



Butterfly

Starting from egg to cocoon.

From the cocoon, the butterfly emerges in its glory symbolizing powerful transformation and rebirth.

That is what ABIC went through in 2016: Transformation. We embraced innovation and opened our doors to transformation in order to provide greater customer experience. Thus, ABIC is now and has always been a Reliable, Responsive, Reputable and Innovative non-life insurance company.

Digitalization has brought a significant change in the way we conduct our business. From a traditional and competitive organization, we have evolved to a much better yet conservative non-life insurance company.

Hence, the butterfly.

VISION

We have reset our vision - to be one of the most preferred, trusted, efficient, leading and financially stable non-life insurance companies in the Philippines, to the Lucio Tan Group of Companies (LTGC), our business partners and associates, our customer, our people, our shareholders, and our community. ABIC to continue enjoy the respect and high regard of our reinsurers because of the integrity, professionalism, transparency and fairness in our dealings. ABIC to continue to provide suitable insurance risk management, innovative insurance products and high quality, responsive customer service thereby enhancing and strengthening its long term viability and profitability.

Alliedbankers Insurance Corporation shall be one of the most preferred trusted, efficient and leading non-life insurance companies in the Philippines by providing suitable insurance risk management, innovative insurance products and high quality, responsive customer service to the Lucio Tan Group of Companies (LTGC) its allied business undertakings, its business partners, associates, employees, other stakeholders and their customers with professionalism and integrity thereby enhancing and strengthening its long term viability and profitability.

MISSION

Likewise, we revisit our mission statement

Mission

Alliedbankers Insurance Corporation is the preferred non-life insurance arm of the LTGC, its allied business undertakings, its business partners, associates, employees, other stakeholders and their customers.

In this regard, Alliedbankers shall strive to be a dynamic company, providing and continuously developing a comprehensive range of competitively priced and innovative protection insurance and other allied supplemental insurance products suitable to the risks and needs of our client base.

Alliedbankers aim to develop and strengthen a synergistic and well established relationship within the LTGC and other customers.

To promote the welfare of its employees, meet expectations of the stakeholders, and continuously maintain mutually beneficial relationship with their business partners (agents, brokers, reinsurers) and adhere to the corporate responsibility of their community.

This gives us a consistent and aligned approach to the way we build, grow and run our business.



mission

**ALLIEDBANKERS
INSURANCE
CORPORATION**

A member of The Lucio Tan Group of companies

PRESIDENT'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

I. PAST YEAR'S OPERATING PERFORMANCE

A. Net Income Performance

Alliedbankers Insurance Corporation (ABIC) ended the year 2016 with an audited net income after tax of Php 58 Million as against last year's **Php 41 Million** or an increase of 41.6% versus last year. This translates into a Return on Average Equity of about 4.5%.

The Significant growth in net income performance for 2016 can be attributed to the growth in our gross written premiums from **Php 441 Million** to **Php 529 Million** or a 20 % increase, higher investment income of **Php 51.6 Million** compared to **Php 46.5 Million** in 2015 or an increase of 11 % and higher other income resulting from the reversal of excess catastrophic reserves amounting to Php 24 Million. The reversal catastrophic reserves offset the decline in market values of stocks amounting to **Php 15.3 Million**. Without the extraordinary adjustments, the audited net income would have been at **Php 70.4 Million** which is 72 % higher compared to last year. This will also translate into a return on equity of 5.3 %.

Versus Budgeted net income of **Php 69 Million**, the audited net income of **Php 58 Million** is equivalent to 84 % achievement ratio but if we are to use the adjusted income factoring out the extraordinary items, then the resulting net income of Php 70.4 Million is equivalent to an achievement ratio of 102 %.

During the year, the country is fortunate that it was not hit by catastrophic losses. However, for 2016, we had to book significant losses from our casualty resulting from certain aviation losses and related aviation liability losses and the fire loss of an account. We also paid loss participation to our lead Proportional reinsurer of **Php 5.5 Million** pertaining to losses for the 2014 treaty.

In terms of Total Assets, ABIC ended the year with **Php 2.4 Billion** compared to **Php 1.8 Billion** which is higher by 33.3 %. Such increase was accounted for by the increase in our premiums receivables, investible assets and reinsurance assets.

B. One of the Strongest Network in the Philippine non-life insurance market V(top 9)

In June 2013, the mandatory increase in capitalization, based on net worth was already implemented by the Insurance Commission, hence, the number of insurance companies went down from 71 to 62 companies by end of that year. By December 31, 2016, the net worth requirement is already at Php550 Million and based on the latest ranking, ABIC is in the 9th spot among the 62 companies. Latest updates disclosed that about 8-15 companies will not be able to meet the minimum required capitalization of Php550 Million. The final tally will be known by end of June after the Insurance Commission would have finished their evaluation of the insurance companies. The total number of companies is expected to be at 50 by then. By December 2018, there is a possibility of another 15-20 companies falling out and finally by 2022, when network requirement is at Php1.3 Billion, the estimated insurance companies may be reduced to just 20-25 companies.

There have been significant changes in the regulatory environment effective January 1, 2017 and these include not only the minimum net worth requirement but also the implementation of new Risk Based Capital Framework or RBC2, the new reserving method for non-life companies which include not just the 24th reserving method but also a provision for Margin for Adverse Deviation or MFAD, recognition of Incurred But Not Reported losses (IBNR), and Incurred but not Enough Reserves (IBNER) in the financials and adoption of a more diversified and comprehensive RBC framework in the recognition of risk charges. The other change is the implementation of the new Financial Reporting Framework for purposes of financial reporting standards.

This market and improved regulatory scenario is expected to result in retaining only the bigger, stronger, well capitalized, and well managed players of the industry. This gives ABIC an opportunity to look into possibility of acquiring portfolio of other non-life companies, development of new and innovative products, as well as expansion of its distribution channels.

C. Reinsurance Support and Risk Management Strategy

ABIC continues to enjoy the respect and high regard of reinsurers because of the Integrity, professionalism, transparency, and fairness we have shown in our dealings with them. We strive hard to maintain this reputation as these are critical factors in maintaining the trust and confidence and long term relationship with our reinsurers. Likewise, we have to ensure that reinsurance support is available for our group assets as part of our risk management strategy for the LT Group. We should continue to leverage on the captive accounts through long term relationship and maintenance of all the group accounts and most of all fairness in handling insurance claims. We cannot afford to have reputational risks in handling insurance claims for the group.



II. Strategic Direction for ABIC

Challenges and Key Drivers of Change:

For 2017, the management has identified increased capitalization requirement as a key driver for change. The management has also identified competitive advantages for this year like having sufficient capitalization until 2022 at Php 1.3 Billion. Not to mention having reputable relationships with reinsurers and other avenues like being the lead insurer for PPAI business. ABIC is also innovative when it comes to enhancing its products as we have ATM SAFE, Personal Accident Insurance with Pangkabuhayan Assistance and Assist America rider a.k.a. Alay Agapay. With that said, we have also improved our Risk Management capability. We are also keen in increasing and developing young talents and future managers. More importantly, we have our sister companies from LTGI as our backbone.

Another edge that ABIC has is its ability to become a GAME CHANGER by introducing new products to reliable markets or creating the demand for our newly developed products.

We have the ability to expand Market Channels in both traditional and non-traditional and digital avenues topped with Excellent Corporate Governance and Corporate Standards.

III. Reinforcement of Gratitude to the Board and Stockholders

Once again, we would like to thank the Board of Directors and our stakeholders for the trust and confidence in the Alliedbankers Team and we are looking forward to attainment of such goals with your continued and full support.



REBECCA B. DELA CRUZ
President & CEO

ALLIEDBANKERS INSURANCE CORPORATION

BUSINESS OUTLOOK 2017

The outlook for 2017 and beyond is bright due to expected economic growth in the Philippines and the Asian countries. Our aim is to continue the strong focus on underwriting fundamentals whilst delivering our profitable growth ambitions nationwide.

We expect markets to remain competitive. The market trends and scenarios to name a few are :

- the increasing CAT risks exposure for the Philippine market;
- effect of the economic downturn on the local economy
- stiffer competition
- market consolidation
- digitalization

ABIC will continue to focus on achieving a higher 15% return on equity whilst growing our business through the delivery of our strategic plans.

ABIC's competitive advantage for 2017 lies on the service excellence, expansion of market reach and attainment of higher customer retention from captive market. We will build and maintain customer relationships and transactions on line, e-Digitalization. We will continue to develop and expand reinsurance treaty programs and modelling support from reputable rated reinsurers. We will create a culture of excellence and be a company of world class employees and where anyone would be proud to work.

ABIC has a strong distribution nationwide by working closely through our established relationship with Lucio Tan Group of Companies (LTGC), brokers, agents, bancassurance, digital marketing and portfolio acquisition.

ABIC would like to particularly thank our intermediary partners nationwide for their continued support. We look forward to future support as we roll out our new initiatives to improve service offering over the next 12 months. ABIC would like to thank and congratulate the hardworking staff for a profitable result in 2016 and for their continued efforts to set a solid foundation for future growth.

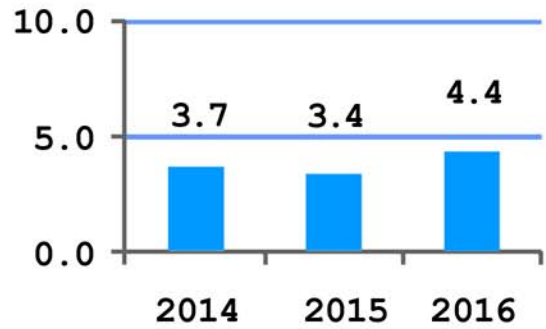


PERFORMANCE

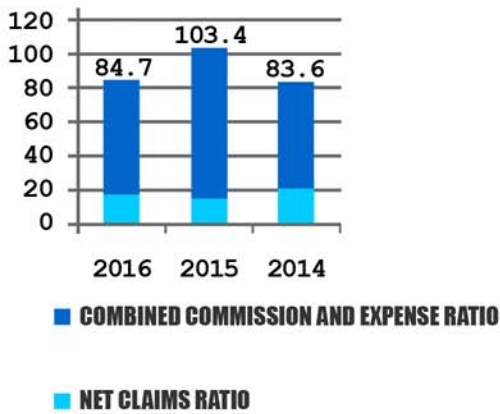
NET PROFIT AFTER INCOME TAX



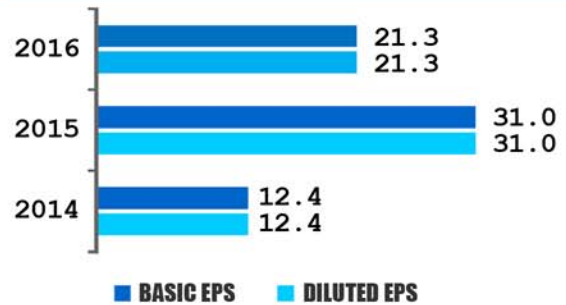
RETURN ON AVERAGE SHAREHOLDERS' FUND



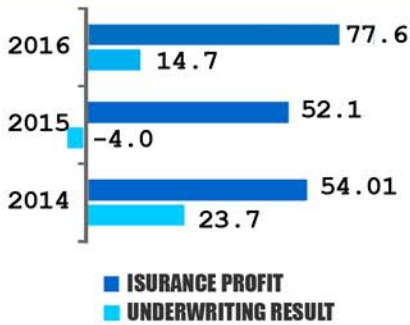
COMBINED OPERATING RATIO (COR)



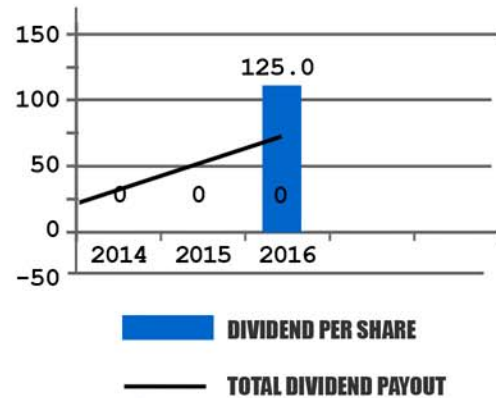
EARNINGS PER SHARE (EPS)



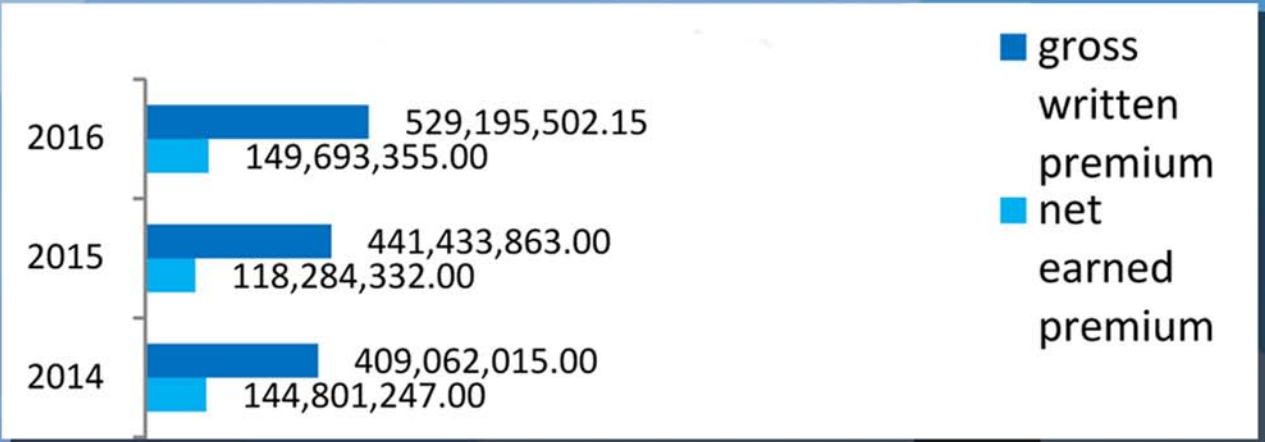
INSURANCE PROFIT AND UNDERWRITING RESULT



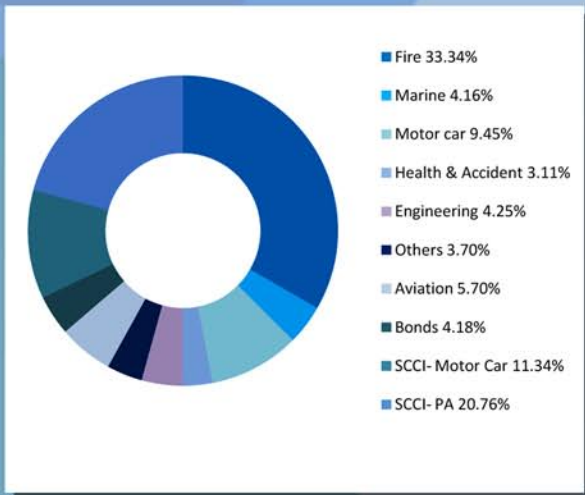
DIVIDEND PER SHARE AND DIVIDEND PAYOUT



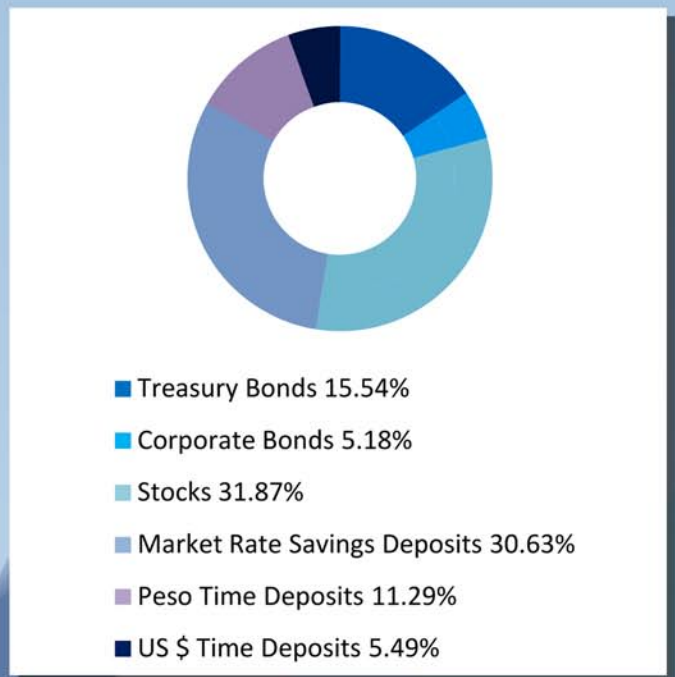
GROSS WRITTEN PREMIUM AND NET PREMIUM



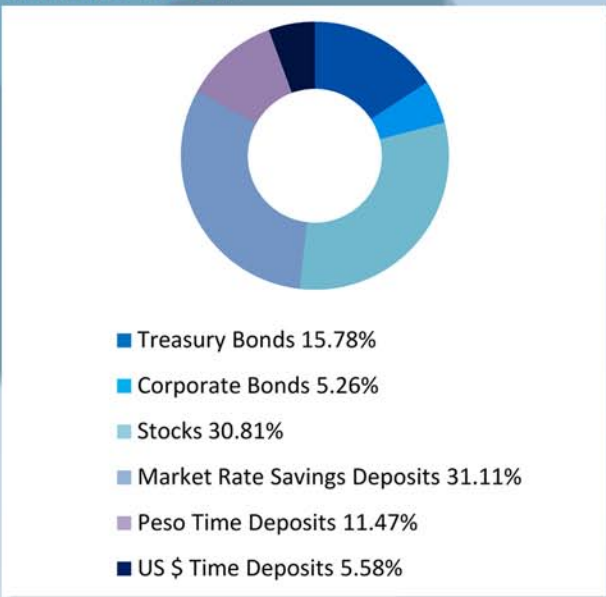
GROSS EARNED PREMIUM BY LINE



INVESTMENT PORTFOLIO AS OF 31 DEC 2016 (FACE VALUE)



INVESTMENT PORTFOLIO AS OF 31 DEC 2016 (MARKET VALUE)



Corporate Social Responsibility

CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

ABIC believes corporate social responsibility extends beyond monetary support. We encourage all of our employees to contribute in some way to the communities in which they work and support them through volunteer leave, matched fundraising, employee donations and grants.

- ABIC contributes to sustainable development by fostering work readiness for young people. We offer career advice and provides "on the job training" to graduating students in college by mentoring , listens to specific interest and development of the students.



- Sponsoring medical and dental mission to indigents



Abic  cares

- Feeding street children



- Brigada Eskwela



Abic  Cares

Employees

ABIC is one of the corporations that is generally considered to be "employers of choice", who effectively respond to the issues in the workplace, , responsible redundancy, use of students on the job training", and workplace culture. Employees are concerned with traditional human resources management issues such as personnel policies and practices, pay, benefits, recruitment, etc. These also include issues on work-life balance, care of dependent relatives, diversity, sexuality in the workplace, and religion/spirituality in the workplace. The benefits of socially responsible behaviour on these issues include improved workplace morale, higher productivity, reduced employee turnover costs and greater identification with employers. This last is thought to be particularly important benefit as high employee identification increases the likelihood that employees will act in employers' best interests, thus reducing risks of fraud and unethical behaviour.

External Auditor Independence

Alliedbankers believes that the external auditor must be and must be seen to be, independent. The external auditor confirms its independence in relation to the 31 December financial reports and the Audit Committee confirms this by separate enquiry. The external auditor normally confers with the Audit Committee in the absence of management as part of each meeting.

The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee. Alliedbankers appointed Sycip, Gorres, Velayo & Co. (SGV & Co.) as the company's external auditor for the year 2016. (Per Board Resolution No. 2016-03)

Actuarial Review

The Insurance Commission issued the I.C. Memorandum Circular No. 2016-67 where it requires certification by the Actuary.

The Actuary shall provide a duly – notarized certification , that the Actuary have conducted tests necessary to verify the reasonableness and integrity of the data, confirm that the information contained in the Reports are accurate to the best of their knowledge and that they have calculated the policy reserves in accordance with the Valuation Standards prescribed by the Insurance Commission and the standards of practice of the Actuarial Society of the Philippines.

ABIC engaged the actuarial services of JP Wall Consulting Partner for the year 2016.

Internal Audit

ABIC shall continue to maintain an independent internal auditor who must be a CPA and adept in computer handling, through which the Board , the CEO, senior management and stockholders shall be provided with reasonable assurance that its key organization and procedural controls are effective, appropriate and complied with.

The Internal Auditor shall provide the CEO and Audit Committee with all major findings. Internal audit provides independent assurance that the design and operation of the controls are effective.

Audif

Risk Management

The core business of ABIC is the underwriting of risk. The Company's performance over many years clearly establishes its substantial risk management credentials.

Risk management is a continuous process and an integral part of quality business management. Risk management shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur (high probability) and are costly when they happen (highly severity). ABIC's approach is to integrate risk management into the broader management processes of the organization. The main philosophy to be adopted is to ensure the risk management remains embedded in the business and that the risk makers or risk takers are themselves the risk managers.

Risk management develop strategies managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.

Risk management is task to communicate the management plan and loss procedures to affected parties.

Risk management evaluates the management plan to ensure its continued relevancy, comprehensiveness and effectiveness. It will continue to revisit strategies , look for emerging or changing exposures and stay abreast of developments that affect the likelihood or harm or loss.

The Company has established internal controls to manage material business risks in the key areas of exposure. The broad risks categories are the credit risks, market risks, interest rate risks, liquidity risks, operational risks, legal risks, compliance risk, strategic risks , reputational risk, technology risk and financial risk.

mas pina BIGAT mas pina DALI na ECTPL

ALLIEDBANKERS INSURANCE CORPORATION
A member of The Lacin Tai Group of Companies
Abic Cares

NO MORE FALLING IN LINE

CAN BE AVAILED ONLINE ANY WHERE ANYTIME

can be paid through CONVENIENT STORE
Dragonpay PayPal

FOR ONLY 650 PESOS ONLY!

how to avail

- Online Application
- Pay premium
- Receive your policy

how to claim

- Check if you have the required documents
- send us an e-mail along with the required documents Attached through eCtpl@alliedbankers.com.ph
- Kindly wait for our Claim department to contact you within 7 working days upon submission of documents

<https://www.facebook.com/alliedbankersinsurance/>
(02) 245-2886
www.alliedbankers.com.ph

RISK MANAGEMENT



BOARD OF DIRECTORS

Section VI – of Articles of Incorporation and Article III Sec. 1 of By-Laws states that the number of directors shall be composed of eleven (11) members. A majority of the directors shall be residents of the Philippines, and each director shall own at least one (1) share of stock of the corporation, and they shall be elected annually at the annual stockholders meeting and shall serve for a term of one (1) year, and until their successors shall have been elected and qualified.

The Board shall have two (2) independent directors . (Independent directors have not been an officer or employee of the Corporation, not related to an officer in senior management position in the Corporation and do not provide services and receive no significant income for other professional services to the Corporation). The Board shall disclose any relationship that could compromise a director's independence.

The independent director shall serve for a maximum cumulative term of nine (9) years per SEC Memorandum Circular No. 4. After which , the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director.

Directors are selected to achieve a broad range of skills, experience and expertise complementary to the Company's insurance activities. Details of individual directors are included on the succeeding pages and can also be found on the ABIC website at www.alliedbankers.com.

The Chairman oversees the performance of the Board , its committees and each director. Considering that the insurance business is imbued with public interest , the roles of Chairman and the Chief Executive Officer shall, as a general rule , not be combined to ensure a balance of power and authority such that no one person has unfettered decision making powers. Accordingly, the Chairman of the Board shall be non-executive director.



REMUNERATION COMMITTEE

The Remuneration Committee has an overall governance responsibility for executive remuneration structures and outcomes to ensure that remuneration frameworks are aligned with robust risk management practices and strong guidance principles.

The Remuneration Committee receives information on the performance of the senior executives who have the opportunity to materially influence the integrity, strategy, operation and financial performance of Alliedbankers Insurance Corporation.

The Remuneration Committee annually reviews the remuneration policy to ensure that fixed remuneration appropriately positioned relative to the market and at risk reward linked to financial targets, investment performance targets and strategic business objectives. The Remuneration Committee includes in their proposal for compensation a system for merit increases , performance rewards , bonuses and to review all other matters pertaining to compliance on Corporate Governance issues.

Diversity Measurement

Alliedbankers is committed to creating a culture of diversity and inclusion around the Company. To ensure this expectation is consistently met, measurable objectives for fostering inclusive, diverse workgroups have been added to performance objectives to people leaders at the top levels of the organization, (i.e. Executive positions, Senior Executive positions, Non-Executive positions).

Additionally, Alliedbankers has set specific targets to ensure gender diversity amongst the members of the Board of Directors, wherein 27% represent female board of directors. A summary of women's roles as members of the board of Alliedbankers is provided below:

Composition of the Board of Directors

DIVERSITY OBJECTIVES Group Board Positions	31December 2016	31December 2015
Male Director	8	8
Female Director	1	1
Senior Executive Director Female	2	2
Corporate Secretary Female	1	1

GROUP BOARD Positions	31 December 2016	31 December 2015
Non - Executive Positions	7	7
Independent Directors	2	2
Executive Directors	2	2

Alliedbankers is considering restating its targets of improving the number of women in the Independent Director. When the diversity targets were initially established, the focus was on gender, as we look forward, the organization is also considering how to widen the diversity agenda throughout Alliedbankers Insurance Corporation.

Audit Committee

The membership of the Audit Committee may only comprise non-executive directors. The Audit Committee is composed of five (5) members of the Board, two (2) of whom shall be an independent director. Each member shall have an adequate understanding of the Corporation's operating environment. This committee normally meets four (4) times a year. The Chairman must be an independent director.

The role of the Audit Committee is to oversee the credibility of ABIC's financial reporting process. This includes a review of:

- The financial reporting to Office of Insurance Commission, Securities & Exchange Commission, the shareholders and to other stakeholders;
- Financial reporting risks
- Accounting policies, practices and disclosures,
- The scope and outcome of external and internal audits.

The Audit Committee has a free and unfettered access to the external auditor. The external auditor and the Head of Audit & Compliance Department have free and unfettered access to this committee.

Background on the Business

Alliedbankers Insurance Corporation is formerly the **Sincere Insurance Company, Inc.** which was incorporated in 1960. **The Lucio Tan Group of Companies (LTGC)** acquired 100% ownership of the company in 1980 and changed its name to Alliedbankers Insurance Corporation.

On December 22, 2010, SEC approved the Company's application to extend its corporate life to 50 more years primarily to engage in the business of non-life insurance , indemnifying other against loss, damage or liability arising from unknown or contingent events and to act as agent to other insurance or surety companies or any of its branches, including life insurance . It includes lines such as health , accident, fire and allied lines, motor vehicle, casualty, surety, marine cargo, marine hull, comprehensive liability insurance and allied risks.

The Company ranks 9th in terms of networth, 21st in terms of net assets, 29th in terms of net income and 30th in terms of gross premium written.

The Company has a product mix of Php 523.9 M, with property insurance accounting for the major part of its portfolio followed by casualty and motor car. The prudent underwriting and risk engineering practices of the Company have resulted in a quality portfolio, generating underwriting profit.

The Company's property, marine and general accident are supported by the proportional treaty, backed up by investment grade and highly rated local and foreign insurance companies and significant excess ofloss cover for its catastrophic exposure, ABIC has a Risk Based capital ratio in 2016 which is way above.

With its reorganization in 2010, the minimum requirement of the Insurance Commission and paid up capital of Php 383.7 M and net worth of Php 1.33 B, the company is ready for expansion and progressive growth in chosen niche market and channels.



Corporate Governance Policy Statement

We, the Board of Directors and Management of Alliedbankers Insurance Corporation, do hereby commit ourselves to the principles and the best practices contained in the manual, and acknowledge the same may guide the attainment of the Company's goal and objectives.

The Board of Directors, management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

The corporate governance statement aims to disclose in summary form as clearly and objectively as possible ABIC corporate governance standards and practices so that they can be readily understood. ABIC also continues to focus on other equally important issues such as the strength of its outstanding claims provision and the quality of its reinsurance protection.

Board Functions

The Board is committed to sound practical corporate governance and has put in place a corporate governance framework including a suitably qualified and dedicated team which is focused on managing:

- Company's strategies including vision, mission and values;
- The achievement of financial objectives
- The identification and control of areas of business risk;
- The employment of quality talents;
- Supervision and development of staff;
- Regulatory compliance

The Board ensures it has the information it requires to be effective including where necessary, independent professional advice. Strategic issues and management detailed budgets and three years business plans are reviewed at least annually by the Board.

Committees

The Board is supported by several committees which meet regularly to consider the audit and risk management processes, investments, nomination and remuneration and other matters. The main committees of the Board were the Audit , Compliance and Risk Management Committee, Investment Committee, Corporate Governance, Nomination and Remuneration Committee, Related Party Transaction Committee and Non-Executive Committee.

A report of each committee's last meeting is provided to the next Board meeting. The Corporate Secretary acts as a secretary to all committees. Details of the directors' attendance at board and committee meetings are outlined in the table of meeting attendance set out in the directors' report.

COMMITTEES OF ALLIEDBANKERS INSURANCE CORPORATION

The following are the officers of Alliedbankers Insurance Corporation:
Board Resolution No. 35-16

Name	Position
Lucio C. Tan	Chairman
Willy S. Co	Vice-Chairman
Rebecca Dela Cruz	President
Rufina T. Yu	Senior Vice President/ Comptroller
Arlene J. Guevarra	Corporate Secretary
Harry C. Tan	Treasurer

Board Resolution No. 36-16

1. BOARD COMMITTEES

A. Corporate Governance, Nomination & Remuneration Committee

Lucio C. Tan	Chairman
Michael G. Tan	Vice Chairman
Harry C. Tan	Member
Lucio K. Tan, Jr.	Member
Rowena T. Chua	Member
Peter Y. Ong	Member
Rebecca Dela Cruz	Member

B. Audit & Compliance and Risk Management Committee

Alfredo B. Jimenez, Jr.	Chairman (Independent Director)
Willy S. Co	Vice Chairman
Michael G. Tan	Member
Lucio K. Tan, Jr.	Member
Peter Y. Ong	Member (Independent Director)

C. Investment Committee

Michael G. Tan	Chairman
Rowena T. Chua	Member
Manuel T. Gonzales	Member
Rebecca Dela Cruz	Member
Rufina T. Yu	Member



LUCIO C. TAN

Age 83

Nationality Filipino

- Education**
- Bachelor of Science in Chemical Engineering degree from Far Eastern University and later from the University of Sto. Tomas Doctor of Philosophy, Major in Commerce, from University of Sto. Tomas.
- Current Position**
- Chairman
- Date of First Appointment**
- 1980
- Directorship in Other Listed Companies**
- Chairman and CEO: LT Group, Inc., Director of PAL Holdings, Inc., and MacroAsia Corporation
- Other Current Positions**
- Chairman and CEO of Philippine Airlines, Inc.
 - Chairman/ President: Tangent Holdings Corporation and Lucky Travel Corporation
 - Chairman; Eton Properties Philippines, Inc., Asia Brewery, Inc., Tanduy Distillers, Inc., Fortune Tobacco and Finance Corporation, Allied Commercial Bank, PNB Savings Bank, and Allied Banking Corporation (HK) Ltd.
 - President: Basic Holdings Corporation, Himmel Industries, Inc., and Grandspan Development Corporation
 - Chairman Emeritus of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.
 - Founder and Vice Chairman of the Foundation for Upgrading the Standard of Education, Inc.
 - Founded the Tan Yan Kee Foundation, Inc., of which he is the Chairman and President
- Other Previous Positions**
- Chairman: Allied Banking Corporation
- Awards/ Citations**
- Various honorary degrees for his outstanding achievements and leadership in the Philippines and other parts of the world