M Pioneer Insurance Inc.

Financial Statements
December 31, 2024 and 2023

and

Independent Auditor's Report

SGV
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
M Pioneer Insurance Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M Pioneer Insurance Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation No. 15-2010 in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of M Pioneer Insurance Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño

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BIR Accreditation No. 08-001998-151-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465259, January 2, 2025, Makati City

March 26, 2025

M PIONEER INSURANCE INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Cash and cash equivalents (Notes 6 and 26)	**₱682,731,374**	₱511,753,349
Insurance receivables - net (Notes 7 and 26)	**920,710,291**	595,469,397
Financial assets (Notes 8 and 26)		
Financial assets at fair value through other comprehensive income (FVOCI)	**409,870**	271,616
Financial assets at amortized cost	**1,444,246,364**	1,614,603,974
Reinsurance assets (Notes 9 and 13)	**1,625,960,176**	1,280,354,367
Deferred acquisition costs (Note 10)	**41,492,051**	41,666,687
Property and equipment - net (Note 11)	**3,057,860**	5,074,870
Right-of-use assets - net (Note 22)	**3,686,143**	6,490,343
Pension asset - net (Note 23)	**6,616,250**	7,369,151
Other assets (Note 12)	**106,252,440**	113,280,619
Total Assets	**₱4,835,162,819**	₱4,176,334,373
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities (Note 13)	**₱2,462,109,061**	₱2,209,133,557
Insurance payables (Note 14)	**486,104,076**	301,989,789
Deferred reinsurance commissions (Note 10)	**29,395,534**	22,616,414
Accounts and other payables (Notes 15 and 26)	**127,570,839**	123,785,863
Lease liabilities (Note 22)	**4,238,607**	5,182,895
Total Liabilities	**3,109,418,117**	2,662,708,518
Equity		
Capital stock (Notes 1 and 16)	**900,000,000**	900,000,000
Contributed surplus (Note 16)	**914,371,606**	914,371,606
Deficit	**(89,532,397)**	(301,002,933)
Other comprehensive income:		
Remeasurement gain on pension plan (Note 23)	**1,635,028**	1,124,971
Revaluation reserve for financial asset at FVOCI (Note 8)	**(729,535)**	(867,789)
Total Equity	**1,725,744,702**	1,513,625,855
Total Liabilities and Equity	**₱4,835,162,819**	₱4,176,334,373

See Notes to the Financial Statements.

M PIONEER INSURANCE INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2024	2023
INCOME		
Gross earned premiums on insurance contracts	**₱1,637,322,513**	₱1,340,146,877
Reinsurers' share of gross earned premiums on insurance contracts	**(1,099,890,241)**	(849,134,028)
Net earned premiums (Note 17)	**537,432,272**	491,012,849
Commission income (Note 10)	**58,567,270**	39,150,383
Interest income (Note 18)	**135,155,749**	121,858,506
Others (Note 18)	**13,297,774**	1,719,241
Other income	**207,020,793**	162,728,130
Total Income	**744,453,065**	653,740,979
Gross insurance contract benefits and claims paid	**723,243,088**	188,444,168
Reinsurers' share of gross insurance contract benefits and claims paid	**(420,163,413)**	(11,188,808)
Gross change in insurance contract liabilities	**140,596,994**	571,153,628
Reinsurers' share of gross change in insurance contract liabilities	**(192,260,000)**	(433,934,898)
Net insurance benefits and claims (Notes 13 and 19)	**251,416,669**	314,474,090
Commission expense (Note 10)	**95,635,491**	89,980,362
Other underwriting expenses	**50,859,400**	46,160,785
General and administrative expenses (Note 20)	**86,598,140**	79,502,867
Interest expense (Notes 14 and 22)	**397,371**	605,943
Other expenses	**233,490,402**	216,249,957
Total Benefits, Claims and Other Expenses	**484,907,071**	530,724,047
INCOME BEFORE INCOME TAX	**259,545,994**	123,016,932
PROVISION FOR INCOME TAX (Note 21)	**48,075,458**	31,381,637
NET INCOME	**₱211,470,536**	₱91,635,295

See Notes to the Financial Statements.

M PIONEER INSURANCE INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
NET INCOME	**₱211,470,536**	₱91,635,295
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified to profit or loss in subsequent period		
Fair value gain (loss) on financial asset at FVOCI (Note 8)	**138,254**	(83,251)
Remeasurement gain (loss) on pension plan (Note 23)	**510,057**	(1,808,902)
OTHER COMPREHENSIVE INCOME (LOSS)	**648,311**	(1,892,153)
TOTAL COMPREHENSIVE INCOME	**₱212,118,847**	₱89,743,142

See Notes to the Financial Statements.

M PIONEER INSURANCE INC.
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 1 and 16)	Contributed Surplus (Note 16)	Remeasurement gain on Pension Liability (Note 23)	Revaluation Reserve on Financial Assets at FVOCI (Note 8)	Deficit	Total
As at January 1, 2024	**₱900,000,000**	**₱914,371,606**	**₱1,124,971**	**(₱867,789)**	**(₱301,002,933)**	**₱1,513,625,855**
Net income	**–**	**–**	**–**	**–**	**211,470,536**	**211,470,536**
Other comprehensive loss	**–**	**–**	**510,057**	**138,254**	**–**	**648,311**
Total comprehensive income (loss)	**–**	**–**	**510,057**	**138,254**	**211,470,536**	**212,118,847**
As at December 31, 2024	**₱900,000,000**	**₱914,371,606**	**₱1,635,028**	**(₱729,535)**	**(₱89,532,397)**	**₱1,725,744,702**
As at January 1, 2023	₱900,000,000	₱914,371,606	₱2,933,873	(₱784,538)	(₱392,638,228)	₱1,423,882,713
Net income	–	–	–	–	91,635,295	91,635,295
Other comprehensive loss	–	–	(1,808,902)	(83,251)	–	(1,892,153)
Total comprehensive income (loss)	–	–	(1,808,902)	(83,251)	91,635,295	89,743,142
As at December 31, 2023	₱900,000,000	₱914,371,606	₱1,124,971	(₱867,789)	(₱301,002,933)	₱1,513,625,855

See Notes to the Financial Statements.

M PIONEER INSURANCE INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱259,545,994**	₱123,016,932
Adjustments for:		
Depreciation expense (Notes 11, 20 and 22)	**9,387,527**	11,655,075
Provision for (reversal of) impairment losses (Notes 7 and 20)	**4,218,716**	(153,669)
Retirement expense (Notes 20 and 23)	**1,262,958**	1,315,685
Interest expense (Notes 14 and 22)	**397,371**	605,943
Gain on disposal of property and equipment (Note 11)	**(219,999)**	–
Unrealized foreign exchange gain (Note 18)	**(9,600,471)**	(241,027)
Interest income (Note 18)	**(135,155,749)**	(121,858,506)
Operating gain before changes in working capital changes	**129,836,347**	14,340,433
Changes in operating assets and liabilities:		
Decreases (increases) in operating assets:		
Reinsurance assets	**(345,605,809)**	(497,209,755)
Insurance receivables	**(329,459,610)**	(111,787,872)
Other assets	**(14,243,948)**	(13,305,799)
Deferred acquisition costs	**174,636**	(4,504,779)
Loans and receivables	**(4,316,197)**	(657,921)
Increases (decreases) in operating liabilities:		
Insurance contract liabilities	**252,975,504**	654,968,803
Insurance payables	**183,994,958**	(30,206,605)
Accounts and other payables	**3,784,976**	32,599,721
Deferred reinsurance commissions	**6,779,120**	6,344,326
Cash generated from (used in) operating activities	**(116,111,863)**	50,791,060
Retirement contributions paid (Note 23)	**–**	(4,500,000)
Income tax paid	**(26,803,331)**	(26,478,020)
Net cash provided by (used in) operating activities	**(142,915,194)**	19,813,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (Notes 8 and 18)	**135,765,556**	120,388,736
Proceeds from maturities / disposals of:		
Investment securities at amortized cost (Note 8)	**238,064,000**	190,538,485
Property and equipment	**219,999**	–
Acquisitions of:		
Investment securities at amortized cost (Note 8)	**(64,000,000)**	(284,327,977)
Right-of-use assets (Note 22)	–	(169,066)
Property and equipment (Note 11)	**(161,143)**	(2,109,375)
Net cash provided by investing activities	**309,888,412**	24,110,295

(Forward)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on lease liabilities (Note 22)	**(₱278,042)**	(₱462,244)
Payment of principal portion of lease liabilities (Note 22)	**(5,349,461)**	(7,895,749)
Net cash used in financing activities	**(5,627,503)**	(8,357,993)
NET EFFECT OF FOREIGN CURRENCY TRANSLATION	**9,600,471**	241,027
NET INCREASE IN CASH AND CASH EQUIVALENTS	**170,978,025**	35,806,369
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**511,753,349**	475,946,980
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱682,731,374**	₱511,753,349

See Notes to the Financial Statements.

M PIONEER INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

M Pioneer Insurance Inc. ("M Pioneer" or the "Company") was originally incorporated and registered with the Philippine Securities and Exchange Commission (SEC) in 1948 as *Republic Surety and Insurance Company Inc.*. The Company's corporate life has been extended for another 50 years up to 2048. On August 16, 2024, the SEC approved the Company's amended Articles of Incorporation, officially changing its principal address from 7F, Tower 1 Rockwell Business Center, Ortigas Avenue, Pasig City, to Pioneer House Makati, Paseo de Roxas, San Lorenzo, Legaspi Village, Makati City.

The Company is engaged in the business of indemnifying insured parties against loss, damage or liability arising from an unknown or contingent event. It has a certificate of authority issued by the Insurance Commission (IC) of the Philippines to transact in non-life (bonds, casualty, fire, engineering, motor, marine and personal accident) insurance business until December 31, 2027.

The accompanying comparative financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 26, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies in Note 4. The financial statements are presented in Philippine Peso (₱), which is the Company's functional and reporting currency. All amounts are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include Philippine Financial Reporting Standards, and Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.

  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but Not Yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2025
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

Effective beginning on or after January 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

4. Summary of Material Accounting Policies

Financial Instruments

Date of Recognition
Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition and Measurement of Financial Instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in the case of a liability). The initial measurement of financial assets includes transaction costs.

Classification and Subsequent Measurement
Financial assets are classified in their entirety based on the contractual cash flow characteristics of the financial assets and the Company's business model for managing financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

Business model
The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (solely payments of principal and interest (SPPI) test).

The Company classifies its financial assets into the following measurement categories:

- financial assets at amortized cost; and
- financial assets (equity investments) at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Financial assets at amortized cost
These are financial assets at amortized cost that are held with the objective to hold in order to collect contractual cash flows and the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This accounting policy also relates to the accounts: (a) cash and cash equivalents (excluding cash on hand); (b) insurance receivables; (c) financial assets at amortized cost; and; (d) refundable rental deposit and security fund.

Financial assets designated at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established. Except when the Company benefits from such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity securities under this category.

Cash and Cash Equivalents
Cash and cash equivalents comprise of cash balances and bank deposits with maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in value.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated as "at FVPL" are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. These include investment contracts, which mainly transfer financial risk and have no or insignificant insurance risk.

After initial measurement, other interest financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate.

This accounting policy applies to the Company's accounts and other payables excluding payable to government.

Fair Value Measurement
The Company measures financial assets at FVOCI at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statement on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) and at the end of each reporting period.

"Day 1" Difference.
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where data which is not observable was used, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

PFRS 9 also allows the use of the loss rate approach in estimating ECL in cases where no complex portfolio is present for an entity. As a result, the Company applies the simplified approach wherein ECL allowances will be measured at an amount equal to lifetime ECL. The assessment of SICR that is solely based on the change in the risk of default is not applied under the loss rate approach and the loss rate based on historical trend is adjusted for current conditions and expectations over the future using the overlay.



The Company applies the simplified approach in its 'Insurance receivables' and applies general approach for the related debt securities which include, 'Cash and cash equivalents' and 'Investment securities at amortized cost'.

Significant increase in credit risk (SICR)
The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's aging information, the borrower becomes past due for over 30 days. Further, the Company assumes that the credit risk of a financial asset, particularly on cash and equivalents and investment securities at amortized cost, has not increased significantly since origination if the financial asset is determined to have "low credit risk" as of the reporting date. A financial asset is considered "low credit risk" when it has an external rating equivalent to "investment grade".

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

Staging assessment
For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

ECL parameters and methodologies
For 'Cash and cash equivalents' and 'Investment securities at amortized cost', the Company's calculation of ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The Company applies a simplified approach to Insurance receivables in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision rates are based on days past due for groupings of various counterparty segments that have similar loss patterns (e.g. by intermediary, debtor). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



Forward looking information
A range of economic overlays are considered, and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risk and rewards of the asset; or (b) has neither transferred nor retained substantially all the risk and rewards of the assets but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has either transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred assets is measured at the lower of the original carrying amount of the assets and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, as the related assets and liabilities are presented gross in the statement of financial position.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

Property and Equipment
The Company's property and equipment consist of furniture and fixtures, equipment, and leasehold improvements.



Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment other than leasehold improvements. Amortization is computed on a straight-line basis over the estimated useful life of the leasehold improvements or the term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Furniture, fixtures and equipment	5
Transportation equipment	5
Computer software	5
Computer Hardware and mobile	4
Leasehold improvements	5 or lease term, whichever is shorter

The residual values, useful lives, depreciation and amortization methods for items of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space and parking lot	5
Transportation vehicle	5

Right-of-use assets are subject to impairment. Refer to discussion in section of impairment of non-financial assets.

Other Assets

Creditable Withholding Taxes (CWTs)

Creditable withholding taxes pertain to the tax withheld by its counterparty for the payment of its expenses and other purchases. These CWTs are initially recorded at cost as an asset under "Other assets" account. At each end of the tax reporting deadline, these CWTs may either be offset against

future tax income payable or be claimed as a refund from the taxation authorities at the option of the Company. At each end of the reporting period, an assessment for impairment is performed as to the recoverability of these CWTs.

Security fund
Security fund refers to the contribution of the Company to the non-life insurance account as required by the IC for all non-life insurance companies authorized to do business in the Philippines.

Impairment of Non-financial Assets
The Company's non-financial assets consist of "Property and equipment", "Right-of-use assets", and "Other assets", excluding refundable rental deposits and security fund.

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated formally by the Company. An asset's recoverable amount is the higher of the assets or cash-generating unit's value in use and its fair value, less costs to dispose, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimate used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Insurance Contract
Insurance contract is an agreement whereby one party, called the insurer, undertakes for a consideration paid by the other party, called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Contract Classification
The Company issues short-term insurance contracts categorized as: (i) casualty (i.e. general accident); (ii) property (i.e. fire, engineering and motor); (iii) short-duration accident insurance (i.e. personal accident, marine, and aviation); (iv) suretyship insurance contract.

Casualty insurance contract protects the assured against the risk causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. Property insurance contract mainly compensates the Company's assured for damages suffered to their properties or for the value of property lost. Short-duration accident insurance policy protects the assured from the consequences of events such as death or disability in connection with a specific travel whether for business or pleasure. Short-duration accident insurance covers also apply to insurance of goods or equipment while being transported from point of origin to point of



destination under special risks or marine cargo insurance contract. Suretyship insurance contract is not a contract of indemnity, but a contract of guarantee. It protects the Company's assured and their investments from loss when entering into a bond. This includes bid bond, performance bond, surety bond, guarantee bond, fidelity bond and judicial and heirs' bond.

Underwriting
Gross premiums on insurance contracts comprise the total premiums for the whole period of cover provided by insurance contracts entered into during the accounting period and are recognized on the date on which the policies incept. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums receivable represent the outstanding balance or premiums due from the insured or policyholders, or those premiums that were collected by agents or brokers on behalf of the Company.

Reinsurance
The Company cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from ceding and reinsurance companies. Amounts due from reinsurers are accounted in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contracts.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amount due to it under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss. Ceded reinsurance arrangements do not relieve the Company from its obligation to policyholders.

The Company also assumes reinsurance risk in the normal course of business for insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurers. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets and liabilities are derecognized when the contractual right is extinguished or expired or when the contract is transferred to another party.

Reserve for Unearned Premiums and Deferred Reinsurance Premiums
The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as 'Provision for unearned premiums' in the statements of financial position captioned, 'Insurance contract liability'. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. 'Gross change in provision for unearned premiums' account is taken in to profit or loss captioned 'Gross earned premiums on insurance contracts' in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

The related reinsurance premiums ceded that pertains to the unexpired periods at end of the reporting period are accounted for as 'Deferred Reinsurance Premiums' in the statement of financial position captioned 'Reinsurance assets'. The net changes in reinsurance premiums reserve between each end of reporting period are recognized as part of 'Reinsurers' share of gross change in provision for unearned premiums' account in profit or loss captioned 'Reinsurers' share of gross earned premiums on insurance contracts'.

Commission Expense and Deferred Acquisition Costs
Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight-line basis using the 24th method over the life of the contract. Amortization is charged to profit or loss. The unamortized acquisition costs are shown as "Deferred acquisition costs" (DAC) in the assets section of the statement of financial position.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. The carrying amount is written down to the recoverable amount. The impairment loss is charged to profit or loss. DAC is also considered in the liability adequacy test at each reporting period.

DAC is derecognized when the related contracts are settled or disposed.

Commission Income and Deferred Reinsurance Commission
Commissions earned from reinsurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commission" in the statement of financial position. The net changes in deferred reinsurance commission between each end of reporting period are recognized as "Commission income" in profit or loss.

Insurance Contract Liabilities
Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provision for Claims Reported and Incurred But Not Reported (IBNR) Losses
Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not reported (IBNR) at the end of the reporting period together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Significant delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of the reporting period. The IBNR shall be calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach, and the Bornhuetter-Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision. The actuary determines the appropriateness of the method used by considering the characteristics of the Company's claims data and other factors such as maturity of the business, large losses arising from significant past events, operational changes in claims and underwriting processes and external conditions.



The Company shall include an MfAD to allow for inherent uncertainty of the best estimate of the policy reserves which shall be determined by an independent actuary at least on an annual basis based on standard projection techniques or combination of such techniques such as, but not limited to, the Mack Method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the policy liabilities at the 75% level of sufficiency.

Provision for claims handling expenses is also calculated by the actuary to cover estimated expenses of settling all claims, both reported and unreported, outstanding as of the reporting date.

Liability Adequacy Test
At each reporting date, liability adequacy test is performed to ensure the adequacy of the insurance liabilities. The test considers current best estimates of all contractual cash flows, claims and claims handling cost. If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss.

Quarterly, an actuarial valuation is performed on the gross and net claims and premium liabilities to ensure that the reserves are in compliance with the Valuation Standards for Non-life Insurance Policy Reserves as required by the IC guided by Sections 219 and 220 of the Amended Insurance Code (Republic Act. No. 10607) along with Circular Letters No. 2018-18 and No. 2018-19. Additional reserves are set up if the result of the actuarial investigation shows that the existing balances are not in accordance with the mandate of IC.

Claim Cost Recognition
Liabilities for unpaid claim costs and claim adjustment expenses relating to insurance contracts are accrued when the insured events occur.

An insurance contract remains in force at the inception date of policy until its maturity or expiry regardless of the number of the claims reported and, for as long as the coverage is sufficient.

Insurance Payables
This represents reinsurance premiums payable by the company to all its reinsurers, recognized at transaction when the company enters into a reinsurance agreement for ceding out its insurance business. This account is derecognized when the obligation under the liability is settled.

Accounts and other Payables
Accounts payable includes commissions payable to agents and brokers which are due upon collection of the related premiums receivable. It also pertains to unpaid purchases of goods and services to suppliers. They are due within one year.

Accrued Expenses
These represents incurred expenses but are not yet paid. They are due within one year and are derecognized upon settlement of the expense.

Taxes payable
This pertains to withholding taxes, fire services tax, local government tax and Value Added Tax (VAT). They are non-interest bearing and normally settled within 30 to 90 days.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.



When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short-term Leases and Leases of Low-value Assets

The Company applies recognition exemption to low value assets (i.e., below ₱0.20 million) and lease payments on short-term leases (i.e. lease term ends within 12 months). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Pension Liability

The Company's net obligation in respect of the defined benefit plans is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements on pension liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.



Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits
Termination benefits are charged to expense at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for restructuring. If benefits are not expected to be settled wholly within 12 months from the end of the reporting period, then they are discounted.

Equity
Capital Stock
Capital stock is recognized at the par value of stocks that have been issued.

Contributed Surplus
This represents contributions from stockholders to cover any deficiency in the net worth requirement.

Deficit
Deficit represent the cumulative balance of net loss of the Company, net of any dividend distribution and restatements, net of consequential tax impact.

Revenue Recognition
Revenue is recognized when the significant risks and rewards of ownership have been transferred or the services have been rendered to the customer, the amount of revenue can be measured reliably, and it is probable that the economic benefits will flow to the Company. Revenue is measured at the fair value of the consideration received, or receivable.

Interest Income
Interest income is recognized in the statement of income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium using the effective interest method.

Interest income from cash in banks, loans and receivables, funds held by ceding companies and dividend income, which is subject to final withholding tax, is presented at net amounts.

Other Income

Dividend Income
Dividend income is recognized when the stockholders' right to receive the payment is established.

Miscellaneous Income
Other income is recognized when earned.

Expense Recognition
Expenses are recognized when it is probable that decrease in future economic benefits related to decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably.

General and administrative expenses
General and administrative expenses are recognized when incurred.

Income Taxes
Income tax on the profit or loss for the year comprises current and deferred income tax. Current and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted as at the reporting date.

Deferred Income Taxes
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.



Provisions
Provisions are recognized only when the Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed to the notes to the financial statements unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

5. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with PFRS necessitates the use of judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, and contingent liabilities at the reporting date as well as the reported income and expense for the year. The following are the critical judgments, key estimates and assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year and/or in future periods:

Judgments

(a) Product classification
Per Appendix B of PFRS 4 Paragraph B18, insurance products are insurance contracts if the transfer of insurance risk is significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% more than the benefits payable if the insured event did not occur.

The Company has determined that the insurance policies it issues have significant insurance risks and therefore meet the definition of insurance contracts and should be accounted for as such.

(b) Determination of lease term of contracts with renewal and termination options – Company as a lessee

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The renewal options for the existing leases are not included as part of the lease term because the renewal is subject to mutual agreement of both the lessor and the Company. Furthermore, the periods covered by termination options are included as part of the lease term since they are reasonably certain not to be exercised.

(c) Classification of Financial Instruments

The Company classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The Company performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

Estimates

(a) Claims Liabilities Arising from Insurance Contracts

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR claims at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the claims provision. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

IBNR is estimated by using a range of standard actuarial claims projection techniques, such as Paid Chain Ladder method with and without Bornhuetter-Ferguson (BF) adjustments, Reported Chain Ladder method with and without BF adjustments and Expected Loss Ratio methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years but can also be further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Margin for Adverse Deviation (MfAD) reflects the degree of uncertainty of the best estimate assumption. For claims liabilities, the Company estimated the appropriate margin for adverse deviation using the Stochastic Chain Ladder method to bring the actuarial estimate of the claims liabilities at 75% percentile level of sufficiency.

The carrying value of claims reported, IBNR and MfAD included in the insurance contract liabilities account are disclosed in Note 13.

In calculating the undiscounted unexpired risk reserves (URR), the unearned premium reserves (UPR) were multiplied by the ultimate loss and LAE ratio adjusted for policy maintenance expenses (gross and net basis). The ultimate loss and LAE ratio were derived from the estimation of the claims liabilities supplemented by industry ratios. URR is then compared to UPR net of Deferred Acquisition Cost (DAC) to test the adequacy of premiums liability at each reporting date. As of December 31, 2024 and 2023, the URR did not exceed UPR net of DAC. Hence, no additional provisions are made.

(b) Impairment of Financial Assets

The Company uses a provision matrix to calculate ECLs for premiums and reinsurance receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying value of insurance receivables and related allowance for ECL as of December 31, 2024 and 2023 are disclosed in Note 7.

(c) Estimation of Retirement Benefit Cost

The determination of the Company's obligation and benefit cost and other retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

The assumptions for benefit costs and other retirement benefits are described in Note 23 to the financial statements and include among others, discount rates and rates of compensation increase. In accordance with PFRS, actual results that differ from assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement benefit costs.

As of December 31, 2024 and 2023, the net pension asset are disclosed in Note 23.

(d) Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income for the subsequent reporting periods. This forecast is based on the past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of the recorded deferred income tax assets to be utilized.

The Company did not recognize deferred tax assets on the deductible temporary differences. This decision is based on management's assessment that, at this time it's more likely to use the significate CWT balances available for use against future tax liabilities.

(e) Contingencies

The Company is not involved in any legal proceeding which may be decided in favor of or against the Company.

6. Cash and Cash Equivalents

This account is composed of the following:

	2024	2023
Cash on hand	**₱40,000**	₱110,000
Cash in banks	**41,844,243**	43,786,115
Cash equivalents	**640,847,131**	467,857,234
	₱682,731,374	₱511,753,349

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent short-term deposits that are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earned interest at the respective short-term investment rates ranging from 4.87% to 7.00% in 2024 and 5.02% to 7.00% in 2023.

Interest income earned on these deposits amounted to ₱45.26 million and ₱30.52 million in 2024 and 2023, respectively (see Note 18).

7. Insurance Receivables

This account consists of:

	2024	2023
Premiums receivable	**₱388,632,184**	₱226,821,254
Premiums due from ceding companies	**329,393,523**	258,554,903
Reinsurance recoverable on paid losses	**109,938,540**	57,060,832
Funds held by ceding companies	**104,489,326**	60,556,974
	932,453,573	602,993,963
Less allowance for impairment losses	**11,743,282**	7,524,566
	₱920,710,291	₱595,469,397

Premiums receivable arise from unpaid premiums from policyholders and intermediaries.

Premiums due from ceding companies are premiums receivable for assumed business from other insurance and reinsurance companies.

Reinsurance recoverable on paid losses is the share of reinsurance companies for the claims already paid to the insured by the Company.

Funds held by ceding companies pertain to a certain percentage of the total reinsurance premiums due within one (1) year from date of retention being held by ceding companies. Interest income on Funds held by ceding company amounted to ₱0.61 million and ₱0.38 million in 2024 and 2023, respectively (see Note 18).

Movements of allowance for impairment losses are as follows:

	2024	2023
At January 1	**₱7,524,566**	₱7,678,235
Provision for (reversal of) provision (Note 20)	**4,218,716**	(153,669)
At December 31	**₱11,743,282**	₱7,524,566

Allowance for impairment losses pertains to the following:

	2024	2023
Reinsurance recoverable on paid losses	**₱6,000,271**	₱6,000,271
Premiums receivable	**5,657,338**	1,171,009
Premiums due from ceding companies	**85,673**	353,286
	₱11,743,282	₱7,524,566

8. Financial Assets

The Company's financial assets are summarized by measurement categories as follows:

	2024	2023
Financial assets at amortized cost	**₱1,444,246,364**	₱1,614,603,974
Financial asset at FVOCI	**409,870**	271,616
	₱1,444,656,234	₱1,614,875,590

a) *Financial asset at FVOCI*

As of December 31, 2024 and 2023, financial asset at FVOCI consists of:

	2024	2023
Quoted equity securities	**₱374,187**	₱208,786
Unquoted equity securities	**35,683**	62,830
Total financial assets at FVOCI	**₱409,870**	₱271,616

As of December 31, 2024 and 2023, the cost of quoted and unquoted equity securities are as follows:

Quoted equity securities	**₱1,119,405**
Unquoted equity securities	**20,000**
Total	**₱1,139,405**

Revaluation reserve on financial asset at FVOCI:

	2024	2023
Balance at the beginning of the year	**₱867,789**	₱784,538
Revaluation reserve recognized in OCI	**(138,254)**	83,251
Balance at the end of the year	**₱729,535**	₱867,789

b) Financial assets at amortized cost

As of December 31, 2024 and 2023, financial assets at amortized cost consist of:

	2024	2023
Investment securities	**₱1,417,845,569**	₱1,591,114,434
Loans and receivables	**26,400,795**	23,489,540
	₱1,444,246,364	₱1,614,603,974

Investment securities
As of December 31, 2024 and 2023, investment securities at amortized cost pertain to peso-denominated government and corporate securities as follows:

	2024	2023
Government securities		
Carrying value	**₱1,230,371,370**	₱1,351,540,954
Coupon rate	**2.625% to 8.625%**	2.375% to 8.625%
Corporate securities		
Carrying value	**₱187,474,199**	₱239,573,480
Coupon rate	**3.44% to 8.05%**	3.361% to 8.05%

As at December 31, 2024 and 2023, government securities amounting to ₱339.92 million and ₱339.95 million, respectively, held by the National Registry of Scripless Securities (nRoSS) are earmarked as non-tradable in accordance with the provisions of the Insurance Code as security for the benefit of policyholders and creditors of the Company.

The investment securities at amortized cost as of December 31, 2024, have maturities from August 12, 2025 to September 15, 2032 and the balance as of December 31, 2023 have maturities from March 9, 2024 to September 15, 2032.

The rollforward of investment securities at amortized cost follow:

	Amount
At January 1, 2023	₱1,498,039,625
Additions	284,327,977
Maturities	(190,538,485)
Amortization	(714,683)
At December 31, 2023	**1,591,114,434**
Additions	**64,000,000**
Maturities	**(238,064,000)**
Amortization	**795,135**
At December 31, 2024	**₱1,417,845,569**

Interest income from investment securities at amortized cost amounted to ₱89.08 million and ₱90.79 million in 2024 and 2023, respectively (see Note 18).

Loans and Receivables
This account consists of:

	2024	2023
Interest receivable	**₱17,855,471**	₱18,465,278
Receivable from employees	**4,938,227**	4,835,589
Other receivables	**3,607,097**	188,673
	₱26,400,795	₱23,489,540

Interest receivable represents interest earned from cash equivalents, investments in government securities and corporate bonds, which will be credited on interest due dates.

Receivable from employees pertain to chattel mortgage loan and advances granted to employees. Interest income on chattel mortgage loan amounted to ₱0.20 million and ₱0.16 million in 2024 and 2023, respectively (see Note 18).

Other receivables consist of recovery on "no claim bonus" and other miscellaneous receivables.

9. Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable on unpaid losses (Note 13)	**₱1,192,137,370**	₱999,877,370
Deferred reinsurance premiums (Note 13)	**433,822,806**	280,476,997
	₱1,625,960,176	₱1,280,354,367

The Company cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets include balances recoverable from reinsurance companies. Amount recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Deferred reinsurance premiums are reinsurance premiums that pertain to the unexpired periods as at reporting date.

10. Deferred Acquisition Costs and Deferred Reinsurance Commissions

The rollforward analyses of these accounts follow:

Deferred acquisition costs

	2024	2023
At January 1	**₱41,666,687**	₱37,161,908
Costs deferred during the year	**95,460,855**	94,485,141
Costs incurred during the year	**(95,635,491)**	(89,980,362)
At December 31	**₱41,492,051**	₱41,666,687

Deferred reinsurance commissions

	2024	2023
At January 1	**₱22,616,414**	₱16,272,088
Commissions deferred during the year	**65,346,390**	45,494,709
Commissions earned during the year	**(58,567,270)**	(39,150,383)
At December 31	**₱29,395,534**	₱22,616,414

11. Property and Equipment - net

The rollforward analysis of property and equipment follows:

	2024					
	Furniture, Fixtures and Equipment	**Transportation Equipment**	**Computer Hardware and Software**	**Leasehold Improvements**	**Mobile Phone and Accessories**	**Total**
Cost						
At January 1	**₱705,649**	**₱4,622,686**	**₱13,329,825**	**₱14,290,527**	**₱95,714**	**₱33,044,401**
Additions	**–**	**–**	**89,821**	**–**	**71,322**	**161,143**
Disposals	**–**	**(496,918)**	**(10,178)**	**–**	**–**	**(507,096)**
At December 31	**705,649**	**4,125,768**	**13,409,468**	**14,290,527**	**167,036**	**32,698,448**
Accumulated Depreciation and Amortization						
At January 1	**637,858**	**2,154,486**	**11,308,982**	**13,807,936**	**60,269**	**27,969,531**
Depreciation and amortization for the year (Note 20)	**19,836**	**825,154**	**821,451**	**482,589**	**29,124**	**2,178,154**
Disposals	**–**	**(496,918)**	**(10,178)**	**–**	**–**	**(507,096)**
Balances as at December 31	**657,694**	**2,482,722**	**12,120,254**	**14,290,525**	**89,393**	**29,640,588**
Net book value	**₱47,955**	**₱1,643,046**	**₱1,289,214**	**₱2**	**₱77,643**	**₱3,057,860**

	2023					
	Furniture, Fixtures and Equipment	Transportation Equipment	Computer Hardware and Software	Leasehold Improvements	Mobile Phone and Accessories	Total
Cost						
At January 1	₱705,649	₱2,513,311	₱13,329,825	₱14,290,527	₱95,714	₱30,935,026
Additions	–	2,109,375	–	–	–	2,109,375
At December 31	705,649	4,622,686	13,329,825	14,290,527	95,714	33,044,401
Accumulated Depreciation and Amortization						
At January 1	618,022	1,505,114	10,347,436	10,947,767	36,340	23,454,679
Depreciation and amortization for the year (Note 20)	19,836	649,372	961,546	2,860,169	23,929	4,514,852
Balances as at December 31	637,858	2,154,486	11,308,982	13,807,936	60,269	27,969,531
Net book value	₱67,791	₱2,468,200	₱2,020,843	₱482,591	₱35,445	₱5,074,870

In 2024, the Company disposed transportation equipment with NIL carrying amount for proceeds amounting to ₱0.22 million resulting in a gain amounting to ₱0.22 million.

The total cost of the Company's fully depreciated property and equipment still in use amounted to ₱10.95 million and ₱10.85 million in 2024 and 2023, respectively.

12. Other Assets

This account consists of:

	2024	2023
Creditable withholding taxes (CWTs)	**₱106,657,794**	₱104,301,722
Documentary stamp tax fund	**367,135**	7,656,717
Security fund	**48,439**	48,439
Rental deposits	**–**	2,100,136
Miscellaneous	**104,690**	99,223
	107,178,058	114,206,237
Less allowance for impairment losses of CWTs	**(925,618)**	(925,618)
	₱106,252,440	₱113,280,619

CWTs represent tax withheld by customers, which can be applied to offset future income tax liabilities. The current portion of CWT based on the projected taxable income is ₱43.3 million.

Documentary stamp tax fund pertains to wallet balance being maintained in the e-Documentary Stamp Tax system in the BIR intended to be utilized for DST payable of the Company.

Rental deposits pertain to refundable deposits made under its lease agreements with the lessors.

Security fund pertains to the contribution to a fund required by the IC on all insurance companies authorized to do business in the Philippines.

Miscellaneous assets pertain to revolving funds held by third parties.

13. Insurance Contract Liabilities

Insurance contract liabilities are analyzed as follow:

	2024			2023		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities (Note 9)**	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net
Provision for claims reported	**₱1,230,611,228**	**₱720,925,334**	**₱509,685,894**	₱1,057,687,204	₱532,421,380	₱525,265,824
Provision for IBNR (Note 26)	**594,650,554**	**471,212,036**	**123,438,518**	626,977,584	467,455,990	159,521,594
Outstanding claims provision	**1,825,261,782**	**1,192,137,370**	**633,124,412**	1,684,664,788	999,877,370	684,787,418
Provision for unearned premiums	**636,847,279**	**433,822,806**	**203,024,473**	524,468,769	280,476,997	243,991,772
Insurance contract liabilities	**₱2,462,109,061**	**₱1,625,960,176**	**₱836,148,885**	₱2,209,133,557	₱1,280,354,367	₱928,779,190

The movements of outstanding claims provision follow:

	2024			2023		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities (Note 9)**	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net
At January 1	**₱1,684,664,788**	**₱999,877,370**	**₱684,787,418**	₱1,113,511,160	₱565,942,472	₱547,568,688
Claims incurred during the year	**896,167,112**	**608,667,367**	**287,499,745**	524,898,335	264,590,570	260,307,765
Claims paid (Note 19)	**(723,243,088)**	**(420,163,413)**	**(303,079,675)**	(188,444,168)	(11,188,808)	(177,255,360)
Increase (decrease) in IBNR (Note 19)	**(32,327,030)**	**3,756,046**	**(36,083,076)**	234,699,461	180,533,136	54,166,325
At December 31	**₱1,825,261,782**	**₱1,192,137,370**	**₱633,124,412**	₱1,684,664,788	₱999,877,370	₱684,787,418

The movements of provision for unearned premiums follow:

	2024			2023		
	Provision for Unearned Premiums	**Reinsurers' Share of Liabilities (Note 9)**	**Net**	Provision for Unearned Premiums	Reinsurers' Share of Liabilities (Note 9)	Net
At January 1	**₱524,468,769**	**₱280,476,997**	**₱243,991,772**	₱440,653,594	₱217,202,140	₱223,451,454
Premiums written during the year (Note 17)	**1,749,701,023**	**1,253,236,050**	**496,464,973**	1,423,962,052	912,408,885	511,553,167
Premiums earned during the year (Note 17)	**(1,637,322,513)**	**(1,099,890,241)**	**(537,432,272)**	(1,340,146,877)	(849,134,028)	(491,012,849)
At December 31	**₱636,847,279**	**₱433,822,806**	**₱203,024,473**	₱524,468,769	₱280,476,997	₱243,991,772

14. Insurance Payables

This account consists of:

	2024	2023
Premiums due to reinsurers	**₱485,705,227**	₱301,617,413
Funds held for reinsurers	**398,849**	372,376
	₱486,104,076	₱301,989,789

Interest expense for the funds held amounted to ₱0.12 million and ₱0.14 million in 2024 and 2023, respectively.

The movements of insurance payables follow:

	Premiums due to reinsurers	Funds held for reinsurers	Total
At January 1, 2023	₱331,525,046	₱527,649	₱332,052,695
Additions during the year	912,408,885	–	912,408,885
Withheld during the year	–	4,662,731	4,662,731
Paid/utilized	(942,316,518)	(4,818,004)	(947,134,522)
At December 31, 2023	**301,617,413**	**372,376**	**301,989,789**
Additions during the year	**1,253,236,050**	**–**	**1,253,236,050**
Withheld during the year	**–**	**4,730,172**	**4,730,172**
Paid/utilized	**(1,069,148,236)**	**(4,703,699)**	**(1,073,851,935)**
At December 31, 2024	**₱485,705,227**	**₱398,849**	**₱486,104,076**

15. Accounts and Other Payables

This account consists of:

	2024	2023
Taxes payable	**₱59,201,194**	₱58,565,188
Commissions payable	**35,358,097**	35,331,705
Accounts payable	**24,724,656**	22,358,845
Employee benefits payable	**8,063,755**	7,265,225
Others	**223,137**	264,900
	₱127,570,839	₱123,785,863

Taxes payable pertain to output VAT, withholding taxes payable, fire service tax payable, documentary stamp tax (DST) payable, and other taxes and licenses payable.

Commissions payable represent unpaid commissions on the Company's direct business which are due to intermediaries.

Accounts payable consist of unreleased checks, bank credits, and accrued expenses.

Employee benefits payable include SSS contributions and salary loans payable, Philhealth contribution payable, Home Development Mutual Fund (HDMF) contributions, service award liability and accruals for productivity incentives granted to the Company's employees except those under contractual employment.

Others are noninterest-bearing and are normally settled within one year.

16. **Equity**

Capital Stock

The movements of the Company's capital stock follow:

	2024		2023	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
Common – ₱100 par value	**13,000,000**	**₱1,300,000,000**	13,000,000	₱1,300,000,000
Issued and outstanding:				
At January 1	**9,000,000**	**₱900,000,000**	9,000,000	₱900,000,000
Issuance of Shares	**–**	**–**	–	–
At December 31	**9,000,000**	**₱900,000,000**	₱9,000,000	₱900,000,000

17. **Net Earned Premiums**

The analysis of net earned premiums follows:

	2024	2023
Gross premiums on insurance contracts:		
Direct insurance	**₱1,433,838,439**	₱1,054,742,134
Assumed reinsurance	**315,862,584**	369,219,918
Total gross premiums on insurance contracts (Note 13)	**1,749,701,023**	1,423,962,052
Gross change in provision for unearned premiums	**(112,378,510)**	(83,815,175)
Total gross earned premiums on insurance contracts (Note 13)	**1,637,322,513**	1,340,146,877
Reinsurers' share of gross premiums on		
Direct insurance	**1,163,379,252**	826,651,114
Assumed reinsurance	**89,856,798**	85,757,771
Total reinsurer's share on gross premiums (Note 13)	**1,253,236,050**	912,408,885
Reinsurers' share of gross change in provision for unearned premiums (Note 13)	**(153,345,809)**	(63,274,857)
Total reinsurers' share of gross earned premiums on insurance contracts (Note 13)	**1,099,890,241**	849,134,028
Net earned premiums (Note 13)	**₱537,432,272**	₱491,012,849

18. Interest and Other Income

Interest income consists of:

	2024	2023
Interest income on:		
Investment securities at amortized cost (Note 8)	**₱89,082,602**	₱90,793,647
Cash and cash equivalents (Note 6)	**45,258,622**	30,523,244
Funds held by ceding company (Note 7)	**610,009**	381,114
Chattel mortgage loan (Note 8)	**204,516**	160,501
	₱135,155,749	₱121,858,506

Other income consists of:

	2024	2023
Unrealized foreign exchange gain	**₱9,600,471**	₱241,027
Realized foreign exchange gain	**–**	1,004,392
Miscellaneous income	**3,697,303**	473,822
	₱13,297,774	₱1,719,241

Miscellaneous income mostly pertains to reversal of bank credits and rental income.

19. Net Insurance Benefits and Claims

This account consists of:

	2024	2023
Gross insurance contract benefits and claims paid	**₱723,243,088**	₱188,444,168
Reinsurers' share of gross insurance contract benefits and claims paid	**(420,163,413)**	(11,188,808)
Net benefits and claims paid (Note 13)	**303,079,675**	177,255,360
Gross change in insurance contract liabilities:		
Direct insurance	**172,924,024**	336,454,167
Change in provision for IBNR	**(32,327,030)**	234,699,461
Total gross change in insurance contract liabilities (Note 13)	**140,596,994**	571,153,628
Reinsurers' share on gross change in insurance contract liabilities:		
Direct insurance	**(188,503,954)**	(253,401,762)
Change in provision for IBNR	**(3,756,046)**	(180,533,136)
Reinsurers' share of gross change in insurance contract liabilities	**(192,260,000)**	(433,934,898)
Net change in insurance contract liabilities	**(51,663,006)**	137,218,730
Net insurance benefits and claims	**₱251,416,669**	₱314,474,090

20. General and administrative expenses

General and administrative expenses consist of:

	2024	2023
Salaries, allowances and employee benefits	**₱38,388,507**	₱36,563,701
Depreciation and amortization (Notes 11 and 22)	**9,387,527**	11,655,075
Repairs and maintenance	**8,026,223**	6,829,069
Entertainment, amusement and recreation	**5,930,315**	4,420,831
Provision for (reversal of) provision for impairment losses (Note 7)	**4,218,716**	(153,669)
Realized forex loss	**4,163,499**	–
Transportation and travel	**3,750,588**	5,981,716
Taxes and licenses	**2,547,942**	626,098
Professional fees	**2,357,807**	2,250,319
Service fees and utilities	**1,360,636**	1,250,794
Retirement expense (Note 23)	**1,262,958**	1,315,685
Association dues and regulatory fees	**1,157,642**	1,139,903
Advertising and promotion	**1,095,277**	1,947,728
Communication and postage	**950,076**	1,405,878
Supplies	**262,557**	149,118
Professional development	**259,434**	371,769
Rent (Note 22)	**120,906**	226,341
Others	**1,357,530**	3,522,511
	₱86,598,140	₱79,502,867

Other expenses include meetings and conferences, insurance expenses, bank charges, books and periodicals, and miscellaneous expenses.

21. Income Tax

Income tax expense consists of:

	2024	2023
Current	**₱21,409,973**	₱4,903,617
Final	**26,665,485**	26,478,020
	₱48,075,458	₱31,381,637

Relevant tax updates

Republic Act (RA) No. 11976, otherwise known as the "Ease of Paying Taxes (EOPT) Act", was signed in to law on January 5, 2024 by President Ferdinand Marcos, Jr. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 ("Tax Code") which are intended to protect and safeguard taxpayer rights and welfare, to modernize tax administration by providing mechanisms that encourage easy compliance at the least cost and resources, and to update the tax system and adopt best practices.

CREATE MORE Act signed into law (Republic Act No. 12066) which aims to generate jobs and spur economic growth. It builds on the earlier CREATE Act by enhancing the tax regime and incentive framework to attract both domestic and international investments, particularly, in strategic industries.

The CREATE MORE Act took effect on 28 November 2024.

The components of the net deferred tax liability are as follows:

	2024	2023
Deferred tax assets:		
Provision for IBNR Claims	**₱2,400,118**	₱326,861
Pension liability	**408,757**	281,243
	2,808,875	608,104
Deferred tax liabilities:		
Unrealized forex gain recognized in profit or loss	**(2,400,118)**	–
Pension liability through OCI	**(408,757)**	(281,243)
Accrued operating lease	**–**	(326,861)
	(2,808,875)	(608,104)
Net deferred tax liability	**₱–**	₱–

The components of unrecognized deferred tax assets follow:

	2024	2023
Deferred tax asset through profit or loss:		
Provision for IBNR claims	**₱28,459,512**	₱39,553,538
Allowance for impairment losses	**2,935,820**	1,881,141
Pension liability	**1,896,227**	2,244,962
Accrued operating lease	**138,116**	–
	33,429,675	43,679,641
Deferred tax asset through OCI:		
Revaluation reserve for financial asset at FVOCI	**182,384**	216,947
	₱33,612,059	₱43,896,588

The reconciliation of income tax expense computed at statutory tax rate to the income tax expense shown in profit or loss follows:

	2024	2023
Income tax computed at statutory tax rate	**₱64,886,499**	₱30,754,233
Tax effects of:		
Non-deductible expenses	**406,706**	666,510
Deductible interest in paid deficiency taxes	**(15,012)**	(462,416)
Dividend income	**(7,960)**	–
Interest income subjected to final Tax	**(7,072,323)**	(3,946,481)
Change in unrecognized deferred tax assets	**(10,122,452)**	4,369,791
	₱48,075,458	₱31,381,637

22. Right-of-Use Assets and Lease Liabilities

The Company has lease contracts covering its office, parking spaces, vehicle and printing equipment. The new lease agreement for the office space and parking in Makati is for one (1) year and eight (8) months from May 1, 2024 to December 31, 2025. The lease agreement in Mandaluyong is for two (2) years and two (2) months from October 1, 2024 to November 25, 2026.

The lease agreement for transportation vehicle is for five (5) years beginning January 1, 2024 to December 31, 2028. The lease agreement for printing equipment is for three (3) years beginning October 1, 2023 to September 30, 2026.

Rollforward analysis of right-of-use assets (ROU) follows:

	2024	2023
Cost		
At January 1	**₱35,868,625**	₱34,952,349
Additions	**4,405,173**	916,276
Derecognition	**(35,121,415)**	–
At December 31	**5,152,383**	35,868,625
Accumulated depreciation and Amortization		
At January 1	**29,378,282**	22,238,059
Depreciation	**7,209,373**	7,140,223
Derecognition	**(35,121,415)**	–
At December 31	**1,466,240**	29,378,282
Net Book Value	**₱3,686,143**	₱6,490,343

In 2024, the Company derecognized its ROU asset associated with the lease agreement for office space and parking at Rockwell Ortigas and vehicle, following the expiration of the lease term on October 15, 2024 and January 3, 2024 amounting to ₱34.24 million and ₱0.88 million, respectively.

The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	**₱5,182,895**	₱12,331,434
Additions	**4,405,173**	747,210
Interest expense	**278,042**	462,244
Payments	**(5,627,503)**	(8,357,993)
As at December 31	**₱4,238,607**	₱5,182,895

The following are the amounts recognized in statements of income:

	2024	2023
Depreciation expense of right-of-use assets (included in general and administrative expenses)	**₱7,209,373**	₱7,140,223
Interest expense on lease liabilities	**278,042**	462,244
Expenses relating to short-term leases (included in general and administrative expenses)	**42,900**	46,800
Variable lease payments (included in general and administrative expenses)	**78,006**	179,541
Total amount recognized in statement of income	**₱7,608,321**	₱7,828,808

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
1 year	**₱2,443,801**	₱4,728,697
more than 1 years to 2 years	**999,123**	252,935
more than 2 years to 3 years	**511,914**	201,263
More than 3 years to 4 years	**511,914**	–

23. Pension Asset

In 2021, the Company has adopted a noncontributory defined benefit plan covering all regular employees and which requires contributions to be made to a separately administered retirement fund. Benefits are based on the employee's years of service and final plan salary. The Retirement Plan is considered a "reasonable private benefit plan" within the contemplation of Republic Act (R.A.) No. 4917.

The fund is administered by a trustee bank under the supervision of the Board of Trustee of the plan. The Board of Trustee of the plan is responsible for setting investment strategies.

The retirement plan of the Company is being administered by M Pioneer Ins. Inc. Staff Retirement Benefit Plan.

Retirement expense recognized in profit or loss (see Note 20) follows:

	2024	2023
Current service cost	**₱1,780,295**	₱1,849,874
Net interest income	**(451,729)**	(534,189)
Net released obligation	**(65,608)**	–
	₱1,262,958	₱1,315,685

The details of accumulated remeasurement loss (gain) on defined benefit obligation follows:

	2024	2023
At January 1	**(₱1,124,971)**	(₱2,933,873)
Actuarial loss (gain) on defined benefit obligation		
Changes in financial assumptions	**62,205**	1,603,600
Experience adjustment	**(545,407)**	(55,635)
Interest income included in net interest costs	**1,354,432**	1,337,466
	871,230	2,885,431
Return on plan assets	**(1,381,287)**	(1,076,529)
Total remeasurement loss (gain) during the year	**(510,057)**	1,808,902
At December 31	**(₱1,635,028)**	(₱1,124,971)

The net pension asset recognized in the statements of financial position follows:

	2024	2023
Present value of pension benefit obligation	**₱21,811,167**	₱19,676,979
Fair value of plan assets	**(28,427,417)**	(27,046,130)
Net pension asset	**(₱6,616,250)**	(₱7,369,151)

Changes in the present value of the defined benefit obligation for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
At January 1	**₱19,676,979**	₱15,475,863
Current service cost	**1,780,295**	1,849,874
Interest cost	**902,703**	803,277
Net release obligation	**(65,608)**	–
Actuarial loss (gain) on obligation recognized in OCI:		
Changes in financial assumptions	**62,205**	1,603,600
Experience adjustment	**(545,407)**	(55,635)
At December 31	**₱21,811,167**	₱19,676,979

Changes in the present value of the fair value of plan assets for 2024 and 2023 are as follows:

	2024	2023
At January 1	**₱27,046,130**	₱21,469,601
Contributions	**–**	4,500,000
Return on plan assets	**1,381,287**	1,076,529
At December 31	**₱28,427,417**	₱27,046,130

The principal actuarial assumptions used to determine retirement benefit cost for the Company as at December 31, 2024 and 2023, are shown below:

	2024	2023
Discount rate		
At January 1	**6.13%**	7.31%
At December 31	**6.10%**	6.13%
Salary increase rate	**7.50%**	7.50%
Mortality rate	**2017 PICM**	2017 PICM
Disability rate	**1952 Disability Study, Period 2, Benefit 5**	1952 Disability Study, Period 2, Benefit 5

The distribution of plan assets as of December 31, 2024 and 2023 are as follows:

	2024	2023
Cash and cash equivalents	**₱19,585**	₱18,510,981
Interest receivable	**16,449**	35,341
Investments in:		
Unit Investment Trust Funds (UITFs)	**28,595,140**	5,212,258
Government securities	**–**	3,489,351
	28,631,174	27,247,931
Less accounts payable and accrued expenses	**203,757**	201,801
	₱28,427,417	₱27,046,130

For funding requirements, the plan asset is still overfunded hence no expected contributions in 2025.

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, with all other assumptions constant, would have affected the retirement liability of the Company by the amounts shown below:

	Changes in Variables	Impact on present value of defined benefit obligation	
		2024	2023
Discount rate	+ 1.00%	**(₱1,546,933)**	(₱1,382,263)
	– 1.00%	**1,846,347**	1,655,036
Salary increase rate	+ 1.00%	**1,881,796**	1,691,090
	– 1.00%	**(1,607,947)**	(1,441,010)

Maturity analysis of the benefit payments:

Plan Year	**2024**	2023
Less than one year	**₱11,041,423**	₱9,901,971
One to less than five years	**2,012,192**	3,094,356
Five to less than 10 years	**3,065,684**	3,405,330
10 to less than 15 years	**13,210,353**	12,631,294
15 to less than 20 years	**15,135,643**	13,811,894
20 years and above	**77,999,158**	77,572,154

The weighted average duration of the defined benefit obligation is 13.97 years and 14.35 as at December 31, 2024 and 2023, respectively.

The defined benefit obligation exposes the Company to actuarial risks, such as longevity risks and interest risks.

24. Related Party Transactions

Related Party Transactions and Relationships
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

Related party transactions are as follow:

			Outstanding Balance			
Category/Transaction	**Year**	**Amount of the Transaction**	**Due from Related Parties**	**Due to Related Parties**	**Terms**	**Conditions**
Meralco						
	2024	**₱122,692,886**	**₱128,387,000**	**₱–**	**On demand; non-interest bearing**	**Unsecured; no impairment**
Premiums receivable	2023	₱1,901,679	5,694,114	–	On demand; non-interest bearing	Unsecured; no impairment
	2024	**69,639,177**	**–**	**76,722,247**	**On demand; non-interest bearing**	**Unsecured**
Insurance contract liabilities	2023	(15,721,790)	–	7,083,070	On demand; non-interest bearing	Unsecured

(Forward)

Category/Transaction	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Terms	Conditions
Pioneer						
	2024	**₱126,895,641**	**₱425,658,479**	**₱–**	**On demand; non-interest bearing**	**Unsecured; no impairment**
Reinsurance receivables	2023	50,158,792	298,762,838	–	On demand; non-interest bearing	Unsecured; no impairment
	2024	**(13,543)**	**–**	**223,138**	**On demand; non-interest bearing**	**Unsecured; no impairment**
Accounts payable (Note 15)	2023	(10,347)	–	236,681	On demand; non-interest bearing	Unsecured; no impairment
Due to reinsurers	**2024**	**43,293,837**	**–**	**130,272,249**	**On demand; non-interest bearing**	**Unsecured**
Loans and receivable	2023	(6,233,015)	–	86,978,411	On demand; non-interest bearing	Unsecured
	2024	**(21,371,536)**	**–**	**396,030,298**	**On demand; non-interest bearing**	**Unsecured**
Insurance contract liabilities	2023	(33,031,363)	–	417,401,834	On demand; non-interest bearing	Unsecured
Entities under Common Control						
	2024	**6,956,793**	**26,623,728**	**–**	**On demand; non-interest bearing**	**Unsecured; no impairment**
Reinsurance receivables	2023	(831,204)	19,666,935	–	On demand; non-interest bearing	Unsecured; no impairment
	2024	**4,356,316**	**–**	**12,906,214**	**On demand; non-interest bearing**	**Unsecured; no impairment**
Due to reinsurers	2023	(4,235,394)	–	8,549,898	On demand; non-interest bearing	Unsecured; no impairment
	2024	**(19,399,292)**	**–**	**23,420,878**	**On demand; non-interest bearing**	**Unsecured**
Insurance contract liabilities	2023	8,563,584	–	42,820,169	On demand; non-interest bearing	Unsecured
	2024	**(5,759,921)**	**13,486,607**	**–**	**On demand; non-interest bearing**	**Unsecured**
Premiums receivable	2023	11,106,324	19,246,528	–	On demand; non-interest bearing	Unsecured
Rental	**2024**	**4,560,089**	**–**	**–**	**On demand; non-interest bearing**	**Unsecured**
	2023	10,378,776	–	–	On demand; non-interest bearing	Unsecured
Accounts Payable	**2024**	**(28,220)**	–	**–**	**On demand; non-interest bearing**	**Unsecured**
	2023	(51,782)	–	28,220	On demand; non-interest bearing	Unsecured
TOTAL	**2024**	**₱331,822,227**	**₱594,155,814**	**₱639,575,024**		
TOTAL	2023	₱21,994,260	₱343,370,415	₱563,098,283		

Premiums relate to one (1) year insurance policies issued to Meralco and other related entities under common control to cover certain assets.

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.



Compensation of Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, whether executive or otherwise, of that entity. The amounts reflected below are included in "Salaries, allowances and employee benefits."

The key management personnel received short-term compensation amounting to ₱10.96 million and ₱11.03 million in 2024 and 2023, respectively. Post-employment and other long-term benefits attributed to key employees amounted to ₱0.53 million and ₱0.21 million in 2024 and 2023, respectively.

25. Regulatory Requirements

Fixed Capitalization Requirements
The IC issued Circular Letter (CL) No. 2015-02-A to clarify the minimum capitalization and net worth requirements of new and existing insurance companies in the Philippines. According to the said CL, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

Minimum Net worth	Compliance Date
₱550,000,000	On or before December 31, 2016
900,000,000	On or before December 31, 2019
1,300,000,000	On or before December 31, 2022

As of December 31, 2024, the required minimum statutory net worth is ₱1.30 billion. Refer to 'Risk Based Capital Requirements' below.

Risk Based Capital Requirements
For purposes of the December 31, 2024 and 2023 financial reporting, the Company determined its compliance with the RBC requirements of the IC based on the provisions of CL No. 2016-68. The circulars provide RBC frameworks for nonlife insurance companies in order to establish the required amounts of capital to be maintained by the companies in relation to their investment and insurance risks. Every nonlife insurance company is annually required to maintain a minimum required RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the nonlife insurance company to the corresponding regulatory intervention which has been defined at various levels.

Pursuant to IC CL No. 2017-15, *Regulatory Requirements and Actions for the New Regulatory Framework*, effective January 1, 2017, nonlife insurance companies are required to maintain minimum RBC requirement as prescribed under IC CL No. 2016-68. Under the RBC Framework, the RBC ratio shall be calculated as total available capital divided by the RBC requirement.

The following table shows the Company's final RBC ratio as audited by the IC as of December 31, 2023.

Total available capital	₱1,508,550,985
RBC requirement	423,514,570
RBC Ratio	356%

The following table shows the estimated RBC ratio as of December 31, 2024 as determined by the Company based on IC CL 2016-68:

Total available capital	₱1,719,341,928
RBC requirement	464,323,558
RBC Ratio	370%

As at December 31, 2024 and 2023, the estimated amounts of non-admitted assets, as defined under the insurance regulations, which are included in the statements of financial position are as follows:

	2024 (Estimated)	2023 (Actual)
Premium receivable	**₱54,352,731**	₱59,874,466
Pension asset	**6,616,250**	7,369,151
Property and equipment at net book value*	**1,768,645**	3,054,028
Right-of-use asset	**4,675**	1,313,079
Investment in stocks	**–**	27,147
Recoverable from RI	**–**	5,426
Other assets	**50,081,099**	88,088,362
	₱112,823,400	₱159,731,659

**Excluding computers amounting to ₱1.29 million and ₱2.02 million as at December 31, 2024 and 2023, respectively*

The final amount of the net worth can be determined only after the accounts of the Company have been examined by the IC.

The following table shows the total equity for compliance with Minimum Net Worth requirements as of December 31:

	2024 (Estimated)	2023 (Actual)
Total admitted assets	**₱4,722,339,423**	₱4,016,602,714
Total liabilities	**(3,109,418,117)**	(2,662,708,518)
Net worth	**1,612,921,306**	1,353,894,196
Required Minimum Net Worth	**1,300,000,000**	1,300,000,000
Excess net worth	**₱312,921,306**	₱53,894,196

Financial Reporting Framework
Pursuant to the powers vested in the Insurance Commissioner by Sections 189, 200, 437 and 438 of Republic Act (RA) No. 10607, otherwise known as the Insurance Code, as amended, the following regulatory requirements and actions for the new regulatory framework are hereby adopted and promulgated:

Circular Letter No. 2016-65, *Financial Reporting Framework* under Section 189 of the Amended Insurance Code (Republic Act No. 10607), prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting. This also includes rules and regulations concerning Titles III and IV of Chapter III of the Amended Insurance Code and all other accounts not discussed in the Amended Insurance Code but are used in accounting of insurance and reinsurance companies.

Circular Letter 2016-67, *Valuation Standards for Non-life Insurance Policy Reserves*, prescribes the new valuation methodology for the non-life insurance companies. Non-life insurance companies will be changing the basis of valuation of their non-life insurance reserves. In addition to the unearned premium reserves, the concept of unexpired risk reserves is also included in the calculation of the premium liability. The incurred but not reported (IBNR) reserves will now be computed using actuarial projection techniques such as but not limited to the chain ladder method, expected loss ratio method and Bornheutter-Ferguson method. A margin for adverse deviation is estimated based on standard projection techniques or combination of such techniques, such as but not limited to the Mack Method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the Policy Liabilities at the 75th percentile level of sufficiency. Discount rates to be used shall be current risk-free rates. The rates shall exactly match the duration of the policy and the currency of the cash flows and shall be prescribed by IC.

Circular Letter 2018-18, *New Standards for Non-Life Insurance Policy Reserves*, superseded Circular Letters 2016-06 and 2016-67. Under this methodology of determining the ultimate premium liability, the concept of deferred acquisition cost is introduced. The premium liability to be recognized is the higher of the unearned premium reserve net of deferred acquisition cost or the unearned risks reserve.

26. Insurance Risk, Financial Risks and Capital Management

Governance Framework

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failure to exploit opportunities. The Company recognizes the importance of having an efficient and effective risk management system in place.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintaining close monitoring to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position and acceptable levels of risk to meet liabilities arising from claims.

The operations of the Company are subject to the regulatory requirements of the IC and the SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions [e.g., net worth and risk-based capital (RBC) requirements]. Such restrictive provisions minimize the risk of default and insolvency of the Company and are aimed at ensuring the Company's ability to meet unforeseen liabilities as these arise.

Insurance Risk

The principal risk the Company faces under insurance contracts is the possible occurrence of an insured event resulting in uncertainty of the timing and amount of the resulting claim. This is influenced by the following factors:

- *Occurrence Risk* - the possibility that the number of insured events reported in a particular period will differ from those expected.

- *Severity Risk* - the possibility that the cost of the events will differ from those expected.

- *Development Risk* - the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The Company's exposure to insurance risk as at December 31, 2024 and 2023 is as follows:

	2024	2023
Outstanding claims provision (Note 13)	**₱1,825,261,782**	₱1,684,664,788
Less reinsurance recoverable on unpaid losses (Note 13)	**1,192,137,370**	999,877,370
	₱633,124,412	₱684,787,418

The foregoing risk exposure is mitigated by diversification across a portfolio of insurance contracts and geographical areas. The variability of risk is also improved by careful selection and implementation of underwriting strategy guidelines, as well as through reinsurance arrangements.

The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Amounts of estimates during the accident year are based on adjusters' report. Other estimates are based on reasonable approximation after an evaluation of reported claims. Adjustment to the loss reserves is made on the year the ultimate cost of claim becomes more certain. Reserves are either released or increased depending on said amounts.

The table below sets out the concentration of claims and losses payable (excluding IBNR) by type of contract.

December 31, 2024

	Gross Insurance Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**
Fire	**₱939,010,976**	**₱593,375,671**	**₱345,635,305**
Engineering	**167,665,757**	**98,563,536**	**69,102,221**
General Accident	**38,685,300**	**10,073,726**	**28,611,574**
Motor	**70,873,374**	**18,782,297**	**52,091,077**
Marine	**13,297,402**	**130,104**	**13,167,298**
Aviation	**858,024**	**–**	**858,024**
Bonds	**220,395**	**–**	**220,395**
	₱1,230,611,228	**₱720,925,334**	**₱509,685,894**

December 31, 2023

	Gross Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Fire	₱843,863,450	₱489,188,345	₱354,675,105
Engineering	117,564,411	30,033,393	87,531,018
General Accident	45,541,562	13,041,474	32,500,088
Motor	36,472,091	25,799	36,446,292
Marine	13,297,402	130,104	13,167,298
Aviation	725,376	–	725,376
Bonds	220,395	–	220,395
Personal accident	2,517	2,265	252
	₱1,057,687,204	₱532,421,380	₱525,265,824

Key Assumptions
The principal assumptions underlying the estimates are the Company's past claims experience and industry levels. This includes assumptions in respect to inflation factor, handling cost and number of claims for each accident year. Judgment is used to assess the extent to which external factors such as judicial decision and government legislation affect the estimates.

Sensitivity Analysis
The insurance provisions are sensitive to the interest rate, discount rate and persistency assumptions. Because of delays that arise between occurrences of claims and their subsequent notifications and actual settlement, the provisions are not known with certainty at reporting dates.

	2024			
	Change in Assumptions	**Impact on Gross Insurance Contract Liabilities**	**Impact on Net Insurance Contract Liabilities**	**Impact on Income Before Income Tax**
Average claim costs	**5% increase**	**57,246,184**	**24,043,397**	**(24,163,614)**
Average number of claims	**5% increase**	**53,985,346**	**22,673,845**	**(22,787,214)**

	2023			
	Change in Assumptions	Impact on Gross Insurance Contract Liabilities	Impact on Net Insurance Contract Liabilities	Impact on Income Before Income Tax
Average claim costs	5% increase	23,367,874	13,086,009	(13,151,439)
Average number of claims	5% increase	50,896,759	28,502,185	(28,644,696)

In accordance with the claims development methodology, Insurance Contract Liabilities for 2024 and 2023 were developed based on the following:

	Gross Insurance Contract Liabilities for 2024					
Accident Year	**2020 and Prior Years**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate claims costs at the end of accident year	**₱3,372,024,935**	**₱783,752,422**	**₱600,759,205**	**₱1,209,295,405**	**₱1,077,631,178**	**₱1,077,631,178**
One year later	**3,112,047,521**	**527,574,324**	**181,066,167**	**1,067,708,961**		**1,067,708,961**
Two years later	**3,031,899,856**	**514,849,464**	**176,216,392**			**176,216,392**
Three years later	**2,941,450,846**	**480,212,780**				**480,212,780**
Four years later	**2,654,638,350**					**2,654,638,350**
Current estimate of cumulative claims	**2,654,638,350**	**480,212,780**	**176,216,392**	**1,067,708,961**	**1,077,631,178**	**5,456,407,661**
Cumulative payments to date	**2,508,467,018**	**378,966,753**	**119,296,925**	**520,891,360**	**103,523,823**	**3,631,145,879**
Liability recognized in the statements of financial position	**₱146,171,332**	**₱101,246,027**	**₱56,919,467**	**₱546,817,601**	**₱974,107,355**	**₱1,825,261,782**

	Gross Insurance Contract Liabilities for 2023					
Accident Year	2019 and Prior Years	2020	2021	2022	2023	Total
Estimate of ultimate claims costs at the end of accident year	₱3,081,564,502	₱290,460,433	₱783,752,422	₱600,759,205	₱1,209,295,405	₱1,209,295,405
One year later	2,694,523,365	417,524,156	527,574,324	181,066,167		181,066,167
Two years later	2,623,340,429	408,559,427	514,849,464			514,849,464
Three years later	2,550,301,750	391,149,096				391,149,096
Four years later	2,299,620,897					2,299,620,897
Current estimate of cumulative claims	2,299,620,897	391,149,096	514,849,464	181,066,167	1,209,295,405	4,595,981,029
Cumulative payments to date	2,127,214,092	308,546,803	330,248,305	90,243,194	55,063,847	2,911,316,241
Liability recognized in the statements of financial position	₱172,406,805	₱82,602,293	₱184,601,159	₱90,822,973	₱1,154,231,558	₱1,684,664,788

Details of the net loss presented in the following tables reflect the cumulative incurred claims, including both claims notified and IBNR claims, for each successive accident year at each reporting date, together with the cumulative payments to date.

	Net Insurance Contract Liabilities for 2024					
Accident Year	**2020 and Prior Years**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate claims costs at the end of accident year	**₱894,955,505**	**₱317,326,777**	**₱251,829,611**	**₱402,504,237**	**₱412,573,194**	**₱412,573,194**
One year later	**1,090,998,856**	**240,706,604**	**152,552,279**	**273,690,368**	**–**	**273,690,368**
Two years later	**1,005,881,190**	**248,843,525**	**149,348,967**	**–**	**–**	**149,348,967**
Three years later	**1,060,734,608**	**240,792,637**	**–**	**–**	**–**	**240,792,637**
Four years later	**951,025,549**	**–**	**–**	**–**	**–**	**951,025,549**
Current estimate of cumulative claims	**951,025,549**	**240,792,637**	**149,348,967**	**273,690,368**	**412,573,194**	**2,027,430,715**
Less cumulative payments to date	**832,981,482**	**196,067,725**	**99,817,140**	**184,647,738**	**80,792,218**	**1,394,306,303**
Net insurance liability recognized in the statements of financial position	**₱118,044,067**	**₱44,724,912**	**₱49,531,827**	**₱89,042,630**	**₱331,780,976**	**₱633,124,412**

	Net Insurance Contract Liabilities for 2023					
Accident Year	2019 and Prior Years	2020	2021	2022	2023	Total
Estimate of ultimate claims costs at the end of accident year	₱761,100,201	₱133,855,304	₱317,326,777	₱251,829,611	₱402,504,237	₱402,504,237
One year later	833,294,215	257,704,641	240,706,604	152,552,279	–	152,552,279
Two years later	754,311,433	251,569,757	248,843,525	–	–	248,843,525
Three years later	813,158,369	247,576,239	–	–	–	247,576,239
Four years later	727,951,215	–	–	–	–	727,951,215
Current estimate of cumulative claims	727,951,215	247,576,239	248,843,525	152,552,279	402,504,237	1,779,427,495
Less cumulative payments to date	594,515,899	190,407,982	181,270,013	74,376,214	54,069,969	1,094,640,077
Net insurance liability recognized in the statements of financial position	₱133,435,316	₱57,168,257	₱67,573,512	₱78,176,065	₱348,434,268	₱684,787,418

Financial Risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The significant risks that the Company faces are credit risk, liquidity risk, market risk, interest rate risk, price risk, and foreign currency risk.

Credit Risk

Credit risk is the risk that a counterparty will not be able to meet its contractual obligations resulting in financial loss to the Company.

Credit risk limit is used to manage credit exposure, which specifies credit exposure limit for each counterparty depending on its size and financial well-being.

Company considers a financial asset to be in default when the borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing any collateral.

The Company considers a debt security to have low credit risk when: i) the debt security has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off
The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets written-off are no longer subject to enforcement activities of the Company.

The Company applied the simplified approach in measuring ECLs which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped by shared credit risk characteristics based on customer type and determines ECL for each group, considering actual credit loss experience over the last 24 months and the Company's view of economic conditions over the expected lives of the trade receivables.

The Company has identified the Bank Lending Rates and Policy Rates (effective date) to be the most relevant macroeconomic factors that affect the ability of the customers to settle the receivables. The Company does not have trade receivable for which no allowance is recognized because of collateral.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements), summarized as follows:

	2024	2023
Cash in bank and cash equivalents (Note 6)	**₱682,691,374**	₱511,643,349
Insurance receivables, net of allowance (Note 7)	**920,710,291**	595,469,397
Investment securities at amortized cost (Note 8)	**1,417,845,569**	1,591,114,434
Loans and receivable (Note 8)	**26,400,795**	23,489,540
Other assets*	**48,439**	2,148,575
	₱3,047,696,468	₱2,723,865,295

**Excluding creditable withholding taxes, DST fund and miscellaneous*

The following tables summarize the credit quality of the Company's financial assets based on their historical experience with the corresponding third parties:

	2024					
	Neither Past Due nor Impaired			**Past Due but**		
	Grade A	**Grade B**	**Grade C**	**not Impaired**	**Impaired**	**Total**
Cash in banks and cash equivalents	**₱682,691,374**	**₱–**	**₱–**	**₱–**	**₱–**	**₱682,691,374**
Insurance receivables	**–**	**–**	**434,110,006**	**498,343,567**	**11,743,282**	**920,710,291**
Investment securities at amortized cost	**–**	**1,417,845,569**	**–**	**–**	**–**	**1,417,845,569**
Loans and receivable	**–**	**26,400,795**	**–**	**–**	**–**	**26,400,795**
Other assets*	**–**	**48,439**	**–**	**–**	**–**	**48,439**
	₱682,691,374	**₱1,444,294,803**	**₱434,110,006**	**₱498,343,567**	**₱11,743,282**	**₱3,074,696,468**

**Excluding creditable withholding taxes, DST fund and miscellaneous*

	2023					
	Neither Past Due nor Impaired			Past Due but		
	Grade A	Grade B	Grade C	not Impaired	Impaired	Total
Cash in banks and cash equivalents	₱511,643,349	₱–	₱–	₱–	₱–	₱511,643,349
Insurance receivables	–	–	302,523,274	300,470,689	7,524,566	595,469,397
Investment securities at amortized cost	–	1,591,114,434	–	–	–	1,591,114,434
Loans and receivable	–	23,489,540	–	–	–	23,489,540
Other assets*	–	2,148,575	–	–	–	2,148,575
	₱511,643,349	₱1,616,752,549	₱302,523,274	₱300,470,689	₱7,524,566	₱2,723,865,295

**Excluding creditable withholding taxes and miscellaneous*

The Company classifies its unimpaired financial assets into the following credit grades:

- Grade A pertains to those financial assets that are consistently collected before the maturity date.
- Grade B includes financial assets that are collected on their due dates without an effort from the Company to follow them up.
- Grade C pertains to financial assets which are collected on their due dates and require Company's persistent effort to collect.
- Past due but not impaired include those financial assets outstanding beyond their due date but still collectible.

The aging of the insurance receivable as at December 31, is as follows:

	2024				
	Current	**31 to 60 Days**	**61 to 90 Days**	**More than 90 Days**	**Total**
Premiums receivable	**₱34,238,352**	**₱212,503,266**	**₱50,767,343**	**₱91,123,223**	**₱388,632,184**
Due from ceding companies	**14,712,318**	**920,250**	**2,662,235**	**311,098,720**	**329,393,523**
Funds held by ceding companies	**95,285,531**	**–**	**–**	**9,203,795**	**104,489,326**
Reinsurance recoverable on paid losses	**3,941,706**	**17,450,885**	**1,628,120**	**86,917,829**	**109,938,540**
	₱148,177,907	**₱230,874,401**	**₱55,057,698**	**₱498,343,567**	**₱932,453,573**

	2023				
	Current	31 to 60 Days	61 to 90 Days	More than 90 Days	Total
Premiums receivable	₱67,799,550	₱84,680,640	₱42,967,283	₱31,373,781	₱226,821,254
Due from ceding companies	22,015,493	6,748,887	17,397,108	212,393,415	258,554,903
Funds held by ceding companies	52,011,602	–	–	8,545,372	60,556,974
Reinsurance recoverable on paid losses	–	–	357,339	56,703,493	57,060,832
	₱141,826,645	₱91,429,527	₱60,721,730	₱309,016,061	₱602,993,963

Set out below is the information about the credit risk exposure on the Company's insurance receivable using a provision matrix.

December 31, 2024

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**₱–**	**₱434,110,006**	**₱498,343,567**	**₱932,453,573**
ECL	**–**	**669,952**	**11,073,330**	**11,743,282**

December 31, 2023

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	₱–	₱302,523,274	₱300,470,689	₱602,993,963
ECL	–	226,619	7,297,947	7,524,566

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty meeting its financial obligations. Liquidity risk may result from either inability to sell financial assets quickly at their fair values or the Company's inability to generate cash flows to repay financial liability when due.

The Company manages liquidity through regular monitoring of its cash position to ensure that maturing liabilities will be adequately met.

As at December 31, 2024 and 2023, the Company's financial assets exceeded the financial liabilities as shown in the tables below using undiscounted contractual maturities.

	2024						
	Less than 1 Year	**More than 1 - 2 Years**	**More than 2 - 3 Years**	**More than 3 - 4 Years**	**More than 4 - 5 Years**	**More than 5 Years**	**Total**
Financial Assets							
Cash and cash equivalents[1]	**₱684,376,886**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱684,376,886**
Insurance receivable - net	**920,710,291**	–	–	–	–	–	**920,710,291**
Investments:		–	–	–	–	–	
Financial asset at fair value through OCI	**409,870**	–	–	–	–	–	**409,870**
Investment securities at amortized cost[1]	**107,452,545**	**180,246,691**	**394,273,854**	**206,590,553**	**132,036,348**	**415,101,049**	**1,435,701,040**
Loans and receivable	**5,896,524**	**1,023,829**	**689,615**	**368,209**	**298,209**	**268,938**	**8,545,324**
Recoverable on unpaid losses	**1,192,137,370**	–	–	–	–	–	**1,192,137,370**
Other assets[2]	**48,439**	–	–	–	–	–	**48,439**
Total Financial Assets	**2,911,031,925**	**181,270,520**	**394,963,469**	**206,958,762**	**132,334,557**	**415,369,987**	**4,241,929,220**
Financial Liabilities							
Commission payable	**35,358,097**	–	–	–	–	–	**35,358,097**
Accounts payable - others[3]	**14,609,011**	–	–	–	–	–	**14,609,011**
Insurance payables	**486,104,076**	–	–	–	–	–	**486,104,076**
Lease liabilities	**2,373,432**	**907,521**	**463,313**	**494,341**	–	–	**4,238,607**
Outstanding claims provision	**1,825,261,782**	–	–	–	–	–	**1,825,261,782**
Total Financial Liabilities	**2,363,706,398**	**907,521**	**463,313**	**494,341**	–	–	**2,365,571,573**
Net Liquidity Surplus	**₱547,325,527**	**₱180,362,999**	**₱394,500,156**	**₱206,464,421**	**₱132,334,557**	**₱415,369,987**	**₱1,876,357,647**

[1]Includes future interest
[2]Excluding creditable withholding tax, DST fund and miscellaneous
[3]Included under "Accounts and other payable" account

	2023						
	Less than 1 Year	More than 1 - 2 Years	More than 2 - 3 Years	More than 3 - 4 Years	More than 4 - 5 Years	More than 5 Years	Total
Cash and cash equivalents[1]	₱513,226,399	₱–	₱–	₱–	₱–	₱–	₱513,226,399
Insurance receivable - net	595,469,397	–	–	–	–	–	595,469,397
Investments:		–	–	–	–	–	
Financial asset at fair value through OCI	271,616	–	–	–	–	–	271,616
Investment securities at amortized cost[1]	256,915,099	89,971,344	178,321,883	394,871,609	206,226,552	483,273,225	1,609,579,712
Loans and receivable	5,024,262	–	–	–	–	–	5,024,262
Recoverable on unpaid losses	999,877,370	–	–	–	–	–	999,877,370
Other assets[2]	2,148,575	–	–	–	–	–	2,148,575
Total Financial Assets	2,372,932,718	89,971,344	178,321,883	394,871,609	206,226,552	483,273,225	3,725,597,331
Financial Liabilities							
Commission payable	35,331,705	–	–	–	–	–	35,331,705
Accounts payable – others[3]	5,876,740	–	–	–	–	–	5,876,740
Insurance payables	301,989,789	–	–	–	–	–	301,989,789
Lease liabilities	4,728,697	252,935	201,263	–	–	–	5,182,895
Outstanding claims provision	1,684,664,788	–	–	–	–	–	1,684,664,788
Total Financial Liabilities	2,032,591,719	252,935	201,263	–	–	–	2,033,045,917
Net Liquidity Surplus	₱340,340,999	₱89,718,409	₱178,120,620	₱394,871,609	₱206,226,552	₱483,273,225	₱1,692,551,414

[1]Includes future interest
[2]Excluding creditable withholding tax , DST fund and miscellaneous
[3]Included under "Accounts and other payable" account

It is unusual for the Company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied to insurance contracts to ascertain the likely provision and time period when such liabilities will require settlement. The amount and maturities in respect of insurance liabilities are thus based on management's best estimate and on statistical techniques and past experiences.

Market Risk
Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company manages market risk by ensuring it has a diversified portfolio of investments approved by the BOD and in compliance with the guidelines of the IC. The funds are generally held in short and medium-term instrument, ensuring good returns while minimizing market risk.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk based on notional amounts as at December 31, 2024 and 2023 follows:

	2024		2023	
	US Dollar	**Philippine peso**	US Dollar	Philippine peso
Cash in banks[1]	**$1,614,836**	**₱93,410,199**	$506,137	₱28,024,806
Premiums receivable	**324,614**	**18,777,277**	283,874	15,718,103

The exchange rates used are ₱57.845 to US$1 in 2024 and ₱55.370 to US$1 in 2023.

The table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before income tax and equity.

	Increase/Decrease in US Dollar Exchange Rate	**Effect on Income Before Income Tax**	**Effect on Equity**
2024	**+5.20%**	**₱5,830,498**	**4,372,873**
	-5.20%	**(5,830,498)**	**(4,372,873)**
2023	+6.08%	2,658,441	1,993,831
	-6.08%	(2,658,441)	(1,993,831)

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by minimizing the duration of its fixed rates financial assets.

Price Risk
The Company's price risk exposure at each reporting period date relates to financial assets and liabilities whose values fluctuates as a result of changes in market price of financial assets at FVOCI/AFS financial assets. However, changes in price risk affecting financial assets at FVOCI/AFS financial assets do not have significant impact on the financial statements considering the insignificant amount of financial assets at FVOCI/AFS financial assets as at December 31, 2024 and 2023.

Capital Management
The Company's objectives when managing capital is to maintain a certain level of capital structure to ensure compliance with minimum net worth capital requirements imposed by IC as well as to adequately protect the claims of the Company's policyholders (see Note 25).

The Company regards the following as the capital it manages as at December 31:

	2024	2023
Capital stock	**₱900,000,000**	₱900,000,000
Contributed surplus	**914,371,606**	914,371,606
Reserve for retirement liability (Note 23)	**1,635,028**	1,124,971
Revaluation reserve on AFS financial assets (Note 8)	**(729,535)**	(867,789)
Deficit	**(89,532,397)**	(301,002,933)
	₱1,725,744,702	₱1,513,625,855

There were no changes in the Company's approach to capital management during the year (see Note 25).

27. Fair Value Measurement

The fair values of cash and cash equivalents, interest receivable, receivable from employee, other receivables, accounts payable and accrued expenses, reinsurance liabilities and outstanding claims provision approximate their carrying amounts due to the relatively short-term in nature.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted and unquoted equity securities classified under Financial asset at FVOCI are categorized under Level 1 and Level 2, respectively, of the fair value hierarchy. Fair values of unquoted equity securities are derived based on the adjusted net asset value method.

	2024				
	Carrying Value	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value:					
Financial asset at FVOCI					
Quoted equity securities	**₱374,187**	**₱374,187**	**₱–**	**₱–**	**₱374,187**
Unquoted equity securities	**35,683**	**–**	**35,683**	**–**	**35,683**
Assets for which fair values are disclosed:					
Investment securities at amortized cost					
Government debt securities	**1,230,371,370**	**19,581,742**	**1,226,913,631**	**–**	**1,246,495,373**
Corporate debt securities	**187,474,199**	**185,576,304**	**–**	**–**	**185,576,304**
Total financial assets	**₱1,418,255,439**	**₱205,532,233**	**₱1,226,949,314**	**₱–**	**₱1,432,481,547**

	2023				
	Carrying Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value:					
Financial asset at FVOCI					
Quoted equity securities	₱208,786	₱208,786	₱–	₱–	₱208,786
Unquoted equity securities	62,830	–	62,830	–	62,830
Assets for which fair values are disclosed:					
Investment securities at amortized cost					
Government debt securities	1,351,540,954	109,034,195	1,265,369,294	–	1,374,403,489
Corporate debt securities	239,573,480	235,250,150	–	–	235,250,150
Total financial assets	₱1,591,386,050	₱344,493,131	₱1,265,432,124	₱–	₱1,609,925,255

There were no transfers between level 1 and level 2, and no transfers into and out of level 3 fair value measurement during 2024 and 2023.

28. Maturity Analysis of Assets and Liabilities

The tables below present the Company's assets and liabilities as of December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled:

	2024			2023		
	Less than One Year	**More than One Year**	**Total**	Less than One Year	More than One Year	Total
Assets						
Cash and cash equivalents	**₱682,731,374**	**₱–**	**₱682,731,374**	₱511,753,349	₱–	₱511,753,349
Insurance receivables – net	**920,710,291**	**–**	**920,710,291**	595,469,397	–	595,469,397
Investments:						
Financial asset at fair value through OCI	**409,870**	**–**	**409,870**	271,616	–	271,616
Investment securities at amortized cost	**89,597,074**	**1,328,248,495**	**1,417,845,569**	238,449,821	1,352,664,613	1,591,114,434
Loans and receivable	**23,751,995**	**2,648,800**	**26,400,795**	23,489,540	–	23,489,540
Reinsurance assets	**1,625,960,176**	**–**	**1,625,960,176**	1,280,354,367	–	1,280,354,367
Deferred acquisition costs	**41,492,051**	**–**	**41,492,051**	41,666,687	–	41,666,687
Property and equipment - net	**–**	**3,057,860**	**3,057,860**	–	5,074,870	5,074,870
Right-of-use assets - net	**1,936,814**	**1,749,329**	**3,686,143**	6,054,470	435,873	6,490,343
Pension asset - net	**–**	**6,616,250**	**6,616,250**	–	7,369,151	7,369,151
Other assets	**43,698,367**	**62,554,073**	**106,252,440**	31,077,419	82,203,200	113,280,619
Total assets	**₱3,430,288,012**	**₱1,404,874,807**	**₱4,835,162,819**	₱2,728,586,666	₱1,447,747,707	₱4,176,334,373
Liabilities						
Insurance contract liabilities	**₱2,462,109,061**	**₱–**	**₱2,462,109,061**	₱2,209,133,557	₱–	₱2,209,133,557
Insurance payables	**486,104,076**	**–**	**486,104,076**	301,989,789	–	301,989,789
Deferred reinsurance commissions	**29,395,534**	**–**	**29,395,534**	22,616,414	–	22,616,414
Accounts and other payables	**127,570,839**	**–**	**127,570,839**	123,785,863	–	123,785,863
Lease liabilities	**2,373,432**	**1,865,175**	**4,238,607**	4,728,697	454,198	5,182,895
Total liabilities	**₱3,107,552,942**	**₱1,865,175**	**₱3,109,418,117**	₱2,662,254,320	₱454,198	₱2,662,708,518

29. Supplementary Information Required under Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2024:

Value Added Tax (VAT)

Net sales/receipts and output VAT declared in the Company's VAT returns filed for the fiscal year are as follows:

	Net Sales/Receipt	Output VAT
Vatable sales	₱1,513,561,142	₱181,627,354
Zero-rated /exempt	73,400,115	–
	₱1,586,961,257	₱181,627,354

The Company incurred zero-rated sales composed of sales to registered export enterprises which are directly and exclusively used in the registered project or activity, and sales to enterprises covered by special laws. This is in accordance with National Internal Revenue Code Section 106 (A) (2) and 108 (B).

Details of the input VAT claimed broken down as follows:

Balance at January 1, 2024	₱121,366
Current year's domestic purchases	
Domestic purchase of capital goods not exceeding ₱1,000,000	–
Domestic purchase of capital goods exceeding ₱1,000,000	–
Domestic purchase of services	17,956,445
Domestic purchases of goods other than capital goods	220,548
Other adjustments	(21,867)
Input VAT applied for the year	(18,276,492)
	₱–

In 2023, deferred VAT input was presented as reduction of deferred output VAT in the statements of financial position.

Documentary Stamp Tax

On policies issued	₱180,748,979
Leases	3,416
	₱180,752,395

Document Stamp Tax amounting to ₱0.26 million was booked under Other taxes and licenses.

Withholding Taxes

Tax on compensation and benefits	₱3,327,881
Expanded withholding taxes	13,186,659
Withholding Vat	441,539
Final withholding taxes	23,866
	₱16,979,945

Other Taxes and Licenses

Local business tax expense	₱1,368,448
License and permit fees	821,532
Others	91,348
	₱2,281,328

Tax Assessments and Cases

As of December 31, 2024, there are no outstanding assessments and tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.