

**Trust
& Reliability**

Table of Contents

03	Corporate Profile
04	Corporate Mission and Vision
04	Core Values
04	Shareholder Structure
05	Message from the Chairman, President and CEO
06	Report from the General Manager
08	Corporate Governance Statement
09	Board of Directors
15	Statements of Financial Position
16	Statements of Income
17	Statements of Comprehensive Income
18	Statements of Changes in Equity
19	Statements of Cash Flows
20	Corporate Officers
21	Corporate Information

Corporate Profile

BDO INSURE

BDO Insurance Brokers, Inc.

We are a team of professionals seasoned in the field of property and casualty insurance, health care, and employee benefits.

With our combination of technical knowledge and dedicated service, we champion your cause from the time we send a proposal to the time we facilitate your claim payment.

We connect you to the best practices in the insurance and risk advisory space, and bridge you to a full range of products from the most financially-sound and reputable insurance companies.

We leverage our size to provide you the best coverage and most competitive rates.

We familiarize ourselves with your operations and protection needs, identify risks and recommend measures to eliminate or reduce these exposures – assuring your business objectives and protecting your financials and your brand.

We have a full complement of in-house claims professionals relentlessly advocating for you until your claim is settled.

We are backed by the strength and fueled by the entrepreneurial spirit of our parent companies, BDO and the SM Group, one of the largest and most diversified enterprises in the country today.

We are your broker; we represent you and nobody else.

We work for your claim.

We work for you.

We are BDO Insure.

Corporate Mission and Vision

We aspire to be the preferred broker in every market we serve by:

- Consistently providing innovative products and flawless delivery of services;
- Proactively re-inventing ourselves to meet market demands;
- Creating shareholder value through superior returns;
- Cultivating in our people a sense of pride and ownership; and
- Striving to be always better than what we are today.

Core Values

Commitment to Customers.

We are committed to delivering products and services that surpass customer expectations in value and every aspect of customer services, while remaining prudent and trustworthy stewards of their wealth.

Commitment to a Dynamic and Efficient Organization.

We are committed to creating an organization that is flexible, responds to change, and encourages innovation and creativity; we are committed to the process of continuous improvement in everything we do.

Commitment to Employees.

We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism, and performance are valued above all else.

Shareholder Structure

100%-owned by BDO Unibank, Inc.

Message from the Chairman, President and CEO



“ BDO Insure faced its own set of challenges throughout the pandemic, especially during the first two months of lockdowns. Despite these operational difficulties, BDO Insure was able to generate ₱9.25 billion in premiums and ₱1.50 billion in revenues for the year 2020.

JESUS A. JACINTO, JR.

Chairman, President and CEO

BDO Insurance Brokers, Inc. was set up in 1997 to mainly serve the growing needs of BDO Unibank, Inc. and the SM Group. The Asian financial crisis dominated the headlines and the region experienced a great turmoil, a critical transition point. BDO Insure hurdled this storm, and developed from mainly catering to its captive business, into one of the country's largest insurance brokers.

The year 2020 is yet another critical transition point. Covid-19 has imposed enduring changes on how we live as human beings and has forced enterprises to rethink how to move forward with their businesses.

BDO Insure faced its own set of challenges throughout the pandemic, especially during the first two months of lockdowns. Despite these operational difficulties, BDO Insure was able to generate ₱9.25 billion in premiums and ₱1.50 billion in revenues for the year 2020 in contrast with 2019's ₱10.8 billion in premiums and ₱1.73 billion in revenues. This was achieved by focusing its capabilities on client retention – offering flexible payment terms, transitioning to e-Policies, and online settlements of claims.

At this point, BDO Insure thanks its employees who continue to find ways to serve the evolving needs of customers, in spite of health and safety risks to themselves. We would also like to express our appreciation to the insurers who partner with us in fulfilling our promise to our customers.

Lastly, BDO Insure likewise expresses its gratitude to our customers who continue to trust us with their insurance and risk management needs.

Report from the General Manager



“ BDO Insure initiated and fast-tracked the effort with accredited insurers to implement the delivery of electronic renewal notices and electronic policies to clients — to provide contingencies in the event of future interruptions of the postal system.

MARIA THERESA L. TAN

Director and General Manager

BDO Insurance Brokers, Inc. (BDO Insure) generated ₱1.57 billion in revenues and ₱555 million in Net Income in 2020. This translates to a 9% decline in revenues and a 31% decline in net income compared to the previous year.

This significant decline is attributable primarily to a reduction in new business from both fire and motor lines — which contribute more than 60% of the organization's revenues.

Motor new business was adversely affected by the slowdown in auto loans and branch referrals. On the other hand, the decline in fire new business was evident in both retail and corporate segments, as the reduction in business activities led to job losses and lesser capital buildup — resulting in a diminished need for fire insurance.

On top of this weaker business demand, basic insurance services like delivery of renewal notices and insurance policies as well as on-time premium collection were hindered by lockdowns and quarantine restrictions.

Report from the General Manager

“ BDO Insure teamed up with insurers to carry-out virtual claims inspections and settlement of claims via online/electronic transfers. Due to this, BDO Insure was able to continuously fulfill its role as clients' broker during a very difficult time.

To overcome these operational and business challenges, BDO Insure implemented various adjustments to keep the business moving forward. We undertook these new measures with the safety of our employees and uninterrupted service to our customers highest among our priorities.

Together with our parent bank, BDO Insure instituted health and safety protocols to enable employees to perform their work with utmost peace of mind. Business software was also deployed to enable employees to securely work from home using company-provided or personal devices.

On the business side, BDO Insure focused heavily on renewals. Credit cards, flexible terms and new (electronic) ways of paying premiums were offered to provide customers with more options.

BDO Insure initiated and fast-tracked the effort with accredited insurers to implement the delivery of electronic renewal notices and electronic policies to clients — to provide contingencies in the event of future interruptions of the postal system.

BDO Insure teamed up with insurers to carry-out virtual claims inspections and settlement of claims via online/electronic transfers. Due to this, BDO Insure was able to continuously fulfill its role as clients' broker during a very difficult time.

Our parent bank's resumption of full operations (albeit manned by skeletal crews and in observance of government guidelines) by June 2020 likewise afforded BDO Insure access to a continuous and growing stream of new customers despite the still-generally weak business environment.

Collectively, these efforts resulted in a stable renewal persistency rate of 90% across all market segments and slightly better-than-expected result in new business, especially in areas where quarantine restrictions were less strict.

In 2021, BDO Insure will continue to focus resources on renewals, collaborate with our parent bank to identify new revenue streams, implement a new system and new digital tools for operational efficiency and an improved customer experience, and work with insurers to achieve better claims fulfillment.

Corporate Governance Statement

BDO Insure affirms its deep commitment to the highest standards of corporate governance practice firmly anchored on the principles of accountability, fairness, integrity, transparency and performance consistently applied throughout the institution. BDO Insure's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

BDO Insure complies, where appropriate, with the Insurance Commission's Revised Corporate Governance Code for Insurance Regulated Companies.

Board of Directors



JESUS A. JACINTO, JR.

Chairman, President and CEO

Jesus A. Jacinto, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on May 25, 1996, and has since been Vice Chairman of the Board. He is concurrently the Chairman, President and CEO of BDO Insurance Brokers, Inc. He also heads Jaces Corp. as Chairman and President and Janil Realty, Inc. and JAJ Holdings, Inc. as President. Formerly, he was Director and Executive Vice President of City Trust Banking Corporation; and Vice President and Managing Partner of Citibank N.A. He holds a bachelor's degree in Business Administration from Fordham University in New York City and an MBA in International Business from Columbia University, New York City.

Board of Directors



NESTOR V. TAN

Director (January 2020 to July 2020)

Nestor V. Tan is the President and CEO of BDO Unibank, Inc. He was elected to the Board of Directors on June 27, 1998. He concurrently holds the Chairmanship of the following BDO Unibank Subsidiaries: BDO Strategic Holdings, Inc. and BDO Network Bank, Inc. he also concurrently holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Leasing and Finance, Inc., BDO Finance Corporation, BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Life Assurance Company, Inc., BDO Private Bank, Inc., BDO Remit (USA), Inc., and SM Keppel Land, Inc. He is also a Trustee of BDO Foundation, Inc. and Chairman of De La Salle University Board of Trustees. He is also the Chairman of Bancnet, the operator of the electronic payment system, Instapay, and the ATM switching utility for Philippine banks. He previously served as President and Director of the Bankers Association of the Philippines, in addition to being the previous Chairman and Director of Philippine Dealing System Holdings Corporation.

Prior to joining BDO Unibank, Mr. Tan was Chief Operating Officer of the Financial Institutions Services Group of BZW, the investment banking subsidiary of the Barclays Group. His banking career spans nearly four decades and includes posts at global financial institutions, among them Mellon Bank (now BNY Mellon) in Pittsburgh, PA; Bankers Trust Company (now Deutsche Bank) in New York, NY; and the Barclays Group in New York and London. He holds a bachelor's degree in Commerce from De La Salle University and an MBA from the Wharton School, University of Pennsylvania.

Board of Directors



MARIA THERESA L. TAN

Director and General Manager

Maria Theresa L. Tan is General Manager of BDO Insurance Brokers, Inc. (BDO Insure). She has had more than three (3) decades of experience in sales, marketing, product management and general management in consumer, services and insurance industries. She graduated from the Ateneo de Manila University with a degree in Business Management, Minor in Marketing. She likewise completed the LIMRA Executive Leadership Program from the Babson College, Boston, Massachusetts, and the Advanced Insurance Management Course from the Asian Institute of Management (AIM), Manila. Prior to joining BDO, she was the General Manager of International SOS Philippines, Inc. She joined BDO Insure in July 2009.

Board of Directors



ROLANDO C. TANCHANCO

Director

Rolando C. Tanchanco is Senior Executive Vice President of BDO Unibank, Inc. and Head of its Consumer Banking Group. He holds a Bachelor's degree in Business Economics from the University of the Philippines. He acquired his MBM at the Asian Institute of Management. Mr. Tanchanco joined BDO to head Consumer Lending. Prior to his joining BDO, Mr. Tanchanco was President of Philam Savings Bank and Head of AIG Credit Card. He is currently a Director of BDO Insurance Brokers, Inc., BDO Network Bank, Inc., and Trans Union Phils. He was formerly a Director of BDO Elite Savings Bank, Inc. and MMPC Auto Financial Services Corporation.

Board of Directors



JAIME C. YU

Director

Jaime C. Yu is Senior Executive Vice President of BDO Unibank, Inc. and Head of its Branch Banking Group. He holds a Bachelor of Arts degree in Economics from De La Salle University and is a MBA graduate from the Ateneo de Manila University. He has extensive experience in commercial, corporate, and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined BDO in December 1997 and is currently the Group Head of Branch Banking where he manages the entire branch network.

Board of Directors



ATTY. LUIS MA. G. URANZA

Independent Director (Elected July 29, 2020)

Atty. Luis Ma. G. Uianza is a member of the Philippine Bar who has been engaged in the practice of law for over three decades. He earned both his academic degrees in business (B.S.B.A) and in law (LI.B.) from the University of the Philippines.

He is currently the Rehabilitation Receiver, appointed by the Securities and Exchange Commission, to oversee the financial recovery of Victorias Milling Co., Inc. which is one of the major sugar millers and refiners in the country whose shares are listed and traded in the Philippine Stock Exchange. Atty. Uianza has also been given similar appointments by the commercial courts of Makati City and the City of Cagayan de Oro to oversee the financial rehabilitation of several other companies.

In the course of his law practice, Atty. Uianza gained proficiency in oil and gas exploration laws and regulations as a result of his membership in the Board of Directors of PNOC Exploration Corporation which is a government owned and controlled corporation created for the primary purpose of exploring and developing the fossil fuel and natural gas resources of the country. Moreover, the Philippine Government (through its various agencies) has also engaged the professional services of Atty. Uianza as: (a) Special Legal Counsel of the Presidential Commission on Good Government, (b) Legal Consultant to the Special Presidential Task Force created by Executive Order No. 156, and (c) Legal Consultant to the Office of the General Manager of the Manila International Airport Authority.

Statements of Financial Position

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	P 1,134,498,689	P 1,262,355,085
Receivables - net	37,736,969	26,145,571
Other current assets	36,266,448	38,279,466
Total Current Assets	1,208,502,106	1,326,780,122
NON-CURRENT ASSETS		
Property and equipment - net	16,958,355	21,175,400
Right-of-use assets - net	28,369,623	42,144,265
Intangible asset	40,619,414	40,619,414
Post-employment defined benefit asset	31,464,354	-
Other non-current assets - net	18,556,226	31,642,542
Total Non-current Assets	135,967,972	135,581,621
TOTAL ASSETS	P 1,344,470,078	P 1,462,361,743
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Due to insurance companies	P 272,837,798	P 294,084,085
Accounts payable and accrued expenses	436,133,960	336,236,835
Lease liabilities	10,824,908	30,215,345
Total Current Liabilities	719,796,666	660,536,265
NON-CURRENT LIABILITIES		
Lease liabilities	18,475,993	13,340,328
Post-employment defined benefit obligation	-	32,313,691
Total Non-current Liabilities	18,475,993	45,654,019
Total Liabilities	738,272,659	706,190,284
EQUITY		
Capital stock	10,000,000	10,000,000
Revaluation reserves	(49,382,624)	(69,720,646)
Other reserves	60,000,000	60,000,000
Retained earnings	585,580,043	755,892,105
Total Equity	606,197,419	756,171,459
TOTAL LIABILITIES AND EQUITY	P 1,344,470,078	P 1,462,361,743

Statements of Income

	2020	2019
UNDERWRITING COMMISSIONS	P 1,502,383,357	P 1,733,030,004
OPERATING EXPENSES		
Salaries and employee benefits	561,974,369	551,585,258
Depreciation and amortization	36,794,323	40,092,202
Marketing and advertising	33,637,231	27,842,506
Management and professional fees	29,861,307	27,951,151
Taxes and licenses	15,599,460	15,961,456
Representation and entertainment	14,628,192	16,927,105
Power, light and water	9,241,674	13,471,780
Travel and transportation	8,449,614	15,536,157
Outside services	8,043,643	10,879,095
Stationery and supplies	5,220,945	8,380,227
Postage, telephone, cable and telegraph	4,610,469	5,984,661
Insurance	2,923,077	2,885,964
Rent	2,464,956	2,348,049
Information and technology	1,209,645	233,425
Others	30,232,306	17,897,980
	764,891,211	757,977,016
OTHER INCOME (EXPENSE)		
Interest income	11,830,546	34,440,114
Interest expense	(2,390,020)	(4,627,346)
Miscellaneous income	48,548,889	57,457,800
	57,989,415	87,270,568
PROFIT BEFORE TAX	795,481,561	1,062,323,556
TAX EXPENSE	240,493,623	315,250,002
NET PROFIT	P 554,987,938	P 747,073,554

Statements of Comprehensive Income

	2020	2019
NET PROFIT	P 554,987,938	P 1,733,030,004
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified subsequently to profit or loss		
Actuarial gains (losses) on remeasurement of post-employment defined benefit plan - net	29,054,317	(33,627,968)
Deferred tax income (expense)	(8,716,295)	10,088,390
	20,338,022	(23,539,578)
TOTAL COMPREHENSIVE INCOME	P 575,325,960	P 723,533,976

Statements of Changes in Equity

	Capital Stock	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
Balance at January 1, 2020	P 10,000,000	(P 69,720,646)	P 60,000,000	P 755,892,105	P 756,171,459
Total comprehensive income for the year	-	20,338,022	-	554,987,938	575,325,960
Cash dividends declared	-	-	-	(725,300,000)	(725,300,000)
Balance at December 31, 2020	P 10,000,000	(P 49,382,624)	P 60,000,000	P 585,580,043	P 606,197,419
Balance at January 1, 2019	P 10,000,000	(P 46,181,068)	P 60,000,000	P 693,818,551	P 717,637,483
Total comprehensive income (loss) for the year	-	(23,539,578)	-	747,073,554	723,533,976
Cash dividends declared	-	-	-	(685,000,000)	(685,000,000)
Balance at December 31, 2019	P 10,000,000	(P 69,720,646)	P 60,000,000	P 755,892,105	P 756,171,459

Statements of Cash Flow

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 795,481,561	P 1,062,323,556
Adjustments for:		
Depreciation and amortization	36,794,323	40,092,202
Interest income	(11,830,546)	(34,440,114)
Interest expense on lease liabilities	2,224,613	4,068,190
Foreign currency losses - net	1,785,420	1,350,852
Gain on sale of property and equipment	(235,282)	(159,561)
Gain on lease modification	(184,217)	-
Gain on reversal of liabilities	-	(2,472,521)
Operating profit before working capital changes	824,035,872	1,070,762,604
Increase in receivables	(12,270,460)	(3,392,133)
Increase in other current assets	(231,830,231)	(264,272,737)
Decrease (increase) in other non-current assets	83,454	(2,084,853)
Decrease in due to insurance companies	(21,863,262)	(114,755,518)
Increase (decrease) in accounts payable and accrued expenses	99,897,125	(133,961,262)
Decrease in post-employment defined benefit obligation	(34,723,728)	(31,731,526)
Cash generated from operations	623,328,770	520,564,575
Interest received	12,509,608	34,586,585
Cash paid for taxes	(2,363,807)	(28,523,940)
Net Cash from Operating Activities	633,474,571	526,627,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(3,991,146)	(3,938,844)
Proceeds from disposals of property and equipment	235,284	159,570
Net Cash Used in Investing Activities	(3,755,862)	(3,779,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of cash dividends	(725,300,000)	(685,000,000)
Payment of lease liabilities	(31,106,660)	(33,102,313)
Cash Used in Financing Activities	(756,406,660)	(718,102,313)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(1,168,445)	(1,123,107)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(127,856,396)	(196,377,474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,262,355,085	1,458,732,559
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 1,134,498,689	P 1,262,355,085

Supplemental Information on Non-cash Investing and Financing Activity –

In 2020 and 2019, the Company recognized right-of-use assets amounting to P17,983,757 and P1,379,759, respectively, with corresponding lease liabilities of the same amount each year in the statements of financial position.

Corporate Officers

JESUS A. JACINTO, JR.
Chairman, President and CEO

MARIA THERESA L. TAN
Director and General Manager

RICARDO V. MARTIN
Treasurer

REBECCA S. TORRES
Assistant Treasurer

MA. CECILIA B. DE PAZ
Head of Institutional Banking, Leasing, BDO and SM Marketing Unit

RONALD ALLAN E. DE LEON
Comptroller

ATTY. ELMER B. SERRANO
Corporate Secretary

ATTY. JOSEPH JASON M. NATIVIDAD
Assistant Corporate Secretary

JOHN BENEDICT S. SANTOS
Head of Marketing and Business Systems

RODERICK L. LIM
Head of Commercial Bank Marketing Unit

EDMUNDANTE F. RAMIREZ
Head of Branch Banking and Consumer Banking Marketing Unit

SHELLAH C. MIRANDA
Head of North Luzon Branch

MARILYN S. CARRILLO
Head of Visayas Branch

GAY D. BONGOCAN
Head of Northern Mindanao Branch

RAPHAEL BASILIO E. APOLINARIO
Head of Southern Mindanao Branch

Corporate Information

BDO Insure

BDO Insure is a registered trademark of BDO Insurance Brokers, Inc., an insurance broker licensed and supervised by the Insurance Commission of the Philippines.

Head Office

43/F - 45/F BDO Corporate Center Ortigas
12 ADB Avenue
Ortigas Center
Mandaluyong City 1550

Telephone: +63 (2) 8702-6000

Facsimile: +63 (2) 8706-0893

Email: bdo-insure@bdo.com.ph

Website: www.bdo.com.ph/bdoinsure

Manila

9/F BDO Dasmariñas -
Binondo Building
Dasmariñas corner
Marquina Streets
Binondo Manila

Angeles

3/F BDO Angeles -
Balibago Branch Building
Diamond Subdivision
Balibago, Angeles City

Cebu

3/F BDO Cebu -
Gorordo Branch Building
Gorordo Avenue
Lahug, Cebu City

Iloilo

2/F BDO Iloilo Valeria
Branch Building
Valeria corner Solis Streets
Iloilo City

Bacolod

2/F BDO Bacolod Capitol
Shopping Branch Building
Benigno S. Aquino Drive
Capitol Shopping Complex
Bacolod City

Cagayan De Oro

5/F BDO Cagayan De Oro
Limketkai Building
Limketkai Commercial Complex
Cagayan De Oro City

Davao

4/F BDO Davao - Claveria
No. 30 C.M. Recto Avenue
Poblacion, Davao City

General Santos

2/F BDO Network Bank
Santiago Branch
Santiago Boulevard
General Santos City