

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF ALLIEDBANKERS INSURANCE CORPORATION HELD ON APRIL 30, 2019, AT 10:00A.M., AT THE SUMMIT ROOM, CENTURY PARK HOTEL, 599 P. OCAMPO STREET, MALATE, MANILA**

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**PRESENT:**

**NO. OF SHARES HELD**

**In Person:**

**LUCIO C. TAN** **165,000,324**  
 (also the Chairman/Member of the Board of Directors, the Chairman of the Corporate Governance, Remuneration and Nomination Committee, and the Chairman of the Non-Executive Committee)

**ROWENA T. CHUA** **100**  
 (also the Executive Vice President for Strategic Partnership and Business Development, a Member of the Board of Directors, a Member of the Executive Committee, a Member of the Corporate Governance, Remuneration and Nomination Committee, and a Member of the Investments Committee)

**MANUEL T. GONZALES** **100**  
 (also a Member of the Board of Directors, a Member of the Audit and Compliance and Risk Management Committee, a Member of the Related Party Transactions Committee, a Member of the Investments Committee, and a Member of the Non Executive Committee.)

**MICHAEL G. TAN** **100**  
 (also a Member of the Board of Directors, the Chairman of the Investments Committee, the Vice Chairman of the Corporate Governance Remuneration and Nomination Committee, a Member of the Audit and Compliance and Risk Management Committee, and a Member of the Non-Executive Committee.)

**PETER Y. ONG** **100**  
 (also an Independent Member of the Board of Directors, the Chairman of the Related Party Transactions Committee, the Vice Chairman of Audit and Compliance and Risk Management Committee, a Member of the Corporate Governance Remuneration and Nomination Committee, and a Member of the Non- Executive Committee.)

**RUFINA T. YU** **100**  
 (also the Senior Vice President/ Comptroller, a Member of the Board of Directors, and a Member of the Investments Committee.)

**REYNALDO B. MONTALBO, JR.** **1**  
 (also the President, a Member of the Board of Directors)

**By. Proxy:**

**QUALISURE HOLDINGS, INC.** **240,625,000**  
 Represented by EDWIN L. TAN

**WILLY S. CO** **38,750,000**  
 Represented by DEXTER CO

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**PHILIPPINE NATIONAL BANK**

**25,000,000**

Represented by LUCIO C. TAN

Total No. of Shares Outstanding	625,000,000
No. Of Shares of Stockholders Present in Person	165,000,825
No. Of Shares of Stockholders Represented by Proxy	304,375,000
Total No. Of Shares Present in Person and Represented by Proxy	469,375,825
Percentage of Shares Present and Represented by Proxy	75.10%

**ALSO PRESENT:**

**ATTY. ARLENE J. GUEVARRA**

**-Corporate Secretary**

**I. CALL TO ORDER**

The Chairman, Dir. Lucio C. Tan, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Arlene J. Guevarra, recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE OF MEETING**

The Chairman requested the Corporate Secretary to show proof that the required notice of the meeting was duly sent to the stockholders. The Corporate Secretary certified that in accordance with Section 4, Article II of the Corporation's By-Laws, written notice of the date, time, place and agenda of the annual meeting was sent by personal delivery and/or by registered mail to all stockholders of record as of April 01, 2019 at their addresses as appearing in the corporate records. This was confirmed by all the Stockholders present. All the Stockholders present likewise agreed to waive any defect in the notice of the meeting.

**III. CERTIFICATION OF QUORUM**

The Chairman asked the Corporate Secretary if there was a quorum for the valid transaction of business. The Corporate Secretary certified that there was a quorum to transact all the matters in the Agenda, there being present at the meeting, in person or by proxy, Stockholders owning/representing a total of 469,375,825 shares equivalent to 75.10% or more than 2/3 of the total issued and outstanding shares of the Corporation. Thus, the Chairman declared the meeting open for business.

Before proceeding to the transactions of business, the Corporate Secretary, upon request of the Chairman, informed the Stockholders that all items in the Agenda requiring approval will need the affirmative vote of at least a majority of the issued and outstanding capital stock of the Corporation. She also informed the Stockholders that each share of stock entitles the registered owner/holder to one (1) vote, except in the election of the directors where the Stockholders may cumulate their votes.

IV. **READING AND APPROVAL OF THE MINUTES OF THE 2018 ANNUAL STOCKHOLDERS MEETING HELD ON APRIL 17, 2018**

The Chairman called on the next item in the Agenda which was the Reading and Approval of the Minutes of the 2018 Annual Stockholders' Meeting that was held on April 17, 2018. He stated that copies of the minutes were distributed to the Stockholders present prior to the meeting in order to give the Stockholders time to review the same.

Mr. Manuel T. Gonzales moved that since copies of the minutes of the previous year Annual Stockholders' Meeting held on April 17, 2018 were made available and distributed to the Stockholders in advance for the inspection/review, the reading of the minutes be dispensed with. He also moved that the minutes as presented be approved. Said motions were duly seconded by Mr. Peter Y. Ong.

The Chairman asked if there were any objections to the motions. There being none, the Stockholders, on motion duly made and seconded, unanimously resolved, as follows:

**STOCKHOLDERS' RESOLUTION NO. 2019-01**

**RESOLVED**, to dispense with and waive the reading and approve the Minutes of the 2018 Annual Stockholders' Meeting held on April 17, 2018 as presented.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	469,375,825	0	0
% of Voting Shares Present	100%	0	0

V. **PRESIDENT'S REPORT**

**The Chairman proceeded to the next order of business which was the President's Report.**

**He then gave the floor to the President, Reynaldo B. Montalbo, Jr., who, in turn, made the following report:**

"Good morning...

In the midst of the Insurance Commission's drive to strengthen the non-life insurance industry through a progressively increasing Minimum Net Worth requirement and the cutthroat competition for Motor Car and Fire Policies, Alliedbankers Insurance Corporation (ABIC) finds itself unique in a Red Ocean of fierce competitors.

Industry Ranking

While ABIC may be unknown to most of the market, it is very much sought after by Brokers and Reinsurers. No less than the world's Top Three Reinsurance Brokers have aggressively vied for ABIC's reinsurance business. The last figures from the Insurance Commission, for the year 2017, can help explain this interest to do business with ABIC.

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In 2017, ABIC ranked only Number 31 in terms of Gross Premiums Written yet it ranked Number 8 in Net worth and Number 23 in Net Income. Our Combined Ratio, which puts together the Commissions paid, Ceded Premiums, Losses, and General & Administrative Expenses against Gross Premiums Written, was at 81% when the industry averaged above 90%.

### **Financial Strength in 2018**

At the end of 2018, ABIC has remained strong as borne by the Three Key Financial Ratios against which insurance companies are judged with:

Profitability	24%
Liquidity	255%
RBC/Solvency	743%

On the industry's bread and butter, ABIC is likewise better than industry, Our Underwriting Margins and Loss Ratios on Motor Car and Fire Lines are superior to industry average. For Motor Car which is 18% of our portfolio, underwriting income is at 40% while the Loss Ratio stands at 38% versus industry's 55% Loss Ratio, Our biggest line is Fire which is 39% of our portfolio. Here, the underwriting income is 57% while the Loss Ratio is only 43% compared to industry's 65%.

Truly, these are statistics that make us the envy of our peers and our business coveted by International Brokers and Reinsurers

### **Group Business**

We have the LT Group business and ABIC's overcapitalization to thank for this enviable position among industry players.

Seventy percent (70%) of ABIC's business is from the LT Group and the bancassurance business with PNB and PNB Savings Bank. Only thirty percent (30%) is from Open Market.

While we are grateful for the business from LT Group and PNB's bancassurance business, we are also limited in our growth potential on such dependence. For the last 5 years, ABIC has grown at an average of 10% per year. Moving forward, we will stay anchored on LT Group and PNB's Bancassurance business as we aspire to grow our Open Market business while avoiding the pitfalls that led our peers to problems.

### **This year, 2019**

For the next three years, founded firmly on LT Group and PNB's Bancassurance business, ABIC will aim to grow its Gross Premiums Written to P2.0billion by year 2022 or "Hit 2 by 22" and, more importantly,, grow our net income from P60.0Million in 2018 to P100.0Million this year and P250.0Million by 2022.

Are we prepared for it?

Financially, Yes! We have the financial strength to take on the Open Market. Our Liquidity Ratio can cover 2.5 times our Total Outstanding Claims now. Our Capital is 7x what is required. Surely, ABIC can take on some additional risks.

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Year 2019 is Year One for Alliedbankers Insurance Corporation to stay off the Red Ocean of competitors and create its own Blue Ocean of Opportunities that balances Risks and Returns.

While ABIC is financially strong to embark on an Open Market foray, operationally it is weak.

### **Housecleaning: Turnaround Time = Service**

For our clients and partners in the industry, nothing is more important than our service quality which is defined by our Turnaround Time. Sadly, our Turnaround Time is the butt of jokes among our peers. While industry is at 3 to **4 weeks**, ours is 3 to 4 **months!** From Commissions and Claims Processing to Check Release, our backroom is simply too slow. We are weighed down by inefficiencies that have been passed on through the years, lack of personnel, and a general lack of concern for our waiting clients.

For the last four months, we have addressed this by reviewing and documenting internal processes, by personalizing accountabilities, and hiring the necessary competent support staff. These initiatives have led us to a Base Line Structure of Operational Efficiency that will be sufficient to get us through on our initial push.

### **Foot Soldiers**

With the backroom now at an efficiency baseline, we are expanding industry partnerships and hiring critical sales personnel or foot soldiers, who will bring in additional Sales to fuel our growth targets. To date, we have inked partnerships with 5 brokers and 4 agencies while strengthening partnerships with the existing 15 accredited brokers and agencies. We have likewise hired an additional Sales Person and, if needed, will add more.

### **Digitalization**

Despite the failure of the much-ballyhooed digitalization of the previous administration, we are unfazed and we will persevere. This time, however, we will take baby steps and avoid reinventing the wheel. To be in sync with the New PNB President's thrust to be a disruptor through fintech, our Business Development Head, Ms. Rowena, pushed for the development of "ABIC ALL IN 888" exclusively for PNB depositors. It is a Product Bundle that includes Personal Accident Insurance Coverage that includes death due to motorcycling coverage, ATM Withdrawal Robbery Insurance, Residential Fire Cash Assistance double indemnity for accidental death inside any Philippine Mass Transport System, double indemnity, or when riding **Mabuhay Maritime Express** and triple indemnity should it occur while inside a **Philippine Airlines** plane. It's an all-encompassing "commuter protection" policy for only P888. More than the price and coverage, its mode of delivery is the disruptor for PNB. Delivery is through a mobile app that will be installed on the smart phones of PNB's retail banking group officers. This is from branch personnel to Area Heads, all the way to the Retail Banking Group Head! It will be a facility that is available for the selling of policies and monitoring of performance 24 hours a day, seven days a week at one's fingertips!

PNB's Branch Banking has committed to deliver 1,000,000 policies in sales which translates to P888.0Million in Gross Premiums Written.

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## **Risk Management**

We are aware that dealing with the Open Market will be different from doing business with affiliates LT Group and PNB. This difference requires that sound Risk Management policies are put in place to ensure that ABIC's foray into the Open Market does not go awry.

We are instituting risk management policies and parameters that will balance ABIC's risk exposure versus the returns desired. Instead of swimming with the rest of the industry in a bloody and fiercely competitive Red Ocean for motor car policies. ABIC will navigate carefully and create its own Blue Ocean of Opportunities where Sales is pursued with a consciousness for Quantitative Risk Management.

To this end, we have merged the Risk Management and Underwriting Departments into the Technical Group to create a Holistic Approach to risk management. In support to this, we are also strengthening the Internal Audit Department so it can effectively work with the Technical Group. Together, these two departments will ensure that our Sales Group does not stray into a Red Ocean that has drowned a number of industry players but, instead, be in our own Blue Ocean of Opportunities.

## **Our own Blue Ocean**

Despite the fierce competition among non-life insurance companies, there is still a vast expanse of the non-life ocean that has remained unexplored. According to the latest statistics from Insurance Commission, the industry's market penetration is only 0.53%. This is only half of ASEAN's 1.0% average. Getting the Philippines to the ASEAN average means a GPW of P125.0Billion from the P66.3Billion in 3Q 2018.

By identifying potential market clusters like BPO – IT employees and specific high potential regions like Iloilo, Batangas, and Pampanga, ABIC can find its own Blue Ocean. This is where ABIC can customize product bundles or focus on specific provinces where the potential is huge and the competition is minimal or absent. ABIC ALL IN 888 is an example of this.

## **Ready for the Challenges Ahead**

With our Sales, Sales Support and Risk Management base lines in place, ABIC is more than ready to take on the challenges ahead. This is not only in terms of ABIC's generic growth but in terms of an Expanded ABIC once the acquisition of PNB Gen is completed within the year.

ABIC's acquisition of PNB Gen will see our production grow from P600.0Million in 2018 to about P3.0Billion in 2019. The base line structure for Sales Support and Risk Management that we have put in place in the last four months is sufficient to accommodate this increase in sales volume and its corresponding operational requirements. PNB Gen's current labor force will be tapped for the additional personnel complement needed to expand our base line structure.

Ongoing discussions with the new PNB President are progressing well and, if plans pan out, we should be signing the Acquisition Documents in June this year. Thus,

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relieving PNB of the burden of making another P300.0Million capital infusion for PNB Gen to comply with this year's P900.0Million minimum net worth requirement.

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In closing, I would like to express our appreciation for the support of the Board and our Managing Director for, without it, these plans will never be put to test. The task now is for us, at ABIC, to put to good use this support by ensuring that we protect and expand the resources that were entrusted to us.

Thank you.

The chairman opened the floor for any questions, issues, comments or concerns that the Stockholders may want to raise regarding the President's report/presentation.

There being no comments or questions, Ms. Rowena T. Chua moved for the notation of the President's Report for the year ended December 31, 2018 which was seconded by Mr. Michael G. Tan.

A motion having been made and seconded, the Stockholders unanimously passed and approved the following resolution:

**STOCKHOLDERS' RESOLUTION NO. 2019-02**

**RESOLVED**, that the President's Report for the year ended December 31, 2018 be, as it is hereby noted.

	<b>Voted in Favor</b>	<b>in Voted Against</b>	<b>Abstained</b>
Number of Voted Shares	469,375,825	0	0
% of Voting Shares Present	100%	0	0

**VI. PRESENTATION OF THE 2018 AUDITED FINANCIAL STATEMENTS**

The next order of business was the presentation of the 2018 Audited Financial Statements.

President R. B. Montalbo, Jr. extensively discussed the Corporation's Statements of Financial Position, Statements of Income, Statements of Comprehensive Income, Statements of Changes in Stockholders' Equity, and Statements of Cash Flows as of and for the year ended December 31, 2018 and 2017, as audited and submitted by the Corporation's external auditor, SyCip Gorres Velayo & Co. ("SGV"). He reported that for the year ended December 31, 2018, the Corporation has a total New Income of P61,729,011.00 which is lower by P17,028,396.00 compared to last year's P78,757,407.00.

After due deliberation, Mr. P. Y. Ong moved for the adoption and confirmation of Board approval of the Corporation's 2018 Audited Financial Statements as audited by SGV, which motion was duly seconded by Ms. R. T. Yu. Thereafter, on motion duly made and seconded, the Stockholders unanimously resolved, as follows:

**Alliedbankers Insurance Corporation**  
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**STOCKHOLDERS' RESOLUTION NO. 2019-03**

**RESOLVED**, to adopt, confirm and ratify the Board of Directors' approval of the Corporation's Audited Financial Statements for the year 2018, as audited and prepared by the Auditing Firm SyCip Gorres Velayo & Co.

	<b>Voted in Favor</b>	<b>in Voted Against</b>	<b>Abstained</b>
Number of Voted Shares	469,375,825	0	0
% of Voting Shares Present	100%	0	0

**VII. RATIFICATION OF ALL THE ACTS, RESOLUTIONS, DECISIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, STANDING BOARD AND MANAGEMENT COMMITTEES AND THE MANAGEMENT SINCE THE 2018 ANNUAL STOCKHOLDERS' MEETING**

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The Chairman proceeded to the next item in the Agenda which was the Ratification of all the Acts, Resolutions, Decisions and Proceedings of the Board of Directors and standing Board and Management Committees, as well as of the Management and Officers, taken since the last Annual Stockholders' Meeting held on April 17, 2018.

He thereafter gave the floor to the President for the recommendation/presentation.

President R. B. Montalbo, Jr. have a brief summary of the acts, resolutions, decisions and proceedings of the Board of directors, standing Board and Managements Committees and Management since the 2018 Annual Stockholders' Meeting. He explained that said acts, resolutions, decisions and proceedings were corporate acts taken by the Board and Management in the normal course of business and in the general exercise of their duties. He also explained that copies of the minutes of the meetings of the Board of directors, as well as of the standing Board and Management Committees, are on file with the Office of the Corporate Secretary and are available for inspections upon request by any Stockholder at any time during office hours.

After some discussion, Mr. M. G. Tan moved for the approval and confirmation of all the acts, resolutions, decisions and proceedings of the Board and Management since the last Annual Stockholders Meeting held on April 17, 2018. Said motion was duly seconded by Mr. M. T. Gonzales.

Thereupon, the Stockholders, upon a motion duly made and seconded, unanimously approved the following resolution:

**STOCKHOLDERS' RESOLUTION NO. 2019-04**

**RESOLVED**, to approve, ratify and confirm all the acts, resolutions, decisions and proceedings of the Board of Directors, standing Board and Management Committees, Corporate Officers and Management taken in the general exercise of their duties and in the normal course of business during the past year up to the date of this Annual Stockholders' Meeting.

	Voted in Favor	in	Voted Against	Abstained
Number of Voted Shares	469,375,825		0	0
% of Voting Shares Present	100%		0	0

**VIII. ELECTION OF DIRECTORS**

The Chairman called on the next order of business which was the Election of Directors for the ensuing year 2019-2020.

He then requested the Vice Chairman of the Corporate Governance, Remuneration and Nomination Committee, Mr. M. G. Tan., for the list of nominees.

Corporate Governance, Remuneration and Nomination Committee Vice Chairman M. G. Tan stated that the Corporation's Articles of Incorporation provides for eleven (11) directors. He also explained that there were only eleven (11) persons nominated to the eleven (11) seats in the Board to be filled-up, namely:

1. Lucio C. Tan
2. Willy S. Co
3. Rowena T. Chua
4. Manuel T. Gonzales
5. Harry C. Tan
6. Lucio K. Tan, Jr.
7. Michael G. Tan
8. Reynaldo B. Montalbo, Jr.
9. Rufina T. Yu
10. Alfredo B. Jimenez as Independent Director
11. Peter Y. Ong as Independent Director

He further explained that the Corporate Governance, Remuneration and Nomination Committee had screened and reviewed the qualifications of the eleven (11) nominees and determined that all the eleven (11) nominees have met all the requirements and possess all the qualifications and none of the disqualifications to be elected as directors of the Corporation.

Mr. Edwin L. Tan moved that since there were only eleven (11) persons nominated to, and qualified for, the eleven (11) seats in the Board, all the votes be cast in favor of the eleven (11) nominees and thereafter, they be declared as the elected Directors of the Corporation for the ensuing year to serve for a term of one (1) year until their successors shall have been elected and qualified. Ms. R. T. Chua duly seconded the motion.

A motion having been made and seconded and there being no objection from any of the Stockholders, the Chairman directed the Corporate Secretary to cast, as she did cast, all the votes in favor of the eleven (11) nominees.

Based on the tabulation, the nominee for election as members of the Board of Directors of the Corporation received the following number of votes:

Nominees	Vote	No. of Votes [one (1) share one (1) vote]	% of Voting Shares Present
<b>Lucio C. Tan</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Willy S. Co</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Rowena T. Chua</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Manuel T. Gonzales</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Harry C. Tan</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Lucio K. Tan, Jr.</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Michael G. Tan</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Reynaldo B. Montalbo, Jr.</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Rufina T. Yu</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>
<b>Alfredo B. Jimenez, Jr. (Independent Director)</b>	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>

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Peter Y. Ong (Independent Director)	Yes	469,375,825	100%
	No	0	0
	Abstain	0	0
	<b>Total</b>	<b>469,375,825</b>	<b>100%</b>

Pursuant to the tabulation results, the chairman declared all the eleven (11) nominees elected as Directors of the corporation for the ensuing year 2019 – 2020, to serve as such in accordance with the Corporation’s By-Laws for a period of one (1) year or until their successors shall have been duly elected and qualified.

**IX. APPOINTMENT OF EXTERNAL AUDITOR**

The next item in the Agenda was the Appointment of External Auditor for the year 2019.

President R. B. Montalbo, Jr. explained that the Corporation’s present External Auditor, SyCip Gorres Velayo & Co., has consistently provided satisfactory service to the Corporation for the past years and on that basis, the Board of Directors, upon endorsement of Management and the Audit and Compliance and Risk Management Committee, approved the retention/re-appointment of SyCip Gorres Velayo & Co. as External Auditor for the year 2019. Hence the recommendation.

After due deliberation, Mr. P. Y. Ong moved in favor of the re-appointment/retention of SyCip Gorres Velayo & Co. as the Corporation’s external auditor for the year 2019, which motion was duly seconded by Ms. R. T. Yu.

Thereafter, the Stockholders, on motion duly made and seconded, unanimously resolved, as follows:

**STOCKHOLDERS’ RESOLUTION NO. 2019-05**

**RESOLVED**, to approve the re appointment of the auditing firm SyCip Gorres Velayo & Co. as the Corporation’s External Auditor for the year 2019 under such terms and conditions as may be approved by the Board of Directors.

	<b>Voted In Favor</b>	<b>Voted Against</b>	<b>Abstained</b>
Number of Voted Shares	469,375,825	0	0
% of Voting Shares Present	100%	0	0

**X. OTHER MATTERS**

The chairman asked if there were any other matters or questions or concerns which the Stockholders wished to raise or take-up before adjournment.

There were no other matters raised.

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**XI. ADJOURNMENT**

There being no further business to transact, the Chairman, on motion duly made by Ms. R. T. Chua which was duly seconded by Mr. M. T. Gonzales adjourned the meeting at 11:05 a.m.

**CERTIFIED CORRECT:**

**ATTY. ARLENE J. GUEVARRA**  
**Corporate Secretary**

**ATTESTED:**

**LUCIO C. TAN**  
**Chairman**

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