

# 2023 ANNUAL REPORT

KEEP MOVING  
FORWARD

 **ALLIEDBANKERS**  
The Non-Life Insurance Company of the Lucio Tan Group  
*We cover, you recover.*



## ABOUT THE COVER

In today's fast-paced and competitive business environment, the concept of 'keep moving forward' for a non-life insurance corporation like Alliedbankers Insurance Corp. (ABIC) has become increasingly important for us to stay relevant and successful. This idea emphasizes the need for ABIC to constantly innovate, adapt, and evolve in order to thrive in a rapidly changing marketplace. ABIC see it as a necessary component of staying competitive and relevant in today's business environment. While others may view it as a relentless pursuit of growth and profit at the expense of other important factors such as employee well-being and sustainability.

It is important to consider both the positive and negative aspects. While continuous improvement and innovation are essential for long-term success, ABIC must also balance this with other important considerations such as ethical behavior, social responsibility, and environmental sustainability. By striking a balance between pushing boundaries and upholding core values, ABIC can achieve sustainable growth and make a positive impact on society.



It is essential for ABIC to thrive in today's fast-paced and competitive marketplace, by embracing a mindset of continuous improvement, innovation, and adaptation, ABIC can stay ahead of the curve and drive long-term growth and success. While there are challenges and considerations to navigate, the benefits of a forward-thinking approach far outweigh the risks.

As we look to the future, ABIC will continue to play a crucial role in shaping the business landscape and driving progress and prosperity for non-life insurance companies in the Philippines..

## TABLE OF CONTENTS

1. TABLE OF CONTENTS
2. MISSION & VISION  
ABOUT US
3. THE PRESIDENT'S MESSAGE
8. FINANCIAL HIGHLIGHTS
9. FINANCIAL STATEMENTS
14. CODE OF CONDUCT AND BUSINESS ETHICS
15. PUBLIC ACCOUNTABILITY ON CONFLICT OF INTEREST
16. MANPOWER COMPLEMENT
18. RETIREMENT BENEFIT
21. CORPORATE SOCIAL RESPONSIBILITY  
SUSTAINABILITY
22. RISK MANAGEMENT
23. PRIVACY  
RELATED PARTY POLICY
24. THE BOARD OF DIRECTORS
28. REMUNERATIONS POLICY AND COMMITTEE
29. DIRECTOR'S ATTENDANCE
36. BOARD COMMITTEES
37. CORPORATE GOVERNANCE POLICY STATEMENT
38. MANAGEMENT COMMITTEES
39. MANAGEMENT TEAM
40. BRANCHES

## MISSION

ABIC will maintain its position of being the preferred non-life insurance arm of the Lucio Tan Group of Companies and their customers, its allied business undertakings, business partners, associates, employees and other stakeholders.

ABIC will keep on striving to be a dynamic Company by providing a range of priced, and innovative insurance and other supplemental products suitable to the risks and needs of its client base.

We will continue to develop and create new business partnerships, foster and synergize the relationships within the Lucio Tan Group of Companies and our other customers.

## VISION

ABIC will be the Best Managed and Best in Service Delivery Non-Life Insurance Company in the Philippines.

We will continue setting standards of excellence by being innovative, providing the right support and service to our customers especially during unprecedented time, placing the well-being of our employees and clients at the forefront of every decision that we will make.

We will remain steadfast in living up to the trust and confidence given to us by our stakeholders and carrying out our tasks with professionalism and integrity with all the parties we deal with, guaranteeing the long-term viability and profitability of our Company.

## ABOUT US

Established in 1960, Alliedbankers Insurance Corporation (the Company) is the non-life insurance company of the Lucio Tan Group of Companies, one of the biggest business conglomerates which included the following companies and known brands in the Philippines:

- Philippine Airlines
- Philippine National Bank
- Asia Brewery
- Eton Properties
- Tanduay Distillers

In 2020, ABIC acquired PNB General Insurers Co., Inc. (now Summit Gen), increasing its premium volume and making it one of the leading insurance companies in the country. In the same year, ABIC entered an exclusive bancassurance marketing agreement with Philippine National Bank.

Alliedbankers is one of the highly respected local insurance companies by the foreign insurance market. As such the company is backed up by investment grade and highly rated foreign insurance and reinsurance.

# THE PRESIDENT’S MESSAGE

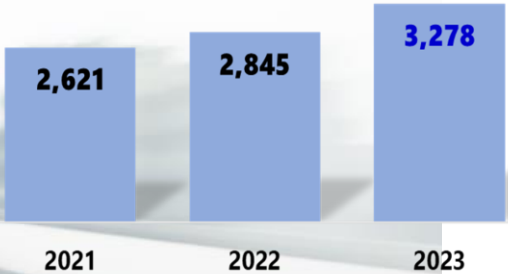
## 2023 Results of Operations

2023 saw the continued recovery of our economy to its pre-pandemic level with Gross Domestic Product (GDP) growth of 5.6%. The non-life insurance industry likewise posted growth in gross premiums of 13% over the previous year.

Against this backdrop, your company performed well generating total top line premiums of P3.3 Billion in 2023; registering an increase of 15% over last year. This year’s performance marks the first time that ABIC exceeded the P3 Billion mark catapulting it into the top 12 position in the non-life insurance industry. The said growth came mainly from our 3 major insurance pillars - fire, personal accident and aviation accounting for 74% of our premium volume which went up by 19%. Notably, our personal accident line grew by 33% due mainly to the increase in sales of PAL travel insurance.

### Gross Premiums Written

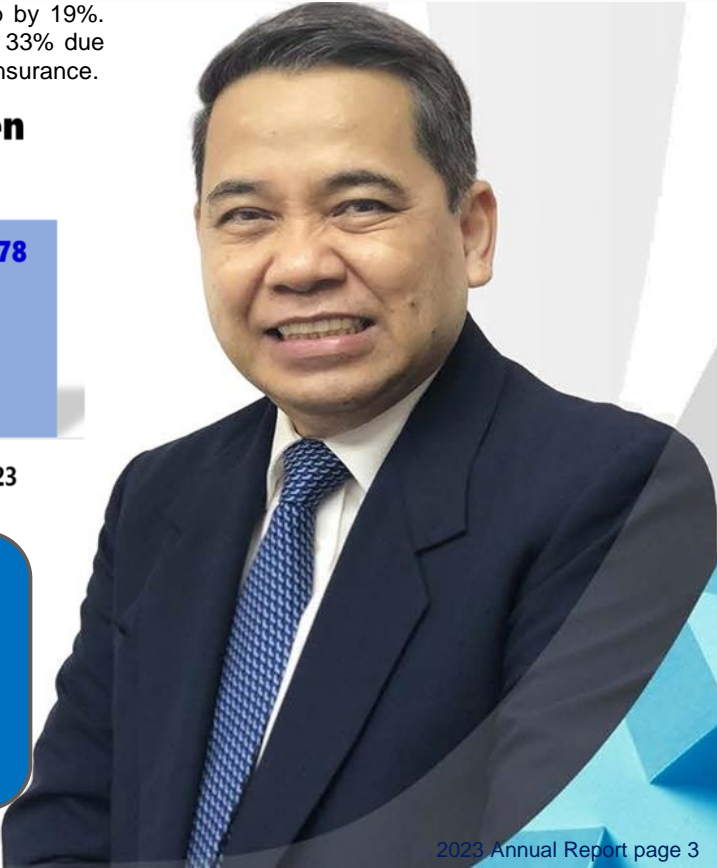
in Million Pesos



“This year’s performance marks the first time that ABIC exceeded the P3 Billion mark”

By source of business, LT group contributed P2.1 Billion in premiums (64% of portfolio); posting an increase of 11% while open market accounts (36% of the portfolio) contributed P1.2 Billion; growing by 23% both against last year’s performance. The higher open market business was a result of our strategies to develop agency and brokers business and expand our sales network.

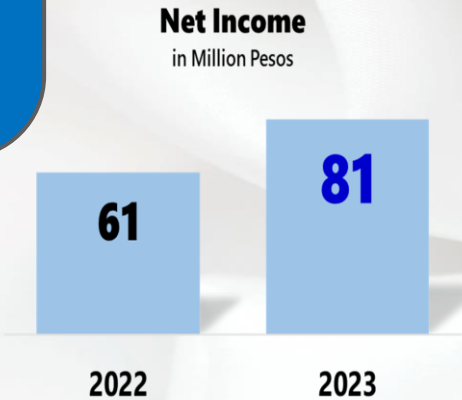
Meanwhile, the company’s bancassurance operations generated premiums of P630 Million contributing 19% to the total company revenue. ABIC has a 15-year exclusive bancassurance marketing agreement with PNB which was signed in 2020.





# THE PRESIDENT’S MESSAGE

“Net income from current operations almost doubled hitting P121 Million in 2023; as against the previous year of P61 Million. However, with the non-recurring expenses of P40 Million pertaining to the previous years, net income registered at P81 M; but still 33% better than 2022.”



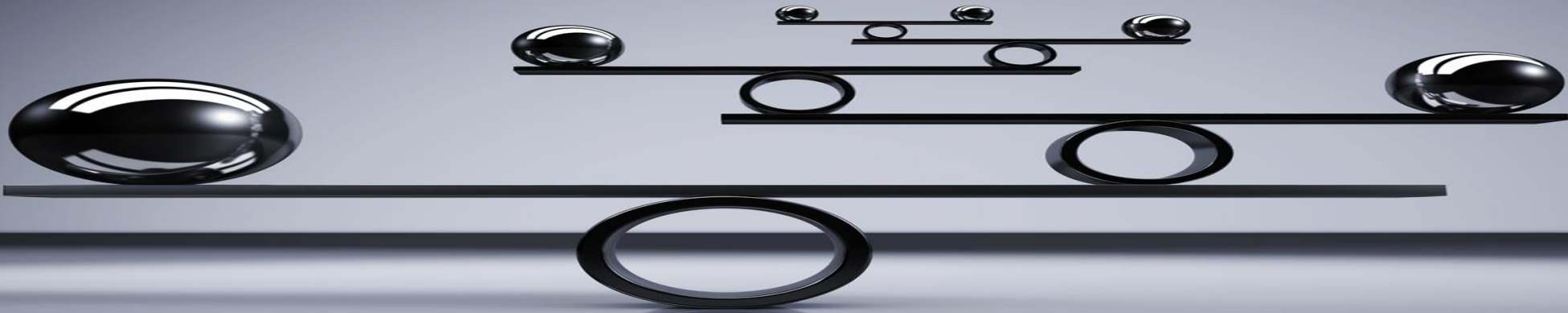
The improvement in our bottom line was mainly due to the lower losses incurred posting only P183 Million compared to P357 Million last year or a decline of P174 Million or by 48%. There were no catastrophic losses and major fire incidents that hit our business portfolio owing to a large extent to the prudent underwriting policies being implemented. Loss ratio (losses incurred as a percentage of premiums earned) only reached 29% versus last year’s 47%. Our investment income and other income which increased by 13% also contributed to the positive results.

While on the overall your company improved on its operations, the offering for the fire insurance line remained challenging in view of the hardening reinsurance market. In 2023, basic reinsurance cost increased by 36% from P350 Million in 2022 to P475 Million without impact of adjustments due to Typhoon Odette in 2021. This prompted us to increase the fire insurance premium rate by 23% which consequently reduced our fire portfolio by around 20%. This initiative is expected to improve the underwriting results with the reduction of the net risk exposures and consequently lower the reinsurance cost for the coming year.

As part of the efforts to streamline operations, your company implemented measures to reduce general and administrative expenses. Such initiatives which include those affecting manpower complement, delivery of administrative services and premises operations, resulted in 9% reduction in our cost before non-recurring expenses.

## Moving Forward

As we look ahead, your company is optimistic on the results of operations this 2024. With the continuous recovery of our economy, it is expected that the top line will continue to grow with renewed focus on the bancassurance channel both on the retail and corporate. The mass sales products being offered to PNB with improved online platform will be launched which will bring profitable retainable business. On the corporate accounts, we will work closely with PNB’s Institutional Banking Sector to increase our penetration rate and on the retail side primarily on the consumer loans, we hope to increase business as new loan programs are lined up.



# THE PRESIDENT'S MESSAGE

The focus for 2024 will be on the net premiums written (NPW) which will carry bigger weight than the gross premiums written (GPW) target. Hence, the drive will be towards retainable business to enhance profitability. We hope to further develop our microinsurance channel by collaborating with targeted institutions, increase our agency workforce nationwide and capitalize on our 15 branches to generate retail accounts. We will continue to improve our digital platforms as sales channel and to make a difference in the market.

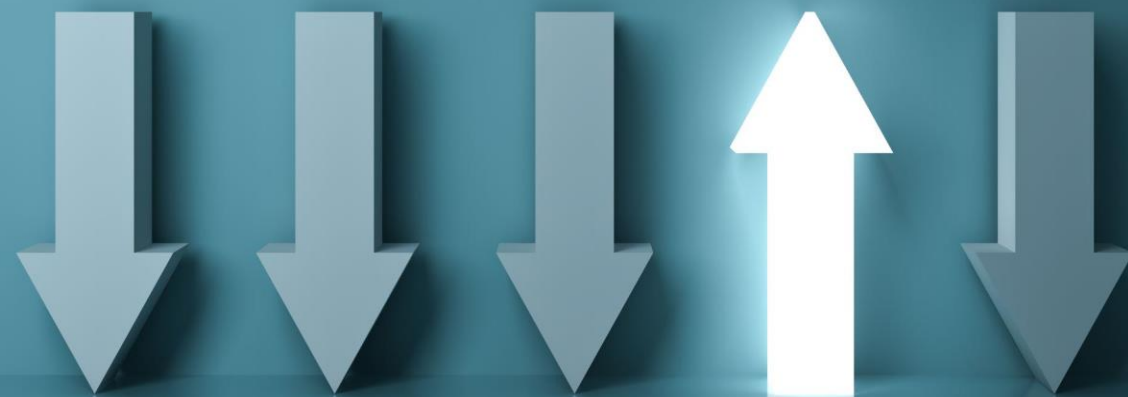
On our backroom operations, we hope to streamline the same and strengthen internal control. We will also continue to put emphasis on our collections, control our operating expenses and find ways to improve how we do our business. In the end, our primary objective is to improve our ROE to at least 10% within the next three years and increase shareholder value.

There are challenges along the way, but ABIC has inherent strengths considering our bancassurance partnership with PNB, being part of a big business conglomerate and a respected name in the industry. We have dedicated and capable people to make things happen and deliver results.

We would like to thank our stockholders, our Board of Directors and our officers and staff, our customers and other stakeholders for their unwavering support and confidence so that we can move forward and live up to their expectations.

May God continue to bless ABIC and all of us as we embark on this journey this year and the years to come.

“We would like to thank our stockholders, our Board of Directors and our officers and staff, our customers and other stakeholders for their unwavering support and confidence so that we can move forward and live up to their expectations.”





# FINANCIAL HIGHLIGHTS

(In Philippine Pesos)

**3.28 B**

Gross Premium Written

**81 M**

Net Income

**3.67 B**

Equity

## ALLIEDBANKERS INSURANCE CORPORATION COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents (Notes 4, 25 and 26)	<b>P2,015,370,645</b>	P1,745,688,000
Insurance receivables – net (Notes 6, 25 and 26)	<b>1,848,982,721</b>	1,910,575,392
Investment in subsidiary (Note 5)	–	1,556,070,029
Financial assets (Note 7 and 25)		
Financial assets at fair value through profit or loss	<b>59,597,135</b>	79,248,716
Available-for-sale financial assets	<b>924,775,550</b>	280,831,484
Held-to-Maturity	<b>1,066,439,646</b>	387,923,270
Loans and receivables	<b>19,587,368</b>	146,858,670
Accrued income (Note 8)	<b>34,979,525</b>	8,745,472
Reinsurance assets (Notes 9 and 15)	<b>3,876,807,140</b>	3,782,083,060
Deferred acquisition costs (Note 10)	<b>133,515,212</b>	151,971,289
Property and equipment – net (Note 11)	<b>61,660,778</b>	56,863,103
Right-of-use assets - net (Note 27)	<b>24,008,786</b>	–
Intangible asset – net (Note 12)	<b>41,409,111</b>	46,632,982
Deferred tax assets (Note 24)	<b>64,280,286</b>	27,339,885
Net pension asset (Note 23)	<b>12,824,579</b>	17,987,629
Other assets (Note 13)	<b>453,087,777</b>	238,175,650
	<b>P10,637,326,259</b>	P10,436,994,631
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 15, 17 and 25)	<b>P4,668,297,252</b>	P4,487,464,740
Insurance payables (Notes 16, 25 and 26)	<b>1,287,750,488</b>	1,222,042,577
Accounts payable and accrued expenses (Notes 14, 25, and 26)	<b>899,201,996</b>	1,082,578,349
Deferred reinsurance commissions (Note 10)	<b>65,516,689</b>	69,097,860
Lease liabilities (Note 27)	<b>26,954,033</b>	15,822,485
Dividends payable (Note 18)	<b>19,237,343</b>	19,237,343
	<b>6,966,957,801</b>	6,896,243,354
<b>Equity</b>		
Capital stock (Notes 18 and 28)	<b>845,000,000</b>	470,000,000
Treasury shares	<b>(809,600,377)</b>	–
Subscribed capital stock (Note 18)	<b>600,137,877</b>	165,537,500
Contingency surplus (Note 18)	<b>1,600,000,000</b>	1,600,000,000
Contributed surplus (Note 18)	<b>441,615,510</b>	441,615,510
Revaluation reserve on AFS financial assets (Note 7)	<b>53,660,751</b>	54,459,997
Remeasurement losses on defined benefit plan (Note 23)	<b>9,224,363</b>	15,941,711
Retained earnings	<b>930,330,334</b>	793,196,560
	<b>3,670,368,458</b>	3,540,751,277
	<b>P10,637,326,259</b>	P10,436,994,631

See accompanying Notes to Financial Statements.



**ALLIEDBANKERS INSURANCE CORPORATION**  
**COMPANY STATEMENTS OF INCOME**

	Years Ended December 31	
	2023	2022
<b>REVENUES</b>		
Gross earned premiums	<b>₱3,184,641,110</b>	₱2,788,579,038
Reinsurers' share of gross earned premiums	<b>(2,554,782,840)</b>	(2,024,702,112)
<b>Net earned premiums</b> (Note 19 and 26)	<b>629,858,270</b>	763,876,926
Commission income (Note 10)	<b>360,575,414</b>	274,587,690
Investment income - net (Note 20)	<b>196,826,513</b>	50,043,094
Other underwriting income	<b>27,812,099</b>	42,306,753
Foreign exchange gain – net	<b>4,914,068</b>	48,777,321
Miscellaneous income (Note 14)	<b>17,833,965</b>	45,158,239
<b>Other income</b>	<b>607,962,059</b>	460,873,097
<b>Total Income</b>	<b>1,237,820,329</b>	1,224,750,023
<b>BENEFITS, CLAIMS AND EXPENSES</b>		
Gross insurance benefits and claims paid	<b>542,594,666</b>	1,038,012,872
Reinsurers' share of gross insurance benefits and claims paid	<b>(294,852,097)</b>	(728,883,093)
Gross change in insurance contract liabilities	<b>(665,023,943)</b>	837,654,815
Reinsurers' share of gross change in insurance contract liabilities	<b>600,698,337</b>	(792,081,484)
<b>Net insurance benefits and claims</b> (Notes 9, 15 and 21)	<b>183,416,963</b>	354,703,110
General and administrative expenses (Notes 22 and 27)	<b>414,189,021</b>	385,801,993
Underwriting expenses	<b>311,733,989</b>	177,014,609
Commission expense (Notes 10 and 26)	<b>207,868,755</b>	266,079,370
Interest expense (Notes 16, 23 and 27)	<b>1,908,456</b>	1,107,132
<b>Other expenses</b>	<b>935,700,221</b>	830,003,104
<b>Total benefits, claims and other expenses</b>	<b>1,119,117,184</b>	1,184,706,214
<b>INCOME BEFORE INCOME TAX</b>	<b>118,703,145</b>	40,043,809
<b>PROVISION FOR INCOME TAX</b> (Note 24)	<b>37,591,994</b>	16,180,261
<b>NET INCOME</b>	<b>₱81,111,151</b>	₱23,863,548

See accompanying Notes to Financial Statements.

**ALLIEDBANKERS INSURANCE CORPORATION**  
**COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2023	2022
<b>NET INCOME</b>	<b>₱81,111,151</b>	₱23,863,548
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>To be reclassified to profit or loss in subsequent periods:</i>		
Net change in the fair value of AFS financial assets (Note 7)	<b>48,299,269</b>	15,776,562
Valuation gain (loss) realized through profit or loss:		
Realized gain on amortization of revaluation reserve related to reclassified investments to HTM (Note 7)	<b>(2,952,174)</b>	(4,041,329)
Loss on sale of AFS financial assets (Notes 7 and 20)	<b>–</b>	1,112,429
	<b>45,347,095</b>	12,847,662
<i>Not to be not reclassified to profit and loss in subsequent periods:</i>		
Remeasurement gains (losses) on defined benefit obligation (Note 23)	<b>(8,956,463)</b>	29,919,925
Income tax effect (Note 23)	<b>2,239,115</b>	(7,479,981)
	<b>(6,717,348)</b>	22,439,944
	<b>38,629,747</b>	35,287,606
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱119,740,898</b>	₱59,151,154

See accompanying Notes to Financial Statements.

**ALLIEDBANKERS INSURANCE CORPORATION**  
**COMPANY STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱118,703,145</b>	<b>₱40,043,809</b>
Adjustments for:		
Provision for claims IBNR and MfAD (Note 15)	<b>24,683,390</b>	<b>9,588,247</b>
Reversal of provision for doubtful accounts (Notes 6 and 22)	<b>7,912,252</b>	<b>(4,620,080)</b>
Pension expense (Notes 23)	<b>24,486,041</b>	<b>33,253,732</b>
Depreciation and amortization (Notes 11, 12, 22 and 27)	<b>22,412,895</b>	<b>29,114,207</b>
Gain on disposal of property and equipment	<b>237,869</b>	<b>—</b>
Interest expense (Notes 16, 23 and 27)	<b>3,981,432</b>	<b>1,107,131</b>
Unrealized foreign exchange loss	<b>2,799,463</b>	<b>3,382,897</b>
Fair value loss on financial assets at FVPL (Notes 7 and 20)	<b>(100,619)</b>	<b>8,344,149</b>
Loss on sale of AFS financial assets (Notes 7 and 20)	<b>—</b>	<b>1,112,429</b>
Realized gain on amortization of revaluation reserve related to reclassified investments to HTM	<b>(2,952,175)</b>	<b>—</b>
Dividend income (Notes 7 and 20)	<b>(3,812,397)</b>	<b>(4,253,157)</b>
Interest income (Notes 7, 20 and 22)	<b>(191,493,521)</b>	<b>(51,205,186)</b>
Operating income before changes in working capital	<b>6,857,775</b>	<b>65,868,178</b>
Decrease (increase) in:		
Insurance receivables	<b>88,616,488</b>	<b>55,092,056</b>
Loans and receivables	<b>127,271,302</b>	<b>(18,978,841)</b>
Reinsurance assets	<b>866,437,256</b>	<b>(1,299,146,521)</b>
Deferred acquisition costs	<b>18,456,077</b>	<b>(38,413,754)</b>
Right-of-use assets	<b>(19,082,963)</b>	<b>—</b>
Intangible Assets	<b>875,126</b>	<b>—</b>
Other assets	<b>60,215,056</b>	<b>(104,921,154)</b>
Increase (decrease) in:		
Insurance contract liabilities	<b>(917,129,405)</b>	<b>1,171,852,136</b>
Accounts payable and accrued expenses	<b>(218,941,329)</b>	<b>75,613,021</b>
Insurance payables	<b>68,419,191</b>	<b>(73,107,845)</b>
Deferred reinsurance commissions	<b>(3,581,172)</b>	<b>6,056,826</b>
Changes in operating assets and liabilities due to merger entries	<b>(4,560,065)</b>	<b>—</b>
Net cash generated from (used in) operations	<b>73,853,337</b>	<b>(160,085,898)</b>
Contributions to plan assets (Note 23)	<b>(26,606,327)</b>	<b>(35,196,088)</b>
Income taxes paid	<b>(42,927,744)</b>	<b>(28,883,409)</b>
Interest paid	<b>(2,072,977)</b>	<b>(39,296)</b>
Net cash provided by (used in) operating activities	<b>2,246,289</b>	<b>(224,204,691)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	<b>3,812,397</b>	<b>4,253,157</b>
Interest received	<b>192,068,867</b>	<b>47,237,158</b>
Proceeds from disposal/maturities of:		
Financial assets at FVPL (Note 7)	<b>26,855,786</b>	<b>12,071,466</b>
AFS financial assets (Note 7)	<b>84,576,682</b>	<b>115,182,704</b>
HTM investments (Note 7)	<b>217,500,000</b>	<b>20,000,000</b>
Property and equipment (Note 11)	<b>567,827</b>	<b>387,074</b>
Acquisitions of:		
Financial assets at FVPL (Note 7)	<b>(5,667,233)</b>	<b>(11,492,959)</b>
AFS financial assets (Note 7)	<b>(77,095,766)</b>	<b>(148,454,582)</b>
Held to Maturity (Note 7)	<b>(277,140,274)</b>	<b>(109,290,000)</b>
Intangible asset (Note 12)	<b>(626,588)</b>	<b>(688,537)</b>
Property and equipment (Note 11)	<b>(18,743,664)</b>	<b>(17,770,604)</b>
Net cash used in investing activities	<b>146,108,034</b>	<b>(88,565,123)</b>

(Forward)

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contingency surplus contribution (Note 18)	<b>₱—</b>	<b>₱600,000,000</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<b>(1,237,299)</b>	<b>626,961</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>147,117,024</b>	<b>287,857,145</b>
<b>CASH AND CASH EQUIVALENTS ACQUIRED AS A RESULT OF MERGER (Notes 1 and 2)</b>		
	<b>122,565,621</b>	<b>—</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,745,688,000</b>	<b>1,457,830,855</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱2,015,370,645</b>	<b>₱1,745,688,000</b>

See accompanying Notes to Financial Statements.



# CODE OF CONDUCT AND BUSINESS ETHICS

The Code of Conduct and Business Ethics (Code) provides a reasonable and lawful process for resolution of issues and problems arising from employees' performance and/or behavior, ensures the fair, just, and consistent implementation of ways to correct and address actions not in accordance with the Company's policies.

The Company believes that values are particularly important, because the business of insurance and reinsurance is based on the principle of utmost fidelity and good faith. The insurer or reinsurer relies on the honesty and integrity of client information obtained as a prerequisite to risk acceptance. In the same manner, the insuring and reinsuring public relies on the ability of the Company to make good its "promise"/commitment to indemnify our clients.

All Company employees must therefore have unquestionable integrity. They are entrusted with the responsibility of helping the Company establish and achieve its goals and objectives regarding growth and profitability.

Likewise, our employees must exercise good judgment and common sense in line with this Code as we safeguard and protect the hard-earned properties of our customers, as we likewise do for ourselves.

The institutionalization of our Code of Conduct and Business Ethics allows us to maintain a peaceful and harmonious work environment, increase work productivity and employee job satisfaction.

## Purpose

ABIC endeavors to do the right thing within the bounds of the values we live with and adhere to for our customers, accredited intermediaries, employees, shareholders, and other communities including the government regulators and the public at large.

The Company adheres to "zero-tolerance" on all offenses that do not fall under honesty and integrity. Substantiated offenses shall be reviewed for possible Civil or Criminal action by the Company against the employee.

Lifted from previous year. With minor revisions; for confirmation of the working group

## Compliance with Laws and Policies

ABIC strongly adheres to the compliance of the laws set by government regulatory bodies, and the internal policies approved by our Board of Directors and various working management committees covering the insurance products and services we offer to our clients.

The Company formulates policies and procedures that serve as the backbone of its operations. It gives structure, standards, and framework to its workforce. Guidelines and processes are reviewed and kept updated to ensure that the way we do things is at par with the changing times.

It is deeply engrained in us that we must respect all laws and abide by all regulations that affect our conduct of business, and that we will carry out the following:

1. Ensure that we operate within the law, regulations, and internal policies always;
2. Ensure a proactive and constructive relationship with its regulators. Employees are expected to be responsive, fair, and transparent with the examiners always especially during examination and provide appropriate support;
3. Ensure compliance with all policies within ABIC at any given time; and
4. Constantly keep in mind that non-compliance may harm ABIC's reputation and lead to fines or other criminal or civil sanctions.

## Scope

ABIC's Code of Ethics applies to our Board of Directors and all employees of ABIC. It is embodied in all the actions we do, which are meant to carry out the following objectives:

1. To be fair and attentive to the interests and requirements of all ABIC clients;
2. To adhere to professionalism, honesty and integrity when dealing with the Company's clients, stakeholders, and business partners; and
3. To always act with due care and diligence and within the limits of authority.

## Values

The Company adheres to the principle that the best form of discipline is self-discipline. The Company prefers employees who can discipline themselves without the compulsion of law or fear of punishment. It is not enough that the employee should avoid doing "wrong" – he should, consciously and as a personal commitment, "do the right things the right way" for the right purpose at the right time. We do the right things because we want to rather than avoid the wrong, because we fear the consequence. The decisions we make and how we carry out our businesses reflect ABIC's values, principles, and beliefs. It is always directed towards the satisfaction of our clients, business partners, stakeholders, and our colleagues at work.

The values that guide our beliefs, attitudes, and behavior in our work life are the following:

1. We act in a financially honest and prudent manner ensuring the protection of the money and properties we hold on to on behalf of our clients and stakeholders;
2. Our actions always are fair and respectful providing all clients with due respects, consideration, and opportunity;
3. Our actions are found to be trustworthy by our clients and that we communicate with them in a clear, concise, prompt, and professional manner; and
4. Our actions provide suitable, fair, and objective recommendations to our clients.

# PUBLIC ACCOUNTABILITY ON CONFLICT OF INTEREST

ABIC strongly upholds the values of integrity and professionalism. It is the policy of ABIC, that fair and impartial business transactions are concluded for the benefit of the Company and all its stakeholders. As an insurance Company, the Corporation will ensure that its dealing with the public is always conducted at arm's length transactions, fair, honest, and equitable manner.

Accordingly, all employees will perform their position's duties and activities with the highest level of integrity and independence in a professional and ethical manner. They will also avoid or eliminate any situation that could be perceived as a conflict of interest. Officers of the corporation will not engage in deceptive acts or conduct that constitutes unfair trade practices to the detriment of policyholders.

Internally, we have various working committees composed of the key senior officers that closely monitor situations that can result in a conflict of interest. The Related Party Committee of our Board of Directors, on the other hand, reviews and approves contracts with our affiliated partners before we commit and bind ourselves with them.

Lifted from previous year. With minor revisions; for confirmation of the working group.





## MANPOWER COMPLEMENT

ABIC has a diverse and skilled workforce with a broad range of backgrounds, experiences, and expertise which dynamically and productively serves its partners and clients. For the year ending 22, the company has an entire workforce of 279 employees.

Year 2023 - ABIC Manpower Headcount	
Month	Employee Count
January	272
February	274
March	275
April	276
May	280
June	281
July	287
August	285
September	284
October	276
November	277
December	279

*\*Total workforce is comprised of regular, probationary, consultants and project-based employees.*

**“We ensure that our employees have the knowledge and capabilities to excel in their roles.”**

The Human Resources and Administrative Department (HRAD) continued to provide training for employees through new, creative, and up to date mediums. The steadfast commitment of the company to its employees' growth and development is reflected in the comprehensive training program it has implemented throughout the year.

By focusing on technical skill development, leadership and management training, soft skills enhancement, compliance, and professional development, we ensure that our employees have the knowledge and capabilities to excel in their roles. We remain dedicated to providing ongoing learning opportunities and equipping our workforce with the skills required to drive our organization's success in an ever-changing business landscape. The trainings rolled out for the year are the following:

Webinar/Workshop	Date	Facilitator
Information Security for Data Privacy	March 24, 2023	Information Systems Audit and Control Association (ISACA)
Motor Claims, Damage Analysis and Estimating Seminar	April 5 to 7, 2022	Insurance Institute for Asia and the Pacific, Inc. (IIAP)
Cybersecurity Essentials	May 8, 2022	Information Systems Audit and Control Association (ISACA)
Basic Non-Life Insurance Courses	May 9 to 26, 2022	Insurance Institute for Asia and the Pacific, Inc. (IIAP)
Strategic Finance for Decision Makers	June 13 to 16, 2022	Kexxel Group
RI Analytics Training in Singapore	July 2022	UIB Asia Reinsurance Brokers
Seminar on Root Cause Analysis and Basic Investigation Technique & Forensic Accounting and Fraud Detection	July 22, 2022	Association of Philippines Adjustment Companies (APAC) and Philippine Institute of Loss Adjusters (PILA)
IFRS17 Training Series	July 5 to September 20, 2022	Association of Insurers and Reinsurers of Developing Countries (AIRDC)
Sustainability Strategy and Reporting Training	August 10 to 12, 2022	Institute of Corporate Directors (ICD)
Information Security Assessment using ISO/IEC 27002	August 13 and 20, 2022	Information Systems Audit and Control Association (ISACA)
Enterprise-Wide Risk Management	August 17, 2022	Association of Insurers and Reinsurers of Developing Countries (AIRDC)
Fraud in Claims	October 19, 2022	Insurance Institute for Asia and the Pacific, Inc. (IIAP)
18th SIRC Rendezvous	October 31 to November 3, 2022	Singapore Reinsurers' Association
Auditing Privacy Risks using IIAs Global Technology Audit Guide (GTAG)	November 18, 2022	Institute of Internal Auditors (IIA)
Strategic Management Workshop	November 24, 2022	Association of Insurers and Reinsurers of Developing Countries (AIRDC)



## RETIREMENT BENEFIT

The Retirement package has always been one of the benefits extended by ABIC to its qualified and eligible employees for their continuous and exemplary service to the Company. It aims to provide financial security and savings to our employees for their retirement.

There are three types of retirement plan followed by ABIC, the normal, early, and late retirement based on the retirement age and completed years of service as shown below:

Retirement Age	Applicable Percentage	Completed Years of Services	Applicable Percentage
55	85%	20	80%
56	88%	21	82%
57	91%	22	84%
58	94%	23	86%
59	97%	24	88%
		25	90%
		26	92%
		27	94%
		28	96%
		29	98%

## CORPORATE SOCIAL RESPONSIBILITY

ABIC, continued to live its commitment of being “a man for others” and making its communities a better place to live. What better way to show this than by the collective sharing of ABIC employees their time and treasures.

Last April 8, 2022, several ABIC employees and officers went to a local school in Las Pinas to turn over its donation of several computers for the continued education of our youth as they return for face-to-face classes.

ABIC is committed to developing its local communities and to the continued sustainability of its environment by reducing electronic waste.

As we move forward from the pandemic and aspire for greater heights, the ABIC family will always be there to extend its support to its communities, our own employees, and the environment.

## SUSTAINABILITY

We believe sustainability is an integral part of our company’s business strategy and in positively impacting our society and environment. We recognize that achieving sustainability is a continuous journey as we strive to improve our practices and minimize its environmental impact. We believe that by working together, we can create a more sustainable future for our business and for the planet.

As ABIC continues to grow and expand its operations, we prioritize sustainability as a core value. Not only is this important for the environment and innate to society, but it is also critical for the long-term success of our business.

To achieve our sustainability goals, we take a comprehensive approach that considers the entire lifecycle of our products and services. This includes reducing our environmental footprint, minimizing waste, attracting, and retaining the customers who share the same value as ours, and implementing circular economic principles to reduce our reliance on virgin materials.



# RISK MANAGEMENT

ABIC maintains a dynamic culture of risk management. Employees are expected to be proactive in identifying and managing pitfalls in their own areas of operations that threaten ABIC's assets and business portfolio. With action plans, employees can eliminate or mitigate these perils simultaneously with assessing and reporting gaps and breaches of authority.

Our performance through the years clearly establishes our sound risk management framework. It is embedded in the business. The entire workforce identifies practical strategies to reduce the chance of failure and losses if the hazard becomes real. Management strategies, plans and loss procedures are communicated to all the stakeholders.

Key controls are put in place to effectively reduce or mitigate business hazards. The Company regularly monitors and reviews any changes to its risk profile and the effectiveness of its controls in managing the identified threats. Control assessments and measures are updated as soon as possible to address significant changes in the business environment.

The risk /peril framework ensures that compliance processes and procedures are effectively guided by the company's risk management guidelines, with the Board having governance over this area and activities.

The risk management function involves the following activities, among others:

- 1. Defining a risk management strategy;
- 2. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- 3. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;

- 4. Establishing a risk register with clearly defined, prioritized and residual risks;
- 5. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
- 6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial, and reputational risks), control issues and risk mitigation plan to the Audit and Risk; and
- 7. Monitoring and evaluating the effectiveness of the organization's risk management processes.

For the year, the following management committees continued to deliver their tasks of providing an integrated approach to risk management:

- 1. Management Committee - To review the weekly and monthly performance data of ABIC and provide the venue to discuss and resolve operational concerns. To provide strategic planning and decision-making for ABIC in accordance with its Mission, Vision, and Values and to address pressing issues that affect the Company, such as an emerging crisis.
- 2. Underwriting Committee - To provide advice on the ABIC's underwriting risk management and to guide and to support the Underwriting Department as it carries out its strategies and responsibilities.
- 3. Investment Committee - To be the prime authority in reviewing and directing the implementation of ABIC's corporate policies on investing, in the achievement of its investment objectives.
- 4. IT Steering Committee -To direct, review and approve IT strategic plans, budget, and prioritization of projects, oversee major initiatives, and allocate resources.

5. Claims Committee- To provide advice, guidance, and support to the Claims Department as it carries out its strategies and responsibilities.

6. Personnel Committee- To be the driving force for directing, reviewing, and approving values-based personnel policies to ensure that ABIC is following the mandated labor laws relating to its organization and employees, thus providing an attractive environment for current and prospective employees.

As ABIC continues to unlock its inherent strengths toward growth and profitability, the existing underwriting guidelines of the Underwriting Committee were enhanced to further empower both the Underwriting and Sales and Marketing Divisions.

Approving authorities were determined and delegated to the President, Chief Underwriter, Sales and Marketing Officers and Underwriters to be applied in the acceptance of the risk/business based on the sum insured.

The delegated authority is not the only driver in approving and accepting the risk/business. To harness constructive collaboration within the Underwriting Committee there should be at least 3 members having one uniform vote which should always include the President. In case of impasse in the declination or acceptance of an account, efforts are exerted by the Committee through the President as Chairperson to produce a consensus presenting its pros and cons having in mind the best interest of the company.





## PRIVACY

Today's business world is dependent on data and the information derived from it.

Data is critical for businesses that process information to provide services and products to their customers. From a corporate context in a Company, from the top executive level right down to the operational level, about everyone relies heavily on information.

In a complex environment where businesses depend so much on the data they collect and process, protecting that information becomes increasingly important.

We are committed to ensuring that the collection, use, storage, transfer, and destruction of personal and sensitive information throughout the business is in accordance with the implementing rules and guidelines drawn up by the National Privacy Commission.

The Company guarantees the integrity and protection of all information it maintains while protecting the user's fundamental privacy rights.

Employees are mandated to ascertain the security and accuracy of personal and sensitive information collected, recorded, used, and disposed. Access to such information is restricted within ABIC. Requests to access such information by any third party will only be permitted upon approval by ABIC.

Lifted from previous year. No changes to be made; for confirmation of the working group

## RELATED PARTY POLICY

In the conduct of its business, ABIC may enter into transactions with related parties. This policy provides the guidelines on what constitutes a Related Party Transaction (RPT), and set forth the requirements for the review, approval, and disclosure of RPTs.

The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of policyholders, members, plan holders, card holders, claimants, creditors, and other stakeholders

This policy is enacted to ensure that:

1. Related Party and Related Party Transactions (RPTs) are defined, and the coverage/scope of the policy is clearly outlined;
2. RPTs are conducted on an arm's length basis;
3. Potential or actual conflicts of interest which could arise from RPTs are prevented or managed;
4. RPTs are carefully reviewed and approved by designated authorities; and
5. Adequate disclosure is maintained for RPTs in accordance with applicable legal and regulatory requirements.

## EXTERNAL AUDITOR INDEPENDENCE

The external auditor of ABIC is selected and appointed by the stockholders upon the recommendation of the Audit and Risk Committee of the Board of Directors. During the Annual Stockholders Meeting scheduled for last April 26, 2022, Board of Directors appointed Sycip, Gorres, Velayo and Co. (SGV & Co.) as the Company's external auditor.

The external auditor confirms its independence in relation to the December 31 financial reports, which the Audit Committee confirms in a separate enquiry.

In 2022, ABIC paid Php 4.1M on audit fees to SGV. In addition, ABIC has the following non-audit engagements with Sycip, Gorres, Velayo and Co. (SGV & Co.):