

MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS OF  
**STRONGHOLD INSURANCE COMPANY, INC.**  
HELD ON FEBRUARY 21, 2022, 10:00 AM  
AT THE AUDIO-VISUAL ROOM – HEAD OFFICE

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**Directors Present:**

Emmanuel F. Dooc – Chairman  
Romulo I. Delos Reyes, Jr. – Member  
Florentino H. Garces – Member  
Corazon T. Aguirre – Member  
Sonia M. Roco – Independent

**Absent:**

Ma. Victoria L. Mercado – Vice-Chairman  
Edmund V. Saiyo – Independent

**1. CALL TO ORDER**

The Chairman called the meeting to order at 10:30 AM and requested the Corporate Secretary to report on the service of notice of, and existence of a quorum at the meeting.

**2. PROOF OF NOTICE OF MEETING**

The Corporate Secretary reported that the printed copies of the Notice and Agenda of the Special Meeting of the Board of Directors were duly delivered and circulated.

**3. DETERMINATION OF QUORUM**

The Corporate Secretary certified that a quorum was present.

There being a quorum, the Chairman declared the meeting duly convened and open for business.

**4. CHAIRMAN'S ADDRESS**

The next item on the Agenda was the Chairman's Address.

The Chairman's Address started with a brief introduction of his professional career both in Life and Non-Life. His career includes being an Executive of PhilAm Life and AIA at Hongkong for many years. He also used to be the Honorary Insurance Commissioner of the State of Louisiana, USA.

Mr. Chairman also informed the Members of the Board that he is also an Independent Director of Insular Life and an Independent Director of Insular Healthcare

Excerpts from his address are quoted below.

*"I may commit sins, professional sins, in the course of our work so please call my attention to them so that I can correct them. I hope that everything will be above board and in full compliance with the laws and rules issued by our regulators. I will always strive to fulfill my obligations as your Chairman without reservation or purpose of evasion. I wish to thank the Board for your trust in electing me as your Chairman. I'm*



*also equally grateful to the Mercado family and our President and General Manager for their confidence and support."*

*"I value and treasure my association with the Mercados and this Company, our Company. I have been a regulator of the industry for close to six (6) years and I have known the Company quite well and the people behind it and the Management that runs its operations. I am proud to say that in all the years that I've been heading the industry as the Insurance Commissioner, I have known Stronghold to be strong in compliance, a subject that I greatly value."*

*"Aside from tending its financial needs, Stronghold also helped if not save other distressed companies in the non-Life insurance industry and I think that is a credit to your sound management, that you are not only able to keep Stronghold strong, true to its name, but assist needy companies to survive the competitive industry."*

*"But insurance has of course its merits and our people realized that especially in this age of pandemic. And to think that Stronghold has thrived and prospered even under these most trying times is a credit to its Board and Management."*

*"Stronghold, as its name suggest, has a strong corporate culture. It has a stronghold of character which to me is the most important quality which an organization should possess. I hope that your new Board will be able to keep its efforts to maintain and to lead the non-life industry as it moves forward."*

## **5. PRESENTATION OF THE OFFICERS OF THE COMPANY**

Before the introduction of the officers of the Company, a manifestation was made by Mr. Romulo I. Delos Reyes, Jr. during the stockholder's meeting, that Mr. David C Mercado, who headed the Corporation as its Chairman of the Board of Directors since 1980, be given an honorary title of Chairman Emeritus of the Corporation in recognition of his long service, remarkable and invaluable commitment towards the growth of the Company.

Director Romulo I. Delos Reyes, Jr. moved for the approval of the honorary title of Chairman Emeritus be given to Mr. David C. Mercado.

The motion was duly seconded by Directors Florentino Garces and Corazon T. Aguirre. Thereafter, the Chairman declared the motion as unanimously approved and adopted by the Board.

Moving on to the Agenda, the Corporate Secretary introduced the Corporate Officers of the Company, namely, Emmanuel F. Dooc, Chairman; Ma. Victoria L. Mercado, Vice-Chairman; Romulo I. Delos Reyes, Jr., President and General Manager; Florentino H. Garces, Executive Vice-President and Corporate Secretary; Corazon T. Aguirre, Treasurer; Danilo B. Bariring, Senior Vice-President; Joel T. Almagro, First Vice-President and Chief Underwriter; and Vice-Presidents: Amon R. Ladeza, Alexander R. Dimapilis, Marvin B. Gutay, Conrado M. Cadava, Jr., Jose T. Vallejos, Jr., Pilarcita R. Pearson, Zenaida A. Tan, William C. De Leon, Angelito D. Dumapi and Michael V. Nava.

## **6. APPOINTMENT OF THE MEMBERS OF THE VARIOUS COMMITTEES**

The next item on the Agenda is the Appointment of the Members of the Various Committees.

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As requested by the Chairman, the Corporate Secretary announced the various committees of the Board, as follows, Remuneration Committee, Nomination Committee, Audit Committee, Related Party Transactions Committee and the Risk Oversight Committee.

The following Directors were nominated and have duly accepted their membership to the following Board Committees:

**A. Remuneration Committee**

Chairman : Romulo I. Delos Reyes, Jr.  
Members : Florentino H. Garces  
Corazon T. Aguirre

Upon motion duly made by Director Sonia M. Roco and seconded by Director Florentino H. Garces, the Chairman approved for the creation and composition of the Remuneration Committee, with the following as Committee Chairman, Romulo I. Delos Reyes, Jr. and Committee Members, Florentino H. Garces and Corazon T. Aguirre.

**B. Nomination Committee**

Chairman : Romulo I. Delos Reyes  
Members : Ma. Victoria L. Mercado  
Florentino H. Garces

Upon motion duly made Director Corazon T. Aguirre and seconded by Director Sonia M. Roco, the Chairman approved for the creation and composition of the Nomination Committee, with the following as Committee Chairman, Romulo I. Delos Reyes, Jr. and Committee Members, Ma. Victoria L. Mercado and Florentino H. Garces.

**C. Audit Committee**

Chairman : Sonia M. Roco  
Members : Corazon T. Aguirre  
Edmund V. Saiyo

**D. Related Party Transactions Committee**

Chairman : Florentino H. Garces  
Members : Edmund V. Saiyo  
Corazon T. Aguirre

**E. Risk Oversight Committee**

Chairman : Edmund V. Saiyo  
Members : Florentino H. Garces  
Sonia M. Roco  
Romulo I. Delos Reyes, Jr.

Upon motion duly made Director Sonia M. Roco and seconded by Director Romulo I. Delos Reyes, Jr., the Chairman approved for the creation and composition of the Audit Committee, Related Party Transactions Committee and Risk Oversight Committee with the aforesaid Directors as Chairman and as Members of the said Committees.



## 7. CONFIRMATION OF THE EXTERNAL AUDITOR

The next item on the Agenda is the confirmation of the Company's External Auditor for the year.

The Corporate Secretary informed the Board that the external auditor of the Company is **I.T. Sabado Auditing Firm** headed by **Mr. Isagani T. Sabado**, Certified Public Accountant.

Upon motion duly made by Director Florentino H. Garces and seconded by Director Sonia M. Roco, the Chairman adopted to approve for the renewal of the appointment of the external auditor, I.T. Sabado Auditing Firm, an auditing firm duly accredited by the Insurance Commission and the Securities and Exchange Commission.

## 8. PRESENTATION OF THE PRESIDENT'S REPORT

The next item on the Agenda is the presentation of the President's Report

Mr. Romulo I. Delos Reyes, President and General Manager started his report with a message to the Chairman and to the members of the Board quoted in full below.

*"Mr. Chairman, before I start my report, I wish to convey our warm welcome to you as our Chairman and for the other members of the Board, our first Board Meeting for 2022. Your expertise will really boost the morale of all our officers. Actually, when they heard that you were elected and appointed as Chairman of the Board of Directors of the Company, our field managers are so happy that the hard work of Mr. Mercado over the years will be enhanced by your presence. So, thank you very much for accepting the position."*

In the course of the President's Report there were Power-Point slide presentations related to the content of the report.

Mr. Delos Reyes then read and refresh the Board on the Mission and Vision of the Company as follows:

Mission:

*"We are committed to be reputable preferred non-life insurance company, providing excellent protection and services with innovative and responsive insurance products consistent with our social responsibility and participation in the economic growth of our nation. We shall foster harmonious and mutually beneficial relationships with our intermediaries. We are dedicated to provide career advancement opportunities within our organization. We aim to secure for our stockholders equitable and reasonable returns of their investments."*

Vision:

*"We envision to be the most highly regarded non-life insurance provider ready to meet the challenges of a globalized market consistent with good business practices and corporate governance."*

Mr. Delos Reyes then presented next slide which is the Company workforce, totaling 386 Personnel, with 24 Executives, 59 Managerial Personnel and 303 Rank and File.

The 3<sup>rd</sup> slide presented by Mr. Delos Reyes was the number of Branches and Intermediaries of the Company which are comprised of the following, 87 Licensed Agents, 2 Extension Offices, 3 Business Centers, 11 Regional Offices, 22 Branch Offices and 66 Business Development Offices.

Mr. Delos Reyes then presented the Company's Performance Based on Submitted Annual Statements for the years 2018, 2019 and 2020, highlighting the Rank and Percentage Share





of the Company in the insurance industry in terms of Gross Premium Written, Net Premiums Written, Premiums Earned, Net Income, Assets, Invested Assets, Paid Up Capital and Net Worth.

From 2018 – 2019, the Company remained at the Top 20 in terms Gross Premiums Written, Net Premiums Written, Premiums Earned and Assets. A big movement in terms of ranking was noted on Invested Assets, from No.34 on 2019 to No. 18 on 2020 and Net Worth, which is No. 28 on 2019 to No. 16 to 2020.

The next slide presented by Mr. Delos Reyes was a dashboard on the 2021 Premium Production. He reported that Premium Production for 2021 was at 1.571 billion with a sales growth of 30%. Notable growth was generated on the premiums for Fire insurance with a 129% increase, Marine Cargo with a 143% increase and Health and Accident with 329% increase.

Motorcar premiums contributed the highest premiums at 41%, followed by Fire at 23%, Bonds at 18%, Miscellaneous and Casualty at 9%, Health and Accident at 3%, Marine Hull at 3% and Aviation at 1% and Marine Cargo at 1%.

Head Office and Extension contributed the highest in term of Premium Production at 33% followed by Mindanao Channel at 23%, BDO's and Agencies at 12%, Luzon Channel at 11%, NCR Channel at 10%, Visayas Channel at 8% and Reinsurance at 3%.

On the next slide Mr. Delos Reyes presented the 2021 Profitability Statistics of the Company, reporting a Net Income of 41.5 million for 2021 with an increase of 7% compared to last year's result.

Net Underwriting Income Ratio Per Line is 39% for Miscellaneous and Casualty, 28% for Bonds, 19% for Health and Accident, 43% for Motorcar, 48% for Marine Cargo, 7% for Fire and a -54% for Marine Hull and Aviation.

Loss Ratio for 2021 is at 27.6% of Premium Production. Contributing to the Loss Ratio is Fire at 20%, Marine Hull and Aviation at 125%, Marine Cargo at -16%, Motorcar at 33%, Health and Accident at 18%, Bonds at 27% and Miscellaneous and Casualty at 1%.

At the end of his report, Mr. Delos Reyes presented the Company's Financial Position as of December 31, 2021 with Total Assets at 4.725 billion, Total Liabilities at 2.379 billion and Net Worth at 2.348 billion.

Total Assets is up by 23.5%, Total Liabilities up by 15.4% and Net Worth is up by 32.9% compared to last year's result.

The Chairman thanked and congratulated Mr. Delos Reyes for his report and for the Company's overall performance.

## 9. OTHER BUSINESS

At this juncture, the Chairman asked if there are any other item to be taken up under Other Business.

The Chairman suggested for the creation of the **Executive Committee** to be ratified by the Board.

Upon motion duly made by Director Romulo I. Delos Reyes, Jr. and seconded by Director Sonia M. Roco, the Chairman approved for the creation and composition of the Executive Committee, with Atty. Emmanuel F. Dooc as Committee Chairman and Committee Members, Romulo I. Delos Reyes Jr. and Florentino H. Garces.

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## 10. ADJOURNMENT

There being no other questions or matters for discussion, upon motion duly made, seconded and carried, the Chairman declared the meeting adjourned. He thanked the members of the Board for their presence and participation, and added that he is hoping that they continue their active participation in the future.

CERTIFIED CORRECT BY:



**ATTY. FLORENTINO H. GARCES**  
Corporate Secretary

ATTESTED BY:



**ATTY. EMMANUEL F. DOOC**  
Chairman of the Board