

**MINUTES OF THE MEETING
AUDIT COMMITTEE of the BOARD
OF BETHEL GENERAL INSURANCE AND SURETY CORPORATION
VIA HYBRID MEETING AT 11:00 A.M. ON MAY 19, 2023**

PRESENT:

Ms. Vida T. Chiong	-	Chairperson
Ms. Dominga G. Garcia	-	Member
Mr. Rudy E. Mahinay, Jr.	-	Senior Manager - Accounting
Ms. Maricor Parado	-	AVP - Finance
Atty. Rozaire G. Ombao-Bagares-		Minute taker (Corporate Secretary)

CALL TO ORDER

The Meeting was called to order by the Chairperson of the Audit Committee at 11:00 A.M. on May 19, 2023 via hybrid meeting - Ms. Vida Chiong and Ms. Dominga Garcia attended thru Zoom videoconferencing, while Mr. Mahinay, Ms. Parado and Atty. Ombao were at the Bethel Conference Room, located at the Bethel Gen Head Office. Atty. Ombao took the minutes of the meeting.

SERVICE OF NOTICE AND DETERMINATION OF QUORUM

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 Audit Committee. The majority of the members of the committee are present to validly transact business at today's meeting.

A copy of the Audited Financial Statements was sent via email on [REDACTED], ahead of the Committee meeting.

Ms. Chiong welcomed the presence of Mr. Parado and Mr. Mahinay, Jr. Mr. Mahinay joined the Company as Senior Manager for Accounting in October 2022.

DISCUSSION ON THE AUDITED FINANCIAL STATEMENTS as of DECEMBER 31, 2022

Atty. Ombao screen shared the Balance Sheet.

Ms. Parado reported that the total assets of the Company amounted to [REDACTED]. Compared to the previous year, there was an increase of P578Million. Total liabilities as of Dec. 31, 2022 is [REDACTED], or an increase of [REDACTED] compared to the previous year. Shareholder's equity as of Dec. 31, 2022 is [REDACTED] or an increase of [REDACTED] compared to the previous year.

Ms. Chiong requested to identify and explain the accounts with significant or major changes. Ms. Parado explained:

1. Assets
 - a. Insurance balances receivable includes the amount of premium receivables, funds held by ceding companies and reinsurance recoverable on paid losses.

Ms. Chiong inquired as to how often are the "funds held" being released. Ms. Parado replied that it is released on a quarterly basis. Ms. Chiong further asked if based on the past experience of the Company, how much of the [REDACTED] Insurance Balances Receivable will be collected. Ms. Parado replied that around [REDACTED] will be collected. Ms. Chiong requested that in the next board committee meeting, an update will be provided as to how much has been actually collected.

Ms. Chiong inquired as to the probability of collection of receivables beyond 90 days. Ms. Parado replied that [REDACTED] is collected, based on the Company's experience. But she is hopeful that the [REDACTED] will be collected since the Company already has a department monitoring this.

Ms. Chiong further clarified if the Company has experienced writing off debts. Ms. Parado replied that it has not been done before.

Ms. Chiong inquired if there is a management committee monitoring the receivables. Atty. Ombao replied that receivables are being monitored by the Mancom and Execom.

Ms. Garcia inquired as to the status of the [REDACTED], now categorized as an investment property, [REDACTED]. Ms. Parado explained that it is now part of "Investment Properties" with the amount of [REDACTED]. She further explained that it is now part of the Notes to the FS, under Note 12, page 25 of the audited financial statements. Note 12 was screen shared by Atty. Ombao.

Ms. Garcia explained that the [REDACTED]

Ms. Chiong noted that the Company earned from [REDACTED]. Ms. Parado confirmed that [REDACTED] was earned by the Company. Ms. Chiong clarified when the receivable will be recognized. Ms. Parado replied that the entire amount is now booked as receivable. Ms. Chiong asked if the Company is confident that the P1.3B net worth requirement will be met. Ms. Parado replied that the Company will meet the requirement.

Ms. Chiong inquired as to the premiums generated per line. Ms. Parado replied that the said data is found in the Annual Statement, which will be filed on Monday, [REDACTED] 2023. Ms. Chiong requested that the Board be updated in the next Board Meeting, as to the premiums per line and the financial ratios.

b. Liabilities

Insurance contract liabilities consist of claims payable, reserves for unearned premiums, and catastrophe loss reserves.

Ms. Chiong requested the loss ratio of the Company. Ms. Parado replied that the combined ratio is [REDACTED] for 2022. 2021 was at [REDACTED]

2. Decrease in Net Income

Ms. Parado explained that the reason for this is identified in the income statement, under "investment income", which can be further seen in the comparative figures. [REDACTED]

Ms. Parado further explained that the Net income of the Company is at [REDACTED] which is [REDACTED] of the total revenue. Ms. Chiong asked about the Underwriting Income. Ms. Parado explained that only the commission income and investment income are available.

Ms. Garcia asked about the Commission expense ratio. Ms. Parado replied that it is at 23%.

3. Other items on the audited financial statements

Ms. Chiong asked about the Employees' benefit account, specifically on the need for Actuarial studies on the retirement plan. Ms. Parado replied that under Asset account, the Company sets up every year an estimate for the retirement expense (since there is no formal retirement plan yet.) Ms. Chiong suggested the Company seek the services of an actuary.

The Committee approved the Audited Financial Statements ending Dec. 31, 2022.

ADJOURNMENT

There being no other matters to be taken up, the meeting was adjourned at 11:55 a.m.

Certified Correct:

(Sgd.) ATTY. ROZAIRE G. OMBAO-BAGARES
Corporate Secretary