

SUBJECT RETIREMENT PLAN

POLICY

The Mapfre Insular Insurance Corporation Retirement Plan, through a Retirement Trust Fund, shall provide payment of a definite amount to its employees upon separation or retirement from service, or to the lawful heirs of such employees in the event of the latter's death.

REGULATIONS

Section I General Regulations

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1. **Implementation Date.** The Plan, as amended, shall take effect on 01 January 2006.
*(*original plan took effect 2 November 1976 and amended 01 July 1980; 11 March 2000; 01 June 2002.)*
2. **Eligibility for Membership.** All regular employees of the Company as of the Plan's date of implementation were eligible for membership as well as all employees who attain regular employment status with the Company.
3. **Retirement Benefit.** Under the Retirement Plan, the benefits to be received by the employee shall consist of a lump sum commensurate to his eligibility, a fraction of at least six (6) months to be considered as one (1) whole year.
4. **Contribution to the Trust Fund.** The Plan is non-contributory on the part of the employees as its funding comes from Mapfre Asian Insurance Corporation.
5. **Forfeiture of Benefit.** Any benefit not paid to a separated member by virtue of the limitations of the Plan shall be retained in the Trust Fund and accrue to the sole benefit of the Plan and its existing members.
6. **Termination of Employment.** Any member who voluntarily resigns before or prior to his 5th year of continuous service or is terminated for a cause shall forfeit all his rights and privileges under the Plan (regardless of his length of credited service).
7. **Non-Diversion.** The Plan provides that no part of the income of the Trust Fund shall be used for or diverted to purposes other than for the exclusive benefit of members and their beneficiaries.
8. **Non-Vesting.** No employee shall have any right under the Plan except that which may accrue to him as provided under the Plan.
9. **Administration.** The funding of the Plan and payment of the benefit shall be provided through the Retirement Trust Fund held by a Trustee under an appropriate Trust agreement.

Section II Eligibility for Retirement

1. **Normal Retirement.** An employee who has rendered continuous service shall be eligible for retirement on the first day of the month coincident with, or following the month of his 65th birthday, unless Management decides to extend his services.

He shall be entitled to a full retirement benefit equivalent to 1.75 month's salary for every year of service rendered regardless of number of years with the Company.

An employee, however, has an option to retire at 60 years old, subject to Top Management's approval. He shall receive a lump sum equivalent to 1.75 month's salary for every year of service rendered.

2. **Optional Early Retirement.** Any employee may opt to retire on the first day of the month coincident with or following the month he shall reach the age fifty five (55) or completion of twenty (20) years of continuous service, whichever comes first, subject to approval of Management. He shall receive a benefit equivalent to 1.50 month's salary for every year of service.
3. **Late Retirement.** The Company, at its discretion, may offer to extend the services of any employee beyond his normal retirement age but in no case exceeding age seventy (70). Such employee shall be entitled to receive a full retirement benefit equivalent to 1.75 month's salary for every year of service regardless of number of years with the Company.
4. **Total and Permanent Disability Benefits.** An employee who becomes totally and permanently disabled for reasons not inimical to the Company's interest, may be retired at the option of the Company. However, if the employee has rendered less than three (3) consecutive years of service, he shall be entitled to the minimum retirement benefit equivalent to 50% of 1.25 month's salary for every year of service, or 100% of his earned retirement benefit, whichever is higher.
5. **Death Benefits.** In the event an employee-member dies before his retirement, his beneficiaries shall be entitled to 100% of his retirement benefits. However, if the employee has rendered less than three (3) consecutive years of service, his beneficiaries shall be entitled to the minimum retirement benefit equivalent to 50% of 1.25 month's salary.
6. **Separation From Service.** An employee who voluntarily resigns from the Company shall not be entitled to any benefit under the Plan until after he has completed, at least, 10 years of continuous service in which case he shall be entitled to receive an amount equivalent to 1.25 month's salary in accordance with the following schedule:

<u>COMPLETE YEARS OF CREDITED SERVICE</u>	<u>APPLICABLE PERCENTAGE</u>
5 to 10 years	25%
More than 10 years to 15 years	50%
More than 15 but less than 20	75%