

**MINUTES OF THE
ANNUAL MEETING OF STOCKHOLDERS
OF
PHINMA INSURANCE BROKERS, INC.
(FORMERLY: T-O INSURANCE BROKERS, INC.)**

*Held on 13 April 2023 at 4:00 p.m.
via Zoom Teleconferencing*

I. CALL TO ORDER

Mr. Roberto M. Laviña, the Chairman of the Board of Directors of PHINMA Insurance Brokers, Inc. (the "Company"), called the meeting to order and presided over the same. Atty. Troy A. Luna, the Corporate Secretary, recorded the minutes of the meeting.

II. NOTICE AND QUORUM

Upon query of the Chairman, the Corporate Secretary certified that notices with the agenda of the meeting were sent to all stockholders of record. He further certified that there being present or duly represented at the meeting, stockholders owning **100%** of the total issued and outstanding capital stock of the Company, there was a quorum for the purposes of the meeting.

III. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

With legal notices sent and a quorum present, the Chairman proceeded with the reading and approval of the Minutes of the Annual Meeting of Stockholders held on 08 April 2022. The Corporate Secretary confirmed that the Minutes were sent to the stockholders attending the meeting.

Upon motion duly made and seconded, the following resolution was approved and adopted by the stockholders:

"RESOLVED, that the reading of the Minutes of the Annual Meeting of Stockholders held on 08 April 2022 be as it is hereby dispensed with, and said Minutes are hereby approved."

IV. APPROVAL OF ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

Annual Report of Management

The President presented the Annual Report of Management for 2022. She first compared the performance of the insurance industry over the last six (6) years. In 2020, premiums for non-life insurance began to recover to pre-pandemic levels, especially miscellaneous insurance lines and construction insurance lines, while motor insurance lines continued to struggle. In 2022, there was an 11% increase in total premium volume for non-life insurance, which amounted to P107 billion.

As a result of the COVID-19 pandemic, there was a higher demand for protection products offered by life insurance companies, particularly ordinary life and variable life insurance. Premiums from group life insurance lines dipped by P2 billion in 2020 on account of the downsizing of companies that were badly affected by the pandemic. The life insurance industry was still expected to perform better in the coming years compared to its counterpart.

As to Losses Paid by the Non-Life Insurance Industry, there were no substantial changes in the figures, except for the motor insurance lines. In 2020, the cause of the significant decline in losses paid for motor insurance lines was the restriction on mobility brought about by the lockdown.

For Benefit Payment for Life Insurance, the significant increase in payment of death benefits in 2021 was on account of the payment for COVID-related deaths. The payment of surrender benefits also increased, which was caused by the surrender of the insurance policy on account of the inability to pay premiums or the claim of the investment portion thereof.

Ms. Sel M. Libunao, Compliance Officer, then presented the Results of Operations for the period ended 31 December 2022.

Premiums reached P270 million, which was 24% higher than the budget of P218 million. Only cargo and inland marine insurance failed to meet the budget. The deficit in premiums for cargo insurance was on account of the lower volume of actual shipments compared to what was budgeted by its biggest client, the PHINMA Construction and Materials Group ("CMG Group"). For Inland Marine Insurance, the budget of P9 million was supposed to cover the truck and truckers of Union Galvasteel Corporation ("UGC") and Philcement Corporation. However, the coverage of the policy was adjusted, thereby, significantly lowering the premium.

The breakdown of premiums collected for the year was then presented. Out of the total premiums collected, 65% came from renewed accounts and the remaining 35% came from new businesses. This resulted in a revenue of P54 million. The premium collected from accounts that were not renewed was at P125 million, which were the accounts of AC Energy, the 8990 Group

of Companies (8990 Group), and the College Completion Assistance Program (CCAP) for PHINMA Education.

A big portion of the P176 million worth of premiums collected from renewals was attributable to the business units of PHINMA, specifically for employees' benefits and property insurance. For the new businesses, Ms. Libunao said that it was primarily composed of the declaration of the Mortgage Redemption Insurance (MRI) portfolio of the 8990 Group, the Marine Insurance of the CMG Group, the Liability Insurance of PHINMA Property Development Group, and the Contractors' Insurance of the PHINMA Group. She then thanked all the Business Unit Heads of PHINMA for referring the Company to their contractors.

Ms. Libunao then presented the breakdown of the premiums per insurance line. The biggest contributors were Life - MRI Insurance, Property Insurance, and Medical Insurance. On a segment basis, 50% of the premiums come from Group-related Corporate Accounts, while 46% were from Non-related Corporate Accounts.

Ms. Mary Ann Vasallo, the Senior Account Specialist, then discussed the Claims Summary as of 31 December 2022. The total number of claims reached 3,973, which was valued at P113 million. Around 56% of the claims or P63 million were settled. Out of the settled claims, 93% were valid claims, while 7% were Ex-Gratia claims. The unsettled claims required the submission of the documentary requirements or were already pending review. Only 11 claims or 0.2% were denied because the loss was not covered by the policy. The highest frequency of claims filed came from medical insurance, Life - MRI, and motor insurance. In terms of amounts settled, the highest was still medical insurance and followed by Marine Cargo, and Life - MRI.

For Value Added Services, Ms. Vasallo reported that, in 2022, the renewal coverage of the medical insurance for CMG Employees and their Dependents, PHINMA Officers, and the dependents of PHINMA Employees was enhanced. The limits were increased by as much as P300,000.00 and they included other coverages such as outpatient benefits, Room & Board, and physician's fees. These enhancements were made with no additional costs, otherwise, it would have resulted in premiums amounting to P8.9 million.

Another Value Added Service done by the Company was the conduct of Risks Surveys. In 2022, seven (7) PHINMA Education schools were visited and assessed by the Company to come up with a risk report and an insurance gap analysis. The total cost equivalent of these surveys was P350,000.00. The orientation on Employee Benefits Insurance for the PHINMA Group was almost completed, except for Hospitality Unit which was scheduled for the First Quarter of 2023.

For the Updates on Insurance Offerings, Ms. Vasallo first reported the Comprehensive Inland Transit Insurance. In 2022, the Company recognized premiums amounting to P400,000.000 from UGC-owned trucks. For 2023, however, the coverage was re-adjusted and the premiums were lowered to P300,000.00. The Company sent a proposal to insure UGC's third-party truckers and was only waiting for the confirmation of their availability to meet and discuss.

The Potential MRI Proposal to the Home Development Mutual Fund (“HDMF”) was then discussed. For HDMF’s property insurance, after bidding, the 5-year contract was awarded to Lockton last January 2023. While the MRI Portfolio of the HDMF, which was also previously awarded to Lockton, was set to expire in 2024.

Ms. Vasallo then continued her report on the resumption of the College Completion Assistance Program for PHINMA Education Schools. The program insured the parent or guardian of the student against loss of life, critical illness, and loss of income. For the incoming semester, it was expected to benefit 43,000 students. However, the coverage and the benefits were lowered to make it more affordable. The expected premiums to be collected amounted to around P3.8 million.

Financial Results

Ms. Aileen S. Nartates, Accounting Manager, then delivered the Financial Report for the Year Ended as of 31 December 2022.

The Company generated a Net Income of P26 million. This was 73% higher than the budget, but 13% lower compared to the figures for 2021. The disparity in the net income for 2022 and 2021 was on account of the dip in the revenue recognized. Actual revenue was 29% higher than the budget. Aside from the revenue from the renewal by old clients, the revenue from new businesses also contributed to the increase. The new businesses were primarily composed of marine cargo insurance, construction-related insurance, and MRIs. The costs and expenses of P29 million was almost at the same level as the budget. After deducting provisions for income tax, it resulted in a 48% return of equity and an earnings per share of P11.11.

As for the Statements of Financial Position, the total assets increased by 22% because of the 83% increase in cash and cash equivalents that resulted from the collection of notes receivables from employees and the collection of premiums from clients that have yet to be remitted. For liabilities, the 44% increase was caused by unremitted premiums. It was highlighted that the Company had no existing liabilities from its affiliates or any financing institution.

Despite the recognition of a net income worth P26 million, total equity decreased because of the declaration of dividends to PHINMA Inc. which amounted to P30 million. The following ratios were presented:

	2022	2021
Current Ratio	1.50 : 1	1.73 : 1
Debt to Equity Ratio	1.96 : 1	1.30 : 1
Book Value per Share	22.33	23.59

For Statements of Cashflow, the cash balance at the beginning of the year and the cash generated from operations amounted to P119 million. This was used to pay for the upgrade of the Company’s operating system which was valued at P1 million and for financial activities in the

amount of P30 million that was used to pay dividends to PHINMA, Inc. The remaining cash balance at the end of the year was P88 million.

There being no questions on the report, upon motion duly made and seconded, the following resolution was approved and adopted:

“RESOLVED, that the Annual Report, together with the Audited Financial Statements of the Corporation for the year ended 31 December 2022, be as they are hereby approved.”

V. ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors for the ensuing year. The Corporate Secretary reported that the following were the eight (8) nominees for the eight (8) seats on the Corporation’s Board of Directors:

1. Mr. Roberto M. Laviña
2. Ms. Maria Karen H. Pacis
3. Mr. Eduardo A. Sahagun
4. Mr. Michael C. Hilado
5. Mr. Jose Mari R. del Rosario
6. Ms. Daisy C. Montinola
7. Mr. Ernest K. Cuyegkeng (*Independent Director*)
8. Mr. Gaudencio S. Hernandez, Jr. (*Independent Director*)

Considering that there were only eight (8) nominees to fill eight (8) seats in the Board, the Corporate Secretary was directed to cast all votes in favor of all eight (8) nominees. The Chairman thus declared all of the eight (8) nominees as duly elected members of the Company’s Board of Directors.

VI. APPOINTMENT OF EXTERNAL AUDITOR

The Board of Directors recommended the appointment of Sycip Gorres Velayo & Co. as the external auditor of the Company for 2023. Upon motion duly made and seconded, the following resolution was approved and adopted:

“RESOLVED, that the accounting firm of SYCIP, GORRES VELAYO AND CO., be appointed as the external auditor of the Corporation for the year 2023 and until its successor is duly appointed.”

VII. RATIFICATION OF ACTS OF THE BOARD AND MANAGEMENT

Upon instruction by the Chairman, the Corporate Secretary read the following resolution for the approval of the stockholders:

“RESOLVED, that all acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors, the Committees of the Board, and/or officers and management of the Corporation during the past year and up to today’s meeting, as set forth in the Minutes of the Meetings of the Board of Directors, Committees, and/or all acts and proceedings performed or taken pursuant thereto, be as they are hereby approved, ratified and confirmed.”

Upon motion duly made and seconded, stockholders owning **100%** of the shares present or represented at the meeting voted in favor of the said proposed resolution.

VIII. ADJOURNMENT

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


TROY A. LUNA
Corporate Secretary

ATTEST:

ROBERTO M. LAVIÑA
Chairman