that in line with the company policy to acquire quality business, the guidelines on risk appetite and risk capacity are disseminated to all branches and writing agencies.

To start, for property insurance or contractor's all risk, the company has an automatic capacity of P [REDACTED] per risk or project. The preferred risks are Residential Risks, Offices, Hospitals, Schools, Hotels, Display Rooms, Dormitories, and Condominiums. Risks within export processing zones (Warehouse Occupancy I & II and Industrial Occupancy I & II) are encouraged since the risk of fire is low. The criteria for acceptable risk are: clean loss record, sufficient fire protection, good housekeeping, 1 to 25 year-old building, and self-contained risk, meaning that it will not be damaged by fire from an adjacent building. However, for contractors all risks, the company prefers government projects, and small and medium-sized construction risks (not more than 5-year cover including maintenance period).

Ms. Garcia requested a pie chart for sources of income, incoming RI business, claims, and their ratios.

For bonds, which include construction bonds, government projects, and judicial bonds - except NLRC, the company has a capacity of P [REDACTED]. Bonds beyond this amount are reinsured. For motorcar insurance, the company's capacity is P [REDACTED].

aggregate for Own Damage Liability and Auto P.A. The company requires that private cars should be not more than 10 years old, and not for hire.

For marine cargo, the company's capacity is P[REDACTED] per bottom. The company prefers containerized cargo; with restricted coverage for loose and bulk cargoes because of their nature (prone to losses). Meanwhile, for marine hull insurance, the capacity is P[REDACTED]. Preferred risks are cargo and passenger vessels, vessels that are not more than 15 years old, and constructed of steel. Undesirable risks are landing craft vessels due to their poor loss record.

Moving on to Comprehensive General Liability or CGL, the company's limit of liability is P[REDACTED]. The company prefers offices, while the undesirable risks are port liability, product liability, and professional liability. Ms. Angie asked if the company has "directors' and officers" liability insurance (D&O) or if any local insurance company offers it, Mr. Liwanag replied that there is none yet although the company has errors and omissions (E&O Insurance) with P[REDACTED], which are limited to brokers, agents, and adjusters. This insurance is required for the renewal of a Certificate of Authority from the Insurance Commission, all other professions, however, are an undesirable risk.

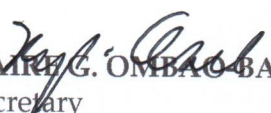
For MSPR or Money, Securities, Payroll insurance, the company has a P[REDACTED] capacity; its desirable risks are offices (small/medium), and financing companies; while undesirable risks are banks/risks with a high loss ratio. Lastly, for the Hole-In-One insurance, capacity is P[REDACTED], at a minimum distance of 170 yards.

Mr. Liwanag, Jr. explained that this set of capacities is subject to review and revision, as warranted, noting that all policies exceeding the retention capacity will be placed for reinsurance.

ADJOURNMENT

There being no other matters to be taken up, the meeting was adjourned at 1:30 p.m.

Certified Correct:


ATTY. ROZAIRE G. Ombao-BAGARES
Corporate Secretary