

ANNUAL REPORT 2022

M PIONEER INSURANCE INC

7th Floor Tower 1
The Rockwell Business Centre
Ortigas Avenue, Pasig City
www.mpioneer.com.ph



CORPORATE PROFILE

M Pioneer Insurance Inc. (M Pioneer), formerly Republic Surety and Insurance Company, Incorporated, is owned by Pioneer Insurance & Surety Corporation (Pioneer) and Manila Electric Company (Meralco). In December 2017, Pioneer acquired a 51%-equity interest in Republic, with Meralco's interest at 49%.

M Pioneer is poised to propel the company to newer heights as it achieves growth through the support of a dynamic, pro-active team and two (2) strong shareholder groups.

M Pioneer continues to write non-life insurance products for Property, General Accident Lines, Marine, Motor, Surety, Homeowner's and other packages. It aims to be a major player in the local insurance industry; a company guided by its core values.

Board of Directors

Atty. Ray C. Espinosa, Chairperson

Mr. Gerardo P. Castaneda, President/CEO

Mr. Lorenzo O. Chan, Jr., Member

Mr. David C. Coyukiat, Member

Atty. Ma. Bertola D. Medialdea, Member

Atty. William S. Pamintuan, Member

Ms. Betty C. Siy-Yap, Member

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.

OUR PRODUCTS

- **Burglary Insurance**
- **Machinery Breakdown**
- **Business Owner's Insurance Package**
- **Contractors All Risk**
- **Electronic Equipment Insurance**
- **Erection All Risks**
- **Safe Trip**
- **Fidelity Guarantee Insurance**
- **Fire Insurance**
- **MediCash Dengue Health Insurance**
- **MediCash Leptospirosis Health Insurance**
- **Group Personal Accident Insurance**
- **Comprehensive General Liability**
- **Marine Cargo Insurance**
- **Money, Securities, Payroll Robbery Insurance**
- **Motor Insurance**
- **Property Floater**
- **Personal Accident Insurance**
- **Golf Insurance**
- **Surety Bonds**
- **Homeowner's Insurance Package**

FINANCIAL STATEMENTS

M PIONEER INSURANCE INC. STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents (Notes 6 and 26)	₱475,946,980	₱713,382,134
Insurance receivables - net (Notes 7 and 26)	483,527,856	349,852,898
Financial assets (Notes 8 and 26)		
Financial assets at fair value through other comprehensive income (FVOCI)	354,867	344,401
Financial assets at amortized cost	1,518,686,791	901,377,030
Reinsurance assets (Notes 9 and 13)	783,144,612	785,589,254
Deferred acquisition costs (Note 10)	37,161,908	31,203,407
Property and equipment - net (Note 11)	7,480,347	8,715,792
Right-of-use assets - net (Note 22)	12,714,290	19,342,674
Pension asset (Note 23)	5,993,738	-
Other assets (Note 12)	104,878,437	86,871,903
	₱3,429,889,826	₱2,896,679,493
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities (Note 13)	₱1,554,164,754	₱1,562,269,309
Insurance payables (Note 14)	332,052,695	237,446,493
Deferred reinsurance commissions (Note 10)	16,272,088	14,678,351
Accounts and other payables (Notes 15 and 26)	91,186,142	86,475,348
Lease liabilities (Note 22)	12,331,434	19,389,761
Pension liability (Note 23)	-	4,051,068
	₱2,006,007,113	₱1,924,310,330
Equity		
Capital stock (Notes 1 and 16)	900,000,000	900,000,000
Deposit for future stock subscription (Notes 1 and 16)	-	-
Contributed surplus (Note 16)	914,371,606	544,371,606
Deficit	(392,638,228)	(471,813,002)
Other comprehensive income		
Remeasurement gain on pension liability (Note 23)	2,933,873	605,563
Revaluation reserve for financial asset at FVOCI (Note 8)	(784,538)	(795,004)
	₱1,423,882,713	₱972,369,163
	₱3,429,889,826	₱2,896,679,493

See Notes to the Financial Statements.



M PIONEER INSURANCE INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2022	2021
INCOME		
Gross earned premiums on insurance contracts	₱1,110,111,479	₱954,553,806
Reinsurers' share of gross earned premiums on insurance contracts	(792,948,319)	(622,992,306)
Net earned premiums (Note 17)	317,163,160	331,561,500
Commission income (Note 10)	31,467,405	27,242,519
Interest income (Note 18)	48,573,626	37,251,325
Others (Note 18)	18,813,261	6,365,178
Other income	98,854,292	70,859,022
Total Income	416,017,452	402,420,522
Gross insurance contract benefits and claims paid	376,383,979	434,030,520
Reinsurers' share of gross insurance contract benefits and claims paid	(174,477,786)	(299,274,541)
Gross change in insurance contract liabilities	(54,951,420)	(204,520,718)
Reinsurers' share of gross change in insurance contract liabilities	10,853,067	323,066,760
Net insurance benefits and claims (Notes 13 and 19)	157,807,840	253,302,021
Commission expense (Note 10)	84,438,760	79,507,849
Other underwriting expenses	16,495,872	20,120,016
General and administrative expenses (Note 20)	67,223,467	69,584,250
Interest expense (Notes 14 and 22)	873,495	1,170,063
Other expenses	169,031,594	170,382,178
Total Benefits, Claims and Other Expenses	326,839,434	423,684,199
INCOME (LOSS) BEFORE INCOME TAX	89,178,018	(21,263,677)
PROVISION FOR INCOME TAX (Note 21)	10,003,244	7,435,766
NET INCOME (LOSS)	₱79,174,774	(₱28,699,443)

See Notes to the Financial Statements.



M PIONEER INSURANCE INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
NET INCOME (LOSS)	₱79,174,774	(₱28,699,443)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item that will not be reclassified to profit or loss in subsequent period</i>		
Fair value loss on financial asset at FVOCI (Note 8)	10,466	(55,690)
Remeasurement gain on pension liability (Note 23)	2,328,310	935,453
OTHER COMPREHENSIVE INCOME FOR THE YEAR	2,338,776	879,763
TOTAL COMPREHENSIVE INCOME (LOSS)	₱81,513,550	(₱27,819,680)

See Notes to the Financial Statements.



M PIONEER INSURANCE INC.
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 1 and 16)	Deposit for Future Stock Subscription (Notes 1 and 16)	Contributed Surplus (Note 16)	Remeasurements on Pension Liability (Note 23)	Revaluation Reserve on Financial Assets at FVOCI (Note 8)	Deficit	Total
As at January 1, 2022	₱900,000,000	₱-	₱544,371,606	₱605,563	(₱795,004)	(₱471,813,002)	₱972,369,163
Net income for the year	-	-	-	-	-	79,174,774	79,174,774
Other comprehensive income	-	-	-	2,328,310	10,466	-	2,338,776
Total comprehensive income	-	-	-	2,328,310	10,466	79,174,774	81,513,550
Cash infusion	-	-	370,000,000	-	-	-	370,000,000
As at December 31, 2022	₱900,000,000	₱-	₱ 914,371,606	₱2,933,873	(₱784,538)	(₱392,638,228)	₱1,423,882,713
As at January 1, 2021	₱565,000,000	₱335,000,000	₱544,371,606	(₱329,890)	(₱739,314)	(₱443,113,559)	₱1,000,188,843
Net income for the year	-	-	-	-	-	(28,699,443)	(28,699,443)
Other comprehensive income (loss)	-	-	-	935,453	(55,690)	-	879,763
Total comprehensive loss	-	-	-	935,453	(55,690)	(28,699,443)	(27,819,680)
Issuance of shares (Note 1)	335,000,000	(335,000,000)	-	-	-	-	-
As at December 31, 2021	₱900,000,000	₱-	₱544,371,606	₱605,563	(₱795,004)	(₱471,813,002)	₱972,369,163

See Notes to the Financial Statements.



M PIONEER INSURANCE INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱89,178,018	(₱21,263,677)
Adjustments for:		
Reversal of provision for impairment losses (Notes 7 and 20)	(5,120,622)	(4,547,757)
Retirement expense (Notes 20 and 23)	1,783,504	7,401,937
Depreciation expense (Notes 11, 20 and 22)	10,921,549	11,007,274
Interest expense (Notes 14 and 22)	873,495	1,170,063
Unrealized foreign exchange gain (Note 18)	(13,732,014)	(4,951,655)
Gain on disposal of property and equipment (Note 11)	(4,531)	–
Interest income (Note 18)	(48,573,626)	(37,251,325)
Operating gain (loss) before changes in working capital changes	35,325,773	(48,435,140)
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Reinsurance assets	2,444,642	259,994,587
Insurance receivables	(128,554,336)	11,153,611
Other assets	(18,203,024)	(11,546,826)
Deferred acquisition costs	(5,958,501)	3,219,041
Loans and receivables	1,889,873	(273,004)
Increase (decrease) in operating liabilities:		
Insurance contract liabilities	(8,104,555)	(142,914,845)
Insurance payables	94,526,723	(20,531,536)
Accounts and other payables	4,710,794	9,458,539
Deferred reinsurance commissions	1,593,737	4,683,012
Cash generated from (used in) operating activities	(20,328,874)	64,807,439
Retirement contributions paid (Note 23)	(9,500,000)	(12,000,000)
Income tax paid	(9,806,754)	(7,443,462)
Net cash provided by (used in) operating activities	(39,635,628)	45,363,977
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (Notes 8 and 18)	35,781,745	37,506,603
Proceeds from maturities / disposals of:		
Investment securities at amortized cost (Note 8)	424,361,247	10,000,000
Property and equipment	16,926	–
Acquisitions of:		
Investment securities at amortized cost (Note 8)	(1,030,769,000)	(117,042,930)
Right-of-use assets (Note 22)	(95,209)	(90,685)
Property and equipment (Note 11)	(2,974,906)	(168,328)
Net cash used in investing activities	(573,679,197)	(69,795,340)

(Forward)



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	Years Ended December 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to contributed surplus (Note 16)	₱370,000,000	₱-
Payment of principal portion of lease liabilities (Note 22)	(7,852,343)	(7,554,885)
Net cash provided by (used in) financing activities	362,147,657	(7,554,885)
EFFECTS OF EXCHANGE RATE CHANGES		
ON CASH AND CASH EQUIVALENTS	13,732,014	4,951,655
NET DECREASE IN CASH AND CASH EQUIVALENTS	(237,435,154)	(27,034,593)
CASH AND CASH EQUIVALENTS AT		
BEGINNING OF YEAR	713,382,134	740,416,727
CASH AND CASH EQUIVALENTS AT		
END OF YEAR (Note 6)	₱475,946,980	₱713,382,134

See Notes to the Financial Statements.



INDEPENDENT AUDITOR'S REPORT

https://mpioneer.com.ph/wp-content/uploads/2023/06/2022_FS_MPII.pdf