



BPI MS

RISK MANAGEMENT COMMITTEE CHARTER

Version 2.0
RMC Approved
December 2, 2021

Revision History Summary

Version	Effective date	Description of Change
1.0	September 19, 2021	New
2.0	December 2, 2021	Additional item under the Responsibilities Section

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**BPI/MS INSURANCE CORPORATION
RISK MANAGEMENT COMMITTEE CHARTER**

MISSION STATEMENT

The Risk Management Committee of BPI/MS Insurance Corporation's (BPI/MS) Board of Directors shall oversee and manage the company's exposures to risks and monitor its regulatory and internal capital adequacy vis-à-vis these exposures to risks. The committee shall nurture a culture of risk and capital management across the company and shall implement and oversee the enterprise risk management program (ERM) to assist the Board in fulfilling its corporate governance responsibilities relating to the management of risks.

I. RESPONSIBILITIES

A. DEVELOP, IMPLEMENT, AND OVERSEE THE RISK MANAGEMENT PROGRAM

1. Establish an enterprise risk management (ERM) and governance framework and define the organization's enterprise risk management objectives, direction, and strategy, and ensure that it is aligned with the Company's overall business objectives.
2. Formulate and approve BPI/MS' risk appetite and limits and establish strategies, including but not limited to controlling risk tolerances, risk exposure allocation and capital allocation, and overall risk profile.
3. Monitor that senior management's actions are consistent with the approved risk appetite, strategy, and policies.
4. Review and assess the integrity, independence, adequacy, and effectiveness of the risk management functions of the Company.
5. Review and approve risk management frameworks and policies that are compliant with regulatory requirements and aligned with international standards on risk management best practices.
6. Review key risk and capital management methodologies, risk metrics and rating systems, including framework and results of stress testing exercises, and give special attention to the quality, completeness and accuracy of the data used to make risk decisions.
7. Monitor and ensure that the necessary infrastructure, technology, processes are adequate for the effective implementation and communication of the BPI/MS Enterprise Risk Management program.
8. Review and revise risk management program to ensure that it is kept relevant, comprehensive, and effective.
9. Evaluate annually the performance of the Committee as a body and report the results to the Board or to such committee that may be appointed by the Board for review.
10. Review and reassess the adequacy of the RMC Charter annually.

B. IDENTIFY, ASSESS AND MANAGE RISK EXPOSURES

1. Ensure the proper identification, measurement, monitoring and control of the company's risk exposures versus acceptable risk appetite, tolerances, and approved risk limits and in relation to the enterprise business objectives.

Underwriting Risk

Review and monitor underwriting risks associated with volatilities in the timing, frequency and severity of insurance events, relative to the expectations of the insurer at the time of underwriting.

Reserving Risk

Review and monitor reserving risks associated with fluctuations from unpaid insurance loss estimates from prior and/or current accident periods.

Market Risk

Review and monitor market risk arises from fluctuations in interest rates, foreign exchange rates, share prices and other relevant market prices.

Credit Risk

Review and monitor existing credit exposures from investment asset counterparties, banks and reinsurance counterparties.

Liquidity Risk

Review and monitor risk of not being able to meet short-term financial demands due to insufficient cash or cash equivalent and/or the inability to convert illiquid assets into liquid assets in a timely manner.

Operational/Other Risk

- a. Review management's assessments and treatment plans on various operational and other risk indicators including outsourcing activities.
 - b. Review the adequacy of the operational and other risks loss data.
 - c. Monitor the performance and results of risk and control self-assessments by the Company.
 - d. Monitor completeness and relevance of management and operating manuals including business continuity plans.
 - e. Approve recommendations of operational and other risk management strategies including the enhancements of risk management processes and controls.
 - f. Oversee implementation of a sound business continuity management framework.
2. Provide senior management recommendations and/or plans of actions, including resolutions to significant risk issues and exposure limit breaches, to minimize losses from probable or realized risks.
 3. Regularly report to the Board the company's overall risk exposure and necessary action taken / recommendations to mitigate risks.

C. MONITOR AND OVERSEE THE CAPITAL MANAGEMENT PROGRAM

1. Monitor the company's capital, encompassing both the demand and supply of capital, to ensure that the enterprise maintains an appropriate level and quality of capital commensurate with all relevant risks to which it is exposed, vis-à-vis related business opportunities, and in compliance with regulatory requirements.
2. Review the company's policies and processes for the management of capital and ensure that capital planning and management are effectively implemented, communicated, and integrated into the overall management culture and approach of BPI/MS.

- D. PERFORM OTHER FUNCTIONS** as may be mandated by the Board relating to the management of BPI/MS' capital, and risks covering underwriting, reserving, credit, market, liquidity, operational and IT, investment risk, reputational strategic and other risks.

II. AUTHORITIES

A. RIGHTS AND POWERS

1. Form sub-committees and delegate its capital and risk management functions to sub-committees or line management as may be deemed necessary
2. Require reports from BPI/MS Management Committee, and Risk Management Department that are necessary to monitor and assess the capital adequacy and risk exposures and their implication to the company
3. Recommend to the Board for approval the following:
 - a. Most appropriate capital structure for the company in consideration of the company's long-term strategic objectives, current business plans, and risk appetite
 - b. BPI/MS Capital Management and Risk Management Policies
4. Confirm and/or approve proposals related to risk limits, risk exposure allocation, capital allocation, risk management policies, risk management metrics, methods, and systems.

- B. SCOPE OF AUTHORITY** - monitoring of BPI/MS' capital and management of risk exposures in underwriting, reserving, market, credit, liquidity, operational, IT and other risks.

III. MEMBERSHIP

- A. COMPOSITION** – BPI/MS RMC members shall be appointed by the Board of Directors. The RMC shall be composed of at least four (4) members of the Board, two (2) of whom shall be independent directors. It will have a Committee Chairman, who must always be an independent director.
- B. AUTHORITY TO CHANGE** - The composition of the committee shall rest with the Board of Directors.

IV. MEETINGS

- A. FREQUENCY OF MEETINGS** – The committee shall convene regularly every quarter. Special meetings may be called if required.

B. QUORUM – shall consist of any three (3) committee members, with the Chairman, President & CEO (who is also a Committee Member) and Head of Risk Management present

C. AGENDA SHALL BE –

- a. Prepared by the Corporate Secretary or his designated alternate, in coordination with the BPI/MS Finance and Risk Management Group
- b. Transmitted by the Corporate Secretary to the members before the scheduled meeting date

D. MINUTES OF THE MEETING –

- a. The Corporate Secretary shall be responsible for the preparation and safekeeping of the Minutes.
- b. The Committee shall approve the minutes in the next committee meeting subject to the confirmation of the Board.

V. CHARTER CHANGES

A. PROPOSAL – changes to the charter may be initiated by any of the Committee members

B. ENDORSEMENT – by the Committee Chairman

C. APPROVAL – by the BPI/MS Board of Directors

***** Nothing Follows *****