

**NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES  
Makati City**

Minutes No. 01

07 August 2020

**MINUTES**

**Minutes of the Annual Meeting of Stockholders of  
National Reinsurance Corporation of the Philippines  
Held on 07 August 2020, at 3:00 P.M.  
via Zoom Webinar**

**Present:**

Total Number of Shares Participating Remotely / in Absentia and/or Represented by Proxies:	1,556,279, 900 shares	73.28%
Absent Shares:	567,325,700 shares	
Total Number of Outstanding Shares:	2,123,605,600 shares	

**Directors Present:**

**WILFREDO C. MALDIA  
YVONNE S. YUCHENGCO  
ALLAN R. SANTOS  
RAFAEL G. AYUSTE, JR.  
JOCELYN DG CABREZA  
REGINALDO ANTHONY B. CARIASO  
MARIA CONSUELO A. LUKBAN  
NORA M. MALUBAY  
REX MA. A. MENDOZA  
ERMILANDO D. NAPA  
MEDEL T. NERA  
ANTONIO M. RUBIN  
JOLI CO WU**

**Also Present:**

**NOEL A. LAMAN  
MA. PILAR M. PILARES-GUTIERREZ**

Before the start of the Meeting, Ms. Marian Albano, the Moderator, read the House Rules as follows:

- Stockholders can send their questions to [asm@nat-re.com](mailto:asm@nat-re.com) or through the Zoom webinar's Q&A feature. Questions shall be directed to "all participants" instead of directing it only to specific individuals.
- Due to time constraints, Nat Re will only read out and answer some questions during the Q&A portion of the meeting. Other questions will be answered through e-mail.

- The proposed resolutions and voting results as validated and duly certified by Nat Re's independent canvasser, will be shown for each agenda item.
- Should an attendee get disconnected from the webinar meeting, they may rejoin using the same meeting link.
- Lastly, proceedings of the ASM will be recorded and a copy of the recording will be sent to attendees upon request.

## **1. CALL TO ORDER**

Mr. Wilfredo Mardia, the Chairman of the Board of Directors, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Noel A. Laman, was Secretary of the meeting and he recorded the proceedings.

## **2. PROOF OF NOTICE AND CERTIFICATION OF QUORUM**

The Chairman requested the Corporate Secretary to confirm if the notice of the meeting was sent to the stockholders of record of the Corporation. The Corporate Secretary responded in the affirmative. He certified that copies of the Notice of the Annual Stockholders' Meeting were distributed in digital format via the company's website and PSE Edge, and also published with QR code of the Company's Information Statement in two newspapers, The Philippine Star and Business World in both print and digital format on July 7 and July 8 respectively, in accordance with the requirements of the Securities and Exchange Commission.

The Chairman then inquired if a quorum was present for the transaction of corporate business. The Corporate Secretary declared that out of a total of 2,123,605,600 shares outstanding and entitled to vote, stockholders owning at least 1,556,279,900 shares were present in person or by proxies, which represent at least 73.28% of the total outstanding capital stock entitled to vote of the Corporation. Thus, the Secretary certified that a quorum existed for the transaction of corporate business.

## **3. APPROVAL OF MINUTES OF THE MEETING OF THE STOCKHOLDERS HELD ON JUNE 27, 2019**

Upon inquiry of the Chairman, the Corporate Secretary certified that a copy of the Minutes of the Annual Stockholders' Meeting held on June 27, 2019 has been posted on the company's website since July 3, 2020. In addition, a summary of the matters taken up during the previous annual meeting was provided in the Definitive Information Statement that was likewise posted on the company's website and on PSE Edge. The Chairman then opened the floor for any motion for the approval of the Minutes of the Annual Stockholders' Meeting held on June 27, 2019. A stockholder moved that since a copy of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2019 has been made available through the company's website to all stockholders, the said minutes should be deemed read and approved by the stockholders owning at least a majority of the outstanding capital stock.

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the minutes of the previous annual stockholders' meeting represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....1,556,277,698  
AGAINST..... 0

ABSTAIN..... 0

There being no objection, and the motion having been duly seconded, the following resolution was approved:

**Stockholders' Resolution ASM-2020-01**

***“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, as they hereby approve the Minutes of the Annual Stockholders’ Meeting held on June 27, 2019.”***

**4. REPORT OF THE PRESIDENT**

The President, Mr. Allan R. Santos, presented the President’s Report.

The full text of the President’s Report is appended hereto as Annex “A” and made a part of these minutes.

Upon conclusion of the report of the President, the Chairman opened the floor for any question regarding said report.

The questions raised by the stockholders and the answers provided by the company’s management are summarized in Annex “B” hereof.

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the Management Report represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....1,556,277,698  
AGAINST..... 0  
ABSTAIN..... 0

After the questions were addressed, upon motion made and duly seconded, the following resolution was approved:

**Stockholders' Resolution ASM-2020-02**

***“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, as they hereby approve the Management Report as presented by the President on August 7, 2020.”***

**5. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS/OFFICERS**

The meeting proceeded with the ratification of the acts of the Board of Directors and Officers of the Corporation performed or undertaken in the year 2019 and until the date of the annual stockholders’ meeting as they were recorded in the books and records of the Corporation. There being no objections and upon motion made and duly seconded, the following resolution was formally introduced, seconded and approved by the vote of at least two-thirds of the outstanding capital stock:

**Stockholders' Resolution ASM-2020-03**

***“RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, ratify and confirm, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and Officers made or undertaken in the year 2019 and until the date of this meeting as these are recorded in the books and records of the Corporation.”***

The Corporate Secretary certified that the stockholders who voted in favor of the ratification of the acts of the Board of Directors and Officers represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....	1,556,277,698
AGAINST.....	0
ABSTAIN.....	0

**6. APPOINTMENT OF THE EXTERNAL AUDITORS**

The Chairman informed the stockholders that upon proper recommendation of the Audit Committee, the Board of Directors, at a regular meeting held on January 23, 2020, approved and recommended for stockholders' ratification the appointment of *R.G. Manabat & Company (KPMG Philippines) (“R.G. Manabat &Co.”)* as the external auditors of the Corporation for the year 2020. The appointment of *R.G. Manabat &Co.* as the independent auditors of the Corporation was then formally presented to the stockholders for approval. It was disclosed that Mr. Randy Tireso F. Lapidez of *R.G. Manabat &Co. (KPMG Philippines)* shall be the partner-in-charge of the Corporation's account for the current fiscal year. Upon motion made and duly seconded, *KPMG Philippines* was appointed as external auditors of the Corporation for the year 2020, and the following resolution was formally introduced, seconded and adopted:

**Stockholders' Resolution ASM-2020-04**

***“RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, ratify, and confirm, as they do hereby, the appointment of R.G. Manabat &Co. as the external auditors of the Corporation for the year 2020.”***

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the appointment of *R.G. Manabat & Co.* as external auditors represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....	1,556,274,898
AGAINST.....	2,800
ABSTAIN.....	0

**7. AMENDMENT OF ARTICLE IV OF THE ARTICLES OF INCORPORATION**

The meeting proceeded to the amendment of Article IV of the Articles of Incorporation to reflect the Corporation's perpetual term of existence in accordance with the Revised Corporation Code. There being no objection, upon motion made and

duly seconded, Article IV of the Articles of Incorporation was amended, and the following resolution was formally introduced, seconded and adopted:

**Stockholders’ Resolution ASM-2020-05**

**“RESOLVED**, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “Corporation”) approve, ratify, and confirm, as they do hereby, the amendment of Article IV of the Articles of Incorporation of the company’s term of existence to read as follows:

“The Corporation shall have perpetual existence.”

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the amendment of the articles of incorporation represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....	1,556,277,698
AGAINST.....	0
ABSTAIN.....	0

**8. DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS**

The meeting proceeded to the approval of the request of the Board of Directors that the stockholders renew their delegation of Authority to the Board of Directors to Amend the Company’s By-Laws in order to comply with the Revised Corporation Code, Revised Code of Corporate Governance and other related issuances of the Securities and Exchange Commission and other regulatory agencies. There being no objection, upon motion made and duly seconded, the delegation of Authority to the Board of Directors to amend the company’s By-Laws was approved, and the following resolution was formally introduced, seconded and adopted:

**Stockholders’ Resolution ASM-2020-06**

**“RESOLVED**, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “Corporation”) approve, ratify, and confirm, as they do hereby, the delegation of Authority to the Board of Directors to amend the Corporation’s By-Laws in order to comply with the Revised Corporation Code, Revised Code of Corporate Governance, and other related issuances of the Securities and Exchange Commission and other regulatory agencies.”

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the delegation of authority to the Board of Directors represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....	1,556,277,698
AGAINST.....	0
ABSTAIN.....	0

**9. INCREASE OF PER DIEM OF REGULAR AND INDEPENDENT DIRECTORS**

The meeting proceeded to the increase in the per diem for attending Board Meetings for Regular Directors from seventeen thousand pesos (Php 17,000.00) to twenty-five thousand pesos (Php 25,000.00) and for Independent Directors from twenty thousand pesos (Php 20,000.00) to twenty-five thousand pesos (Php 25,000.00). Likewise, the per diem for Regular Directors attending the Committee Meetings is also proposed to be increased from five thousand pesos (Php 5,000.00) to six thousand pesos (Php 6,000.00).

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

**Stockholders' Resolution ASM-2020-07**

***“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) hereby approve the increase in directors’ per diems, as follows:***

- a. *For Board meetings – increase the per diem of regular and independent directors from Php17,000 (for regular directors) and Php20,000 (for independent directors) to Php25,000 for both regular and independent directors.*
- b. *For Committee meeting – the regular directors should receive the same amount as the independent directors of Php6,000*

***RESOLVED, FURTHER, to authorize the management and proper officers of the Corporation to do such acts and execute all documents which may be required in relation to the foregoing.”***

The Corporate Secretary certified that the stockholders who voted in favor of the approval of the increase in per diem represent 73.28% of the outstanding capital stock and tabulated as follows:

FOR.....	1,556,273,898
AGAINST.....	2,800
ABSTAIN.....	1,000

At this juncture, the Chairman advised that notwithstanding the shareholders’ approval of the resolution, in line with the Corporation’s efforts to reduce costs in view of the global pandemic and present situation, the Board will defer the implementation of the increase in per diem to the second quarter of 2021.

**10. ELECTION OF DIRECTORS**

The meeting proceeded to the election of members of the Board of Directors of the Corporation for the year 2020-2021. Upon directive of the Chairman, the Corporate Secretary informed the stockholders of the provisions of the Articles of Incorporation relating to the nomination and election of the members of the Board of Directors. He said that Article Sixth of the Amended Articles of Incorporation of *National Reinsurance Corporation of the Philippines* provides for thirteen (13) seats in the Board of Directors, at least three (3) of whom should be independent directors.

Thereafter, the Corporate Secretary informed the stockholders that the *Nomination and Compensation Committee* received ten (10) nominees for Regular

Directors and three (3) nominees for Independent Directors. Said Committee has prepared a Final List of Candidates for Independent Directors in accordance with *SRC Rule 38 (Nomination and election of Independent Directors)*. The Corporate Secretary also said that in accordance with Section 23 of the *Revised Corporation Code of the Philippines*, every stockholder is entitled to vote in person or by proxy the number of stock standing in his own name on the stock books of the Corporation as of the “*Record Date*” which “*Record Date*” had been fixed by the Board on June 23, 2020 and in the manner set forth in said Section 23 of the *Revised Corporation Code*.

At this point, the Chairman announced that the Board of Directors and *Nomination and Compensation Committee* received the names of thirteen (13) candidates to the Board of Directors of the Corporation for the year 2020-2021, to wit:

**For Regular Directors:**

**WILFREDO C. MALDIA  
ALLAN R. SANTOS  
YVONNE S. YUCHENGCO  
ANTONIO M. RUBIN  
MARIA CONSUELO A. LUKBAN  
REGINALDO ANTHONY B. CARIASO  
JOCELYN DG CABREZA  
NORA M. MALUBAY  
RAFAEL G. AYUSTE, JR.  
JOLI CO WU**

**For Independent directors:**

**ERMILANDO D. NAPA  
MEDEL T. NERA  
REX MARIA A. MENDOZA**

Considering that there were no other valid nominations, the Chairman then entertained a motion to the foregoing. Upon motion duly made and seconded, the following resolution was approved:

**Stockholders' Resolution ASM-2020-08**

**“RESOLVED**, that the Stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “*Corporation*”) elect, as they hereby elect the following, as directors of the Corporation for year 2020-2021, and until their successors are duly elected and qualified:

**Regular Directors**

**WILFREDO C. MALDIA  
ALLAN R. SANTOS  
YVONNE S. YUCHENGCO  
ANTONIO M. RUBIN  
MARIA CONSUELO A. LUKBAN  
REGINALDO ANTHONY B. CARIASO**

**JOCELYN DG CABREZA  
NORA M. MALUBAY  
RAFAEL G. AYUSTE, JR.  
JOLI CO WU**

**Independent directors:**

**ERMILANDO D. NAPA  
MEDEL T. NERA  
REX MARIA A. MENDOZA**

The Corporate Secretary certified that the tabulation of votes for the election of directors for the term 2020-2021 shows that the nominees received the number of votes indicated opposite their respective names as shown on the screen.

**REGULAR DIRECTORS:**

NUMBER OF VOTES.....1,556,274,898  
1. WILFREDO C. MALDIA  
2. JOCELYN DE GUZMAN CABREZA  
3. ANTONIO M. RUBIN  
4. MARIA CONSUELO A. LUKBAN  
5. REGINALDO ANTHONY B. CARIASO

NUMBER OF VOTES.....1,556,277,698  
1. ALLAN R. SANTOS  
2. YVONNE S. YUCHENGCO  
3. NORA M. MALUBAY  
4. RAFAEL G. AYUSTE, JR  
5. JOLI CO WU

**INDEPENDENT DIRECTORS:**

1. ERMILANDO D. NAPA..... 1,556,274,898  
2. MEDEL T. NERA.....1,556,273,898  
3. REX MARIA A. MENDOZA.....1,556,277,698

**11. OTHER MATTERS**

The Chairman inquired if there were other matters to be taken up. The Corporate Secretary stated that there were no other items listed on the Agenda.

**12. ADJOURNMENT**

There being no other matters to be taken up during the meeting, upon motion made and duly seconded, the stockholders' meeting was adjourned. The newly elected directors were informed to log in to the other zoom meeting link for the organizational meeting of the Board of Directors.

**ATTEST:**

**WILFREDO C. MALDIA**  
**Chairperson of the Meeting**

**NOEL A. LAMAN**  
**Secretary of the Meeting**

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**ANNEX A***President's Report*

Dear shareholders,

We are pleased to present to you the achievements of your Company, Nat Re, for the year 2019. To put some context behind its performance, allow us first to report on developments in the Philippine national economy and the insurance industry.

The Philippines' GDP grew at 5.9% in 2019, dipping below the 6-percent mark for the first time in eight years. While services and industry continued to drive growth, the delayed passage of the 2019 government budget and the election ban on infrastructure projects dampened the national economy's expansion.

Operating performance of global reinsurers for 2019 was generally strong in the first three quarters due to growing premiums, lower natural catastrophe losses, and a favorable investment environment; however, it was diluted in the fourth quarter when catastrophic events hit. Insured losses from major natural catastrophes amounted to around USD 53 billion with around USD 15 billion caused by Typhoons Hagibis and Faxai. As a result, the 2019 average reported combined ratio of global reinsurers inched up slightly from a year ago to 100.6%.

In the Philippines, insurance industry premiums grew by 5% year-on-year, with the Non-life sector growing by 15.7% and Life sector by 2.3%. These growth rates are on the back of an increase in the regulatory minimum net worth requirement for insurers from P550 million to P900 million which resulted in a few company mergers. A series of earthquakes from Batanes to Mindanao and several typhoons, such as Kammuri and Phanfone, also affected the industry. Aside from these natural disasters, a number of large fires caused billions of pesos in losses.

However, we are pleased to report that Nat Re delivered its sixth straight year of favorable operating results, posting a net profit of P157 million and total comprehensive income of P533 million.

Underwriting income was P136 million, marking our fifth straight year of positive underwriting results. We also generated investment income of P349 million, owing to our timely action when the Philippine stock market index rallied to 8,200 levels and when peso interest rates were still high. We are honored to have been recognized by the Asset, a widely recognized global business news and research organization, in their 2019 Asset Benchmark Research Awards. We were awarded as one of the Top Investment Houses in Asian Local Currency Bonds in the Philippines.

This was a record year for Nat Re in terms of gross written premiums (GWP) as we surpassed the P4-billion mark; net written premiums (NWP)

meanwhile exceeded P3-billion. Both metrics grew at double digits—18% for GWP and 27% for NWP—which means we outpaced the growth of the Philippine insurance industry in 2019.

Our combined ratio improved by more than three percentage points to 104.1%, driven by a substantial decrease in expense ratio from 13.7% in 2018 to now just 8.4%. Our capital position also remains very strong. As of end-2019, our risk-based capital ratio was at 268% well beyond the 100% minimum set by the regulator.

In our Non-life Business, the year 2019 marks the launch of our first sabotage & terrorism, financial lines, and surety reinsurance facilities, where we pool the risks and share a significant proportion with the local industry. We also garnered the support of the Insurance Commission and the Philippine Insurers and Reinsurers Association to develop and implement a domestic catastrophe insurance facility, which will promote the sustainable growth of catastrophe insurance and strengthen disaster resilience in the country. We also re-established our participation in the reinsurance of the Government Service Insurance System (GSIS), as it started recognizing the mandatory 10% cession to Nat Re in its bidding process. These efforts helped our domestic Non-life business grow by 13% as we reduced our foreign business by 3%. Non-life underwriting income however was negative P171 million due to losses from the Japan typhoons and the large domestic fires.

Our Life reinsurance business had a stellar year in 2019. Gross written premiums from this line shot up 53% to P1.7 billion, while underwriting income increased by 48% to P307 million. We expanded our client base by acquiring four new cedants and covering cooperatives in provinces outside of Metro Manila. We continued building capabilities of the technical professionals of our client Life companies. We provided a host of training tailor-fit to their needs such as individual medical underwriting, group insurance pricing, and claims evaluation. We also expanded the use of the Nat Re Online Risk Manual (NORM), Nat Re's very own Life underwriting online manual, to twenty-one ceding companies out of the twenty-eight total.

Our Annual Technical Forum this year was well-received by our Non-life and Life clients and the insurance regulator. Our discussions revolved around agriculture and catastrophe insurance, artificial intelligence and machine learning in Life insurance, and e-commerce.

Nat Re's support services once again helped prop up our business units' performance.

Our human resources initiatives resulted in an improved employee engagement score, which is up 17 percentage points from our 2017 score. We saw improvement in all categories measured which are leadership, purpose, relationships, attitude towards change, helpful mechanisms, rewards, structure, and job satisfaction.

Our investments and technology teams launched Trubanker, an investment management system that allows efficient recording and reporting of all investment trades and settlement activities including automatic creation of data for our accounting system.

Our Finance and Claims units continued process improvement so we can serve our clients more efficiently, especially when it comes to claims settlements. Currently, our average turnaround time for processing claims payments with complete documentation is 5-7 days.

We enhanced our corporate governance, operational controls and risk management. In 2019, we were ranked by the Institute of Corporate Directors as second among the top performers in corporate governance out of fifty-six Non-life insurance companies in the Philippines. We got our Business Continuity Management System off the ground by producing our first Business Continuity Manual, creating an Emergency Response Team, and passing the Business Continuity scenario tests. We established ownership of various risks within the Company and launched a risk control and assessment exercise with each risk owner.

Your Company stepped up its role further as the national reinsurer by participating in various insurance industry- and country-wide efforts to promote financial inclusion and disaster risk financing and insurance.

This year, Nat Re became a member of the Climate Risk Insurance National Task Force and Working Group created under the Regulatory Framework Promotion of Pro-poor Insurance Markets (RFPI) project of the German development aid agency GIZ. This project aims to engage the Philippine government to support the private insurance industry in developing sustainable climate risk insurance solutions for low-income groups and micro, small and medium enterprises. We are also a member of the technical working group of the public-private crop insurance pilot project of the Philippine Crop Insurance Corporation aimed at involving the private sector in crop insurance. We continued to manage the Oasis project and hosted two capacity-building workshops on climate input data and catastrophe modelling for over a hundred participants from the government, the academe, the insurance sector, and the non-profit sector.

Nat Re also participated in various regional (re)insurance initiatives.

Your CEO was elected as the chairman of the ASEAN Reinsurance Working Committee, created by the ASEAN Insurance Council. Nat Re also joined the Asia Guarantee and Credit Insurance Association, the first association for guarantee and credit insurance insurers in Asia, as one of its founding members. To further build the capabilities of our Non-life underwriters, help us develop new products and services, and open doors to new business opportunities, we signed a memorandum of understanding with Taiping Re, an Asia-based reinsurance company.

Nat Re has also made significant strides this year in proactively elevating its role in society and the environment.

Your Board of Directors established our Company's sustainability policy, which will be our guide in integrating a philosophy of sustainable development into our business. In line with this, we launched our maiden sustainability report which presents our assessment of the wider economic, environmental, and social impacts of our business as well as our corporate social responsibility efforts.

These achievements in 2019 push us to sustain our positive results in the coming years.

In the next year, we endeavor to deliver strong operating performance and further cultivate client intimacy. We will aim to sustain our profitable Life business and, on Non-life, maximize the GSIS opportunity and work with PIRA and the IC towards the launch of the catastrophe facility.

To allow us to better manage this expected growth in our business, we will further elevate technical and risk management capabilities and promote a fully engaged and high-performance culture. We will augment these risk management and human capital initiatives by continuing to invest in process improvement and technology.

Lastly, we will fulfill our sustainability commitment. In the next cycle we'll begin putting our annual financial and sustainability reports in one publication to holistically present the steps we are taking towards a stronger economy, a cleaner environment, and a healthier society.

We thank you, our stockholders, for your continued trust in your Board of Directors, your management, and your workforce. As always, we look forward to your valuable support in our ongoing and future initiatives.

**ANNEX B***Questions and Answers***How is the COVID-19 pandemic affecting Nat Re? How is the Company coping with it?**

From an operational perspective, the COVID-19 pandemic did not have a significant impact on our ability to transact business due to our business continuity preparations even before the government announced the implementation of the enhanced community quarantine in mid-March. We set in place measures to ensure our workforce can transact electronically and operate at near-full capacity under a Work from Home environment. However, some of our client companies are unable to operate under the ECQ. As of now, the Nat Re office is partially open with skeletal staff able to receive and deliver hard copies of documents. All our staff are still encouraged to work from home and are only allowed to go to the office when necessary.

From a financial perspective, the largest adverse impact of the pandemic is on our equity investments as the Philippines Stock Exchange index has dropped from about 7,800 at the end of last year to about 5,900 at the end of July 2020. Losses on our equity holdings were partially offset by gains in our fixed income securities as yields have declined by more than 150 basis points from the end of 2019. Our underwriting results thus far have not been significantly impacted as COVID-19 related losses are limited. We however expect a slowdown in the new business generation of our clients. At any rate, we continue to identify pockets of organic growth such as opportunities resulting from the withdrawal of certain foreign reinsurers as well as from the need for capital relief reinsurance solutions.

**I understand that Nat Re signed a Memorandum of Understanding with the Insurance Commission and the Philippine Insurers and Reinsurers Association (PIRA) to establish a Philippine Catastrophe Insurance Facility or Pool? Can you explain what this is all about and how it will benefit Nat Re?**

The Memorandum of Understanding between the Insurance Commission, PIRA and Nat Re is an expression of resolve to develop and launch a Philippine Catastrophe Insurance Facility or PCIF. The basic framework of the PCIF is for non-life insurers in the Philippines to cede their catastrophe risks to the facility or pool at prescribed premium rates that are sufficient and risk appropriate. The pooled catastrophe risks will then be shared with participating non-life insurers.

Through this arrangement, insurers will be able to more efficiently manage their catastrophe exposures and boost their capacity to take in more catastrophe risks. The PCIF also hopes to provide the public with more inclusive access to catastrophe insurance protection which ultimately will increase our country's financial resilience to catastrophes and allow the faster recovery of communities from a natural disaster.

For Nat Re, we expect to play a key role in the PCIF either as the facility administrator or as the reinsurer receiving all the catastrophe cessions and retroceding the pooled risks back to the industry. It will further cement our role as the country's national reinsurer and as a key contributor to the development of the insurance industry and the promotion of disaster resilience.

**Did the company declare dividends this year? If not, when can we expect dividends to be declared?**

We are not yet allowed to declare dividends from our 2019 earnings as we have to comply with the requirements of the Insurance Commission on dividend declaration. Under Section 201 of the Amended Insurance Code, our adjusted net worth should be more than our Total Paid Up Capital of P5.2B; however, our 2019 net worth adjusted for disallowed non- admitted assets amounts to P 5.0B. We will declare dividends only when we are already able to comply with the IC's requirements on dividend declaration.

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