

**MINUTES OF THE MEETING
RISK OVERSIGHT COMMITTEE of the BOARD
OF BETHEL GENERAL INSURANCE AND SURETY CORPORATION
VIA HYBRID MEETING AT 3:00 P.M. ON DECEMBER 6, 2023**

PRESENT:

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

CALL TO ORDER

The Meeting was called to order by the Chairperson of the Risk Oversight Committee at 3:00 P.M. on December 6, 2023, via hybrid meeting - Ms. Vida Chiong and Mr. Jonathan M. Cruz attended through Zoom videoconferencing, while Mr. Liwanag and Atty. Ombao were physically present 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 Risk Oversight Committee. The majority of the members of the committee are present to validly transact business at today's meeting.

DISCUSSION ON THE UNDERWRITING REPORT AS OF SEPTEMBER 30, 2023

Atty. Ombao screen-shared the report of Mr. Nestor Liwanag, Jr., VP for Underwriting and Chief Risk Officer.

The Comparative Production Report

- For the direct business, a total of [REDACTED] has been generated this year as compared to last year of [REDACTED], or an increase of [REDACTED] equivalent to a [REDACTED] % increase.
- For the assumed business, the amount of [REDACTED] has been generated this year as compared to last year of [REDACTED] or an increase of [REDACTED] equivalent to a [REDACTED] % increase.
- For the combined business, the amount of [REDACTED] has been generated this year as compared to last year of [REDACTED] or an increase of [REDACTED] equivalent to a [REDACTED] % increase.
- For the product mix, motor car accounted for 42.14%, followed by fire which accounted for 37.87%, and bonds accounted for 30.90%. The rest is miscellaneous insurance.

- All data is in gross premium. Mr. Liwanag explained that the Company has been able to generate more business from brokers' production.
- Ms. Chiong asked if the Company is issuing bail bonds. Atty. Ombao affirmed this.

The Loss Ratio of Combined Business

- Mr. Liwanag reported that out of the [REDACTED] that we have generated, we have incurred a loss of [REDACTED] or an overall loss ratio of 20.35%. A volume of our losses came from Fire and Motor Car. He explained, however, that the said data is subject to adjustment upon submission of the final report of the adjuster. Mr. Cruz asked if the company loss ratio is within the industry ratio. Mr. Liwanag stated that the average loss ratio industry-wide is 40%.
- Ms. Chiong asked if we have losses incurred due to the Gen San Earthquake two weeks ago. Mr. Liwanag replied that we have received 4 claims on property structures and buildings, but all are minimal and would not constitute a total loss. Moreover, the adjusters have already investigated the claims filed with us. Mr. Liwanag further stated that because of the inherent deductible under the policy, most of them will fall within the deductible, given that the damage is only minimal.
- Ms. Chiong inquired regarding the total amount of claims payable. Mr. Liwanag replied that outstanding losses amounted to [REDACTED], subject to adjustment upon release of final adjuster reports. Mr. Cruz asked for the usual timeline for the claims investigation, and Mr. Liwanag replied that we are guided by the Insurance Commission circulars and that we have to settle the claims within a certain period after receipt of the proof of loss.
- Mr. Cruz inquired if any of the outstanding claims payable are overdue. Mr. Liwanag replied that none of it is overdue and most claims are still under investigation. Both members of the committee requested an aging report of claims/losses for the next meeting.

Business coming from Insurance Companies

- Mr. Liwanag reported that the business coming from partner insurance companies amounted to [REDACTED]; foremost is Cocogen Insurance with [REDACTED] premium as of September 30, 2023, followed by Megare with [REDACTED] production.
- Ms. Chiong asked for the loss ratio of the assumed business. Mr. Liwanag stated the loss ratio for the assumed business is 40.64%, a significant loss is the Alturas Dressing Plant (fire loss) with a total loss reserve of P12,063,450.00 but 50% was ceded to the treaty so the ultimate net retention of the company is around P6,000,000.
- Ms. Chiong asked what is the highest amount of a single claim filed with the company. Mr. Liwanag replied that it was from Victoria's Milling in October 2023 with a loss reserve amounting to P24,250,000 and a retention of [REDACTED].
- For the next meeting, the committee members requested a report on salvage/recovery.

Brokers' Production

- Mr. Liwanag next reported the Brokers Production, from 11 accredited brokers. The brokers produced a total premium of [REDACTED] for this year, with Landbank being the highest contributor at [REDACTED].
- Mr. Cruz inquired about the common treaty facility. Mr. Liwanag discussed that the treaty facility has a maximum capacity of P700,000,000.
- Mr. Liwanag reported that losses from the broker's production produced a loss ratio of 38.35%, with a premium of [REDACTED] and losses incurred of [REDACTED]. The large losses are attributed to Landbank-Cyclone Airways account with a loss reserve of P3,450,000.00, and Euro Hydro Power with a loss reserve amounting to P18,000,000.00. In addition, Victoria's Milling account has a loss reserve of P24,250,000. Mr. Liwanag clarified that our share in Victoria's Milling is only 5%.

Mr. Liwanag further reported the large premiums generated per source which is all coming from [REDACTED].

Distribution of premiums

- Mr. Liwanag reported that out of [REDACTED], we have retained [REDACTED], and the rest are ceded out to our treaty reinsurers.
- Further, Mr. Liwanag reported that the loss ratio for the retention business is 22.78%; the loss ratio for quota share is 20.67%; for the surplus treaty 39.51%; and for the facultative side, a loss ratio of 7.13%. Mr. Liwanag stated that the reinsurance treaty will expire on June 30, 2024.

Enterprise Risk Management (ERM), Business Continuity Plan, and Disaster Recovery Plan

- Ms. Chiong asked about the other components of the Enterprise Risk Management (ERM) framework of the company. Atty. Ombao replied that we have the ERM Framework and Business Continuity Plan (BCP) approved by the Board and that a draft for the Disaster Recovery Plan (DRP) is already for finalization, specifically, the compliance is waiting for the details regarding the insurance coverage of our assets.
- Ms. Chiong suggested that the responsible persons in the DRP must be specified by their names and designation. Once done, there must be an orientation, training, and testing, to orient the staff (including the branches) in their respective responsibilities as far as risk management is concerned. A simulation must also be accomplished and documented. The target date of the simulation and training of BCP and DRP is in the first quarter of 2024.

- Ms. Chiong inquired about the earthquake- readiness and awareness of the personnel. Atty. Ombao mentioned that last September 2023, the company distributed the Emergency Go Bags to all employees, which contain flashlights, whistles, bottled water, crackers, heavy-duty ponchos, and first aid kits. An earthquake drill is done yearly in the building, in coordination with the Admin Officer of Valero Plaza.
- Mr. Cruz requested a brief report on the Company's aging of losses.
- Ms. Chiong added that the Board should consider appointing a spokesperson for the Company to protect our reputational risk.

ADJOURNMENT

There being no other matters to be taken up, the meeting was adjourned at 3:55 p.m.

Certified Correct:

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