PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

RATING REPORT

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

Date: June 22, 2026
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FINANCIAL STRENGTH RATING

Assigned Rating	Assigned Outlook
PRS A plus	Stable

An insurer rated **PRS A** has strong financial security characteristics but is somewhat more likely to be affected by adverse business conditions compared to higher-rated insurance companies. The "plus" further qualifies the assigned rating.

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

Analyst's Note: Kindly see Annex A for the definition of insurance terms used in the report.

RATIONALE

Solid market franchise

As the sole domestic professional reinsurance firm in the Philippines, National Reinsurance Corporation of the Philippines (NRCP; the Company) enjoys a solid market franchise. Legislatively, NRCP is given the advantage to take up at least 10% of all outward reinsurance business from domestic insurance companies. This grants NRCP significant access to the local reinsurance business and insight into the reinsurance needs of domestic reinsurers. With a captive client base, the demand for NRCP's reinsurance services is expected to be sustained, giving the Company relatively steady business.

Strong shareholders and highly-experienced management

The Government Service Insurance System (GSIS) remains as NRCP's largest shareholder as of end-December 2025, with a 25.8% ownership stake in the Company.[1] GSIS is a government-owned and controlled corporation mandated to provide and administer social security benefits, such as life insurance benefits, separation or retirement benefits, and disability benefits, to government employees.

[1] https://www.nat-re.com/naresite/wp-content/uploads/2026/01/NRCP-Top-100-Stockholders-as-December-31-2025.pdf

In 2025, GSIS' topline and net income from operations recorded a modest increase to ₱465.7 billion and ₱137.9 billion, respectively. GSIS, however, incurred a net loss amounting to ₱47.2 billion in 2025, a reversal from the ₱12.7 billion net income recorded in 2024 driven by the attributable to the increase in its policy reserves during the year. On the balance sheet side, GSIS' total assets grew to ₱1.96 trillion, marking an 8.2% increase from end-2024.

MICO Equities, Inc.'s (MEI) Malayan Insurance Co., Inc., (Malayan) which was the second largest domestic non-life insurance company in 2025 based on total assets of ₱33.5 billion. It ranked third based on its gross premiums written (GPW) of ₱13.4 billion. Malayan was previously assigned a Financial Strength Rating of B++ (Good), a Long-Term Issuer Credit Rating of "bbb" (Good) and a Philippines National Scale Rating of aa+.PH (Superior) by A.M. Best. On January 29, 2026, A.M. Best announced that it has withdrawn these ratings as Malayan has requested to no longer participate in A.M. Best's interactive rating process.[2]

Bank of the Philippine Islands (BPI) is one of the largest universal banks in the Philippines, offering a wide range of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution, and insurance services. Based on Bangko Sentral ng Pilipinas' (BSP) data as of end-2025, BPI ranked second in terms of total assets, capital and total net loans and receivables, and third in terms of total deposits, among the country's universal and commercial banks. In September 2025, BPI was assigned a Long-Term Issuer Credit Rating of BBB+ by Standard & Poor's. Moody's assigned a Baa2 Baseline Credit Assessment to BPI, in May 2025. The rating and credit assessment, both considered investment-grade, have a Stable outlook.[3]

GSIS, MEI, and BPI collectively held 52.4% of NRCP's total outstanding shares, as of end-2025. Other shareholders had ownership shares of less than 10%.

NRCP is led by a management team which is considered to have solid experience in and understanding of the insurance industry and financial markets, both domestic and global. Allan R. Santos is the President and Chief Executive Officer (CEO) of NRCP and a Director of its Board, since August 2018. Prior to his appointment, Mr. Santos was the Executive Vice President (EVP) and Chief Operating Officer (COO) of the Company. He joined NRCP in April 2016. Prior to joining NRCP, Mr. Santos held various leadership positions in other companies such as AIA Philippines, Cigna Global Health Benefits and and Allied World Assurance Company.

PhilRatings notes, however, that there have been a few changes in leadership since the last review. Joel Claro A. Perlado who joined NRCP in September 2023 as Chief Actuary and Head of Data Analytics, resigned from his position in December 2025, citing personal reasons.

Cinderella M. Gernan, Head of Data Administration and Technology since 2022, likewise resigned effective August 16, 2025. The technology and data administrative functions are currently being overseen by Jaime Jose M. Javier. Mr Javier is NRCP's COO effective January 1, 2026, following his promotion.[4]

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[2] https://news.ambest.com/PR/PressContent.aspx?altsrc=2&refnum=36978
[3] https://www.bpi.com.ph/about-bpi/investor-relations/credit-ratings
[4] https://www.nat-re.com/2026/01/30/javier-assumes-new-coo-role-ebron-named-head-of-life-reinsurance-data-administration/

Sound investment portfolio

NRCP's total investment assets as of end-2025 stood at ₱11.3 billion, up by 11.8% from ₱10.1 billion as of end-2024, driven by higher held-for-trading (HTM) securities and assets-for-sale (AFS) assets during the period.

Low-risk fixed income investments continued to account for more than 90% of NRCP's total investment portfolio, increasing to 95.3% as of end-2025. Government securities comprised the majority of the Company's fixed income portfolio, representing 79.0% of total as of end-2025. Corporate bonds came in second with 11.6% share.

The remaining were equity investments. As of end-2025, investments in companies listed on the Philippine Stock Exchange (PSE) accounted for 4.0% of the Company's total investment portfolio.

Sustained net income growth

In 2025, NRCP's total GPW amounted to ₱5.7 billion, a 4.9% decline from the previous year, driven by lower premium income from agriculture treaties as a result of the higher retention by insurers and the strict implementation of reinsurance requirements. This decrease was partially offset by higher premium income generated by the Company's life business.

On the other hand, a notable decline in underwriting expenses was recorded for the period. NRCP's underwriting expenses dropped by 19.4%, from ₱4.4 billion in 2024 to ₱3.5 billion in 2025. This was the lowest claims and commissions relative to net earned premiums recorded since 2019. NRCP's net underwriting income, therefore, jumped by 49.4%, from ₱498 million to ₱744 million over the same period.

Supported by a 25.7% increase in investment and other income to ₱670 million, NRCP's net income jumped by 50.4%, from ₱551 million in 2024 to ₱829 million in 2025.

Returns were also notably up, in line with improved operating results. Return on assets (ROA) reached 3.6% as of end-2025, the highest level recorded by the Company since 2019.

Sound capitalization

As of end-2025, NRCP's total equity stood at ₱7.7 billion. This was more than compliant with the ₱3.0 billion minimum net worth requirement set by the Insurance Commission (IC). Similarly, the Company's risk-based capital (RBC) ratio stood at 218% as of end-December2025, more than double the IC's minimum requirement of 100.0%.

BUSINESS PROFILE

COMPANY PROFILE

NRCP is the country's sole domestic professional reinsurance company.[5] As a reinsurer, it offers financial protection to insurance companies (e.g., direct insurers and cedants) by assuming a portion of the risks borne by these entities. In particular, NRCP provides life and non-life reinsurance capacity and support to insurance companies in the Philippines and neighboring Asian insurance markets. In addition, the Company offers consulting, technical and advisory services to its clients to allow them to: (1) better manage their retentions and capital, (2) maximize their net premiums given their risks appetites, and (3) execute their competitive strategies. NRCP also promotes know-how transfer by helping build its clients' capabilities in underwriting, claims management, product development, pricing, retention setting, and reinsurance program analysis. It continuously shares global best practices on reinsurance and its knowledge of the Philippine insurance market with its partners.

NRCP was incorporated in 1978 pursuant to Presidential Decree (PD) No. 1270.[6] The decree designated NRCP as the national institution authorized to participate in the Asian Reinsurance Corporation (ARC), an intergovernmental organization established to promote regional cooperation among insurance companies doing business in Asia. ARC is based in Bangkok, Thailand.

NRCP has a unique advantage granted by the law: the Company is entitled to take up at least 10% of all the domestic insurance companies' outward reinsurance business,[7] which would otherwise be ceded abroad. Such advantage grants NRCP substantial access to the local reinsurance business, and also a broader view of domestic insurers' reinsurance requirements. This also provides the Company with a more steady and predictable business and revenues.

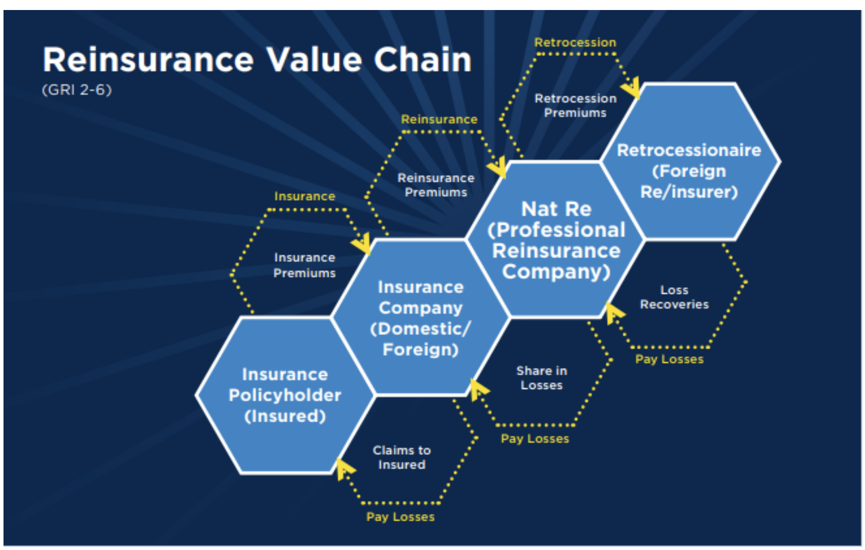


Figure 1 Reinsurance Value Chain
(Source: *NRCP's 2024 Annual Report)*

[5] https://www.insurance.gov.ph/life-and-non-life-companies/
[6] https://www.officialgazette.gov.ph/1977/12/22/presidential-decree-no-1270-s-1977/
[7] Insurance Co. A can get its policies reinsured from Insurance Co. B. For A, it is reinsurance ceded or outward reinsurance. For B, it is reinsurance accepted or inward reinsurance.

NRCP is listed at the PSE and had a market capitalization of ₱1.5 billion as of May 4, 2026.

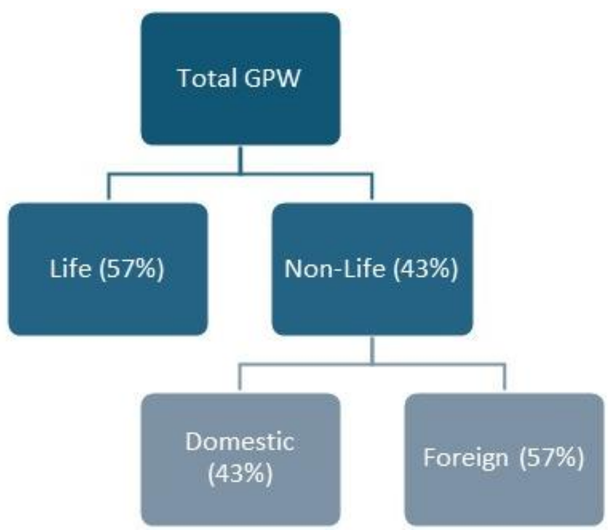
In October 2025, AM Best reaffirmed NRCP's Financial Strength Rating of B++ (Good) and Long-Term Issuer Credit Rating of "bbb" (Good), with a Stable Outlook for both. AM Best is the world's first credit rating agency, and grew to become what is now the world's largest credit rating agency specializing in insurance. AM Best's rating services assess the creditworthiness of and/or reports on over 16,000 insurance companies worldwide.[8]

PRODUCTS

NRCP provides life and non-life reinsurance capacity and support to insurance companies in the Philippines and neighboring Asian insurance markets. Under its life reinsurance business, NRCP offers traditional reinsurance of mortality and morbidity risks, medical reinsurance, catastrophe, and coinsurance. Its strength is in Group Insurance, particularly in credit life and employee benefit lines. On the other hand, under its non-life reinsurance business, NRCP offers a comprehensive range of reinsurance arrangements covering agriculture, motor, property, casualty, marine and aviation, and surety, among others.

The Company writes both life and non-life reinsurance through treaty and facultative contracts. As of end-2025, approximately 92.9% of the NRCP's total portfolio came from treaty business, while the balance of 7.1% was derived from facultative contracts. Confined to domestic risks, facultative contracts accounted for about 12.0% of the domestic life portfolio GPW and 3.0% of the domestic non-life GPW. Meanwhile, foreign contracts are exclusively treaty contracts.

Figure 2. Breakdown of GPW by Line of Business (2025)



In 2025, the primary driver of NRCP's GPW shifted to life reinsurance. NRCP's life business contribution to total GPW increased from 48.9% in 2024 to 57.3% in 2025, while non-life reinsurance decreased from 51.1% to 42.7% over the same period. The shift was primarily driven by lower GPW from the Agriculture line. Except for the fire reinsurance business, which remained flat in 2025, the rest of the non-life business posted double-digit GPW declines during the year.

Among NRCP's non-life product lines, the agriculture reinsurance business was the largest contributor, making up 50% of the Company's total non-life GPW in 2025. This was followed by Fire at 32%, Casualty at 11%, Marine and Aviation at 5%, and Motor at 3%.

[8] https://news.ambest.com/newscontent.aspx?AltSrc=23&RefNum=269708

Table 1. GPW per Business Segment (2023-2025)

				% to Total		
	2023	2024	2025	2023	2024	2025
Non-Life	**₱3,588**	**₱3,078**	**₱2,444**	**57.9**	**51.1**	**42.7**
Domestic	₱1,349	₱941	₱1,056	21.8	15.6	18.4
Foreign	₱2,239	₱2,137	₱1,388	36.1	35.5	24.3
Life	**₱2,606**	**₱2,947**	**₱3,283**	**42.1**	**48.9**	**57.3**
Total GPW	₱6,194	₱6,024	₱5,727	100.0	100.0	100.0

*amounts in millions

				% to Total		
amounts in millions	2023	2024	2025	2023	2024	2025
Non-Life	**₱3,588**	**₱3,078**	**₱2,444**	**57.9**	**51.1**	**42.7**
Fire	₱1,176	₱773	₱775	19.0	12.9	13.5
Marine and Aviation	₱130	₱146	₱122	2.1	2.4	2.1
Motor	₱123	₱131	₱65	2.0	2.2	1.2
Casualty	₱335	₱327	₱260	5.4	5.4	4.6
Agriculture	₱1,823	₱1,700	₱1,222	29.4	28.2	21.3
Life	**₱2,606**	**₱2,947**	**₱3,283**	**42.1**	**48.9**	**57.3**
Total GPW	₱6,194	₱6,024	₱5,727	100.0	100.0	100.0

*amounts in millions

In terms of region, the domestic portfolio continued to represent more than half of the Company's GPW in 2025 at 72%, higher compared with 64% in 2024.

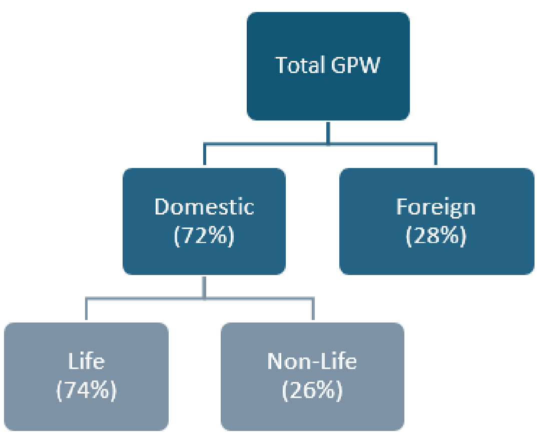


Figure 3. Breakdown of GPW by Region (2025)

In 2025, the share of domestic portfolio to total non-life business increased to 43%, from 31% in 2024, as total non-life GPW decreased in 2025. Total GPW from non-life insurance decreased by 20.6%, from ₱3.1 billion in 2024 to ₱2.4 billion in 2025 driven by the impact of lower premiums from a foreign agriculture treaty and the reversal of premiums related to personal cyber treaties.

Nonetheless, the majority or 57% of NRCP's total non-life portfolio still came from a global book of geographically diversified exposures.

The decline in non-life business was partially offset by the 11.4% increase in life reinsurance business to ₱3.3 billion, supported by a new foreign medical treaty and growth in other existing medical treaties. As a result, NRCP total GPW fell by 4.9%, from ₱6.0 billion in 2024 to ₱5.7 billion in 2025.

In 2024, NRCP had notably lower treaties at 450, from 491 in 2023. The decline was attributable to the continuous shift from proportional to gross excess of Loss (XoL). Under gross XoL structure, cedants no longer have to purchase a separate proportional treaty. Moreover, some cedants also opted to purchase gross XoL as Whole Account, which includes other lines of business to have more diversification in their portfolio. Given this, cedants no longer have to purchase separate treaties for the other lines of business. (Analysts' note: The shift to gross XoL is discussed further in the Strategy section.)

OWNERSHIP

GSIS was NRCP's largest shareholder as of end-December 2025, with a 25.8% ownership stake in the Company. GSIS is a government-owned and controlled corporation mandated to provide and administer social security benefits, such as life insurance benefits, separation or retirement benefits, and disability benefits, to government employees. It also manages the General Insurance Fund, which provides insurance coverage to government assets and properties that have government insurable interests. GSIS currently holds three seats in NRCP's Board of Directors, as of report writing date.

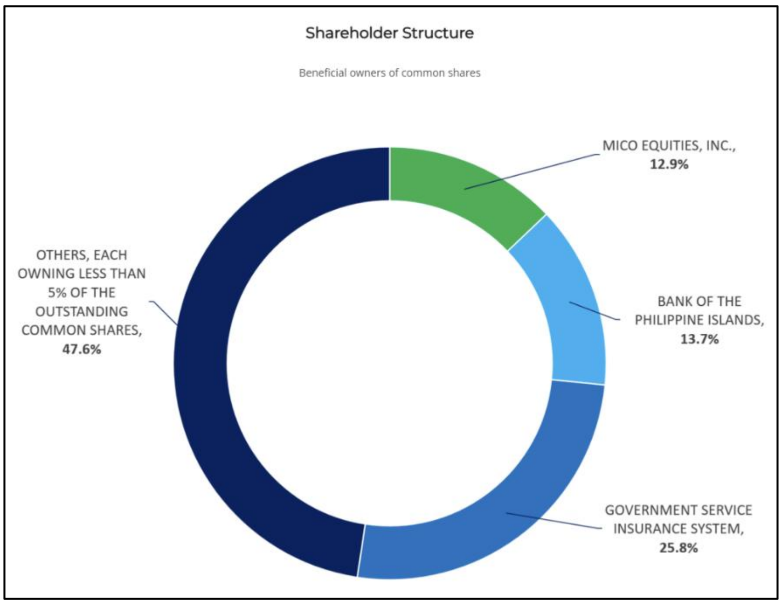


Figure 4. Shareholder Structure *(Source: NRCP's Website)*

GSIS reported net income from operations of ₱137.7 billion in 2025, inching up by 3.6% from ₱133.1 billion in 2024. The pension fund ended the year with total assets of ₱1.96 trillion, higher by 8.2%. The state insurer kept a prudent investment strategy, with 70.0% of its portfolio allocated to government securities and other fixed income securities.

GSIS remained as the country's largest state insurer, disbursing ₱194.0 billion in claims and benefit payments in 2025, up by 7.8% from ₱179.6 billion in 2024.

MEI and BPI were the Company's other major shareholders, with ownership interests of 12.9% and 13.7%, respectively, as of end-December 2025. Other shareholders had ownership shares of less than 5%.

MEI is a holding company of the Yuchengco Group and operates its non-life business through Malayan, which was the second largest domestic non-life insurance company in terms of assets at ₱33.5 billion and ranked third based on GPW of ₱13.4 billion in 2025.[9] Malayan was previously assigned a Financial Strength Rating of B++ (Good), a Long-Term Issuer Credit Rating of "bbb" (Good) and a Philippines National Scale Rating of aa+.PH (Superior) by A.M. Best. On January 29, 2026, A.M. Best announced that it has withdrawn these ratings as Malayan has requested to no longer participate in A.M. Best's interactive rating process.

On the other hand, BPI is one of the largest universal banks in the Philippines, offering a wide range of financial services that include corporate banking, consumer banking, investment banking, asset

[9] https://www.insurance.gov.ph/performance-of-non-life-insurance-companies-assets-as-of-31-december-2025-based-on-submitted-unaudited-enhanced-quarterly-report-on-selected-financial-statistics-eqrsfs/
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management, corporate finance, securities distribution, and insurance services. Based on BSP data as of end-2025, BPI ranked second in terms of total assets, capital and total net loans and receivables, and third in terms of total deposits, among the country's universal and commercial banks. In September 2025, BPI was assigned a Long-Term Issuer Credit Rating of BBB+ by Standard & Poor's. Moody's assigned a Baa2 Baseline Credit Assessment to BPI, in May 2025. The rating and credit assessment, both considered investment-grade, have a Stable outlook.

Evelina G. Escudero has been Chairperson of NRCP since March 30, 2023. She is also currently a Member of the Board of Trustees of GSIS. Prior to appointment as a GSIS Trustee, Ms. Escudero was a member of the House of Representatives of the Philippines, representing the First District of Sorsogon, from 2013 to 2022. From 2018 to 2022, she was also Deputy Speaker of the Lower House. Ms. Escudero graduated from the University of the Philippines with a degree of Bachelor of Science in Home Economics, Major in Food and Nutrition, in 1964. She also obtained her Master of Arts in Education Administration (1999) and Doctorate Degree in Philosophy in Education (2004) from the same university, where she was likewise appointed as a Member of the Board of Regents in 2012. Ms. Escudero replaced Jose Arnulfo A. Veloso, who resigned as Director of NCRP and Chairman of the Board effective March 14, 2023. Mr. Veloso was appointed as Chairman of NRCP on July 28, 2022, following his appointment as President and General Manager of GSIS. As of report writing date, Mr. Veloso remains as President and General Manager of GSIS.

MANAGEMENT

NRCP is led by a management team which is considered to have extensive experience in and understanding of the insurance industry and financial markets, both domestic and global.

Allan R. Santos is the President and CEO of NRCP and a Director of its Board since August 2018. Prior to his current position, Mr. Santos was the EVP and COO of the Company. He has been with NRCP since April 2016. Prior to joining NRCP, Mr. Santos held various leadership positions in several other companies such as AIA Philippines. He was also Regional Chief Financial Officer (CFO) for Cigna Global Health Benefits for Europe, at which time he was based in Antwerp, Belgium. He graduated from the University of the Philippines with a B.S. Mathematics degree in 1987, and with a Masters in Applied Mathematics from the same university in 1990. Mr. Santos is a fellow of both the Actuarial Society of Philippines and the Society of Actuaries.

There have been a few changes in leadership since the last review following the resignations of Joel Claro A. Perlado and Cinderella M. Gernan.

Joel Claro A. Perlado stepped down from his position as Chief Actuary and Head of Data Analytics, citing personal reasons. Mr. Perlado joined NRCP in September 2023 and resigned effective December 1, 2025.

Cinderella M. Gernan, Head of Data Administration and Technology since 2022, likewise resigned effective August 16, 2025. The technology and data administrative functions are currently being overseen by NRCP's COO, Jaime Jose M. Javier. Prior to his promotion to COO in January 2026, Mr. Javier was NRCP's Head of Life Reinsurance, Administration and Technology. Mr. Javier has over 25 years of experience in the insurance and financial service industry. He earned his Bachelor's Degree in Mathematics and his Master's Degree in Applied Mathematics (Actuarial Science) from the University of the Philippines Diliman.

Except for the Heads of Investments, Human Resources and Finance, PhilRatings notes that departments heads have been holding their respective positions for less than five years.

As of end-December 2025, NRCP had 87 employees. Of the total, 40 were in the supervisory and non-supervisory levels, 31 were in managerial positions, and 16 in the executive levels. The Company's employees were not, and have never been, subject to any Collective Bargaining Agreement (CBA).

STRATEGY

NRCP's long-term vision is to be the leading reinsurer in the Philippines, and a trusted partner in other emerging markets in Asia. Beginning 2025, its broadly-outlined strategies cover Underwriting, Investments, Operations/Information Technology (IT), and Sustainability.

Underwriting

- ***Expand into Health Maintenance Organizations (HMOs) reinsurance.*** NRCP was given approval by the IC to reinsure HMOs through its Regulatory Sandbox Framework for Innovation in Insurance.[10] This would allow the Company to support innovative HMO products, coverages, services, and delivery mechanisms. NRCP currently has treaties with certain HMOs.
- ***Improve treaty results through continuous fire portfolio management.*** With increasing costs in the reinsurance market, the capacity for proportional treaties has become scarce, prompting domestic cedants to shift from proportional to gross XoL treaties. While this shift might lead to a more volatile profitability, such could lead to better profit margins and improve overall profitability, given satisfactory pricing for XoL treaties. The fire portfolio will continue to be managed with the following goals: better pricing and treaty terms; maximize shares on more profitable treaties; and reposition the foreign business to increase profitability and diversification.
- ***Increase diversification of foreign exposures by geography and line of business.*** As of September 2025, NRCP had entered into five new foreign treaties covering the following lines of business: Cyber, Aviation, and Property.
- ***Focus on existing reinsurance facilities such as Personal Cyber and Casualty.*** NRCP launched its Personal Cyber Facility, in partnership with Arthur J. Gallagher & Co. (AJ Gallagher)[11] and CyberScout, on September 22, 2022.[12] The personal cyber retro arrangement was renewed by AJ Gallagher in August 2025. The facility will provide capacity and operational support to participating local insurers on personal cyber insurance, to help them develop this business line. As of end-September 2025, there were 19 cedants for this product. On the other hand, the Casualty facility was launched in May 2019 for the 10% automatic cession (automatic facility) and in February 2023 for voluntary cession outside of the 10% compulsory cession (voluntary facility).
- ***Explore other non-life products such as Aviation.*** In line with the Company's initiative to explore other lines, NRCP established the Aviation Facility in 2024.
- ***Transition from Philippines-focused operations to a regional reinsurance player.*** NRCP intends to have active involvement and participation in regional programs/collaborate with other national/regional reinsurers.

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[10] A regulatory sandbox is a framework set up by a financial sector regulator to allow small-scale, live testing of innovations by private firms in a controlled environment under the regulator's supervision.

[11] Arthur J. Gallagher & Co. is an American global insurance brokerage and risk management services firm headquartered in Rolling Meadow, Illinois (a suburb of Chicago). Established in 1927, it is one of the largest insurance brokers in the world.

[12] CyberScout provides solutions against data breaches and identity fraud caused by hackers, thieves, and even simple human error. CyberScout provides services through client partners that include 16 of the top 20 United States property and casualty insurance carriers, six of the top ten Canadian insurers, the top general insurer in the United Kingdom, major credit unions, banks, and numerous Fortune 500 companies.

Investments

- ***90:10 Fixed Income to Equities.*** As of end-September 2025, NRCP's total investment portfolio of ₱11.0 billion was broken down into 95.1% and 4.9% fixed income and equities, respectively. The share of fixed income investments rose from 93.4% as of end-2024.
- ***Optimize interest income as rates increase.*** NRCP's Investment Team actively manages the Company's fixed income portfolio by rebalancing the latter in terms of interest rates and duration In particular, higher reinvestment rates of maturities and adjustment in duration has helped improve the overall yield of NRCP's portfolio.
- ***Asset-Liability matching.*** The Company regularly monitors the duration, maturity profile, and settlement currency of its insurance liabilities. On a monthly basis, NRCP's available-for-sale (AFS) fixed income portfolio is aligned with its liabilities.

Operational/IT

- ***Offer to more cedants the WeBill arrangement.*** Under this arrangement, the preparation of the bordereaux[13] will be taken/assumed by the Company's Data Administration team. The cedant only needs to confirm and agree with its contents.
- ***Increase operational efficiencies through automation.*** NRCP's claims process requires manual encoding of details to a template prior to claims review and approval/denial. Moving forward, possible use of AI may eliminate this manual encoding of information. In 4Q2025, AI tools to improve document search was implemented as a first use of AI technology.
- ***Continue to strengthen IT security.*** The Company continuously reviews security vulnerabilities of its network and systems through the conduct of Vulnerability Assessment and Penetration Testing, and by prioritizing and addressing any critical security issues identified. Information on various technology topics relating to cyber threats, data breaches, devices, etc. are regularly disseminated.
- ***Implement and enhance core systems to support business needs***

Sustainability

- ***Increase in lives covered.*** NRCP is expanding and building upon its relationship with HMOs and micro insurance distribution to increase its insurance penetration and consequently, its lives covered.
- ***Increase in green/renewable investment portfolio.*** In order to raise the share of sustainable investments to its total portfolio, NRCP continues to increase the Company's investments in blue and green bonds. As of end-2025, NRCP's ESG investments remained minimal relative to its total portfolio.
- ***Launch Oasis Flood Model project.*** NRCP is the local project manager of The Oasis Platform for Climate and Catastrophe Risk Assessment in Asia Project (The Oasis Project). Participating in this initiative were the Philippine government, academe, non-profit, development, and insurance sectors and which together built the first open-access catastrophe model for flood in the Philippines. The project also helped build the long-term capacity of Philippine participants to develop, understand, and sustain catastrophe models. According to management, the beta

[13] A bordereau is a report from an insurance company to its reinsurer listing either the assets covered or the actual claims paid. The report is compiled and sent periodically to keep the reinsurer informed about its potential liabilities or its expected premiums.

version[14] of the flood model has been completed in 2024. The deployment of the internal model, however, is still being discussed with the Oasis Loss Modelling Framework team.

- ***Plant at least 2,500 trees every year for the next three years.*** This is done through the Company's partnership with non-government organization (NGO) Fostering Education & Environment (FEED), which entered its fifth year in 2024. From 2025 to 2027, NRCP aims to annually plant 2,500 trees.

MATERIAL LEGAL CASES

<u>Analyst's Note:</u> *The writeup represents updates on legal proceedings considered significant to NRCP. For a more detailed history of these legal proceedings, please refer to NRCP's latest SEC17-A report, which is available on its website.*

Oriental Assurance Corp. (OAC) vs. NRCP and CBR Asia Insurance Brokers, Inc. (CBR Asia*)*

This is a complaint for a sum of money and damages filed by OAC against NRCP and CBR Asia. While NRCP has paid the ₱100,000,000.00 maximum limit under the Reinsurance Policy, OAC has demanded a further sum of ₱7,986,422.67 for "Sue and Labor" expenses allegedly incurred for the salvage of the vessel. NRCP has denied liability as such cannot exceed ₱100,000,000.00 under the Reinsurance Policy.

In June 2024, the court held NRCP liable for the principal amount, plus 6% interest per annum from the date of judicial demand on July 9, 2013. NRCP filed a Notice of Appeal in July 2024, and the case was then elevated to the Court of Appeals. The appeal was denied in February 2026.

The Court of Appeals held that: (a) trial delays were due to external factors, which made the dismissal of the case unwarranted; (b) NRCP is liable to OAC for sue and labor expenses because the policy states that "nothing is excluded" from the risk reinsured; and (c) CBR Asia is not liable as it is a reinsurance broker, not a reinsurer. NRCP then filed its Petition for Review on Certiorari on April 13, 2026.

Petition for Review of 2016 Deficiency Value-Added Tax (VAT)

On December 29, 2021, NRCP received the Final Decision on Disputed Assessment (FDDA) for VAT deficiency in the amount of ₱53.1 million for the taxable year 2016, inclusive of interest amounting to ₱20.6 million, signed by the Commissioner of Internal Revenue. The Company continues to dispute the assessment, and has filed a Petition for review dated February 2, 2022 with the Court of Tax Appeals (CTA).

On June 2, 2025, the CTA denied NRCP's Petition for Review. The Company then filed a Motion for Reconsideration in June 2025, which the CTA likewise denied on February 6, 2026. NRCP subsequently filed a Petition for Review, on February 25, 2026, before the CTA-En Banc, seeking to appeal both the decision and the denial of its Motion for Reconsideration.

Petition for Review of 2017 Deficiency VAT

On December 6, 2022, the BIR issued the Formal Letter of Demand (FLD) for 2017 assessing deficiency VAT in the aggregate amount of ₱52.73 million, inclusive of ₱19.68 million interest and compromise penalties as of end-2022.

NRCP filed a protest letter for the assessment on January 3, 2023, which was then granted. On March 24, 2023, a Final Decision on Disputed Assessment (FDDA) was issued by the BIR reiterating the deficiency

[14] A beta version is an early, pre-release version of software that is feature-complete but not fully-tested, released to a limited audience for testing and feedback.

VAT assessment for 2017 in the amount of ₱54.04 million, inclusive of surcharges, interest, and penalties. This led to the Company's filing of a Petition for Review with Urgent Motion To Suspend Tax Collection (With Prayer for the Issuance of Status Quo Ante Order and/or Writ of Preliminary Injunction) dated May 16, 2023 to dispute the assessment and to seek the suspension of the BIR's tax collection efforts in the interim.

On October 26, 2023, the CTA issued a Resolution denying the Company's Urgent Motion to Suspend Tax Collection. As a result, NRCP filed for Motion for Consideration on November 28, 2023.

As of report writing date, no decision has been rendered by the CTA in this case.

Petition for Review of 2018 Revenue Taxes

On March 31, 2023, the Company received the formal letter of demand (FLD) for other internal revenue taxes in the amount of ₱41.14 million for 2018, inclusive of interest and compromise penalties. NRCP filed a Request of Reinvestigation on April 27, 2023, which was granted by BIR. Nonetheless, the BIR issued an FDDA dated September 21, 2023, for a deficiency tax assessment amounting to ₱39.92 million, inclusive of interest and penalties. On September 26, 2023, the BIR issued a Warrant of Distraint and/or Levy (WDL) to the Company. NRCP then offered to settle the alleged tax deficiencies through an Offer Letter of Compromise in the amount of ₱15.0 million and which was paid on September 29, 2023.

On March 21, 2024, NRCP filed a Motion for Reconsideration but was denied on November 12, 2024. NRCP filed its second Offer Letter of Compromise in June 2025 and subsequently paid the offer amount.

With regard to the Petition for Review, the Company filed its Formal Offer of Evidence (FOE) on September 30, 2025. The Company's Motion for Partial Reconsideration for the admission of the exhibits, however, was denied by CTA. NRCP will elevate the case to the Supreme Court.

Petition for Review of 2021 and 2022 Revenue Taxes

On September 12, 2023 and April 2, 2024, NRCP received the LOA from the BIR to examine the Company's books of accounts and other accounting records for all internal revenue taxes for the taxable years 2021 and 2022, respectively. Management has provided all the documents required by the BIR for the said years.

PhilRatings shall monitor the developments regarding these matters and their possible impact on NRCP's risk profile, moving forward.

NRCP's Certificate of Authority (CA) has been consistently renewed by the IC, effectively providing NRCP regulatory clearance. The Company's current CA covers the period January 1, 2025 to December 31, 2027.

FINANCIAL PROFILE

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

Figure 5. Financial Highlights

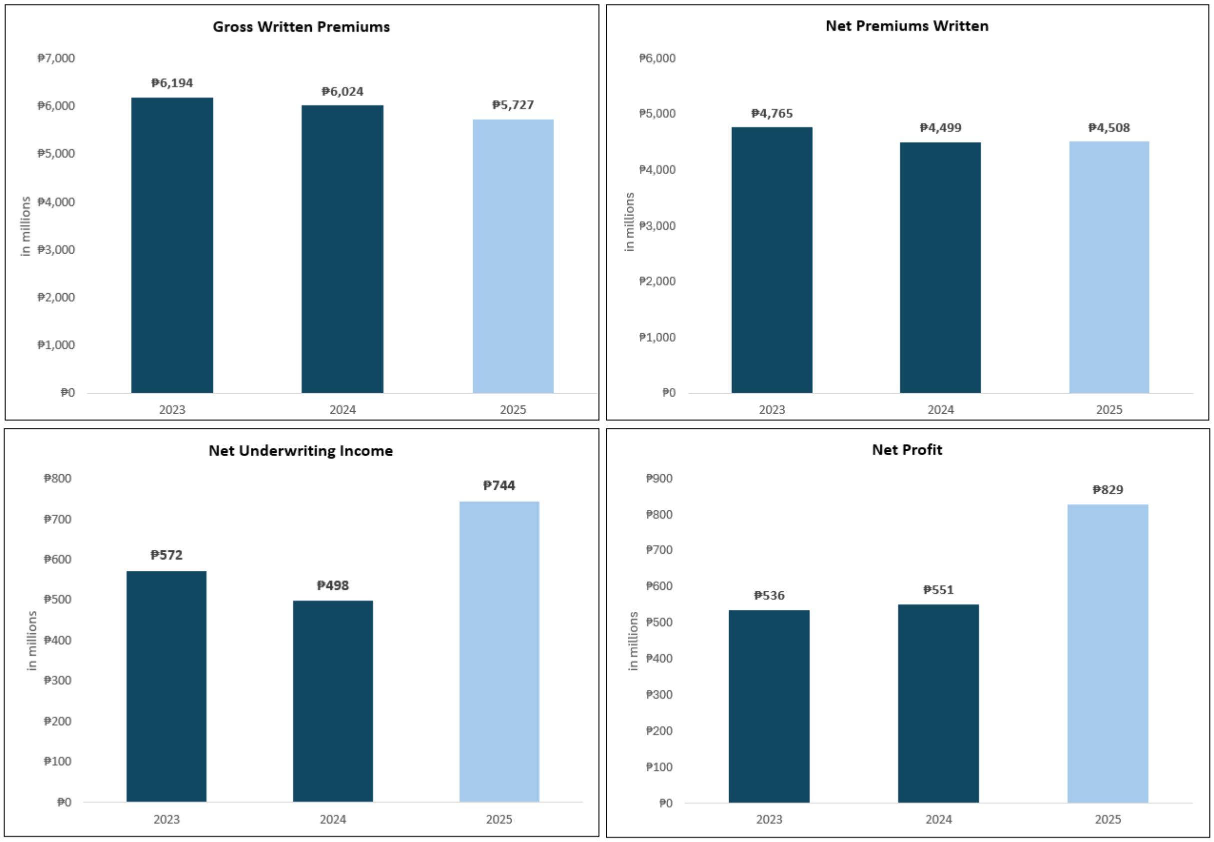

Table 2 Operational Highlights

(P MM, except ratios)	2022	2023	2024	2025
Gross Premiums Written (GPW)	4,690	6,194	6,024	5,727
Net Premiums Written (NPW)	2,969	4,765	4,499	4,508
Net Underwriting Result	236	572	498	744
Net Profit	56	536	551	829
Retention Ratio (%)	63	77	75	79
Loss Ratio (%)	65	68	71	64
Commission Ratio (%)	28	19	20	17
Expense Ratio (%)	10	7	7	11
Combined Ratio (%)	103	95	97	92
Underwriting Profit Margin (%)	(3)	5	3	9
Return on Assets* (%)				
Pre-Tax	0.7	3.4	3.2	4.6
Post-Tax	0.3	2.7	2.6	3.6
Return on Revenues* (%)				
Pre-Tax	3.8	14.4	12.6	20.6
Post-Tax	1.7	11.3	10.2	16.4

2025

Total GPW in 2025 amounted to ₱5.7 billion, 4.9% decline from the previous year, driven by the lower premium income from agriculture treaties as a result of the higher retention by insurers and the strict implementation of reinsurance requirements. This decline was partially negated by the higher premium income generated by the Company's life business.

Nonetheless, a notable decline in underwriting expenses was recorded for the period. NRCP's underwriting expenses declined by 19.4%, from ₱4.4 billion in 2024 to ₱3.5 billion in 2025. This was on account of the favorable claims development from past underwriting years for its fire reinsurance business, alongside the favorable impact of foreign currency exchange rates to claims in 2025. PhilRatings notes that this was the lowest claims relative to earned premiums the Company has recorded since 2019. NRCP's net underwriting income, therefore, jumped by 49.4% from ₱498 million to ₱744 million over the same period.

While G&A and tax expenses grew in 2025, it was partially offset by a 25.7% increase in investment and other income to ₱670 million. As such, NRCP's net income jumped by 50.4%, from ₱551 million in 2024 to ₱829 million. This was 26% higher than the Company's projected net income for the year.

The combined ratio markedly improved from 97.0% in 2024 to 91.5% in 2025, reflecting decreases in both loss and commission ratios. Returns were also up, in line with improved operating performance.

Projections (2026)

NRCP projects a recovery in GPW in 2026. To achieve its forecast growth, NRCP will focus on expanding its more profitable and stable life and health business. The Company particularly plans to explore the HMO reinsurance space and capitalize on foreign business opportunities as they arise. It also expects continued growth in net underwriting income, supported by the anticipated expansion of its life insurance business and improved underwriting results in its non-life business. Investment and other income are likewise seen to further boost NRCP's earnings moving forward.

NRCP forecasts its commission ratio to remain on a downtrend, while its combined ratio is expected to stay below 100.0%. Relative to its projected net earned premiums, NRCP expects slower movements in its claims and losses, as well as commissions – the lowest in recent years.

Projected returns, however, is projected to decline in 2026 as certain favorable one-timers in 2025 are not expected to recur.

INVESTMENTS

NRCP manages its financial investments in a manner consistent with three primary objectives, namely: (1) capital preservation – ensuring the safety of principal through prudent management and diversification of investments; (2) liquidity – ensuring adequate cash flow from investments to meet cash requirements, both anticipated and unanticipated; and (3) profitability – attaining the highest possible level of income from investments, consistent with the objectives of capital preservation and liquidity.

In line with the foregoing, the Board of Directors of NRCP established investment guidelines which involve diversifying the investment portfolio, limiting investments to instruments not exposed to substantial risks, performing thorough analysis of potential investments and putting in place suitable benchmarks for targeted returns, among others. To implement the Company's investment strategy based on approved investment guidelines, the Board of Directors established an Investment & Budget Committee. As of report-writing date, NRCP's Investment & Budget Committee continued to be headed by Rafael G. Ayuste, Jr. (Committee Chairman) and Yvonne S. Yuchengco (Vice Chairperson). Maria Consuelo A. Lukban, Lester Ong and Susana C. Fong are the members of the Committee.[15] Ms. Lukban, Mr. Ong and Ms. Fong are Directors of NCRP.

NRCP likewise has four fund managers – one internal and three external. The Investment Committee, however, sets the investment guidelines, including asset allocation. Fund managers are given authority and discretion to manage funds within these agreed parameters.

At present, NRCP invests only in instruments permitted under Chapter 3, Title 4, Investment of the Amended Insurance Code[16], otherwise known as Republic Act (R.A) 10607. This generally requires all insurance companies to obtain prior approval from the IC for all investments. In addition, the Company reports all investment made and sold to the IC. The IC then reviews these investment reports and may require the immediate sale or disposal of any investment found to be too risky. Based on the Company's policy, authorized investments are limited to the following investment categories: (a) bank deposits, (b) bonds, (c) equity securities, (d) real estate, and (e) foreign exchange. The Investment & Budget Committee, however, may approve other types of investments, such as loans and pooled investments, provided that these investments shall not constitute a material portion of the total investment portfolio.

Table 5 Breakdown of Investment Assets

Investment Assets				**% of Total Investment Assets**		
(P MM, except ratios)	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Short-term Placements	468	335	476	4.6	3.3	4.2
Available-for-sale Assets	5,300	5,280	5,660	51.9	52.3	50.2
Debt Securities	4,837	4,796	5,442	47.4	47.5	48.3
Equity Securities - net	426	443	175	4.2	4.4	1.6
UITF	0	0	0	0.0	0.0	0.0
Investment in ARC	37	41	43	0.4	0.4	0.4
Held-for-trading Securities	533	448	855	5.2	4.4	7.6
Held-to-maturity Investments	3,912	4,024	4,283	38.3	39.9	38.0
Total Investment Assets	10,213	10,087	11,274	100.0	100.0	100.0

As of end-2025, NRCP's total investment assets stood at ₱11.3 billion, up by 11.8% from ₱10.1 billion as of end-2024, driven by higher held-for-trading (HTM) securities and assets-for-sale (AFS) assets during the period.

The Company's investment assets are comprised of short-term placements, AFS assets, HFT securities and held-to-maturity (HTM) investments.

[15] https://www.nat-re.com/corporate-governance/#j-bcc
[16] https://www.officialgazette.gov.ph/2013/08/15/republic-act-no-10607/

Short-term placements include time deposits and special deposit accounts made for varying periods of up to three months, depending on the liquidity requirements of NRCP.[17]

AFS assets, which consistently accounted for the majority of NRCP's investments assets, include listed and unlisted equity securities, Unit Investment Trust Funds (UITF), and government and corporate bonds. The Company's investment in ARC, while not for sale, is also classified under AFS assets.[18]

HFT securities consist of UITFs, forward assets[19] and listed equity securities that are held for the purpose of being sold or repurchased in the near term.

HTM investments are financial assets with fixed or determinable payments and fixed maturity, and of which NRCP has the intention and ability to hold to maturity. This category includes corporate bonds and government securities.

Table 3 Asset Allocation

Asset Allocation				% of Total Investment Assets		
(P MM, except ratios)	2023	2024	2025	2023	2024	2025
Fixed Income	**9,483**	**9,371**	**10,740**	**92.9**	**92.9**	**95.3**
Corporate	1,805	1,446	1,242	17.7	14.3	11.0
Government	6,944	7,374	8,483	68.0	73.1	75.3
Time Deposits	468	335	476	4.6	3.3	4.2
UITF	173	216	537	1.7	2.2	4.8
Forward Asset	93	0	1	0.9	-	0.0
Equities	**730**	**716**	**534**	**7.1**	**7.1**	**4.7**
Listed	682	664	491	6.7	6.6	4.3
Unlisted	12	11		0.1	0.1	-
Investment in ARC	37	41	43	0.3	0.4	0.4
Total Investment Assets	**10,213**	**10,087**	**11,274**	**100.0**	**100.0**	**100.0**

Fixed income investment made up 95.3% of NRCP's total investment portfolio as of end-2025, while equities accounted for the remaining 4.7%.

Fixed income investments of NRCP include corporate bonds, government securities, short-term placements, UITFs and forward assets. As of end-2025, government securities continued to comprise bulk of the Company's fixed income portfolio, accounting for 79.0% of the total. This was followed by corporate bonds at 11.6%. The remaining asset classes each accounted for single-digit shares.

Equities, on the other hand, include shares of stock (common or preferred) in companies that are listed on the PSE—particularly blue-chip companies[20] belonging to various industries—and in unlisted companies that have been approved by the Investment & Budget Committee. As of end-2025, publicly-listed companies accounted for 4.0% of NRCP's total equity portfolio.

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[17] Short-term placements for varying periods of up to three months are reported under Cash and Cash Equivalents in NRCP's balance sheet. On the other hand, short-term placements with maturity periods of more than three months but less than one year are presented under Other Investments.

[18] The government designated NRCP as the national institution authorized to subscribe and pay for the shares of ARC. It serves as the Philippine government's participation in the joint undertaking of Asian countries to establish a reinsurance company that will service the needs of the region.

[19] In December 2022 and June 2023, NRCP entered into forward contracts to manage its exposure to foreign currency exchange rate fluctuations. A forward contract is a contract between two parties to buy or sell an asset at a specified price on a future date. In NRCP's forward contracts, it agreed to pay a specified amount in Euros in exchange for a specified amount in US Dollars.

[20] Companies with wide-scale business operations and large capitalizations

NRCP has followed a strategic asset allocation of 90% in fixed income and 10% in equities since 2022, with the long-term goal of further de-risking its investment portfolio. At present, the equities portfolio is underweight in NRCP's strategic asset allocation. This position is expected to be maintained, amid inflation and other market concerns.

To better control the risks inherent in equity investments, the Investment & Budget Committee regularly reviews and approves a list of publicly-traded stocks authorized for investments. According to the Company's internal investment policy, these listed companies must have profitable business operations and market capitalization levels supportive of the overall strategic direction of NRCP. Moreover, the Investment & Budget Committee regularly monitors and limits the Company's financial exposure to a single asset class, single entity, or group of entities to avoid unwarranted concentration of funds.

Table 4 Maximum Holding per Investment Type

Asset Allocation	% of Portfolio	
Type of Investment	Maximum Holding	2025
Term Deposits	50%	4.2%
Government Bonds	100%	75.2%
Non-Government Bonds	40%	11.0%
Equities[1]	15%	4.7%

[1]Determined by the Investment and Budget Committee based on market environment and risk appetite of NRCP.

As of end-2025, NRCP's exposure per asset category was well within the prescribed limits of its investment policy. Such gives the Company a degree of flexibility to rebalance its portfolio should the need arise. With a set threshold for asset allocation, the Company is able to reduce unwarranted concentration risk. PhilRatings considers the foregoing as a rating positive.

Foreign-denominated (USD) investments accounted for 14.0% of the Company's total portfolio as of end-2025. This allocation is aligned with the liability exposures of the Company, and may be adjusted from time to time subject to the Company's business and market environment outlook.

Investment Yield

NRCP's investment yield marginally improved to 6.2% in 2025, from 4.9% in 2023, largely due to higher interest income recorded from AFS financial assets and HTM securities, alongside higher fair value gains on HFT securities.

Such, however, is projected to remain relatively in line with the average investment yields in the past three years.

CAPITAL ADEQUACY

As of end-2025, NRCP had a total equity of ₱7.7 billion, a 12.7% increase from ₱6.8 billion as of end-2024. The increase was mainly driven by retained earnings. The Company's equity included ₱2.2 billion in capital stocks and ₱3.0 billion in additional paid-in capital, partially offset by ₱100.5 million in treasury shares. The balance pertains to revaluation reserves and retained earnings. NRCP's retained earnings as of end-2025 amounted to ₱2.6 billion, 46% higher than end-2024 level.

The IC requires all existing reinsurance companies authorized to transact solely reinsurance business to have a capitalization or net worth of at least ₱3.0 billion, of which at least 50.0% is paid-up capital and the remaining portion thereof is contributed surplus. As of end-2025, NRCP was compliant with the minimum capital requirements.

In addition to setting a minimum net worth, the IC requires all insurance companies to have a minimum statutory RBC Ratio of 100.0%. RBC ratio is calculated as total available capital[21] divided by the RBC requirements (or the total capital required in relation to the risks an insurance company is exposed to). As of end-December 2025, NRCP's RBC ratio stood at 218.0%. These ratios far exceeded the minimum risk-based capital requirements of the regulator.

As of end-September 2025, NRCP remained debt-free and had no outstanding preferred shares. This gives the Company a degree of flexibility on the utilization of its earnings.

Reserve Leverage

Table 5 Historical Reserve Leverage

(P MM, except ratios)	2023	2024	2025
Loss Reserves*	5,461	6,985	7,737
Equity	6,253	6,864	7,733
Loss Reserves to Equity (x)	**0.9**	**1.0**	**1.0**

**net of recoverables*

NRCP aims to maintain strong reserves in relation to its insurance business, as a protection against adverse future claims experience and developments. The Company's reserve leverage, defined as loss reserves divided by equity, has been relatively stable in the last three years, with only a marginal increase observed. In 2025, the Company's total equity grew relatively in line with the increase in its net loss reserves. As such, reserve leverage was unchanged at 1.0x as of end-2025. NRCP expects to maintain its reserve leverage level within this level in 2026.

RETROCESSION PROGRAM

To limit its risk and catastrophe exposure, write risks beyond retention, reduce earnings volatility, and protect its capital, NRCP buys reinsurance protection (retrocession) from a number of reputable global reinsurers (retrocessionaires).

The Company has set minimum requirements and standards in choosing its retrocessionaires. NRCP takes into consideration the retrocessionaire's financial capacity, credit rating (the lowest acceptable rating and which must be assigned by international rating agencies – such as Standard & Poor's and AM Best – is A-1), technical expertise, industry reputation, and record of paying claims and adverse balances.

[21] TAC is the aggregate of Tier 1 and Tier 2 capital less deductions, subject to applicable limits and determinations. Tier 1 capital refers to the capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis. It is considered to be the highest quality capital available to the insurer. Tier 2, on the other hand, refers to capital not having the same high-quality characteristics of Tier 1, but can provide additional buffer to the insurer.

NRCP's retrocession agreements are mainly XoL, with advance cash call features in the event of catastrophes that are expected to result in huge loss payouts.

Premium Retention

Table 6 Retention Ratio

(P MM, except ratios)	2023	2024	2025
Gross Premiums Written (GPW)	6,194	6,024	5,727
Retroceded Premiums	(1,428)	(1,526)	(1,219)
Net Premiums Written (NPW)	4,765	4,499	4,508
Retention Ratio (%)	**76.9**	**74.7**	**78.7**

NRCP's retention ratio inched up to 78.7% in 2025, driven by the decline in retroceded premiums.

Based on NRCP's submitted projections, the Company anticipates retention ratio to decline in 2026.

Retrocessionaires

NRCP's retrocessionaires are global reinsurers, most of which have a financial strength rating of A- or higher from international rating agencies. Such quality and diversity of retrocessionaires effectively reduce counterparty and concentration risks for the Company.

Table 7 Reinsurance Assets

(P MM)	2023	2024	2025
Reinsurance recoverable on paid losses*	525	492	384
Reinsurance recoverable on (unpaid) reported loss	2,420	2,008	1,843
Reinsurance recoverable on (unpaid) claims reserve	848	839	932
Total Reinsurance Assets	**3,793**	**3,340**	**3,159**

*2023 restated

Total reinsurance assets declined by 5.4%, from ₱3.3 billion as of end-2024 to ₱3.2 billion as of end-2025. Such was primarily on account of lower reinsurance recoverable on reported losses from retrocessionaires during the year.

LIQUIDITY

In 2025, NRCP posted a positive operating cash flow of ₱183 million, a turnaround from the negative ₱489 million posted in 2024. Investing activities, on the other hand, turned negative at ₱151 million in 2025 from ₱666 million in 2024, primarily due to acquisitions of AFS and HTM investments, as well as the absence of proceeds from 'Other Investments'. As a result of these movements, cash and cash equivalents grew modestly by 8.2% to ₱487 million as of end-2025.

Table 8 Underwriting Cash Flows

(P MM)	2023	2024	2025
Premiums Received (GPW)	6,194	6,024	5,727
Premiums Ceded	(1,428)	(1,526)	(1,219)
Gross Claims Paid	(2,758)	(2,753)	(2,438)
Retrocessionaires' Share in Losses Paid	590	682	603
Commission Expense	(877)	(978)	(762)
Operating Expenses	(365)	(354)	(372)
Underwriting Cash Flow	1,355	1,096	1,539

In 2025, NRCP’s net underwriting cash flow jumped by 40.5% to ₱1.5 billion, from ₱1.1 billion in 2024, on account of lower ceded premiums and paid claims.

Based on projections provided by the Company, NRCP expects its underwriting cash flows to remain positive in 2026, albeit lower than in 2025, due to the anticipated decline in the share of losses absorbed by retrocessionaires.

NRCP’s liquidity is supported by its investment portfolio. The Company maintains a portion of its investment portfolio in the form of unencumbered liquid assets (e.g., short-term placements, government securities, and cash) to meet potential funding requirements arising from a range of possible stress events. The Company’s excess cash is invested in short-term placements, HFT securities and AFS financial assets. Cash flow analysis is undertaken to identify potential net shortfalls.

The Company also has credit line facilities with local banks. NRCP can also make cash calls from its retrocessionaires in the event of large losses or catastrophic events.

UPDATE: FIRST QUARTER OF 2026 (1Q2026) FINANCIAL PERFORMANCE

In 1Q2026, NRCP’s GPW dropped by 12.6% to ₱1.2 billion, mainly due to lower reinsurance premium income from the life and agriculture business. The decline in GPW was partially offset by higher reinsurance premiums from the Company’s non-life domestic business, attributed to the lower cost of the Company's XoL cover and higher premiums from new catastrophe insurance facility.

Similarly, claims and claims reserves (net) declined by 15.2% to ₱495 million, resulting to a claims ratio of 55% in 2026 versus 54% in 2025. Claims ratio in 2026 is attributable to unfavorable claims development from past underwriting years from life business and lower favorable claims development from past underwriting years from non-life domestic business. Commissions, on the other hand, increased by 15.3% to ₱197 million, mainly driven by the adjustment in sliding commissions from a certain agriculture treaty.

As a result, NRCP’s net underwriting income dropped by 11.1%, to ₱201 million in 1Q2026. While the Company recorded a 6.2% increase in investment and other income, such was offset by the higher G&A expenses. As such, NRCP’s net income declined by 10.8% to ₱174 million.

NRCP maintained a combined ratio of 87% in 1Q2026, similar from the same period of 2025.

As of end-March 2026, NRCP's total assets stood at ₱22.9 billion, relatively unchanged from end-2025. NRCP also remains compliant with the minimum regulatory net worth requirement of at least ₱3.0 billion, with its equity at ₱7.8 billion as of end-March 2026.

ECONOMY

Gross Domestic Product (GDP)[22]

The Philippine GDP expanded by 2.8% in the first quarter of 2026 (1Q2026), marginally slower than 3.0% recorded in the 4Q2025, and much lower than 5.4% in the 1Q2025. This was the slowest quarterly growth recorded since 3Q2011, excluding the contractions during the height of the COVID-19 pandemic. According to the Department of Economy, Planning, and Development, the slower GDP growth was due to the lingering effects of the flood control controversy, delays in the passage of the national budget and release of funding for infrastructure spending as well as the impact of the war in the Middle East on oil prices.[23]

On the supply side, drivers of growth in 2026 were the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 4.6%; Financial and insurance activities, 3.4%; and Public administration and defense; compulsory social security, 8.6%. At the aggregate sector level, Agriculture, forestry and fishing (AFF) and Industry posted year-on-year decreases with 0.2% and 0.1%, respectively. The Services sector, in contrast, had a 4.5% growth year-on-year (YoY).

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 3.0% YoY in 1Q2026, slower than the 5.3% growth in the same period in 2025. Government Final Consumption Expenditure (GFCE) posted a growth of 4.8%, much lower than the 18.7% in 1Q2025. Gross capital formation (GCF), on the other hand, declined by 3.3% in 1Q2026, a reversal from the 4.0% growth in 1Q2025, driven by the contraction in the construction sector.[24]

Inflation and Interest Rates[25]

Headline inflation accelerated to 7.2% in April 2026, significantly higher than the 4.1% recorded in March 2026 and the 1.4% posted in April 2025. This marked the highest inflation rate since March 2023 and the largest month-on-month increase since the 1990s. The surge was primarily driven by oil supply shocks stemming from prolonged geopolitical tensions in the Middle East, which further pushed fuel and food prices upward.

Similarly, overall inflation in April 2026 was largely influenced by the higher annual increase in the Food and Non-Alcoholic Beverages index, which rose to 6.0% from 2.9% in March 2026. In addition, the Transport index posted a sharp annual increase of 21.4% during the month, significantly higher than the 9.9% recorded in the previous month. According to National Statistician Dennis Mapa, soaring fuel prices may have discouraged production activities, resulting in elevated consumer prices.

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[22] Philippine Statistics Authority: https://psa.gov.ph/statistics/national-accounts

[23] https://www.abs-cbn.com/news/business/2026/5/7/gdp-growth-skids-to-2-8-percent-in-first-quarter-of-2026-1007

[24] https://psa.gov.ph/system/files/nap/Q1%202026%20NAP%20Publication.pdf

[25]https://business.inquirer.net/577609/breaking-philippine-inflation-rises-to-2-4-in-february
https://www.gmanetwork.com/news/money/economy/978827/inflation-picks-up-to-12-month-high/story/
https://www.philstar.com/business/2026/03/07/2512506/oil-100-may-force-bsp-hike-interest-rates-

On April 23, 2026, the Bangko Sentral ng Pilipinas (BSP) raised its key policy rates by 25 basis points to 4.5%. According to BSP Governor Eli Remolona, the decision was aligned with the central bank's primary mandate of maintaining low and stable inflation to support sustainable economic growth. He noted that the inflation outlook had deteriorated amid the ongoing conflict in the Middle East, with rising oil and fertilizer prices expected to spill over into food and service costs.

The central bank initially projected inflation to average 6.3% in 2026 and 4.3% in 2027. However, its latest forecasts indicate a significantly higher inflation path, with average headline inflation expected to breach the upper end of the 2.0%–4.0% target range in both 2026 and 2027. Nonetheless, the BSP emphasized that it remains prepared to raise interest rates further, if necessary, despite the potential impact on domestic economic growth. Furthermore, on May 6, the BSP reiterated that it would implement the necessary measures to ensure price stability and bring inflation back within target.

Meanwhile, Albert Park, Chief Economist of the Asian Development Bank, stated that the BSP should exercise caution in tightening policy rates, noting that the current inflationary pressures are largely supply-driven. Moreover, analysts from several institutions expect the central bank to implement further rate hikes, potentially through an off-cycle move.

Outlook[26]

On April 9, 2026, S&P Global Ratings (S&P), downgraded the Philippines' outlook from "Positive" to "Stable", signaling that the country's "BBB+" investment-grade rating is unlikely to change over the next one to two years. The global credit rating agency explained that the outlook was revised "because the war in the Middle East has increased risks for the trajectory of the country's external and fiscal metrics," and "it is unlikely that external and fiscal support will improve sufficiently over the next two to three years."[27]. Moving forward, S&P forecasts that the ongoing energy developments will further temper economic activity in the country in the first half of 2026 but expects a recovery in the second half of 2026, with GDP forecasted at 5.8% for the whole year. Over 2027-2029, S&Ps' GDP projection is at 6.2%.[28]

On April 20, 2026, Fitch Ratings affirmed the Philippines' long-term foreign-currency issuer default rating (IDR) at "BBB", maintaining an investment-grade status. The outlook, however, was revised from "stable" to "negative", signaling a potential downgrade within the next 18 to 24 months. The possible downgrade would be the first credit rating downgrade for the country in more than two decades.[29] According to Fitch Ratings, the Outlook revision reflects rising risks to the Philippines' strong medium-term growth due to recent disruptions to public investment, further elevated by the exposure to the ongoing global energy shock. Looking ahead, forecast inflation for 2026 was revised to 4.1%, from 1.7% in 2025, citing higher energy prices. GDP growth is projected at 4.6% in 2026, a slight improvement from the actual 4.4% growth in 2025, attributed to gradual public capex recovery amid lower household consumption given higher energy costs.[30]

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[26] https://www.philstar.com/business/2026/01/30/2504386/gdp-growth-slows-44-2025
https://business.inquirer.net/569528/imf-sees-sub-6-growth-for-ph-through-2027
https://www.bworldonline.com/top-stories/2025/12/09/717310/world-bank-cuts-philippine-growth-forecasts-until-2027
https://www.philstar.com/business/2026/02/03/2505285/bsp-chief-rate-cut-remains-option

[27] https://business.inquirer.net/584358/a-credit-rating-dream-stalled-sp-outlook-on-philippines-lowered-to-stable-from-positive#

[28] https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3542352

[29] https://business.inquirer.net/586269/ph-may-face-first-credit-downgrade-in-decades-as-fitch-turns-negative

[30] https://www.fitchratings.com/research/sovereigns/fitch-revises-philippines-outlook-to-negative-affirms-at-bbb-20-04-2026

On April 14, 2026, both the International Monetary Fund (IMF) and Moody's Ratings reduced their 2026 GDP growth forecasts for the Philippines. The IMF revised its initial GDP forecast of 5.6% to 4.1%, citing lower-than-expected growth in the latter part of 2025, rooted in dampened investor confidence due to the negative impact of the flood control corruption scandal, as well as the ongoing Middle East conflict. Notwithstanding this, the IMF retained its GDP forecast for 2027 at 5.8%.

Moody's Ratings also cut its previous GDP forecast for 2026 from 5.5% to 4.9%, and its GDP growth estimates for 2027 from 5.6% to 5.3%. The credit rating agency stated that "domestic demand and industrial activity should remain subdued as elevated energy costs and fuel shortages, along with trade uncertainty and climate risks, weigh on economic activity." Moody's Ratings also raised its inflation forecast from 3.0% to 3.7% in 2026 and 3.2% to 3.5% in 2027.[31]

The Asian Development Bank's (ADB) likewise cut its GDP forecasts for the Philippines for 2026, from 5.3% in its December 2025 forecast to 4.4%. For 2027, the initial GDP estimate was set to 5.5%. Inflation, on the other hand, is projected to rise to 4.0% in 2026, primarily due to high global commodity prices, before easing to 3.5% in 2027.[32]

Impact of the ongoing conflicts in the Middle East[33]

In light of the recent geopolitical tensions in the Middle East, Finance Secretary Frederick Go stated that the ongoing conflict will have a modest, albeit temporary, effect on the Philippine economy. The closure of the Strait of Hormuz is seen to be among the key headwinds affecting the country's inflation, and as such will drive the projected spike in oil prices globally. ING Think claimed that a 0.4 ppt increase to the Philippines' inflation print may be triggered for every 10% increase in oil prices.

Fuel prices have climbed since the last week of February 2026. According to Dr. Alicor Panao, an associate professor at the University of the Philippines, diesel prices and gasoline prices in the Philippines have risen by 111% and 71.6%, respectively, based on GlobalPetrolPrices data as of March 30, 2026. As of April 7, 2026, after the latest round of oil price hikes, diesel was sold at ₱172.90 per liter, gasoline at ₱119.90, and kerosene at ₱178.29.[34]

Higher fuel prices increase the cost of production for manufacturing firms, the energy costs of households, and transportation costs. The Department of Energy (DOE) emphasized that it can only monitor prices, not regulate them, under the 1998 Downstream Oil Industry Deregulation Act.

Remittances from OFs in the Middle East are also likely to be affected by the ongoing situation. Philippine Institute for Development Studies (PIDS) mentioned, however, that remittances remained resilient even

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31 https://manilastandard.net/business/314726875/imf-moodys-cut-2026-philippine-growth-outlook.html
32 https://www.adb.org/news/philippine-gdp-growth-remain-subdued-amid-global-uncertainty
33 https://qa.philstar.com/business/2026/03/02/2511332/philippine-can-weather-impact-middle-east-conflict
https://www.pna.gov.ph/articles/1270327
https://www.bworldonline.com/top-stories/2026/03/04/734007/philippines-seen-to-be-more-affected-by-oil-shock-than-asia-pacific-peers/
https://globalnation.inquirer.net/313041/iran-says-can-fight-for-months-as-israel-strikes-beirut-hotel
https://globalnation.inquirer.net/312787/dfa-projection-middle-east-conflict-may-last-4-to-8-weeks
https://business.inquirer.net/578317/diesel-prices-to-soar-by-up-to-p24-liter-this-week
34 https://newsinfo.inquirer.net/2209348/ph-no-longer-southeast-asias-worst-in-oil-price-hikes-but-pain-persists

amid tensions. Short-term precautionary remittances also recorded increases even amid past uncertainties. The Philippine Peso, on the other hand, may also expect some downward pressure against the US dollar. China Bank Corporation's chief economist Domin Velasquez mentioned that during conflicts in the Middle East, global markets historically responded with risk aversion, which supports the US dollar.

On March 24, 2026, President Marcos Jr. declared a State of National Energy Emergency through the Executive Order No. 110, citing oil supply risks from Middle East tensions, particularly the U.S.-Israel-Iran conflict. "The declaration of a state of national energy emergency will enable the government… to implement responsive and coordinated measures under existing laws to address the risks posed by disruptions in the global energy supply and the domestic economy," the President added. He also stated that a committee has been formed to ensure the orderly movement, supply, distribution and availability of fuel, food, medicine, agricultural products, and other essential goods. The emergency declaration will remain in force for one year and will allow the government to procure fuel and petroleum products to ensure timely and sufficient supply and, if necessary, pay part of the contract amount in advance.[35]

On April 7, 2026, US President Donald Trump announced a two-week ceasefire between Washington and Tehran, two hours prior to his deadline for Tehran to reopen the Strait of Hormuz, and a stark contrast to his threat of devastating attacks on its Iran's civilian infrastructure. The war, in its sixth week, resulted to more than 5,000 deaths in nearly a dozen countries, including more than 1,600 civilians in Iran.[36]

The ceasefire talks sparked decreases in oil prices in the world market. As a result, after consecutive fuel price hikes, oil prices are expected to decrease the week of April 12, 2026. Department of Energy (DOE) Secretary Sharon Garin said however, that global factors, including damaged oil infrastructure and rising delivery costs, will continue to keep pump prices elevated. The department also communicated that "Filipinos should not expect fuel prices to return to pre-war levels anytime soon, even if the ongoing conflict in major oil-producing regions were to stop."[37]

On April 12, 2026, Secretary Garin confirmed that oil companies will reduce price of diesel by ₱20 per liter, gasoline by ₱4.23 per liter, and kerosene by ₱8.5 per liter starting on April 13, 2026.[38] On April 21, 2026, prices are further cut by ₱24.94 per liter for diesel, and ₱3.41 per liter for gasoline. According to Secretary Garin, "oil companies are now mandated to comply with the minimum and maximum amounts that the government would set regarding the adjustments in the price of petroleum products amid the state of national energy emergency".[39]

As of April 22, 2026, the two-week temporary ceasefire deal, which began on April 12 between the US and Iran, was extended indefinitely as peace talks continue between the nations.[40]

[35] https://www.aljazeera.com/news/2026/3/25/philippine-president-declares-energy-emergency-as-impact-of-iran-war-felt
[36] https://www.reuters.com/world/iran-war-live-tehran-rejects-ceasefire-deal-trumps-deadline-reopen-strait-hormuz-2026-04-07/
[37] https://www.abs-cbn.com/news/business/2026/4/10/adb-predicts-slowing-asia-growth-as-mideast-war-takes-toll-1327
[38] https://www.abs-cbn.com/news/business/2026/4/13/doe-confirms-p20-rollback-for-diesel-1003
[39] https://www.gmanetwork.com/news/money/companies/984601/oil-price-rollback-april-21-2026/story/
[40] https://edition.cnn.com/2026/04/21/politics/iran-trump-negotiations-peace-ceasefire

Foreign Exchange Rate[41]

On March 31, 2026, the Philippine peso slipped to a fresh record low. The local currency closed at 60.74, down 35 centavos from its prior all-time low finish of 60.39 set on March 30, 2026. The slippage is in line with expectations that the local currency will sink deeper into the 60-to-the-dollar range – a threshold that may hold, at least for now, on account of continuing tensions in the Middle East. As of April 13, 2026, the peso closed at 59.77 against the U.S. Dollar, which showed improvement from its record low, slightly below, however, still near the 60-level range.

BSP Governor Eli Remolona Jr. has stated that policymakers could raise interest rates if oil prices remain above $100 per barrel for an extended period of time and the U.S. Dollar continues to strengthen. While such a move may help temper demand-driven inflation and mitigate capital outflows, it may also complicate the country's fragile recovery from the ongoing flood-control scandal. For now, however, the BSP said its intervention in the foreign exchange market was "limited to tempering large swings that could affect inflation rather than defending any specific level."

INDUSTRY[42]

According to the IC, the Philippine insurance sector's total premiums reached ₱502.64 billion in 2025, a 14.1% increase from ₱440.4 billion in 2024. Total benefit payments rose marginally by 2.4% to 121.88 billion. With premium growth outpacing benefit payments, the industry's net income jumped by 15.1%, from ₱56.3 billion in 2024 to ₱64.79 billion in 2025. By segment, the life insurance sector accounted for 80.2% of total premiums, followed by the non-life sector at 16.4%, and mutual benefit associations at 3.4%.

The country's insurance density, the average spending of each individual on insurance, also reached a record-high of ₱4,414.58, the first time that it exceeded the ₱4,000 level in the past decade. Insurance penetration – the ratio of insurance premiums to GDP, grew to 1.79% in 2025, an improvement from 1.67% in 2024 - reflecting broader uptake of insurance products relative to the economy.

The local reinsurance market has been experiencing increased costs in recent years. Reinsurance rates in the country have risen by as much as 50% due to the heightened global climate risks. These higher costs have, in turn, contributed to rising premiums in the non-life insurance sector, impacting both insurers and policyholders.[43]

The Philippine insurance industry is projected to maintain steady growth following a robust 2025 performance. According to Insurance Commissioner Reynaldo A. Regalado, there is still room to expand coverage on the non-life side, particularly in property insurance, which remains underpenetrated. Property insurance is the largest general line, accounting for 40% of general insurance GPW in 2025.

Research from GlobalData projects that the general insurance sector, while smaller than life insurance, is expected to expand in the medium term, driven by climate risk, catastrophe exposures, and digital distribution. Such is expected to grow at a compound annual growth rate (CAGR) of 10.6%, from ₱153.8 billion in 2025 to ₱229.7 billion by 2029.

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[41] https://www.bsp.gov.ph/statistics/external/day99_data.aspx
[42] https://business.inquirer.net/573708/philippine-insurance-industry-hits-p500b-total-premiums-in-2025
[43] https://www.insurancebusinessmag.com/reinsurance/news/breaking-news/pse-adds-nat-re-to-financials-index-as-reinsurers-role-in-market-expands-546170.aspx

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 P150,000 on any one risk and retains the first P50,000 of any risk. The insurer purchases excess loss reinsurance for P100,000 in excess of P50,000 on any one risk. The insurer pays the first P50,000 of all losses, and the reinsurer pays any excess amount up to a maximum of P100,000.

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.

Modified coinsurance (ModCo). A reinsurance structure where the ceding company transfers risk to the reinsurer but retains the invested assets and corresponding reserves. Unlike traditional coinsurance, the ceding company holds the assets, while the reinsurer earns investment income through a modco adjustment (the ceding company pays interest to the reinsurer, representing the income the reinsurer would have earned if it held the assets) for the transferred risk.

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 contact.

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.