

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

OF

MALAYAN INSURANCE COMPANY, INC.

DATE : August 07, 2015
TIME : 12:10 p.m.
PLACE : Executive Dining Room
47th Floor, RCBC Plaza,
6819 Ayala Avenue,
Makati City, Metro Manila

STOCKHOLDERS PRESENT

STOCKHOLDINGS

Alfonso T. Yuchengco	2
Helen Y. Dee	1
Yvonne S. Yuchengco	1
Arthur Lee	1
Michele Marie Y. Dee	1
Jose Paolo Y. Abaya	1
Teodoro D. Regala	1
Renato C. Valencia	1
Cesar E.A. Virata	1
Armando M. Medina	1
Hideyuki Ishii	1

	12

STOCKHOLDERS REPRESENTED BY PROXIES

Mico Equities, Inc.	6,762,330
Tokio Marine Asia Pte. Ltd.	1,690,583

	8,452,913

TOTAL SHARES PRESENT AND REPRESENTED BY PROXIES	8,452,925 =====

I. CALL TO ORDER

The Chairperson, Ms. Helen Y. Dee, called and presided over the meeting. Atty. Samuel V. Torres, Corporate Secretary, recorded the minutes of the meeting.

II. DETERMINATION OF QUORUM

The Chairperson, Ms. Helen Y. Dee, requested the Corporate Secretary to show proof of notices of meeting. Atty. Samuel V. Torres, Corporate Secretary, exhibited the proof of notices, as well as the acknowledgment receipts to the stockholders.

There being no objection to the proof of notices, the same was accepted by the Chairperson. A roll call was made to determine the presence of a quorum.

The Corporate Secretary reported that the owners of twelve (12) shares were personally present and owners of 8,452,913 shares were represented by proxies. Therefore, the owners of a total of 8,452,925 shares were either present or represented by proxies, thus making a 100% attendance. A quorum was found present for purposes of the meeting.

Whereupon, the Chairperson called the meeting to order and proceeded with the agenda.

III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD THE PREVIOUS YEAR

The Minutes of the Stockholders' Meeting last August 01, 2014 was submitted to the stockholders for approval, and on motion made and duly seconded, said Minutes was unanimously approved to be correct.

IV. ANNUAL REPORT

Management, through Ms. Alegria Castro, Comptroller, presented to the stockholders the Overall Results of Operations of Malayan Insurance Company, Inc. for the year ended 2014 with comparative figures against the year ended 2013, as follows:

GROSS PREMIUMS WRITTEN (GPW)

Gross Premiums generated for the year 2014 amounted to , lower by from in 2013.

Direct business improved by , but this was offset by the drop in Reinsurance Premiums by .

The contraction in reinsurance business is caused by the deferment to 2015 bidding of the facultative accounts with GSIS and cancellation of unprofitable foreign treaties.

NET PREMIUMS RETAINED

Net Retained Premiums improved by from to as a result of the growth in Retail Business and decrease in Excess of Loss Reinstatement Premiums.

Thus, Retention Ratio improved by from to .

NET PREMIUMS EARNED

Likewise, Premiums Earned showed improvement by from to due to increase in direct premiums which grew by .

CLAIMS AND LOSSES INCURRED

Claims and Losses incurred decreased by from to . Loss Ratio improved from to .

There were three typhoons in 2014 namely Typhoon Agaton, Glenda, and Mario. But the impact of these typhoons was not as big as that of Typhoon Yolanda and the Bohol earthquake losses in 2013.

NET UNDERWRITING INCOME

Net Underwriting Income improved by from P to as a result of the growth in Net Retained Business and improved Premiums Earned, as well as the favorable decrease in Claims and Losses.

NET FINANCIAL & OTHER INCOME

Net Financial and Other Income decreased by 9% from to .

The decrease was due to the drop in Dividend Income, lower Foreign Currency Exchange Gain and Interest Income.

GENERAL EXPENSES

General Expenses increased by from to in 2014.

Mr. Valencia requested Ms. Castro to explain the causes of the increase in General Expenses. Ms. Castro explained that the increase in General Expense came from salary-related expenses, increase in facilities and maintenance expenses due to temporary transfer of some offices, increase in business development expenses and increase in computer –related expenses.

Expense Ratio based on Premiums Earned increased from to .

NET INCOME

Net income for 2014 was , higher than 2013's as a result of the improved Underwriting Income.

Underwriting ratios:

	2014	2013
LOSS		
NET ACQUISITION COST	CONFIDENTIAL	
EXPENSE (Based on Premiums Earned)		
COMBINED RATIO		

Thereafter, the stockholders were further given the opportunity to propound questions and solicit answers from the Board Members and Management.

After discussion, and on motion made and duly seconded, the stockholders noted the Report.

V. APPROVAL OF THE 2014 AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Company as prepared by its external auditor, SYCIP, GORRES, VELAYO & COMPANY, for the year ended December 31, 2014, were presented to the stockholders for examination and approval.

After some discussion and upon motion by Mr. Renato C. Valencia, the Chairman of the Audit Committee, which was duly seconded, the stockholders unanimously approved the 2014 Audited Financial Statements of the Company.

VI. ELECTION OF DIRECTORS

Before the start of the Election of Directors, the Corporate Secretary, in behalf of the Board, informed the stockholders of the following matters:

- a. Cumulative voting is allowed;
- b. Voting may be done in person or by proxy based on the number of shares standing in the name of stockholder in the books of the Corporation;
- c. Voting shall be done by raising of hands and the Corporate Secretary shall count the votes cast;
- d. The need to elect a non-executive director who holds no other position than as director to ensure impartial and fair judgment in the Board's decision-making process; and
- e. Only the eleven (11) nominees garnering the greatest number of votes shall be declared as elected.

Thereafter, the Chairperson declared open the nomination for Members of the Board of Directors for the year 2015-2016. The Chairperson of the Remuneration and Nomination Committee nominated all incumbent members of the Board, noting the integrity, qualification, experience and performance of each nominee. Messrs. Renato C. Valencia and Armando M. Medina were nominated as independent directors. No other names were submitted for nomination.

The stockholders including the non-controlling shareholders were given opportunity to nominate candidates for the Board. No other names were submitted for nomination.

On motion made and duly seconded, the nomination was closed and voting commenced.

Thereafter, a motion made and duly seconded, the following stockholders were unanimously elected Directors of the Company for the year 2015- 2016:

Alfonso T. Yuchengco
Helen Y. Dee
Yvonne S. Yuchengco
Arthur Lee
Teodoro D. Regala
Michele Marie Y. Dee
Renato C. Valencia*
Cesar E.A. Virata
Armando M. Medina*
Jose Paolo Y. Abaya
Hideyuki Ishii

(*independent director)

The Corporate Secretary informed the stockholders that all the duly elected directors are non-executive directors of the Company except for Ms. Yvonne S. Yuchengco, and Mr. Jose Paolo Y. Abaya who are executive directors, President and Chief Operating Officer (COO), of the Company, respectively.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee had previously reviewed and evaluated the experience and qualifications of the external auditor and these were presented to the stockholders for deliberation.

As recommended by the Audit Committee through its Chairman, Mr. Renato Valencia, and upon motion which was duly seconded, the stockholders reappointed the auditing firm of SYCIP, GORRES, VELAYO & COMPANY as the External Auditor of the Company for the year 2015-2016.

VIII. APPROVAL OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PRECEDING YEAR

The Corporate Secretary presented to the stockholders all the acts, proceedings and resolutions adopted by the Board of Directors, Officers, and Management up to the date of the meeting.

The stockholders were given the opportunity to propound questions and solicit answers from the Board Members, Officers, and Management.

After discussion, and upon motion made and duly seconded, all the acts, proceedings and resolutions adopted by the Board of Directors, Officers, and Management were unanimously approved by the stockholders.

There were no corporate acts which were disapproved by the stockholders.

IX. INDUSTRY REPORT

Mr. Frederick T. Pineda presented the Insurance Industry Report for the year 2014. He reported the following:

A. COMPARATIVE RESULTS OF THE TOP 10 NON-LIFE INSURANCE COMPANIES FOR 2014 WITH COMPARISON TO 2013

1. On Gross Premiums Written:

The top three (3) companies were:

a. Malayan Insurance (MICO) - with Gross Premiums Written of in 2014, a decrease of from in 2013.

b. PGA Guarantee (PGA) - with in 2014, an increase of from in 2013.

c. BPIMS - with in 2014, growing by from in 2013.

There was no change in the ranking of the Top 6 companies. However, Standard rose from in 2013 to in

2014, overtaking UCPBGen & AIG. A new entry to the Top 10 is PNBGen, dislodging Mapfre (which had GPW).

The average growth of the Top 10 was while the Industry growth was at .

2. On Net Premiums Retained:

The top three (3) companies were:

a. PGA - with in 2014, an increase of from in 2013.

b. MICO - with in 2014, an increase of from in 2013.

MICO's improvement was due to the increase in Retail Business (particularly Motor (growth) and decrease in XL reinstatement premiums.

c. BPIMS - with in 2014, an increase of from in 2013 (due to significant increase in Motor (grew by from to) & PA (by). Thus, their Retail Portfolio increased from to .

In terms of percentage growth, the highest growth came from:

a. PNBGen - at

b. MICO - at

c. Fed Phoe - at

The average growth of the Top 10 was while the growth of the Industry was at . MICO's growth rate of in terms of Net Premiums Written is higher than the top 10 average of the industry average.

3. On Retention Ratio:

The top three (3) companies were:

a. UCPBGen - with Retention Ratio of in 2014 vs. in 2013.

b. PGA - with in 2014 vs. in 2013.

c. FedPhoe - with in 2014 vs. in 2013.

MICO has an overall Retention Ratio of in 2014 vs. in 2013 mainly due to very low retention in Fire at . However, Overall Retention Ratio before XL is at in 2014 vs. in 2013.

The Average Retention Ratio of the Top 10 is flat at . On the other hand, the Industry improved from in 2013 to in 2014.

4. On Net Premiums Earned:

The rankings in Net Premiums Earned generally follow the rankings in Net Premiums Retained.

The top three (3) companies were:

a. PGA - at in 2014, growing by from in 2013.

b. MICO - at in 2014, growing by from in 2013.

c. BPIMS - at in 2014, growing by from in 2013.

The average growth of the Top 10 was while the Industry Growth was at . MICO outpaced Top 10 Average and Industry Average at .

5. On Net Underwriting Income:

The top three (3) companies were:

a. PGA - with Net U/W Income of in 2014, growing by from P1B in 2013.

b. BPIMS - with in 2014, growing by from in 2013.

c. Standard - with in 2014, declining by from in 2013.

As for the percentage of the Gross Premiums Written, Standard registered the highest with Net Underwriting Income ratio against Gross Premiums Written of , followed by AIG of , BPI of .

MICO's Underwriting Income as a percentage of Gross Premiums Written is only .

6. On Net Income:

The top three (3) companies were:

a. BPIMS - with Net Income of in 2014, but decreasing by from in 2013. FOI financial & other income decreased by .

b. MICO - with Net Income of , increasing by from in 2013. MICO's increase came from U/W profits which grew by .

c. PGA - with Net Income of in 2014, but decreasing by from in 2013.

BPI registered the highest Net Income Ratio of ; followed by MICO of compared to last year and Standard at also.

7. On Loss Ratio:

The companies with the lowest Loss Ratios were:

a. Standard - with Loss Ratio of in 2014 vs. in 2013 (primarily due to improvement in Fire from to).

b. PNBGen - with Loss Ratio of in 2014 vs. in 2013.

Losses in 2013 amounting to are a result of claims for property damage due to typhoon Yolanda.

c. AIG - with in 2014 vs in 2013.

8. Expense Ratio based on Net Premiums Earned:

The top three (3) companies with the lowest Expense Ratios were:

- a. BPIMS - with Expense Ratio of in 2014 but deteriorating vs. in 2013.
- b. PGA - with in 2014 but deteriorating vs. in 2013.
- c. Charter - with in 2014 but deteriorating vs. in 2013.

9. Combined Ratio:

The lowest three (3) companies were:

- a. BPIMS - with % in 2014 vs. % in 2013
BPIMS
- b. Standard - with % in 2014, same as in 2013
- c. PGA - with % in 2014 vs. % in 2013

10. On Total Assets:

The top three (3) companies were:

- a. MICO - with Assets of in 2014, growing by % from in 2013.
- b. Pioneer - with in 2014, growing by % from in 2013.
- c. BPIMS - with in 2014, but decreasing by % from in 2013.

The average growth of the Top 10 was negative % dragged by declines of UCPBGen, PGA and Charter. The industry grew by an estimated %.

11. On Stockholders' Equity:

The top three (3) companies were:

- a. Pioneer - at P9.6B in 2014, increasing by % from in 2013, coming from % increase in revaluation & other reserves.
- b. MICO - at in 2014, increasing by % from in 2013, coming from % increase in revaluation & other reserves and % increase in retained earnings.
- c. BPIMS - with in 2014, contracting by % from in 2013. The net worth of the Top 10 companies have met the 2016 as well as 2019 requirements of the New Insurance Code.

The stockholders were given the opportunity to propound questions and solicit answers from the Board Members and Management.

After some discussions, and on motion duly made and seconded, the stockholders noted the Industry Report.

X. ADJOURNMENT

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

ATTY. SAMUEL V. TORRES (*sgd*)
Corporate Secretary

ANNEX:

DIRECTORS PRESENT

Helen Y. Dee	Chairperson, Board of Directors
Alfonso T. Yuchengco	Board Member
Yvonne S. Yuchengco	President/Executive Director
Arthur Lee	Board Member
Teodoro D. Regala	Board Member
Renato C. Valencia	Independent Board Member, Chairman of Audit Committee
Cesar E.A. Virata	Board Member
Armando M. Medina	Independent Board Member

TABULATION:

III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD THE PREVIOUS YEAR

Voting Results

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
8,452,925	8,452,925	8,452,925	0	0

V. APPROVAL OF THE 2014 AUDITED FINANCIAL STATEMENTS

Voting Results

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
8,452,925	8,452,925	8,452,925	0	0

VI. ELECTION OF DIRECTORS

Voting Results

Name	Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
Alfonso T. Yuchengco	8,452,925	8,452,925	8,452,925	0	0
Helen Y. Dee	8,452,925	8,452,925	8,452,925	0	0
Yvonne S. Yuchengco	8,452,925	8,452,925	8,452,925	0	0
Arthur Lee	8,452,925	8,452,925	8,452,925	0	0
Michele Marie Y. Dee	8,452,925	8,452,925	8,452,925	0	0
Jose Paolo Y. Abaya	8,452,925	8,452,925	8,452,925	0	0
Teodoro D. Regala	8,452,925	8,452,925	8,452,925	0	0
Renato C. Valencia	8,452,925	8,452,925	8,452,925	0	0
Cesar E.A. Virata	8,452,925	8,452,925	8,452,925	0	0
Armando M. Medina	8,452,925	8,452,925	8,452,925	0	0
Hideyuki Ishii	8,452,925	8,452,925	8,452,925	0	0
Total Votes:					8,452,925

* The votes were counted by the Corporate Secretary and were verified by the external auditor.

RESOLUTIONS:

VII. APPOINTMENT OF EXTERNAL AUDITOR

“RESOLVED, that the stockholders of Malayan Insurance Company, Inc. (the “Company”) approve, ratify, and confirm the appointment of the auditing firm of SYCIP, GORRES, VELAYO & COMPANY as the external auditor of the Company for the year 2015-2016.”

VIII. APPROVAL OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PRECEDING YEAR

“RESOLVED, that the stockholders of Malayan Insurance Company, Inc. (the “Company”) approve, ratify and confirm all the acts and proceedings of the Board of Directors and Management during the preceding year up to the date of this meeting as these are recorded in the books and records of the Company.”

READ AND APPROVED BY:

AMB. ALFONSO T. YUCHENGCO (*sgd*)
Director

HELEN Y. DEE (*sgd*)
Chairperson

YVONNE S. YUCHENGCO (*sgd*)
President

MICHELE MARIE Y. DEE (*sgd*)
Director

RENATO C. VALENCIA (*sgd*)
Director

JOSE PAOLO Y. ABAYA(*sgd*)
Director

CESAR E. A. VIRATA (*sgd*)
Director

TEODORO D. REGALA (*sgd*)
Director

ARTHUR LEE (*sgd*)
Director

ARMANDO M. MEDINA (*sgd*)
Director

HIDEYUKI ISHII (*sgd*)
Director