

**MINUTES OF THE 31st ANNUAL REGULAR MEMBERS' MEETING
(106th GENERAL MEETING)**

**Held on Wednesday, 24 May 2017 at 4:15 P.M.
at the Bulwagang Haribon, Insular Life Corporate Centre,
Insular Life Drive, Filinvest Corporate City,
Alabang, Muntinlupa City**

CALL TO ORDER:

Pursuant to the provisions of the Amended By-Laws of the Corporation, Mr. Luis C. la O, Chairman of the Board of Trustees, presided over, and called the meeting to order at 4:15 P.M. The Secretary of the Corporation, Atty. Renato S. De Jesus, acted as Secretary of the Meeting.

PROOF OF NOTICE OF MEETING

The Secretary certified that the notice of the time, date, place and purpose of the meeting was published on 26 April, 04 May, 10 May and 17 May 2017 (once in each of four (4) successive weeks immediately prior to this meeting) in THE PHILIPPINE STAR and PILIPINO STAR NGAYON, two (2) newspapers of general circulation in Metro Manila, in accordance with the Corporation Code, the Insurance Code and the Amended By-Laws of the corporation. The Secretary's affidavit to show proof of notice is attached as Annex "A". The newspaper publishers' affidavits of publication of the Notice of the Annual Meeting are also on file in the Office of the Corporate Secretary attesting to the publication of the said notice in two (2) different newspapers of general circulation in the place where the principal office of the corporation is situated. The Notice of the 2017 Annual Regular Members' Meeting was also uploaded in the Corporation's website beginning 26 April 2017. A copy of the Notice of the Meeting with proxy form is attached as Annex "B".

PROOF OF PRESENCE OF QUORUM

The Secretary reported that based on the certification of the Credentials Committee and the Registration Committee, out of the **216,837** members of the Company qualified to vote in the meeting, (i.e., they have an insurance policy with the Company that is in force for at least one (1) year as of thirty (30) days prior to 24 May 2017, or as of 24 April 2017), there were **85,954** members or **39.64%** who were present either in person or by proxy. The Insurance Code requires meetings of members of mutual life insurance companies like Insular Life need five per cent (5%) of the membership to constitute a quorum. Hence, the 31st Annual Regular Members' Meeting (106th General Meeting) of The Insular Life Assurance Company, Ltd., was duly constituted and opened for the transaction of business.

RULES ON VOTING



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The Chairman of the Board requested the Secretary to explain the rules governing the voting method during the meeting.

The Secretary explained that as provided in the company's amended By-Laws, every member of record who owns a life, health or accident insurance policy contract or a master policy contract of any group insurance policy which is in force for at least one (1) year as of 24 April 2017, or thirty (30) days prior to the 2017 Annual Regular Members' Meeting is entitled to one (1) vote.

The voting for the election of Trustees was done by casting of the ballots after their registration to the meeting. The said casting of ballots was done electronically. On the other hand, the voting on motions during the meeting was done by voice ("*viva voce*"). An explanation on the said voting method was also indicated in the Notice of the Meeting, as published in the newspapers and in the Company website.

Each of the proposed resolutions taken up and for consideration by the Members was shown in the screen set-up in front of the stage.

A summary of the result of the votes on each item in the Agenda (i.e., in favor, not in favor or abstention) will be posted one (1) working day after the meeting, or on 25 May 2017, as part of good corporate governance practices of the Company.

INTRODUCTION OF THE CURRENT MEMBERS OF THE BOARD OF TRUSTEES AND SENIOR OFFICERS

Before proceeding with the next item in the agenda, the Chairman of the Board introduced the current members of the Board, including himself, and the Senior Officers of the Company. They are:

<u>TRUSTEES</u>	<u>DESIGNATION</u>
Mr. Luis C. la Ó	Chairman of the Board of Trustees, Independent Non-Executive Trustee
Mr. Delfin L. Lazaro	Vice-Chairman of the Board of Trustees, Independent Non-Executive Trustee
Ms. Nina D. Aguas	Chairman of the Executive Committee and Chief Executive Officer, Executive Trustee
Ms. Mona Lisa B. de la Cruz	President and Chief Operating Officer and concurrent President of Insular Investment Corporation (IIC), an Insular Life subsidiary, Executive Trustee
Atty. Francisco Ed. Lim	Vice-Chairman of the Executive Committee, Independent Non-Executive Trustee
Mr. Luis Y. Benitez, Jr.	Chairman of the Audit and Risk Management Committee, Independent Non-Executive Trustee
Ms. Marietta C. Gorrez	Non-Executive Trustee
Mr. Jesus Alfonso G. Hofileña	Senior Executive Vice President and Head of Sales and Marketing Group, Executive Trustee



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Mr. Nico Jose S. Nollo	Independent Non-Executive Trustee
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Other Senior Officers of the Company:

- Mr. Omar T. Cruz Senior Executive Vice President and Chief Bancassurance Officer; and
- Ms. Ma Edita C. Elicaño Executive Vice President and Chief Actuary

The following Presidents of Insular Life’s two (2) subsidiaries also attended:

- Mr. Roberto Z. Arroyo President and Chief Executive Officer, Insular Health Care, Inc., and
- Mr. Kevin Robert Lynch President of Home Credit Mutual Building and Loan Association, Inc.

READING AND APPROVAL OF MINUTES OF THE PREVIOUS MEETING

The Chairman proceeded to take up the next item in the agenda which is the reading and approval of the minutes of the 2016 Annual Regular Members’ Meeting held on 25 May 2016. He mentioned that a copy of the said minutes was included in the materials that were provided to the members and was likewise uploaded in the Company’s website on 26 May 2016 for easy reference of the members.

Mr, Henry Simpson suggested to dispense with the reading of the said minutes and moved for its approval and adoption of the resolution as shown in the screen. This was seconded by Ms. Christine Almendral. The Chairman asked if there were any objections, and there being none, the motion was carried and the members approved the minutes of the 2016 Annual Regular Members’ Meeting and adopted the following resolution as shown in the screen:

RESOLVED, that the reading of the Minutes of the 30th Annual Regular Members’ Meeting (105th General Meeting) of this corporation, The Insular Life Assurance Company, Ltd., held on 25 May 2016 be dispensed with and that the said minutes be as they hereby are approved.

Total No. of members qualified to vote (in attendance in person or by proxy)	Votes in Favor	Votes Not in Favor	Abstentions
85,954	Unanimous (100%)	None (0%)	None (0%)



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ANNUAL REPORT TO THE POLICYHOLDER-MEMBERS

The Chairman of the Board informed the body that the next item in the agenda is the Annual Report to Policyholder-Members covering the Company's performance for 2016 which will be shown through an audio-visual presentation. The presentation is a consolidation of messages from 1) the Chairman of the Board, 2) Chief Executive Officer, and 3) President and Chief Operating Officer and these are available in the 2016 Annual Report.

Copies of these messages as they appeared in the 2016 Annual Report are included below:

A Game Changer (Message of the Chairman of the Board)

Dear Valued Policyholders:

Producing good results under favorable conditions is always welcome, but is also expected. Managing to post strong results in times of uncertainty, on the other hand, is proof of a successful business strategy and years of experience. Amid the challenges in the global economy and here at home, your Board of Trustees is again pleased to report that another year of good results for the Insular Group. We posted P4.9 billion in consolidated net income in 2016, 172 percent higher than the P1.8 billion in 2015.

Our consolidated total revenues grew by 25 percent to P25 billion on the back of higher gains from the sale of equities and properties, investment income and earnings of associates.

In comparison, the local insurance industry recorded flat growth of 0.29% in terms of total premium income in 2016, with the life sector posting a decline while non-life players posted a significant expansion, according to the Insurance Commission (IC). The investments we have made in recent years are starting to pay off, and we expect these will continue to grow. Of particular note are the investments we made in upgrading our core technology platform to better respond to policyholders' needs as they choose to manage their finances in new and different ways. Such changes bring new and different risks as well.

Your Board has worked closely with the senior management team, as well as our regulators, to ensure we remain on the leading edge of these developments. We have made significant investments in risk management and compliance that make us stronger and more resilient. In 2016, we bared our plan to demutualize as one of the possible strategies to optimize Insular Life's future growth and success, and to ensure the long-term interest of our policyholders. Demutualization will transform us into a publicly traded stock company owned by shareholders who may or may not be policyholders. However, after a year of careful study, we have decided to defer our plan, pending enough evidence to support a change in our corporate structure.

In the meantime, another strategic initiative that we were pursuing alongside demutualization is almost complete. In 2016, we started exploring bancassurance as a channel to further expand our reach across to more policyholders. Finally, in early 2017, we entered into a bancassurance distribution agreement with Union Bank of the Philippines, one of the Philippines' leading universal banks, and its subsidiary City Savings Bank. We expect bancassurance to complement our agency distribution channel and produce stronger results in the years ahead.

All of these building blocks rest on a deeper foundation: the trust that Insular Life has earned from its policyholders, employees, and other stakeholders. This trust emboldens us to introduce high-impact digital strategies in pursuit of a differentiated customer experience, efficiency and quality earnings growth.

Our pledge to uphold your trust is also the impetus that drives us to ensure the best leadership for the Insular Group. Thus, as we have reported during the 30th Annual Regular Members' Meeting, there have been several changes in our Board. On 24 January 2016, Mr. Victor B. Valdepeñas was elected as Chairman of the Board, following Mr. Vicente R. Ayllón's retirement, and Ms. Nina D. Aguas, who was previously an Independent Trustee, became the Company's first female CEO.



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In August 2016, I succeeded Mr. Valdepeñas as Chairman of the Board. My two predecessors have left two huge shoes to fill, particularly Mr. Vicente R. Ayllón who completed his term as Chairman Emeritus in end-2016.

I will continue to look to both of these men with inspiration and respect. At the same time, we also welcomed Mr. Nico Jose S. Nollado, who was elected as an Independent Trustee: the youngest-ever to sit in our Board. 2016 has been a year of transition for Insular Life, during which changes have taken place to position your Company for the long haul. But the coming year will be an equally important one for all of us as we continue to differentiate Insular Life in terms of customer experience.

On behalf of the Board, I would like to thank our dedicated management team and Board members for working tirelessly to ensure Insular's sustained success.

I look forward to continuing this journey together in 2017 and beyond.

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Defying the Odds: Q and A with Ms. Nina D. Aguas, Chief Executive Officer

The year 2016 has been a politically charged and volatile year for many around the world, particularly in the United States, China, Japan, and countries in Europe. The Philippines was not totally spared from the global headwinds because of its own market challenges, as well as the political uncertainty from the May 2016 presidential elections.

Ms. Nina D. Aguas, whose term as Insular Life CEO just turned a year old in January 2017, shares how the Company managed to post a stellar performance and managed to demonstrate once again its resilience in the face of uncertainty.

How would you describe Insular's performance in 2016? What are the main drivers of growth?

Our Insular Life Group earned a record-breaking net income of P4.9 billion, P3.2 billion or 172 percent increase compared to P1.8 billion in 2015. Our consolidated revenues reached P25 billion, up by P5 billion or 25 percent from the P20 billion in the previous year. The increase in revenues was due to higher gains from sale of equities and properties, investment income and earnings of our associates.

Consolidated total assets went up to P129 billion, P23 billion or 22 percent more than P106 billion a year ago. Consolidated net worth amounted to P40.3 billion, up by P16.6 billion or 70 percent from P23.7 billion in 2015.

While Insular Life posted monthly increases in new business premium production for eight consecutive months and also increased its renewal premiums, we were not shielded from the volatile market conditions that caused a sharp drop in single premiums. As a result, our total premium income was slightly down by P380 million or 3 percent to P12.3 billion, reflective of the industry decline of 3 percent.

Still, I believe Insular Life's overall performance in 2016 was exemplary. We attribute this to the robust revenues from insurance and investment, and from higher capital gains on the sale of shares of stocks and properties. The increase in members' equity can be attributed to the gains in the market value of our equity holdings and our higher net income.

What factors in the external and internal environment contributed to your performance?

On the financial front, we had to make certain decisions in the light of regulatory initiatives on Risk-Based Capital (RBC). We saw an opportunity to realign our assets towards income generation to further strengthen our RBC position. The successful initial public offering of one of our major equity holdings also had a significant and positive impact on the value of our investments.

On the sales side: a slower-than-usual market response at the beginning of 2016 had the biggest impact on our business production. Notwithstanding this slow pace, Insular Life's equity funds that support our investment-



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linked insurance products were the best-performing funds in 2016 and have consistently outperformed the Philippine Stock Exchange Index.

What fresh opportunities for growth did you see and seized in 2016?

Insular Life marked its 106th year of existence in 2016. We continue to transform and find ways to design and offer relevant products and services to help secure the financial future of every Filipino. This is consistent with our advocacy to provide a “Magandang buhay bukas” to our countrymen.

In terms of opportunities, we forged strategic partnerships as an avenue for growth and expansion in reach and capability. In the fourth quarter of 2016, we entered into a bancassurance relationship with one of the leading banks in the country: Union Bank of the Philippines (UnionBank). After besting four other major foreign players in the country, we successfully signed a Distribution Agreement with UnionBank in January 2017.

Digital technology is another arena that we see as a game changer for the insurance business, and presents new possibilities for consumers to do pre-purchase research and engage with companies. We want to understand better the needs and preferences of our customers by leveraging social media and big data analytics as we serve and maintain the trust of our policyholders.

Towards this end, we sought to further expand our traditional, as well as allied, distribution channels and leveraged on technology by developing a best-in-class automated underwriting system. This would not only enable our sales force to be more productive, it will also benefit our policyholders in terms of faster and simpler processing and approval of their insurance applications.

2016 was your first year as CEO of Insular Life. How would you describe the challenges, especially of running a Filipino-owned institution that is over a century old? Where do you want to take Insular Life in the next 3-5 years?

Inheriting a 106-year old company from a predecessor who has been at the helm for decades presents its own unique set of challenges, as well as opportunities. We have always been an all-Filipino institution competing in an industry dominated by foreign insurance providers, some of which are among the best in the world. Competition is good and healthy. This inspires us to continue working hard to remain top of mind with our customers. Among others, the challenge we face is keeping the institution relevant and connected with our existing policyholders, as well as reaching out and providing a compelling proposition to future generations of policyholders.

As a newcomer to the industry, I realized how the whole concept of insurance and assurance has been underappreciated. Many Filipinos establish a banking relationship for savings and investments as their first financial relationship, and believe it ends there. Many do not yet appreciate that life insurance is a primary and essential risk protection instrument, as well as a long-term investment vehicle.

As with banking, where I spent over 30 years, life insurance is a fiduciary responsibility and accountability. It is also a much more involved people business. In my view, we need to transform and consistently deliver excellence in customer experience, as well as leverage digital and social media, to connect and communicate with our customers, our partners and our marketplace at large. We should strive to talk to them more often.

In terms of distribution, we have a limited bandwidth; our agency force is far from being the largest in the industry, although it performs competitively with other agency-led companies in terms of production and productivity. Even as we continue to strengthen our traditional agency channel, we also strive to find additional channels to reach out to more clients. Likewise, we need to find ways to lead and articulate a strategy for a respected 106-year old institution through the digital revolution where innovation and disruption is called for to enhance our product and service offerings.

How did you arrive at the decision to go into bancassurance?



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Historically, Insular's business model has been built on its strong, resilient agency franchise. In recent years, however, both in the country and overseas, other sales channels have emerged and have been performing significantly, notably bancassurance distribution. Increasingly, customers want to have more options on how they want to interact with their potential insurer. They will do so via a channel of their choosing. We need to continue developing multi-channel distribution capabilities, including bancassurance, in order to remain competitive and to help secure the long-term future of the Company.

How will Insular benefit from its bancassurance partnership with a technology-driven bank like UnionBank?

We were in search of a bancassurance partner that shares our values. We have a long tradition of steadfast commitment to our policyholders. Insular Life is a trusted and respected company in an industry dominated by foreign players.

Through this bancassurance partnership, we will benefit from UnionBank's group network of over 300 branches and offices with more than six million customers. It opens up a new distribution channel to complement our agency franchise and provides a new revenue stream for both our institutions.

As with any partnership, there is no greater feeling than that of finding the right bancassurance partner, and together, providing products and services which impact Filipino families and communities in a profound way.

Bancassurance provides for bilateral benefits to both parties. For UnionBank, the agreement makes it possible to complete its product suite that ultimately helps customers elevate their lives and fulfill their dreams. Together, we will continue to create value for the stakeholders of our two great companies and assert leadership in our respective industries.

In the 2016 Members' Meeting, you reported on a possible change in corporate structure and demutualization was one of the options that Insular might pursue. Have the Board and Management already arrived at a decision on demutualization?

Demutualization remains in the agenda. We have done extensive consultation and research on this, including the experiences of insurers in other countries, and after much deliberation and consideration, the Board of Trustees has decided to defer the undertaking to a later date. We will revisit this once we see a compelling need to change our corporate structure within a changing business environment, and of course, always taking into consideration what is best for our policyholders.

What growth opportunities do you see for Insular in 2017, and how will this impact your Policyholders?

2017 and beyond will continue to be challenging given the many external developments, both here and abroad, that are still unfolding and will surely influence this "new normal" space that we operate in. Transformation and allowing ourselves to be disrupted would be critical. We need to keep our focus on the strategic priorities that we laid out for ourselves.

Subsequently, all initiatives are directed towards providing customer excellence by putting their perspective first in our decisions and operational capability. With even greater resolve we recognize the changing dynamics of customer engagement and their new expectations.

What is your outlook – both for the global and local economies, as well as the Philippine insurance sector – this 2017?

I do not have a crystal ball nor will I attempt to forecast the future. We all read, watch and hear from most likely the same sources. This said, I view 2017 with continued optimism. There is so much going on for the Philippine economy, the government's serious infrastructure development programs, as well as consumption spending fueled by OFW remittances and BPOs contributing decent growth to our GDP.

We cannot be distracted by short-term events; instead, we need to keep our focus on our key stakeholders and deliver on our commitments to them. I do not completely understand the forces, political or otherwise, impacting



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the global economies today. Planning forward and seeking opportunities in these hard-to-predict times drive one to create a really strong company, keeping true to our values and culture, constantly seeking ways to transform and innovate, and yes, look after our people. It is only by pursuing all these relentlessly that we stay a relevant and respected institution way beyond our 106 years.

Because Insular is the “Most Trusted Brand” in the life insurance industry, a distinction we carry proud and tall, it is incumbent on all of us to secure the organization’s future decades from now. The attributes of trustworthiness and credibility, quality, value, understanding customer needs, innovation, and social responsibility are intangible but powerful measures that we will continue to pursue and live by.

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Building for the Future: Q and A with Ms. Mona Lisa B. de la Cruz

The Philippines’ insurance sector is on the threshold of a dramatic transformation. With opportunities from the ASEAN integration and from the increasing use of digital technology, as well as emerging risks from market volatility, cyber crime, fraud or corporate liability, the Insurance Commission has been laying down reforms to strengthen the sector.

Ms. Mona Lisa B. de la Cruz, Insular Life President and Chief Operating Officer, talks about how the Company continues to make significant progress amid the changing landscape and how it is futureproofing the business.

How did the local insurance sector fare in 2016?

The year 2016 was filled with uncertainty. Everywhere — from “Brexit” and China’s economic slowdown, to the surprising outcome of the U.S. presidential election as well as ours — there were just too many political and policy uncertainties, enough to send businesses and investors on a rollercoaster ride. Naturally, these jitters made people hold back on major investments, including insurance.

In the Philippines’ case, this was quite pronounced towards the May presidential election, not knowing the winning candidate early on, and how his administration will lead to drastic policy changes. This political anxiety somewhat ebbed when the President-elect made a pronouncement that he will continue and maintain the economic policies of his predecessor.

As a result of the market uncertainty, the local insurance sector did not grow as much in terms of premiums. The latest data from the Insurance Commission (IC) show flattish growth in total premiums for 2016, on the back of a decline in the premium production of the life sector. The value of total premiums grew by 0.29 percent to P231.9 billion versus P231.2 billion in 2015. Total life premiums fell by 3.04 percent to P182.8 billion from P188.5 billion, year-on-year. The decline was slightly offset by the increase in the non-life sector, with total net premiums of P41.6 billion, or 16.24 percent higher than P35.8 billion in 2015.

How did Insular manage to have positive financial results despite the political and economic headwinds in 2016?

In a year filled with uncertainty, we performed extremely well. Parent company Insular Life generated net income of P3.7 billion, up from P1.4 billion in 2015. We also posted P23.4 billion in revenues, an increase of 21 percent. Contributing heavily to the Company’s very good performance are the significant growth in investment income particularly dividends from equity investments, and realized gains. During the year, the Company booked gains of P3.3 billion from the sale of stocks and P1.9 billion from the sale of properties.

Parent company’s assets grew 23 percent, from P108 billion to P133 billion, for the same period in review. We had a net worth of P43.9 billion, a 72 percent improvement from the 2015 level.

Total business-in-force in 2016 stood at P267.3 billion, with 334,996 policies. This represented a 6 percent growth from the previous year’s P251.5 billion, with 321,281 policies in force.



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The stock markets around the world were on a wild ride, primarily because of the U.S. Federal Reserve rate hike. How did Insular Life's Wealth Series unit-linked funds survive this turbulence?

Insular manages nine funds under the Wealth Series portfolio, and their combined fund value as of 31 December 2016 was P21.2 billion. Despite the fact that the Philippine composite index declined by 1.6 percent year-on-year, our Equity Fund, Growth Fund, and Balanced Fund still managed to emerge as the best-performing funds in their category for 2016.

Our peso-denominated funds outperformed the market in general. Through it all, most investors of Insular Life's variable unit linked (VUL) funds held on and were rewarded by very decent returns. Among these funds, the Growth Fund posted the highest return at 4.04 percent, followed by the Equity Fund at 3.21 percent. The Balanced Fund, a mixed basket of equity and fixed-income assets, also delivered a respectable return of 2.64 percent.

The commendable performance of these funds is really good news to our VUL policyholders.

What new products did you launch in 2016?

We consider 2016 as an "opportunistic" year for new investments. Thus, in addition to our six opened variable funds, we launched three new variable unit-linked (VUL) funds: the Guardian Fund and the Peso and Dollar Money Market Funds. We also launched a new Variable Returns Asset (VRA) product package, the First Million Fund.

Other new products launched in 2016 were Wealth Protect, Payor Riders for Death and Disability (PR and PRWPD), and Waiver of Premium Rider (WPD) for VUL products.

More than delivering returns, these VUL products also provide insurance protection, such that whatever happens, a policyholder's family is still protected from the risk of income loss.

What would you consider as a company milestone in 2016?

While we made great strides since embarking on our "Magandang Araw" service brand, we continue to improve on our service delivery to serve our customers even better.

In 2016, we started taking our customer journey farther by offering an "omni channel" world of customer experience. This means providing as many customer touch points as possible, deepening our understanding of our customers, as well as being more responsive to their needs. By focusing on ways to enhance customer experience, we also improve on our operational efficiency.

To improve new business efficiency and to attract a more tech-savvy sales force, we took the lead in utilizing technology to speed up the insurance policy application process. In November 2016, we launched the first integrated web based proposal, sales illustration, and Automated Underwriting (AU) system in the Philippines. This can be accessed through our online agent portal.

Under the new AU system, the application process and the delivery of the new policy are much faster. We were able to cut the waiting period, from the previous two to three days, to as short as a few minutes. Underwriting decisions are immediately given, and ratings are reflected in the proposals. These, and having a single customer view, enable us to better serve our clients by offering products that are more suited to their profiles and needs at much faster delivery times.

We are also excited about the launch of our e-commerce platform that will introduce a new distribution line for Insular Life. This platform is well-suited to the new generation of customers who are comfortable with end-to-end processes done online.

Insular Life recently entered into a bancassurance partnership with Union Bank of the Philippines. How will this help you reach more customers?



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Bancassurance is increasingly becoming a key growth area for banks across the region. This partnership will enable Insular to cross-sell our insurance products within the premises of UnionBank or any of its network of over 300 branches and offices to more than six million customers.

Bancassurance will strengthen our agency force and enable us to reach more customers. We hope to double our production as a result.

The local insurance market is still in a very nascent growth stage. Insurance penetration – or the ratio of insurance premium to Gross Domestic Product (GDP) – at less than 2 percent of the country's GDP in 2016, is among the lowest in the region, according to the ASEAN Insurance Council (AIC) and the Insurance Commission of the Philippines. Given this situation, the expansion of our distribution capabilities through our partnership with UnionBank will enable us to help more Filipinos get the insurance protection they need.

For an institution that is already 106 years old, how do you remain relevant to the millennial generation?

Some Asian markets already have an ageing population and, as a result, are experiencing economic slowdown. The Philippines is in a different stage: it is just beginning to reap the so-called “demographic dividend” with a bigger chunk of Filipinos making money as part of the workforce, against the number of young and old dependents.

This is why we at Insular Life want to invest in the future of our millennial customers. We know that millennials do not stay in the YOLO (“You Only Live Once”) phase forever. Eventually, they transition to concern themselves with the more serious aspects of life, a phase that millennials have dubbed ‘adulting’. Part of this adulting phase is realizing the need to save for their future and become more conscious about reaching their financial goals.

In order to deepen our relationship with our young policyholders, we have come up with products and services that are more relevant to their adulting needs, such as the First Million Fund. We have also been able to attract a growing number of millennial agents who are at their adulting phase, stepping into the grown-up world. These agents more easily relate to our younger policyholders who are also digital natives like them.

By engaging our millennial market in social media, our “Magandang Araw” brand campaign has now become a social movement: our young policyholders actively share how they choose positivity every day, and how it creates a ripple effect on the lives of people around them.

What would be the biggest challenges for Insular Life and the insurance industry in 2017 and the coming years?

Many industry players actually spent a great deal of time in 2016 preparing for a slew of new regulations. There were a lot of policy discussions on the adoption of international standards for capital and for insurance policy reserves.

The Insurance Commission (IC), through Republic Act 10607 or the new Insurance Code, mandated that all existing insurance companies must increase their minimum net worth from P250 million to P550 million by December 31, 2016.

As a mutual company, Insular Life's capital is based on net worth, which at P43.9 billion as of end-2016 is more than enough to comply with the minimum capitalization requirement.

Another challenge for many industry players is the new framework on Risk-Based Capital (RBC). This provides for the minimum amount of capital that an insurance company must have based on the risk it undertakes. This strengthens a company's ability to withstand the volatilities in its environment.

The new RBC requirement as well as the minimum capital requirement is a concern for many smaller industry players. Nevertheless, these are needed to bring the local insurance industry at par with its counterparts in neighboring countries.



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The regulatory environment in which we operate is constantly changing, and our customer demographic is changing as well. In 2017, we will have to be nimble to confront a marketplace that is undergoing dramatic transformation than perhaps ever before.

We also have to anticipate potential challenges in the future, for example, interest rate spikes from current historic lows. These hurdles, along with slowing global economies, could make it difficult for many insurers to generate the returns they need to attract and retain clients profitably.

This kind of terrain, however, is no uncharted territory for a 106-year old institution like ours. Insular Life has a proven track record in adapting to rapidly evolving markets. As long as our culture remains customer-centric, innovative, and technology-driven, and we continue to remain true to our purpose, we are confident we can sustainably drive growth, bolster efficiency, improve customer experience, and head off emerging competition.

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After the presentation, the Chairman opened the floor to questions or comments from the members concerning the report.

Mr. George Uy Tioco Jr., a Policyholder-Member, commended the Company for an impressive performance in 2016. He requested clarification, however, on the significant jump in the Company's policy reserves from Php 1.6 Billion to Php 3.6 Billion in 2016. In response, Ms. Mona Lisa B. de la Cruz stated that the increase is in preparation for the new Valuation Standards that would require higher Policy Reserves. This was supposed to be implemented in 2016 but was later deferred to 2017. Mr. Uy Tioco Jr. inquired if this was a onetime catch-up. This was confirmed by Ms. de la Cruz.

Mr. Nestor Lim, another Policyholder-Member, inquired about status of the study on the possible demutualization of the Company. He also asked for the advantages and disadvantages of this. Chairman of the Board, Mr. Luis C. la Ó, stated that, a review of the Company's corporate structure which includes a possible demutualization was conducted last year as previously reported. External and internal experts were engaged for the purpose and they looked at all relevant factors including the experience of similarly situated life insurers in other countries. The conclusion of the experts is that the present timing for any such demutualization is not ideal. It was decided that the Company will revisit the study by end of 2018. He assured Mr. Lim and all Policyholder-Members that the Trustees and the Company as a whole shall as always consider what is best for the Policyholders and the Institution.

Mr. Uy Tioco inquired about Bancassurance agreement of the Company with Union Bank of the Philippines (UBP) if it is a multi-year agreement and if it is subject to access fees. Ms. Nina D. Aguas reported that in January 2017, the Company signed a 15-Year Bancassurance Agreement with UBP. It has always been studying other available ways to expand its distribution channels. As in other Bancassurance agreements, there is an access fee subject to achievement of targets.

There being no questions raised, and upon motion of Ms. Audrey Puangco, seconded by Mr. Richard Nebres, the 2016 Annual Report, inclusive of the Audited 2016 Consolidated Financial Statements was approved and the following resolution as shown on the screen was adopted:



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RESOLVED, that the 2016 Annual Report to the Policyholder-Members, inclusive of the Audited 2016 Consolidated Financial Statements of this corporation, The Insular Life Assurance Company, Ltd., be as they hereby are approved.

Total No. of members qualified to vote (in attendance in person or by proxy)	Votes in Favor	Votes Not in Favor	Abstentions
85,954	Unanimous (100%)	None (0%)	None (0%)

RATIFICATION AND APPROVAL OF ALL THE ACTS AND RESOLUTIONS OF THE BOARD OF TRUSTEES AND THE EXECUTIVE COMMITTEE

The Chairman informed the body that the next item in the agenda is the ratification and approval of all the acts and resolutions of the Board of Trustees and the Executive Committee from the date of the last Annual Regular Members’ Meeting on 25 May 2016 up to and inclusive of the date prior to this 2017 Annual Regular Members’ Meeting. He also mentioned that a copy of the record of these acts and resolutions are available for examination by any interested party in the Office of the Corporate Secretary and that a summary of these resolutions is available in the Company Website.

Upon motion of Ms. Anna Madis, seconded by Ms. Audrey Puangco, the reading of the record of all the acts and resolutions of the Board of Trustees and the Executive Committee from the date of the last Annual Regular Members’ Meeting on 25 May 2016 up to and inclusive of the date prior to this 2017 Annual Regular Members’ Meeting was dispensed with and that the same were ratified with the following resolution (which was shown on the screen) adopted:

RESOLVED, that the reading of all the acts and resolutions of the Executive Committee and those of the Board of Trustees of this corporation, The Insular Life Assurance Company, Ltd., from the date of the last Annual Member’s Meeting held on 25 May 2016 up to and inclusive of the date prior to this Annual Members’ Meeting be dispensed with and that they be ratified as they hereby are ratified.

Total No. of members qualified to vote (in attendance in person or by proxy)	Votes in Favor	Votes Not in Favor	Abstentions
85,954	Unanimous (100%)	None (0%)	None (0%)



ELECTION OF TRUSTEES/ APPOINTMENT OF TELLERS

The Chairman informed the members that the next item is the election of three (3) Trustees to replace those whose terms are expiring. Each Candidate shall be voted by Members individually, and the first top three (3) Candidates will be elected. Each newly-elected Trustee shall serve a term of three (3) years.

The Chairman asked the Secretary if there is still a need to appoint tellers to count the votes cast relative to the election of the Trustees. The Secretary explained that this was no longer necessary. Tellers are appointed for the official tallying of the votes cast for the candidates of the election of the three (3) Trustees as required in the By-Laws. The three (3) nominees for the positions have been endorsed by the Board of Trustees. And there having been no other nominations received from members, the counting of ballots cast for these three (3) candidates is no longer needed. There were 80,265 who voted either in person or proxy. The Secretary also reported that the process of voting by the Members has been observed by representatives from Sycip, Gorres, Velayo and Company.

With the proper motion, duly seconded, the three (3) nominees may be declared duly elected trustees of the Corporation. These nominees are:

Ms. Mona Lisa B. de la Cruz as *Executive Trustee*;
Atty. Francisco Ed. Lim as *Independent*; and
Mr. Nico Jose S. Nollado as *Independent Trustee*

The Secretary certified (please see Annex "C") that the three (3) nominees possess all the qualifications and none of the disqualifications mentioned in Section 4.5 and 4.6 of the Company's Amended By-Laws and are therefore eligible to be nominated and elected Trustees of the Corporation. Their qualifications are also aligned with the Company's strategic directions.

With the Secretary's explanation, the Chairman asked if there is someone who will move for the declaration of the four nominees as duly elected Trustees of the Corporation.

With the motion of Mr. Richard Nebres seconded by Ms. Anna Madis, the members approved to declare the three nominees as elected Trustees of the corporation and the following resolution was adopted which was shown on the screen:

RESOLVED, to elect the following as Trustees of this corporation, The Insular Life Assurance Company, Ltd., to serve for three (3) years or until their successors have been elected and qualified:

Ms. Mona Lisa B. de la Cruz as *Executive Trustee*;
Atty. Francisco Ed. Lim as *Independent Trustee*; and
Mr. Nico Jose S. Nollado as *Independent Trustee*



Insular

Candidates	Votes in Favor	Votes Not in Favor	Abstentions
Mona Lisa B. de la Cruz	80,246 (99.9763%)	16 (0.02%)	3 (0.0037%)
Francisco Ed. Lim	80,158 (99.8667%)	104 (0.1296%)	3 (0.0037%)
Nico Jose S. Nolleto	80,160 (99.8692%)	102 (0.1271%)	3 (0.0037%)

APPOINTMENT OF EXTERNAL AUDITOR AND FIXING OF ITS REMUNERATION

Upon the request of Chairman, Mr. Luis Y. Benitez, Jr., Independent Trustee and incumbent Chairman of the Audit & Risk Management Committee (ARMC), informed the body that the ARMC has evaluated the performance of Sycip, Gorres, Velayo & Co. Inc. (SGV and Co., Inc.), the Company's present external auditor, and has found it satisfactory. The ARMC therefore recommended the re-appointment of the same firm as external auditor for 2017, for a fee to be approved by Management.

Upon motion of Ms. Michelle Almendral, seconded by Mr. Henry Simpson, members approved the reappointment of SGV and Co., Inc., as external auditor of the Company for the year 2017 for fee to be approved by Management and adopted the following resolution which was shown on the screen:

RESOLVED, that SGV and Co., Inc., be as it hereby is re-appointed as external auditor of this corporation, The Insular Life Assurance Company, Ltd. for the year 2017 for a fee to be approved by Management.

Total No. of members qualified to vote (in attendance in person or by proxy)	Votes in Favor	Votes Not in Favor	Abstentions
85,954	Unanimous (100%)	None (0%)	None (0%)

OTHER MATTERS

Mr. Chairman asked if there were any other matters which the body would like to take up.

Policyholder-Member Mr. Reynaldo Bantog commented that he was pleased with the Company's operations in 2016 based on the 2016 Financial Report, but he requested for a clarification on the increase in the Company's Risk Based Capital (RBC) and how it would affect the Policyholder-Members. In reply, Ms. Aguas explained that the Company has been preparing for the increase in policy reserves and RBC in 2017 as required by the Insurance Commission to strengthen Philippine life insurance companies. The Insurance Commission's



Insular

direction on new capital requirements aligns Philippine insurance companies with those of the region. Further, Insular Life, being a mutual company, does not have shareholders who can infuse capital in case there are shortages in the minimums to comply with the new requirements. Thus, we have to strengthen our capital position. For Policyholder-Members with traditional policies, the Company has set aside about Php 500Million for policy dividends. The balance of the net income after dividends to policyholders goes to retained earnings where it will be used for future investment opportunities to ensure long term corporate profitability.

Another Policyholder-Member, Mr. Nestor Lim, proposed that the Company accept advanced premium payments through credit cards. Only payments for current premiums due are accepted if payment will be through credit card. The Chairman assured that the Company, through the Chief Operating Officer, will consider Mr. Lim's suggestion along with other process improvements for the benefit of all Policyholder-Members.

Mr. George Uy Tioco Jr., also asked what the Company's current RBC ratio is. Ms. Mona Lisa de la Cruz replied that the Company's RBC ratio is currently at 248%, based on the current minimum RBC requirement of 125%. RBC ratio regulations change regularly and the formula for RBC regulations for implementation by end of 2017 have yet to be issued by the Insurance Commission (IC). Mr. Uy Tioco asked for an estimate of the Company's RBC ratio with the new requirement. Ms. de la Cruz expounded that using draft formula ratio based on the Company's discussion with the IC, the RBC ratio is estimated to be 148%. She assured him that though the final ratio is expected to be lower than the current 248%, it will still be higher than the minimum RBC requirement of IC.

ADJOURNMENT

There being no other business to discuss, upon motion of Mr. Richard Nebres, the meeting was adjourned at 5:00 pm.

Signed this 24th day of May, 2017.

RENATO S. DE JESUS
Secretary of the Meeting

APPROVED:

LUIS C. LA Ò
Chairman of the 31st Annual Members' Meeting
(106th General Meeting)



Insular

SECRETARY'S CERTIFICATE

I, RENATO S. DE JESUS, being the duly elected, qualified and incumbent Corporate Secretary of **THE INSULAR LIFE ASSURANCE CO., LTD.**,

DO HEREBY CERTIFY:

That Notice of the Annual Regular Meeting of the Members of the Corporation to be held on 24 May 2017 at 4:15 o'clock P.M. at the principal office of the Corporation at Bulwagang Haribon, Insular Life Corporate Centre, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City was published in two (2) newspapers of general circulation in Muntinlupa City on 26 April, 03 May and 04 May, 10 May and 17 May 2017 (each of four successive weeks immediately prior to such meeting) in accordance with the Amended By-Laws of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Corporation at Makati City, on this 24th day of May 2017 at Muntinlupa City, Philippines.

RENATO S. DE JESUS
Corporate Secretary



Insular



The Insular Life Assurance Company, Ltd.

**NOTICE OF THE 2017 ANNUAL
REGULAR MEMBERS' MEETING**

Notice is hereby given that the 2017 Annual Regular Members' Meeting of **The Insular Life Assurance Co., Ltd.** will be held on **Wednesday, 24 May 2017 at 4:15 P.M.** at the Insular Life Corporate Centre, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City with the following agenda:

1. Proof of Notice of Meeting;
2. Determination of presence of Quorum;
3. Reading and Approval of the Minutes of the 2016 Annual Regular Members' Meeting held on 25 May 2016;
4. Annual Report to Policyholders;
5. Ratification of all the Acts and Resolutions of the Executive Committee and the Board of Trustees from the date of the last Annual Regular Members' Meeting up to the date of this meeting;
6. Election of three (3) Trustees;
7. Appointment of External Auditor and Fixing of its Remuneration; and
8. Adjournment.

The details and rationale of the Agenda are available on the Company's website.

A record of the acts and resolutions of the Executive Committee and the Board of Trustees are with the Office of the Corporate Secretary and may be examined by anyone interested. A summary of these resolutions is shown in the Company's website. The profiles of the Trustees to be elected are likewise disclosed in the website.

Every qualified Member who owns an insurance policy in force for at least one (1) year as of thirty (30) days prior to 24 May 2017, or as of 24 April 2017, is entitled to vote. Such Member shall be entitled to one (1) vote only at such meeting or any adjournment thereof, regardless of the number of policies or amount of insurance he owns.

The voting procedure during the meeting for the election of Trustees shall be by casting of ballots while that for voting on motions shall be by voice ("viva voce") or other applicable methods as may be determined by the Chairman of the Meeting.

Any Member entitled to vote may be present in person, or represented by proxy. A proxy may be appointed by using the form below, or a copy thereof. The proxy form is also available at our Head Office - Office of the Corporate Secretary, at any of our District Offices or may be downloaded from <http://www.insularlife.com.ph>. No members' proxy shall be recognized unless a duly signed proxy form has been filed with the Office of the Corporate Secretary or at any of our District Offices at least ten (10) working days before the date of the meeting at which the proxy will attend, or not later than 10 May 2017. The presence of a member at the Annual Regular Members' Meeting revokes the proxy for such meeting.

To facilitate proper identification, please bring any government-issued identification document (Passport, Driver's License, SSS/GSIS/BIR IDs or other similar documents).

Signed this 26th day of April 2017 at Muntinlupa City.

(Sgd.)
Atty. RENATO S. DE JESUS
Corporate Secretary

INSTRUCTIONS: Please accomplish the Proxy Form below and detach and submit it to the Office of the Corporate Secretary at the Insular Life Head Office or to any of our District Offices most convenient to you on or before 10 May 2017.

PROXY

Know All Men By These Presents:

That I, the undersigned policyholder and member of The Insular Life Assurance Company, Ltd. do hereby nominate, constitute and appoint (please check one):

Proxy Committee (with the Executive Committee Chairman, the President and the Corporate Secretary, as members thereof, or anyone of them, if only one be present, or the Board Chairman) pursuant to Section 3.4.2 of the Company's By-Laws, as amended; or

_____ (Please indicate full name of your designated proxy.) as my proxy to vote at the Annual Regular Members' Meeting of the Company on 24 May 2017, and any adjournment thereof, as fully for all intents and purposes as I could lawfully do if present and acting in person. In case of non-attendance of my designated proxy, I authorize and empower the Chairman of the Meeting to fully exercise all rights as my proxy at such meeting.

Signed this _____ day of _____, 2017 at _____.

Policy Number/s: _____

Signature over: Printed Name of Policyholder/Member



SECRETARY'S CERTIFICATE

I, RENATO S. DE JESUS, being the duly elected, qualified and incumbent Corporate Secretary of **THE INSULAR LIFE ASSURANCE CO., LTD.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office in the City of Muntinlupa, Philippines,

DO HEREBY CERTIFY:

That the following persons, who were nominated by the Nomination Committee of the Board of Trustees and duly approved by the Board are qualified to be nominated and elected as members of the Board of Trustees as they possess all the qualifications and none of the disqualifications stated in Section 4.5 and 4.6 of the Corporation's Amended By-Laws:

Ms. Mona Lisa B. de la Cruz as *Executive Trustee;*
Atty. Francisco Ed. Lim as *Non-Executive Trustee; and*
Mr. Nico Jose S. Nollo do as *Independent Trustee*

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Corporation at Muntinlupa City, on this 24th day of May 2017 at Muntinlupa City Philippines.

RENATO S. DE JESUS
Corporate Secretary



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