

# ANNUAL REPORT 2022

## PIONEER LIFE INC

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# 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's life operations were established in 1964, and its evolution has included a fruitful five-year joint venture with Allianz AG of Germany in the form of Pioneer Allianz. Following the joint venture in 2003, an agreement was reached to move forward as a 100 percent Filipino-owned company.

Today, Pioneer Life Inc. is a significant player in the industry, and it continues to grow with a record number of Million Dollar Round Table qualifiers.

## Board of Directors

Mr. David C. Coyukiat, Chairman

Mr. Ernesto O. Chan, Treasurer

Mr. Lorenzo O. Chan, Jr., President/CEO

Ms. Sally C. Ong Pac, Member

Ms. Molly C. Uyecio, Member

Atty. Ma. Bertola D. Medialdea, Member

Ms. Caridad Chua Unsu, Member

Ms. Emily A. Abrera, Independent Director

Mr. Vitaliano N. Nanagas II, 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

- **Individual Life Insurance & Investment**
- **Accident & Health Insurance**
- **OFW Insurance**
- **Insurance for Groups or Employees**
- **Travel Insurance**

# FINANCIAL STATEMENTS

**PIONEER LIFE INC.**  
(A Wholly-Owned Subsidiary of Pioneer Life Holdings, Inc.)  
**STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	<b>January 1</b>
	<b>2022</b>	2021 (As restated – Note 12)	2021 (As restated – Note 12)
<b>ASSETS</b>			
<b>Cash and cash equivalents</b> (Notes 4, 7, and 29)	<b>P2,646,022,164</b>	P2,675,089,184	P2,310,067,873
<b>Insurance receivables</b> (Notes 5 and 29)	<b>1,650,607,565</b>	1,519,382,916	555,854,022
<b>Financial assets</b> (Notes 6, 7, and 29)			
Financial assets at fair value through profit or loss	<b>3,119,697,757</b>	3,620,583,506	3,905,701,760
Financial assets at fair value through other comprehensive income (FVOCI)	<b>3,878,419,190</b>	4,132,674,488	4,376,547,945
Financial assets at amortized cost	<b>1,119,668,063</b>	1,103,887,009	1,076,599,780
<b>Accrued income</b> (Notes 8 and 29)	<b>137,549,897</b>	85,943,934	76,172,758
<b>Reinsurance assets</b> (Notes 13, 14, and 29)	<b>1,000,000</b>	1,000,000	1,000,000
<b>Pension asset - net</b> (Note 24)	<b>22,941,099</b>	–	–
<b>Investment properties</b> (Note 9)	<b>16,370,680</b>	16,240,450	14,874,950
<b>Property and equipment - net</b> (Note 10)	<b>28,547,062</b>	26,674,448	32,871,451
<b>Software costs - net</b> (Note 11)	<b>15,343,387</b>	4,315,418	4,323,543
<b>Right-of-use assets</b> (Note 27)	<b>18,239,945</b>	36,712,403	45,292,297
<b>Deferred tax asset - net</b>	<b>–</b>	–	92,505,687
<b>Investments in associates</b> (Note 12)	<b>2,012,426,776</b>	2,012,426,776	2,033,823,840
<b>Other assets</b>	<b>127,976,321</b>	101,711,726	74,420,296
<b>TOTAL ASSETS</b>	<b>P14,794,809,906</b>	P15,336,642,258	P14,600,056,202
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Insurance contract liabilities</b> (Notes 13, 14, and 29)			
Legal policy reserves			
Policy and contract claims	<b>P8,142,155,705</b>	P9,428,263,359	P10,010,502,790
<b>Policyholders' dividends</b> (Note 29)	<b>1,498,897,487</b>	1,183,086,923	1,115,435,825
<b>Reserve for policyholders' dividends</b> (Note 29)	<b>260,795,212</b>	264,296,180	269,679,490
<b>Policyholders' deposits</b> (Note 29)	<b>–</b>	–	13,575
<b>Insurance payables</b> (Notes 15 and 29)	<b>363,997,701</b>	397,322,452	361,743,354
<b>Accounts payable and accrued expenses</b> (Notes 7, 16, and 29)	<b>1,404,645,386</b>	1,497,738,244	480,050,734
<b>Lease liabilities</b> (Note 27)	<b>163,360,043</b>	171,241,473	184,593,937
<b>Pension liability - net</b> (Note 24)	<b>19,486,317</b>	39,098,268	48,992,417
<b>Deferred tax liability - net</b> (Note 25)	<b>385,525,987</b>	108,318,903	–
<b>Total Liabilities</b>	<b>12,238,863,838</b>	13,103,777,535	12,503,142,006
<b>Equity</b>			
<b>Capital stock</b> (Note 17)	<b>260,000,000</b>	260,000,000	260,000,000
<b>Additional paid-in capital</b>	<b>261,297,581</b>	261,297,581	261,297,581
<b>Contributed surplus</b>	<b>430,000,000</b>	430,000,000	430,000,000
<b>Contingency surplus</b>	<b>111,000,000</b>	111,000,000	111,000,000
<b>Reserve for fluctuation in value of financial assets at FVOCI</b>	<b>(462,697,589)</b>	253,528,775	778,096,685
<b>Remeasurement gains (losses) on legal policy reserves</b> (Note 13)	<b>1,140,418,351</b>	324,987,429	(177,432,565)
<b>Remeasurement gains on retirement benefit plan</b> (Note 24)	<b>27,470,036</b>	8,106,594	1,644,627
<b>Retained earnings</b>	<b>788,457,689</b>	583,944,344	432,307,868
<b>Total Equity</b>	<b>P2,555,946,068</b>	P2,232,864,723	P2,096,914,196
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P14,794,809,906</b>	P15,336,642,258	P14,600,056,202

See accompanying Notes to Financial Statements.



**PIONEER LIFE INC.**  
**(A Wholly-Owned Subsidiary of Pioneer Life Holdings, Inc.)**  
**STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>	
	<b>2022</b>	2021 (As restated – Note 12)
<b>REVENUE</b>		
Gross earned premiums on insurance contracts	<b>₱5,568,960,596</b>	₱4,701,711,374
Reinsurers' share of gross earned premiums on insurance contracts	<b>(1,529,571,619)</b>	(1,196,108,374)
Net earned premiums (Note 18)	<b>4,039,388,977</b>	3,505,603,000
Investment income - net (Note 19)	<b>260,820,392</b>	411,126,830
Foreign currency exchange gain (loss) - net (Note 6)	<b>36,486,354</b>	31,097,881
Other income	<b>1,825,184</b>	2,960,483
Other revenues	<b>299,131,930</b>	445,185,194
	<b>4,338,520,907</b>	3,950,788,194
<b>BENEFITS, CLAIMS, EXPENSES AND LOSSES</b>		
Gross change in legal policy reserves	<b>(159,004,314)</b>	132,469,204
Reinsurers' share of gross change in legal policy reserves	<b>(39,862,113)</b>	(27,916,975)
Gross benefits and claims incurred on insurance contracts	<b>4,288,284,743</b>	3,577,071,946
Reinsurers' share of gross benefits and claims incurred on insurance contracts	<b>(1,324,134,710)</b>	(1,076,541,226)
Net insurance benefits and claims (Notes 13 and 20)	<b>2,765,283,606</b>	2,605,082,949
General and administrative expenses (Note 21)	<b>792,724,701</b>	634,458,634
Commissions and other direct expenses (Note 22)	<b>524,333,024</b>	502,083,196
Interest expense	<b>14,699,754</b>	14,949,298
Expenses and losses	<b>1,331,757,479</b>	1,151,491,128
	<b>4,097,041,085</b>	3,756,574,077
<b>INCOME BEFORE INCOME TAX</b>	<b>241,479,822</b>	194,214,117
<b>PROVISION FOR INCOME TAX</b> (Note 25)	<b>36,966,477</b>	42,577,641
<b>NET INCOME</b>	<b>₱204,513,345</b>	₱151,636,476

*See accompanying Notes to Financial Statements.*



**PIONEER LIFE INC.**  
**(A Wholly-Owned Subsidiary of Pioneer Life Holdings, Inc.)**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>NET INCOME</b>	<b>₱204,513,345</b>	₱151,636,476
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items to be recycled to profit or loss in subsequent periods:</i>		
Fair value gain (loss) on debt securities at FVOCI (Note 6)	<b>(717,867,675)</b>	(537,982,541)
	<b>(717,867,675)</b>	(537,982,541)
<i>Items not to be recycled to profit or loss in subsequent periods:</i>		
Fair value gain (loss) on equity securities designated at FVOCI (Note 6)	<b>1,930,954</b>	15,391,919
Consequential income tax effect (Note 25)	<b>(289,643)</b>	(1,977,288)
	<b>1,641,311</b>	13,414,631
Remeasurement gain (loss) on legal policy reserves (Note 13)	<b>1,087,241,228</b>	686,791,660
Consequential income tax effect (Note 25)	<b>(271,810,306)</b>	(184,371,666)
	<b>815,430,922</b>	502,419,994
Remeasurement gain (loss) on retirement benefit plan (Note 24)	<b>25,817,923</b>	8,431,962
Consequential income tax effect (Note 25)	<b>(6,454,481)</b>	(1,969,995)
	<b>19,363,442</b>	6,461,967
	<b>118,568,000</b>	(15,685,949)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱323,081,345</b>	₱135,950,527

*See accompanying Notes to Financial Statements.*



**PIONEER LIFE INC.**  
**(A Wholly-Owned Subsidiary of Pioneer Life Holdings, Inc.)**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Capital Stock (Note 17)	Additional Paid-in Capital	Contributed Surplus	Contingency Surplus	Reserve for fluctuation in value of Financial Assets at FVOCI (Notes 6 and 29)	Remeasurement Gains (Losses) on Legal Policy Reserves (Note 13 and 25)	Remeasurement Gains (Losses) on Retirement Benefit Plan (Note 24)	Retained Earnings (Deficit)	Total
At January 1, 2022, as restated	P260,000,000	P261,297,581	P430,000,000	P111,000,000	P253,528,775	P324,987,429	P8,106,594	P583,944,344	P2,232,864,723
Net income	-	-	-	-	-	-	-	204,513,345	204,513,345
Other comprehensive income (loss)	-	-	-	-	(716,226,364)	815,430,922	19,363,442	-	118,568,000
Total comprehensive income (loss)	-	-	-	-	(716,226,364)	815,430,922	19,363,442	204,513,345	323,081,345
<b>At December 31, 2022</b>	<b>P260,000,000</b>	<b>P261,297,581</b>	<b>P430,000,000</b>	<b>P111,000,000</b>	<b>(P462,697,589)</b>	<b>P1,140,418,351</b>	<b>P27,470,036</b>	<b>P788,457,689</b>	<b>P2,555,946,068</b>
At January 1, 2021, as previously reported	P260,000,000	P261,297,581	P430,000,000	P111,000,000	P778,096,685	(P177,432,565)	P1,644,627	P771,278,508	P2,435,884,836
Impact of impairment in associate from previous years (Note 12)	-	-	-	-	-	-	-	(338,970,640)	(338,970,640)
At January 1, 2021, as restated	260,000,000	261,297,581	430,000,000	111,000,000	778,096,685	(177,432,565)	1,644,627	432,307,868	2,096,914,196
Net income	-	-	-	-	-	-	-	151,636,476	151,636,476
Other comprehensive income (loss)	-	-	-	-	(524,567,910)	502,419,994	6,461,967	-	(15,685,949)
Total comprehensive income (loss)	-	-	-	-	(524,567,910)	502,419,994	6,461,967	151,636,476	135,950,527
<b>At December 31, 2021</b>	<b>P260,000,000</b>	<b>P261,297,581</b>	<b>P430,000,000</b>	<b>P111,000,000</b>	<b>P253,528,775</b>	<b>P324,987,429</b>	<b>P8,106,594</b>	<b>P583,944,344</b>	<b>P2,232,864,723</b>

See accompanying Notes to Financial Statements.



**PIONEER LIFE INC.**  
**(A Wholly-Owned Subsidiary of Pioneer Life Holdings, Inc.)**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2022</b>	2021 (As restated – Note 12)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱241,479,822</b>	194,214,117
Adjustments for:		
Interest income (Note 19)	<b>(443,438,488)</b>	(352,650,360)
Net change in legal policy reserves (Notes 13 and 20)	<b>(198,866,427)</b>	104,552,229
Fair value loss (gain) on financial assets at FVTPL (Notes 6 and 19)	<b>251,895,869</b>	(30,362,367)
Dividend income (Note 19)	<b>(59,140,671)</b>	(60,645,667)
Impairment loss on investment in associate (Note 12)	<b>—</b>	33,897,064
Foreign currency exchange gain – net (Note 6)	<b>(19,149,369)</b>	18,752,114
Depreciation and amortization (Notes 10, 11 and 27)	<b>35,474,636</b>	38,110,362
Gain/loss on lease termination (Note 27)	<b>(470,815)</b>	(1,429,308)
Retirement expense (Note 24)	<b>13,818,901</b>	14,695,693
Interest expense on lease liabilities (Note 27)	<b>1,179,641</b>	2,112,373
Reversal of provision for ECL (Notes 5, 6, and 21)	<b>—</b>	(55,695,173)
Fair value gain on investment properties (Notes 9 and 19)	<b>(130,230)</b>	(1,365,500)
Net change in reserve for policyholders' dividends (Note 29)	<b>—</b>	(13,577)
Operating loss before changes in working capital	<b>(177,347,131)</b>	(95,828,000)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	<b>(131,224,649)</b>	(963,528,894)
Loans and receivables	<b>(15,781,054)</b>	9,082,580
Other assets	<b>(26,264,595)</b>	(27,291,430)
Increase (decrease) in:		
Policy and contract claims	<b>315,810,564</b>	67,651,098
Accounts payable and accrued expenses	<b>(7,881,430)</b>	(13,352,464)
Insurance payables	<b>(93,092,858)</b>	1,017,687,510
Policyholders' deposits	<b>(33,324,751)</b>	35,579,098
Policyholders' dividends	<b>(3,500,967)</b>	(5,383,310)
Net cash used in operations	<b>(172,606,871)</b>	24,616,188
Contributions to the retirement fund (Note 24)	<b>(25,089,221)</b>	(24,533,864)
Income tax paid	<b>(36,966,477)</b>	(42,577,641)
Net cash used in operating activities	<b>(234,662,569)</b>	(42,495,317)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Financial assets at FVTPL (Note 6)	<b>(1,114,994,156)</b>	(2,205,124,306)
Financial assets at FVOCI (Note 6)	<b>(449,947,465)</b>	(275,437,885)
Property and equipment (Note 10)	<b>(14,761,514)</b>	(7,682,454)
Software (Note 11)	<b>(14,127,647)</b>	(1,266,042)
Investment in associate (Note 12)	<b>—</b>	(12,500,000)

(Forward)



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	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Proceeds from sale/maturities of financial assets at FVTPL (Note 6)	<b>₱1,375,228,355</b>	2,533,996,620
Interest received	<b>391,952,683</b>	341,810,833
Dividends received	<b>59,020,513</b>	61,714,018
Net cash provided by investing activities	<b>232,370,769</b>	435,510,784
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Payment of lease liabilities (Note 27)	<b>(21,334,377)</b>	(24,954,642)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<b>(5,440,843)</b>	(3,039,514)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(29,067,020)</b>	365,021,311
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,675,089,184</b>	2,310,067,873
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱2,646,022,164</b>	₱2,675,089,184

*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)