



RATING REPORT

AXINAN LABUAN LIMITED

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FINANCIAL STRENGTH RATING

Assigned Rating	Assigned Outlook
PRS Baa plus	Stable Outlook

An insurer rated PRS Baa has **good** financial security characteristics but is more likely to be affected by adverse business conditions compared to higher-rated insurance companies. An insurance company rated PRS Baa or lower is in the vulnerable range and is regarded as having vulnerable characteristics that may outweigh its strengths. A PRS Baa rating is nevertheless considered an **investment grade** credit rating. The “plus” further qualifies the assigned rating.

A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

Analysts’ Note: Kindly see Annex A for the definition of insurance terms used in the report.

RATIONALE

Strong support from regional insurtech¹ Parent, which counterbalances the Company’s limited operating history and relatively small size

Axinan Labuan Limited (Axinan; the Company) is considered a fairly young company, having been incorporated in July 2019. It is moderately-sized, with annual gross premiums written (GPW) below \$750.0 thousand and total assets of \$3.9 million as of end-September 2025. Axinan’s operating model is nevertheless firmly anchored on the scale, technology capabilities, and cemented partnerships of the Igloo Group. The latter is one of Southeast Asia’s established digital insurance players. Igloo primarily focuses on embedded insurance² products and specializes on leveraging technology to tailor products to meet clients’ needs.

¹ Insurtech, short for “insurance technology”, refers to the use of technology innovations—such as artificial intelligence, big data analysis, blockchain, and machine learning—to revolutionize the traditional insurance industry. (Source: <https://corporatefinanceinstitute.com/resources/career/what-is-insurtech/>).

² Embedded insurance refers to an insurance product that can be purchased within the commercial transaction of another product or service. It is a form of digital bundling, in which insurance policies are offered as an add-on.

Through Igloo's network of close to 100 partners across the region, which includes leading e-commerce, e-wallet, and consumer finance companies, among others, the Company gains access to a captive pipeline of digital insurance and embedded protection products across high-volume e-commerce and fintech ecosystems. This structure ensures steady business flow. At present, around half of Axinan's premiums come from direct insurance written with its Parent as policyholder, while the remainder comes from reinsurance introduced through the Igloo Group's platform relationships. In terms of Axinan's product lines, there are three—Cargo, Personal Accident, and Liability—showing some degree of diversification since the Company started. Igloo's presence in the Philippines also supports Axinan's growth prospects, with the Company's operations in the country expected to flourish over the medium term.

Beyond business sourcing, the Igloo Group provides operational support to Axinan. Product development, technology integration, pricing, and regional business development are centrally managed at the Group level.

Experienced and tech-driven management

Leadership quality at Axinan is shaped by Igloo's senior officers, whose backgrounds combine deep experience in insurance, reinsurance, actuarial science, and technology-driven platforms. Wei Zhu, Axinan's Principal Officer, has more than 20 years of experience in technology and digital platform development. Before co-founding Igloo, he held senior roles at Grab as Chief Technology Officer and at Facebook as a Software Engineer, where he contributed in the development of Facebook Connect.

Raunak Mehta, Director of Axinan and Chief Executive Officer (CEO) of the Igloo Group, leads the Group's strategic direction and regional business development. Since joining Igloo in 2018, he has driven the Group's expansion into the Philippines, Vietnam, Thailand, Indonesia, and Malaysia. His previous roles with Zalora, Flipkart, and Publicis Groupe involved regional operations management, partnerships, and business strategy. Jack Xia Bingxing serves as Chief Actuary of both Axinan and the Igloo Group. He oversees actuarial modeling, risk management, and regulatory compliance. He has prior experience as an Actuarial Analyst with Munich Re.

Satisfactory capitalization, considering the size and risk profile of the Company's business

Since commencing operations in 2019, equity levels have been kept sufficiently above the capital needed to support the Company's small-limit, short-duration portfolio of digital insurance and reinsurance products. Equity increased steadily from \$2.4 million in 2020 to \$3.0 million in 2024, on account of consistent earnings retention. As of end-September 2025, equity further grew to \$3.4 million. Axinan is fully equity-funded, with no outstanding debt.

Loss reserves remained modest and aligned with the characteristics of the Company's business. Loss reserves-to-equity ratio increased from 0.004x as of end-2020 to 0.011x as of end-2023, but remained minimal on account of favorable claims experience across the portfolio. The ratio further rose to 0.029x as of end-2024 due to reserve buildup following the expansion of the Company's reinsurance segment. As of end-September 2025, the ratio eased to 0.006x, as equity strengthened while reserves decreased. Moving forward and as Axinan's business grows, the ratio is expected to inch up.

Conservative investment portfolio

Axinan has a highly conservative investment portfolio composed entirely of cash and cash equivalents, particularly time deposits. The Company does not invest in bonds, equities, or other market instruments, in line with Labuan regulators' emphasis on maintaining high liquidity for small-scale insurers and the Company's own thin capital base.

Year-end cash and bank balances averaged at \$2.5 million from 2020 to 2024. The balance rose to \$2.9 million as of end-September 2025. Investment income, meanwhile, substantially rose to \$66.7 thousand in 2024 (from ranging from nil to \$4.1 thousand in previous years), following higher deposit rates. This translated to a modest investment yield of 2.6% for 2024. In the first nine months of 2025 (9M2025), investment income amounted to \$90.4 thousand. Over the medium term, investment income and yield is projected to be kept at around the same level, on account of prevailing deposit rates and the Company's conservative placement strategy.

COMPANY BACKGROUND

Axinan is a licensed general insurer and reinsurer incorporated on July 26, 2019, under the Labuan Companies Act 1990 and regulated by the Labuan Financial Services Authority (LFSA).³ Under the Labuan Financial Services and Securities Act 2010, the Company is authorized to carry on general insurance and reinsurance business and is permitted to market its products beyond the Labuan jurisdiction.

The Company is a wholly owned subsidiary of Axinan Pte. Ltd., which operates under the brand Igloo and is reportedly a leading, Singapore-based insurtech company. Igloo primarily focuses on embedded microinsurance products and specializes on leveraging technology—big data, real-time risk assessment, and end-to-end automated claims management—to create tailored insurance solutions. It provides full-stack solutions within the whole insurance journey value chain, and it prides itself in thinking from a customer's perspective in order to conceptualize and help its partners deliver the right insurance products. Igloo's products include electronics protection, mobile phone insurance, shipping and transit insurance, e-commerce purchase protection, motorcycle insurance, automobile insurance, cyber security insurance, gamer's health protection, single disease insurance, loan protection, personal accident insurance, pet insurance, travel insurance, and weather index insurance.

Serving as the reinsurance arm of Igloo, Axinan provides reinsurance capacity and underwriting support for the Group's digital microinsurance programs. The Company has a presence in 11 markets across the Asia-Pacific (APAC) region, extending its reach beyond Southeast Asia to other emerging and developed markets in the region. Its portfolio consists of products distributed through digital platforms, payment gateways, and other online channels.

In October 2025, Kredit Rating Indonesia (KRI) assigned Axinan a Financial Strength Rating of "BBB"⁴ with a Stable Outlook. The rating reflects the ease and support from the Parent company in securing business from its captive market, the Company's conservative investment policy, and its sound operating performance. The rating, however, is constrained by Axinan's small size and limited business diversification.

BUSINESS LINES

Axinan targets the digital insurance market. Until 2021, its focus was on the e-commerce platform transit business, providing coverage for the loss and damage of individual parcels (rather than batches of cargo that are typically covered by traditional marine cargo insurance). Given the high transaction volume and

³ Labuan is a federal territory of Malaysia that serves as an offshore financial center (OFC). An OFC is a jurisdiction where financial institutions primarily serve non-residents and foreign currency, often benefiting from low taxes, minimal regulation, and strong financial privacy. Examples of OFCs are The Cayman Islands, Switzerland, The Channel Islands and the Isle of Man, Singapore and Hong Kong.

⁴ Insurance companies rated BBB by KRI are considered have an adequate level of certainty to honor its financial obligations to policyholders. However, this certainty is more likely to diminish in the future than with the higher rating categories.

short duration, the claim rates for this business are stable, resulting in lower capital requirements compared to traditional insurance products.

In 2022, the Company started offering personal accident insurance to members of digital platforms, covering death and injuries. This line of business had a healthy loss ratio, contributing to improved margins.

Axinan officially launched its reinsurance business in 2024, complementing its existing digital insurance portfolio and diversifying its revenue streams. Initial performance was said to be very encouraging, with the segment already profitable in its first year and benefiting from opportunities brought in by the Igloo Group—particularly in Indonesia, where demand had been strong.

In the international reinsurance market, Axinan’s presence currently remains limited compared with global leaders such as Munich Re and Swiss Re. Nonetheless, the Igloo Group reportedly maintains a significant position in the regional insurtech space, accounting for a substantial share of partnership-based digital insurance business across Southeast Asia.

Axinan’s operations are fully integrated with the Group’s ecosystem, with business entirely generated within the Igloo network. At present, approximately 50% of total business consists of direct insurance written with the Parent company as policyholder, while the remaining 50% represents reinsurance accepted from insurers introduced through the Group’s platforms. The Company has no branch network and benefits instead from the regional offices of the Igloo Group.

Table 1. GPW per Product Line (2020–2024 and 3M2025)

<i>(Amounts in Thousands USD)</i>	2020	2021	2022	2023	2024	3M2025
Cargo	30.9	728.2	428.1	442.3	259.1	64.0
Liability	–	9.2	57.2	3.7	163.3	112.2
Personal Accident	–	–	183.8	294.5	124.6	28.7
Total	30.9	737.4	669.1	740.4	547.0	204.9

The Company’s total GPW jumped from \$30.9 thousand in 2020 to \$737.4 thousand in 2021. It fluctuated in succeeding years, however, eventually declining to \$547.0 thousand in 2024. Total GPW movements in 2020-2024 followed the trend in Marine Cargo GPW, which consistently accounted for the largest share of total GPW. The GPW contribution of the Marine Cargo business, however, decreased from 98.8% in 2021 to 47.4% in 2024. The drop was on account of the decreasing premiums from the said business line, from \$728.2 thousand in 2021 to \$259.1 thousand in 2024 (primarily in relation to the Shopee account), along with the introduction of the Personal Accident line in 2022.

GPW for the Personal Accident line grew by 60.2% to \$294.5 thousand in 2023. This significantly dropped by 57.7% to \$124.6 thousand the following year, however, as competition in the space increased and the Company chose to shift to the more profitable Liability products. The share of Personal Accident GPW to total GPW increased from 27.5% in 2022 to 39.8% in 2023, but dropped to 22.8% in 2024.

Liability premiums were also volatile, but notably increased to \$163.3 thousand in 2024, as Axinan shifted its focus to this business. Liability GPW accounted for 29.8% of total GPW in 2024, jumping from its single-digit contributions in previous years.

In the first three months of 2025 (3M2025), GPW amounted to \$204.9 thousand, with Liability premiums now accounting for the largest share at 54.8%. The higher contribution from the Liability business was in line with the Company's continued shift to this segment. This business line is where the Igloo Group's strength lies, as it involves the development of Group-innovated products that are more profitable.

Table 2. GPW per Client (2020–2024 and 3M2025)

<i>(Amounts in Thousands USD)</i>	2020	2021	2022	2023	2024	3M2025
Shippit – cargo	–	282.0	357.0	384.6	203.5	61.3
Shopee – cargo	30.9	446.2	71.1	57.6	65.6	6.2
Online Loans Pilipinas (OLP) – personal accident	–	–	63.5	129.2	111.1	19.6
foodpanda – personal accident	–	–	120.3	165.3	–	–
Victoria – liability	–	–	–	–	87.0	96.7
Others	–	9.2	57.2	3.7	79.7	21.1
Total	30.9	737.4	669.1	740.4	547.0	204.9

Shippit and Shopee (cargo insurance) had been key sources of business for the Company, albeit their combined share had dropped from 98.8% in 2021 to 49.2% in 2024. Shippit overtook Shopee in 2022 as Axinan's top client (accounting for 53.4%) and had maintained the lead until 2024 (37.2%). Shippit's premiums increased from \$282.0 thousand in 2021 to \$384.6 thousand in 2023, before decreasing to \$203.5 thousand in 2024. Shopee's contributions, on the other hand, declined sharply from \$446.2 thousand in 2021 to \$71.1 thousand in 2022.

Shippit works with over 4000 retailers across Australia, New Zealand, Singapore, and Malaysia to help solve their complex fulfillment and shipping needs and turn delivery into a competitive advantage. Shippit powers over 100 million deliveries each year, making it the leading commerce delivery platform. Shippit started out in 2014, working with a handful of fashion and homeware boutiques in Sydney's Surrey Hills. Since then, the company has fulfilled nearly \$10.0 billion worth of e-commerce orders. Shippit has a network of over 100 leading carriers and over 50 ready-to-go integrations to help retailers fulfill their delivery promises.⁵

Shopee is a Singaporean multinational technology company that specializes in e-commerce and operates mainly in Southeast Asia. Shopee's gross merchandise value (GMV)⁶ for its e-commerce segment was recorded at \$23.3 billion in the last quarter of 2024, representing a significant annual increase of 29.1%. The company's GMV is a huge driver of the growth of its e-commerce revenue streams. Shopee is one of the largest contributors to the Southeast Asian region's GMV.⁷ With its full year GMV of over \$100 billion in 2024, Shopee retained its market leadership in the region, with a 52% market share. Globally, Shopee was ranked the fifth largest marketplace based on third party web sales.

⁵ <https://www.shippiti.com/about-us>

⁶ Gross Merchandise Value = Sales Price of Goods Sold x Number of Goods Sold. GMV is calculated before any feeds or expenses is considered, and normally includes cancellations and returns.

⁷ There are nine major players in the Southeast Asian e-commerce market: Shopee, Lazada, Tokopedia, Bukalapak, TikTok Shop, Bilibili, Amazon, Tiki and Sendo.

OLP and foodpanda began contributing to Axinan's business in 2022, following the Company's entry into personal accident insurance. OLP's premiums rose from \$63.5 thousand in 2022 to \$129.2 thousand in 2023, while foodpanda recorded premiums of \$120.3 thousand and \$165.3 thousand in the same years. Premiums from foodpanda ceased in 2024, however, as competition in the personal accident segment intensified, resulting in the Company shifting towards the more profitable Liability business. With this shift in focus, Victoria Insurance came in in 2024, adding \$87.0 thousand in liability reinsurance premiums. Smaller accounts under Others had cumulative shares which fluctuated over the past four years, ranging from 0.5% to 14.6%.

Incorporated in 2017, OLP is a Philippine-based digital lending company⁸ that provides short-term, unsecured loans through its online and mobile platforms. OLP operates completely online⁹ and offers quick loans to customers nationwide.¹⁰ OLP is focused on micro and consumer financing.

A subsidiary of Delivery Hero¹¹, foodpanda was launched in Singapore in 2014 as a food delivery platform. Powered by technology, foodpanda has been growing its quick-commerce footprint in more than 400 cities across 11 markets in Asia: Singapore, Hong Kong, Thailand, Malaysia, Pakistan, Taiwan, Philippines, Bangladesh, Laos, Cambodia, and Myanmar.¹²

PT Victoria Insurance was established in 1978 in Indonesia, under the name PT Asuransi Agung Asia. In August 2010, all shares and management of the company were taken over by the Victoria Group, and the company name was changed to PT Victoria Insurance. The Victoria Group is a national investment holding company with a business portfolio that includes financial services, banking, agriculture, plantations, among others. In 2015, there was a change in the company's status to a public company. Victoria Insurance provides general insurance services, both standard and special programs. These insurance services cover fire, motor vehicles, marine transportation, engineering, and surety bonds. The company's customers are in multi-finance, banking, local government, and also include state-owned enterprises as well as private individuals.¹³ Victoria Insurance reported revenues of Indonesian Rupiah (IDR) 63.0 million in 2024, while net income amounted to IDR7.0 million. The numbers represented top line and bottom line increases of 8.5% and 8.1%, respectively. The company's assets stood at IDR243.1 million, against equity of IDR152.1 million, as of end-2024. In 2024, total premium revenue was IDR124.0 million (slightly lower than IDR125.3 million in 2023), while total claims amounted to IDR44.0 million (significantly dropping from IDR72.0 million in 2023).¹⁴

In 3M2025, Victoria became the top contributor with a share to the Company's total GPW of 47.2%, while Shippit followed with 29.9% (for a total of 77.1%). PhilRatings notes that Victoria Insurance remains Axinan's only external reinsurance client as of report writing date. The Company is in the process of onboarding PT Malacca Trust Wuwungan Insurance Tbk (MTWI) in Indonesia as an additional reinsurance partner. One of the oldest general insurance companies in Indonesia, MTWI was founded in 1952 under

⁸ https://www.emis.com/php/company-profile/PH/Online_Loans_Pilipinas_Financing_Inc_en_16574882.html

⁹ Online lending platforms are legal in the Philippines, subject to registration with the Securities and Exchange Commission (SEC) and compliance with all regulations, including those related to data privacy.

¹⁰ <https://www.credilemon.com/ph/banco/online-loans-pilipinas>

¹¹ Delivery Hero is the world's leading local delivery platform, working with a large global network of restaurants, local shops, partners, and riders. Delivery Hero delivers whatever is needed to be delivered, from meals and groceries, to flowers, coffee, and medicine. (<https://www.deliveryhero.com/about/>)

¹² <https://www.foodpanda.com/about-foodpanda/>

¹³ <https://victoriainsurance.co.id/tentang-kami/>

¹⁴ Source: Victoria Insurance 2024 Annual Report

the name PT Asuransi Wuwungan. In 2017, the company listed its shares on the Indonesian Stock Exchange through an Initial Public Offering.

MTWI is engaged in property, motor vehicle, health, hull, transportation, personal travel accidents, liability, engineering, and miscellaneous business lines. The largest contribution to the company's premium income comes from health, motor vehicles, and property insurance. MTWI recorded underwriting income of IDR304.7 million in 2024 (a jump from IDR146.8 million 2023). Operating and net incomes amounted to IDR153.3 million and IDR75.6 million, respectively. The numbers represented significant increases from IDR57.5 million operating income and IDR12.2 million net income in 2023. MTWI ended 2024 with assets and equity of IDR2.6 billion and IDR356.2 million, respectively.¹⁵

OWNERSHIP¹⁶

Axinan is a wholly owned subsidiary of Axinan Pte. Ltd., a company incorporated and based in Singapore. Axinan Pte. Ltd., which operates under the brand name Igloo, is an insurance technology company established in 2016 that provides digital insurance solutions across the APAC region. The Group has offices in Singapore, Indonesia, Malaysia, Thailand, Vietnam, the Philippines, China, and India. It partners with e-commerce, telecommunications, banking, insurance, consumer finance, lifestyle, and logistics platforms across the region.

Beyond its regional presence, the Igloo Group has built a broad network of commercial partnerships that underpin its role in the digital insurance ecosystem. Igloo works with close to 100 partners across six Southeast Asian markets. Its top five clients consist of Shopee, Lazada, Tokopedia, Dana, and Lotte, which are major e-commerce, e-wallet, and consumer finance players in Southeast Asia.

The Lazada Group, launched in 2012, is a Singapore-based e-commerce platform operating across six Southeast Asian markets: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. As part

¹⁵ <https://www.mtwi.co.id/en/investor-relations/company-report>

¹⁶ <https://www.lazada.com/en/about/>

<https://www.bastillepost.com/global/article/5390146-lazada-dominates-southeast-asia-authenticity-driven-ecommerce-celebrates-170000-strong-brand-ecosystem-at-lazmall-brand-gala-dinner>

<https://en.wikipedia.org/wiki/Tokopedia>

<https://en.tempo.co/read/1384139/tokopedia-sees-exponential-growth-in-merchants-amid-pandemic>

<https://www.dana.id/corporate/>

<https://fintechnews.sg/97038/indonesia/dana-the-hidden-catalyst-to-scaling-an-e-wallet-that-serves-200-million-users-oceanbase/>

<https://www.lotte.co.kr/global/en/business/compDetail.do>

Igloo_Axinan digital insurance products

<https://gcash.com/about-us>

<https://fintechmagazine.com/articles/gcash-the-rise-of-a-financial-super-app>

<https://smart.com.ph/corporate>

<https://thedigitalbanker.com/fast-growing-fintech-skyro-taps-advance-ai-for-simpler-safer-financial-access-in-the-philippines/>

<https://www.skyro.ph/news/skyro-joins-fin-tech-alliance-ph-to-boost-inclusive-and-sustainable-fintech-innovation-in-the-country>

<https://seainsure.com.ph/about-us>

<https://www.insurance.gov.ph/ic-approves-license-of-seainsure-life-owned-by-shopee-affiliate/>

<https://www.gmanetwork.com/news/money/companies/785512/malayan-insurance-is-philippines-top-non-life-insurer-in-2020/story/>

<https://www.ecomparemo.com/insurance/liberty-insurance> <https://www.bloomberg.com/profile/company/1060Z:PM>

<https://www.prnewswire.com/news-releases/pioneer-insurance-selects-sapiens-to-drive-digital-innovation-in-the-philippines-302396764>

<https://www.cocolife.com/about/>

of the Alibaba Group ecosystem, Lazada provides integrated services such as logistics and payments to support online merchants and consumers. As of November 2025, Lazada reported around 160 million monthly active users and over one million active sellers across the region.

As a private company majority-owned by Alibaba Group, Lazada does not release full public financial reports. Its performance is typically mentioned within Alibaba's quarterly and annual financial reports, specifically under the Alibaba International Digital Commerce (AIDC) business unit. The AIDC Group reported a 32% increase in revenues to \$4.1 billion in 6M2024, driven by a 38% growth in international retail. Lazada recorded positive EBITDA for the first time in July 2024, following years that focused on operational efficiency, optimization, and targeted investments. This included the retrenchment exercise in its Singapore Headquarters in January 2024. As of report writing, Lazada remains as one of the top three dominant e-commerce players in Southeast Asia, with Shopee and TikTok as close competitors.

Tokopedia was founded in 2009 in Indonesia and became part of the tech group GoTo, following its merger with ride-hailing company Gojek in 2021. In December 2023, TikTok, operating under ByteDance, officially announced the acquisition of 75% of Tokopedia's shares. The acquisition was valued at US\$1.5 billion. The investment is a step for the expansion of TikTok's operations in the Indonesian e-commerce sector, particularly through the TikTok Shop platform. Although TikTok now holds majority of Tokopedia's shares, 25% of Tokopedia's shares are still held by GoTo.

Tokopedia is one of most visited e-commerce platforms in Indonesia. The platform supports e-commerce transactions and has extended its services into payments and fintech as part of its broader ecosystem strategy. Tokopedia claims to have more than 350 product listings and 42 digital products, and served over 100 million monthly active users as well as over 9.7 million merchants on its platform, as of December 2020.

DANA is an Indonesian digital wallet and payments app launched in 2018 and licensed by Indonesia's central bank. DANA has four licenses which include: electronic money, digital wallet, money transfer, and digital financial liquidity. DANA's platform enables users to top up balances, transfer funds, pay bills, and transact online and offline, thus positioning it as a key component of Indonesia's fintech infrastructure.

In 2024, DANA reported a user base approaching 180 million. DANA Indonesia has not published its full, official operating results as of November 2025. Available information, however, indicates strong growth trends, although specific full-year financial figures are not publicly released by the company. Key growth indicators reported in 2024 include: a significant year-on-year increase of more than 100% in transactions on its platform and a 30% increase in the number of DANA Bisnis users (users of DANA's services for small and medium enterprises).

LotteFinance Vietnam is part of the Lotte Group, one of South Korea's major diversified conglomerates. Founded under the Lotte umbrella, the firm provides various consumer finance services such as loans, installment financing, and card services. LotteFinance's financial services in Vietnam are developed based on customer understanding, combined with modern and advanced technology platforms such as fintech and big data. The company's goal is to become a leading financial service provider in Vietnam. LotteFinance Vietnam has shown significant improvement in its operating results, ending six years of losses with a return to profitability in mid-2024. The company registered a profit of 500 million South Korean Won (KRW) in a single month in mid-2024.

Table 3. Current Key Partners in the Philippines

Distribution Partners	Insurance Company Partners
GCash	Sealnsure
Lazada	Malayan Insurance Company, Inc.
Shopee	Liberty Insurance Corp.
Skyro	Pioneer Insurance and Surety Company, Inc.
Smart Communications Inc.	United Coconut Planters Life Assurance Corp. (Cocolife)

In the Philippines, Igloo collaborates with digital distribution platforms and local insurers for the issuance and servicing of microinsurance and embedded insurance products. Distribution partners include GCash, Lazada, Shopee, Skyro, and Smart, while insurance partners consist of Sealnsure, Malayan Insurance, Liberty Insurance, Pioneer Insurance, and Cocolife. Igloo works with major insurers to enable its distribution partners to easily customize products to be distributed on their platforms.

GCash is a Philippine mobile wallet operated by Mynt (Globe Fintech Innovations, Inc.). Launched in 2004 as one of the country's earliest mobile payment services, it has since grown into the largest digital wallet in the Philippines. In May 2025, GCash reported over 94 million registered users and more than 6 million merchants and social sellers on its app ecosystem. Its major shareholders include Ant Group (via an affiliate), Ayala Corporation, and Globe Telecom. In 2024, Mynt (operator of GCash) reported a significant improvement in profitability with a 74% jump in net profit and a 59% leap in its contribution to Globe Telecom's net income before tax. This strong financial performance was driven by expanded market penetration, increased transaction volumes, and growth in its digital financial services like lending and insurance.

Launched in August 2022, Skyro offers a range of consumer finance products through its partnerships and mobile app. Operating under the umbrella of Breeze Ventures, a fast-growing fintech company headquartered in Bahrain, Skyro primarily focuses on the Philippine market. Its growth has been driven by consumer credit and embedded finance solutions targeted at underserved segments in the Philippines. Skyro reported disbursing a total of ₱7 billion in loans as of December 2024, and is targeting to disburse ₱15 billion to ₱16 billion in total loans for 2025. As of December 2024, it had over 320,000 active product loan customers and over 4,500 partner merchant stores nationwide. In 2025, the company is looking to raise a total of \$90 million in new funding from banks to support its growth plans.

Smart is one of the Philippines' major telecommunications providers and serves as the wireless communications and digital-services subsidiary of PLDT, Inc., a major and long-established telecommunications group. The company operates nationwide mobile, voice, SMS, and data services through its Smart and TNT brands, leveraging PLDT's integrated fixed-and-wireless network and extensive infrastructure. In 2024, Smart's individual wireless revenues increased by 2% to ₱83.5 billion, while mobile data revenues grew at a faster rate of 5% to ₱74.4 billion; the latter indicated continued strong demand for mobile internet services. Its active mobile data users reached 41.3 million. Smart's mobile network covers approximately 97% of the population with combined 4G/5G infrastructure.

Entering the Philippine market after acquiring local insurers, Sealnsure is a digital insurance company under the SEA Group. In August 2022, the Insurance Commission granted Sealnsure Life Insurance Company its certificate to operate as a life insurer in the Philippines. The company offers products like credit protection, personal accident, and hospital cash insurance delivered through digital platforms. For

2024, Sealnsure General Insurance's ranking (among 54 non-life insurers) was as follows: 41st based on premiums earned (₱358.7 million); 7th, paid-up capital (₱1.5 billion); 24th, net worth (₱1.7 billion); 40th, net premiums written (₱388.1 million); and 18th, net income (₱161.4 million). For the same year, Sealnsure Life Insurance had the following ranking (among 33 life insurers): 29th, premium income (₱123.9 million); 11th, paid-up capital (₱1.3 billion); 26th, net worth (₱1.5 billion); 20th, net income (₱117.8 million); and 27th, new business annual premium equivalent or NBAPE (₱123.9 million).

Established in 1930, Malayan Insurance is part of the Yuchengco Group of Companies, which has core businesses in financial services, banking, investments, construction, education, energy, and information technology. It is one of the leading non-life insurance companies in the Philippines and since 1970, has ranked first among its peers based on gross premiums written. For two decades, Malayan has sustained its Financial Strength Rating of B++ (Good) and Long-Term Issuer Credit Rating of bbb (Good) from A.M. Best. It has an extensive network of 35 branches and offices nationwide. Malayan Insurance is authorized by the Insurance Commission to underwrite the following: aviation, engineering, fire/property, marine, miscellaneous casualty, motorcar, personal accident, residential fire and travel insurance, and surety/bonds.

Liberty Insurance Corporation, established in 1953, is a Philippine non-life insurer offering motor, fire, casualty, specialty, and general insurance lines. The company is part of the Jose Cojuangco and Sons Group of Companies and maintains a nationwide branch, agent and digital service network. Its long-standing presence and diversified product portfolio make it an established player in Philippine non-life insurance. The company caters to a wide range of clientele: households, entrepreneurs, contractors, motor fleet owners, medium-scale manufacturers, and large industrial concerns. For 2024, Liberty Insurance's ranking in the non-life sector was as follows: 25th, premiums earned (₱803.6 million); 33rd, paid-up capital (₱606.7 million); 11th, net worth (₱2.6 million); 24th, net premiums written (₱956.7 million); and 2nd, net income (₱639.3 million).

Another major provider of non-life insurance in the Philippines, Pioneer Insurance & Surety Company, Inc. (Pioneer) was founded in 1954 and offers property, casualty, marine, engineering, and surety lines. The company is part of the Pioneer Group, which has diversified interests in finance, banking, and insurance. For 2024, Pioneer's ranking among domestic non-life insurers was as follows: 1st, premiums earned (₱5.4 billion); 43rd, paid-up capital (₱300.0 million); 1st, net worth (₱17.4 billion); 1st, net premiums written (₱6.3 billion); and 1st, net income (₱710.4 million). In March 2025, Pioneer partnered with Sapiens to implement a new digital insurance platform aimed at accelerating product development and improving customer experience.

Cocolife, the shortened name of United Coconut Planters Life Assurance Corporation, is a Filipino-owned life insurance company established in 1978. It offers a range of life insurance and investment-linked products through its agency force, bancassurance partners, and digital channels. Cocolife's subsidiaries include Cocolife Asset Management Co., Inc. (mutual fund investment company), Ultra Security Service Inc. (private security agency), Cocogen Insurance (general insurance company), and Coco Plans (pre-need). The company manages assets in the multi-billion-peso range and maintains a nationwide presence through its branch and distribution network. For 2024, Cocolife's ranking in the domestic life insurance sector was as follows: 13th, premium income (₱9.8 billion); 19th, paid-up capital (₱550.0 million); 14th, net worth (₱3.2 billion); 33rd, net income (-₱682.2 million); and 11th, NBAPE (₱2.3 billion).

Table 4. Total Business Volume in the Philippines

<i>(Amounts in Millions USD)</i>	Total Business Volume
2021	5.0 to 10.0
2022	10.0 to 20.0
2023	20.0 to 25.0
2024	30.0 to 35.0

Table 4 shows Igloo’s total business volume in the Philippines over the recent years. Note that such steadily increased from around \$5.0 to \$10.0 million in 2021 to about \$30.0 to \$35.0 million in 2024. The Philippines make up about 25% of Igloo’s business.

Sustainable Development Goals (SDG) Contribution

Through its mission of providing Insurance for All, the Igloo Group is supporting eight, out of 17, United Nation’s SDG: 1) eradicating poverty (facilitating protection of incomes and livelihoods, through solutions in health, calamity, disaster influence, as well as for the gig economy, micro, small and medium enterprises or MSMEs, and women entrepreneurs), 2) zero hunger (the Group’s Weather Index is ensuring food safety by protecting the harvest of over 1.5 million rice farmers in Vietnam), 3) good health and well-being (supporting good health outcomes by providing health cover that addresses traditional health care gaps), 4) gender equality (upholding workplace and gender equality by enabling women entrepreneurs to grow economically independent), 5) decent work and economic growth (empowering MSMEs to build business resilience through relevant insurance solutions), 6) industry innovation and infrastructure (addressing each step of the insurance value chain through intuitive and tech-enabled platforms; through digitalization, the Igloo Group is taking insurance cover where it otherwise can’t go), 7) reduced inequalities (improving the lives of those without formal jobs and social security benefits like gig workers and the farmer community), and 8) partnership for goals (working with partners across verticals to provide new and innovative embedded insurance products).

In numbers, the Group’s SDG contribution translates to: 800,000 gig workers and small businesses supported; access to healthcare protection for 600,000 people; and 16 million policies contributing to the SDGs.

In summary, the Igloo Group supports eight of United Nations SDGs by facilitating the uplifting of incomes and livelihoods, through its insurance solutions in income and loan protection, health, calamity and weather that targets gig workers, MSMEs, and women.

MANAGEMENT

The Company benefits from the insurance, reinsurance, and technology expertise of Igloo’s key officers, who hold concurrent positions in both entities.

Wei Zhu serves as the Principal Officer of Axinan. He is also the co-founder and Chairman of Igloo and has over 20 years of experience in technology and digital platform development. Before establishing Igloo, he held senior positions at global technology companies, including serving as the Chief Technology Officer of Grab and as a Software Engineer at Facebook, where he contributed in the development of Facebook Connect. Mr. Zhu holds a Bachelor of Science degree in Computer Engineering (magna cum laude) from the University of Washington in the United States.

Raunak Mehta is a Director of the Company. He also co-founded Igloo and serves as its CEO. Mr. Mehta oversees the strategic direction, operations, and regional business development of the Group's insurance and reinsurance activities. He joined Igloo in 2018 and spearheaded its market entry into the Philippines, Vietnam, Thailand, Indonesia, and Malaysia. Mr. Mehta has extensive experience in e-commerce, logistics, and Insurtech across Southeast Asia and India. Prior to joining Igloo, he worked with Zalora, Flipkart, and Publicis Groupe, where he handled regional operations, business strategy, and partnerships. Mr. Mehta holds a Bachelor of Engineering degree in Information Technology from Dharmasinh Desai University in India, and completed an exchange program in Marketing and New Business Venturing at the Hanken School of Economics in Finland. He obtained a Master of Business Administration degree in International Business, major in Marketing, from the Indian Institute of Foreign Trade.

Jack Xia Bingxing serves as the Chief Actuary of Axinan. He is concurrently the Chief Actuary and a Director of Igloo, leading the Group's actuarial, risk management, and regulatory compliance functions. Dr. Xia has extensive experience in reinsurance and actuarial modeling. Before joining Igloo, he worked with Munich Re as an Actuarial Analyst. He holds a Bachelor of Science in Mathematics and Economics degree (First Class Honours) and a Doctor of Philosophy (Ph.D.) in Applied Mathematics from Nanyang Technological University (NTU) in Singapore.

As of end-March 2025, Axinan had no direct employees, as all management, actuarial, legal, compliance, and finance functions were performed by the Igloo Group. Currently, Igloo has a total of 227 employees, about half of whom are involved in information technology and technology product development. The Company's biggest employee base are software engineers, while IT-related spend make up a considerable portion of operating expenses.

STRATEGY

Axinan's strategy focuses on expanding its innovative product offerings and growing its market reach. The Company's approach is anchored on its role as the reinsurance arm of Igloo, with ongoing efforts focused on supporting the Group's digital insurance ecosystem while preparing for wider market participation.

Axinan's current setup with Igloo allows it to manage risks internally, optimize capital, and maintain stable business volumes. At the same time, the Company continues to develop technology-driven innovative insurance and reinsurance products to make coverage more accessible and affordable, meeting the needs of its clients and partners. For its future plans, Axinan intends to expand into the reinsurance brokerage market to offer its services beyond the Igloo network. It also plans to strengthen its position in microinsurance and low-income insurance segments, consistent with its mission of "Insurance for ALL". This mission continues to guide the Company's strategy, promoting inclusive insurance coverage and broader financial protection for underserved groups.

In relation to its entry into the reinsurance business, this was inspired by the substantial amount of underwriting data that Igloo had collected. The extensive database that the Group has built allows management to identify businesses that they have extensive knowledge of and which can be ceded to Axinan.

OPERATING PERFORMANCE

Analysts' Note: PhilRatings' calculation of certain ratios may differ from that of Axinan.

Table 5. Operational Highlights

<i>(In Thousands USD, except ratios)</i>	2020	2021	2022	2023	2024	3M2025	6M2025
Insurance Revenue	26.2	717.0	664.0	652.3	595.1	222.3	522.4
Insurance Service Expenses	39.3	677.4	403.1	332.9	385.3	27.9	108.4
Insurance Service Result	(13.1)	39.6	260.9	319.4	209.9	194.4	414.0
Net Profit (Loss)	(36.4)	4.8	160.4	160.9	146.5	142.0	361.8
Loss Ratio (%)	127.2	91.9	48.7	31.9	45.0	5.2	20.8
Commission Ratio (%)	0.0	0.0	12.0	19.1	19.7	17.7	16.4
Expense Ratio (%)	88.7	4.5	7.5	16.5	14.1	14.2	9.6
Combined Ratio (%)	215.8	96.4	68.2	67.5	78.8	37.1	46.8
Underwriting Profit Margin (%)	(50.1)	5.5	39.3	49.0	35.3	87.5	79.2
Return on Assets (%)							
Pre-Tax	(1.4)	0.2	7.6	7.3	6.1	18.0	18.4
Post-Tax	(1.4)	0.2	5.8	5.5	4.6	13.9	16.1
Return on Revenues (%)							
Pre-Tax	(120.3)	0.9	31.8	32.5	29.1	76.4	72.8
Post-Tax	(120.3)	0.7	24.2	24.7	22.1	56.3	62.1

2020–2023

Axinan's operations rapidly expanded, with insurance revenue ballooning from \$26.2 thousand in 2020 to \$717.7 thousand in 2021. Insurance revenue subsequently posted single digit declines, however, eventually amounting to \$652.3 thousand in 2023, due to volatility in the business. Such development prompted Axinan to diversify and go into the reinsurance business in 2024.

Insurance service expenses were initially high relative to the premium base, at \$39.3 thousand in 2020 and \$677.4 thousand in 2021. These expenses significantly went down by 40.5% in 2022 and 17.4% in 2023, mainly due to improved claims experience and stable loss development across the microinsurance portfolio, as supported by actuarial findings. The loss ratio improved substantially, from 127.2% in 2020 to 31.9% in 2023, driven by favorable claims performance and the absence of major losses.

The commission ratio increased from nil in 2020 to 19.1% in 2023, consistent with the ramp-up of distribution arrangements within the Group. The expense ratio dipped from 88.7% in 2020 to 16.5% in 2023, as administrative costs normalized with higher scale and improved cost discipline.

Consequently, the combined ratio steadily improved from 215.8% in 2020 to 67.5% in 2023, while the underwriting profit margin rose to 49.0%, supported by lower loss ratios and efficient cost control. Insurance service results turned around from a loss of \$13.1 thousand in 2020 to a profit of \$319.4 thousand in 2023. Bottom line followed the same trend, improving from a net loss of \$36.4 thousand to a net profit of \$160.9 thousand over the same period, driven by improved underwriting results and stable operating costs.

2024

In 2024, Axinan remained profitable but recorded softer operating results. Insurance revenue further declined by 8.8% to \$595.1 thousand, mainly due to lower reinsurance premiums from selected group-linked arrangements, in line with modest portfolio adjustments. On the other hand, insurance service expenses increased by 15.7% to \$385.3 thousand, primarily due to higher claims and reserve adjustments. The loss ratio increased from 31.9% to 45.0% on account of the Company's reinsurance portfolio expansion, which led to higher claims and reserve requirements. The commission ratio slightly rose to 19.7%, considering Axinan's usual commission arrangements of 15.0% to 20.0%. The expense ratio, on the other hand, improved to 14.1%, supported by continued cost discipline.

The combined ratio increased to 78.8% in 2024, while the underwriting profit margin narrowed to 35.3%. Insurance service results decreased by 34.3% to \$209.9 thousand, and net profit fell by 8.9% to \$146.5 thousand, primarily due to the higher claims ratio.

Interim 2025

Analysts' Note: The Company adopted the new IFRS 17 accounting standards for its 2024 audited financial statements and interim 2025 financial statements. IFRS 17 sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts. IFRS 17 represents a complete overhaul of accounting for insurance contracts, superseding IFRS 4, an interim standard that allowed entities to use a wide variety of accounting practices for insurance contracts. It should be noted that this accounting standard change is not reflected in the interim 2024 results discussed in this report.

For 3M2024, insurance revenue reached \$85.7 thousand, while insurance service expenses totaled \$78.5 thousand, resulting in a modest insurance service result of \$7.2 thousand. The loss ratio for the period was 67.8%, higher than the 2023 full-year level, and the expense and commission ratios were 8.5% and 23.8%, respectively. The combined ratio stood at 100.1%, resulting in a slight (almost close to break-even) net loss of \$0.10 thousand, mostly due to higher claims and acquisition costs versus a smaller premium base.

In 3M2025, insurance revenue amounted to \$222.3 thousand, while insurance service expenses totaled \$27.9 thousand, resulting in an insurance service result of \$194.4 thousand. Loss ratio for the period was 5.2%, on account of minimal claims. Axinan's loss ratios are said to be generally low due to the nature of its microinsurance products and the increasing share of the more profitable, lower-loss Liability business line. Expense and commission ratios were 14.2% and 17.7%, respectively. These scenarios resulted in a combined ratio of 37.1%, translating to a strong underwriting profit margin of 87.5% and a net profit of \$142.0 thousand for the period.

Insurance revenue reached \$522.4 thousand in the first six months of 2025 (6M2025), as the Company's reinsurance portfolio continued to expand. Insurance service expenses were \$108.4 thousand, resulting in an insurance service result of \$414.0 thousand. Loss ratio increased to 20.8%, with claims and reserve requirements normalizing relative to the unusually low 3M2025 level. Expense and commission ratios improved to 9.6% and 16.4%, respectively. Such factors brought the combined ratio to 46.8%, while underwriting profit margin remained high at 79.2%. Net profit expanded to \$361.8 thousand in 6M2025.

Projected Period

The Company's insurance revenue is seen to grow steadily over the projected period, driven by the expansion of its reinsurance business in Indonesia and in the Philippines. Philippine operations are anticipated to form a meaningful share of the Company's total premiums, backed by the Igloo Group's existing partnerships in the country and its established database of short-duration policies that are within Axinan's underwriting risk appetite.

Insurance service expenses, on the other hand, is projected to increase proportionally, keeping the loss ratio broadly stable throughout the forecast horizon. Commission ratio is likewise expected to remain aligned with the Company's prevailing commission structure. Expense ratio is forecast to gradually decline, supported by operating leverage as the business scales.

These assumptions translate to improvements in the combined ratio and sustained underwriting profitability over the forecast period. Insurance service result is projected to grow year-on-year, spurred by higher revenue and stable claims. Net profit is therefore expected to increase steadily, backed by stronger underwriting income as well as stable investment returns.

INVESTMENTS

Axinan has a low-risk investment position, with funds held entirely in cash and cash equivalents, mainly in bank time deposits. The Company does not hold investments in bonds, equities, or other market instruments. The strategy of maintaining bank deposits is due to limited investment options available in Labuan, the regulators' preference for high liquidity given Axinan's small capital base, and the Company's thin paid-up capital, which makes longer-term or higher-risk investments less suitable. Term deposits continue to generate modest income, and Axinan intends to keep this conservative approach in the medium term.

Table 6. Investment Breakdown (2020–2024 and 6M2025)

<i>(Amounts in Thousands USD)</i>	2020	2021	2022	2023	2024	6M2025
Cash including Time Deposits	2,526.3	2,480.2	2,447.5	2,577.9	2,643.8	2,753.8

Since 2020, the Company has kept its funds with Maybank International Labuan Branch. Maybank is an international banking group with a presence in many countries, including the Philippines, Singapore, and Malaysia, where it offers various services like international remittances and online banking. Its international operations facilitate global money transfers and allow customers to access their accounts through its extensive ATM network across several Southeast Asian nations. As of report writing date, Maybank has an issuer rating of A-/Stable/A-2 from Standard & Poor's.

Axinan maintains an average balance of around \$2.6 million in cash and time deposits. The balance decreased slightly, reaching \$2.4 million as of end-2022 when all funds were held as cash at bank, but

subsequently increased in 2023 and 2024. As of end-2024, total cash and cash equivalents reached \$2.6 million, made up of \$39.7 thousand in cash at bank and \$2.6 million in time deposits. As of end-June 2025, the balance further inched up to \$2.8 million. The time deposits earned annual interest rates between 4.8% and 5.5%, with maturities of two to three months. PhilRatings notes that the Company places its funds with a licensed universal bank that has a strong capacity to meet its financial commitments.

Table 7. Historical and Projected Investment Yield

<i>(Amounts in Thousands USD)</i>	2020	2021	2022	2023	2024	6M2025
Investment Income	4.1	0.0	0.1	0.0	66.7	59.7
Investment Yield (%)	0.3	0.0	0.0	0.0	2.6	2.2

Investment income has therefore been derived entirely from interest on bank deposits. The Company earned \$4.1 thousand in 2020, followed by minimal income in the next three years as deposit rates remained low. Earnings rose sharply to \$66.7 thousand in 2024, reflecting higher interest rates and stable deposit levels. In 6M2025, investment income was \$59.7 thousand, in accordance with the pattern of moderate returns expected under the Company's conservative placement strategy. Investment yield of 0.3% in 2020 compares favorably against the -1.1% and -1.9% respective inflations recorded by Malaysia and Labuan on the same year. Yields in the next three years (2021-2023), however, were below the 2.5%-3% national inflation and the 1.6%-2.4% inflation in Labuan during the same period. In 2024, investment yield of 2.6% was once again higher than the national inflation of 1.8% as well as Labuan's inflation of 0.7%. For October 2025, Malaysia's headline inflation eased to 1.3%, while Labuan posted a 1.1% inflation.

Axinan's investment income and yield is expected to be kept at around the same level over the medium term, on account of prevailing deposit rates and the Company's conservative placement strategy. Projected investment yields are nevertheless above the average inflation in the past five years (2020-2024) of 1.8% in Malaysia and 0.9% in Labuan.

CAPITAL ADEQUACY

Equity increased from \$2.4 million in 2020 to \$2.8 million in 2023, translating to a compound annual growth rate (CAGR) of 5.1%, largely due to the consistent buildup of retained earnings. Equity consists largely of paid-up share capital of about \$2.6 million, with the balance made up of accumulated profits that were built up gradually as the Company's operations expanded. As of end-2024, Axinan's total equity stood at \$3.0 million, up by 5.2%, following another year of positive earnings retention.

Axinan is fully equity-funded, with no outstanding borrowings or hybrid capital instruments. The absence of debt provides financial flexibility and ensures that its capital base is not burdened by financing costs or repayment obligations. Over the forecast period, equity is expected to continue growing, reaching \$3.3 million by end-2025, \$3.7 million as of end-2026, and \$4.3 million as of end-2027, in line with projected earnings growth and retention.

Table 8. Historical and Projected Reserve Leverage

<i>(in Thousands USD, except ratios)</i>	2020	2021	2022	2023	2024	6M2025
Loss Reserves	9.3	24.1	29.0	30.1	86.4	26.1
Equity	2,440.5	2,515.3	2,675.7	2,836.6	2,983.1	3,323.9
Loss Reserves to Equity (x)	0.004	0.010	0.011	0.011	0.029	0.008

The Company's loss reserves-to-equity ratio has remained low, ranging from 0.004x to 0.011x during the 2020 to 2023 period, consistent with Axinan's limited claims experience during those years. The ratio increased to 0.029x as of end-2024, following the buildup of reserves alongside the expansion of Axinan's reinsurance portfolio. As of end-June 2025, loss reserves-to-equity ratio decreased to 0.008x due to the temporary reduction in reported loss reserves relative to the higher equity base during the period. Going forward and as the Company's business expands, the ratio is seen to inch up.

Reserves are maintained at levels considered adequate for the size and risk profile of Axinan's business, and which are also supported by the Company's growing equity base.

RETROCESSION PROGRAM

PhilRatings notes that Axinan does not maintain any retrocession arrangements, given the nature of its portfolio, which consists primarily of small-ticket, short-term microinsurance and digital reinsurance products. Retrocession is not required given the low individual policy limits and minimal catastrophe exposure. Retention ratio was therefore kept at 100.0%.

LIQUIDITY

Axinan's cash and cash equivalents levels were relatively stable and stood at \$2.6 million as of end-2023. The Company ended 2020 with a cash balance of \$2.53 million, after posting negative operating cash flow of \$30.2 thousand, mainly due to its startup-level activities and limited underwriting inflows. In 2021, net cash from operating activities turned positive at \$33.5 thousand, although ending cash and cash equivalents were lower by 1.8% at \$2.55 million due to the \$74.8 thousand in advances to the holding company under investing activities. Negative operating cash flow of \$32.7 thousand was recorded in 2022 on account of a six-fold increase in insurance contract assets, which resulted in a further marginal 1.3% decrease in the cash balance to \$2.4 million.

As of end-2023, cash and cash equivalents rose by 5.3% to \$2.6 million, supported by operating cash inflows of \$130.4 thousand on the back of improved underwriting income and favorable working capital movements. Cash and cash equivalents increased further by 2.5% to \$2.64 million as of end-2024, driven by the \$28.8 thousand in net cash from operating activities and \$37.1 thousand in interest received from investing activities. Total liabilities stood at \$179.3 thousand as of end-2024, against \$2.6 million in cash and bank balances.

Over the forecast period, cash and cash equivalents will continue to increase, attributable to higher premium volumes and continued earnings retention. Such will also contribute to the steady growth in the Company's current assets moving forward. Current liabilities are likewise anticipated to rise in line with business expansion and higher operating requirements.

PhilRatings notes that external funding consisted of proceeds from issuance of ordinary shares and interest received. There were zero proceeds from borrowings during the historical period 2020-2024.

Table 9. Underwriting Cash Flows

<i>(Amounts in Thousands USD)</i>	2020	2021	2022	2023	2024	6M2025
Gross Premiums	30.9	737.4	664.0	652.3	595.1	522.4
Claims Incurred	(39.3)	(677.4)	(323.6)	(208.0)	(267.9)	(22.7)
Commission Expenses	0.0	0.0	(79.5)	(124.9)	(117.4)	(85.7)
Operating Expenses	(27.4)	(33.2)	(49.9)	(107.7)	(83.8)	(50.1)
Underwriting Cash Flow	(35.8)	26.8	211.0	211.7	126.1	363.8

Underwriting cash flow was negative at \$35.8 thousand in 2020, as premiums were insufficient to cover claims and expenses. In 2021, underwriting cash flow turned positive at \$26.8 thousand due to the hike in premiums and lower proportion of claims and expenses. Underwriting cash flow further climbed to \$211.0 thousand in 2022 and \$211.7 thousand in 2023, supported by the improvement in the proportion of claims (loss ratio) despite lower premiums and the commission expenses incurred.

In 2024, Axinan's underwriting cash flow was lower albeit still positive at \$126.1 thousand, due to a combination of lower premiums paired with higher claims. For 6M2025, underwriting cash flow stood at \$363.8 thousand, as premiums of \$522.4 thousand were more than enough to cover claims of \$22.7 thousand, commission expenses of \$85.7 thousand, and operating expenses of \$50.1 thousand.

Underwriting cash flows are expected to strengthen over the forecast period, driven by higher premium volumes and steady underwriting profitability. Liquidity will continue to be supported by the Company's cash and deposit holdings, which will remain sufficient to meet operational and policyholder obligations.

UPDATE: 9M2025 RESULTS

Analysts' Note: PhilRatings' calculation of certain ratios may differ from that of Axinan. As mentioned earlier, it should once again be noted that the Company adopted the new IFRS 17 accounting standards for its full-year 2024 audited financial statements and interim 2025 financial statements, unlike in its interim 2024 and earlier results.

Table 10. Operating Highlights for 9M2025

(In Thousands USD, except ratios)	9M2025
Insurance Revenue	795.9
Insurance Service Expenses	166.0
Insurance Service Result	629.8
Net Profit (Loss)	429.1
Retention Ratio (%)	100.0
Loss Ratio (%)	20.9
Commission Ratio (%)	17.2
Expense Ratio (%)	18.6
Combined Ratio (%)	56.7
Underwriting Profit Margin (%)	79.1
Return on Assets (%)	
Pre-Tax	18.8
Post-Tax	14.2
Return on Revenues (%)	
Pre-Tax	64.5
Post-Tax	48.4

In 9M2025, insurance revenue reached \$795.9 thousand, supported by higher premium volumes and notably higher than full-year 2024 amount of \$595.1 thousand. Insurance service expenses totaled \$166.0 thousand, brought about by claims of \$29.0 thousand and commission and acquisition expenses of \$137.1 thousand. Given the foregoing, insurance service result amounted to \$629.8 thousand for the period, threefold the full-year 2024 result. Net profit was \$429.1 thousand, similarly thrice the full-year 2024 bottom line, while underwriting profit margin was relatively high at 79.1%.

Loss ratio for 9M2025 was 20.9%, due to normalized claims activity compared with the unusually low levels recorded earlier in the year. Commission ratio was at 17.2%, while expense ratio was at 18.6%, in line with the Company's commission structure and operating cost profile. As a result, combined ratio settled at 56.7%.

The Company's investment assets, which remained held entirely in cash and time deposits, increased by 9.0% to \$2.9 million as of end-September 2025 (from \$2.6 million as of end-2024). Investment income amounted to \$90.4 thousand, translating to a yield of 3.3%. From a capital adequacy standpoint, equity rose by 13.7% to \$3.4 million, driven by continued earnings retention. Loss reserves-to-equity ratio stayed low at 0.006x. Liquidity remained adequate, supported by the Company's cash balance and positive underwriting cash flow of \$481.7 thousand in 9M2025. Axinan ended 9M2025 with total assets of \$3.9 million.

ECONOMY

Gross Domestic Product (GDP)¹⁷

Table 11. 2024 GDP Growth of Key Asia-Pacific Economies

Country	2024 GDP Growth (%)
Vietnam	7.1
India*	6.5
Philippines	5.6
Malaysia	5.1
Indonesia	5.03
China	5.0
Taiwan	4.6
Singapore	4.0
Thailand	2.5
South Korea	2.2
Japan	0.1

*India reports on a fiscal-year basis (April 2024 – March 2025)

In 2024, economic performance in the APAC region remained steady, with many countries growing faster than the global average. Official data from national agencies and international institutions showed that the region continued to account for a large share of global expansion. After the post-pandemic surge, growth moderated slightly, yet APAC remained as one of the fastest-growing regions worldwide. Vietnam delivered the strongest performance in the region, with its GDP rising by 7.09% in 2024. According to the General Statistics Office of Vietnam, this growth was mainly supported by the manufacturing, exports, and services sectors. Industrial production rebounded strongly as supply chains normalized and foreign

¹⁷ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

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https://psa.gov.ph/system/files/nap/Special%20Release%20Q1%202025%20Revised_NAP.pdf

<https://www.freemalaysiatoday.com/category/nation/2025/05/16/malysias-gdp-grows-4-4-in-q1-2025>

<https://business.inquirer.net/526713/singapore-economy-beats-q1-forecasts-warns-of-trade-war-risks>

<https://bworldonline.com/world/2025/05/19/673359/thailand-gdp-grows-by-3-1-in-1st-quarter-beats-expectation/>

investment inflows rose. In India, the Ministry of Statistics and Programme Implementation recorded a 6.5% GDP growth in Fiscal Year (FY) 2024–2025. Such growth was anchored on robust services, public investment, and private consumption, keeping India as one of the fastest-growing major economies.

For the Philippines, data from the Philippine Statistics Authority (PSA) showed that the country's GDP grew by 5.6% in 2024, with fourth quarter growth at 5.2%. Expansion came from wholesale and retail trade, financial and insurance activities, and construction. The PSA further noted that despite typhoon-related disruptions in agriculture, domestic demand and services kept their momentum. Malaysia, on the other hand, registered a strong recovery. Data from the Department of Statistics Malaysia (DOSM) and the Ministry of Finance showed that the economy expanded by 5.1% in 2024, up from 3.6% in 2023. Such was led by higher household spending, robust manufacturing and construction activities, and improved external trade performance. In Indonesia, Statistics Indonesia announced that the country's GDP rose by 5.03% in 2024, nearly matching the 5.05% growth in 2023. Despite the slight moderation, growth remained broad-based and was supported by strong household consumption and investment activity, while services, particularly trade and transport-related sectors, continued to expand.

China's National Bureau of Statistics reported that the country's economy grew by 5.0% in 2024, hitting the government's annual target. This growth was fueled by strong export performance and stimulus-driven investments, even as property sector headwinds remained. According to the Ministry of Trade and Industry (MTI) of Singapore, the country recorded a GDP growth of 4.0% in 2024, up from 1.1% in 2023. This was propelled by stronger manufacturing, wholesale trade, and tourism-related services. For Taiwan, the Directorate-General of Budget, Accounting and Statistics reported a growth rate of 4.6% in 2024 on account of robust exports of semiconductors and electronics, as well as a rebound in fixed investments in the technology sector.

In Thailand, the National Economic and Social Development Council (NESDC) announced a GDP growth of 2.5% in 2024, up from 2.0% in the prior year. The pickup was supported by stronger household and government spending, alongside higher public investment and faster exports of goods and services, even as private investment remained weak. The South Korean economy grew 2% in 2024, above 1.4% in 2023. The growth was largely driven by a strong export performance in the latter half of the year. The country's economy was impacted by slower private consumption and construction investment. Heightened political uncertainties in the latter part of 2024 affected consumer sentiment and private spending, leading to a weaker-than-expected fourth quarter expansion. Japan, meanwhile, was the weakest among major economies in the region. Cabinet Office of Japan data showed that GDP inched up by only 0.1% in 2024, as sluggish consumer spending and weak business investment offset gains from exports. Its economy continued to struggle with persistent inflation and a weak yen.

The region sustained positive momentum at the start of 2025, though trends varied across countries. China's GDP grew by 5.4% in 3M2025, faster than the 5.1% growth forecast for the period, led by stronger exports, manufacturing, and high-tech industries despite property sector issues. Indonesia's economy expanded by 4.9%, easing from 5.0% in the last quarter of 2024, with household consumption and exports remaining as key growth pillars. Vietnam maintained its robust expansion, with the country's GDP rising by 7.5% in 3M2025, the highest since 2011, driven by industry, construction, and services. According to the PSA, the Philippines posted a 5.4% growth in 3M2025, slightly higher than 5.2% in the last quarter of 2024, supported by government spending and household consumption amid easing inflation.¹⁸ Malaysia

¹⁸ Based on latest updates, the Philippines' GDP expanded by 4% in the third quarter 2025, sharply slowing from the 5.5% in the second quarter and 5.2% a year ago, as public construction was hit by a corruption scandal involving infrastructure projects that

recorded 4.4% growth, moderating from 4.9% in the previous quarter, with household spending and investment offsetting softer exports, as reported by Bank Negara Malaysia. MTI announced that Singapore's GDP rose by 3.9%, slowing from 5.0% in the prior quarter, as the manufacturing and wholesale trade sectors benefited from front-loaded demand despite external risks. Meanwhile, NESDC's data showed that the economy of Thailand grew by 3.1%, slightly below 3.3% in the previous quarter. Such was lifted by private consumption and public expenditure even as high debt and weaker external demand tempered overall recovery.

Outlook¹⁹

APAC's economic growth is expected to stay above the global average over the next two years, although momentum is set to moderate. According to the International Monetary Fund (IMF), the region will grow by about 4.5% in 2025, before easing to around 4.1% in 2026, with APAC again contributing close to 60.0% of global growth. The Asian Development Bank (ADB), meanwhile, forecasts developing Asia's GDP to expand by 4.8% in 2025 and 4.5% in 2026, slightly lower than earlier projections due to softer external demand and lingering trade uncertainties. On the other hand, the World Bank expects East Asia and the Pacific's (EAP) expansion to slow from about 5.0% in 2024 to 4.0% in 2025, even as growth in the region remains higher than the global average.

Within East Asia, China is projected to see a gradual deceleration in growth. The World Bank estimates that China's GDP growth will be 4.8% in 2025, declining to 4.2% in 2026, as structural challenges in the property sector, high corporate and local government debt, and weaker external demand continue to weigh on economic activity despite ongoing fiscal and monetary support. Also, the World Bank notes that growth in the rest of the East Asia Pacific (EAP) region (excluding China) is expected to reach 4.4% in 2025 and 4.5% in 2026 on the back of resilient domestic demand, tourism recovery, and expanding manufacturing and services. In South Asia, India is expected to remain one of the fastest-growing large economies. The IMF currently projects India's real GDP growth at around 6.6% for FY2025–2026, while the World Bank forecast is 6.5%, with growth seen easing slightly to 6.3% in the subsequent year.

In Southeast Asia, the Asian Development Bank (ADB) revised Vietnam's growth outlook upward, projecting GDP growth of 6.7% in 2025 and 6.0% in 2026. Such will be due to strong exports, resilient foreign direct investment, and expanding services, even as global headwinds and trade frictions remain. For the Philippines, ADB expects GDP to grow by 5.6% in 2025 and 5.7% in 2026, driven by robust household consumption, easing inflation, and sustained public infrastructure spending.²⁰ Malaysia's Ministry of Finance, in its 2026 economic outlook, projects the country's GDP to grow between 4.0% and 4.8% in 2025 and 4.0% to 4.5% in 2026, supported by domestic demand, implementation of structural reforms, and ongoing infrastructure and industrial projects. In Singapore, the MTI upgraded its 2025 GDP

has dampened consumer and investor sentiment. This brought the nine-month GDP average to 5%, slower than the 5.9% from the same period last year.

¹⁹ <https://www.imf.org/en/blogs/articles/2025/10/16/asia-economic-growth-is-weathering-tariffs-and-uncertainty>

<https://www.adb.org/outlook/editions/september-2025>

<https://openknowledge.worldbank.org/server/api/core/bitstreams/6a753fcc-6e3a-4769-be36-9998dde7ba3d/content>

<https://www.imf.org/en/countries/ind>

<https://www.worldbank.org/en/news/press-release/2025/10/03/south-asia-development-update-october-2025-press-release>

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<https://www.adb.org/news/philippine-gdp-seen-steady-growth-path-2025-2026>

<https://belanjawan.mof.gov.my/pdf/belanjawan2026/economy/economic-2026.pdf>

<https://www.mti.gov.sg/newsroom/mti-upgrades-2025-gdp-growth-forecast-to-1-5-to-2-5-per-cent/>

²⁰ ADB's forecast was released in September 2025, before the publication of the Philippines' official 3Q 2025 GDP result of 4.0%.

growth forecast from 1.5% to 2.5%, following first-half 2025 growth and stronger performance in manufacturing and wholesale trade.

Labuan²¹

Labuan, officially the Federal Territory of Labuan, is a small island jurisdiction off the coast of Sabah, Malaysia. It consists of Labuan Island and six surrounding islets, with a land area of about 91 to 92 square kilometers. According to the DOSM, the territory had an estimated population of around 102,300 people as of end-March 2024. Labuan's footprint is small compared with Malaysia's total land area of about 330,800 square kilometers, and as one of the country's three federal territories, Labuan is administered directly by the national government rather than by state-level authorities. Labuan's domestic economy is modest when compared with the broader Malaysian economy. Malaysia's GDP was at RM1.9 trillion in 2024 (+5.1%), whereas Labuan's stood at RM8.6 billion (+5.4%).

Economic activity in the territory is generally centered on financial services, offshore and mid-shore corporate activities, oil and gas support services, logistics, halal production, fisheries, and tourism. Labuan functions as Malaysia's offshore financial center (OFC) and International Business and Financial Centre (IBFC). Established in 1990, the Labuan IBFC supports cross-border financial activities and hosts institutions engaged in banking, insurance and reinsurance, captive insurance, fund and trust administration, wealth management, and Islamic finance. The jurisdiction maintains a regulatory and tax framework structured for international operations, including options for low fixed tax rates or tax exemptions for qualifying entities, as well as for transacting in foreign currencies.

Regulatory commentary has noted a gradual shift in Labuan from a traditional offshore framework toward a more regulated mid-shore environment. Discussions highlight efforts to enhance supervision, transparency, and alignment with global financial standards while maintaining flexibility for cross-border business formation and international financial services. Such developments have been referenced in international assessments, including commentary by the Bank for International Settlements. Labuan's free-trade designation, financial infrastructure, and internationally oriented regulatory framework support its continued role as Malaysia's platform for regional and international corporate and financial activities.

²¹ <https://en.wikipedia.org/wiki/Labuan>
https://www.dosm.gov.my/site/downloadrelease?admin_view=&id=gross-domestic-product-2024
https://en.wikipedia.org/wiki/Economy_of_Malaysia
<https://www.simplyoffshore.com/information-about-labuan-ibfc/>
https://en.wikipedia.org/wiki/Labuan_International_Business_and_Financial_Centre
<https://www.aseanbriefing.com/news/labuan-offshore-opportunities-malaysia/>
<https://www.bis.org/review/r171102g.pdf>

Exchange Rate²²

In October 2025, the U.S. Dollar Index (DXY)²³ stood at around 98.2, marking a year-to-date decline of 12.5% and a drop of 10.7% in the first half of the year. Reports from RBC Wealth Management and Cambridge Currencies note that the dollar's pullback has largely reversed the strong gains it recorded in late 2024. The weaker trend was primarily due to the expectations of U.S. Federal Reserve rate cuts, lower treasury yields, and increased hedging demand from foreign investors. The Bank for International Settlements attributed the sharp decline in April and May 2025 to a surge in foreign-exchange hedging activity after new U.S. tariff announcements, with most of the declines occurring during Asian trading hours.

Despite the depreciation, the U.S. dollar remains the dominant reserve currency, accounting for about 58.0% of disclosed global foreign-exchange reserves as of 2024, according to the Federal Reserve System. Data from RBC Wealth Management showed that the dollar remained 15.0% overvalued versus major peers. For the remainder of 2025, various analysts anticipate the dollar to trade within a narrow range. Most forecasts place the DXY between 96.0 and 99.0 through November and December.

INDUSTRY²⁴

The insurance market in the APAC region continued to expand as protection demand and economic activity supported both life and non-life segments. Total insurance premiums in the region were estimated at about \$2.3 trillion in 2024 and is projected to reach \$2.6 trillion in 2025. Insurance penetration increased slightly from 7.1% in 2022 to 7.4 % in 2024.

Growth in 2024 was driven primarily by life and health insurances. The life insurance market in Asia expanded at double-digit rates, with China recording about 15.0% growth, while health insurance

²² <https://www.tradingview.com/symbols/TVC-DXY/>

<https://www.rbcwealthmanagement.com/en-us/insights/the-us-dollar-in-transition-cyclical-volatility-meets-structural-shifts>

<https://www.bis.org/publ/bisbull105.pdf>

<https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-2025-edition-20250718.html>

<https://cambridgecurrencies.com/usd-forecast-2025/>

²³ The U.S. Dollar Index (DXY) measures the value of the US dollar against a basket of six major world currencies: the euro, Japanese yen, British pound sterling, Canadian dollar, Swedish krona, and Swiss franc. The six currencies included in the DXY are often referred to as America's most significant trading partners.

²⁴ <https://www.marketdataforecast.com/market-reports/asia-pacific-insurance-market>

https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2025/may/2025-05-27-global-insurance-report.pdf

<https://www.allianz-asiapacific.com/news/2025-05-27-allianz-global-insurance-report-2025-rising-demand-for-protection.html>

<https://insuranceasia.com/insurance/news/asiac-commercial-rates-contracts-in-q1-2025>

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<https://www.globenewswire.com/news-release/2025/06/05/3094293/0/en/Asia-Pacific-Motor-Insurance-Market-Review-2020-2024-and-Forecast-to-2030-Analysis-of-Trends-Business-Opportunities-and-Competition-Intelligence.html>

<https://insuranceasia.com/insurance/news/apac-seen-fastest-region-in-medical-insurance-market-124-cagr>

<https://www.asiainsurancereview.com/News/ViewNewsLetterArticle/id/92087/Type/eDaily/Global-reinsurance-capital-exceeds-720bn>

<https://www.reinsurancene.ws/reinsurers-willing-to-deploy-additional-capacity-at-asia-april-1-renewals-aon/>

https://www.spglobal.com/_assets/documents/ratings/research/101607364.pdf

<https://www.oliverwyman.com/our-expertise/insights/2025/jan/asia-pacific-insurance-priorities-2025.html>

<https://www.insurance.gov.ph/consolidated-insurance-industry-performance-as-of-december-31-2024/>

<https://www.philstar.com/business/2025/02/15/2421557/insurance-industry-posts-strong-growth-2024>

<https://kadence.com/en-us/knowledge/unlocking-growth-in-the-philippine-insurance-sector-through-digital-solutions-and-youth-engagement/#:~:text=Background,users%20as%20of%20December%202023.>

<https://business.inquirer.net/534532/almost-60-of-ph-retail-payments-now-digital>

premiums across the region grew by around 12.6% during the same year. Penetration in health insurance remained low at less than 1.0% of GDP in most markets except Taiwan, indicating continued potential for expansion. The property and casualty segment, meanwhile, grew by 4.0%. In 3M2025, composite commercial insurance rates in Asia fell by 3.0%, marking the fifth consecutive quarter of rate reductions. Property insurance pricing in Asia declined by about 3.0% in the same quarter compared with the previous renewal cycle, while in the Pacific region, commercial and property insurance rates dropped by 8.0% and 9.0%, respectively.

In motor insurance, the APAC market was valued at around \$145.5 billion in 2024 and is expected to grow to \$238.7 billion by 2030, representing a CAGR of 8.6%. Health insurance is also one of the fastest-growing lines, with a forecast growth rate of about 12.4% annually between 2023 and 2033 for the region.

In reinsurance, capital positions remained healthy and market conditions improved. Global reinsurance capital was estimated at about \$715.0 billion in 2024 and increased further to approximately \$720.0 billion in early 2025, supported by solid earnings and investor confidence. During the April 1, 2025 renewal period, the APAC market saw abundant capacity and more favorable terms for cedants as reinsurers maintained a disciplined but stable approach to underwriting. A regional outlook noted that average gross written premium growth among rated APAC reinsurers is expected to remain moderate at 2.0% to 5.0% through 2025.

In the Philippines, the domestic insurance industry recorded growth in its assets, net worth, premiums and net income in 2024. The industry's aggregated assets amounted to ₱2.5 trillion as of end-2024, increasing by 6.4% from end-2023. Its combined net worth expanded by 3.8% to ₱479.9 billion. Total premiums inched up by 12.8% to ₱440.4 billion in 2024, while total benefit payment/losses incurred posted a faster growth of 19.0% to ₱160.3 billion. Net income of the industry amounted to ₱56.3 billion, 15.6% higher than that in 2023. The Insurance Commission also reported a double-digit increase of 12.6% in insurance density, which is the average spending of each individual on insurance. Such amounted to ₱3,892.77.

Broken down by sector, the Philippine life insurance sector's net income rose by 19.6% to ₱40.2 billion in 2024. In contrast, the non-life sector's net income slid by 10.5% to ₱8.9 billion. Mutual benefit associations (MBA) similarly saw a 23.2% leap in its net surplus to ₱7.2 billion. In terms of assets, the share of each sector is as follows: (a) life, ₱1.9 trillion; (b) non-life, ₱374.5 billion; and (c) MBA, ₱163.6 billion.

As of end-2024, insurance penetration in the Philippines remained low at 1.7%. There is a significant growth potential for the country's insurance sector, including its digital insurance industry, on account of high internet penetration, a relatively young and tech-savvy population, and a push for financial inclusion. Internet penetration rate in the Philippines is estimated to be more than 80%. It is one of the top countries globally in internet usage, with a big chunk of its population engaging with digital platforms and mobile apps. By mid-2025, 60% of retail payment transactions in the country were already done digitally, exceeding the government's target amid a strong regulatory push for a cash-lite society. Insurers can therefore take advantage of the significant opportunity presented by this connectivity and leverage digital channels for education, distribution, and customer engagement.

ANNEX A DEFINITION OF TERMS

Cash call. A reinsurance contract provision, common in proportional contracts, which allows a reinsured company to make claim and receive immediate payment for a large loss without waiting for the usual periodic payment procedures to occur.

Cedant. A person or company that cedes business to another person or company. A cedant is a party in an insurance contract who passes the financial obligation for certain potential losses to the insurer.

Combined ratio. A measure of profitability used by an insurance company to indicate how well it is performing in its daily operations. The combined ratio combines the following costs: claims, acquisition cost, and operational expenses.

Excess-of-loss. Method whereby an insurer pays the amount of cash claim for each risk up to a limit determined in advance and the reinsurer pays the amount of the claim above that limit up to a specific sum. For example, assume that an insurer issues automobile liability policies of ₱150,000 on any one risk and retains the first ₱50,000 of any risk. The insurer purchases excess loss reinsurance for ₱100,000 in excess of ₱50,000 on any one risk. The insurer pays the first ₱50,000 of all losses, and the reinsurer pays any excess amount up to a maximum of ₱100,000.

Expense ratio. A measure of profitability used by an insurance company to signify operation efficiency before factoring in claims and investment gains or losses.

Facultative reinsurance. Specific reinsurance covering a single risk. The reinsurer is reinsuring one insured on a specific policy. Each facultative risk is submitted by the insurer to the reinsurer.

Gross premiums written (GPW). When an insurance company closes a contract to provide insurance against loss, the revenues (premiums) expected to be received over the life of the contract are called GPW.

Incurred but not reported (IBNR). Losses incurred from events that have occurred up to reporting date but have not yet been reported to the Company.

Investment yield. The income return on investment, which is computed as investment income divided by average investment assets).

Loss ratio. Ratio of losses and loss expenses to premiums earned.

Loss reserves. Provision for known claims due but not paid, known claims not yet due, and IBNR claims.

Net premiums written (NPW). GPW less ceded reinsurance.

Non-proportional reinsurance. Also known as XoL reinsurance. It is based on loss retention. The ceding insurer agrees to accept all losses up a predetermined level. The reinsurer agrees to reimburse the ceding insurer for losses above the predetermined level and up to the reimbursement limit provided for in contract.

Proportional Reinsurance. Requires assessment of all risk and uses the known risk to prorate the proportion of premiums, expenses and losses for all parties to the agreement.

Reinsurance. The practice whereby one party called the *reinsurer*, in consideration of a premium paid to him, agrees to indemnify another party, called the *reinsured*, for part or all of the liability assumed by the latter party under a policy or policies of insurance which it has issued. The reinsured may be referred to as the *original or primary insurer*, or *direct writing company*, or *ceding company*.

Retention. The amount of risk retained by an insurance company that is not reinsured.

Retention ratio. A rough measure of how much of the risk is being carried by an insurer rather than being passed to reinsurers. It is computed as NPW divided by GPW.

Retrocession. The practice of one reinsurance company to cede, all or part of a reinsured risk, to another reinsurance company (the retrocessionaire).

Treaty reinsurance. A method of reinsurance requiring the insurer and the reinsurer to formulate and execute a reinsurance contract. The reinsurer then covers all the insurance policies coming within the scope of that contract.

Underwriting cashflow. Is a measure whether the insurance company is collecting enough premiums to cover for losses, commissions and operating expenses.