



Annual Report 2025

Fiscal year ended | 31 December 2025



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Message from The Honourable Minister for Finance and Economic Development

I am pleased to present the 2025 Annual Report of the Cayman Islands National Insurance Company (CINICO).

CINICO plays a key role in protecting the health, security, and well-being of the people of the Cayman Islands. In 2025, the Company continued to deliver essential insurance coverage while operating in an environment challenged by rising healthcare costs, climate-related risks, and increasing financial pressure on households. Throughout the year, CINICO remained focused on its core mission of ensuring that residents can access coverage that is reliable, fair, and responsibly managed.

CINICO's performance in 2025 reflects strong governance and prudent financial management. The Company maintained a stable financial position consistent with its mandate and operating expectations, met all regulatory and capital requirements, and once again received an unqualified audit opinion. These outcomes are important not only as indicators of effective governance and management, but also because they provide the stability necessary to support public confidence and informed decision-making.

Importantly, 2025 was also a year of preparation. CINICO invested in strengthening its internal controls, risk management, compliance, and workforce capability. These efforts position the Company to support the Government through policy advice, operational readiness, and evidence-based analysis, as the Government undertakes a broader review of the health and property insurance environment in the Cayman Islands and considers options to enhance coverage and make health and property insurance more affordable and accessible for the people of the Cayman Islands.



I am pleased to present this Annual Report for the fiscal year ended December 31, 2025.

I would like to thank the Board of Directors, management, and staff of CINICO for their dedication and professionalism throughout 2025. The Government remains committed to working with CINICO to support the development of insurance solutions that meets today's needs while preparing responsibly for tomorrow's challenges.

Honourable Rolston Anglin, JP, MP
Minister for Finance and Economic Development.

28 February 2026

Foreword by the Chairman Of The Board



I am pleased to present this Annual Report for the fiscal year ended December 31, 2025.

Introduction and Message to Shareholders

It is a great honour to present the 2025 financial statements to our shareholders, the Cayman Islands Government, and those responsible for oversight or with an interest in the performance of CINICO as a critical organisation in the socio-economic ecosystem of the Cayman Islands.

Company Overview and Strategic Position

In 2024, the company began a transformation to broaden its product offerings to include Property and Casualty lines of business. Our market positioning was not to become a low-cost provider, but rather to offer our policyholders additional choice with premium-quality services. We went further to distinguish ourselves from our competitors by introducing parametric coverage. While there are no barriers to entry for competitors to

offer this product, we believe the market would continue to recognise our company as innovators committed to working in the best interests of our customers.

Our move to Maiden Place on Elgin Avenue has improved the quality of the physical work environment for our staff. The open-plan layout augurs well for better collaboration and greater management visibility. We acknowledge that employee engagement and performance are more than just office space, and management has signalled its commitment to continue building management capacity and to provide all staff with opportunities to enhance their skills and experience. Our Countryside office was underutilised, and for commercial reasons, we closed it and consolidated staff into our Maiden Place operations.

Governance and Board Activities

The Board of Directors held all its planned meetings during the period under review, with strong attendance by all Directors, either in person or virtually. All three Sub-Committees of the Board (Audit and Finance, Risk, and Human Resources) also held their meetings. Potential or actual conflicts of interest were declared, with the intent of allowing Directors to recuse themselves if during the course of such meetings their standing would be compromised. The matters before the Board were vigorously interrogated with Management before decisions were arrived at.

At the end of the year, the Board conducted its Effectiveness Evaluation, and the findings from that process will be evaluated in early 2026 with appropriate actions taken thereafter.

In late 2025, the Board underwent governance training made available by a local third-party provider.

We are pleased to continue meeting the Government's reporting expectations, which ensure that our annual financial statements are completed in a timely manner.

Financial Performance and Capital Strength

As in recent years, the company continues to trade profitably and remains solvent; thus, concluding the year with a surplus of \$144,000. Although the surplus falls below

the Company's initial budgeted target, it continues to support the conservative approach adopted of carefully managing our expenses. Most of our health business lines continue to operate satisfactorily. The Property and Casualty lines of business, though increasing in volume, have not reached profitability. We recognise that it takes a minimum of three years to reach break-even; in the meantime, we mitigate that risk through effective cost management. One example is that we have not recruited the full complement of staff in this area, as the volumes do not justify doing so.

Our capital position is robust, exceeding the regulatory requirements. During the year, we did not require a capital injection from the Government to bolster our operations.

Business Operations and Achievements

The Cayman Islands local insurance market is small and saturated. Our primary focus continues to be providing products and services to Civil Servants, Seafarers, Veterans, and their families, as well as to some Statutory Authorities and Government Companies. As we broaden our product offering with the Health segment and the new Property and Casualty lines, we have extended our reach to include the wider Cayman Islands market. What sets us apart is the added value approach we have taken, such as the Safe Drivers programme. Additionally, we have focused on wellness advocacy, as we recognise that without it, the country's insurance costs can become untenable. Our advocacy includes drawing policymakers' attention to the impact of high-cost drugs on the market and on our company's operations.

ESG, CSR, and Sustainability

As a small company, we are committed to being responsible stewards of the resources in our care. We understand the need to give back to the society we live and work in, and our actions in this regard have focused on programs that align with our values and objectives and will provide mutual benefit to recipients and us. Looking ahead, in 2026, we aim to identify a significant project or program to collaborate on to achieve greater impact for our company and to ensure we do not spread ourselves too thin across multiple small projects without commensurate results.

Risks, Challenges, and Regulatory Environment

Climate change has led to more frequent and severe natural disasters worldwide. While the Cayman Islands



have been spared in recent years, our being part of this global insurance system has resulted in 1) a reduction in reinsurance capacity and 2) an increase in insurance costs to individuals and companies. Management continues to work closely with our existing panel of reinsurers to mitigate the risk of inadequate reinsurance to cover our portfolios while simultaneously pursuing new reinsurers to partner with.

Our approach to capital adequacy is to exceed the regulator's minimum requirements. We are pleased with our historic success in this area and intend to maintain that result in the foreseeable future.

Ensuring we have sufficient cash flow to meet our daily needs is a mandate the Board actively monitors.

Operational efficiency and cybersecurity risk management are issues we constantly probe with management to ensure that our environment is operationally fit for purpose, risks are identified and managed, and technology, including Artificial Intelligence, is leveraged to accelerate our work in these areas.

Future Outlook and Strategic Direction

The volatility in the global economy would not exempt the Cayman Islands from its impact. Inflationary pressures would affect us, as evidenced by rising costs for healthcare, property, and vehicle insurance. We hold the view that some of these risks could be mitigated, in part, by lifestyle choices. In this regard, we offer the need to focus on wellness as a preventative measure.

Amid this uncertainty, the Board is committed to ensuring that our organisation is prudent in managing our finances and conservative in our approach to risk. We believe we need to ride out the next two years, consolidating the gains we have made in recent years and building capacity in human resources and operational processes, to be prepared for the turn in the economic cycle. We are optimistic that this approach will enable our company to continue trading profitably and be positioned to meet and exceed the evolving needs of our policyholders.

Future Outlook and Strategic Direction

I express deepest appreciation to my Board colleagues who continue to provide stellar service to our organisation. Their engagement with the matters we address and their support for management and the wider company are highly commendable. It is my honour to serve with them.

My appreciation also extends to the company's senior management, with whom we interact at our various meetings.

We wish the entire CINICO staff a prosperous future as we ensure our company continues to grow from strength to strength.

George A. McCarthy

Chairman of the Board of Directors
Cayman Islands National Insurance Company

28 February 2026



Message from the Chief Executive Officer

2025 has proven to be another good year for CINICO, though not as good as hoped. We were on track to comfortably achieve a surplus over \$1 million, but late in the year, we experienced four large medical cases with complications which impacted the bottom line. As such CINICO recorded a surplus of \$144,000, which is just about a break-even position. Even so, given that we typically budget for break-even with a buffer for contingencies like unexpected large claims, the result was within the expected range.

The Property & Casualty portfolio has performed reasonably well. We achieved the growth that we anticipated in the Homeowners policies with very little claims. The Motor income was a little less than anticipated, but this was offset by the better than projected claims experience.

All told, we generated just under \$2 million of Property & Casualty gross written premium income and barring significant unforeseen events, we are well on track to achieve profitably for this portfolio within the projected time frame. On the back of the favourable performances mentioned above, we were able to negotiate better reinsurance terms for 2026 which should enable us to increase both our gross and net Property & Casualty incomes.

We have been heavily promoting our Parametric cover and this feature which is included in our Homeowners policy appears to be the only one of its kind in the world, at the time of its introduction. We fully expect other insurers in Cayman and around the world to follow suit but are not yet aware of any that has done so. It has attracted favourable responses and commendation from insurers and reinsurers internationally. For 2026, we have followed this with the introduction of a Parametric element to our Motor policies which again may well be amongst the first of its kind in the world. This will provide a small payout for incidental expenses.

We remain committed to innovation. Our parametric offerings are an example of that. Another such manifestation is our launch of the Safe Driver Programme



I am pleased to present this Annual Report for the fiscal year ended December 31, 2025.

which is intended to assist young drivers to be better able to cope with conditions on our roads and thereby make our roads safer for all users. We are partnering with a private entity that provides classroom and simulator training in real world conditions. Successful completion of this course entitles the young driver to a reduction on the customarily high premiums which young drivers are charged with good reason. This programme has also been well received.

On the Health Insurance side, we have devised a new open-market product which we expect to launch in 2026. This will be a low-cost product which represents an upgrade to the limited coverage offered under the Standard Health Insurance Contract (SHIC) which CINICO

and all Class A insurers are obliged to offer.

At our new location, we were temporarily spread over 2 floors. The occupants of the other half of the third floor have moved out and we are in the process of transitioning the second-floor staff to that half of the floor.

Our Chief Operating Officer left us at the end of September to take up a more senior position at another local insurance company. We thank him for his years of service and wish him all the best in his new endeavours.

I would like to thank my staff and management team

for their efforts this past year. It has been an honour and a privilege to lead this team. I also wish to thank our Chairman and Board of Directors for their unwavering support and guidance, and our Chief Officer, Deputy Chief Officer and Minister for Finance for their strong support.

Michael C. Gayle

Chief Executive Officer

Cayman Islands National Insurance Company

28 February 2026



2025 | Fiscal Overview

\$169.9M

Total Income

–

\$169.8M

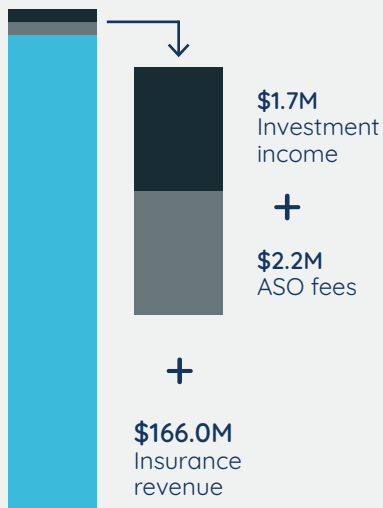
Total Expenses

=

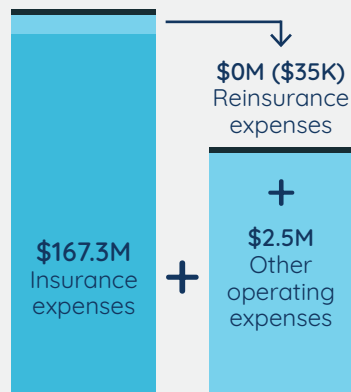
\$0.1M

Net Income

Income



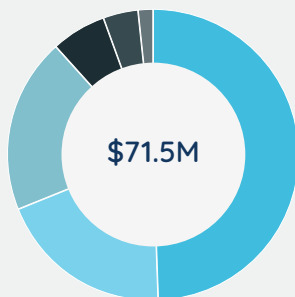
Expenses



Net Income

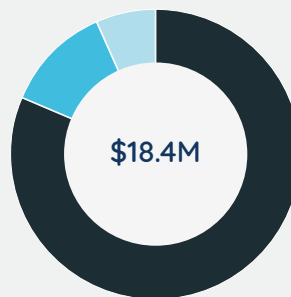
\$0.1M

Assets



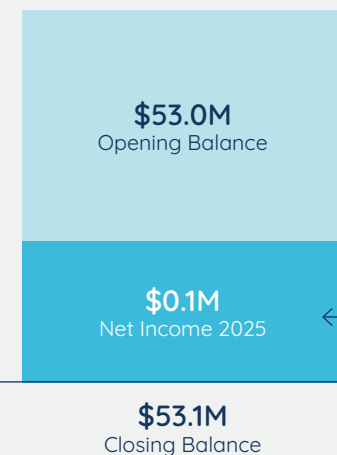
\$35.4M	Term deposits
\$14.0M	Cash & cash equivalents
\$13.8M	ASO receivable
\$4.5M	Reinsurance contract assets
\$2.8M	Fixed assets
\$1.0M	Other receivables

Liabilities



\$15.0M	Insurance contract liabilities
\$2.2M	IFRS 16 - Lease liability
\$1.2M	Other liabilities

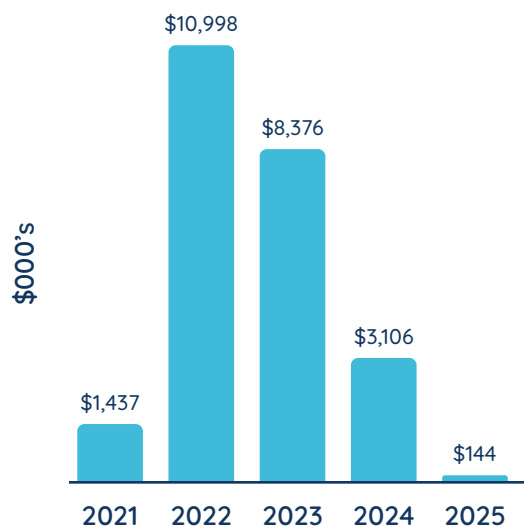
Shareholders Equity



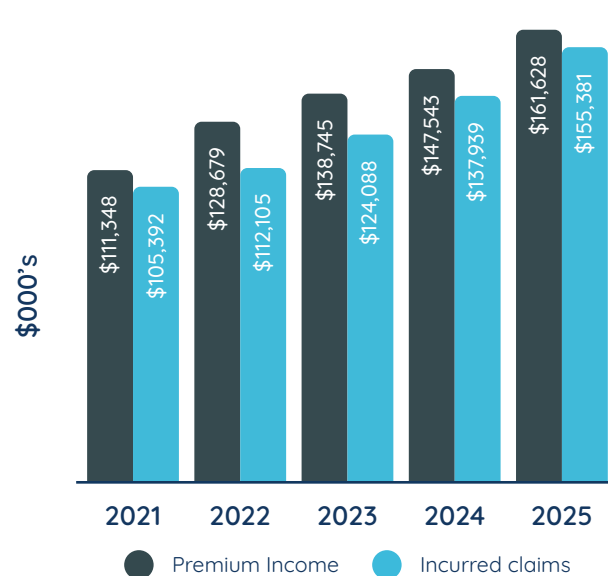
Financial and Operational Highlights

This section of the Annual Report provides key financial and operational trends for the 2025 fiscal year, and the four previous reporting periods. IFRS 17 became effective for the 2023 reporting period. As a result of this, the 2022 net income and shareholder's equity was restated. In addition, the net premium income was restated for the comparative five years. The restatements were not material.

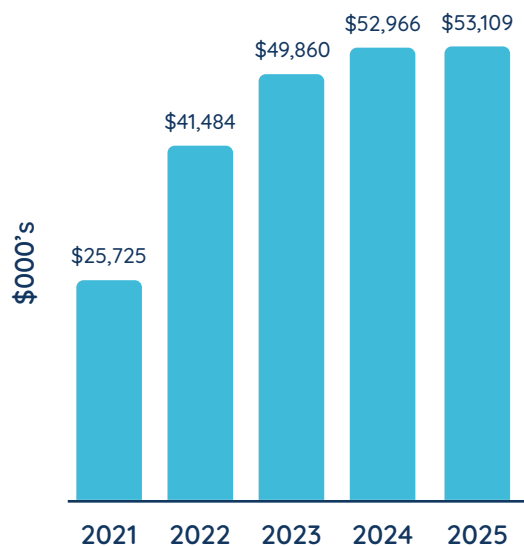
NET INCOME/LOSS



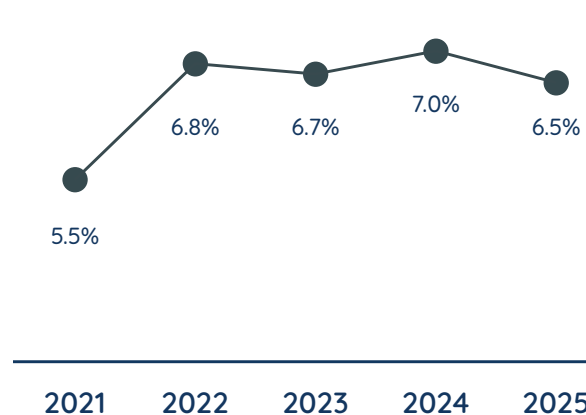
NET PREMIUM INCOME VERSUS CLAIMS INCURRED



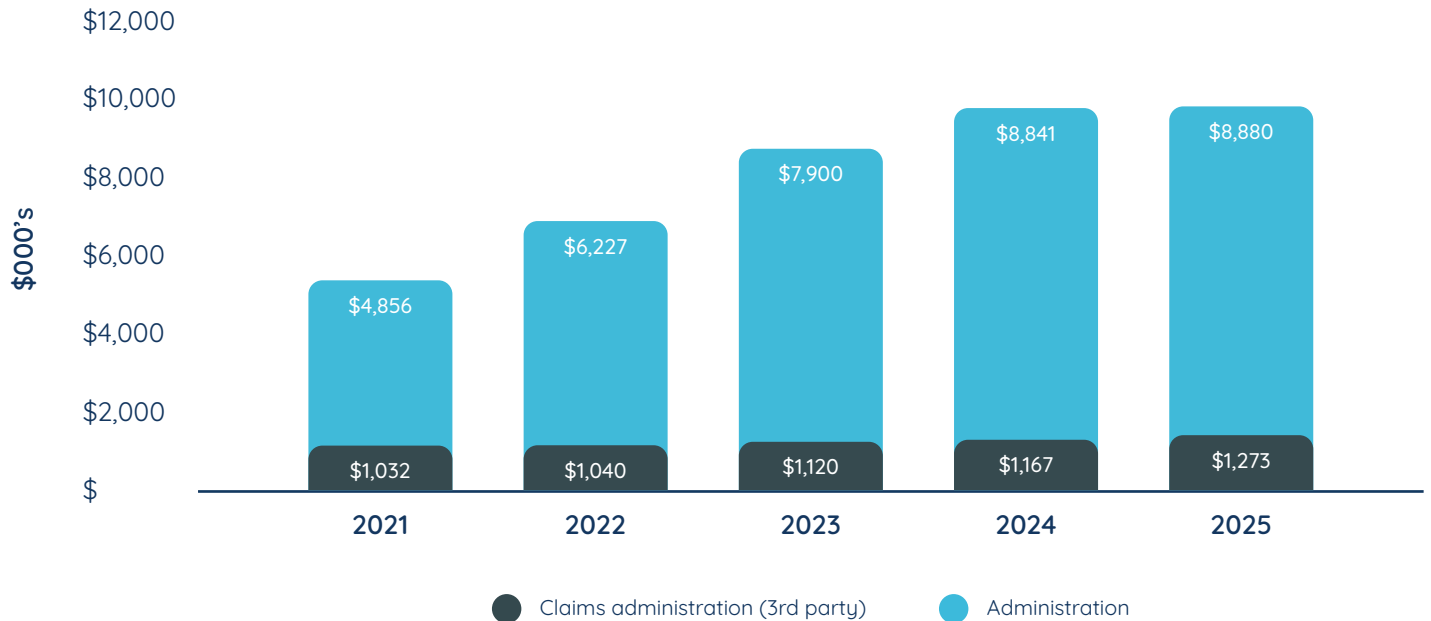
SHAREHOLDER'S EQUITY



PRODUCTIVITY RATIO (lower the better)



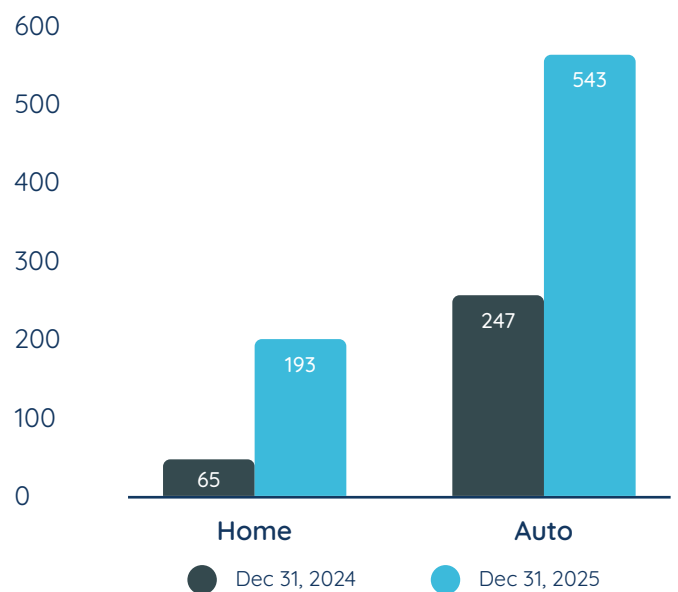
TOTAL EXPENSES



HEALTH MEMBERSHIP (as of December)



PROPERTY AND CASUALTY POLICYHOLDERS (as of December)



Organisational Overview



CINICO team

CINICO STRUCTURE AND FUNCTIONS

Cayman Islands National Insurance Company (CINICO) is a government-owned insurance company formed to provide health insurance coverage to civil servants (employees and pensioners) and other residents of the Cayman Islands (CI). As part of its expansion plans, CINICO introduced home and motor insurance products in 2024.

Incorporated by the Cayman Islands Government (CIG) on December 18, 2003, and granted a Class “A” Insurance License on February 1, 2004, CINICO is a wholly owned subsidiary of the CIG.

CINICO provides the CIG with a governance framework (with its own Board of Directors and committees of the Board), Management Team, and service providers who are experienced in managing the risks related to health insurance plans, and property and casualty policies (P&C). As a separate insurance underwriting business, the Company is regulated by the Cayman Islands Monetary Authority (CIMA), the Health Insurance Commission (HIC), audited by internal Government auditors, the Office of the Auditor General (OAG) and an external auditor.

As a Class “A” Insurance Company, CINICO is required by CIMA to maintain a minimum capital requirement (MCR) and prescribed capital requirement (PCR), in accordance with the “The Insurance (Capital and Solvency) Class A Insurers Regulations, 2012.

CINICO’s health insurance programme is structured such that the primary network provider is the Cayman Islands Health Services Authority (CIHSA or HSA). For services that cannot be provided by the CIHSA, as determined by CIHSA’s medical practitioner (or dental practitioner), approval for treatment through CINICO’s complimentary network is sought by the attending practitioner. Medical treatment by other local or overseas health providers is approved by the Chief Medical Officer (CMO) and, similarly, dental treatment is approved by the Chief Dental Officer (CDO). CINICO’s complementary network includes other Cayman Islands medical/dental providers, as well as overseas medical providers, which are accessed through CINICO’s overseas care management consultant, who works closely with the overseas coordinator at CIHSA.

The largest area of CINICO programming is health insurance coverage for civil servants and pensioners, and their designated dependents. The CIG is financially responsible for 100% of the associated costs of most services and funds this coverage through monthly premium payments to CINICO.

Individuals covered by the Indigent Plan (those individuals without health insurance and who suffer catastrophic illness or injury, or whose medical coverage does not adequately cover a catastrophic illness or injury, or individuals who have been deemed financially indigent by the Government and therefore entitled to support) receive similar health benefits to civil servants, and the Ministry of Health (MOH) provides funding for the associated costs.

Seafarers and Veterans, as well as their dependents, receive the same coverage as civil servants, except that they are required to pay 10% of the cost of all overseas medical services.

The Standard Health Insurance Contract (SHIC) is another insurance plan available to all residents of the Cayman Islands. Members on this plan pay for their coverage through monthly premiums, and the coverage is limited to benefits mandated in the Health Insurance Law.

As mentioned earlier, CINICO also introduced home and motor products in 2024 open to Cayman residents. As of December 2025, CINICO had just under 800 policyholders.

STAKEHOLDERS

Our key stakeholders are diverse and include:

- Cayman Islands Government (CIG)
- Cayman Islands Monetary Authority (CIMA)
- Cayman Islands Seafarers Association (CISA)
- Cayman Islands Health Services Authority (CIHSA)
- Cayman Islands Civil Service Association (CICSA)
- Chief Dental Officer (CDO)
- Chief Medical Officer (CMO)
- Department of Children & Family Services (DCFS)
- Department of Financial Assistance (DFA)
- Health City Cayman Islands (HCCI)
- Ministry of Finance and Economic Development (FED)
- Ministry of Health (MOH) & Wellness
- Office of the Auditor General (OAG)
- Health Insurance Commission (HIC)
- Oliver Wyman (Health Actuarial Practice)
- Portfolio of the Civil Service (POCS)
- Public Service Pensions Board (PSPB)
- Medical Officer of Health

GOVERNANCE AND BOARD OF DIRECTORS



Board of Directors Top Row (left to right): Rudy Myles, Dr. George Meggs, Anne Owens, Letitia Lawrence, Karen Edie-Turner, Langston Sibbles, KC
Bottom Row (left to right): Michael Gayle (CEO), George A. McCarthy (Chairman), Ormond A. Williams (Deputy Chairman)

Corporate Governance

The Cayman Islands Government, as the 100% shareholder, appoints the members of the Board of Directors and its Chairperson. The Board conducts its corporate governance roles and responsibilities in accordance with the Corporate Governance Operational Policy and Procedures Manual, and in conjunction with applicable Cayman Islands Laws. The Board appoints the Chief Executive Officer as well as the Chairperson and Directors of the various sub-committees of the Board in accordance with its corporate governance mandate.

Board of Directors and Committees of the Board

The Board of Directors is comprised of individuals appointed by the Shareholder, with relevant background and experience, and these appointments are approved by CIMA.

Committees of the Board

The Board establishes sub-committees and delegates specific responsibilities that would otherwise be reserved for the Board. In establishing sub-committees, the Board outlines clear parameters and terms of reference outlining their purpose, composition, accountability, meetings, and responsibilities.



Executive Management Team

The Board has three main committees with specific functions delegated to them. The committees of the Board are as follows:

- Finance & Audit Committee
- Risk & Compliance Committee
- Human Resources (HR) Committee

Executive Management

The Board of Directors delegates the day-to-day management of the Company to its Executive Management team, led by the Chief Executive Officer, and empowers executive management to perform the functions of their office in a manner that will promote the business affairs of CINICO as well as advance the vision and strategic goals of the Company. The Executive Management team consists of:

- **Chief Executive Officer**
Dr. Michael C. Gayle
- **Deputy Chief Executive Officer**
Dana Brandon
- **Chief Financial Officer**
Frank Gallippi
- **Chief Risk & Compliance Officer**
Debra Humphreys
- **Chief Operating Officer**
Vacant as of the date of this report
- **Head of Property and Casualty Division**
Judy Campbell

THE BOARD OF DIRECTORS

Name and Sub-Committee Roles

George A. McCarthy (1,6,7)

Anne Owens (6,9)

Ormond A. Williams (2,4,8)

Dr. George Meggs (8)

Karen Edie-Turner (6,8)

Letitia Lawrence (3,8)

Rudy Myles (6,7)

Langston Sibbles, KC (5,7)

(1) Chairman of the Board

(2) Deputy Chairman of the Board

(3) Chairman of the Finance & Audit Sub-Committee

(4) Chairman of the Human Resource Sub-Committee

(5) Chairman of the Risk & Compliance Sub-Committee

(6) Member of the Finance & Audit Sub-Committee

(7) Member of the Human Resources Sub-Committee

(8) Member of the Risk & Compliance Sub-Committee

(9) Chief Officer (or designate) Ministry of Finance and Economic Development

Our Mission, Vision and Values

The CINICO Mission Statement describes the fundamental purpose of our organisation and what we provide to our members.

Our Vision Statement expresses what we aspire to accomplish in the medium to long term future.

Finally, our values reflect what is truly important to our Board, our management team and our staff in terms of our attitude, behaviour and character, as well as how we would like to be seen by our clients and stakeholders.

OUR Mission

Through excellent customer service, innovation and technology, we aim to deliver the best insurance cover and benefits in the Cayman Islands.

OUR Vision

To be the best health, home and motor insurance provider for the people of the Cayman Islands.

OUR Values

- **Honesty and Integrity** - We serve the people of the Cayman Islands. We are truthful, open and transparent, and everything we do is for the progress and the prosperity of the Cayman Islands.
- **Compassionate Partners** - We want to help improve people's lives and protect their well-being. We listen first to understand and act as compassionate partners to our customers and our communities.
- **Excellence through Service** - We strive for excellence every day to find better ways to improve our products, services, and ourselves. What we do today we can do better tomorrow.
- **Innovation and Technology** - We want to bring real and sustainable change to the Cayman Islands insurance sector. We use technology and data-driven insights to innovate and create better products and services for our customers.
- **Reliable and Dependable** - Our customers rely and depend on us to be there when they need us most. We help them because we care.

Performance Review

DELIVERING ON OUR CORE BUSINESS

This section of the Annual Report is structured according to the three performance perspectives that reflect how CINICO strives to be seen by its stakeholders and clients.

The three perspectives are:

- 1) Fiscally responsible, effective and sustainable;
- 2) Timely, efficient and collaborative; and
- 3) Representative, capable and caring.

Fiscally Responsible, Effective and Sustainable

CINICO strives to be fiscally responsible, to achieve high level impacts and to successfully address challenges to our sustainability.

Financial Performance

For the year ending 2025, CINICO recorded a surplus of \$144,000. The result was driven by a surplus in the health segment, offset by anticipated losses in the P&C segment, which is only in its second year of operation. It typically takes three to five years for a new P&C segment to build sufficient critical mass to achieve profitability. Further analysis is provided in the Financial Performance Section.

Solid Capital Position – CINICO above CIMA Capital Requirements

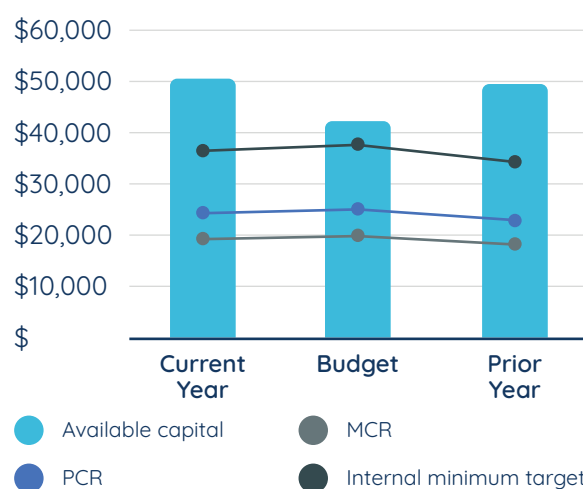
As a Class “A” Insurance Company, CINICO is required to maintain capital levels compliant with “The Insurance (Capital and Solvency) Class A Insurers Regulations, 2012”. These regulations establish a Minimum Capital Requirement (MCR) and Prescribed Capital Requirement (PCR) through formula driven calculations.

These calculations assess risk and asset factors for various balance sheet items and maintain prescribed margins on policy liabilities and net written premium.

In 2023, CINICO established a Capital Management Policy that established an internal capital target set at 150% of the PCR. The policy outlines proactive measures that Management will undertake to prevent a breach of the PCR.

With available capital of \$50.5 million, CINICO’s capital levels are 260% and 208% of the MCR and the PCR, respectively. In addition to this, the available capital exceeds CINICO’s internal target capital by \$14.0 million.

MCR/PCR Capital Compliance (\$000’s)



Reinsurance with Highly Rated Reinsurers

To safeguard its assets, capital and mitigate losses against claims severity and frequency, including catastrophic events, CINICO maintains a variety of reinsurance schemes with several highly rated reinsurers.

Health

CINICO maintains health reinsurance with Munich Re which has an A.M. Best rating of A+. Currently, CINICO is re-insured for any excess losses over US\$ 600,000 per individual per year. In the past year CINICO paid out \$3.5 million in reinsurance premiums and is on track to recover \$4.3 million in claims from the reinsurer. It is important to note that the purpose of reinsurance is to mitigate high losses, and not to collect an equivalent amount (or higher) in claims as paid out in premium.



Property and Casualty (P&C)

On the property and casualty side, CINICO maintains reinsurance treaties with several reinsurers using proportional, catastrophic and excess loss schemes. Additionally, CINICO maintains parametric reinsurance, an innovation in the insurance industry. Parametric cover provides a payout depending on a tropical storm's wind speeds and proximity to the Cayman Islands. As such, the payout is not dependent on incurring an insurable loss. The benefit is included in each homeowner's policy. All reinsurers have a credit rating of A- and above.

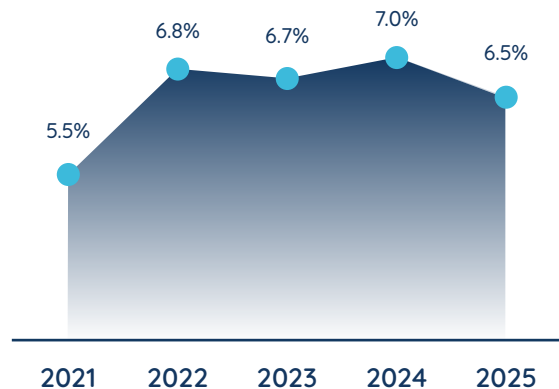
Timely, Efficient, and Collaborative

CINICO is committed to providing timely, high-quality service to our members/policyholders and continuously seeking opportunities to enhance efficiency in our service delivery. We achieve this by working collaboratively with our stakeholders and delivery partners. This section of the Annual Report highlights our service performance in these areas.

Expenses as a Percentage of Premium (Productivity or Efficiency ratio):

Expenses as a percentage of premium provides an indication of the Company's efficiency – or the number of cents per premium dollar that is expended on overhead and the administration of the insurance policies. Expenses include contribution to segregated fund fees, claims administration expenses (TPA fees) and administration expenses.

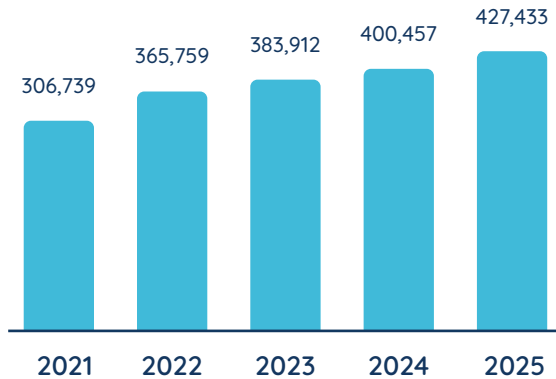
Ranging from 5.5% to 7%, the graph below displays CINICO's productivity ratio over the last five years. A lower ratio indicates stronger operational efficiency. The industry average for similarly sized companies in the USA is approximately 15% to 20%. CINICO is well below the industry average.



Health Claims Processed and Claims Turnaround

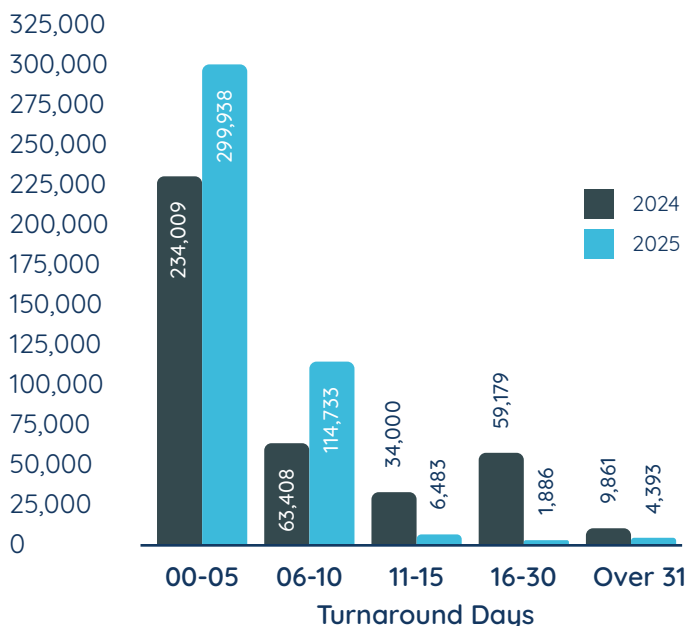
Except for claims incurred in the USA, all claim payment functions are performed in-house. As depicted below, claims processed have seen a steady increase over the years. 2025 saw a 6.7% increase in processed claims compared to a 4% increase in the previous year. The growth in claims processed is consistent with increases in membership.

Health Processed Claims



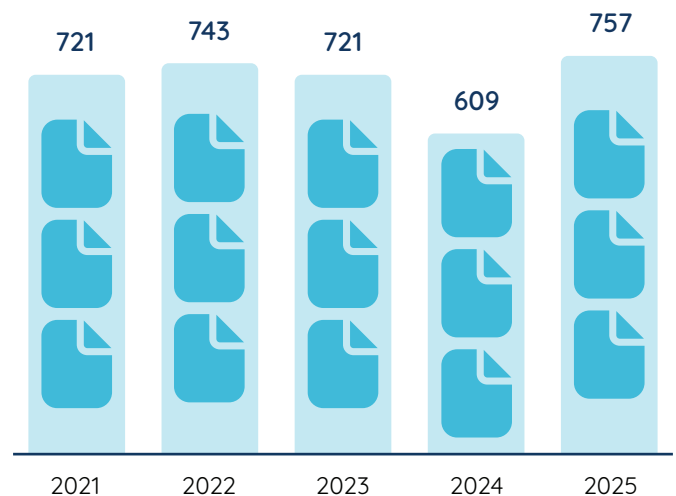
In early 2025, CINICO undertook an internal review aimed at further improving the claims turnaround times, building on an already strong performance. As a result, several departments involved in the claims processing and payment cycle underwent targeted operational changes. These efforts produced a measurable impact: overall claims turnaround improved from 9 days in 2024 to 5 days in 2025 across all claims categories. Claims turnaround is defined as the number of days from the receipt of a claim to the production of a check. The claims turnaround is further depicted below by days outstanding, and shows that in 2025, ninety-nine percent (99%) of claims received were processed within fifteen days, compared with eighty three percent (83%) last year - a tremendous achievement.

Claims Count



SHIC Applications Bound

The diagram below illustrates the number of SHIC insurance contracts bound from 2021 to 2025. By law, we are required to process a clean application within ten (10) days, however some applications may require review of the Health Insurance Commission for premium rate approval. We consistently meet our requirements.



Representative, Capable and Caring

Customer Service

CINICO's customer-facing team manages a wide range of interactions, including but not limited to claims submissions/queries, premium payment queries, benefits, referrals, SHIC application processing, complaints, Home Health Care, eligibility matters, etc. As of 31 December 2025, the department was staffed by fourteen (14) employees across two offices - George Town and Cayman Brac. The team supports a customer base of over 19,000 members, with additional back-office support from the Claims, Finance, and the Medical Case Management Unit (MCMU) teams.

The P&C line of business is supported by four (4) staff in the main office and Cayman Brac office.

Overseas Referrals and Air Ambulance

CINICO is deeply committed to the health of its members, carrying out its duties with compassion and care. To this end, CINICO's Medical Case Management Unit (MCMU) engages in a collaborative process to provide

comprehensive coordination of medical services for its members. The team consists of nine (9) qualified licensed medical professionals who, along with the Chief Medical Officer (CMO) and the Referrals Team, work to ensure members have appropriate and timely access to healthcare, aiming for optimal health outcomes.

The case management process involves personalized interaction with members and their families, evaluating their needs and providing necessary support in collaboration with practitioners, providers and relevant support services. This ensures that care is continuous, comprehensive and cost effective. Through a referral process, overseas care is coordinated for services not available on-island. Coordination of outpatient services include medical appointments, medically necessary Durable Medical Equipment (DME) and Home Health Care (HHC). The MCMU also manages inpatient care by performing concurrent reviews to ensure members receive the most appropriate level of care, making recommendations based on established Clinical Criteria Guidelines for admission and continuing care. The team is available 24/7 to coordinate emergency air evacuations/air ambulance transfers.

In line with CINICO's core values, MCMU is committed to serving with compassion, honesty and integrity, and endeavours to promote wellness by engaging in educational opportunities specific to the known chronic diseases through Population Health and Disease Management programmes.

In 2025, MCMU coordinated 3,352 USA medical services referrals for our members, a 24% increase over the prior year referrals of 2,698.

In instances where emergency care is required off-island, CINICO's MCMU is on standby 24/7 to arrange emergency air evacuation through an air ambulance service. Table 1 provides quarterly statistics on the number of air ambulances coordinated in 2024 and 2025.

Home Health Care

Home Health Care is considered a social benefit, as opposed to a medical benefit. CINICO has been providing these services until such a time that they are allocated to an appropriate government department. In 2025, CINICO assisted just under eight hundred (800) members (primarily elderly) with Home Health Care (HHC). This support amounted to an expenditure of \$11.5 million, reflecting an increase of \$1.9 million, or 20% over the previous year. The graph below illustrates the growth of this expenditure from 2020. Since 2020 HHC expenditure has increased by just under 200%.

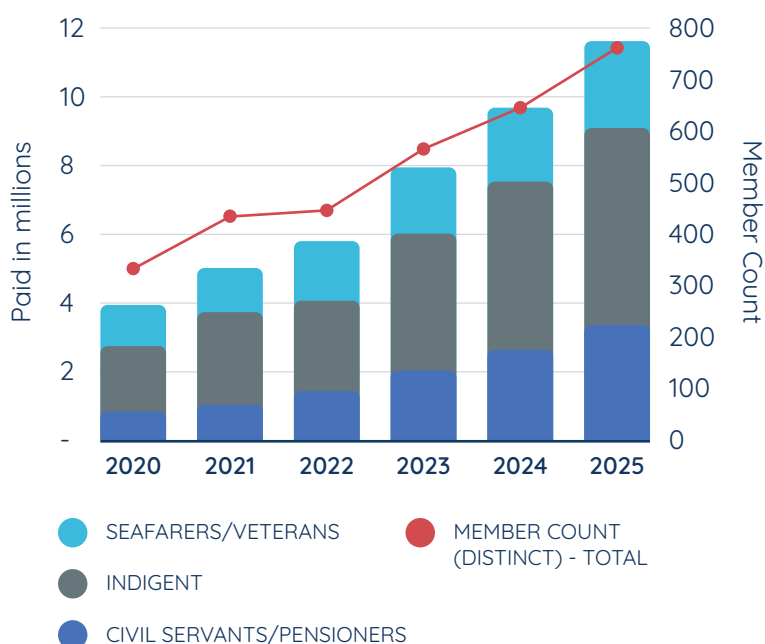


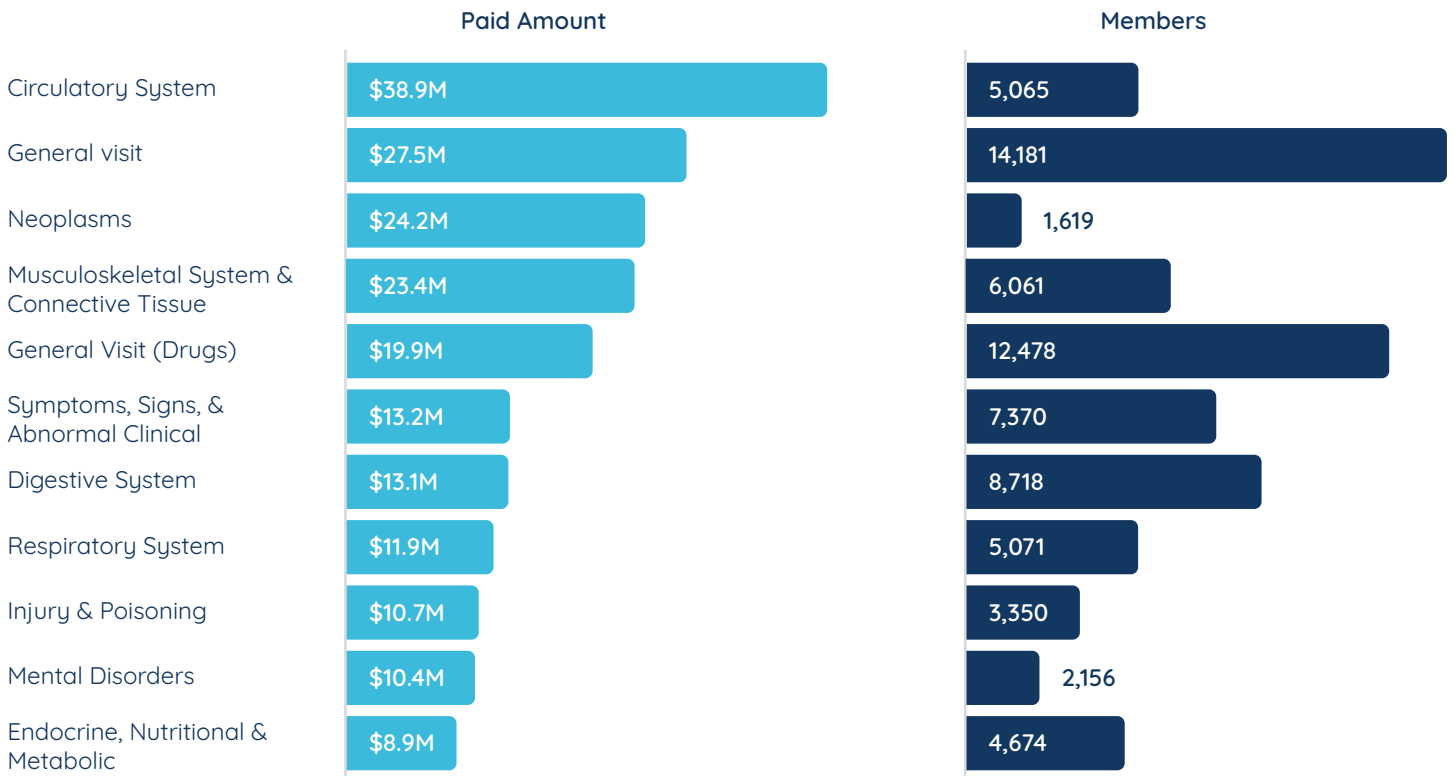
TABLE 1: AIR AMBULANCE COORDINATION

	Q1	Q2	Q3	Q4	TOTAL
2024	5	6	7	12	30
2025	6	12	9	2	29

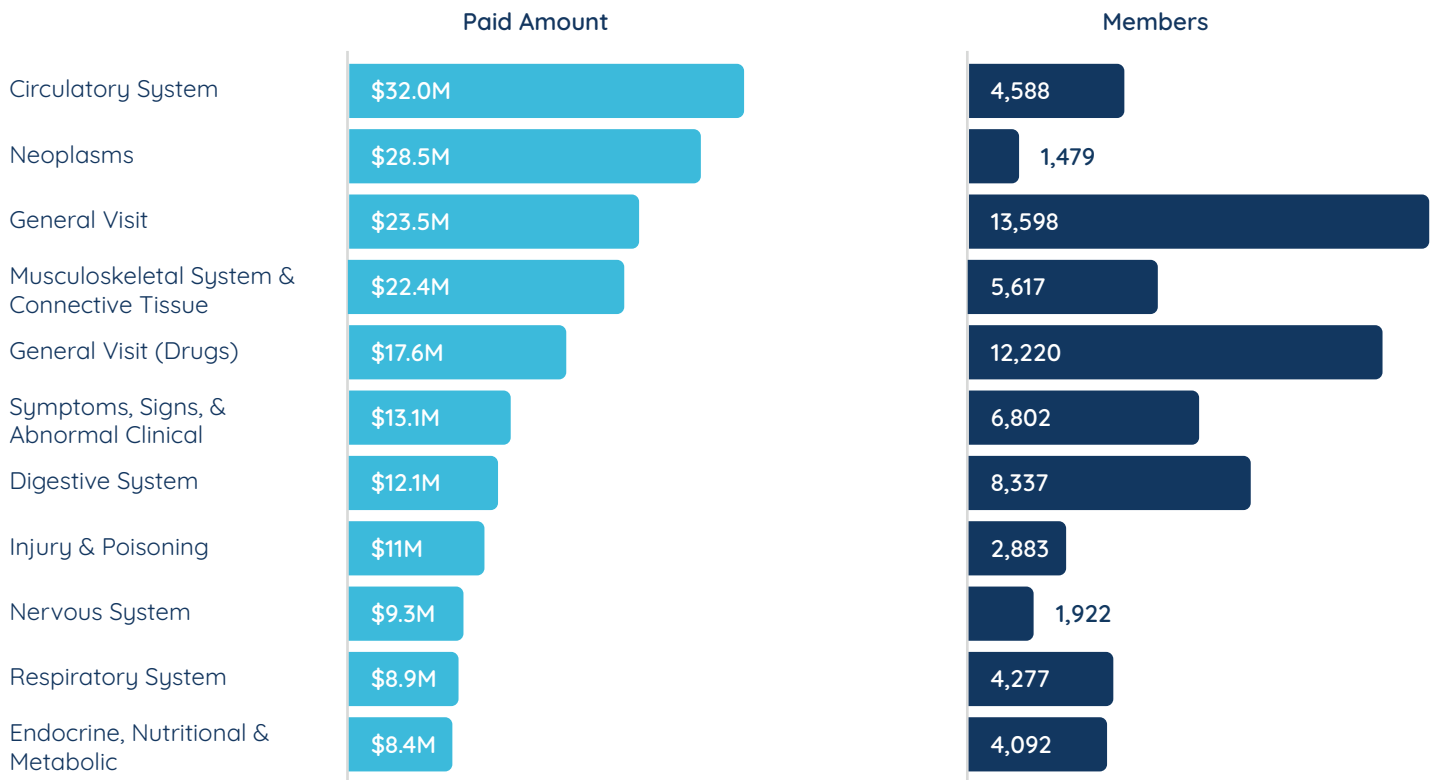
Claims by Diagnosis Type

CINICO assists its members in managing their health in times of need through its extensive medical provider network. The diagram below illustrates the number of members assisted by medical diagnosis and the corresponding claims paid amounts.

TOP 10 DIAGNOSIS FOR 2025 (INSURANCE & ASO)



TOP 10 DIAGNOSIS FOR 2024 (INSURANCE & ASO)



CINICO IN THE COMMUNITY

Fulfilling its commitment to our local community, CINICO supports several initiatives annually including the DG5K, the annual Healthcare Conference, the Alex Panton Foundation Youth Mental Health Symposium, Cayman Islands Special Olympics, Cayman Islands Red Cross, as well as various other medical and mental health conferences and sporting events.



Looking Forward

In 2025, we settled into our new location and brand profile. This process is expected to continue in 2026.

We continue to build on our reinsurance relationships and have secured additional property capacity which will enable us to almost double the size of our property portfolio in 2026. In addition to this, we plan to participate in the Government's Property and Motor portfolios to a limited and pre-defined extent. This will serve a number of purposes. The first purpose is that it will enable us to benefit from the revenue to be derived from the Government's insurance premiums. The second is that as representatives of the Government, we will be able to provide additional oversight and feedback regarding the structure and details of the Government's insurance programme.

We will continue to be market leaders in innovation in the Property & Casualty arena. In 2024, we introduced to the market, a world first parametric included homeowner's policy which received acclaim in the international insurance and reinsurance market. In 2025 we introduced a Safe Driver programme, designed to educate our young drivers, reduce the premiums of the successful participants, and make our roads safer. For 2026 we will continue our innovation with the inclusion of a parametric component to our Motor policies, which may well be another world first of its kind.

The Government has expressed the intention to initiate a broad review of the Health and Property insurance environment in the Cayman Islands. As active participants in both sectors, we look forward to participating in this process for the benefit of the entire country.

2025 saw Jamaica being devastated by Hurricane Melissa, a hurricane which was possibly tracking towards Cayman at various points. We had feared that this would have led to increased reinsurance costs and consequently further increases in property insurance rates. As it turns out, the loss did not impact the reinsurance industry to an extent that would have caused such increases. As a result, we have actually seen a slight reduction in property reinsurance costs, and this has enabled us to offer slightly reduced property rates this year.

We have for some time now been working on expanding our Health Insurance offerings. The first venture into this arena will be the launch of a low-cost entry level open-market product. The main target for this product is younger workers who require health insurance but find the limited out-patient coverage under the Standard Health Insurance Contract (SHIC) to be inadequate, and the more comprehensive policies, too expensive. We plan to use this product as a new base product upon which we can seek to develop an open-market retiree product within the next couple of years.

In tandem with this, we plan to establish a Preferred Provider Network (PPN) here in the Cayman Islands and will be launching a pilot project in this regard this year.

Financial Performance Analysis

On January 1, 2023, IFRS 17 Insurance Contracts became effective, replacing IFRS 4. IFRS 17 is a significant standard that sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts allowing for consistency and comparability across the insurance industry. The main user of CINICO's financials is CIG, and despite the administrative work required to adopt and maintain IFRS 17, we must maintain two sets of books for consolidation purposes and regulatory reporting. This year (2025) represents the third year of reporting under IFRS 17.

As IFRS 17 is a fairly new standard which is materially different than IFRS 4, we have highlighted the financial and presentational impacts below.

Financial Impacts	Presentational Impacts
Risk Adjustment - A provision will be added to the claims liability to reflect compensation required for accepting non-financial risk. - This is viewed as a conservative liability reflecting uncertainty in the estimates used to calculate the liability. Onerous Contracts - When contracts are issued that are expected to be loss-making, we will need to upfront the expected loss and establish a corresponding liability which is then amortised over the life of the contract. - CINICO considers the SHIC contracts onerous and has upfronted one month of expected losses.	- Results are calculated for portfolios of insurance contracts. - Insurance contracts and reinsurance contracts must be measured separately. - Expenses must be allocated to the following levels of granularity: - o Acquisition expenses, maintenance expenses and non-insurance expenses. - o To portfolios of contracts. - All insurance related cash flows are included within the insurance contract liabilities: - o Premiums receivable - o Accrued expenses and payables, etc.

The complete IFRS 17 financial statements and notes are included at the end of this annual report.

FINANCIAL PERFORMANCE (NET INCOME/ (LOSS))

For the year ending December 31, 2025, CINICO recorded a surplus of \$144,000. This is compared to a surplus of \$3.1 million in the prior year, and a budget of \$2.7 million. The overall surplus result was driven by a 2024 reserve release, offset by a loss in the P&C line. The health segment on its own reported a surplus of \$0.4 million, inclusive of a 2024 reserve release. The P&C segment reported a loss of just over \$0.2 million. This loss was anticipated, as this business line is in its second year of operations, and typically it takes at least four years to reach profitability.

Table 2 illustrates the sources of profit/loss (or variance to the budget) compared with the premium pricing level assumptions for 2025. Table 3 provides the same for 2024.

TABLE 2: SOURCES OF NET INCOME/(LOSS) FOR THE YEAR ENDED DECEMBER 31, 2025 (\$ MILLIONS)		
Source of Net Income/(Loss)	Amount	Explanation
Unfavourable incurred local claims	\$(16.8)	Unfavourable in all lines of business.
Favourable incurred overseas claims	\$8.2	Favourable in all lines (net of favourable ceded claims). Includes 13 cases which breached the reinsurance retention level.
Risk premium	\$3.9	Actuary risk premium for adverse claims deviation.
Investment income	\$1.4	Returns on fixed deposits and cash balances.
Expenses and other (fee income)	\$3.2	Favourable admin expenses, TPA fees, and higher ASO fee income.
2025 True Net Loss (Health)	\$(0.1)	
Property & Casualty and other*	\$(0.3)	Loss expected, as this is P&C's second year of operation and the company has not yet achieved critical mass.
2025 True Net Loss	\$(0.4)	
2024 Prior year reserve release (net of reinsurance recoveries)	\$0.5	Overseas – mostly reinsurance recovery.
Net Income	\$0.1	

*Motor insurance was introduced in March 2024, followed by home insurance in August 2024.

For the year ending December 31, 2024, CINICO earned a surplus (net income) of \$3.1 million. The sources of the surplus are illustrated below.

TABLE 3: SOURCES OF NET INCOME FOR THE YEAR ENDED DECEMBER 31, 2024 (\$ MILLIONS)

Source of Net Income/(Loss)	Amount	Explanation
Unfavourable incurred local claims	\$(17.6)	Unfavourable in all lines of business.
Favourable incurred overseas claims	\$11.3	Favourable in all lines (net of unfavourable ceded claims). Includes 9 cases which breached the reinsurance retention level.
Risk premium	\$4.0	Actuary risk premium for adverse claims deviation.
Investment income	\$1.3	Returns on fixed deposits and cash balances.
Expenses and other	\$3.3	Favourable admin expenses, TPA fees, and higher ASO fee income.
2024 True Net Income (Health)	\$2.2	
*Property & Casualty and other	\$(1.5)	Loss expected, as this is P&C's first year of operation and the company has not yet achieved critical mass.
2024 True Net Income	\$0.7	
2023 Prior year reserve release (net of reinsurance recoveries)	\$2.4	Overseas - \$1.7M; Local - \$0.5M; Reinsurance Recovery - \$0.2M
Net Income	\$3.1	

Figure 1 provides the net income / (loss) by business category and provides comparisons between the current year, prior year, and budget.

Except for the SAGC and ASO lines of business, all other segments recorded losses in 2025. Losses in the Civil Servants, Pensioner, and S&V segments were driven by higher-than-expected claim levels relative to the assumptions used in setting premium rates. Due to government requirements, premium rates were developed two years prior (2023) to the coverage period. Since that period, and due to the aging membership, claims development worsened. Furthermore, 2025 experienced a higher level of high-cost claims than 2024. There were 13 cases that exceeded the US\$ 600K reinsurance retention, up from 10 such cases in the prior year. The three additional cases resulted in US\$1.8 million (US\$600k X 3) of incremental net claims in 2025. Of the 13 cases exceeding the retention level in 2025, two of these were related to births with complications for a combined total of \$1.7 million, of which \$0.5 million is subject to a reinsurance recovery. In addition, there were six other births with complications in 2025, however these were below the retention limit.

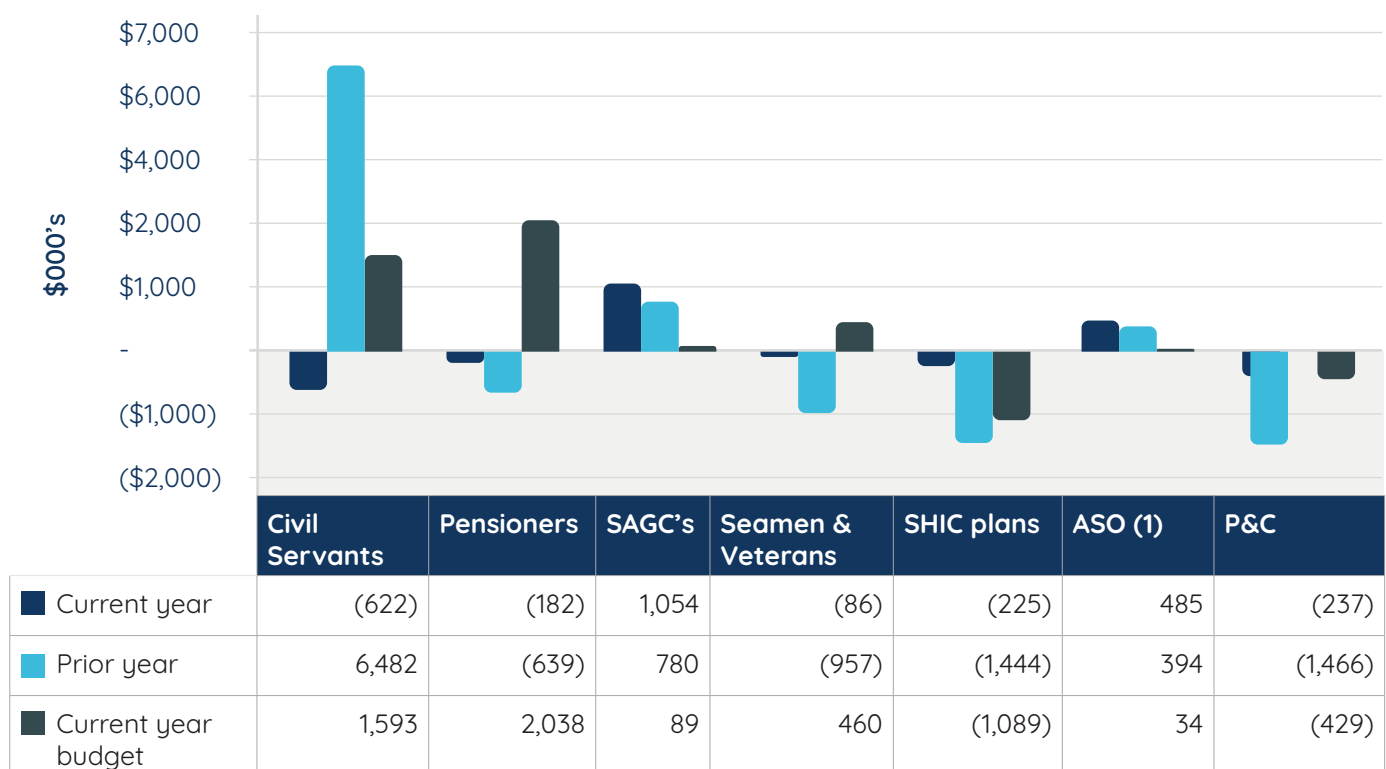
The loss in the SHIC line is due to a disproportionate number of high-risk members within the total SHIC population. Despite this, the 2025 SHIC loss of \$0.2 million was a considerable improvement over the \$1.4 million loss in 2024,

primarily due to improved underwriting practices. However, Management continues to advocate for the Health Insurance Commission (HIC) to increase the base SHIC premium rate set in 2014 as the company has incurred year-over-year SHIC losses since then.

As expected, P&C incurred a loss in 2025. The \$0.2 million loss for 2025 reflects a significant improvement from the \$1.5 million loss recorded in the prior year. The 2025 fiscal year marks the segment's second year of operations; as such losses are consistent with expectations as it is typical for new P&C segments to operate at a loss for three to four years from inception, until a critical mass in premium volume is established.

The surplus in the SAGC business segment is due to better claims experience than anticipated in the premium rates. The ASO business segment recorded a surplus of \$485k in 2025, primarily due to lower-than-expected administration expenses along with higher fees resulting from an increase in membership compared to both the prior year and budget (Table 7).

FIGURE 1: Net Income / (Loss) By Business Category



1) ASO includes Group 30102 – Indigents

Table 4 below illustrates selected financial highlights of various IFRS 17 balance sheet and income statement items.

TABLE 4: FINANCIAL HIGHLIGHTS FOR FINANCIAL YEAR ENDING DECEMBER 31

	Current year	Current year budget	Prior year
Statement of financial position (selected items)			
Cash and cash equivalents	\$ 14,024,515	\$ 29,960,243	\$ 26,128,208
Term deposits	35,420,100	24,279,500	28,739,304
ASO claims and fees receivable	13,768,914	7,000,000	8,750,765
Reinsurance asset	4,485,355	(212,724)	2,429,128
Insurance contract liabilities	14,989,658	13,501,392	14,405,574
Shareholder's equity	53,109,275	46,647,832	52,965,522
Statement of comprehensive income			
INSURANCE RESULT			
Insurance revenue	\$ 166,029,574	\$ 168,278,043	\$ 150,490,571
Insurance service expenses	(167,262,954)	(160,054,003)	(148,759,750)
Reinsurance expenses	(35,262)	(3,709,227)	141,897
Subtotal Insurance Service Result	\$(1,268,642)	\$ 4,514,813	\$ 1,872,718
ASO fees	2,162,436	1,940,783	1,976,109
Investment & other income	1,733,595	940,000	1,579,251
Subtotal	3,896,031	2,880,783	3,555,360
Total Income	\$ 2,627,389	\$ 7,395,596	\$ 5,428,078
Other operating expenses	\$ (2,483,636)	\$ (4,699,406)	\$ (2,322,294)
NET INCOME	\$ 143,753	\$ 2,696,190	\$ 3,105,784

Cash, cash equivalents and term deposits

For the year ending December 31, 2025, cash and cash equivalents decreased to \$14.0 million from \$26.1 million in the prior year. The decrease is mainly attributed to purchasing additional term deposits (\$6.7 million) and higher ASO claims and fees receivable (\$5 million higher than the prior year). Cash balances will be required to settle the year-end insurance contract liabilities (\$14.9 million), in addition to maintaining liquidity.

Term deposits increased by \$6.7 million from the prior year, reaching \$35.4 million. These deposits support CINICO's capital base. Term deposits comprise of several one-year fixed deposits placed with various highly rated financial institutions in the Cayman Islands. To ensure liquidity and maximum returns, the maturity dates are staggered so that a term deposit expires each month. These deposits are then renewed for an additional one-year term upon maturity, unless they are needed to fund cash flow deficits. The overall annual yield for 2025 was approximately 4% earning \$1.4 million in investment income. CINICO's cash balances also earned interest during the period. Cash and term deposits represent just under four months of 2025 operating expenses.

ASO claims and fees receivable

On behalf of the Ministry of Health & Wellness (H&W), CINICO administers health benefits for Indigents (not including medical services provided at CIHSA) and overseas health benefits for the Seamen & Veterans Plan (Group 30101). These benefits are administered under an “Administrative Services Only” (ASO) plan and funded by the Ministry through the NGS 55 output (Tertiary Care at Various Local and Overseas Institutions).

At the end of 2025, ASO claims and fees receivable were \$13.8 million compared to \$8.8 million in the prior year. The Ministry of Health requires a supplementary budget of \$10.2 million to settle the 2024 balance outstanding of \$5.2 million, and \$5 million for 2024. CINICO expects the outstanding balance to be settled in 2026.

Reinsurance contract assets

Reinsurance assets primarily consist of reinsurance recoveries, offset by reinsurance premium payables. In 2025, there were thirteen cases that exceeded the reinsurance limits and remained unsettled to date, totalling just over \$4 million. For the year ending 31 December 2024, there were nine cases with unsettled recoveries totalling just over \$3 million. Subsequently, in 2025 there was an additional case that exceeded the reinsurance limit for the 2024 policy year amounting to \$0.5 million. This was recorded in the 2025 fiscal year.

In 2025 there were no material P&C reinsurance recoveries.

Insurance contract liabilities

Table 5 shows the components of the insurance contract liabilities. These include any balance sheet items such as premium receivable, prepayments, and payables reclassified under IFRS 17, plus the non-financial risks and a provision for onerous contracts.

Most of the insurance contract liabilities relate to the provision for claims incurred but not reported (IBNR) which is determined using accepted actuarial techniques and current claim information available at the time of calculation. By their very nature, IBNRs include an element of uncertainty, as assumptions based on historical data are used, which may or may not be realized in the future. These assumptions include the severity of losses, claims utilisation

TABLE 5: COMPONENTS OF INSURANCE CONTRACT LIABILITIES

	December 31, 2025	December 31, 2024
Assets related to insurance contracts	\$ (2,055,711)	\$ (2,010,527)
Liabilities related to insurance contracts	1,823,544	1,533,212
Provision for IBNR	14,495,525	14,039,556
Case reserves (P&C)	43,861	13,004
Non-financial risk adjustment	478,783	457,341
Loss component - (SHIC/P&C)	203,656	372,989
Insurance contract liabilities	\$14,989,658	\$ 14,405,574

factors, claim payment patterns, provider discounts, the outcome of patients' medical condition, length of inpatient stays, and more. As assumptions are used, the ultimate ("hindsight") reserve liability may be more or less than the original estimates. The hindsight reserve liability can only be known with the passage of time, which is usually no greater than one year.

Note 4.1 and 5 of the financial statements provide further details on the insurance contract liabilities.

Shareholder's equity

Table 6 provides an analysis of shareholder's equity to budget.

At the end of 2025, Shareholders' equity increased by \$0.1M from the prior year. Shareholders' equity is \$6.5 million higher than budget. This is due to a stronger than budgeted net income in 2023 and 2024 leading to a higher opening equity position compared with budget.

TABLE 6: ANALYSIS OF SHAREHOLDER'S EQUITY (\$ million)			
	Budget	Actual	Variance
Opening shareholder's equity	\$43.9	\$53.0	\$9.1
2025 Net Income	2.7	0.1	(2.6)
Closing shareholder's equity	\$46.6	\$53.1	\$6.5

Insurance revenue

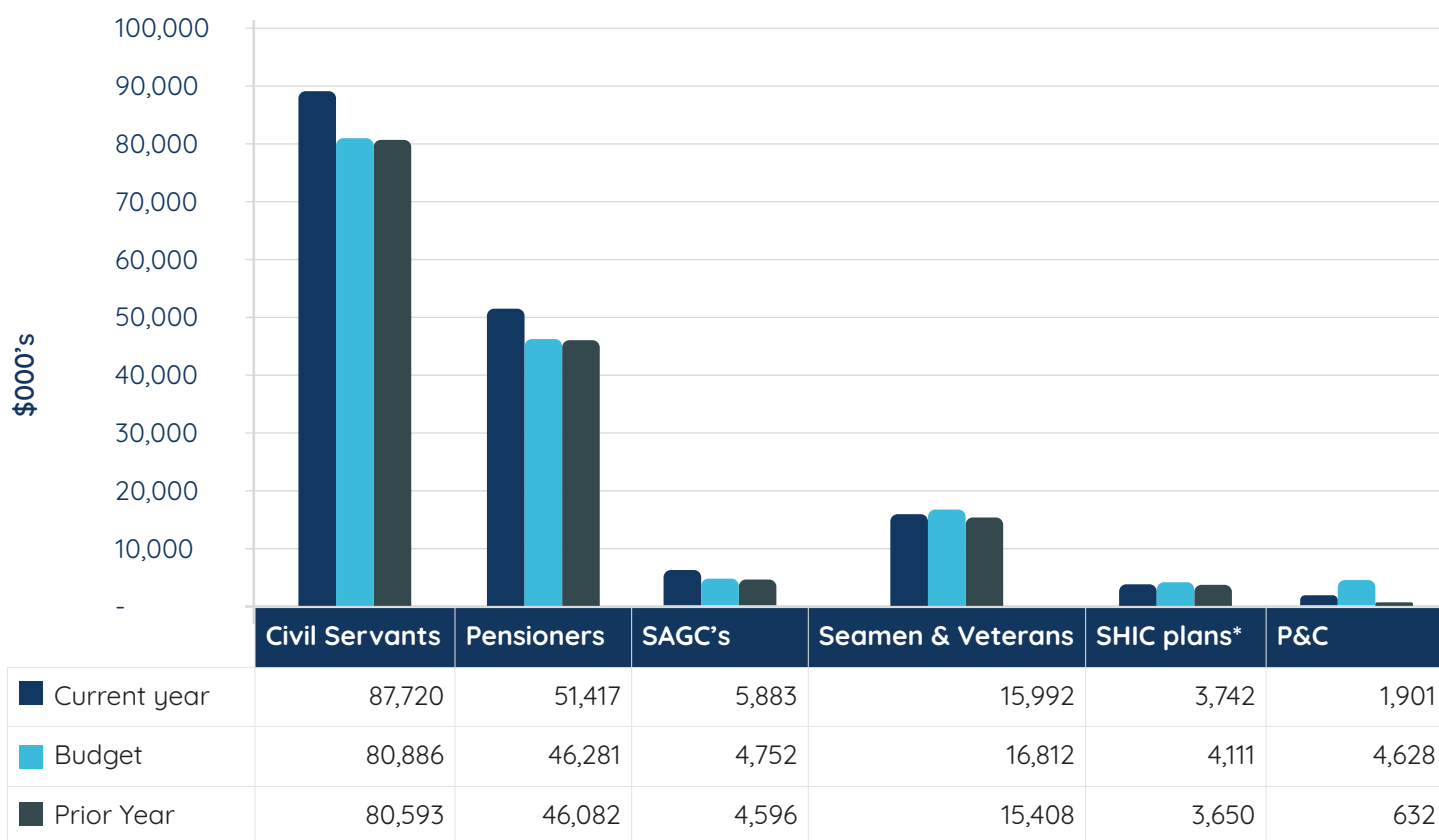
Premium income is earned from health insurance plans under the following business categories:

- Group 30100 – Civil Servant and Statutory Authority & Government Companies (SAGC's),
- Group 30100 – Pensioners,
- Group 30101 - Seamen and Veterans (local insurance cover only), and
- Group 31304 - SHIC (Standard Health Insurance Contracts).

Premium income also includes income earned from Property and Casualty line.

The graph below illustrates the insurance revenue income by insurance plan categories.

FIGURE 2: INSURANCE REVENUE (PREMIUM INCOME) BY BUSINESS CATEGORY



*SHIC Plans – The original budget assumed the introduction of an enhanced SHIC plan in 2025. However, due to circumstances beyond our control, the plan was not introduced in 2025. The graph above does not include the enhanced plan's budget premium.

TABLE 7: AVERAGE NUMBER OF COVERED LIVES INSURED (HEALTH)

	Current Year	Budget	Prior Year	% Change to Budget	% Change to Prior Year
Civil Servants	10,293	9,498	10,087	8%	2%
Pensioners	2,765	2,538	2,636	9%	5%
SAGCs	654	556	555	18%	18%
Seafarers & Veterans	985	1,039	1,009	-5%	-2%
Indigent	2,233	2,101	2,140	6%	4%
SHIC plans	1,917	1,792	1,854	7%	3%
Total	18,847	17,523	18,281	8%	3%

Insurance revenue (premium income) is driven by the number of lives covered (members) and the premium rates charged. As the membership increases, premium income rises correspondingly. The number of covered lives also drives other items such as claims, reinsurance and claims administration fee expenses. Table 7 shows the lives covered across the comparative periods.

The average number of lives covered in 2025 increased to 18,847 up from 18,281 in the prior year - a 3% increase. Compared with the budget, overall covered member lives were 8% higher. The SAGC line recorded the highest membership increase over the prior year with the addition of the UCCI group. Except for the Seafarers & Veterans line, all other business segments showed year-over-year membership growth.

Year-to-date insurance revenue totals \$166.7 million is \$9.2 million above the budget, driven by higher than budget membership levels (Table 7). This is offset by lower than budgeted P&C and Seamen & Veterans revenues where policy (P&C) and membership counts fell short of budget assumptions.

Compared with the prior year, insurance revenue increased by 10% to \$15.7 million. This is due to higher membership levels (Table 7) and a premium rate increase of 6% in Group 30100 and Group 30101. Premium revenue for the P&C segment was also \$1.3 million above last year due to a higher number of policies in force.

INSURANCE SERVICE EXPENSES

Under IFRS 17, “Insurance service expenses” categorises all expenses incurred for the acquisition or maintenance of insurance business. A breakdown of this amount is provided in Table 8.

	Current Year	Current Year Budget	Prior Year
Incurred claims (health)	\$ 158,582,198	\$140,499,879	\$ 142,413,838
Prior year reserve release	(3,841)	0	(2,215,996)
Incurred claims (P&C)	163,198	261,063	32,783
Incurred claims (new health)		9,265,614	
Other (IFRS 17, ALAE)	(106,918)	(164,626)	14,621
Allocated expenses			
P&C expenses	998,775	1,834,290	930,227
TPA fees/repricing fees	2,408,573	2,360,124	1,825,478
Admin expenses	5,220,970	5,997,658	5,758,799
Subtotal: Allocated expenses	8,628,317	10,192,073	8,514,504
Total	\$ 167,262,954	\$ 160,054,003	\$ 148,759,750

As is evident in Table 8, much of the insurance service expenses relate to claims incurred or medical benefits paid or payable under CINICO’s various insurance plans. For the year ending December 31, 2025, health claims incurred increased to \$158.6 million from \$142.4 million in the prior year. The actual health claims incurred exceeded the budget

of \$140.5 million due to higher utilization and higher than budget membership. Table 9 provides an analysis of the claims incurred by insured plan.

The insurance service expense in Table 8 also reflects the required IFRS 17 adjustments (a reduction of \$107k) for the year ending December 31, 2025, in addition to an allocation of insurance-related expenses totalling \$8.6 million. The portion of these allocated expenses will be analysed further in the section entitled “Other Operating Expenses”.

Table 9 presents the health claims incurred compared to the prior year and budget. It must be noted that the gross claims incurred presented in this table do not reflect reductions for reinsurance recoveries. With the adoption of IFRS 17, reinsurance recoveries are reported under a separate line, “net expenses from reinsurance contracts held”. Prior to reporting under IFRS 17, these recoveries were netted against gross claims. As such the gross incurred claims reported in Table 9 do not represent CINICO’s estimated true payout. The net incurred claims are lower by an anticipated reinsurance recovery of \$3.8 million from our reinsurance treaty.

The incurred claims for 2024 are evaluated on a “hindsight basis” in Table 9. For example, for the year ended December 31, 2024, the originally reported claims amounted to \$142.4 million. This figure included claims incurred and paid during the period, plus an estimate for claims incurred but not reported (claim provision). In hindsight, one year later, the 2024 claim reserve was sufficient and showed a small favourable development of \$4,000.

Claims incurred for 2025 is \$158.6 million and include \$13.9 million of IBNRs (Incurred But not Reported). The IBNR represents over one month of claims incurred. IBNRs are essentially accruals for claims, calculated using actuarial methods and assumptions. The adequacy of the 2025 IBNR reserve will only be known in subsequent months.



As illustrated in Table 9, claims incurred increased from \$142.4 million in 2024 to \$158.6 million in 2025. The \$16.2 million increase is primarily due to higher utilization, and growth in CINICO's membership (as noted in Table 7). Furthermore, in 2025 there was an unusually high activity of births with complications, seven in total. These occurred in Group 30100, which recorded the highest increase in claims incurred (\$17.2 million) among all groups.

The increase in claims is offset by reinsurance recoveries of \$3.8 million as thirteen cases exceeded the US\$600k stop loss limit. However as mentioned previously, under IFRS 17, reinsurance recoveries are recorded in the category "net expenses from reinsurance contracts held".

TABLE 9: INCURRED CLAIM LOSSES (000's)

	2024			2025			2025 less 2024 Calendar Year	2025 Budget	Inc/(dec) - 2025 reported less Budget
	Reported*	Hindsight adjust- ment**	Final	Incurred in 2025 & paid in 2025	IBNR	Reported			
Local									
Group 30100	91,702	(653)	91,049	95,197	5,132	100,329	9,280	78,185	22,144
Group 30101	15,399	(92)	15,307	14,137	1,121	15,258	(49)	15,242	16
Group 30104	3,378	(63)	3,315	2,486	230	2,716	(599)	2,840	(123)
	110,479	(808)	109,671	111,820	6,484	118,303	8,632	96,267	22,037
Overseas*									
Group 30100	30,409	953	31,363	32,271	7,055	39,326	7,963	42,085	(2,759)
Group 30101	-	-	-	-	-	-	-	-	-
Group 30104	1,526	(150)	1,376	598	356	953	(423)	2,149	(1,195)
	31,935	804	32,739	32,868	7,411	40,279	7,540	44,233	(3,954)
Total									
Group 30100	122,111	300	122,412	127,467	12,187	139,654	17,243	120,270	19,385
Group 30101	15,399	(92)	15,307	14,137	1,121	15,258	(49)	15,242	16
Group 30104	4,904	(212)	4,691	3,084	586	3,670	(1,022)	4,988	(1,319)
	142,414	(4)	142,410	144,688	13,894	158,582	16,172	140,500	18,082

*Includes claims paid to Health City Cayman Islands and Baptist International in US\$.

The medical services accounting for the highest increase in consumption in Group 30100 were inpatient, outpatient, mental health, pharmacy and MRIs/scans/x-rays. Therapy, and Supplies and Durable medical equipment showed year over year decreases in consumption of \$2.1 million.

Group 30104 recorded a \$1 million decrease from the prior year, primarily attributed to lower inpatient claims, while Group 30101 incurred claims remained flat over the previous year.

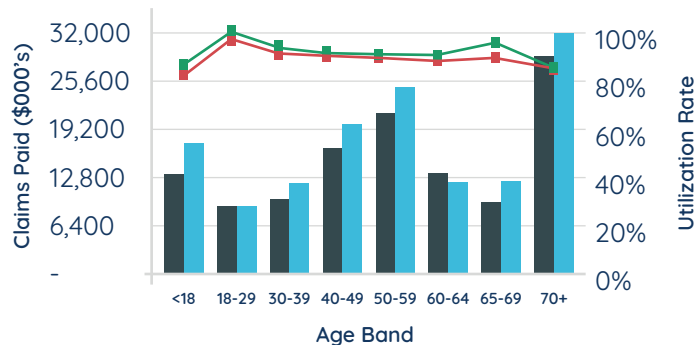
Incurred claims in 2025 were \$18.1 million higher than budget. The entire increase was recorded in Group 30100 (\$19.4 million), which also had the highest growth in membership to budget as shown in Table 7. The increase in Group 30100's claims over the budget was partially offset by \$1.8 million in higher reinsurance recoveries over the budget. In contrast, Group 30104's claims incurred were \$1.3 million below budget.

Claim costs are highly influenced by the demographics profile of each group, particularly the age distribution of its members. Claim costs generally increase with age, and as members age, total costs rise correspondingly. Figure 3 illustrates the relationship of claims paid and utilization across age bands for each group.

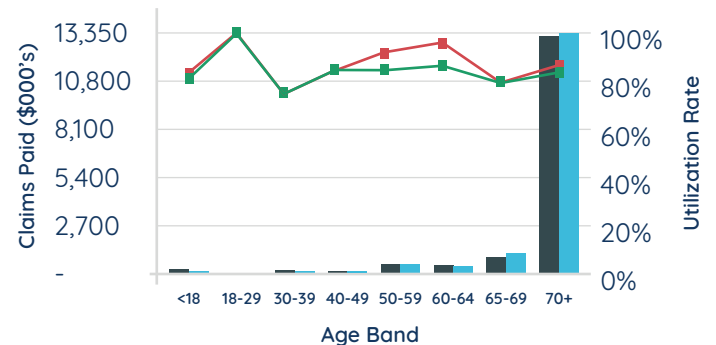
FIGURE 3 - CLAIMS PAID / UTILIZATION RATES BY AGE BAND

■ Claims 2024 YTD Q4 ■ Utilization 2024 YTD Q4
■ Claims 2025 YTD Q4 ■ Utilization 2025 YTD Q4

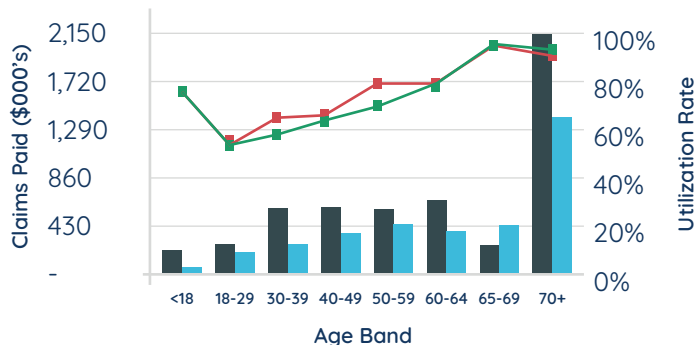
Group 30100



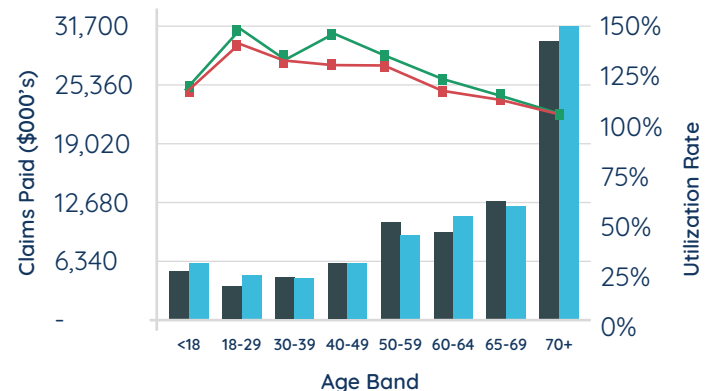
Group 30101 (Insurance Only)



Group 30104 - SHIC



Group 30102 - INDIGENT*



*Utilization rate over 100% is possible when one or more individuals are enrolled for a portion of the year and incur claims.

ASO FEES AND INVESTMENT & OTHER INCOME

ASO fees are earned on a per member per month (PMPM) basis per each indigent member. Fees amounted to \$2.2 million in the current year, exceeding both budget and the prior year due to a higher number of members (Table 7).

Other income includes income from re-activations and stale dated checks over 7 years from issue. Investment Income is higher than budget and the prior year primarily due to higher values of invested assets. Overall, the term deposit returns for 2025 averaged 4%, compared to the prior year of 5%. The reduction of returns was expected.

OTHER OPERATING EXPENSES

IFRS 17 requires that expenses be allocated between insurance service expenses, reinsurance expenses, and out of scope expenses (other operating expenses). The expenses allocated to these IFRS categories are from the 'claims administration expenses (TPA)', 'Repricing fees' and 'Administration expenses'.

The table that follows illustrates the allocation of these expense types, and how they compare to the budget and prior year.

TABLE 10: IFRS 17 ALLOCATED EXPENSES			
IFRS 17	Current Year	Current Year Budget	Prior Year
Insurance service expenses	8,628,317	10,192,073	8,514,504
Net expenses from reinsurance contracts held	176,126	126,049	81,539
Other operating expenses	2,483,636	4,699,406	2,322,294
Total other expenses (TPA & Administration expenses)	11,288,079	15,017,528	10,918,337
Claims administration expenses (TPA)	\$1,273,044	\$2,159,601	\$1,167,442
Repricing fees	1,135,528	1,050,000	910,299
Administration expenses	8,879,506	11,807,926	8,840,596
Total other expenses (TPA & Administration expenses)	\$11,288,079	\$15,017,527	\$10,918,337

Total other expenses amounted to \$11.3 million for the year ending December 31, 2025. This is \$3.7 million below budget, and \$0.4 million higher than the prior year.

Other expenses consist of claim administration expenses (TPA fees), repricing fees and administration expenses.

Claims administration expenses are incurred for services provided by third party administrators (TPAs) and include the use of the insurance administration system (under the 'software as a service' model.). These charges are based on the number of active members each month. Repricing fees include managing overseas referrals, claims review and USA network access. The repricing fees are fixed per month and allocated to various business lines.

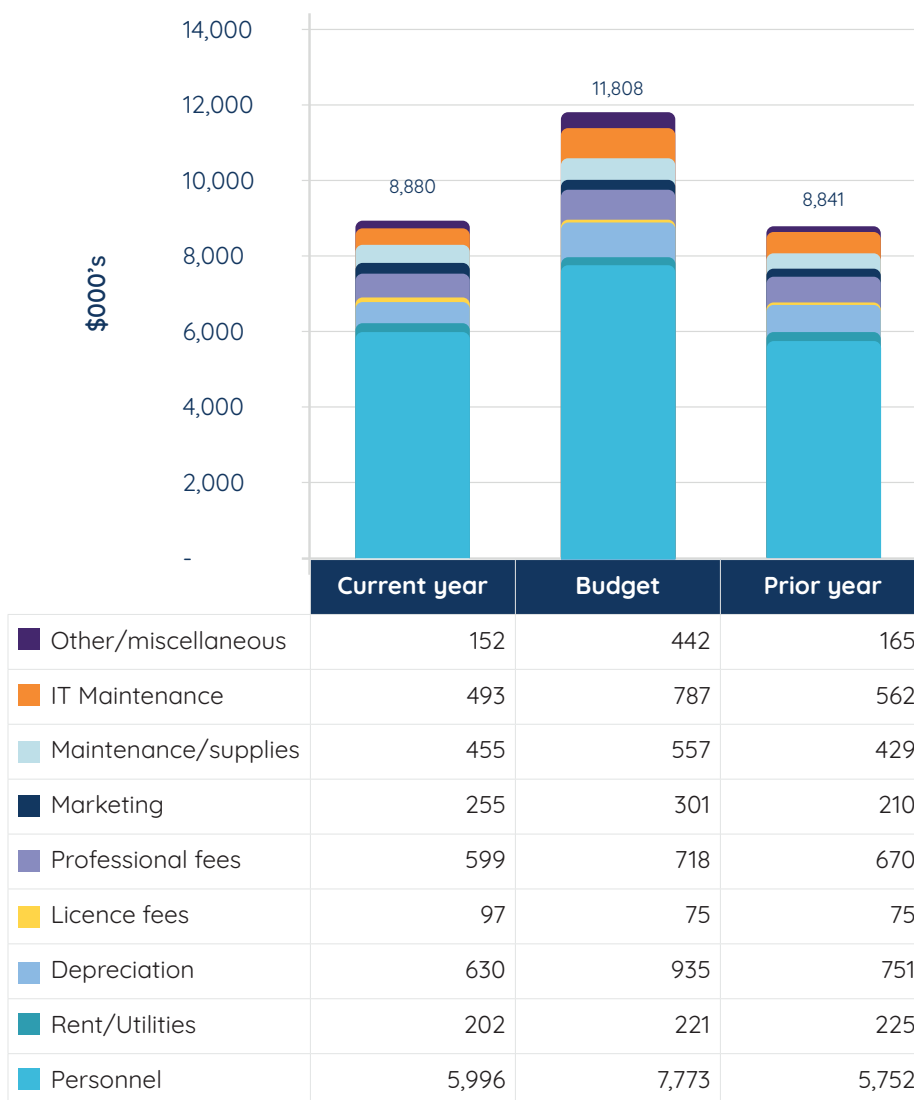
For the year ending December 31, 2025, expenses for TPA and repricing fees combined amounted to \$2.4 million, which was 0.3 million higher than last year. This increase was due to a higher portion of the fixed repricing fees being allocated to the insurance lines and higher membership levels. The favourable variance to budget is largely attributed

to several planned initiatives that were included in the budget but did not occur during the year – most notably the launch of a new health product. The addition of a new health product would have resulted in higher membership and thus higher expenses.

Administration expenses represent the costs incurred in the operation of the Company's office, including personnel costs, rent, depreciation, audit fees, actuary fees, and other related items. For the year ended December 31, 2025, administration expenses totalled \$8.9 million. Compared to the budget of \$11.8 million, actual expenses were \$2.9 million lower, driven primarily by lower than budgeted personnel expenses resulting from 2 vacant posts, and 14 budgeted posts not filled. Additional favourable variances were noted in depreciation, IT expenditure, marketing, bank charges and training. Overall, the lower expenditure relative to budget reflects the timing of certain initiatives included in the budget assumptions such as the implementation of the new health product.

Current year expenses were marginally higher than the prior year. Figure 4 illustrates the major expense categories, comparing actual results to both budget and the prior year.

FIGURE 4: ADMINISTRATION EXPENSES BY TYPE



Appendix 1: Reporting on the Ownership Agreement to Cabinet

Financial Performance Measure	2025 Actual \$000'S	2025 Budget \$000'S	Annual Variance \$000'S	Note
REVENUE FROM CABINET	\$67,380	\$63,033	\$4,347	1
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	95,826	87,628	8,198	2
REVENUE FROM OTHERS, PERSONS OR ORGANISATIONS	2,757	15,374	(12,618)	3
SURPLUS/DEFICIT FROM OUTPUTS				
OTHER EXPENSES	165,819	163,339	(2,480)	4
NET SURPLUS/(DEFICIT)	144	2,696	(2,552)	5
TOTAL ASSETS	71,485	70,513	972	
TOTAL LIABILITIES	18,376	23,865	5,489	6
NET WORTH	53,109	46,648	6,461	7
CASH FLOWS FROM OPERATING ACTIVITES	(4,853)	(1,251)	(3,602)	
CASH FLOWS FROM INVESTING ACTIVITES	(6,899)	(1,245)	(5,654)	
CASH FLOWS FROM FINANCING ACTIVITES	(352)	(276)	(76)	
CHANGE IN CASH BALANCES	(12,104)	(2,772)	(9,332)	8

Notes: Explanation of variance:

1. Revenue from Cabinet: CIN 2 premiums were \$5.1M higher than expected due to higher membership, offset by lower CIN 1 premium (\$0.8 Mk) due to lower membership. See Table 7 for Membership.
2. Higher revenues due to higher than budgeted membership (Table 7 – Membership). Added the UCCI group.
3. The unfavourable variance is primarily due to the budgeted introduction of a new Health product, which did not occur for reasons out of our control. In addition, the P&C revenues were below budget due to a late start in 2024 having carry-over impacts in 2025. These shortfalls were partially offset by higher than budgeted investment income.
4. The “other expenses” line is made up of the following items:

Expense Item	Actual \$M	Budget \$M	Variance \$M	Explanation
Claims costs				Active lines of business are higher than budget due to increased utilization, partly due to higher than budgeted covered lives. This is partially offset by a 2024 reserve release as well as \$9.3m of budgeted claims for a health expansion product not introduced in 2025.
Active lines of Business	\$155.3	\$139.7	\$(15.6)	
Expansion Business	-	9.3	9.3	
Subtotal	\$155.3	\$149.0	\$(6.3)	
Seg fund fees	0.3	0.4	0.1	
TPA fees	1.3	2.2	0.9	Favourable due to underutilization of claims admin support, wellness rewards and other vendor services. In addition, no actual TPA fees vs budget for the new health product.
Admin expenses	8.9	11.8	2.9	Favourable variance due to lower than budgeted personnel expenses resulting from 2 vacant posts, and 14 budgeted posts not filled. Additional favourable variances are noted in depreciation, IT expenditure, marketing, bank charges and training. Overall, the lower expenditure relative to budget reflects the timing of certain initiatives included in the budget assumptions such as the implementation of the new health product.
Total	\$165.8	\$163.3	\$(2.5)	

5. Net Surplus. See financial performance section.
6. Total Liabilities are lower than budget as the actual results follow IFRS 17, which offsets liabilities with insurance assets like premium receivables. Additionally, IFRS 16 lease liabilities are \$1.3m below budget.
7. See table 7 Analysis of Shareholder's Equity.
8. Net cash flow is lower than budget as budget assumes lower receivables and claims, and higher liabilities. Additionally, more funds were invested in term deposits than anticipated in the budget.

FINANCIAL PERFORMANCE RATIO	2025 ACTUAL %	2025 BUDGET %	ANNUAL VARIANCE %
CURRENT ASSETS: CURRENT LIABILITIES	373%	275%	98%
TOTAL ASSETS: TOTAL LIABILITIES	349%	295%	54%

MAINTENANCE OF CAPABILITY

Human Capital Measures	2025 Actual	2025 Budget	Annual Variance
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	53	70	17
STAFF TURNOVER (%)			
SENIOR MANAGER	17.4%	0%	17.4%
PROFESSIONAL AND TECHNICAL STAFF	0%	0%	0%
ADMINISTRATIVE STAFF	15.0%	0%	15.0%

Physical Capital Measures	2025 Actual \$ 000'S	2025 Budget \$ 000'S	Annual Variance \$ 000'S
VALUE OF TOTAL ASSETS	\$71,485	\$70,513	\$972
ASSET REPLACEMENTS: TOTAL ASSETS	0.3%	0.1%	0.2%
BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	40.9%	51.1%	(10.2)%
DEPRECIATION: CASH FLOW ON ASSET PURCHASES	289%	625%	(336)%
CHANGES TO ASSET MANAGEMENT POLICES	None	None	None

Major Capital Expenditure Projects	2025 Actual \$ 000'S	2025 Budget \$ 000'S	Annual Variance \$ 000'S
IT equipment, office equipment, furniture, website, etc.	218	\$73	\$(145)
Right of use asset (IFRS 16- ROU adjustment)	(86)	-	86

OTHER FINANCIAL INFORMATION

Transaction	2025 Actual \$ 000'S	2025 Budget \$ 000'S	Annual Variance \$ 000'S
Equity Investments into CINICO	-	-	-
Capital Withdrawals from CINICO	-	-	-
Dividend or Profit Distributions to be made by CINICO	-	-	-
Government Loans to be made to CINICO	-	-	-
Government Guarantees to be issued in relation to CINICO	-	-	-
Remuneration Payments made to Key Management Personnel	\$1,375	\$1,183	\$(192)
Remuneration Payments made to Senior Management	\$1,177	\$985	\$(192)

	2025 Actual	2025 Budget	Annual Variance
Number of Senior Management	5	6	1

RISK MANAGEMENT

The 2024 and 2025 Ownership Agreements with the Shareholder identified the following key management by CINICO:

KEY RISKS FACED BY CINICO	CHANGED IN STATUS FROM PREVIOUS YEAR	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Claim losses higher than what can be supported by revenues	No change. Premium rates approved by Cabinet are actuarially based and include a risk factor for adverse claims. Increasing risk due to high-cost gene/cell therapy drugs.	- Premium rates are actuarially based prior to Cabinet approval. - Maintain overseas discounts through the overseas provider UHCG. - CINICO's in-house, Medical Case Management Unit (MCMU) works collaboratively with the Chief Medical Officer. - Monitoring, control, and follow-up of local and overseas referrals through Apollo guidelines. - Review of medical necessity. - Reinsurance arrangement in place to limit the Company's risk on large claims (30100 Group only). - Review of large pharmacy claims. - Concurrent review of overseas claims with UHCG and reinsurer. - Coordination of discharge plan both locally and overseas. - Gene/cell therapy – Sensitizing government to the high costs and encouraging the development of a national policy. - Annual meetings with overseas network provider. - In-house claims adjudication. - Large claim reviews. - Claim analysis and review of claim trends. - Claim adjudication limits, audits, etc. - Annual review of claims via audit.	Not quantifiable

KEY RISKS FACED BY CINICO	CHANGED IN STATUS FROM PREVIOUS YEAR	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Potential issues with the leased claims system (software as a service)	Development of additional features to streamline workflows. Review of business requirement and commence a tender process.	• Offsite disaster recovery of data. • Robust contracting with vendor, stipulating functions, penalties, data protection and cybersecurity standards, etc. • Vendor SOC2 Internal control report reviewed by CINICO Risk & Compliance Committee. • 24-hour support. • In-house claims department staffed with experienced claim adjudicators. • Use of a “ticketing” system to report faults. • Weekly meetings with vendors. • USER ID segregation of duties. • Reconciliation of reports.	Not quantifiable
Risk that CINICO’s reinsurer will be unable to pay its liabilities (Health)		• Reinsurance cover reviewed every year. Additionally, the creditworthiness of the reinsurer is reviewed quarterly. Our current reinsurer has an A.M. Best rating of A+.	Approximately \$4.5m based on year-end closing balance outstanding
Property and Casualty – exposure of CINICO’s capital to financial losses.	Additional reinsurers.	• Establishment of and compliance with Board approved Reinsurance. Procurement Policy which articulates risk appetite and capital exposure limitations. This includes procurement of reinsurance against catastrophes. • Current reinsurers have a credit rating of A- and above.	Approximately \$300k based on year-end outstanding balances.
Non-compliance with regulatory bodies rules and regulations (CIMA and HIC)		• Documented Corporate Governance, policies, and procedures. • Quarterly Risk & Compliance Committee meetings. • Chief Risk & Compliance Officer and Chief Information Officer. • Monthly Monitoring compliance with MCR/PCR monthly – Adherence to Capital Management policy	CIMA and HIC fines

KEY RISKS FACED BY CINICO	CHANGED IN STATUS FROM PREVIOUS YEAR	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Risk that government would not honour its liabilities under the ASO agreement (Output NGS 55)	Same.	• Creation of an ASO Agreement between CINICO and Government awaiting sign off. • Frequent monitoring of outstanding balance. • Work with CIG to ensure Supplementary budget sought. • Capital and Cash Preservation Policy.	\$10.2 million based on year-end balances outstanding requiring a supplementary budget.
Negative operating cash flow and lower than CIMA's required capital levels, resulting from shareholder's requirement to discount premium rates below actuary rates, thus depleting capital and exposing Company to liquidity risk		• Actuarial premium in place. • Internal Capital Management Policy. • Enforcement of Company's credit and liquidity risk policy. • Continuous follow up on government outstanding premium. • Government support if CIMA's capital requirements not met.	Not quantifiable
Cybersecurity threat	Increased globally.	• Chief Information Officer provides oversight of cybersecurity measures implemented by IT provider. • Mitigate threats alerted by CIG's Chief Information Security Officer, by reliable cybersecurity news media and vendors. • Robust policies and procedures in accordance with CIMA's Statement of Guidance. • Staff training. • Increase in security posture via software and monitoring, and penetration testing.	

In addition to the above measures, CINICO has implemented an Enterprises Risk Management Framework. This framework addresses various company risks, including cybersecurity, liquidity, strategic, compliance, and concentration, among others. Policies and procedures have been established to manage these risks effectively. Each department head has identified department specific risks and reports on these on a periodic basis.

Appendix 2: Reporting on Outputs Delivered to Cabinet

STATEMENT OF OUTPUTS DELIVERED TO CABINET

CINICO is committed to providing timely service to our members, seeking out avenues to become as efficient as possible in our delivery service, and to do so by working collaboratively with our stakeholder and delivery partners.

This section of the annual report highlights our service performance related to the two key outputs we deliver to Cabinet.

CIN 1 HEALTH INSURANCE FOR SEAMAN & VETERAN				
DESCRIPTION				
Provision of Health Insurance (premium) for Seaman & Veteran and their dependents for insurance coverage by CINICO (local coverage only, excluding Tertiary Care).				
Measures		2025 Actual	2025 Budget	Annual Variance
Quantity		980	1,028	(48)
Total (average) number of persons insured - premiums fully paid by Cabinet.				
Total (average) number of persons insured - premiums partially paid by Cabinet (Veterans)		5	8	(3)
Quality		98-100%	98-100%	-
All eligible Seamen, Veterans and their dependents are insured who met the definition under the Health Insurance Law.				
Timeliness		98-100%	98-100%	-
- Insurance cards issued within 15 days of notification of eligibility. - Insurance claims (clean claims) paid within 30 days.		100%	100%	-
Location				
Grand Cayman, Cayman Brac and Little Cayman.				
Cost (of producing the output)		n/a	n/a	-
Monthly Premium Rates				
Premiums fully paid by Cabinet	\$1,349			
Veteran premiums partially paid by Cabinet	\$1,235			
Price (paid by Cabinet for the output)		\$15,963,435	\$16,752,000	\$(788,565)

Explanation of variances

Output is below budget as the number of members covered was lower than budget.

CIN 2 HEALTH INSURANCE FOR CIVIL SERVANT PENSIONERS

DESCRIPTION

Provision of Health Insurance (premium) for Civil Servant Pensioners and their dependents.

Measures	2025 Actual	2025 Budget	Annual Variance
Quantity Total average number of insured persons (Insured = Enrolees + dependents).	2,765	2,538	277
Quality All eligible pensioners and their dependents are insured who are deemed to be eligible by the Public Service Pension Board (PSPB) and the Portfolio of the Civil Service (POCS).	98-100%	98-100%	-
Timeliness - Insurance cards issued within 15 days of notification of eligibility. - Insurance claims (clean claims) paid within 30 days.	98-100%	98-100%	-
Location Grand Cayman, Cayman Brac and Little Cayman.	98-100%	98-100%	-
Cost (of producing the output)	n/a	n/a	-
	\$51,416,627	\$46,280,750	\$5,135,877
Monthly Premium Rates			
Under 18	\$294		
18-29 years	\$471		
30-39 years	\$606		
40-49 years	\$797		
50-59 years	\$1,260		
60- 64 years	\$1,451		
65 years & over	\$1,906		
Price (paid by Cabinet for the output)	\$51,416,627	\$46,280,750	\$5,135,877

Explanation of variances

Premium (cost to Cabinet) is higher than budget as the actual number of members covered was higher than budget.

APPENDIX 3: List Of Acronyms And Abbreviations

Acronym	Description
ASO	Administrative Services Only
CDO	Chief Dental Officer
CI	Cayman Islands
CICSA	Cayman Islands Civil Service Association
CIG	Cayman Islands Government
CIHSA	Cayman Islands Health Services Authority
CIMA	Cayman Islands Monetary Authority
CINICO	Cayman Islands National Insurance Company (Ltd.)
CMO	Chief Medical Officer
HCCI	Health City Cayman Islands
H&W	(Ministry of) Health & Wellness
HSA	(Cayman Islands) Health Services Authority
IBNR	Incurred But Not Reported
IFRS 17	International Reporting Standard – 17 Insurance Contracts
MCCs	Medical Case Coordinators
MCR	Minimum Capital Requirement
MOH	Ministry of Health
PCR	Prescribed Capital Requirement
PMPM	Per member per month
POCS	Portfolio of the Civil Service
PSPB	Public Service Pensions Board
SAGCs	Statutory Authorities & Government Companies
SHIC	Standard Health Insurance Contract
SPD(s)	Summary Plan Document
TPAs	Third Party Administrators

Audited Financial Statements

Financial Statements of

Cayman Islands National Insurance Company Ltd.

December 31, 2025

Cayman Islands National Insurance Company Ltd.

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Statement of Changes in Shareholder's Equity	8
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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Cayman Islands National Insurance Company Ltd. in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Director/Chairperson and Chief Financial Officer, we are responsible for establishing, and have established, and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of Cayman Islands National Insurance Company Ltd.

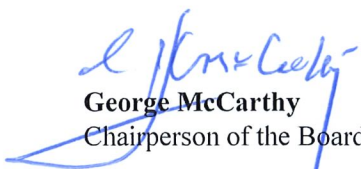
As Director/Chairperson and the Chief Financial Officer we are responsible for the preparation of Cayman Islands National Insurance Company Ltd.'s financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in shareholder's equity for the year ended December 31, 2025.

To the best of our knowledge, we represent that these financial statements:

- (a) are complete and reliably reflect the financial transactions of Cayman Islands National Insurance Company Ltd. for the year ended December 31, 2025;
- (b) fairly reflect the financial position as at December 31, 2025, and financial performance for the year ended December 31, 2025;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General and its agent jointly conduct an independent audit and express an opinion on the accompanying financial statements. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.


George McCarthy
Chairperson of the Board


Frank Gallippi
Chief Financial Officer

Dated: April 27, 2026

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Islands National Insurance Company Ltd.

Opinion

I have audited the financial statements of the Cayman Islands National Insurance Company Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of cash flows and statement of changes in shareholder's equity for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 9 to 31.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the year ended 31 December 2025 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Company, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

AUDITOR GENERAL'S REPORT (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Patrick O. Smith CPA, CFE
Auditor General

27 April 2026
Cayman Islands

Cayman Islands National Insurance Company Ltd.

Statement of Financial Position

As at December 31, 2025

Amounts stated in Cayman Islands dollars

	<u>Note</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
<u>Assets</u>			
<i>Current</i>			
Cash and cash equivalents	7	\$ 14,024,515	\$ 26,128,208
Fixed deposits	9	35,420,100	28,739,304
ASO claims and fees receivable	17	13,768,914	8,750,765
Other receivables and other assets	10	965,632	1,291,285
Reinsurance contract assets	4.2,5,6,12	4,485,355	2,429,128
<i>Non-current</i>			
Fixed assets	11	2,820,673	3,318,393
Total assets		71,485,189	70,657,083
<u>Liabilities</u>			
<i>Current</i>			
Insurance contract liabilities	4.1,5,6,12	14,989,658	14,405,574
Lease liability	13	377,693	350,958
Accruals and other liabilities	12	1,189,142	664,111
Derivative liabilities	2.2	45,966	33,314
<i>Non-current</i>			
Lease liability	13	1,773,455	2,237,604
Total liabilities		18,375,914	17,691,561
<u>Shareholder's equity</u>			
Share capital	14	1	1
Share premium	14	2,999,999	2,999,999
Additional paid-in capital	15	43,073,251	43,073,251
Accumulated surplus		7,036,024	6,892,271
Total shareholder's equity	19	53,109,275	52,965,522
Total liabilities and shareholder's equity		\$ 71,485,189	\$ 70,657,083

George McCarthy
Chairman of the Board

Dated: April 27, 2026

Frank Gallippi
Chief Financial Officer

Dated: April 27, 2026

The accompanying notes form an integral part of these financial statements.

Cayman Islands National Insurance Company Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2025

Amounts stated in Cayman Islands dollars

	<u>Note</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Income			
Insurance revenue	4.1,16,17	\$ 166,029,574	\$ 150,490,571
Insurance service expenses	4.1,5,6,17	(167,262,954)	(148,759,750)
Net (expenses)/income from reinsurance contracts	4.2,5,6	(35,262)	141,897
Insurance service result		(1,268,642)	1,872,718
ASO fees	2,17	2,162,436	1,976,109
Investment and other income	9	1,733,595	1,579,251
Other income		3,896,031	3,555,360
Other operating expenses	6	(2,483,636)	(2,322,294)
Net income for the year		143,753	3,105,784
Total comprehensive income for the year		\$ 143,753	\$ 3,105,784

The accompanying notes form an integral part of these financial statements.

Cayman Islands National Insurance Company Ltd.

Statement of Cash Flows

For the year ended December 31, 2025

Amounts stated in Cayman Islands dollars

	<u>Note</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Cash flows from operating activities			
Net income for the year		\$ 143,753	\$ 3,105,784
Adjustments for non-cash items:			
Depreciation	11	629,720	751,308
Gain from lease termination		-	(4,585)
Interest expense	13.2	150,301	138,872
Changes in:			
Reinsurance contract assets	4.2	(2,056,227)	(467,802)
Funds held in escrow	8	-	390,451
ASO claims and fees receivable	17	(5,018,149)	(2,638,655)
Other receivables and other assets	10	325,653	(429,765)
Insurance contract liabilities	4.1	584,084	(2,263,283)
Accruals and other liabilities	12	525,031	389,823
Derivative liabilities	2.2	12,652	33,314
Interest paid	13.2	(150,301)	(138,872)
Net cash used in operating activities		(4,853,483)	(1,133,410)
Cash flows from investing activities			
Purchase of fixed deposits	9	(6,680,796)	(5,743,251)
Purchase of fixed assets	11	(217,834)	(266,367)
Net cash used in investing activities		(6,898,630)	(6,009,618)
Cash flows from financing activities			
Payments of lease liability	13	(351,580)	(353,985)
Net cash used in financing activities		(351,580)	(353,985)
Net decrease in cash and cash equivalents		(12,103,693)	(7,497,013)
Cash and cash equivalents at beginning of the year		26,128,208	33,625,221
Cash and cash equivalents at end of the year		\$ 14,024,515	\$ 26,128,208

The accompanying notes form an integral part of these financial statements.

Cayman Islands National Insurance Company Ltd.

Statement of Changes in Shareholder's Equity

For the year ended December 31, 2025

Amounts stated in Cayman Islands dollars

	Share capital	Share premium	Additional paid- in capital	Accumulated surplus	Total shareholder's Equity
Balance, January 1, 2024	\$ 1	\$ 2,999,999	\$ 43,073,251	\$ 3,786,487	\$ 49,859,738
Year ended December 31, 2024					
Comprehensive income for the year:					
Net income for the year	-	-	-	3,105,784	3,105,784
Total comprehensive income for the year:	-	-	-	3,105,784	3,105,784
Balance, December 31, 2024	\$ 1	\$ 2,999,999	\$ 43,073,251	\$ 6,892,271	\$ 52,965,522
Balance, January 1, 2025	\$ 1	\$ 2,999,999	\$ 43,073,251	\$ 6,892,271	\$ 52,965,522
Year ended December 31, 2025					
Comprehensive income for the year:					
Net income for the year	-	-	-	143,753	143,753
Total comprehensive income for the year:	-	-	-	143,753	143,753
Balance, December 31, 2025	\$ 1	\$ 2,999,999	\$ 43,073,251	\$ 7,036,024	\$ 53,109,275

The accompanying notes form an integral part of these financial statements.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

1 Reporting Entity

Cayman Islands National Insurance Company Ltd. ("CINICO" or the "Company") was formed on December 18, 2003, under the Cayman Islands Companies Act and was granted a Class A Insurance Licence under the Insurance Act (2003 Revision) on February 1, 2004. The Company was established and is wholly owned by the Cayman Islands Government ("CIG") and the principal activity is the provision of health insurance for Government insureds including civil servants, pensioners, other CIG Statutory Authorities and Companies (including CINICO employees and dependents), seamen & veterans and their dependents ("Government Insureds"). The Company also serves residents of the Cayman Islands ("Private Insureds") by providing benefits under the "Standard Health Insurance Contract" ("SHIC") as defined by the Health Insurance Act of the Cayman Islands. The Company also provides Administrative Services Only ("ASO") for indigents and advance patients. ASO is also provided for Seafarer and Veteran overseas benefits which came into effect July 1, 2007. In addition, on March 18, 2024 and August 5, 2024, the Company started to issue Motor and Property policies, respectively, in accordance with its expansion plans.

The Company's registered office is at Maiden Place, Elgin Avenue, George Town, Grand Cayman. At December 31, 2025, the Company employed 53 permanent staff (December 31, 2024: 54 permanent staff).

2 Material accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's policies.

Standards issued but not yet effective

The following standards issued but not yet effective are not expected to have a material impact on the Company's financial statements:

- i. Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS Accounting Standards 10 and IAS 28)
- ii. Amendments to the classification and measurement of financial instruments (Amendments to IFRS Accounting Standards 9 and 17)
- iii. Annual improvements to IFRS Accounting Standards (Amendments to IFRS Accounting Standards 1, 7, 9, 10, and IAS 7)
- iv. Contracts referencing nature-dependent electricity (Amendments to IFRS Accounting Standards 9 and 17)
- v. IFRS Accounting Standards 18 Presentation and disclosures in financial statements
- vi. IFRS Accounting Standards 19 Subsidiaries without public accountability: disclosures
- vii. The effects of changes in foreign exchange rates (IAS 21)

Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 2.1.

Fixed assets and depreciation

Fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related fixed assets is capitalised as part of the related fixed assets. If significant parts of fixed assets have different useful lives, then they are accounted for as separate items of fixed assets. Any gain or loss on disposal of an item of fixed assets is recognised within other income in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expenses as incurred. Depreciation is calculated on a straight-line basis over their expected useful lives of these assets. The following depreciation rates have been estimated by management to approximate the expected useful life of each class of assets:

Office Equipment	5 years
System Development Costs	3 - 5 years
Computer and Telecommunication Equipment	3 years
Leasehold Improvements	Over the term of the lease
Right-of-use assets	Over the term of the lease

See also Note 11. The assets' depreciation methods, useful lives and residual values are reviewed at each statement of financial position date and adjusted where appropriate.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

Income taxes

There is presently no taxation imposed on the Company by the Government of the Cayman Islands. As a result, no tax liability or expense has been recorded in the accompanying financial statements.

Administrative services only contracts

The Company pays the claims that are generated from the Administrative Services Only ("ASO") contract and seeks reimbursement for the full amount from CIG. The Company also earns revenue from fees for ASO contracts. ASO fees are recognised as calculated on a per-member-per-month basis, which is allocated to the performance obligations and recognised over time as the services are provided. The Company also accrues income as earned from the Segregated Insurance Fund and from the Treasury Department in respect of Indigents and Advance Patients respectively for third party administrator fees.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Cayman Islands dollars, which is the Company's presentation and functional currency.

Revenue and expense transactions denominated in currencies other than the Cayman Islands dollar have been translated using exchange rates ruling at the dates of those transactions. Assets and liabilities denominated in currencies other than the Cayman Islands dollar have been translated using year-end foreign exchange rates. Gains or losses on translation of foreign currency transactions are included in general and administrative expenses

Investment income and other income

Investment income and other income are accrued as earned.

2.1 Insurance contracts

2.1.1 Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

All of the Company's insurance contracts transfer significant insurance risk. The Company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS Accounting Standards 17 requirements. The Company does, however, issue ASO non-insurance contracts which do not transfer any risk to the Company and, therefore, fall outside the scope of IFRS Accounting Standards 17.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

2.1.2 Measurement

The Company uses the Premium Allocation Approach ("PAA") to simplify the measurement of groups of contracts when the following criteria are met at inception.

Insurance contracts: The coverage period of each contract in the group is one year or less.

Reinsurance contracts: The coverage period of each contract in the group is one year or less.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the Liability for Remaining Coverage ("LRC") is measured at the premiums received on initial recognition adjusted for any amount arising from the derecognition of any prior carried assets in the Assets for Remaining Coverage ("ARC") or liabilities in the LRC previously recognised for cash flows related to the group of contracts. Given that all contracts were determined as having coverage periods of 12 months or less, the Company elected the option of expensing acquisition cash flows as incurred rather than deferring them through the LRC and subsequently amortising them. This decision removed the requirement to measure acquisition cash flows within the LRC. Other non-acquisition expense cash flows are also recognised as incurred, therefore, all expense cash flows attributable to insurance will be recognised as incurred.

Subsequently, the carrying amount of the LRC is increased by any premiums received decreased by the amount recognised as insurance revenue for services provided. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services, and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.1 Insurance contracts (continued)

2.1.2 Measurement (continued)

Insurance contracts (continued)

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows ("FCF") that relate to the remaining coverage exceed the carrying amount of the LRC.

The Company recognises the Liability for Incurred Claims ("LIC") of a group of insurance contracts at the amount of the FCF relating to incurred claims. For Health insurance contracts, the future cash flows are not discounted since they are expected to be paid for in one year or less from the date that the claims are incurred. For Property and Casualty ("P&C") insurance contracts, the estimates of future cash flows are adjusted using current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The determination of the discount rates requires significant judgement and estimation. The Company uses a risk-free interest rate based on 1-year, 2-year, 3-year risk free US treasury yields.

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary, to reflect features that differ from those of insurance contracts.

Separating components from insurance and reinsurance contracts

The Company provides parametric coverage within its property policies, which promises a set of scaled benefit payouts triggered by specific events in line with the reinsurance agreement with Swiss Re. The parametric coverage is classified as an embedded derivative in accordance with the guidelines of IFRS Accounting Standards 9 and IFRS Accounting Standards 17. As such the parametric component within the insurance contracts is accounted for and disclosed in the financial statements as derivative instruments.

At the inception of a property policy, the Company separates the derivative embedded in an insurance or reinsurance contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument. The Company accounts for these as if they were stand-alone financial instruments (see Note 2.2).

After separating any financial instrument components from the insurance contract, the Company separates any promises to transfer distinct benefits or services to policyholders, other than insurance coverage and investment services, and accounts for them as separate contracts with customers (i.e., not as insurance contracts). A benefit or service is considered distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A benefit or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the benefit or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides significant integration of the benefit or service with the insurance component.

2.1.3 Unit of account

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- i. contracts that are onerous at initial recognition;
- ii. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- iii. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- i. contracts for which there is a net gain at initial recognition;
- ii. contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- iii. remaining contracts in the portfolio.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.1 Insurance contracts (continued)

2.1.4 Recognition and derecognition

Reinsurance contracts held are assessed for aggregation requirements at the portfolio level. The Company tracks internal management information reflecting historical experience of such contracts' performance and receives actuarial projections to assess the associated profitability cohort of groups of reinsurance contracts.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

An insurance contract is derecognised when it is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled).

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage is recognised at the later of:
 - i. the beginning of the coverage period of the group; and
 - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohort's restriction. The composition of the groups is not reassessed in subsequent periods. An insurance contract is derecognised when it is extinguished.

2.1.5 Fulfilment cash flows and contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits, and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimates of future cash flows:

- a. are based on point estimates derived from historical completion factors and claim payment patterns;
- b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.1 Insurance contracts (continued)

2.1.5 Fulfilment cash flows and contract boundary (continued)

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting, and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Cash flows that are directly attributable to a portfolio of insurance contracts are allocated to groups of insurance contracts on a systematic and rational basis and are expensed as incurred.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

2.1.6 Insurance service result from insurance contracts issued

The Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of insurance revenue for the period is the amount of expected premium receipts allocated to the period.

Insurance service expenses include the following:

- a. incurred claims and benefits, reduced by loss component allocations;
- b. incurred directly attributable expenses;
- c. changes that relate to past service – changes in the FCF relating to the LIC; and
- d. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

2.1.7 Insurance service result from reinsurance contracts held

The Company presents the financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses;
- b. incurred claims recovery, reduced by loss-recovery component allocations;
- c. other incurred directly attributable expenses;
- d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- e. effect of changes in the risk of reinsurers' non-performance; and
- f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services. The Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

2.1.8 Judgements

Insurance contracts aggregation

For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

The aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous and groups of other contracts is also an area of judgement for the Company. The areas of potential judgements include:

- a. the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and
- b. judgements may be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous and other contracts)

For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of potential judgement.

The Company generally sets premiums considering recent experience with the expectation of making a profit. This process results in contracts that are expected to be profitable when pricing is performed, and the Company considers any unprofitable contracts to be immaterial.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.1 Insurance contracts (continued)

2.1.9 Estimates and assumptions

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying IFRS Accounting Standards 17 measurement requirements, the following inputs and methods were used that include significant estimates. The calculated future cash flows are estimated using best estimates as at the measurement date. The assumptions used in the estimation are derived to approximate the point estimated future cash flows.

2.1.9.1 Estimates of future cash flows to fulfill insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS Accounting Standards 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on point estimated future cash flows derived from historical completion factors and claim payment patterns as at the measurement date. In making these estimates, the Company uses information about past events, current conditions, and forecasts of future conditions.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

2.1.9.2 Methods used to measure insurance contracts

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Through the use of an independent actuary, management has estimated an insurance contract liability for health insurance contracts which is inclusive of claims that have been incurred but are yet to be reported. Management has also estimated an insurance contract liability for P&C insurance contracts which is inclusive of case reserves. While management has estimated an insurance contract liability based on all information it has available to it at the time, the ultimate liability may be in excess of, or less than, the amounts provided. Provisions for claims incurred but not reported are estimated using acceptable reserving methods and form part of the LIC.

A claim is payable when an event has occurred that gives rise to a claim payment within the benefits of an insured member's policy while enforce. For health insurance contracts, the lag between the occurrence of a claim and the final payment is normally short term in nature as providers are required by the Cayman Islands Health Insurance Act to submit any claims within 180 days of date of service (USA providers are required to submit claims within one year of the date of service). Thus, any reserve estimates are normally settled within a year, exempting the Company from reflecting discounting in the provision for the claims incurred. For P&C insurance contracts, however, reserve estimates may be settled beyond a year, requiring the Company to reflect discounting in the provision for the claims incurred.

The carrying value at December 31, 2025 of insurance contract liabilities is \$14,989,658 (2024: \$14,405,574). The amount of reinsurance contract assets estimated at December 31, 2025, is \$4,485,355 (2024: \$2,429,128).

2.1.9.3 Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Company estimates an adjustment for non-financial risk separately from all other estimates. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

Using the margin approach, the risk adjustment is determined by increasing the assumed claims and expenses by a deterministic factor that accounts for the uncertainty and historic volatility associated with the group of contracts. This approach was used by the Company prior to the adoption of IFRS Accounting Standards 17. The pricing philosophy of the Company is to set premiums at least equal to the expected claims and expenses after accounting for the provision for uncertainty related to non-financial risk, there is no additional profit margin that is considered in the premium.

Based on the historical gross estimates of the Company's actuary, the management has observed that the resulting amount of the calculated risk adjustment have been sufficient in 91% (2024: 91%) of the current estimates of historical claims and expenses.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.1 Insurance contracts (continued)

2.1.10 Sensitivity analysis to underwriting risk variables

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to how underwriting risk variables impact insurance liabilities before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

December 31, 2025							
	Liability for Incurred Claims	Loss Ratio +10%			Expenses +10%		
		Impact on LIC	Impact on profit	Impact on equity	Impact on LIC	Impact on profit	Impact on equity
Insurance contract liabilities	15,305,444	1,501,636	(1,501,636)	(1,501,636)	28,908	(28,908)	(28,908)
Reinsurance contract assets	(4,431,086)	(443,029)	443,029	443,029	(80)	80	80
Net insurance contract liabilities	10,874,358	1,058,607	(1,058,607)	(1,058,607)	28,828	(28,828)	(28,828)

December 31, 2024							
	Liability for Incurred Claims	Loss Ratio +10%			Expenses +10%		
		Impact on LIC	Impact on profit	Impact on equity	Impact on LIC	Impact on profit	Impact on equity
Insurance contract liabilities	15,156,747	1,461,739	(1,461,739)	(1,461,739)	53,935	(53,935)	(53,935)
Reinsurance contract assets	(3,166,027)	(316,617)	316,617	316,617	14	(14)	(14)
Net insurance contract liabilities	11,990,720	1,145,122	(1,145,122)	(1,145,122)	53,949	(53,949)	(53,949)

2.2 Financial instruments

2.2.1 Classification and subsequent measurement

IFRS Accounting Standards 9 included three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS Accounting Standards 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

IFRS Accounting Standards 9 has not had a material effect on the Company's accounting for financial liabilities.

Debt instruments are those that contain contractual obligations to pay the instrument holder certain cash flows. Cash and cash equivalents, short-term investments, funds held in escrow, ASO claims and fees receivable, and other receivables and other assets are classified as debt instruments. The classification and subsequent measurement of debt instruments depend on the assessment of business model and characteristics of cash flow.

A business model reflects the objective of holding different assets, that is, whether the Company's objective is to collect the contractual cash flows from the assets or is to collect the cash flows arising from the sale of the assets, or both. The cash flow test considers whether interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Company classifies and measures its debt instruments at amortised cost, as they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. The Company has not disclosed fair value leveling and hierarchy as the fair value is approximated by the carrying amounts of the financial instruments.

Derivatives, including embedded derivatives

Derivatives, including embedded derivatives separated from their host contracts, are classified as held-for-trading unless they form part of a qualifying net investment hedging relationship. They are measured at fair value, with changes in fair value recognised in profit or loss.

Derivatives may be embedded in another contractual arrangement (a host contract). When the host contract is a financial asset within the scope of IFRS Accounting Standards 9, the hybrid financial instrument as a whole is assessed for classification, and the embedded derivative is not separated from the host contract.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

December 31, 2025

Amounts stated in Cayman Islands dollars

2 Material accounting policies (continued)

2.2 Financial instruments (continued)

2.2.1 Classification and subsequent measurement (continued)

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract (see Note 2.1.2).

For other contracts, the Company accounts for an embedded derivative separately from the host contract when:

- i. the hybrid contract is not measured at FVTPL;
- ii. the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract; and
- iii. the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. In particular, an embedded derivative is closely related to a host insurance contract if they are so interdependent that the embedded derivative cannot be measured separately - i.e. without considering the host contract.

Management determines the fair value of derivative liabilities embedded in insurance contracts based on the unearned premium allocated to the derivative component of the contract. This is considered to be a Level 2 financial liability in the fair value hierarchy.

2.2.2 Credit risk measurement

IFRS Accounting Standards 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'. Financial instruments in Stage 1 have their Expected Credit Loss ("ECL") measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Instruments in Stages 2 have their ECL measured based on expected credit losses on a lifetime basis.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Instruments in 'Stage 3' have their ECL measured based on expected credit losses on a lifetime basis.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

For debt instruments, the Company examines the issuer's capital adequacy, financial performance, and liquidity position to assess whether the issuer has experienced significant increase in credit risk since the origination of the assets. Default is defined as the miss of contractual payment of principal or interests.

2.2.3 Impairment measurement

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The Company measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation. PD is generated based on historical default data.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. EAD is assessed based on contractual terms of the debt instruments.

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty and historical recovery information.

ECL is determined by projecting the PD, LGD and EAD for future period and for each individual exposure or collective segment. These three components are multiplied together and discounted.

Cayman Islands National Insurance Company Ltd.

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2 Material accounting policies (continued)

2.2 Financial instruments (continued)

2.2.3 Impairment measurement (continued)

When incorporating Forward Looking Information ("FLI"), such as macroeconomic forecasts, into determination of expected credit losses, the Company considers the relevance of the information for each specific group of financial instruments. These variables and their associated impact on the ECL vary by financial instrument.

In addition to the base economic scenario, the Company also incorporated upside and downside scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each product type to ensure non-linearities are captured. The attributes of scenarios are reassessed at each reporting date. The scenario weightings take account of the range of possible outcomes each chosen scenario is representative of. Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired.

2.3 Leases

2.3.1 Leased assets

The Company as a lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

2.3.2 Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The period over which the lease payments are discounted is the non-cancellable period for which the Company has the right to use the underlying asset together with the renewal options that the Company is reasonably certain to exercise those options. The period needs to also consider termination options that the Company is reasonably certain not to exercise.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) less any lease incentives receivable, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. Each lease payment is allocated between a reduction of the liability and finance cost.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in fixed assets.

Cayman Islands National Insurance Company Ltd.

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2 Material accounting policies (continued)

2.3 Leases (continued)

2.3.3 Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

3 Management of insurance and financial risk

3.1 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk committee is responsible for developing and monitoring the Company's risk management policies, and reports to the board of directors about its activities.

3.2 Operational risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company and include various internal controls to mitigate these risks. The overarching risk management policy and its associated policies are reviewed regularly by the Company's risk committee to reflect changes in the market and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

3.3 Underwriting risk

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The very nature of an insurance contract involves randomness and therefore unpredictability. The principal risk that the Company faces is that the actual claim payments exceed the amount of insurance liabilities. This could occur for various reasons; for example, the severity and/or frequency of claims may be higher than anticipated, or unit claim costs could be higher than estimated. Any significant delays in the reporting of claims information from service providers will also lead to increased uncertainty. Claim losses are random and the actual number and amount of claims will vary from year to year from the level established using statistical and actuarial techniques.

The Company uses several techniques to mitigate risk surrounding potential high claim losses. For its largest group (Group 30100 - Civil, Servants, Pensioners and Government Entities), reinsurance has been purchased that covers overseas claim losses which exceed US\$600,000 (December 31, 2024: US\$600,000), up to US\$6,100,000 in respect of any one covered person during the policy year, with no aggregate cap (December 31, 2024: no aggregate cap per year). The Company's Standard Health Insurance Contracts ("SHIC" plans) use a combination of pre-existing condition exclusions, and annual limits to mitigate risk. In August 2016, the Company implemented its own department to provide case management services to its members. The Company uses United Healthcare for the provision of overseas network access. This entity has pre-negotiated contracts with many overseas providers which would allow the Company to realise significant savings. Furthermore, on an as needed basis, the Appeals Committee deliberates on large claims and any disputed claims. In addition, there is a concentrated risk to the Company's insurance revenue as these are mostly coming from the CIG. However, the Company believes that the risk is not significant in nature as premiums due from CIG are realised within 12 months or less. See Note 17 for the aging analysis of amounts due from the CIG.

Property risks are comprised principally of physical damage to property and auto physical damage. Property policies are underwritten by reference to the commercial replacement value of the properties and contents insured.

Casualty risks are comprised of liability coverage under motor and homeowners' policies.

For the Company's P&C insurance contracts, significant risks exposures arise from low frequency, high severity events such as hurricanes. Single events, such as flooding or fires may also generate significant claims.

Claim payment limits are always included to cap the amount payable on occurrence of the insured event. The costs of rebuilding properties, replacement or indemnity for contents are the key factors that influence the level of claims under these policies.

The frequency and severity of claims can be affected by several factors with the single most significant event being a catastrophic event. The Company manages these risks through its underwriting strategy, reinsurance arrangements and claims handling. Underwriting guidelines are in place to ensure appropriate risk selections. Analytics are used to look at pricing models to ensure that loss ratios remain relatively stable. The Company has a dedicated in-house claims department and uses third party loss adjusters as necessary. The Company manages and seeks early settlements of claims which have been determined to reduce exposure to claims deterioration. The Company will, where necessary, appoint lawyers to act on the Company's behalf in respect of serious bodily injury claims or other claims where necessary.

Cayman Islands National Insurance Company Ltd.

Notes to the financial statements

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3 Management of insurance and financial risk (continued)

3.3 Underwriting risk (continued)

The Company follows the policy of underwriting and reinsuring contracts of insurance, which generally limits the liability for any one risk. In addition to the reinsurance contract for Health, the P&C contracts are limited by catastrophe deductibles up to a maximum of \$600,000 (December 31, 2024: \$750,000), which is less than 1% of the Company's capital and surplus in the event of a series of claims arising out of a single occurrence.

The Company is exposed to contractual disputes with its reinsurers and the possibility of default by its reinsurers. The Company's strategy is to select reinsurers with the best combination of financial strength, price and capacity.

In the event that the Company's reinsurers are unable to meet their obligations under the reinsurance agreements in place, the Company would still be liable to pay all claims made under the insurance policies it issues. However, it would only receive reimbursement to the extent that the reinsurers could meet their obligations.

Management does not anticipate that there will be any issues with the collection of amounts due from reinsurers. The reinsurance program is reviewed by the Risk and Compliance committee and approved by the Board on an annual basis.

3.4 Financial risk

Financial risk can be broken down into credit risk, market risk (comprising of interest rate risk, foreign currency risk and other price risk) and liquidity risk. The Company is exposed to financial risks through its financial assets, financial liabilities, and reinsurance assets. No financial risk is associated with its insurance liabilities. The Company's assets and liabilities are generally short term in nature (less than one year), as such financial risks are minimal. Regardless, the Company addresses each of the financial risks as set out in the following paragraphs.

3.4.1 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk were set out in Notes 2.1 and 2.2.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised as per IFRS Accounting Standards 9. However, the Company determined that the ECL allowance for the current year is not material and, thus, presents no impact to the carrying value of the financial assets. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

	December 31, 2025					2024
	ECL Staging					
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit- impaired	Total	Total
Debt instruments - amortised costs						
Credit grade:						
Investment grade	64,179,160	-	-	-	64,179,160	64,909,562
Non-investment grade	-	-	-	-	-	-
Watch	-	-	-	-	-	-
Default	-	-	-	-	-	-
Gross carrying amount	64,179,160	-	-	-	64,179,160	64,909,562
Loss allowance	-	-	-	-	-	-
Carrying amount	64,179,160	-	-	-	64,179,160	64,909,562

The Company associates the credit grade of its current financial instruments based on the equivalent credit rating mapping from the Standard and Poor's ("S&P") to other international external credit rating agencies, such as Moody's rating, used by the financial institution that holds the financial instrument. The Company classifies a financial instrument that meets the equivalent S&P credit rating of AAA to BBB- as an investment grade. The concentration of credit risk is substantially unchanged compared to the prior year.

	December 31, 2025	December 31, 2024
AA-	42,116,927	49,099,168
A+	15,709,669	6,280,577
BBB+	123,249	1,817,018
BBB-	6,229,315	7,712,799
	64,179,160	64,909,562

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3 Management of insurance and financial risk (continued)

3.4 Financial risk (continued)

3.4.1 Credit risk (continued)

Loss allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial assets experiencing significant movement in credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to a change in inputs of default whether in the PD, EAD, or LGD, used in the calculation including the movement between 12 months and lifetime ECL;
- Impact on the measurement of ECL due to changes made to models and model assumptions;
- Impact on FLI adjustments to the ECL due to significant changes to the carrying amounts of the financial assets from the calculated ECL before FLI adjustments
- Foreign exchange retractions for assets denominated in foreign currencies

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date, with;
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company also reviews changes in bond yields, and with available press and regulatory information about issuers. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned with external credit rating definitions from S&P and/or any other international external credit rating agencies. The Company has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of an 'investment grade' as previously stated. The Company identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed on an individual instrument basis as described above.

Significant increase in credit risk (continued)

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by periodic reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred from 12-month ECL measurement ("Stage 1") to credit-impaired ("Stage 3"); and
- There is no unwarranted volatility in loss allowance from transfers between Stage 1 and lifetime ECL ("Stage 2") measurements

Definition of default

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security, if any is held. In assessing whether a debtor is in default, the Company considers indicators that are qualitative and/or quantitative and based on information from internal and external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Company currently does not incorporate forward-looking information and, thus, have not applied any forward-looking adjustments. This is attributed to the fact that FLI incorporation is not expected to have any material impact since the calculated ECL before any FLI adjustments has been determined by the Company to not have any material impact to the carrying amounts of financial assets.

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3 Management of insurance and financial risk (continued)

3.4 Financial risk (continued)

3.4.1 Credit risk (continued)

IFRS Accounting Standards 9 Carrying Values

The following table explains the changes in the carrying value between the beginning and the end of the year due to these factors. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit- impaired	Total
Debt instruments - amortised costs					
Gross carrying amount as at January 1, 2025	64,909,562	-	-	-	64,909,562
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the year	-	-	-	-	-
Changes in principal and interest	(730,402)	-	-	-	(730,402)
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2025	64,179,160	-	-	-	64,179,160

	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit- impaired	Total
Debt instruments - amortised costs					
Gross carrying amount as at January 1, 2024	63,985,355	-	-	-	63,985,355
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the period	-	-	-	-	-
Changes in principal and interest	924,207	-	-	-	924,207
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2024	64,909,562	-	-	-	64,909,562

3.4.2 Interest rate risk

Cash and cash equivalents and short-term investments expose the Company to cash flow from both fixed and variable interest rates. Given the short-term nature of cash and cash equivalents, this exposure is not considered material to the Company. Short-term investments are also held with banks with credit ratings classified as investment grade.

3.4.3 Foreign currency risk

The Company receives in Cayman Islands Dollars ("CI\$") and pays claims in both Cayman Islands and United States dollars ("US\$"). Since the exchange between CI\$ and US\$ is fixed, the Company is not exposed to foreign currency risk.

3.4.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial and insurance liabilities. The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk may arise from a number of potential areas, such as a duration mismatch between assets and liabilities and unexpectedly high levels of claims, in conjunction with uncollected receivables. The nature of the Company's exposure to liquidity risk and its objectives, policies, and processes for managing liquidity risks, have not changed significantly from the prior year. A maturity profile of financial liabilities has not been presented on the basis that liabilities in the scope of IFRS 9 are not material to the financial statements

Cayman Islands National Insurance Company Ltd.

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4 Reconciliation of the insurance contract liabilities and reinsurance contract assets

The following tables present reconciliations of insurance contract liabilities and reinsurance contract assets excluding pre-recognition cash flows.

4.1 Insurance contracts issued

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Future cash flows	Risk adjustment	
Opening insurance contract liabilities/(assets) January 1, 2025 (A)	(1,124,162)	372,989	14,699,407	457,340	14,405,574
Insurance revenue (B)	(166,029,574)	-	-	-	(166,029,574)
Incurred claims and other directly attributable expenses	-	-	167,414,701	478,783	167,893,484
Changes that relate to past service	-	-	(3,857)	(457,340)	(461,197)
Losses on onerous contracts and reversals of those losses	-	(169,333)	-	-	(169,333)
Insurance service expenses (C)	-	(169,333)	167,410,844	21,443	167,262,954
Insurance service result (D = B+C)	(166,029,574)	(169,333)	167,410,844	21,443	1,233,380
Premiums received	166,634,294	-	-	-	166,634,294
Claims and other directly attributable expenses paid	-	-	(167,283,590)	-	(167,283,590)
Cash flows (E)	166,634,294	-	(167,283,590)	-	(649,296)
Closing insurance contract liabilities/(assets) December 31, 2025 (F = A+D+E)	(519,442)	203,656	14,826,661	478,783	14,989,658

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Future cash flows	Risk adjustment	
Opening insurance contract liabilities/(assets) January 1, 2024 (A)	(847,899)	137,382	16,847,578	531,796	16,668,857
Insurance revenue (B)	(150,490,571)	-	-	-	(150,490,571)
Incurred claims and other directly attributable expenses	-	(1,648,584)	150,814,595	457,340	149,623,351
Changes that relate to past service	-	-	(2,215,996)	(531,796)	(2,747,792)
Losses on onerous contracts and reversals of those losses	-	1,884,191	-	-	1,884,191
Insurance service expenses (C)	-	235,607	148,598,599	(74,456)	148,759,750
Insurance service result (D = B+C)	(150,490,571)	235,607	148,598,599	(74,456)	(1,730,821)
Premiums received	150,214,308	-	-	-	150,214,308
Claims and other directly attributable expenses paid	-	-	(150,746,770)	-	(150,746,770)
Cash flows (E)	150,214,308	-	(150,746,770)	-	(532,462)
Closing insurance contract liabilities/(assets) December 31, 2024 (F = A+D+E)	(1,124,162)	372,989	14,699,407	457,340	14,405,574

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4 Reconciliation of the insurance contract liabilities and reinsurance contract assets (continued)

4.2 Reinsurance contracts held

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Future cash flows	Risk adjustment	
Opening reinsurance contract assets January 1, 2025 (A)	(736,899)	-	3,150,639	15,388	2,429,128
Reinsurance expenses	(4,248,722)	-	(176,126)	-	(4,424,848)
Incurred claims recovery	-	-	3,890,573	23,259	3,913,832
Changes that relate to past service	-	-	491,142	(15,388)	475,754
Net (expenses)/income from reinsurance contracts held (B)	(4,248,722)	-	4,205,589	7,871	(35,262)
Premiums paid net of ceding commissions and other directly attributable expenses paid	5,039,890	-	177,071	-	5,216,961
Recoveries from reinsurance	-	-	(3,125,472)	-	(3,125,472)
Cash flows (C)	5,039,890	-	(2,948,401)	-	2,091,489
Closing reinsurance contract assets/(liabilities) December 31, 2025 (D = A+B+C)	54,269	-	4,407,827	23,259	4,485,355

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Future cash flows	Risk adjustment	
Opening reinsurance contract assets January 1, 2024 (A)	(178,729)	-	2,077,727	62,328	1,961,326
Reinsurance expenses	(2,992,640)	-	(81,540)	-	(3,074,180)
Incurred claims recovery	-	-	3,070,445	15,388	3,085,833
Changes that relate to past service	-	-	192,572	(62,328)	130,244
Net (expenses)/income from reinsurance contracts held (B)	(2,992,640)	-	3,181,477	(46,940)	141,897
Premiums paid net of ceding commissions and other directly attributable expenses paid	2,434,470	-	81,285	-	2,515,755
Recoveries from reinsurance	-	-	(2,189,850)	-	(2,189,850)
Cash flows (C)	2,434,470	-	(2,108,565)	-	325,905
Closing reinsurance contract assets December 31, 2024 (D = A+B+C)	(736,899)	-	3,150,639	15,388	2,429,128

5 Claims development

Actual health claims payments are compared with previous estimates of the undiscounted amounts of the claims in the health claims development disclosure below on a gross of reinsurance basis as at December 31, 2025.

Gross claims development Estimate of ultimate claim costs (Health) (undiscounted)	Incurred year					
	2020	2021	2022	2023	2024	2025
At end of incurred year	85,595,610	107,239,033	118,316,231	129,052,722	142,413,855	158,582,214
1 year later	83,291,110	106,410,150	114,876,415	127,064,625	142,578,737	n.a.
2 years later	83,165,273	106,240,568	114,798,034	127,143,639	n.a.	n.a.
3 years later	83,184,939	106,223,710	114,795,775	n.a.	n.a.	n.a.
4 years later	83,326,131	106,223,710	n.a.	n.a.	n.a.	n.a.
5 years later	83,326,131	n.a.	n.a.	n.a.	n.a.	n.a.

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5 Claims development (continued)

	Incurred year						Total
	2020	2021	2022	2023	2024	2025	
Current estimate of gross cumulative insurance claims	83,326,131	106,223,710	114,795,775	127,143,639	142,578,737	158,582,214	
Gross cumulative insurance claims and other directly attributable expenses paid	83,326,131	106,223,710	114,795,773	127,143,252	142,493,338	144,238,614	
Gross cumulative insurance claims liabilities	-	-	2	387	85,399	14,343,600	14,429,388
Effect of the risk adjustment for non-financial risk	-	-	-	12	2,732	458,917	461,661
Amounts related to expense payable and accruals							277,581
Gross liabilities for incurred claims (Health) (undiscounted)							15,168,630
Gross liabilities for incurred claims (P&C) (discounted)							136,814
Insurance contract assets - ARC including loss component							(315,786)
Insurance contract liabilities							14,989,658

	2020	2021	2022	2023	2024	2025	Total
Ceded reinsurance claims (Health) (undiscounted)	-	-	-	-	(506,586)	(3,805,268)	(4,311,854)
Ceded reinsurance claims (P&C) (discounted)	-	-	-	-	-	(95,172)	(95,172)
Effect of the risk adjustment for non-financial risk of reinsurance	-	-	-	-	-	(23,259)	(23,259)
Amounts related to reinsurance expense payable and accruals							(801)
Gross assets for incurred claims							(4,431,086)
Reinsurance contract liabilities - LRC							(54,269)
Reinsurance contract assets							(4,485,355)

6 Expenses by nature

An analysis of the expenses by nature incurred by the Company for the years ended December 31, 2025, and 2024 is included in the table below:

Expense Type	December 31, 2025				December 31, 2024			
	Acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total	Acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Salaries	688,472	2,826,373	822,667	4,337,512	426,046	2,915,327	879,741	4,221,114
Employee benefits	253,620	1,058,346	346,460	1,658,426	162,969	1,010,799	357,443	1,531,211
Repricing fees	-	1,135,528	-	1,135,528	-	910,299	-	910,299
TPA fees	-	912,748	215,112	1,127,860	84,834	889,268	192,005	1,166,107
Maintenance (IT and Premises)	152,660	585,900	175,421	913,981	166,216	604,260	186,736	957,212
Depreciation	86,910	430,468	112,341	629,719	103,104	520,885	127,319	751,308
Professional fees [†]	-	296,593	302,608	599,201	86,014	301,861	282,592	670,467
Marketing costs	-	-	254,835	254,835	76,105	33,321	101,009	210,435
Interest expense (IFRS16)	-	-	150,301	150,301	7,244	3,172	128,456	138,872

Cayman Islands National Insurance Company Ltd.

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6 Expenses by nature (continued)

Expense Type	December 31, 2025				December 31, 2024			
	Acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total	Acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Utilities	19,285	74,016	22,161	115,462	14,656	80,480	25,130	120,266
License fees	-	63,359	33,891	97,250	11,476	49,476	14,048	75,000
Rent	-	76,769	9,880	86,649	728	91,776	12,125	104,629
Office supplies	5,765	22,124	6,624	34,513	4,197	22,408	6,980	33,585
Other and miscellaneous	84,072	31,435	31,335	146,842	26,974	(7,851)	8,710	27,833
	1,290,784	7,513,659	2,483,636	11,288,079	1,170,563	7,425,481	2,322,294	10,918,338

†Professional fees above include the following breakdown of audit fees:

	December 31, 2025	December 31, 2024
Audit fees - KPMG ^Δ	184,800	177,700
Audit fees - Internal Audit [*]	70,000	110,000
Audit fees - Auditor General [*]	10,000	10,000
	264,800	297,700

Δ This includes all fees paid to KPMG that covers the requirement to disclose all audit, non-audit, and any other fees.

*See Note 17 for disclosure on related party balances.

Furthermore, the expenses by nature set out previously are allocated to insurance services and reinsurance contracts as follows.

	December 31, 2025				December 31, 2024			
	Acquisition cash flows	Other directly attributable expenses	Claims-related expenses from insurance or reinsurance contracts	Total	Acquisition cash flows	Other directly attributable expenses	Claims-related expenses from insurance or reinsurance contracts	Total
Insurance revenue	-	286,040	(166,315,614)	(166,029,574)	-	264,580	(150,755,151)	(150,490,571)
Other directly attributable expenses	1,290,784	7,337,533	158,634,637	167,262,954	1,170,563	7,343,941	140,245,246	148,759,750
Reinsurance expenses	-	176,126	(140,864)	35,262	-	81,540	(223,437)	(141,897)
Insurance service result as per SOCI				1,268,642				(1,872,718)

7 Cash and cash equivalents

Cash and cash equivalents is comprised of cash, interest bearing deposits with maturities of three months or less at date of acquisition, and demand deposits held to meet short term commitments.

	December 31, 2025	December 31, 2024
Cash at bank	14,024,515	26,128,208
	14,024,515	26,128,208

8 Funds held in escrow

United Healthcare ("UHC") provides the Company with network access to USA facilities and physicians at discounted rates. As part of the agreement with UHC, the Company is required to maintain an appropriate level of funds in a client billing account maintained by UHC for the payment of claims.

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9 Fixed deposits

Fixed deposits are held with financial institutions in the Cayman Islands and are held primarily for investments purposes totaling \$35,420,100 (December 31, 2024: \$28,739,304). These deposits are classified as current based on their maturity at the reporting date. Fixed deposits maturing within 12 months from the reporting date are classified as current; those maturing after 12 months are classified as non-current. Investment income mainly comprises interest income of \$1,411,542 (December 31, 2024: \$1,294,959) earned on these fixed deposits.

10 Other receivables and other assets

Components of other receivables and other assets are as follows:	December 31, 2025	December 31, 2024
Investment income	755,126	667,675
Prepaid rent	162,504	74,310
Amount on deposit with providers*	113,400	113,400
License fees*	84,000	-
Marketing prepaid costs	48,575	30,132
Insurance expense	47,915	59,613
Stamp duty on lease	37,223	45,058
IT prepaid costs	36,964	54,058
Miscellaneous	13,113	12,721
Work permit fees*	8,068	6,842
Advance to employees	4,378	-
Receivables from TPA	-	483,555
	1,311,266	1,547,364
Amounts above allocated to insurance and reinsurance contracts:		
Insurance contract liabilities - liabilities for incurred claims	(342,631)	(252,123)
Reinsurance contract assets - liabilities for remaining coverage	(3,003)	(3,956)
Other receivables and other assets as per statement of financial position	965,632	1,291,285

*See Note 17 for disclosure on related party balances.

11 Fixed assets

	Right-of-Use Asset (ROU)	System Development Costs	Office Equipment	Computer & Telecoms Equipment	Leasehold Improvements	Total
Cost at January 1, 2025	3,031,868	1,347,246	346,543	819,365	1,224,354	6,769,376
Additions	-	85,831	13,501	28,502	90,000	217,834
Disposals	(85,834)	-	-	-	-	(85,834)
Cost at December 31, 2025	2,946,034	1,433,077	360,044	847,867	1,314,354	6,901,376
Accumulated depreciation at January 1, 2025	553,371	1,112,398	281,119	772,531	731,564	3,450,983
Depreciation for the period	429,821	7,785	54,494	36,021	101,599	629,720
Disposals	-	-	-	-	-	-
Accumulated depreciation at December 31, 2025	983,192	1,120,183	335,613	808,552	833,163	4,080,703
Carrying value at December 31, 2025	1,962,842	312,894	24,431	39,315	481,191	2,820,673

	Right-of-Use Asset (ROU)	System Development Costs	Office Equipment	Computer & Telecoms Equipment	Leasehold Improvements	Total
Cost at January 1, 2024	1,105,546	1,294,406	337,172	787,962	1,051,601	4,576,687
Additions	2,821,655	52,840	9,371	31,403	172,753	3,088,022
Disposals	(895,333)	-	-	-	-	(895,333)
Cost at December 31, 2024	3,031,868	1,347,246	346,543	819,365	1,224,354	6,769,376
Accumulated depreciation at January 1, 2024	945,843	1,040,260	250,102	718,036	588,945	3,543,186
Depreciation for the year	451,039	72,138	31,017	54,495	142,619	751,308
Disposals	(843,511)	-	-	-	-	(843,511)
Accumulated depreciation at December 31, 2024	553,371	1,112,398	281,119	772,531	731,564	3,450,983
Carrying value at December 31, 2024	2,478,497	234,848	65,424	46,834	492,790	3,318,393

See Note 13.2 for the details of the right-of-use assets.

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12 Accruals and other liabilities

Components of accruals and other liabilities are as follows:

	December 31, 2025	December 31, 2024
Reinsurance premium due	743,364	915,187
Funds owed to escrow	711,437	158,037
Stale dated cheques	326,494	346,988
TPA expenses	172,108	337,383
Audit fees - KPMG	129,360	124,390
Audit fees - Internal Audit*	126,203	110,000
Actuarial and consulting fees	117,082	129,210
Maintenance/utilities & telecommunications*	58,022	96,164
Regulatory fees	37,991	34,471
Personnel	15,909	3,477
Audit fees - Auditor General*	11,000	11,000
Other accruals and other liabilities	100,105	92,261
	2,549,075	2,358,568
Amounts above allocated to insurance and reinsurance contracts:		
Insurance contract liabilities - liabilities for incurred claims	(614,367)	(775,170)
Reinsurance contract assets - liabilities for remaining coverage	(745,566)	(919,287)
Accruals and other liabilities as per statement of financial position	1,189,142	664,111

*See Note 17 for disclosure on related party balances.

13 Leases

13.1 Lease liabilities

The Company has a lease for an office building. The lease is reflected on the statement financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its fixed assets (see Note 11). Lease liabilities are presented in the consolidated statement of financial position as follows:

Lease liabilities	December 31, 2025	December 31, 2024
Lease payment	2,493,727	3,111,071
Finance charges	(342,579)	(522,509)
Total lease liabilities	2,151,148	2,588,562

Remaining contractual undiscounted lease payments as at December 31, 2025, were as follows:

Remaining undiscounted lease payments as at December 31	December 31, 2025	December 31, 2024
Less than one year	503,757	505,825
Between one and three years	1,068,769	1,037,629
Greater than three years	921,201	1,567,617
Total remaining undiscounted lease payments	2,493,727	3,111,071

13.2 Right-of-use assets

The lease liabilities are secured by the related underlying assets.

Office building	December 31, 2025	December 31, 2024
Carrying amount at the beginning of period	2,478,497	159,703
Additions during the period	-	2,821,655
Disposal of cost	(85,834)	(895,333)
Reversal of depreciation related to disposal	-	843,511
Depreciation charges for the period	(429,821)	(451,039)
Total right-of-use assets	1,962,842	2,478,497

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	No. of lease w/ extension options	Weighted remaining lease term
Office building	1	1	4.75 years

Amounts recognised in the statement of comprehensive income	December 31, 2025	December 31, 2024
Interest expense on lease liabilities	150,301	138,872
Depreciation of the right-of-use asset	429,821	451,039

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14 Share capital

	December 31, 2025	December 31, 2024
Authorised:		
1,000,000 unclassified shares of \$1.00 each	\$ 1,000,000	\$ 1,000,000
Issued and fully paid:		
1 unclassified share	\$ 1	\$ 1

The unclassified shares hold all voting rights in the Company. During the year ended June 30, 2004, one share was issued to the Cayman Islands Government at a premium of \$2,999,999.

15 Additional paid-in capital

	December 31, 2025	December 31, 2024
Additional paid-in capital	43,073,251	43,073,251
	43,073,251	43,073,251

Additional paid-in capital represents additional capital contributions of CIG not made in connection with the issuance of shares. These capital contributions have the same rights and characteristics as share premium and, accordingly, they can be returned/distributed to CIG solely at the discretion of the Board of Directors. In 2022, the Company received \$5,350,000 in additional paid-in capital from CIG to fund the Company's expansion. During the period ended December 31, 2025, there was no additional paid-in capital received from CIG.

16 Contributions to segregated insurance fund

Under Section 5(1) of the Health Insurance Regulations (2013 Revision), each domestic health insurer is required to pay to a Segregated Insurance Fund \$10.00 per month per single insured and \$20.00 per month per couple or family insured. For the period ended December 31, 2025, the Company accrued contributions totaling \$286,040 (December 31, 2024: \$264,580). As per IFRS Accounting Standards 17, these contributions are netted off against the insurance revenue.

17 Related party transactions

A. Shareholder and ultimate controlling party

The Company is wholly owned by the Cayman Islands Government ("CIG"), and as the primary insurer for CIG will enter into various related party insurance transactions with various Ministries/Portfolios, and Statutory Authorities and Government Companies ("SAGCs"). Related party transactions entered into include insurance premiums, ASO contracts and services rendered by the Cayman Islands Health Services Authority and Cayman Airways (fellow subsidiaries of CIG), provided to the Company's insured members, and paid by the Company. The Company also purchases services from CIG and SAGC's such as licence fees and work permit fees. Related party balances and transactions with CIG and SAGCs from the statements of financial position and comprehensive income are represented below.

	December 31, 2025	December 31, 2024
Assets		
<i>Current</i>		
ASO claims and fees receivable	13,768,914	8,750,765
Insurance contract assets	977,714	1,351,817
Other receivables and other assets	166,002	111,280
Reinsurance contract assets	121	17
	14,912,751	10,213,879
Liabilities		
Accruals and other liabilities	75,787	65,186
	75,787	65,186
	December 31, 2025	December 31, 2024
Income		
Insurance revenue	160,754,595	146,418,505
Insurance service expenses	(86,407,154)	(76,793,742)
Reinsurance expenses	(18,726)	(8,211)
Other income		
ASO fees	2,162,436	1,976,109
Other operating expenses	(264,064)	(243,702)

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17 Related party transactions (continued)

An aging analysis for the assets shown above relating to the related party balances with CIG and SAGC are set out below.

As at December 31, 2025	Up to 30 days	30 to 60 days	60 to 90 days	> 90	Total
ASO claims and fees receivable	8,711,586	-	-	5,057,328	13,768,914
Insurance contract assets	977,714	-	-	-	977,714
Other receivables and other assets	166,002	-	-	-	166,002
Reinsurance contract assets	121	-	-	-	121
	9,855,423	-	-	5,057,328	14,912,751

As at December 31, 2024	Up to 30 days	30 to 60 days	60 to 90 days	> 90	Total
ASO claims and fees receivable	7,875,443	875,322	-	-	8,750,765
Insurance contract assets	1,351,817	-	-	-	1,351,817
Other receivables and other assets	111,280	-	-	-	111,280
Reinsurance contract assets	17	-	-	-	17
	9,338,557	875,322	-	-	10,213,879

B. Transactions with key management personnel

As at December 31, 2025, the Company have 5 key employee management personnel (December 31, 2024: 6). Key employee and director remuneration/compensation are included within administrative expenses as reported in the statement of comprehensive income, and broken down as follows:

i. Key management personnel compensation

	December 31, 2025	December 31, 2024
Short-term employee benefits	1,069,147	1,052,018
Post-employee benefits	108,072	105,447
Director fees	198,000	198,000
	1,375,219	1,355,465

Short-term employee benefits include salaries and contributions to the health insurance plan. Post-employment benefits include contributions to the Company's defined contribution plan.

ii. Key management personnel transactions

	December 31, 2025	December 31, 2024
Premium on motor insurance	7,040	1,432
Premium on property insurance	42,235	33,274
	49,275	34,706

18 Pension costs

The Company participates in a defined contribution pension scheme administered by the Cayman Islands Chamber of Commerce. In addition, two employees are continuing to contribute to the defined contribution pension scheme administered by the Public Service Pension Board. The Pension expense for the year ended December 31, 2025, is \$514,871 (December 31, 2024: \$492,491).

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19 Net worth for regulatory purposes and capital management

	December 31, 2025	December 31, 2024
Share capital	1	1
Share premium	2,999,999	2,999,999
Additional paid-in capital	43,073,251	43,073,251
Accumulated surplus	7,036,024	6,892,271
	<u>53,109,275</u>	<u>52,965,522</u>

It is the policy of the Company to operate in a manner designed to maintain capitalisation within CIMA's Prescribed Capital Requirements ("PCR"). As a Class A insurance company, the Company is required to maintain capital levels in accordance with the Insurance (Capital and solvency) (Class A Insurers) regulations, 2012 which is a risk-based approach to assessing the adequacy of the required capital. To maintain its capital base, the Company sets actuarial premium rates on an annual basis to ensure that premium rates keep up with claim utilisation rates. Financial performance is reviewed monthly, at which time the Company also calculates the Minimum Capital Requirement ("MCR") and PCR required under Schedule 1 to Schedule 3 of the regulations. These ratios are reported to CIMA quarterly as required by the regulations. If the Company falls below the PCR, management must prepare a plan as to how it would restore capital to a level above the PCR, this which involve seeking a capital injection from CIG.

As at December 31, 2025 and as at December 31, 2024, the Company was in compliance with both the MCR and PCR as shown below.

	December 31, 2025	December 31, 2024
Available capital	50,477,038	49,985,130
CIMA capital requirements		
MCR	19,414,503	17,956,835
PCR	24,268,129	22,446,044

20 Segmented information

The Company's operations are segmented into the following two business segments:

- Health
- Property and Casualty (P&C)

The Company conducts business in the Cayman Islands only and as a result there is no disclosure required by geographical segment.

The segment results for the period ended December 31, 2025, and 2024 are as follows:

December 31, 2025	Health	P&C	Total
Insurance revenue	164,754,067	1,275,507	166,029,574
Insurance service expenses	(166,233,885)	(1,029,069)	(167,262,954)
Net income/(expenses) from reinsurance contracts	789,905	(825,167)	(35,262)
Insurance service result	(689,913)	(578,729)	(1,268,642)
Investment and other income	3,502,353	393,678	3,896,031
Other operating expenses	(2,431,725)	(51,911)	(2,483,636)
Segment income/(loss)	380,715	(236,962)	143,753
December 31, 2024	Health	P&C	Total
Insurance revenue	150,329,153	161,418	150,490,571
Insurance service expenses	(147,461,550)	(1,298,200)	(148,759,750)
Net expenses from reinsurance contracts	633,137	(491,240)	141,897
Insurance service result	3,500,740	(1,628,022)	1,872,718
Investment and other income	3,276,971	278,389	3,555,360
Other operating expenses	(2,205,501)	(116,793)	(2,322,294)
Segment income/(loss)	4,572,210	(1,466,426)	3,105,784

Management has allocated the Company's expenses based on the estimated amount of resources utilised by each segment, which is generally 85% for the Health segment (2024: 90%), and 15% for the P&C segment (2024: 10%).

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20 Segmented information (continued)

The segment assets and liabilities at December 31, 2025, and 2024 are as follows:

December 31, 2025	Health	P&C	Total
Reinsurance contract assets/(liabilities)	4,036,594	448,761	4,485,355
Insurance contract liabilities	14,500,160	489,498	14,989,658
December 31, 2024	Health	P&C	Total
Reinsurance contract assets/(liabilities)	2,865,309	(436,181)	2,429,128
Insurance contract liabilities	14,026,587	378,987	14,405,574

21 Compliance with the Public Authorities Act (2020 Revision)

The Cayman Islands National Insurance Company ("CINICO") is required to comply with The Public Authorities Act, (2020 Revision), (the "PAA").

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in CINICO. The capital charge is set by the Minister of Finance and Economic Development ("the Ministry") after consultation with the public authority's board. Based on past practice, CINICO expects that the applicable rate for the 2025 financial year will be set at 0% (2024: 0%) and that no capital charge will be payable for 2025 (2024: \$0). Going forward, CINICO may be required to pay a capital charge in accordance with the PAA for future equity investments by the Government.

Section 39(2) of the PAA requires that any surplus cash exceeding three months' reserve should be paid to the Cayman Islands Government, unless directed otherwise by Cabinet, after consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves and CINICO expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2025.

The Ministry has advised CINICO that it will not be required to pay a dividend out of its surplus because its operations are not self-sustaining. Going forward, CINICO may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends unless the Office continues to satisfy the exemption criteria noted under the policy.

22 Subsequent events

In preparing these financial statements, management has evaluated subsequent events up to April 27, 2026, which is the date that the financial statements were available to be issued. No subsequent events were identified that require additional disclosures in these financial statements.



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