

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING  
 OF  
 BANKERS ASSURANCE CORPORATION**

Date : August 11, 2017  
 Time : 10:30 a.m.  
 Place : Conference Room 1  
 RCBC Plaza, 47<sup>th</sup> Floor  
 6819 Ayala Avenue  
 Makati City, Metro Manila

**STOCKHOLDERS PRESENT**

**STOCKHOLDINGS**

Antonio M. Rubin	1
Joselito C. Bantayan	1
Herminia S. Jacinto	1
Alma P. Peñalosa	1
Edmundo L. Bunyi	1
Jose Martin A. Morente	1
Frederick T. Pineda	1
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**STOCKHOLDERS REPRESENTED BY  
 PROXIES**

**STOCKHOLDINGS**

Malayan Insurance Company, Inc.	34,996,459
Pan Malayan Management & Investment Corporation	44
Estate of Alfonso T. Yuchengco	3,490
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	34,999,993

**TOTAL SHARES PRESENT AND  
 REPRESENTED BY PROXIES**

**35,000,000**  
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**I. CALL TO ORDER**

The Chairman, Mr. Antonio M. Rubin, called and presided over the meeting. Atty. Samuel V. Torres, Corporate Secretary, recorded the minutes of the meeting.

## II. DETERMINATION OF QUORUM

The Chairman, Mr. Antonio M. Rubin, requested the Corporate Secretary to show proof of notices of the meeting. Atty. Samuel V. Torres exhibited to the stockholders proof of notices as well as the acknowledgement receipts.

There being no objection to the proof of notices, the same were accepted by the Chairman. A roll call was made to determine the presence of a quorum.

The Corporate Secretary reported that the owners of seven (7) shares were personally present and the owners of 34,999,993 shares were represented by proxies. Therefore, the owners of a total of 35,000,000 shares outstanding and entitled to vote were either present or represented by proxies, thus making 100% attendance. A quorum was found present for purposes of the meeting.

Whereupon, the Chairman called the meeting to order and proceeded with the Agenda.

## III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD ON AUGUST 12, 2016

The Minutes of the Annual Stockholders' Meeting held on August 12, 2016 was submitted to the stockholders for approval, and on motion made and duly seconded, said Minutes was unanimously approved to be correct.

## IV. ANNUAL REPORT

Management, through Mr. Carlo B. Diaz, presented to the stockholders the highlights of the business operations of the Company for the year ended December 31, 2016 as compared to that of the previous year ended December 31, 2015, as follows:

### GROSS PREMIUMS WRITTEN (GPW)

Gross premiums written amounted to a total of Php . This is % or Php lower compared to the previous year's actual GPW of Php . The decrease was mainly due to the contractions in the Company's Microinsurance business Php (lower by Php ), and OFW business of Php (lower by Php ).

The decrease in the Microinsurance business was partially offset by the growth in the Company's Inward Treaty Business amounting to Php (increased by Php ).

The downturn in Microinsurance business was mainly a result of the slowdown in one of the Company's major bank partners – the BPI Globe Banko, that underwent re-organization due to change in ownership structure.

On the other hand, the decrease in OFW business was mainly a result of the slowdown in deployments to the Middle East caused by the decline in oil prices.

Nevertheless, there are opportunities in the horizon. For Microinsurance, we have the recent launch of the regulatory frameworks for Microhealth, MicroAgri and Micro Small/Medium Enterprises, which shall become new sources of Microinsurance partnerships or tie-ups. For the OFW, there is the sea-based market and the upcoming House Bill 4137, which seeks to expand the scope of the compulsory OFW insurance to include Rehires and Direct Hires.

PREMIUM SOURCES	YTD	YTD	VARIANCE		REMARKS
	2016	2015	AMT	%	
MICROINSURANCE	<b>CONFIDENTIAL</b>				
OFW INSURANCE BUSINESS					
EXISTING BUSINESS					
LOCAL INWARD TREATY					
<b>GROSS PREMIUMS</b>					

NET RETAINED PREMIUM

Net retained premiums totaled Php . This is higher by % or Php compared to the previous year's actual of Php . There was an Excess of Loss (XL) adjustment<sup>1</sup> in 2016 resulting in a Net XL Premium of (-Php ). Said adjustment caused an aberration and an increase in Net Retained Premiums of % or Php . The XL adjustment was caused by a reduction in loss reserves for various catastrophe (CAT) claims incurred in prior years.

<sup>1</sup> Adjustment in Reinstatement Premium (-Php ) resulting in a Net XL Premium of -Php due to the decrease in CAT loss reserve from Php to Php on various CAT claims incurred in prior years.

The Retention Ratio for 2016 was at % against previous year's %. The Retention Ratio before XL Premium is %.

PREMIUMS EARNED

Premiums earned increased by % or Php from Php . The increase was mainly due to the aberration in the Company's Net Retained Premium coupled with the release of OFW and Microinsurance premium reserves.

RESERVES BY LINE	RESERVES		VARIANCE		REMARKS
	YTD 2016	YTD 2015	AMT	%	
FIRE	<b>CONFIDENTIAL</b>				
MARINE					
BOND					
PA - Microinsurance					
PA - OFW					
MISC. CASUALTY					
MOTORCAR					
ENGINEERING					
<b>TOTAL RESERVES</b>					

**Note:** OFW reserves - \$ for 1 year policy, and \$ for 2 years policy vs. selling price of \$ and \$ respectively. New IC circular on the reserve requirements - \$ for 1 year policy, and \$ for 2 years policy (decrease of % vs previous reserve requirements).

CLAIMS AND LOSSES

Total registered claims and losses amounted to Php . This is lower by % or Php compared to previous year's actual of Php . The decrease in 2016 losses was mainly due to the reversal of loss reserves for the National Steel Bond claim<sup>2</sup> amounting to Php .

Loss Ratio in 2016 was % compared to previous year of %.

Without National Steel, Claims & Losses would be higher by Php or % from Php in 2015 to Php in 2016. The Loss Ratio in 2016 without National Steel is % vs. previous year of %.

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<sup>2</sup> National Steel Bonds of FNAC with BAC having facultative share (Php ). Reversal was Php .

NET UNDERWRITING INCOME

Recorded net underwriting income amounted to Php . This is % or Php higher compared to previous year's actual of Php . Contributors to this increase are the following:

- Adjustments in reinstatement premiums booked in 2016 which resulted in a decrease in XL costs by Php ;
- Release of OFW and Microinsurance premium reserves; and
- Decrease in Claims and Losses by Php (due to reversal of National Steel Bond Claim loss reserves).

NET FINANCIAL INCOME

Net Financial Income totaled Php . This is % or Php higher compared to previous year's actual of Php . The increase was mainly due to the gains on forex from various rollover/encashment of fixed dollar deposits and forex fluctuations in foreign currency investments.

ACCOUNT TITLE	FY	FY	VARIANCE	
	ACT 16	ACT 15	AMT	%
INTEREST INCOME				
DIVIDEND INCOME				
GAIN/(LOSS) ON SALE OF STOCK/INVEST				
MANAGEMENT FEE				
FUNDS HELD BY				
OTHERS				
GAIN (LOSS) ON FOREX				
<b>SUB TOTAL</b>				
FINANCIAL CHARGES				
<b>NET FINANCIAL INCOME</b>				

CONFIDENTIAL

GENERAL EXPENSES

General Expense amounted to Php . This is relatively flat compared to previous year's actual of Php .

Expense ratio against Premiums Written is % and % against Premiums Earned.

### NET INCOME

Total net income amounted to Php . This is higher by % or Php compared to previous year's actual of Php .

### UNDERWRITING RATIOS:

The underwriting ratios for 2016 are as follows:

2016 Loss Ratio was at %;  
2016 Net Acquisition was at %;  
2016 Expense ratio was at % and  
2016 Combined Ratio was at %.

Without the reversal of National Steel, the underwriting ratios shall be as follows:

2016 Loss Ratio was at %;  
2016 Net Acquisition was at %;  
2016 Expense ratio was at % and  
2016 Combined Ratio was at %.

### BALANCE SHEET:

#### ASSETS

Total assets as of December 2016 amounted to Php , a decrease of % or Php from 2015 of Php .

Cash and cash equivalents increased by % or Php mainly due to the subscription of capital stock by Malayan amounting to Php .

Available-for-sale financial assets decreased by % or Php due to the decrease in market value of stock investments<sup>3</sup>.

Loans and receivables decreased by % or Php due to the reclassification of Accounts Receivables

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<sup>3</sup> PLDT Shares from Php to Php per share decrease of Php per share.

(Microensure – Yolanda overpayment) to Losses Paid for Yolanda Claims.

Other Assets decreased by % or Php mainly due to prepayments to International SOS.

#### LIABILITIES

Total Liabilities decreased by % or Php mainly due to the set-up of Reinsurance (RI) share on losses paid related to Yolanda losses and adjustment of claims reserves on National Steel Bond losses.

#### STOCKHOLDERS' EQUITY

Stockholders' equity grew by % or Php , mainly due to the increase in Capital Stock by Php (as a result of the subscription by MICO of an additional shares at Php per share) coupled with the increase in Retained Earnings by % arising from the Net Income for the period amounting to Php . However, these were partially offset by the decrease in revaluation of reserve<sup>4</sup> on investments by % or Php due to decrease in market value of stocks.

Nominal ROE in 2016 was % compared to previous year of %.

Thereafter, the stockholders were given the opportunity to ask questions regarding the Report.

After some discussion, and on motion made and duly seconded, the stockholders noted the Report.

#### **V. APPROVAL OF THE 2016 AUDITED FINANCIAL STATEMENTS**

The Audited Financial Statements for the year ended December 31, 2016 prepared by the Company's external auditor, SYCIP, GORRES, VELAYO & COMPANY were presented to the stockholders for their examination and approval.

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<sup>4</sup> Revaluation reserve is the excess of market value over cost of investments in stocks and bonds.

After study and discussion, and upon motion duly seconded, the stockholders unanimously approved the 2016 Audited Financial Statements of the Company.

## VI. ELECTION OF DIRECTORS

Before the start of the Election of Directors, the Corporate Secretary, in behalf of the Board, informed the stockholders of several important matters:

- a. Cumulative voting is allowed;
- b. Voting may be done in person or by proxy based on the number of votes standing in the name of stockholder in the books of the corporation;
- c. Voting shall be done by raising of hands and the Corporate Secretary shall count the votes cast;
- d. The need to elect a non-executive director who holds no other position than as director to ensure impartial and fair judgment in the Board's decision-making process; and
- e. Only the seven (7) nominees garnering the greatest number of votes shall be declared as elected.

Thereafter, the Chairman declared open the nomination for Members of the Board of Directors for the year 2017-2018. The Chairman of the Remuneration and Nomination Committee nominated all incumbent members of the Board, noting the integrity, qualification, experience and performance of each nominee.

Ms. Herminia S. Jacinto and Mr. Edmundo L. Bunyi were nominated as independent directors.

No other names were submitted for nomination. On motion made and duly seconded, the nomination was closed and voting commenced.

On motion made and duly seconded, the following stockholders were unanimously elected Directors of the Company for the year 2017- 2018:

Antonio M. Rubin  
Joselito C. Bantayan  
Herminia S. Jacinto\*  
Alma P. Peñalosa  
Edmundo L. Bunyi\*  
Jose Martin A. Morente



Frederick T. Pineda

(\*nominated as independent director)

The Corporate Secretary informed the stockholders that all the duly elected directors are non-executive directors, except for Mr. Joselito C. Bantayan who, as President of the Company, is an executive director.

#### **VII. APPOINTMENT OF EXTERNAL AUDITOR**

The Audit Committee had previously reviewed and evaluated the experience and qualifications of the external auditors and these were presented to the stockholders for deliberation.

Upon motion made and duly seconded and as recommended by the Audit Committee, the stockholders reappointed the auditing firm SYCIP, GORRES, VELAYO & COMPANY as external auditor for the year 2017-2018.

#### **VIII. APPROVAL OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PRECEDING YEAR**

The Corporate Secretary presented to the stockholders all the acts, proceedings and resolutions adopted by the Board of Directors and Management up to the date of this meeting.

Upon motion made and duly seconded, all the previous acts, proceedings and resolutions adopted by the Board of Directors and Management up to the date of this meeting were unanimously approved by the stockholders.

There were no corporate acts which were disapproved by the stockholders.

There being no other business to discuss, the meeting was adjourned.

Original Signed  
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**ATTY. SAMUEL V. TORRES**  
Corporate Secretary

**ANNEX:**

**DIRECTORS PRESENT**

<b>Antonio M. Rubin</b>	<b>Chairperson, Board of Directors</b>
Joselito C. Bantayan	President/Board Member
Herminia S. Jacinto*	Independent Board Member, Chairman of Audit Committee
Alma P. Peñalosa	Board Member
Edmundo L. Bunyi*	Independent Board Member
Jose Martin A. Morente	Board Member
Frederick T. Pineda	Board Member

**TABULATION:**

**III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD THE PREVIOUS YEAR**

Voting Results

<b>Total Outstanding Shares</b>	<b>Total Votes Cast</b>	<b>Votes in Favor</b>	<b>Votes Against</b>	<b>Abstentions</b>
<b>35,000,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	0	0

**III. APPROVAL OF THE 2015 AUDITED FINANCIAL STATEMENTS**

Voting Results

<b>Total Outstanding Shares</b>	<b>Total Votes Cast</b>	<b>Votes in Favor</b>	<b>Votes Against</b>	<b>Abstentions</b>

<b>35,000,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	0	0
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#### IV. ELECTION OF DIRECTORS

##### Voting Results

Name	Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
Antonio M. Rubin	35,000,000	35,000,000	35,000,000	0	0
Joselito C. Bantayan	35,000,000	35,000,000	35,000,000	0	0
Herminia S. Jacinto	35,000,000	35,000,000	35,000,000	0	0
Alma P. Peñalosa	35,000,000	35,000,000	35,000,000	0	0
Edmundo L. Bunyi	35,000,000	35,000,000	35,000,000	0	0
Jose Martin A. Morente	35,000,000	35,000,000	35,000,000	0	0
Frederick T. Pineda	35,000,000	35,000,000	35,000,000	0	0
<b>Total Votes:</b>					35,000,000

#### VII. APPOINTMENT OF EXTERNAL AUDITOR

“RESOLVED, that the stockholders of Bankers Assurance Company (the “Company”) approve, ratify and confirm the appointment of the auditing firm of SYCIP, GORRES, VELAYO & COMPANY as the external auditor of the Company for the year 2016-2017.”

#### VIII. APPROVAL OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PRECEDING YEAR

“RESOLVED, that the stockholders of Bankers Assurance Company (the “Company”) approve, ratify and confirm all the acts and proceedings of the Board of Directors and Management during the preceding year up to the date of this meeting as these are recorded in the books and records of the Company.”

**READ & APPROVED BY:**

Original Signed

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**ANTONIO M. RUBIN**

Chairman

Original Signed

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**JOSELITO C. BANTAYAN**

President

Original Signed

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**HERMINIA S. JACINTO**

Independent Director

Original Signed

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**EDMUNDO L. BUNYI**

Independent Director

Original Signed

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**ALMA P. PEÑALOSA**

Director

Original Signed

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**JOSE MARTIN A. MORENTE**

Director

Original Signed

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**FREDERICK T. PINEDA**

Director