

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

*Held on 5 April 2024 at 9:15 a.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 **99.99%** 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 13 April 2023. 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 13 April 2023 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

Ms. Maria Karen H. Pacis, the President, began the annual report of management with an overview of the 2023 performance of the Philippine insurance industry. The premium generated by the life insurance sector was at the same level as the previous year. The reduction

in variable life insurance offset the increase in traditional insurance policies. The premium generated by the non-life insurance sector grew by 13% due to sustained economic activities. Of the premiums from non-life insurance, 37% came from property and engineering insurance lines because of the recovery of the construction industry and the investments in infrastructure. This growth was projected to continue for the next 5 years. Motor vehicle insurance was the second highest contributor of premiums in the non-life insurance sector, reflecting the 44% annual increase of sales of motor vehicles and the Philippine Government's promotion of electric motor vehicles. As of 30 September 2023, premium generated by the HMO sector grew by 18%, but the benefits paid also grew by 28%. As a result, 11 out of the 28 HMO providers in the Philippines suffered net losses.

Challenges of the insurance market were then identified. Climate change posed a significant threat because of the frequency and magnitude of natural catastrophes, affecting the ability of insurers to measure and predict risks. As a result, insurers will become more restrictive in offering this kind of insurance in the future. High inflation lessened disposable income available to avail of insurance and increased the operating and claim costs of insurers. Digital transformation changed the business models of insurers, and they faced the challenge of integrating infrastructures and workflow platforms. While retail consumers could conveniently purchase insurance through their mobile phones, the process of filing insurance claims remained a challenge. Artificial intelligence also transformed insurance underwriting by processing data, determining trends, and recommending new products at acceptable price points. Due to constantly changing customer needs, there was a growing preference for customized insurance products. Insurers responded by developing and offering innovative solutions such as parametric insurance, a type of insurance indemnity that pays out a pre-agreed amount depending on a pre-defined event based on pre-defined parameters that complemented traditional insurance products.

Ms. Sel M. Libunao, the Senior Insurance Account Manager and Compliance Officer, then presented the Operation Results for the period ended 31 December 2023. Total premium generated reached P268 million, which was 24% higher than budget but slightly lower than last year's figures. The higher-than-budget premium was driven by the significant increases in premiums from medical, mortgage redemption, and construction-related insurance lines.

Premium from non-renewed accounts remained at the same level as last year. Premium from new businesses was slightly lower than last year because of fewer construction-related insurance policies issued. Premium from renewed accounts also slightly decreased because of the lower renewal premium from the property insurance line caused by the downward adjustment of insurance values that was offset by the higher renewal premium from the medical insurance line.

Of the total premium generated, 70% came from renewed accounts while 30% came from new businesses. On a per segment basis, the largest contributor was group-related accounts.

Claims facilitated by the Company amounted to P269 million, and 80% of which was related to the mortgage redemption, medical, and property insurance lines. For medical insurance claims, the most frequent was for cardiovascular, respiratory, and endocrine-related diseases. Claims for accident insurance primarily came from construction-related injuries, while claims for motor vehicle insurance mostly arose from their own damage.

As regards value added services, risk inspection surveys were conducted on 13 properties, 8 products briefings were held, and there were 2 product enhancements. Risk inspection surveys, which would typically cost P50,000 per property, was conducted free of charge. The coverage for group life and personal accident insurance for PHINMA employees were upgraded without additional costs, and the premium equivalent of such enhancement would have been P1.2 million.

Audited Financial Statements

Ms. Aileen S. Nartates, Senior Accounting Manager, then delivered the Financial Report of 31 December 2023.

Revenue of P58 million exceeded the budget by P29% but fell 8% short of last year's figure. The higher-than-budgeted revenue was driven by the increase in medical insurance caused by the upgrade in benefits and the inclusion of additional dependents, as well as construction-related insurance for extended construction periods. Last year's higher revenue was caused by the recording of a one-time transaction and this year's lower contingent profit commission.

Expenses remained at the same level as last year at P27 million. After accounting for income tax provisions, net income amounted to P23 million. This translated to a 47% return on equity and earnings per share of P10.01.

In the Statements of Financial Position, total assets decreased by 15% because of the reduction in cash and cash equivalents on account of premium remittances to insurers and the payment of cash dividends. Total liabilities stood at P82 million with the majority being premium payables to insurers. Total equity decreased to P47 million due to the declaration of cash dividends. The following ratios were presented:

	2023	2022
Current Ratio	1.64 : 1	1.50 : 1
Debt to Equity Ratio	1.75 : 1	1.96 : 1
Book Value per Share	20.46	22.33

For Statements of Cashflow, the lower cash balance at the end of the year of P70 million was caused by the lower cash generated from operations caused by the timing of premium remittances, the investment in IT infrastructure, and the cash dividend declaration.

There being no questions on the financial statements of the Company, upon motion duly made and seconded, the following resolution was approved and adopted:

“RESOLVED, that the Audited Financial Statements of the Corporation for the year ended 31 December 2023, be as they are hereby approved.”

V. RATIFICATION OF ACTS OF THE BOARD AND MANAGEMENT

Upon motion duly made and seconded, the following resolution was approved and adopted by 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.”

VI. ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors for the ensuing year. The Corporate Secretary said that there were 8 nominees for the 8 seats on the Corporation’s Board of Directors. The nominees were as follows:

1. Mr. Roberto M. Laviña
2. Ms. Maria Karen H. Pacis
3. Mr. Jose Mari R. del Rosario
4. Mr. Eduardo A. Sahagun
5. Ms. Daisy C. Montinola
6. Mr. Michael C. Hilado
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.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman first thanked SyCip, Gorres, Velayo & Co. for its long years of service to the Company since its incorporation and expressed his appreciation for all the help they had

provided. As part of corporate governance initiatives, a proposal was made to appoint PwC Philippines Isla Lipana & Co. as the Company's new external auditor.

Mr. Ernest K. Cuyegkeng, Chairman of the Audit Committee, confirmed that the appointment of the new external auditor was reviewed by the Committee and subsequently approved by the Board.

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

***"RESOLVED**, that the accounting firm PWC Philippines Isla Lipana & Co. be appointed as the external auditor of the Corporation for the year 2024 and until its successor is duly appointed."*

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