

ANNUAL REPORT 2022

PIONEER INTERCONTINENTAL INSURANCE CORP

Pioneer House Makati
108 Paseo De Roxas, Legaspi Village, Makati City
<https://pioneerintercon.com.ph>
www.pioneer.com.ph



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 Intercontinental Insurance Corporation was established in 1966. It focuses on specialized non-traditional insurance packages.

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

Business One

Home Insurance

Golf Buddy

FINANCIAL STATEMENTS

PIONEER INTERCONTINENTAL INSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

	December 31, 2022	December 31, 2021 (As restated - Note 7)	January 1, 2021 (As restated - Note 7)
ASSETS			
Cash and cash equivalents (Notes 4 and 26)	₱537,977,065	₱191,165,492	₱83,275,457
Insurance receivables - net (Notes 5 and 26)	249,606,819	179,051,635	160,363,647
Financial assets (Notes 2, 6 and 26)			
Financial assets at fair value through profit or loss (FVTPL)	15,604,774	29,025,624	16,915,649
Financial assets at fair value through other comprehensive income (FVOCI)	326,629,869	275,596,381	265,326,863
Investments securities at amortized cost	360,961,746	254,078,974	255,046,726
Loans and receivables - net	2,772,236	29,599,534	20,098,367
Investment in an associate (Note 7)	629,715,260	629,715,260	640,388,400
Interest receivable (Note 26)	5,779,974	5,136,080	3,435,121
Reinsurance assets (Notes 9 and 13)	296,077,193	176,489,936	122,330,499
Deferred acquisition costs (Note 8)	22,629,998	15,900,979	15,096,157
Net pension asset (Note 11)	17,485,038	18,046,497	16,980,272
Right-of-use assets (Note 24)	125,478	341,510	125,306
Other assets (Note 12)	16,091,913	9,205,984	14,291,123
TOTAL ASSETS	₱2,481,457,363	₱1,813,353,886	₱1,613,673,587
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities (Notes 13 and 26)	₱731,129,547	₱520,277,681	₱390,830,135
Insurance payables (Notes 14 and 26)	225,693,979	170,096,722	103,650,104
Deferred reinsurance commissions (Note 8)	18,864,429	14,623,542	28,718,629
Accounts payable and accrued expenses (Notes 15 and 26)	39,980,816	27,787,724	23,583,772
Commissions payable (Note 26)	49,128,772	32,566,817	25,395,704
Lease liabilities (Note 24)	129,922	345,094	129,922
Income tax payable	—	3,016,284	4,415,591
Deferred tax liabilities - net (Note 21)	33,309,159	23,089,175	11,962,291
Total Liabilities	1,098,236,624	791,803,039	588,686,148
Equity			
Capital stock (Note 16)	250,000,000	250,000,000	250,000,000
Contributed surplus (Note 16)	300,000,000	—	—
Reserve for fluctuation in value of financial assets at FVOCI (Notes 6, 7 and 26)	268,471,657	225,093,192	230,292,694
Remeasurement gains on defined benefit obligation (Note 11)	3,900,009	4,737,429	3,805,826
Retained earnings	560,849,073	541,720,226	540,888,919
Total Equity	1,383,220,739	1,021,550,847	1,024,987,439
TOTAL LIABILITIES AND EQUITY	₱2,481,457,363	₱1,813,353,886	₱1,613,673,587

See accompanying Notes to Financial Statements.



PIONEER INTERCONTINENTAL INSURANCE CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31	
	2022	2021 (As restated)
REVENUES		
Gross earned premiums on insurance contracts (Note 17)	₱423,255,398	₱298,913,856
Reinsurers' share of gross earned premiums on insurance contracts (Note 17)	(246,161,028)	(173,710,418)
Net earned premiums	177,094,370	125,203,438
Investment income - net (Note 18)	18,589,903	8,141,742
Commission income (Note 8)	65,450,863	63,437,026
Foreign currency exchange gains - net	2,232,737	438,347
Other income	137,963	2,760,829
Total Revenues	263,505,836	199,981,382
BENEFITS, CLAIMS AND EXPENSES		
Gross insurance contract benefits and claims paid (Notes 13 and 19)	83,499,938	46,993,483
Reinsurers' share of gross insurance contract benefits and claims paid (Notes 13 and 19)	(26,746,563)	(16,766,010)
Gross change in insurance contract liabilities (Notes 13 and 19)	174,252,935	118,667,686
Reinsurers' share of gross change in insurance contract liabilities (Notes 13 and 19)	(102,309,686)	(35,922,017)
Net insurance benefits and claims	128,696,624	112,973,142
Commission and other underwriting expenses (Note 20)	92,034,236	65,183,376
General expenses (Note 20)	13,798,116	13,646,182
Interest expense (Notes 14 and 24)	1,054,935	683,431
Total Benefits, Claims and Expenses	235,583,911	192,486,131
INCOME BEFORE INCOME TAX	27,921,925	7,495,251
PROVISION FOR INCOME TAX (Note 21)	8,793,078	6,663,944
NET INCOME	₱19,128,847	₱831,307

See accompanying Notes to Financial Statements.



PIONEER INTERCONTINENTAL INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021 (As restated)
NET INCOME	₱19,128,847	₱831,307
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item that will not be recycled to profit or loss in subsequent periods:</i>		
Fluctuation reserves on equity financial assets at FVOCI (Note 6)	43,378,465	(5,199,502)
Remeasurement gain (loss) on defined benefit obligation (Note 11)	(837,420)	931,603
	42,541,045	(4,267,899)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱61,669,892	(₱3,436,592)

See accompanying Notes to Financial Statements.



PIONEER INTERCONTINENTAL INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 16)	Contributed Surplus (Note 16)	Reserve for Fluctuation in Value of FVOCI (Notes 6, 7 and 26)	Remeasurement Gains on Defined Benefit Obligation (Note 11)	Fluctuation reserves on reclassified financial assets (Notes 6 and 7)	Retained Earnings	Total
As of January 1, 2022, as previously stated	P250,000,000	P-	P225,093,192	P4,737,429	P552,899,262	P106,222,660	P1,138,952,543
Effect of restatement	-	-	-	-	(552,899,262)	435,497,566	(117,401,696)
As restated	250,000,000	-	225,093,192	4,737,429	-	541,720,226	1,021,550,847
Capital infusion	-	300,000,000	-	-	-	-	300,000,000
Net income	-	-	-	-	-	19,128,847	19,128,847
Other comprehensive income (loss)	-	-	43,378,465	(837,420)	-	-	42,541,045
Total comprehensive income (loss)	-	-	43,378,465	(837,420)	-	19,128,847	61,669,892
As of December 31, 2022	P250,000,000	P300,000,000	P268,471,657	P3,900,009	P-	P560,849,073	P1,383,220,739
As of January 1, 2021, as previously stated	P250,000,000	P-	P230,292,694	P3,805,826	P552,899,262	P94,718,213	P1,131,715,995
Effect of restatement (Note 7)	-	-	-	-	(552,899,262)	446,170,706	(106,728,556)
As restated	250,000,000	-	230,292,694	3,805,826	-	540,888,919	1,024,987,439
Net income, as restated	-	-	-	-	-	831,307	831,307
Other comprehensive income (loss)	-	-	(5,199,502)	931,603	-	-	(4,267,899)
Total comprehensive income (loss)	-	-	(5,199,502)	931,603	-	831,307	(3,436,592)
As of December 31, 2021, as restated	P250,000,000	P-	P225,093,192	P4,737,429	P-	P541,720,226	P1,021,550,847

See accompanying Notes to Financial Statements.



PIONEER INTERCONTINENTAL INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱27,921,926	₱7,495,251
Adjustments for:		
Interest income (Note 18)	(22,704,197)	(16,669,677)
Reversal of allowance for credit losses (Note 5)	—	(2,753,066)
Fair value loss (gain) on financial assets at FVTPL (Notes 6 and 18)	5,682,780	(1,549,433)
Loss on sale of financial assets at FVTPL (Note 18)	54,445	—
Dividend income (Notes 6 and 18)	(1,622,931)	(595,772)
Impairment of investment in an associate (Note 7)	—	10,673,140
Current service cost on pension (Note 11)	370,685	409,066
Depreciation of right-of-use assets (Notes 20 and 24)	216,032	215,862
Interest expense (Notes 14 and 24)	1,054,935	683,431
Operating income (loss) before changes in working capital	10,973,675	(2,091,198)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	(70,555,184)	(15,934,922)
Loans and receivables	26,827,298	(9,501,167)
Reinsurance assets	(119,587,257)	(54,159,437)
Deferred acquisition costs	(6,729,019)	(804,822)
Other assets	(6,885,929)	3,603,105
Increase (decrease) in:		
Insurance contract liabilities	210,851,866	129,447,546
Insurance payables	55,597,257	66,446,618
Deferred reinsurance commissions	4,240,887	(14,095,087)
Accounts payable and accrued expenses	11,975,393	4,260,282
Commissions payable	16,561,955	7,171,113
Net cash generated from operations	133,270,942	114,342,031
Income tax paid	(8,812,794)	(10,852,650)
Net cash provided by operating activities	124,458,148	103,489,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVTPL (Note 6)	(66,334,602)	(250,369,670)
Investment securities at amortized cost (Note 6)	(145,001,631)	(13,496,214)
Proceeds from disposals of:		
Financial assets at FVTPL (Note 6)	74,083,998	239,809,128
Investment securities at amortized cost (Note 6)	35,250,000	11,750,000
Interest received	24,003,376	17,011,963
Interest paid	(1,054,935)	(683,431)
Dividends received (Note 18)	1,622,391	595,772
Net cash provided by (used in) investing activities	(77,431,403)	4,617,548
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on capital infusion from parent company	300,000,000	—
Payment of principal portion of lease liabilities (Note 24)	(215,172)	(216,894)
Net cash from financing activities	299,784,828	(216,894)
NET INCREASE IN CASH AND CASH EQUIVALENTS	346,811,573	107,890,035
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	191,165,492	83,275,457
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱537,977,065	₱191,165,492

See accompanying Notes to Financial Statements.



INDEPENDENT AUDITOR'S REPORT

https://pioneer.com.ph/sites/default/files/2022_FS_PIIC.pdf