



THE PREMIER INSURANCE & SURETY CORPORATION

Room 301, Travellers Life Building
490 T. M. Kalaw St., Ermita, Manila

PRESIDENT'S REPORT

INTRODUCTION

With the impact of the Covid-19 pandemic that started in year 2020, Philippine business establishments faced severe difficulties due to the quarantine measures that restricted the movement of workers and consumers and business operations. These restrictions forced many businesses to temporarily close or reduce their operations. As a result, revenue has dried up while fixed costs must still be paid. From a business standpoint, the economy needs to reopen, but this must be balanced against the threat to public health and the need to control the spread of the virus. Like other countries around the world, the Philippines continues to face very difficult decisions in balancing these health and economic imperatives.

Based on the data provided by the Insurance Commission (IC) website, the gross premiums written of the nonlife companies for 2020 was decreased by only nine percent (9%) compared to the 2019 figures in spite of the difficulties experienced during the year. We had expected the reduction could be a lot more considering offices were closed for business for some time.

The IC made representations to include insurance among the businesses exempted from quarantine in order that companies could operate even with a skeleton force to service the requirements of the insuring public. The companies relaxed some of their requirements on premium payments and claims servicing; thus, allowing for longer grace periods in paying the policies and simplifying claims filing procedures.

RESULTS OF OPERATION

The year 2020 was challenging for us, for a company that stopped operations for more than a year, and restated under new management only in March 2019, right after the Cease and Desist Order (CDO) was lifted by the Insurance Commission, and for a company that is affected by the impact of the Covid-19 in 2020, but still posted an increase in production compared from previous year as presented below:

	<u>2020</u> <u>(in PhP)</u>	<u>2019</u> <u>(in PhP)</u>	<u>Increase</u> <u>(Decrease)</u>	<u>% Change</u>
Gross Premiums Earned	95,145,841	35,286,505	59,859,336	169.64 %
Net Premiums Earned	92,988,971	34,646,329	58,342,642	168.39 %
Gross Underwriting Income	93,725,879	34,853,110	58,872,769	168.92 %
Total Underwriting Expenses	63,800,657	28,071,516	35,729,141	127.28 %
Losses Incurred	31,654,186	13,386,083	18,268,103	136.47%
Commission Expense	25,150,403	6,237,509	18,912,894	303.21 %
General and Administrative Expenses	44,199,572	14,055,820	30,143,752	214.46 %
Net Income	9,358,707	3,179,516	6,179,191	194.34 %

Total Assets	1,766,404,625	1,915,627,665	(149,223,040)	(7.79 %)
Total Liabilities	174,205,839	164,229,923	9,975,916	6.07%
Total Stockholders' Equity	1,592,198,787	1,751,397,742	(159,198,955)	(9.09%)

MILESTONES

The P1.592 billion net worth of the company by the end of 2020 is in compliance of the P900 million minimum net worth requirements as of December 31, 2019, per Section 194 of Republic Act No. 10607 (Amended Insurance Code) and Insurance Commission Circular Letter No. 2015-15-A dated January 15, 2015. With the P1.592 billion net worth, the company is placed on the top sixteen (16) position, and with the P1.3 billion paid-up capital by the end of 2020, the company is placed on the top three (3) position surpassing other non-life insurance companies of the Philippines.

On August 03, 2020 the shareholders and the Board of Directors approved the resolution increasing the Company's authorized capital from P1.3 billion to P2 billion. The application for increase was approved by the Securities and Exchange Commission on May 20, 2021.

With the approval of the company's Board of Directors in 2019, the conversion of receivables from agents amounting to P150 million to loans receivable covered by promissory notes with 7% interest per annum, the company collected the amount of P25.1 million on the principal and P9.4 million on the interest as of December 31, 2020.

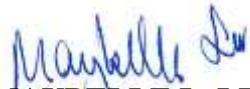
It was in the year 2019 when the company acquired real properties located at Trece Martirez, Cavite, amounting to P800 million. The amount is inclusive of acquisition cost which will be used in developing the Trece Martirez Economic Zone. On June 29, 2020, the Insurance Commission approved the reclassification of some properties in Trece Martirez amounting to P195 million to property and equipment for the establishment of company's extensions and branch offices.

On the year 2020, the company acquired real properties located in Padre Garcia, Batangas amounting to P135.9 million and in Taysan, Batangas amounting to P88 million. These properties were acquired for the establishment of branches on the areas.

We take this opportunity to thank our Board of Directors and our shareholders for their trust and confidence in us despite the challenges in 2020. We also thank and express appreciation to our customers and business partners for their support and patronage and of course our officers and employees for their dedication and hard work in pursuit of our company's objectives.

We are looking forward into engaging in many more years of fruitful insurance business.

Thank you.


MAYBELLE L. LIM
 President and COO