

# ANNUAL REPORT 2020

## HISTORY

- AUGUST 1990 GUEVENT INSURANCE AGENCY CORP (GIACO)
- JANUARY 2004 GUEVENT INSURANCE BROKER CORP (GIBCO)
- INITIAL AUTHORIZED CAPITAL OF P800K, PAID UP CAPITAL OF P50K
- GIBCO'S PRIMARY PURPOSE, IS TO EVALUATE, SERVE, AND PROVIDE ALL POSSIBLE INSURANCE REQUIREMENTS OF THE GUEVENT GROUP OF COMPANIES, IT HAS GROWN TO EXPAND ITS CLIENTELE BEYOND THE GROUP TO CATER AND SERVE OPEN MARKET CUSTOMERS.

## BUSINESS EXPANSION

- IN 2017, GIBCO FORMALLY ESTABLISHED ITS LIFE INSURANCE DIVISION, OFFERING LIFE INSURANCE PRODUCTS INCLUDING GROUP LIFE, VARIABLE LIFE INVESTMENTS, MEMORIAL PLANS, AND HEALTH CARE INSURANCES.
- FROM LESS THAN 10 PRODUCT LINES IN 2004, GIBCO HAS GROWN ITS PRODUCT PORTFOLIO TO OVER 50 PRODUCT LINES TO DATE.
- IN 2018, GIBCO INTEGRATED GIBX (GIBCO EXTERNAL).
- GIBCO'S PAID-UP CAPITAL HAS GROWN SIGNIFICANTLY FROM AN ORIGINAL PAID-UP CAPITAL OF PHP 50K IN 1990 TO PHP50M AS OF DECEMBER 2020.
- TOTAL STOCKHOLDERS EQUITY AS OF DECEMBER 2020 IS PHP117M.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

- ON MARCH 16, 2020, THE PHILIPPINE GOVERNMENT PLACED LUZON UNDER ENHANCED COMMUNITY QUARANTINE (ECQ) DUE TO THE COVID19 PANDEMIC.
- GIBCO ONLY ATTAINED A NIAT OF PHP 24.50M FOR THE YEAR 2020 AS COMPARED TO THE NIAT OF PH36.10M FOR THE YEAR 2019.
- NEGATIVE VARIANCE OF PHP11.65M OR -32%.
- THE TRANSITION OF ITS OPERATIONS FROM FULL ON-SITE TO WORK-FROM-HOME IN ORDER TO MINIMIZE, IF NOT ELIMINATE EXPOSURE OF ITS PERSONNEL TO THE VIRUS THROUGH TELECOMMUTING.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

GIBCO adopted the following cost-saving and cash preservation measures while maintaining the same level of proficiency and effectiveness as its on-site operations:

1. Reduced work days from May 2020 to December 2020 which, in turn, reduced Salaries & Wages by twenty five percent (29%) or P5.07M compared to regular cost;
2. Reduced work hours from March 2021 to July 2021 which, in turn, reduced Salaries & Wages by fifteen percent (15%) or P1.16M compared to regular cost;
3. Continued implementation of work-from-home (WFH) set-up which reduced Supplies, Electricity and Water expenses;
4. Surrendered 9th floor office space which reduced Rental expenses by Php 56k per month effective April 2021;
5. Suspension of Uniform Allowance which reduced Company-initiated employee benefits;

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

GIBCO adopted the following cost-saving and cash preservation measures while maintaining the same level of proficiency and effectiveness as its on-site operations:

6. Acquired HR services of Sharevis instead of hiring a full-time HR, which reduced Salary expenses;
7. Continued development of GIBCO Accounting System (GAS) and GIBCO Insurance Management System (GIMS) by in-house IT without additional development cost to GIBCO;
8. Utilized virtual platforms for marketing and meetings which reduced transportation, representation expenses and others;
9. Deferment of acquisition of office equipment (CAPEX) unless, otherwise determined to be essential in performing day-to-day operations of the company;

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

GIBCO adopted the following cost-saving and cash preservation measures while maintaining the same level of proficiency and effectiveness as its on-site operations:

10. Deferment of Outside Training;
11. Deferment of cost-bearing projects (ie. Website AI);
12. Deferment of annual salary increases for 2020 and 2021;
13. Managed premium collections from clients and maximize premium remittances, with negotiated payment arrangements with Insurance principals.

GIBCO has a total cost savings from March 2020 up to December 2020 of Php 2.76M against the amount budgeted for the period. Comparing it to the actual OPEX for the same period March 2019 up to December 2019 pre-pandemic, GIBCO has a total cost savings of Php8.9M or 27%.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

- ▶ For the period Jan - Aug 2021, Gibco saved P1.99M or 10% as compared to the budget, but compared to the same period last year, GIBCO saved P2.65M or 12%.
- ▶ GIBCO maintained its manpower of 44 until October 2020.
- ▶ It opted not to reduce its manpower, as GIBCO has always tried to maintain a "lean and mean" organizational structure.
- ▶ GIBCO reduced the working days/hours of all employees regardless of designation to still attain substantial reduction of operating expenses of the company.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

- ▶ Unavoidably though, GIBCO still experienced resignation of various employees due to various reasons:
  1. Business Development Officer, Rick Bulawit resigned last October 30, 2020 due to relocation from Manila to Nueva Ecija. The role was absorbed by incumbent Sales and Business Development Manager, Geno Manhilot.
  2. HR and Admin Manager, Jovy Ylarde resigned last February 20, 2021 due to a career move from being an employee to being a business entrepreneur. Mr. Ylarde was replaced by Sharevis effective June 15, 2021.
  3. General Manager, Chyna Menor resigned last April 9, 2021 due to health concerns. She was replaced by then Operations Director Gia So-Limjoco effective April 16, 2021.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

- ▶ Unavoidably though, GIBCO still experienced resignation of various employees due to various reasons:
  4. GIBCO also experienced the resignation of a number of support staff, some were replaced, while the roles of some were absorbed by their teammates.
  5. As of August 31, 2021, Gibco has a total manpower count of 41 personnel from 44 last March 16, 2020.
- ▶ Effective August 1, 2021, GIBCO has reverted to the normal pay rate while still maintaining the reduced work week of 40 hours instead of the 48 hours work week.
- ▶ The work-from-home set-up shall be implemented until the circumstances improve.

## BUSINESS CONTINUITY AMID COVID19 PANDEMIC

- ▶ GIBCO closely encourages its personnel and their families to be vaccinated with COVID19 vaccines. As of Sept 15, 2021, 26 (67%) of GIBCO employees have already been fully vaccinated, 10 (26%) are with first dose with scheduled 2nd dose, and 3 (8%) are awaiting their vaccination schedules from their respective LGUs.

## FINANCIAL PERFORMANCE TO DATE

	A	B	C	D	E	F	G	H	I
SL	PARTICULARS	YTD AO AUG '21 ACTUAL	YTD AO AUG '21 BUDGET	VAR (B-C)	2021 TARGET	ATTMNT	YTD AO AUG '20 ACTUAL	VAR (B-G)	YE 2020
1	Net Commission	24,090	26,345	-9%	39,441	61%	26,719	-10%	39,259
2	GMMU	816	808	1%	1,266	64%	1,029	-21%	1,490
3	Mark up	202	35	474%	35	574%	-86	-336%	-14
4	Total Other Operating Income	1,018	843	21%	1,302	78%	943	8%	1,476
5	Operating Income Before CPC	25,108	27,188	-8%	40,742	62%	27,662	-9%	40,735
6	Operating Expenses	-18,572	-20,561	10%	-31,363	59%	-21,220	12%	-32,244
7	Net Operating Income (Loss) Before CPC	6,536	6,627	-1%	9,379	70%	6,442	1%	8,491
8	CPC	4,541	4,491	1%	29,980	15%	4,835	-6%	21,677
9	Net Operating Income (Loss) After CPC	11,077	11,118	0%	39,359	28%	11,277	-2%	30,167
10	Other Income	1,758	1,937	-9%	2,801	63%	1,909	-8%	1,721
11	NIBT	12,835	13,055	-2%	42,160	30%	13,186	-3%	31,889
12	Income Tax	-3,209	-3,264	2%	-10,540	30%	-3,956	19%	-7,438
13	NIAT	9,626	9,791	-2%	31,620	30%	9,231	4%	24,451

## CASH FLOW AND INVESTMENTS

- As of August 31, 2021, GIBCO has a cash ending balance of Php29M and is projecting a cash balance of Php10.5M at the end of 2021.
- Cash placements in RFC amounting to Php18.82M while the Cash placements in GIDC amounting to Php18.17M. SMC Stock Investment is P2.98M; AYALA Stock Investment is P2.76M and Top Frontier Stock Investment is P386K.
- Total Cash placements and Stock investments is P43.116M

## **BOLD, HAIRY, AUDACIOUS GOAL (BHAG)**

- ▶ Major updates proposed was the business ratio target of 50% internal and 50% external by 2025. This is compared to the 10% internal and 90% external business ratio set in the previous 2015 BHAG.
- ▶ In order to achieve the goal by 2025, GIBCO shall execute three (3) main strategies for the expansion of its external business, enumerated as follows:
  1. Digital transformation - GIBCO is currently revamping its website, and developing an insurance online shop which could cater end-to-end sale of its insurance product offerings.
  2. Transfer and rebooking of captured accounts - GIBCO shall campaign a “RENEW WITH GIBCO” program, where we will entice former RFC borrowers without existing loans with RFC to renew their insurance policies with GIBCO.
  3. Business-as-usual efforts - continue strategies that are currently working to expand its clientele like referral programs and cross-selling.

## KEY RESULTS AREAS AND KEY PERFORMANCE INDICATORS

- ▶ Moreover, GIBCO has re-established its Key Results Areas (KRA) and Key Performance Indicators (KPI) guided by the four cornerstones of GIBCO's Operations enumerated as follows:
  1. Policy Issuance - the timely and accurate issuance of insurance policies (Life and Non-Life);
  2. Premium Collection - the appropriate monitoring of insurance premium collection from clients;
  3. Premium Remittance - the proper checking of insurance premium remittance to our insurer based on agreed credit terms;
  4. Claims Settlement - the judicious and fast claims settlement handling process between our clients and Insurers

## SUMMATION

- ▶ GIBCO has closely been guided by its financials and operations in implementing its business strategies including cost-saving and cash preservation measures, as the Management deem necessary. GIBCO is consistently reviewing its position, and closely conserving its cash amid the uncertainties of the ongoing pandemic while maintaining fairness to its personnel, credibility to its partners, and quality service to its clients.