

# ANNUAL REPORT 2022

## PIONEER INSURANCE & SURETY CORPORATION

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**PIONEER**  
YOUR INSURANCE

# PIONEER GROUP

Established in 1954, the Pioneer Group has consistently charted insurance milestones for over half a century through its main arms of life and non-life insurance.

Pioneer Group has an extensive network of 23 branch offices and shared offices throughout the country. With an office in Hong Kong, it remains as the only active Philippine non-life company writing business in China's Special Administrative Region.

Pioneer has been named by Euromoney Annual Insurance Survey as the best Insurance Company in the Philippines for two consecutive years beginning 2009. In 2010, it was likewise recognized as the Best Insurer in Asia. In 2012, Pioneer was recognized by the Insurance Commission for its significant contributions to the field of microinsurance.

Comprising the Pioneer Group are: Pioneer Insurance & Surety Corporation, Pioneer Life Inc, Pioneer Intercontinental Insurance Corporation, CARD Pioneer Microinsurance Inc, M Pioneer Insurance Inc., and Pioneer Hollard Inc.

# CORPORATE PROFILE

Pioneer Insurance & Surety Corporation (PISC) was established in 1954. It is Pioneer Group's flagship company.

PISC maintains its rank as one of the country's leading non-life insurers -- highlighted by its strong position in all general insurance lines, particularly Marine Hull, Marine Cargo, Aviation, and Casualty.

## Board of Directors

Mr. Ernesto O. Chan, Chairman

Mr. David C. Coyukiat, Member

Atty. Ma. Bertola D. Medialdea, President/CEO

Mr. Lorenzo O. Chan, Jr., Member

Ms. Sally C. Ong Pac, Member

Ms. Molly C. Uyecio, Member

Ms. Emily A. Abrera, Independent Director

Mr. Vitaliano N. Nanagas II, Independent Director

Mr. Oscar S. Reyes, Independent Director

# OUR CORE VALUES

## Humanity

We are in the business of helping people secure their lives and what matters most to them. We provide services that enable our stakeholders to prepare for and face some of life's most challenging moments. We do so with warmth, compassion, and a sincere concern for the quality of life of every stakeholder.

## Excellence

We value excellence that goes beyond mere compliance. We believe in doing the right things the right way. Because we care about what is important to our stakeholders and caring is part of who we are, we will go out of our way to provide superior products and services that communicate our concern and desire to delight them.

## Integrity

We recognize that each employee of Pioneer defines our organization by the way he/she carries him/herself. Integrity is all about knowing who we are and taking pride in what we stand for. It is about how we turn values into actions, how our actions reflect who we are, and how we see ourselves through the things we do. We strongly believe in this dual standard: to be strict with others but strictest with one's self, especially when no one is looking.

We believe that mediocrity is a form of dishonesty; it is not being true to who we are.

# WHAT WE OFFER

## Aviation

- Aircraft Third Party Liability
- Aircraft Personal Accident
- Comprehensive Third Party Liability
- Dronesure
- Hull Insurance
- Hull War Insurance
- Spares

## Cargo

- Airfreight Cargo
- Inland Cover
- Container Insurance Cover
- Stock Throughput Cover
- Seafreight Cargo

## Fire

- Fire/Lightning with Allied Perils
- Basic Fire/Lightning Cover
- Crisis Guard

## Engineering

- Boiler and Pressure Vessel (BPV)
- Contractors' All risks (CARI)
- Civil Engineering Completed Risks (CECR)
- Deterioration of Stocks (DOS) following a Machinery Breakdown (MBI)
- Erection All Risks (EAR)
- Electronic Equipment Insurance (EEI)
- Machinery Breakdown Insurance (MBI)
- Machinery Loss of Profit (MLOP) following Machinery Breakdown (MBI)

## General Accident

- Fidelity Guarantee Insurance
- Comprehensive General Liability
- Comprehensive Personal Liability
- Cyber Insurance for SMEs
- Money, Securities & Payroll Robbery
- Employer's Liability Insurance
- Hole-in-One Insurance/Prize Indemnity
- Burglary Insurance
- Plate Glass Insurance
- Comprehensive Event Insurance
- Comprehensive Inland Transit
- Contractors Plant and Machinery Insurance
- Directors and Officers Liability Insurance
- Merchandise Floater
- Property Floater
- Errors and Omissions/ Professional Indemnity
- Film and TV Production Comprehensive Insurance
- Political Violence Insurance

**Motor**

- Comprehensive Motor Insurance
- Motor Protect
- Compulsory Third Party Liability

**Surety**

- Surety Bond

**Hull**

- Protection & Indemnity Risks
- Ship Repairer's Liability
- Terminal Operator's Liability
- Increased Values
- Time Charterers' Liability
- Mortgage Interest Insurance
- Hull & Machinery
- Freight, Demurrage & Defense
- Loss of Hire
- War & Strikes

# FINANCIAL STATEMENTS

## PIONEER INSURANCE & SURETY CORPORATION STATEMENTS OF FINANCIAL POSITION

		December 31	January 1
	2022	2021 (As restated)	2021 (As restated)
<b>ASSETS</b>			
Cash and cash equivalents (Notes 4 and 32)	<b>₱7,044,020,017</b>	₱5,247,755,656	₱3,213,050,563
Short-term investments (Notes 5, 9 and 32)	<b>529,625,874</b>	529,141,286	493,768,956
Insurance receivables - net (Notes 6, 30 and 32)	<b>2,123,072,576</b>	2,302,611,421	4,192,263,748
Financial assets (Notes 7, 9, 30 and 32)			
Financial assets at fair value through profit or loss (FVTPL)	<b>285,233,115</b>	209,157,189	137,628,998
Financial assets at fair value through other comprehensive income (FVOCI)	<b>1,096,230,259</b>	971,892,812	880,916,823
Financial assets at amortized cost	<b>664,708,666</b>	746,622,373	857,523,942
Accrued income (Notes 8 and 32)	<b>20,640,519</b>	8,475,245	8,731,642
Deferred acquisition costs (Note 10)	<b>274,854,561</b>	266,661,405	222,813,150
Reinsurance assets (Notes 11, 16 and 32)	<b>22,080,331,740</b>	12,255,043,296	9,989,267,095
Investment properties (Note 12)	<b>2,913,889,752</b>	2,715,948,633	2,463,377,415
Property and equipment - net (Note 13)	<b>7,912,059,699</b>	5,305,058,788	5,251,727,789
Investments in subsidiaries, associates and a joint venture (Note 14)	<b>10,996,438,361</b>	10,404,844,820	10,537,055,213
Pension asset - net (Note 20)	<b>229,006,902</b>	108,670,230	25,130,596
Right-of-use asset (Note 26)	<b>11,193,267</b>	18,210,340	19,297,569
Other assets (Note 15)	<b>602,402,336</b>	685,424,631	541,626,995
<b>TOTAL ASSETS</b>	<b>₱56,783,707,644</b>	₱41,775,518,125	₱38,834,180,494
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Insurance contract liabilities (Notes 16 and 32)	<b>₱26,094,550,754</b>	₱16,266,444,587	₱13,581,341,270
Insurance payables (Notes 17, 30, and 32)	<b>8,699,324,158</b>	6,810,511,961	6,851,873,178
Accounts payable (Notes 18 and 32)	<b>2,841,192,252</b>	1,195,922,912	1,216,339,578
Notes payable (Notes 19 and 32)	<b>1,141,000,000</b>	396,000,000	398,000,000
Deferred reinsurance commissions (Note 10)	<b>113,387,997</b>	118,806,332	133,448,747
Lease liabilities (Note 26)	<b>12,027,842</b>	19,613,554	20,777,901
Deferred tax liabilities - net (Note 27)	<b>901,723,734</b>	805,355,125	1,010,651,372
<b>Total Liabilities</b>	<b>39,803,206,737</b>	25,612,654,471	23,212,432,046
<b>EQUITY</b>			
Capital stock - ₱100 par value			
Authorized, issued and outstanding - 3,000,000 shares	<b>₱300,000,000</b>	300,000,000	300,000,000
Additional paid-in capital	<b>72,500,000</b>	72,500,000	72,500,000
Revaluation surplus on property and equipment (Note 13)	<b>3,367,009,452</b>	3,118,299,757	2,847,711,779
Reserve for fluctuation in value of financial assets at FVOCI (Notes 7 and 14)	<b>578,009,533</b>	454,960,204	371,432,617
Cumulative translation adjustments	<b>263,431,246</b>	204,556,080	152,823,384
Net remeasurement loss on defined benefit obligation (Note 20)	<b>27,296,403</b>	(33,886,294)	(75,250,723)
Retained earnings (Note 21)	<b>12,372,254,273</b>	12,046,433,907	11,952,531,391
<b>Total Equity</b>	<b>16,980,500,907</b>	16,162,863,654	15,621,748,448
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱56,783,707,644</b>	₱41,775,518,125	₱38,834,180,494

See accompanying Notes to Financial Statements.



**PIONEER INSURANCE & SURETY CORPORATION**  
**STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b> (As restated)
<b>REVENUES</b>		
Gross earned premiums	<b>₱13,021,803,998</b>	₱10,648,528,611
Reinsurers' share of gross earned premiums	<b>(9,566,778,904)</b>	(7,854,931,267)
Net earned premiums (Notes 16 and 22)	<b>3,455,025,094</b>	2,793,597,344
Investment income (Note 23)	<b>439,984,402</b>	438,370,936
Commission income (Note 10)	<b>402,080,817</b>	403,692,906
Foreign currency exchange gains – net	<b>176,644,816</b>	73,492,742
Other income	<b>2,698,879</b>	263,797
<b>Total Revenues</b>	<b>4,476,434,008</b>	3,709,417,725
<b>BENEFITS, CLAIMS, AND EXPENSES</b>		
Gross insurance contract benefits and claims paid (Notes 16 and 24)	<b>4,113,854,393</b>	3,649,231,444
Reinsurers' share of gross insurance contract benefits and claims paid (Notes 16 and 24)	<b>(2,420,931,491)</b>	(2,227,533,651)
Gross change in insurance contract liabilities (Notes 16 and 24)	<b>9,625,506,780</b>	1,786,176,823
Reinsurers' share of gross change in insurance contract liabilities (Notes 16 and 24)	<b>(9,678,801,948)</b>	(1,595,793,363)
Net insurance benefits and claims	<b>1,639,627,734</b>	1,612,081,253
Commission expense (Note 10)	<b>982,455,136</b>	868,343,634
General expenses (Note 25)	<b>1,152,444,315</b>	904,119,868
Interest expense (Notes 17 and 19)	<b>15,093,231</b>	21,858,261
Provision for impairment losses – net of recovery (Notes 6, 7 and 14)	<b>199,802,419</b>	144,918,279
Other underwriting expense	<b>11,583,406</b>	10,635,905
<b>Total Benefits, Claims, and Expenses</b>	<b>4,001,006,241</b>	3,561,957,200
<b>INCOME BEFORE INCOME TAX</b>	<b>475,427,767</b>	147,460,525
<b>PROVISION FOR INCOME TAX</b> (Note 27)	<b>109,607,201</b>	14,168,009
<b>NET INCOME</b>	<b>₱365,820,566</b>	₱133,292,516

*See accompanying Notes to Financial Statements.*





**PIONEER INSURANCE & SURETY CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
		<b>(As restated)</b>
<b>NET INCOME</b>	<b>₱365,820,566</b>	<b>₱133,292,516</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that will be recycled to profit or loss in subsequent periods:</i>		
Change in cumulative translation adjustments	<b>58,875,166</b>	51,732,696
	<b>58,875,166</b>	51,732,696
<i>Item that will not be recycled to profit or loss in subsequent periods:</i>		
Fair value gain (loss) on equity securities designated at FVOCI (Note 7)	<b>124,337,447</b>	90,975,989
Tax effect (Note 27)	<b>(1,288,118)</b>	(7,448,402)
	<b>123,049,329</b>	83,527,587
Change in revaluation surplus on property and equipment (Note 13)	<b>331,612,927</b>	360,783,971
Tax effect (Note 27)	<b>(82,903,232)</b>	(90,195,993)
	<b>248,709,695</b>	270,587,978
Net remeasurement loss on defined benefit obligation (Note 20)	<b>81,576,929</b>	55,152,572
Tax effect (Note 27)	<b>(20,394,232)</b>	(13,788,143)
	<b>61,182,697</b>	41,364,429
	<b>432,941,721</b>	395,479,994
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>491,816,886</b>	447,212,690
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱857,637,452</b>	<b>₱580,505,207</b>

*See accompanying Notes to Financial Statements.*



**PIONEER INSURANCE & SURETY CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**

	Capital Stock	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment (Note 13)	Reserve for Fluctuation in Value of FVOCI (Notes 7 and 32)	Reserve for Fluctuation on Reclassified Financial Assets (Notes 7 and 14)	Cumulative Translation Adjustments	Net Remeasurement Gain (Loss) on Defined Benefit Obligation (Note 20)	Retained Earnings: Unappropriated (Notes 2 and 21)	Total
<b>As of January 1, 2022, as previously stated</b>	<b>P300,000,000</b>	<b>P72,500,000</b>	<b>P3,118,299,757</b>	<b>P454,960,204</b>	<b>P10,390,257,126</b>	<b>P204,556,080</b>	<b>(P33,886,294)</b>	<b>P3,328,593,880</b>	<b>P17,835,280,753</b>
Restatement (Note 14)	—	—	—	—	(10,390,257,126)	—	—	8,717,840,027	(1,672,417,099)
As restated	300,000,000	72,500,000	3,118,299,757	454,960,204	—	204,556,080	(33,886,294)	12,046,433,907	P16,162,863,654
Net income	—	—	—	—	—	—	—	365,820,566	365,820,566
Other comprehensive income	—	—	248,709,695	123,049,329	—	58,875,166	61,182,697	—	491,816,887
Total comprehensive income	—	—	248,709,695	123,049,329	—	58,875,166	61,182,697	365,820,566	857,637,453
Cash dividends (Note 21)	—	—	—	—	—	—	—	(40,000,200)	(40,000,200)
<b>As of December 31, 2022</b>	<b>P300,000,000</b>	<b>P72,500,000</b>	<b>P3,367,009,452</b>	<b>P578,009,533</b>	<b>P—</b>	<b>P263,431,246</b>	<b>P27,296,403</b>	<b>P12,372,254,273</b>	<b>P16,980,500,907</b>
<b>As of January 1, 2021, as previously stated</b>	<b>P300,000,000</b>	<b>P72,500,000</b>	<b>P2,847,711,779</b>	<b>P371,432,617</b>	<b>P10,390,257,126</b>	<b>P152,823,384</b>	<b>(P75,250,723)</b>	<b>P3,082,653,445</b>	<b>P17,142,127,628</b>
Restatement (Note 14)	—	—	—	—	(10,390,257,126)	—	—	8,869,877,946	(1,520,379,180)
As restated	300,000,000	72,500,000	2,847,711,779	371,432,617	—	152,823,384	(75,250,723)	11,952,531,391	15,621,748,448
Net income, as restated	—	—	—	—	—	—	—	133,292,516	133,292,516
Other comprehensive income	—	—	270,587,978	83,527,587	—	51,732,696	41,364,429	—	447,212,690
Total comprehensive income	—	—	270,587,978	83,527,587	—	51,732,696	41,364,429	—	580,505,206
Cash dividends (Note 21)	—	—	—	—	—	—	—	(39,390,000)	(39,390,000)
<b>As of December 31, 2021</b>	<b>P300,000,000</b>	<b>P72,500,000</b>	<b>P3,118,299,757</b>	<b>P454,960,204</b>	<b>P—</b>	<b>P204,556,080</b>	<b>(P33,886,294)</b>	<b>P12,046,433,907</b>	<b>P16,162,863,654</b>

See accompanying Notes to Financial Statements.



**PIONEER INSURANCE & SURETY CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b> (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱475,427,767</b>	₱147,460,526
Adjustments for:		
Fair value gain on investment properties (Note 12 and 23)	<b>(156,571,119)</b>	(109,040,418)
Depreciation and amortization (Notes 13, 25 and 26)	<b>132,031,040</b>	132,159,082
Negative goodwill (Note 14 and 23)	<b>–</b>	(91,775,929)
Unrealized foreign currency exchange gain – net (Notes 4, 5, 6, and 17)	<b>(256,278,168)</b>	(97,853,409)
Interest income (Note 23)	<b>(149,268,003)</b>	(77,416,345)
Dividend income (Note 23)	<b>(40,056,010)</b>	(61,979,226)
Provision for impairment loss on loans and receivables (Note 7)	<b>141,500,000</b>	–
Reversal of provision for credit loss on insurance receivables	<b>(20,104,040)</b>	(56,879,018)
Provision for impairment loss on investment in an associate (Note 14)	<b>78,406,459</b>	201,797,298
Retirement expense (Note 20)	<b>24,130,205</b>	32,148,107
Interest on notes payable (Note 19)	<b>13,860,000</b>	20,500,491
Fair value losses on financial assets at FVTPL (Notes 7 and 23)	<b>22,869,138</b>	430,586
Gain on sale of memorial lots (Notes 15 and 23)	<b>(17,379,867)</b>	(17,980,868)
Interest on funds held for reinsurer (Note 17)	<b>1,223,231</b>	1,357,770
Interest on lease liabilities (Note 26)	<b>778,361</b>	1,078,233
Actuarial loss on service award benefit of employees	<b>(791,054)</b>	40,227
Operating gain before changes in working capital	<b>249,777,940</b>	24,047,107
Decrease (increase) in:		
Insurance receivables	<b>199,642,885</b>	1,964,716,103
Loans and receivables	<b>190,217,814</b>	109,030,197
Accrued income	<b>1,351,821</b>	343,056
Deferred acquisition costs	<b>(8,193,156)</b>	(43,848,255)
Reinsurance assets	<b>(9,825,288,444)</b>	(2,265,776,201)
Other assets	<b>83,022,218</b>	(125,816,770)
Increase (decrease) in:		
Insurance contract liabilities	<b>9,828,106,167</b>	2,685,103,317
Insurance payables	<b>1,888,812,197</b>	(79,769,415)
Accounts payable and other liabilities	<b>(233,643,449)</b>	(20,456,894)
Deferred reinsurance commissions	<b>(5,418,335)</b>	(14,642,415)
Net cash generated from operations	<b>2,368,387,658</b>	2,232,929,830
Income tax paid (Note 27)	<b>(117,824,175)</b>	(59,686,153)
Contributions to the pension fund (Note 20)	<b>(62,889,948)</b>	(60,535,169)
Net cash provided by operating activities	<b>2,187,673,535</b>	2,112,708,508

(Forward)



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	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of/additions to:		
Short-term investments	(P529,625,874)	(P529,141,286)
Property and equipment (Note 13)	(63,644,870)	(61,244,191)
Financial assets at FVTPL (Note 7)	(199,680,695)	(173,476,448)
Investment securities at amortized cost (Note 7)	(126,000,000)	(9,000,000)
Investments in subsidiaries, associates, and a joint venture (Note 14)	(670,000,000)	(140,353,200)
Investment properties (Note 12)	—	(12,555,026)
Proceeds from sale/maturities of:		
Short-term investments	529,141,286	493,768,956
Financial assets at FVTPL (Note 7)	106,422,831	102,355,671
Investments securities at amortized cost (Note 7)	26,000,000	9,800,000
Investments in subsidiaries, associates, and a joint venture (Note 14)	—	161,488,940
Cash received from merger with Pioneer Land (Note 14)	—	1,053,284
Interest received	135,992,209	78,171,448
Dividends received	39,814,709	62,208,836
Net cash used in investing activities	(751,580,404)	(16,923,016)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of notes payable (Note 19)	747,000,000	—
Payment of/maturities of:		
Notes payable (Note 19)	(2,000,000)	(2,000,000)
Interests paid (Notes 17 and 19)	(15,083,231)	(21,858,261)
Lease liabilities (Note 26)	(10,912,435)	(10,101,039)
Cash dividends (Note 21)	(40,000,200)	(39,390,000)
Net cash provided by (used in) financing activities	679,004,134	(73,349,300)
<b>NET EFFECT OF FOREIGN CURRENCY TRANSLATION</b>	<b>(318,832,904)</b>	<b>12,268,901</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,796,264,361</b>	<b>2,034,705,093</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,247,755,656</b>	<b>3,213,050,563</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>P7,044,020,017</b>	<b>P5,247,755,656</b>

See accompanying Notes to Financial Statements.



# INDEPENDENT AUDITOR'S REPORT

[https://pioneer.com.ph/sites/default/files/2022\\_FS\\_PISC.pdf](https://pioneer.com.ph/sites/default/files/2022_FS_PISC.pdf)