

Perla Compañía de Seguros, Inc.

Annual Report of Full Year 2022

Corporate Profile

Perla Compañía de Seguros, Inc. was incorporated in 1963 and has its Corporate Headquarters at the Second Floor of Perla Compañía de Mansion, 117 Carlos Palanca Street, Legaspi Village, Makati City. We have established sixteen (16) branches to service our clientele throughout the country.

Also known as Perla Insurance, we have committed ourselves to provide efficient and conveniently accessible service to all our Clients. Concrete proof of this commitment is that for thirteen (13) branches, we have company-owned buildings in the key cities of Bacolod, Butuan, Cabanatuan, Cagayan de Oro, Cebu, Cotabato, Davao, Dumaguete, Gen. Santos, Iloilo, Pagadian, San Pablo and Zamboanga. Perla Insurance also has branches in Iligan and Valencia in addition to its Head Office in Makati.

The vision of the company is to be among the major players in the non-life insurance industry, distinguished by our closeness to the market and our service excellence. Our success is built on our shared values of integrity, service excellence and financial stability. Through the excellent claims servicing provided by our professional and competent personnel and our decentralized branch set-up, we fulfill our mission to provide peace of mind and security to all our customers.

Our website, www.perlainurance.com is our way of using technology to communicate with all our stakeholders. The site enables our clients to stay in touch with us and our prospective clients to know more about the products and services we offer.

As of **December 31, 2022, Perla Insurance's Net Assets** were at P1.734 Billion and its total equity was P1,509 Million with paid-up capital of P250 Million. Net Income for **year 2022** was P89.982 Million.

Perla Insurance has entered into reinsurance treaties with professional reinsurers both here and abroad. This has enabled Perla Insurance to underwrite multi-million peso risks. With such resources to back up its contingent obligation, Perla Insurance can underwrite with confidence the different lines of non-life insurance such as Fire, Motorcar, Personal Accident, Marine Cargo, Comprehensive General Liability, & Engineering.

Perla Insurance will focus more on building an online presence especially for brand awareness. It has begun allowing customers to purchase new insurance policies online.

Risk Factors

Market Conditions

The Company's business is highly affected by developments in local and global and local financial markets. Perla's sales were greatly affected the last three years due to the pandemic. Additionally, the higher interest rates have had an adverse impact on car sales and thus our performance in auto insurance. The high inflation affects the purchasing power of customers to buy insurance.

Threat of Catastrophic Loss

The Philippines is exposed to many kinds of natural and man made calamities. In recent years, company profits have been largely affected by typhoons and floods. Additionally, since the company is in the Pacific Ring of Fire, there is a risk of losses from Earthquakes and volcanic eruptions (e.g. Mount Pinatubo, Taal Volcano). The company's portfolio is also exposed to risks such as landslides, liquefaction, and accidents.

Increasing Competition

The Philippine insurance market is very competitive especially with the newly required minimum capitalization of P1.3 Billion. Premium rates have dropped greatly over the past years as companies have become more efficient in handling claims and expenses. Market competition has forced the company to adapt and become more efficient. The company has been forced to accept smaller and smaller profit margins for its products due to intense competition. The rise of online insurance brokerages and websites have further put pressure on the company's profit margins.

Reinsurance availability and affordability

Given the exposure the company has to catastrophic losses, it is important that the company have sufficient reinsurance to reduce liabilities. Recent major catastrophes have made reinsurance coverage much more expensive and difficult to obtain. Several international reinsurance providers have stopped accepting business from Philippine clients due to the higher calamity risk the company faces. If the company is unable to get sufficient reinsurance, it may be exposed to substantial loss in the event of calamity that could threaten its long term viability. The company may also be forced to turn away profitable business if it cannot get sufficient reinsurance coverage.

Hiring and Retaining Talented Employees

Competition for talent continues especially with the rise of BPOs and the reopening economy. The company has continued to improve on its pay and benefit packages to get the best employees for the job.

Adapting to Digital Landscape

The pandemic has made it clear that companies now need to have an increasing online presence to sell their products. This is a substantial change from the past where most sales were done through face to face contact and through agents and brokers. This is a significant opportunity and challenge for the company. A more robust IT system will be needed to face these challenges head on. Customers now expect to apply for and pay for their policies completely online.

Corporate Governance

Perla Compania de Seguros, Inc is fully committed to go beyond mere compliance with regulation. In line with this, we published our Corporate Governance Manual in 2014. This manual is updated yearly. The latest update to the manual is available on our website www.perlainsurance.com under Corporate Governance -> Manual on Corporate Governance as of May 2022.

The Board of Directors of Perla Compania de Seguros, Inc reviewed the Mission and Vision of the Company during 2022 and has found these to still be relevant and fully address the Company's goals and objectives. The board recommends that the Mission and Vision of the Company be retained for the succeeding year.

Compliance with the Code of Corporate Governance

Perla Compania de Seguros, Inc (the Company) has fully complied with the principles of good corporate governance enunciated by the Securities and Exchange Commission, the Insurance Commission and the Institute of Corporate Directors. The Company's Corporate Governance Manual approved by the Board of Directors incorporates the established governance policies and practices in accordance with the Code.

All directors and officers of the company are required to report their dealings in company shares within 3 business days.

All Related Party Transactions (RPTs) especially involving the Directors and Key Officers of the company are conducted in such a way to ensure that they are fair and at arm's length. A committee of Independent Directors are required to review material or significant RPTs to determine that they are done in the best interests of the company and shareholders.

All directors and key officers are required to report their dealings in company shares within 3 business days.

Board of Directors

The board of Perla Compania de Seguros, Inc is responsible for providing independent oversight of the management of the business and affairs of the company. The powers of the board are granted by the Corporation Code of the Philippines, the Corporate By-Laws, the Corporate Governance Manual, among other relevant laws, rules and regulations

The board is composed of 7 members, with 3 independent directors. The board is entrusted with setting the overall direction and long term goals of the Company.

Attendance

Directors	No of Meetings Attended	Total Number of Meetings	Percentage
Judy M Lou	14	14	100%
Jeffrey Lim	12	14	86%
Julia Fideles	14	14	100%
Katherine Lim	12	14	86%
George Lee	11	14	79%
James A Lim	14	14	100%
Rodolfo Ang	12	14	86%

Note that all meetings for 2022 were done using a hybrid method where some members attended in person while others attended online using Zoom or Google Meetings. Meeting attendance greatly improved since the switch to a hybrid method.

Board Committees

Currently there are 4 Committees that assist the Board in discharging its roles and functions.

Executive Committee

Chairperson:

Jeffrey Lim

Members:

James A Lim

Julia Fideles

Members of Executive Committee	No of Meetings Attended	Total Number of Meetings	Percentage
Jeffrey Lim	4	4	100%
James A Lim	4	4	100%
Julia Fideles	4	4	100%

Audit Committee

The Audit Committee has a primary responsibility for the recommendation on the appointment and removal of the external auditor.

Chairperson:

Rodolfo Ang (Independent Director)

Members:

George Lee (Independent Director)

Judy Lou (Independent Director)

Members of Audit Committee	No of Meetings Attended	Total Number of Meetings	Percentage
Rodolfo Ang (Independent Director)	4	4	100%
George Lee (Independent Director)	4	4	100%
Judy Lou (Independent Director)	4	4	100%

The Audit Committee of Perla Compania de Seguros, Inc has conducted a review of the Company's material controls (including operational, financial and compliance controls) and risk management systems and found them to be more than adequate for the Company.

Remuneration Committee

The Remuneration Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives.

Chairperson:

Rodolfo Ang (Independent Director)

Members:

George Lee (Independent Director)

Katherine Lim

Members of Remuneration Committee	No of Meetings Attended	Total Number of Meetings	Percentage
Rodolfo Ang (Independent Director)	2	2	100%
George Lee (Independent Director)	2	2	100%
Katherine Lim	2	2	100%

Nominating Committee

Chairperson:

George Lee (Independent Director)

Members:;

Rodolfo Ang (Independent Director)

James A Lim

Members of Nominating Committee	No of Meetings Attended	Total Number of Meetings	Percentage
George Lee (Independent Director)	2	2	100%
Rodolfo Ang	2	2	100%
James A Lim	2	2	100%

Biographical Details of the Board of Directors

Judy M Lou

Birthday: June 16, 1948

Academic Qualifications:

BS Nutrition, St Scholastica's College, 1969

MS Nutrition, Case Western Reserve University, 1972

Date of First Appointment: 2009

Experience: Southeast Asian Institute for the Deaf, Founder 1978

Southeast Asian Institute for the Deaf, School Principal 1990-1995

Directorships in other listed companies: None

Jeffrey Lim

Birthday: March 24, 1962

Academic Qualifications:

BS Management Engineering, Ateneo de Manila University, Cum Laude, 1984

Master of Business Administration, University of Chicago, Booth School, 1988

Date of First Appointment: 2009

Experience: Perla Compania de Seguros, Inc from 1990 to present

Directorships in other listed companies: None

Julia Fideles

Birthday: Oct 16, 1954

Academic Qualifications:

BSc Management, La Consolacion College, 1976

Date of First Appointment: 2006

Experience: Perla Compania de Seguros, Inc from 1980 to present

Directorships in other listed companies: None

Rodolfo Ang

Birthday: Jan 20, 1962

Academic Qualifications:

AB Communication, Ateneo de Manila University, Magna Cum Laude, 1983

BS Management (Honors Program), Ateneo de Manila University, Magna Cum Laude, 1984

Master of Business Administration, Boston College, Carroll Graduate School of Management, 1988

Date of First Appointment: 2006

Experience: Lecturer/Professor, Ateneo de Manila University, 1989 to present

Trustee/Director, Xavier School (Greenhills), 2007 to present

Trustee/Director, San Jose Seminary, 2007 to present

Directorships in other listed companies: None

George Lee

Birthday: July 19, 1963

Academic Qualifications:

AB Economics, Ateneo de Manila University, 1984

Master of Business Administration, Fordham University, 1989

Date of First Appointment: 2006

Experience: Vice President, Armstrong Realty Investment Inc, 1989

Directorships in other listed companies: None

James Alfred Lim

Birthday: March 6, 1984

Academic Qualifications:

BS Management Information Systems, Ateneo de Manila University, 2006

Date of First Appointment: 2009

Experience: Manager, Perla Compania de Seguros, Inc., 2006 to 2012

President, Jaime Ortega Corporation, 2012 to present

Directorships in other listed companies: None

Katherine Lim

Birthday: May 26 ,1963

Academic Qualifications:

BS Commerce Major in Marketing, College of the Holy Spirit, 1984

Date of First Appointment: 2006

Experience: JYV Development Inc, 1985 to present

Directorships in other listed companies: None

COMPANY POLICIES

Dividend Policy

It is the company's policy to share its earnings with its shareholders in the form of cash dividends.

Perla Compania de Seguros, Inc recognizes the importance of sharing the profits that the company generates with its Stockholders while maintaining healthy capital levels to ensure that the company has financial flexibility. The Board of Directors may, at its discretion and depending on the business results for the year, capital needs of the business, or prevailing law, declare and approve the distribution of dividends to all shareholders normally announced at the Annual Stockholder's Meeting

The Company recorded good operating results for 2022 and in the regular board meeting held on Feb 6, 2022, the Company Treasurer recommended that cash dividends be given out especially since the company had not given out dividends since 2015 while building up its equity to comply with the P1.3Billion minimum net worth requirement by end 2022. For 2022, a special cash dividend would be declared which would be substantially larger a regular

dividend –a target of P100 Million dividend. This will be subject to the company’s net worth valuation in the synopsis for 2022.

Whistleblower Policy

Perla Compania de Seguros, Inc is committed to the highest standards of ethical values, integrity, service excellence, financial stability and transparency in the conduct of its business. To further this, all stakeholders including employees, shareholders, suppliers, customers and the community are given the opportunity to communicate with protection from reprisal, any concerns about illegal, unethical or questionable practices.

Whistleblowers are asked to report their findings either by email to ho@perlainsurance.com or humanresource@perlainsurance.com. Additionally, they may send their concerns directly via letter addressed to the President, the Human Resource Head or any of the appropriate Heads of the Unit concerned at the following address:

PERLA COMPANIA DE SEGUROS, INC
2F Perla Compania de Seguros, Inc Mansions, 117 C Palanca St
Legaspi Village, Makati, Metro Manila

We ask that whistleblowers provide the nature of the complaint, details of transactions, person/s involved, supporting documents, and any written explanation that may be necessary.

Whistleblowers are guaranteed of confidentiality and retaliation from Harassment. Complaints will be addressed by the affected Department and if need be raised for approval to the Board of Directors.

Anti-Corruption Programs

The Company is fully committed to its Anti-Corruption program. It specifically abides by all existing Philippine law, rules and regulations governing Anti-Bribery and Anti-Corruption. (Republic Act No. 3019 Known as the Anti-Graft and Corrupt Practices Act)

It is a strict policy that all Company personnel must not engage in illegal behaviour including the giving of bribes or non compliance with local laws. Employees are encouraged to use the Company’s whistleblower policy to report suspicious or illegal activities.

Related Party Transaction

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence of the other party in making financial and operating decisions and the parties are subject to common control or common significant influence.

Directors, Officers, and Key management personnel are required by the Company’s Manual on Corporate Governance to report their interest in transactions and any conflict of interest or potential conflict.

All Related Party Transactions are required to be conducted in a fair manner and at arm’s length. The Board of Directors through its Related Party Transaction Committee reviews RPTs to ensure that they are properly conducted.

Customer Welfare

Perla Compania de Seguros, Inc is committed to provide efficient service to all its customers and quickly resolve claims in a manner that is fair to all parties concerned.

Our goal is to provide service that delights customers and ensure that they will be our customer for life. To this end, customers are promised that policies and endorsements will be made and delivered in a timely manner. Claims will immediately be addressed and the customer given regular feedback on the claims status. The Company will make every effort to ensure that claims are properly resolved.

Supplier/Contractor Selection

The Company makes it a point to work with ethical companies. Goods and services must be acquired in a manner that ensures the company obtains value for money, uses a fair process, meets legal and ethical obligations and employs trained staff. Perla Compania de Seguros, Inc deals only deals with companies that comply fully with the Law and Regulations, follow or have their own Anti-Bribery/Kickback policies, engage in fair competition, observe proper data protection and record accuracy and retention, and have responsible Environmental practices. All company suppliers and contractors have to pass through an accreditation and vetting process.

For motor vehicles parts and service suppliers, the company sends personnel to do site visits and ensure that the shop has proper infrastructure and processes that will enable it to serve the Company's customers properly. Once accredited, the company regularly compares prices of upto 3 shops to be sure that its accredited suppliers continue to provide market competitive rates.

For reinsurance suppliers, the company deals only with ethical companies that have strong financials that can be depended on when claims arise. The company regularly scrutinizes the financials of companies to ensure that they remain solid companies.

For other suppliers, the company ensures that it only deals with ethical and legal companies. The company regularly checks on its suppliers to ensure that they continue to follow the proper processes and procedures. Also the company will regularly ask for quotes from a minimum of 3 suppliers while comparing different products to ensure that the best deal is done.

Environmentally-Friendly Value Chain

Perla Compania de Seguros, Inc works to ensure that it has an environmentally friendly value chain. As seen from the Corporate Social Responsibility (CSR) section of the report, the company is dedicated to reducing its carbon footprint while engaging its community in positive ways.

In addition to the Company's CSR activities, the company strives to deal with other responsible and environmentally friendly companies.

Creditor's Rights

The company fully recognizes creditor's rights and fully complies with all local laws or regulations regarding this. The company commits to pay all creditors for all services, goods or loans that it has incurred. The company finances are regularly checked to ensure that there are no problems with settling creditors.

Employee Welfare

Perla Compania de Seguros, Inc recognizes that its employees are the most valuable resource and the health and welfare of all employees are critical to achieve the Company's mission.

The Company actively promotes a healthy lifestyle to its employees. It provides health insurance to all its employees and regularly pushes health initiatives to its employees such as maintaining a healthy weight, ensuring that employees are properly hydrated, and eating healthy foods. Annual sports activities and outings also stress the need to stay active for better health.

The Company is committed to providing equal opportunities in all areas of the business and refuses discriminating its employees due to sex, age, marital status, sexual orientation, race, religion, ethnic or national origin. Employees are promoted and gain additional responsibility on the solely on the basis of merit.

All employees are informed of the Company's Whistleblower Policy (discussed above) to report any grievances or breach of Company policy. No employees will suffer as a consequence of notifying such alleged breaches in accordance with the Whistleblowing policy.

All employees are treated with respect and dignity. The company does not tolerate bullying or any form of harassment in the workplace and will take disciplinary action based on the schedule provided in the Human Resources Manual against employees who violate this.

Staff Training and Development

The Company realizes that well trained employees are critical to attaining the Company's mission. The Company regularly conducts training activities to ensure that employees can properly achieve their tasks and realize their full potential. In addition, regular feedback is provided so employees can learn ways in which they can further improve.

New Employees are informed about the company's Mission, Vision and Values as well as the company culture during a new employee orientation seminar.

Employees are also provided specific training with regards to their job functions. These trainings are now done online with the expert broadcasting via zoom or google and the employees residing in their branches.

The Company also conducts regular seminars on topics to improve customer service such as the Proper Way to Answer Phone Inquiries and Service with a Smile.

Employees are given Key Performance Targets that they must meet every six months. These targets are set by the supervisors who discuss these with employees to ensure that the targets and means of measurement are properly understood. At the end of the six month period, employees are given feedback on their performance through Performance Appraisals. Employees are allowed to question their supervisors and see which areas they can further improve on. These appraisals are also used by the company to promote employees or increase salaries and benefits.

Corporate Social Responsibility

Perla Compania de Seguros, Inc's policy is to be a positive contributor to the Philippine community. It seeks to do this by reducing its carbon footprint through various environmental projects as well as by engaging local communities in positive ways especially in activities that promote education.

Pandemic Relief

Perla Compania de Seguros, Inc has supported charities providing food to families that lost their livelihood during the pandemic of the last 3 years. Funds for company outings and team building sessions that were not spent were donated to the food banks and community pantries.

Reduce and Reuse

The company made efforts to cut down on the waste in everyday business especially with regards to paper. As part of this goal, all used paper is sorted and placed into bins that would allow them to be re-used (e.g. by printing on the back). Additionally, papers that can no longer be used are turned over to recycling centers for recycling.

Due to work from home policies during the pandemic, paper use went down greatly and many documents were viewed on laptops and computer screens instead of being printed.

Conserve Resources

The Company institutes measures to conserve our nation's resources. Among these are the initiative to reduce usage of electricity. All of the company offices set their air conditioning thermostats to 24-25 degrees Celsius. This has resulted in huge savings of electricity.

Additionally, the company replaced over 95% of its lights with energy efficient LEDs. Older CRT monitors have been replaced with more energy efficient LCD screens in all the Company's branches.

The company also supports conservation of our precious water resources. Signs are posted throughout all of the Company's branches to conserve whenever possible. Pipes are checked regularly to ensure there are no leaks.

Support for Non-Profits

The company regularly donates old equipment such as desktop computers, monitors, laptops and printers to Non-Profit Organizations such as Goodwill Industries of the Philippines, Inc. These donations are then used by non-profits for activities such as the rehabilitation of persons with disabilities and developing employable skills of disadvantaged people.

PERLA COMPAÑIA DE SEGUROS, INC

FINANCIAL STATEMENTS As of December 31, 2022

- [Financial Statement 2022](#)
- [Notes to Financial Statement 2022](#)