Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has 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. The difference in the respective carrying amounts is recognized in profit or loss.

Investment in Associate
In its separate financial statements, an investor should use the equity method of accounting for investments in associates, other than in the following three exceptional circumstances:

- A parent that is exempted from preparing consolidated financial statements by paragraph 10 of PAS 27, *Consolidated and Separate Financial Statements*, may prepare separate financial statements as its primary financial statements. In those separate statements, the investment in the associate may be accounted for by the cost method or under PAS 39.

- An investor need not use the equity method if all of the following four conditions are met:

  - the investor is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the investor not applying the equity method;

  - the investor's debt or equity instruments are not traded in a public market;

  - the investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and

  - the ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with PFRS.

The Company met the aforementioned criteria, thus, did not use the equity method in recognizing investment in associate on the financial statement.

The Company's investment in OWN Bank is accounted for as investment in associate using the cost method, in accordance with PAS 27. Under the cost method, the investment is initially recognized at cost in the statement of financial position. Subsequently, these are carried in the statement of financial position at cost less any accumulated impairment losses. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiary arising after the date of acquisition.

Investment in Subsidiary
The Company's investment in subsidiary is accounted for in this its separate financial statements at cost, less any impairment loss. The cost of investment in subsidiary is the sum of the consideration given, including transaction costs, and the fair value of contingent consideration arrangement entered into which depends into future economic benefits. The Company recognized the subsequent changes of the contingent consideration in profit or loss.

If there is objective evidence that the investment in subsidiary will not be recovered, an impairment loss is provided. Impairment loss is measured as the difference between the carrying amount of the investment and present value of the estimated future cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss.

Property and Equipment

Property and equipment, except for office condominium and land, are stated at cost, net of accumulated depreciation and any impairment in value. The Company's parcel of land obtained through foreclosure is recognized at fair value as at the date of foreclosure. The said fair value is considered the deemed cost of the property.

The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged against profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Office condominium	14
Furniture, fixtures, and office equipment	5
Transportation equipment	5

The assets' residual values, estimated useful lives, and depreciation method are reviewed periodically to ensure that these are consistent to the expected pattern of economic benefits from the said property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against profit or loss.

Land is measured at fair value, while the office condominium units are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income under "Revaluation reserve on property and equipment" account, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in the other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

Accumulated depreciation as of the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

Determination of Fair Value of Nonfinancial Assets

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 to 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.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

External appraisers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use 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 assessed as part of the cash generating unit to which it belongs.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to 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 assessment of the time value of money and the risks specific to the asset (or cash generating unit).

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged against the revaluation increment of the said asset.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase under other comprehensive income.

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposit for Future Subscription

In accordance with Financial Reporting Bulletin No. 6 issued by the SEC in January 2013, an entity shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from "Outstanding Capital Stock" if and only if, all of the following elements are present as of the end of reporting date:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- The BOD approved the proposed increase in the authorized capital stock (for which a deposit was received by the Company);
- The stockholders approved the said proposed increase;
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability (see Notes 24 and 26). The Company recorded this as part of liability as some of the above considerations are not yet complied as of the reporting period.

Revenue Recognition

The Company's revenue streams arising from insurance contracts falls under PFRS 4 while interest and dividend income falls under PAS 39 and other income under PFRS 15 *Revenue from Contracts with Customers*. The following specific criteria must also be met before revenue is recognized:

Premiums Revenue

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at reporting date is accounted for as pprovision for unearned premiums presented as part of "Insurance contract liabilities" in the statement of financial position. The related reinsurance premiums that pertain to the unexpired periods at reporting date are accounted for as deferred reinsurance under "Reinsurance assets". The net changes in these accounts between reporting dates are included in the determination of net earned insurance premiums.

Reinsurance Commission Income

Commissions earned from short-duration insurance contracts are recognized as revenue over the contract period using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at the reporting date are accounted for as "Deferred reinsurance commissions" in the statement of financial position.

Interest Income
Interest income is recognized as it accrues in accordance with effective interest method.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participants.

Other Underwriting Expense
Other underwriting expense pertains to the costs incurred by the Company prior to the issuance of policies to its policyholders. These costs include expenses for technical inspections, actuarial reviews, and other work deemed necessary to determine whether or not to accept the risks to be written.

Taxes
Current Tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax
Deferred tax is provided, using the asset-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 tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of MCIT over the regular income tax, and unused NOLCO, to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition 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 income nor taxable income or loss.

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 taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is 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 of the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Final Tax
Interest income from cash in banks, debt securities, funds held by ceding companies and dividend income, which is subject to final withholding tax, is presented at gross amounts while taxes paid or withheld are recognized as final tax under "Current income tax" in profit or loss.

CWT
CWT pertains to the indirect tax paid by the Company that is withheld by its counterparty for the payment of premiums to the Company. CWT is initially recorded at cost under "Other assets" account in the statement of financial position.

At each end of the tax reporting deadline, CWT may either be offset against future income tax payable or be claimed as a refund from the taxation authorities at the option of the Company. If CWT is claimed as a refund, these will be reclassified to receivables in the statement of financial position when the refund is virtually certain.

At each end of the reporting period, an assessment for impairment is performed as to the recoverability of the CWT.

VAT
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

30. Management of Capital, Insurance Risks, and Financial Risks

Governance Framework
The primary objective of the Company's risk and financial management framework is to recognize, identify and measure risks and manage the Company's portfolio to achieve expected return consistent with the risks taken. The Company recognizes the importance of having efficient and effective risk management systems in place to minimize uncompensated and inappropriate risks.

The Company has established a risk management function with clear terms of reference for the BOD and senior management. Further, a clear organization structure with delegated authorities and responsibilities from senior management to department managers has been developed. Lastly, the Company policy framework which sets out the risk portfolio of the Company, including but not limited to geographical and industry segments, risk management, control and business conduct standards for the Company's operations has been put in place.

The Company's senior management together with the department managers meet once a month or as the need arises, to discuss the Company's identified risks, their quantification and disposition, whether they will be accepted, transferred or eliminated from the portfolios, taking into account the Company's retention limit structure, the prevailing commercial and regulatory requirements, and potential financial effects.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil 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 appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels. The operations of the Company are also subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise).

Capital Management Framework

The primary objective for capital management is to enable the Company to determine the level of capital necessary to support its insurance operations, to provide a desired degree of protection for its policyholders, and to maintain an adequate margin of solvency at all times. The Company shall maintain capital equal to or higher than the minimum capital requirements set by the regulators and the amount computed under the Risk-Based Capital (RBC) Model. Management considers the Company's total equity as its capital.

Any inadequacy in the required capital will require capital infusion or the Company's license to operate insurance business could be revoked.

There were no changes made to its capital base, objectives, policies and processes from previous years.

Net Worth Requirements

Under Section 194 of the Amended Insurance Code RA) which was approved on August 15, 2013, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

Net Worth	Compliance Date
P250,000,000	On or before June 30, 2013
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 at December 31, 2024 and 2023, the Company has complied with the net worth requirements based on internal calculations. The final amount of net worth can be determined only after the accounts of the Company have been examined by the IC, especially as to the admitted and non-admitted assets as defined under the Amended Insurance Code.

RBC Requirements

IC Circular Letter No. 2016-68, *Amended RBC2 Framework*, provides for the RBC2 framework for the nonlife insurance industry to establish the required amounts of capital to be maintained by the insurance companies in relation to the risks an insurance company is exposed to. Every nonlife insurance company is annually required to maintain an RBC2 ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC2 ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be calculated as total available capital (TAC) divided by the RBC2 requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits determined by IC. With Tier 1 Capital being the capital fully available to cover losses at all times on a going concern and winding up basis. And Tier 2 Capital as the capital that can also provide additional buffer to the insurance company, though it is not of the same high quality as Tier 1 Capital.

The following table shows how the RBC ratio was determined by the Company based on internal calculations:

	2024	2023
Net worth	**P1,496,728,819**	P1,480,146,581
RBC capital	**109,558,859**	49,212,686
RBC ratio	**1,366%**	3,008%

The final RBC ratio can only be determined after the accounts of the Company have been examined by the IC specifically as to admitted and non-admitted assets as defined under the Insurance Code.

Insurance Risk

The risk under an insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims will exceed the carrying amount of insurance liabilities. This could occur due to any of the following:

Occurrence Risk

The possibility that the number of insured events 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 variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The business of the Company comprises short term nonlife insurance contracts. For nonlife insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, and the like events.

These risks currently do not vary significantly in relation to the location of the risk insured by the Company whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company has an objective to control and minimize insurance risk, to reduce volatility of operating profits and to maintain adequate solvency margins. The Company manages insurance risk through the mechanisms in the next page.

The use and maintenance of sufficient management records that provide up to date, accurate and reliable data on risk exposure by industry segment, geographical location, type of coverage at any point in time; deviations from set exposure limits; industry developments and changes in regulatory provisions.

Underwriting guidelines are issued for concluding insurance contracts both for direct insurance and treaty and facultative insurance acceptances.

Timely and judicious claims handling procedures are followed to investigate and adjust reported claims thereby preventing settlement of dubious or fraudulent claims.

Risk mitigation is accomplished by imposing deductibles on policies, placing of reinsurance business with reinsurers which offer the best security for limiting the Company's exposure to large claims and uncompensated risks.

Diversification of insurance coverage is achieved by including on the Company's underwriting portfolio various types of risks in different industry segments, geographical locations, and policy terms and conditions to reduce the potential overall impact of adverse losses in a specific risk.

There has been no change to the Company's exposure to insurance risk or the manner in which it manages and measure risk since the prior financial year.

The Company principally issued the following types of general insurance contracts:

		2024		
	Note	**Gross Claims Liabilities**	**Reinsurer's Share of Claims Liabilities**	**Net Claims Liabilities**
Fire and special risk		**P41,052,845**	**P35,631,779**	**P5,421,066**
Motor car		**10,864,807**	**368,802**	**10,496,005**
Marine cargo		**88,033**	**55,653**	**32,380**
Casualty		**2,323,341**	**1,323,619**	**999,722**
Erection and machineries		**412,360**	**146,477**	**265,883**
Personal accident		**1,103,737**	**443,446**	**660,291**
	12	**P55,845,123**	**P37,969,776**	**P17,875,347**

		2023		
	Note	Gross Claims Liabilities	Reinsurer's Share of Claims Liabilities	Net Claims Liabilities
Fire and special risk		P56,768,371	P52,713,308	P4,055,063
Motor car		9,524,470	166,942	9,357,528
Marine cargo		128,508	79,938	48,570
Casualty		79,480	44,746	34,734
Erection and machineries		743,700	150,851	592,849
Personal accident		1,070,790	535,797	534,993
	12	P68,315,319	P53,691,582	P14,623,737

Terms and Conditions

The major classes of general insurance written by the Company include fire and special risks, motor car, marine cargo, personal accident, casualty, and engineering. Risks under these policies usually cover a 12-month duration.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are refined quarterly as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

The measurement process primarily includes projection of future claim costs. In certain cases, where there is a lack of reliable historical data on which to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claim provisions are separately analyzed by class of business. In addition, larger claims are usually assessed separately by loss adjusters. The claims projection assumptions are generally intended to provide a best estimate of the most likely or expected outcome.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. Loss development factors are established by analyzing prior years' claims data and deriving the claims development trend by class of business.

Sensitivities

The insurance claims provision is sensitive to the above key assumptions. Because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting dates.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessments of the ultimate liabilities are recognized in subsequent separate financial statements.

The table below indicates the impact of changes in certain key assumption in respect of general insurance business while other assumptions remain unchanged.

		Change in Assumption	Impact on Net Insurance Contract Liabilities ('000)	Impact on Income before Income Tax ('000)
2024	Average claim cost	**19% decrease**	**P3,396**	**P3,396**
2023	Average claim cost	84% increase	(12,283)	(12,283)

Claims Development Table

The following tables reflect the cumulative incurred claims, including both claims notified and claims IBNR for each successive accident year at each reporting date, together with the cumulative payments to date:

		Gross Insurance Contract Liabilities for 2024										
Accident Year	*Note*	2015 and Prior Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year		P207,356,695	P14,657,115	P15,947,144	P4,237,812	P3,676,094	P5,732,325	P14,685,171	P21,114,082	P84,899,424	P33,237,140	P33,237,140
One year later		203,527,894	15,719,896	13,748,603	4,172,060	3,195,463	4,052,360	14,685,171	13,377,775	71,513,302	-	71,513,302
Two years later		170,802,208	15,494,811	13,454,375	3,017,256	3,195,462	4,052,360	14,685,171	12,676,798	-	-	12,676,798
Three years later		166,618,301	15,500,333	14,506,656	3,065,961	3,195,462	4,052,360	14,685,171	-	-	-	14,685,171
Four years later		166,159,415	13,980,612	14,668,013	3,065,961	3,195,462	4,052,360	-	-	-	-	4,052,360
Five years later		165,364,455	14,527,282	14,668,013	3,065,961	3,195,462	-	-	-	-	-	3,195,462
Six years later		167,319,784	14,527,282	14,668,013	3,065,961	-	-	-	-	-	-	3,065,961
Seven years later		162,102,830	14,527,282	14,668,013	-	-	-	-	-	-	-	14,668,013
Eight years later		162,772,054	14,527,282	-	-	-	-	-	-	-	-	14,527,282
Nine years later		168,159,212	-	-	-	-	-	-	-	-	-	168,159,212
Current estimate cumulative claims		168,159,212	14,527,282	14,668,013	3,065,961	3,195,462	4,052,360	14,685,171	12,676,798	71,513,302	33,237,140	339,780,701
Cumulative payments to date		(168,159,212)	(14,527,282)	(14,668,013)	(3,065,961)	(3,195,462)	(4,052,360)	(14,685,171)	(12,036,933)	(35,577,839)	(13,967,345)	(283,935,578)
Gross insurance contract liabilities recognized in the statements of financial position	*12*	P -	P -	P -	P -	P -	P -	P -	P639,865	P35,935,463	P19,269,795	P55,845,123

		Net Insurance Contract Liabilities for 2024										
Accident Year	*Note*	2015 and Prior Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year		P93,574,370	P14,253,899	P11,567,454	P2,675,846	P2,972,004	P3,003,817	P10,130,550	P10,822,133	P30,964,946	P24,762,608	P24,762,608
One year later		104,398,199	14,765,540	11,686,243	2,480,212	3,082,216	4,578,890	10,130,550	6,680,842	26,440,490	-	26,440,490
Two years later		102,663,926	14,400,886	11,415,891	2,410,929	3,095,579	4,578,890	10,130,550	6,487,128	-	-	6,487,128
Three years later		102,379,682	14,386,699	13,541,137	1,517,991	3,095,579	4,578,890	10,130,550	-	-	-	10,130,550
Four years later		101,977,440	11,625,171	13,456,679	1,517,991	3,095,579	4,578,890	-	-	-	-	4,578,890
Five years later		101,787,846	8,939,702	13,456,679	1,517,991	3,095,579	-	-	-	-	-	3,095,579
Six years later		101,871,138	8,939,702	13,456,679	1,517,991	-	-	-	-	-	-	1,517,991
Seven years later		101,155,743	8,939,702	13,456,679	-	-	-	-	-	-	-	13,456,679
Eight years later		101,744,239	8,939,702	-	-	-	-	-	-	-	-	8,939,702
Nine years later		105,027,881	-	-	-	-	-	-	-	-	-	105,027,881
Current estimate cumulative claims		105,027,881	8,939,702	13,456,679	1,517,991	3,095,579	4,578,890	10,130,550	6,487,128	26,440,490	24,762,608	204,437,498
Cumulative payments to date		(105,027,881)	(8,939,702)	(13,456,679)	(1,517,991)	(3,095,579)	(4,578,890)	(10,130,550)	(6,126,760)	(20,767,577)	(12,920,542)	(186,562,151)
Net insurance contract liabilities recognized in the statements of financial position	*12*	P -	P -	P -	P -	P -	P -	P -	P360,368	P5,672,913	P11,842,066	P17,875,347

Gross Insurance Contract Liabilities for 2023

Accident Year	Note	2014 and Prior Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Accident year		P181,028,564	P26,328,131	P14,657,115	P15,947,144	P4,237,812	P3,676,094	P5,732,325	P14,685,171	P21,114,082	P84,899,424	P84,899,424
One year later		175,192,415	28,335,479	15,719,896	13,748,603	4,172,060	3,195,463	4,052,360	14,685,171	13,377,775	-	13,377,775
Two years later		143,802,391	26,999,817	15,494,811	13,454,375	3,017,256	3,195,462	4,052,360	14,685,171	-	-	14,685,171
Three years later		139,721,223	26,897,078	15,500,333	14,506,656	3,065,961	3,195,462	4,052,360	-	-	-	4,052,360
Four years later		139,260,665	26,898,750	13,980,612	14,668,013	3,065,961	3,195,462	-	-	-	-	3,195,462
Five years later		139,001,856	26,362,599	14,527,282	14,668,013	3,065,961	-	-	-	-	-	3,065,961
Six years later		140,957,185	26,362,599	14,527,282	14,668,013	-	-	-	-	-	-	14,668,013
Seven years later		135,740,231	26,362,599	14,527,282	-	-	-	-	-	-	-	14,527,282
Eight years later		136,409,455	26,362,599	-	-	-	-	-	-	-	-	26,362,599
Nine years later		141,796,613	-	-	-	-	-	-	-	-	-	141,796,613
Current estimate cumulative claims		141,796,613	26,362,599	14,527,282	14,668,013	3,065,961	3,195,462	4,052,360	14,685,171	13,377,775	84,899,424	320,630,660
Cumulative payments to date		(141,796,613)	(26,362,599)	(14,527,282)	(14,668,013)	(3,065,961)	(3,195,462)	(4,052,360)	(14,685,171)	(11,984,817)	(17,977,063)	(252,315,341)
Gross insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P1,392,958	P66,922,361	P68,315,319

Net Insurance Contract Liabilities for 2023

Accident Year	Note	2014 and Prior Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Accident year		P70,055,493	P23,518,877	P14,253,899	P11,567,454	P2,675,846	P2,972,004	P3,003,817	P10,130,550	P10,822,133	P30,964,946	P30,964,946
One year later		80,102,775	24,295,424	14,765,540	11,686,243	2,480,212	3,082,216	4,578,890	10,130,550	6,680,842	-	6,680,842
Two years later		78,459,478	24,204,448	14,400,886	11,415,891	2,410,929	3,095,579	4,578,890	10,130,550	-	-	10,130,550
Three years later		78,400,215	23,979,467	14,386,699	13,541,137	1,517,991	3,095,579	4,578,890	-	-	-	4,578,890
Four years later		77,793,778	24,183,662	11,625,171	13,456,679	1,517,991	3,095,579	-	-	-	-	3,095,579
Five years later		77,719,961	24,067,885	8,939,702	13,456,679	1,517,991	-	-	-	-	-	1,517,991
Six years later		77,803,253	24,067,885	8,939,702	13,456,679	-	-	-	-	-	-	13,456,679
Seven years later		77,087,858	24,067,885	8,939,702	-	-	-	-	-	-	-	8,939,702
Eight years later		77,676,354	24,067,885	-	-	-	-	-	-	-	-	24,067,885
Nine years later		80,959,996	-	-	-	-	-	-	-	-	-	80,959,996
Current estimate cumulative claims		80,959,996	24,067,885	8,939,702	13,456,679	1,517,991	3,095,579	4,578,890	10,130,550	6,680,842	30,964,946	184,393,060
Cumulative payments to date		(80,959,996)	(24,067,885)	(8,939,702)	(13,456,679)	(1,517,991)	(3,095,579)	(4,578,890)	(10,130,550)	(6,121,544)	(16,900,507)	(169,769,323)
Net insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P559,298	P14,064,439	P14,623,737

Financial Risk

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk, and market risk.

These risks arise from open positions in interest rate, currency and equity securities, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

There has been no change to the Company's exposure to financial risk or the manner in which it manages and measure risk since the prior financial year.

Credit Risk

Credit risk is the risk that one party will fail to perform fully its financial obligation which may pertain to risk of default on a loan as well as the risk of a counterparty failing to meet its obligation especially with respect to loss recoveries on reinsurance business.

The Company manages the level of credit risk it accepts through a comprehensive credit risk policy which sets out the following:

- assessment and determination of acceptable and desired credit risk levels for the Company by setting up of exposure limits by each counterparty or group of counterparties, geographical regions, and economic sectors, and specific products;
- right of offset where counterparties are both debtors and creditors;
- imposing collateral and guarantee requirements;
- reporting of credit risk exposures and deviations; and
- monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.

Reinsurance of risk is placed with high-rated reinsurers and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. The Company undertakes significant due diligence with respect to the reinsurers with which it has reinsurance agreements in place. An appropriate number of these reinsurers are utilized and additional protection is sought through information on security for these counterparties. Management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowance for impairment of reinsurance assets.

In respect of investment securities, the Company's investments are subject to the regulatory requirements of the Insurance Code as supervised by the IC which set allowable investment assets, quantitative limits, and other pertinent restrictive provisions, and help mitigate the credit risk on investment assets. Credit risk arising from investment portfolios is addressed by setting authorized assets and limits and checking the level of credit risk related to a specific asset, adequacy of pricing, and returns for current and prospective investments.

The following table provides information regarding the maximum credit risk exposure, net of impairment losses, of the Company as at December 31, 2024 and 2023:

	Note	**2024**	2023
Cash and cash equivalents*	*4, 31*	**P872,364,786**	P1,065,153,305
Insurance receivables:			
Premiums receivable	*5, 28*	**8,288,376**	20,812,497
Reinsurance recoverable on paid losses	*5, 28*	**21,687,762**	11,298,734
Due from ceding companies	*5, 28*	**8,342,017**	14,216,406
Funds held by ceding companies	*5, 28*	**11,702,084**	11,702,084
HTM investments	*6, 28, 31*	**328,352,094**	322,917,537
Loans and receivables	*6, 28, 31*	**4,157,453**	1,696,062
Advances to a subsidiary	*6, 28, 31*	**200,000,000**	4,000,000
		P1,454,894,572	P1,451,796,625

**Excluding Cash on hand*

Carrying amount of all the other financial assets of the Company represents the maximum exposure to credit risk.

The tables below provide information regarding the credit risk exposure of the Company by classifying assets according to the Company's assessment of credit standing of the counterparties, historical dealings and experience with the counterparties, underlying collaterals, if any, and other factors.

		Neither Past Due nor Impaired			**2024**	
	Note	**High**	**Medium**	**Impaired**	**Past Due but not Impaired**	**Total**
Cash and cash equivalents*	*4, 31*	**P872,364,786**	**P -**	**P -**	**P -**	**872,364,786**
Insurance receivables:						
Premiums receivable	*5, 28, 31*	**10,090,968**	**5,960,982**	**(7,763,574)**	**42,388,437**	**50,676,813**
Reinsurance recoverable on paid losses	*5, 28, 31*	**21,687,762**	**-**	**-**	**848,508**	**22,536,270**
Due from ceding companies	*5, 28, 31*	**8,342,017**	**-**	**-**	**598,639**	**8,940,656**
Funds held by ceding companies	*5, 28, 31*	**11,702,084**	**-**	**-**	**669,955**	**12,372,039**
HTM Investments	*6, 28, 31*	**328,352,094**	**-**	**-**	**-**	**328,352,094**
Loans and receivables	*6, 28, 31*	**4,157,453**	**-**	**-**	**-**	**4,157,453**
Advances to a subsidiary	*6, 28, 31*	**200,000,000**	**-**	**-**	**-**	**200,000,000**
		P1,456,697,164	**P5,960,982**	**(P7,763,574)**	**P44,505,539**	**P1,499,400,111**

**Excluding Cash on hand*

		Neither Past Due nor Impaired		2023		
	Note	High	Medium	Past Due but not Impaired	Impaired	Total
Cash and cash equivalents*	*4, 31*	P1,065,153,305	P -	P -	P -	P1,065,153,305
Insurance receivables:						
Premiums receivable	*5, 28, 31*	23,777,554	4,707,894	(7,672,951)	29,043,671	49,856,168
Reinsurance recoverable on paid losses	*5, 28, 31*	11,298,734	-	-	848,508	12,147,242
Due from ceding companies	*5, 28, 31*	14,216,406	-	-	598,639	14,815,045
Funds held by ceding companies	*5, 28, 31*	11,702,084	-	-	669,955	12,372,039
HTM Investments	*6, 28, 31*	322,917,537	-	-	-	322,917,537
Loans and receivables	*6, 22,28, 31*	1,696,062	-	-	-	1,696,062
Advances to a subsidiary	*6,22, 28, 31*	4,000,000	-	-	-	4,000,000
		P1,454,761,682	P4,707,894	(P7,672,951)	P31,160,773	P1,482,957,398

**Excluding Cash on hand*

The credit quality of the financial assets was determined as follows:

High grade pertains to cash in banks and short-term placements, HTM Investments, insurance receivable, and loans and receivables with high probability of collection.

Medium grade pertains to unquoted financial assets other than cash in banks, short-term placements and receivables from counterparties with average capacity to meet their obligations.

Past due but not impaired pertains to receivables from counterparties with good track records with the Company or those with on-going transactions. Based on past experience, the Company believes that no allowance for impairment is necessary.

Impaired pertains to the allowance for impairment losses that the Company recognizes due to the uncertainty of the collectability of the Company's receivables.

The Company did not have any significant concentration of credit risk with a single counter party or group of counterparties as at December 31, 2024 and 2023. In terms of the type of the financial asset, the credit risk is concentrated in cash and cash equivalents and HTM investments since it amounted to P1.20 billion (92.41%) and P1.39 billion (93.60%) of the Company's total financial assets as at December 31, 2024 and 2023, respectively.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, counterparty failing on repayment of a contractual obligation, insurance liability falling due for payment earlier than expected, or inability to generate cash inflows as anticipated.

Because of the difficulty in accurately forecasting the amount of claims that the Company will incur and pay, the major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company addresses its liquidity risk through a liquidity risk policy which sets out the following:

- determining the level of acceptable liquidity risk for the Company;
- specifies minimum proportion of funds to meet emergency calls especially with respect to claims;
- setting up of contingency funding plans;
- cash flow projections which specify the sources of funding and uses for such funds;
- reporting of conditions which might trigger liquidity risk deviations; and
- review of liquidity risk policy for applicability in relation to market changes, government control and the environment in general.

The table below analyzes financial assets and liabilities, including reinsurance assets and insurance liabilities, of the Company into their relevant maturity group based on the remaining period at the reporting date to their undiscounted contractual maturities or expected repayment dates.

		2024				
	Note	**Within a Year**	**1 - 3 Years**	**3 - 5 Years**	**No Term**	**Total**
Cash and cash equivalents*	*4, 31*	**P872,364,786**	**P -**	**P -**	**P -**	**P872,364,786**
Insurance receivables	*5, 28*	**50,020,239**	**-**	**-**	**-**	**50,020,239**
Investment at FVPL	*6, 28, 31*	**-**	**-**	**-**	**115,195**	**115,195**
AFS financial assets	*6, 28, 31*	**-**	**-**	**-**	**214,456**	**214,456**
HTM investments	*6, 28, 31*	**188,418,051**	**139,934,043**	**-**	**-**	**328,352,094**
Investment in a subsidiary		**-**	**-**	**-**	**81,821,881**	**81,821,881**
Loans and receivables	*6, 28, 31*	**4,157,453**	**-**	**-**	**-**	**4,157,453**
Advances to a subsidiary	*6, 28, 31*	**200,000,000**	**-**	**-**	**-**	**200,000,000**
Total Financial Assets		**1,314,960,529**	**139,934,043**	**-**	**82,151,532**	**1,537,046,104**
Insurance contract liabilities**	*12, 31*	**52,218,550**	**-**	**-**	**-**	**52,218,550**
Lease liability	*25, 28*	**3,548,750**	**2,480,382**	**-**	**-**	**6,029,132**
Insurance payables	*13, 28, 31*	**7,769,518**	**-**	**-**	**-**	**7,769,518**
Commissions payable	*28, 31*	**11,942,435**	**-**	**-**	**-**	**11,942,435**
Other Payables***	*14, 31*	**6,113,967**	**-**	**-**	**-**	**6,113,967**
Total Financial Liabilities		**P81,593,220**	**P2,480,382**	**P -**	**P -**	**P84,073,602**

**excluding cash on hand.*
***excluding IBNR and UPR.*
****excluding Taxes Payable*

		2023				
	Note	Within a Year	1 - 3 Years	3 - 5 Years	No Term	Total
Cash and cash equivalents*	*4, 31*	P1,065,153,305	P -	P -	P -	P1,065,153,305
Insurance receivables	*5, 28*	58,029,721	-	-	-	58,029,721
Investment at FVPL	*6, 28, 31*	-	-	-	109,670	109,670
AFS financial assets	*6, 28, 31*	-	-	-	16,273,113	16,273,113
HTM investments	*6, 28, 31*	292,054,633	27,311,867	3,551,037	-	322,917,537
Investment in a subsidiary		-	-	-	81,821,881	81,821,881
Loans and receivables	*6, 22,28, 31*	1,696,062	-	-	-	1,696,062
Advances to a subsidiary	*6, 22, 28, 31*	4,000,000	-	-	-	4,000,000
Total Financial Assets		1,420,933,721	27,311,867	3,551,037	98,204,664	1,550,001,289
Insurance contract liabilities**	*12, 31*	64,400,805	-	-	-	64,400,805
Lease liability	*25, 28*	3,352,702	6,029,132	-	-	9,381,834
Insurance payables	*13, 28, 31*	14,799,554	-	-	-	14,799,554
Commissions payable	*28, 31*	12,723,210	-	-	-	12,723,210
Other Payables***	*14, 31*	6,671,155	-	-	-	6,671,155
Total Financial Liabilities		P101,947,426	P6,029,132	P -	P -	P107,976,558

**excluding cash on hand.*
***excluding IBNR and UPR.*
****excluding Taxes Payable*

It is unusual for a company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement.

The amounts and maturities in respect of insurance liabilities are, thus, based on management's best estimate using information that develops during the course of the loss adjustment process.

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 risks through a market risk policy that sets out the following:

- acceptable level of market risk for the Company;
- basis used to determine the fair value of financial assets and liabilities;
- asset allocation and portfolio limit structure by type of instrument and geographical area, counterparty or group of counterparties, and industry segments;
- market risk exposures and conditions that might trigger market risk deviations; and market risk policy for pertinence in relation to market changes and in the environment.

Currency Risk

The Company's principal transactions are carried out in Philippine Peso and its exposure to foreign exchange risk arises primarily with respect to the US Dollar, as it deals with foreign reinsurers in its settlement of its obligations and receipt of any claim reimbursements.

The Company's financial assets are denominated in the same currency as its insurance liabilities, which mitigate the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from recognized assets and liabilities denominated in currencies other than those in which the insurance liabilities are expected to be settled.

The table below summarizes the Company's exposure to foreign currency exchange risk on its cash in banks as at December 31, 2024 and 2023:

	USD	PHP
2024	**USD29,034**	**P1,679,482**
2023	USD29,034	1,613,419

The exchange rates of Philippine Peso to US Dollar were P57.85 and P55.57 per USD 1.00 from Banker's Association of the Philippines, as at December 31, 2024 and 2023, respectively.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of cash).

	Increase (Decrease) In Exchange Rate	Impact on Income before Tax Increase (Decrease)
2024	**+5%**	**P83,974**
	-5%	**(83,974)**
2023	+5%	80,667
	-5%	(80,667)

There is no other impact on the Company's equity other than those already affecting the profit and loss.