ANNUAL REPORT

2017

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นวกิจประกันภัย

The Navakij Insurance Public Company Limited

Vision

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology.
- Provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.

Mission

- Provide good and high quality services to customers with fairness and integrity.
- Innovate and develop new insurance products for the changing needs of society.
- Focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
- Support and develop a good working environment and promote unity among employees as well as maintaining competitive benefits and compensation suitable for social environment.
- Invest in human resource development and encourage employees to be professional and maintain high ethical standard.
- Develop and implement new technology to effectively improve our service to the customers.

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Financial Highlights

For the fiscal year ended 31 December

		Financial Statements (The equity method is applied)		
	Unit	2017	2016	2015
Financial Position				
Total assets	million Baht	5,164.95	5,587.42	5,697.12
Total liabilities	million Baht	2,992.53	3,436.21	3,558.22
Company shareholders' equity	million Baht	2,172.42	2,151.22	2,138.90
Investment in securities	million Baht	2,905.52	3,111.99	3,314.90
Dividend per share	Baht	1.80	1.00	2.31
Paid-up capital	Share	33,000,000	33,000,000	32,000,000
Authorized capital	Share	33,000,000	33,000,000	32,000,000
Operating Performance				
Gross written premium	million Baht	2,635.82	2,839.04	3,368.93
Net written premium	million Baht	2,010.00	2,199.55	2,816.43
Earned premium	million Baht	2,086.21	2,547.95	2,428.50
Fee and commission income	million Baht	179.93	147.83	136.71
Net loss incurred	million Baht	1,350.34	1,786.69	1,528.09
Underwriting expenses include operating expenses	million Baht	2,296.14	2,835.37	2,701.12
Underwriting profit (loss) after deducting operating expenses	million Baht	(30.00)	(139.59)	(135.91)
Investment and other Income (loss)	million Baht	159.53	177.67	203.79
Profit before income tax expenses	million Baht	129.53	38.08	67.88
Income tax expenses	million Baht	18.88	4.05	18.20
Net profit	million Baht	110.65	34.03	49.68
Liquidity Ratio				
Liquidity ratio	Times	1.39	1.32	1.34
Collection period for premium due and uncollected	Days	54	57	46

	Financial Statements (The equity method is applied)			
	Unit	2017	2016	2015
Profitability Ratio				
Retention rate	Percent	76.27	77.47	83.60
Loss ratio	Percent	64.73	70.12	62.92
Underwriting profit margin	Percent	14.01	8.54	9.84
Underwriting expenses ratio	Percent	45.34	41.16	48.30
Return on investment	Percent	5.38	6.48	7.76
Net written premium to shareholders' fund	Times	0.93	1.03	1.28
Net profit margin	Percent	4.56	1.17	1.75
Return on equity	Percent	5.12	1.59	2.26
Earning per share*	Baht	3.35	1.03	1.51
Efficiency Ratio				
Return on assets	Percent	2.06	0.60	0.92
Assets turnovers	Times	0.45	0.52	0.52
Financial Position Ratio				
Debt to equity ratio	Times	1.38	1.60	1.66
Policy Liability to Capital Fund	Times	0.99	1.13	1.21
Unearned premium reserve to equity	Times	0.66	0.72	0.84
Unearned reserve to total assets	Percent	27.70	27.72	31.64
Dividend payout ratio	Percent	53.68	97.00	148.95

* The Company adjusted number of shares used to calculate earnings per share as if the stock dividend has been issued since the first day of the year of the offer.

Message from the Chairman of the Board

The Navakij Insurance Public Company Limited has been able to maining its sound foundation throughout the period. The changes within the organisation to better enable future effective operation has meant that our market share have been compensated slightly but remains within our tolerance.

The Thai economy in 2017 experienced similar growth from the year before. With the economic turmoil having passed its lowest point and continuing to subside, the year has given us the opportunity to adapt for the better. Again the mechanism for growth was supported by the increased in domestic consumption, tourism, and government spending policies to spur on the Thai economy.

This year we had made some changes to our underwriting policy. Namely we increased the motor premium in order to better cover the claims on the motor side, have been more selective in what we would underwrite with respect to new accounts, and terminate systematically non-profitable renewals. As a result, underwriting profits increased, claims decreased, and lower operational expenses.

The company paid close attention to the development that leads to greater corporate efficiency including but not limited to the insurance marketing, personnel development, and technological improvements. In particular, this year that Board of Directors has approved the investment in core insurance system. The new insurance core will enable the company to operate concurrently with the vastly changing competitive space. The advent of fin tech, digital consumers and so forth have meant that insurance companies have to be much more dynamic in the work we operate. The new core system will allow Navakij to better serve customers needs as well as provide better data for consumer behavior analysis.

Noteworthy of mention is that the past year the company had successfully launched TKI and TKI Life insurance companies in LAO PDR. This 32.5 percent joint venture in both companies mean that the company will have greater presence in the ASEAN community whilst operating independently from Navakij.

The Board does not only concern its duties with operations, but also the steer the company corporate governance in directions that puts Navakij at the fore front of good CG companies. We strictly adhere to the 2017 CG Code which focused on the roles and responsibilities of the Board members in making the company sustainable in the long-run and in line with international standards. Last year we were the only insurance company to be awarded the "Excellent" rating consecutively for it corporate governance from the Thai Institute of Directors.

All in all, 2017 has been a successful year for the Company. This success paves a firm foundation for the company to move forward with confidence into the future. On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude for all our partners, stakeholders, employees, and executives whom have contributed to year another successful year.

Suchin Wanglee
Chairman of the Board of Directors

Message from the CEO and President

The executives has revised the corporate strategy, goals, and its operational strategies that were submitted to the Board of Directors and has periodically followed up with the management management in order to ensure that goals set are met in every department. The Company aims to grow organically and sustainably into the future.

The Thai economy in 2017 has grown satisfactorily. Drivers of growth can be accounted to the recovery of global economies, increased in export and continued increase in the tourism industry. Increased in agriculture sector has meant an increased of base salary and domestic consumption. The several many government aids to spur the economy such as investment in infrastructure also contributed to Thailand economic growth.

The insurance industry also grew. Particular emphasis is on the motor and miscellaneous insurance classes which showed spectacular growth due to government materialization of many foundational projects as well as large scale construction projects. Moreover, government has had a more active role in risk management of Thai farmers particularly on the rice insurance scheme as well personal accidents for the low-incomers. Such initiatives contributed to growth in the non life insurance premium. With travel and health insurance now able to use as income tax management vehicle, we can anticipate continued growth in insurance premium of these sectors as the public become more aware of their benefits in the future. However, the market remains competitive particularly on the motor market which constitutes the bulk of the non-life insurance industry. Customers continue to seek lower prices at the expense of appropriate sum insured.

The Navakij Insurance Plc has developed products and expanded its sources of business in order for greater penetration. We have focused on quality of service rather than racing to the bottom with insurance premiums. The performance for the fiscal year 2017 in line with the size of non-life insurance industry and the Company's ranking was at the 27th of the industry. We ended the year with the gross written premium of 2,609 million Baht. The underwriting profit was 372 million Baht, increase 24 percent YoY, investment returns was 156 million Baht, operating profit was 133 million Baht and net profit of 114 million Baht which is a 70 percent increase YoY. In 2017 we also engaged in a joint venture project to set up a life and non-life insurance company in Lao PDR. These new entities should allow for greater coverage of the Asean region particularly in the lesser develop countries.

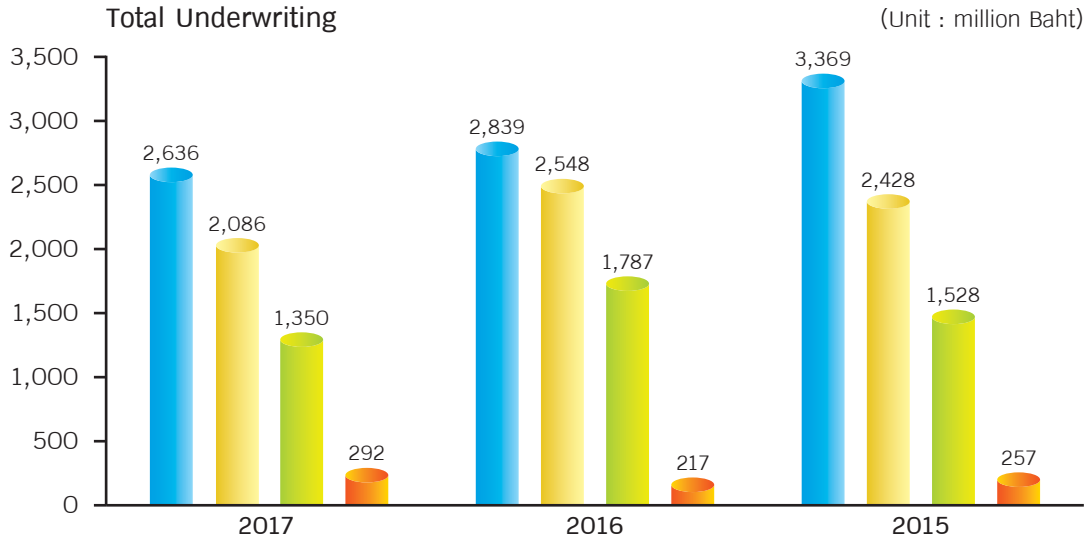
In 2018 we have reorganised our organisational structure and operations into a model that we feel is best suited to coping with the new face of competitive landscape which should aid the efficiency in claims payment as well as reduce our overhead costs. We of course maintain our strict corporate governance, corporate social responsibility which help ensure that we partner up with quality business partners as well as quality long-term customers.

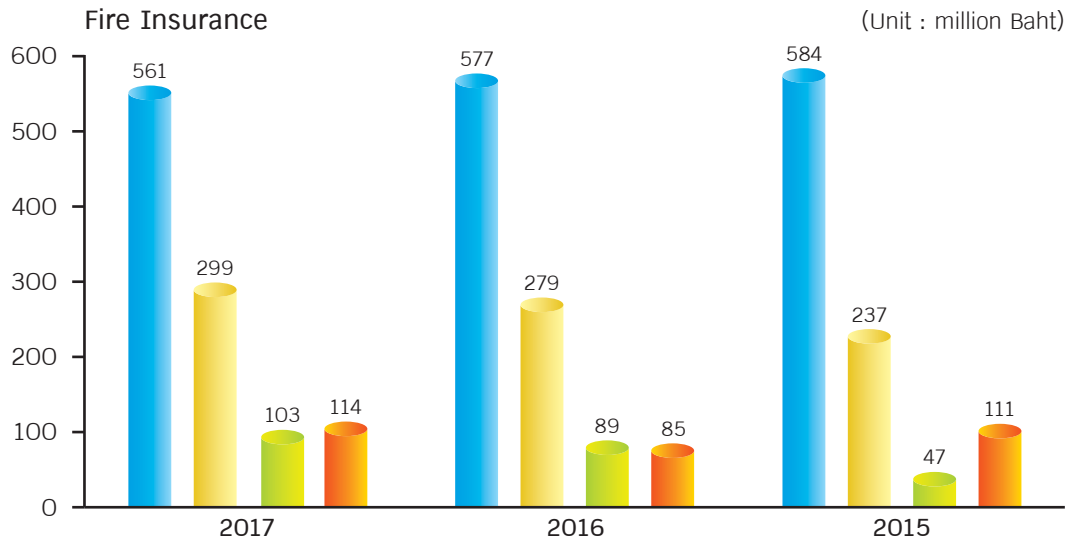
We take our stance on anti-corruption very seriously. Our mandate is that all stakeholders; directors, executives, employees, partners, policy holders must adhere to the anti-corruption framework laid down by the Company or affiliated institutions. On the risk management side, the Company could maintain adequate levels of RBC and as of September 2017 our Capital Adequacy Ratio (CAR) was at 400.46 percent which was significantly higher than the 140 percent OIC minimum requirement

As the executive director, I would like to express my utmost gratitude to the shareholders, policy holders, business partners, and all stakeholders who have faith in this Company. Who supports the Company and made it as successful as it could be given all other circumstances. I look forward to leading this Company into the next period of prosperity.

Pitiphong Bisalputra
CEO and President

Operating Results from Underwriting



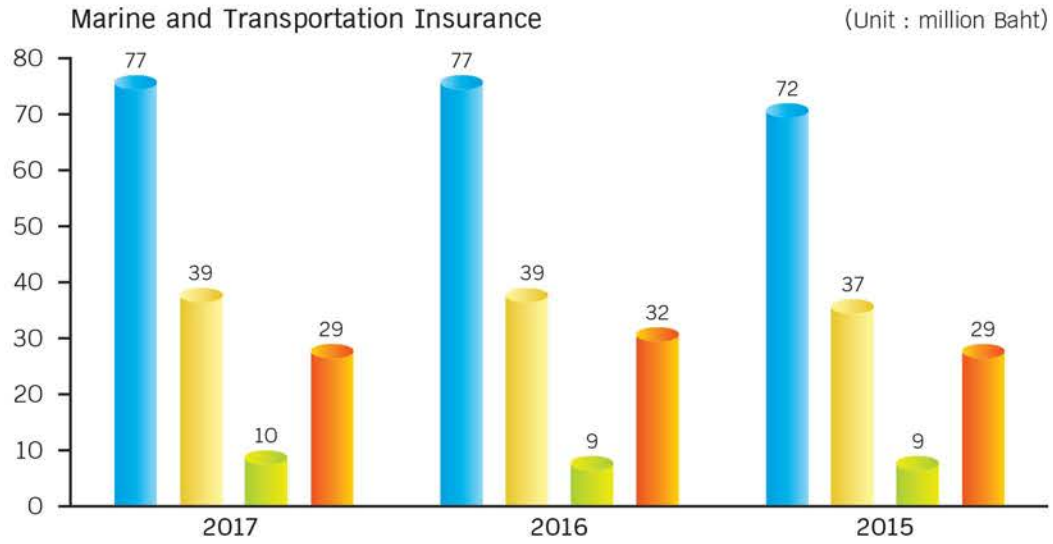


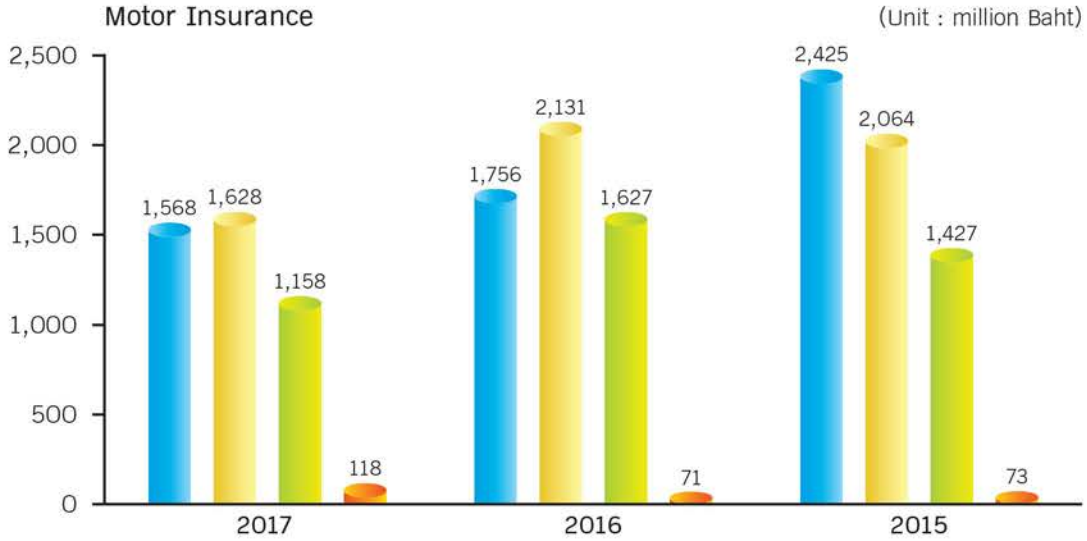
Written premium

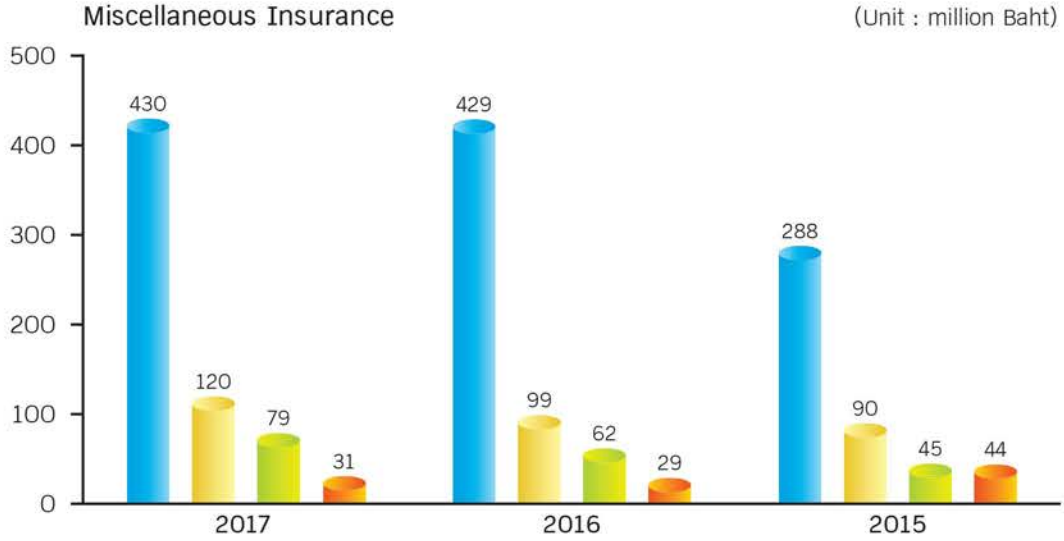
Net earned premium

Claim and loss adjustment expenses

Profit from underwriting before operating expenses


Marine and Transportation Insurance
(Unit : million Baht)
80
70
60
50
40
30
20
10
0
77
39
10
29
77
39
9
32
72
37
9
29
2017
2016
2015


Motor Insurance
(Unit : million Baht)
2,500
2,000
1,500
1,000
500
0
1,568
1,628
1,158
118
1,756
2,131
1,627
71
2,425
2,064
1,427
73
2017
2016
2015


Miscellaneous Insurance
(Unit : million Baht)
500
400
300
200
100
0
430
120
79
31
429
99
62
29
288
90
45
44
2017
2016
2015

The Committee has reviewed and evaluated the implementation of the CG Code that is based on the Stock Exchange of Thailand Principles of Good Corporate Governance for Listed Companies 2012, of which the assessment result made by a company secretary is almost fully compliant. For the Principle or Sub-Principle that the Company could not apply, reasons for not following a particular CG Code will be disclosed in the Company's annual report and the SEC Form 56-1. The Company complied with the CG Code on Sub-Principle that the board appointed a designated independent director to participate in setting the agenda of board meetings due to the chairman of the board is not an independent director and also encouraged the chief executive officer to invite key executive to attend board meetings to present details on the agenda items related to matters that they are directly responsible for.

The remuneration, nomination and governance committee (the "Committee") has performed our responsibilities independently in compliance with the fiduciary duties, due care of loyalty and the principles of good corporate governance to preserve the greatest interests of the Company and its stakeholders.

In 2017, the Committee held two meetings and its members' attendance was 100 percent by the three directors. The Committee's performance of its duties is summarized as follows:

Governance Roles: In 2017, the Principles of Corporate Governance Code (the "CG Code") is developed by the Securities and Exchange Commission (SEC) as practice principles for the publicly listed companies to success in the continuous sustainability development at international level. The Committee, therefore, has considered and acknowledged the CG Code that was developed for the board of directors, as the leader and governing body of a listed company, to encourage the Company to apply or explain each Principle and Sub-Principle to the Company's business in the interest of long-term sustainable value creation for its all stakeholders.

Last year, the Thai Institute of Directors Association awarded the Company with corporate governance rating of "excellent" in its survey of SET listed companies, presented that the Company places importance on the implementation of the good guidelines to build transparency and confidence for its shareholders and also having business agility and resilience in facing new challenges.

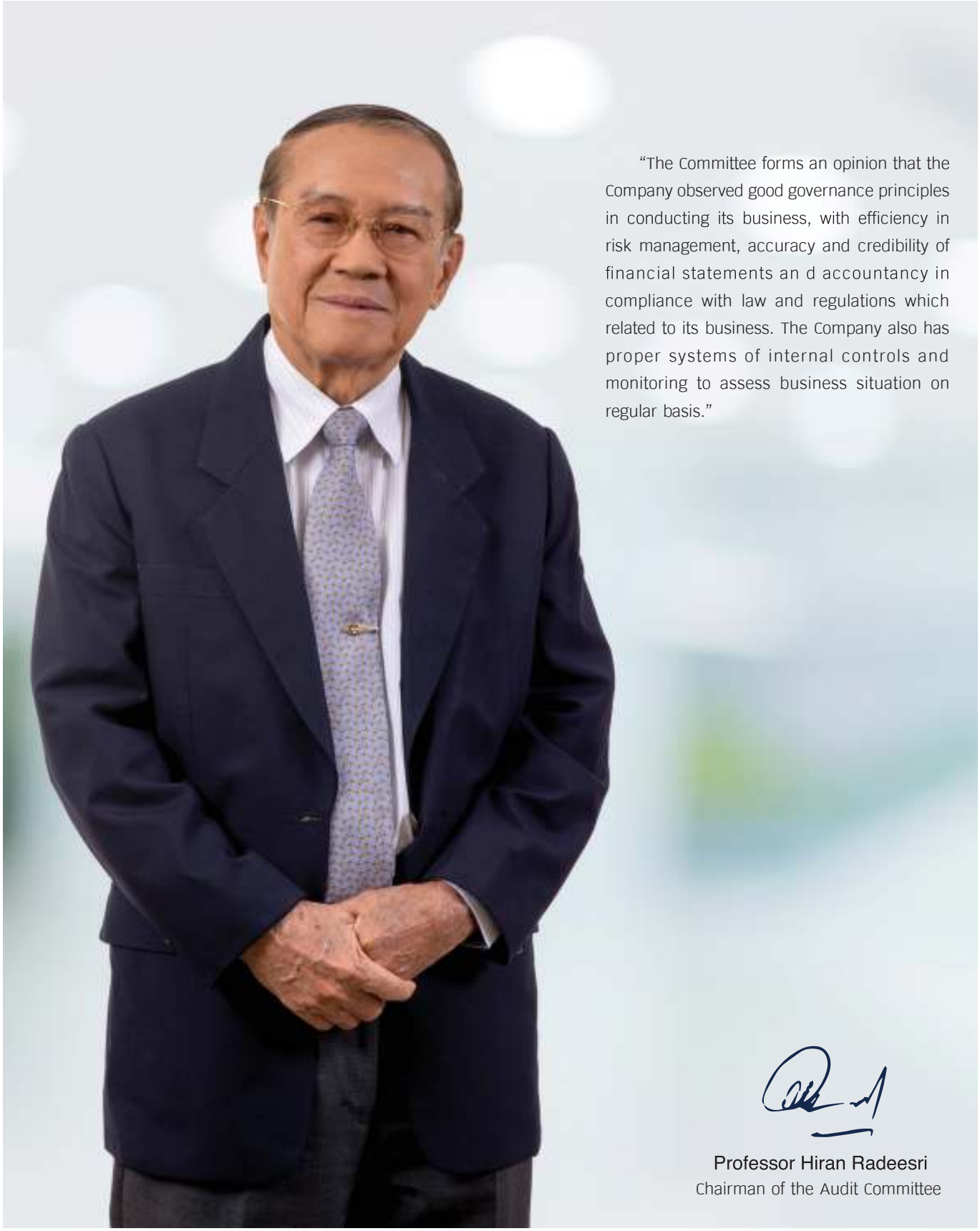
Nomination Roles: The Company gave the directors and shareholders an opportunity to propose the qualified candidates to be nominated as director prior to the date of annual general meeting of shareholders for the year 2017. The directors and independent directors shall have proper qualifications and are not disqualified pursuant to any relevant laws and regulations and also should be the directors with diverse qualifications in term of skills, experience and professional expertise benefit the Company. However, none of shareholders proposed a qualified candidate to be nominated as the director of the Company that all retired directors have been re-elected to serve another term in the board of directors that the interested director abstained from voting and attending the meeting.

Remuneration Roles: The Committee proposed the remuneration of directors to the board of directors and the shareholders that the compensation basis has carefully considered by consistent with the Company's strategy, duties and responsibilities and by comparing to the same type of industry. The Committee proposed to pay at the existing rate and the existing types of the director compensation; meeting allowance and bonus that in line with dividend payment. In addition, the Committee considered annual remuneration adjustment of chief executive officer and president including guidelines for improvement of performance to more effective that the criteria are in line with the long-term benefits of the Company and are expected to motivate the business operations to be in line with the objectives.

Pramon Sutivong

Chairman of the Remuneration, Nomination and Governance Committee

Audit Committee's Report



"The Committee forms an opinion that the Company observed good governance principles in conducting its business, with efficiency in risk management, accuracy and credibility of financial statements an d accountancy in compliance with law and regulations which related to its business. The Company also has proper systems of internal controls and monitoring to assess business situation on regular basis."

Professor Hiran Radeesri
Chairman of the Audit Committee

The Audit Committee (the "Committee") comprising a team of independent directors; Professor Hiran Radeesri, Chairman of the Committee, and two members; Mr. Pramon Sutivong and Mr. Kiet Srichomkwan who are all expert of accountancy, finance and organization management.

During 2017, the Committee held ten meetings and its members' attendance was 100 percent by those three members.

The Committee's performance of its duties and responsibilities assigned by the board of directors and comply with the Committee charter, is summarized as follows:

1. Review of the financial statements for the year 2016 and the quarterly financial statements for the year 2017

The Committee had jointed meetings with the Company's executive officers e.g. vice president of finance, vice president of office of internal audit as well as the Company's external auditor, to discuss and answer questions on the preparation of financial statements in order to comply with relevant law and standard of accounting principles. The meeting was held to ensure that the audited financial statement were accurate conforming to accounting principles standard and disclosed information were adequate, complete and reliable. Feedbacks and suggestions from the external auditor were considered and applied to achieve optimum benefit to the Company. In addition, the Committee held one meeting with the Company's external auditor specifically to ensure the financial statements were prepared without any intervention and the Company's external auditor was independent. Executive vice president who is the chief financial officer confirmed that the Company's accounting system was effective and were confident that collection and recording of transactions were complete, conforming to accounting principles standard of the time. From reviewing the statements and explanation received from the persons in charge and the external auditor, the Committee formed an opinion that the financial statements were completely and accurately prepared according to the Thai Financial Reporting Standards and also in line with the stipulations of the Office of Insurance Commission (OIC).

2. Review of the adequacy of internal control systems

The Committee reviewed and assessed the system together with the external auditor through reports of office of internal audit on regular basis. There is no significant deficiency and the internal control system is reasonably adequate and appropriate. The Committee reviewed and assessed the annual internal audit plan which follows the risk assessment result and approved budget of office of internal audit and laurels of the vice president of office of internal audit. From a review of the internal control system conducted by the Committee, it had an opinion that the internal control system was adequate and appropriate.

3. Review of the related-party transaction or the transactions that may lead to conflict of interest

The Committee reviewed on the compliance with laws, rules and regulations of relevant regulatory bodies. During 2017, the Company had significant business transactions with related parties arose in the ordinary course of business that compliance checklist has been implemented to ensure compliance with the rules and regulations of related laws with adequately and appropriate.

4. Review of good corporate governance and regulatory compliance

The Committee reviewed the efficiency and effectiveness of good governance and the compliance with rules and regulations and related laws and it was found that that the directors, executives, and employees had complied with the policy and all relevant laws and regulations. The Company, therefore, has implemented the anti-corruption policy that relevant laws applicable to its business.

5. Risk management

Risk management committee was formed and assigned to formulate and manage risk management plan of the Company. The Committee assessed with the Company's executives to ensure that the plan was implemented effectively and to provide recommendations to the board of directors for adjustment in order to enhance the plan efficiency and to comply with OIC's regulations and guidelines.

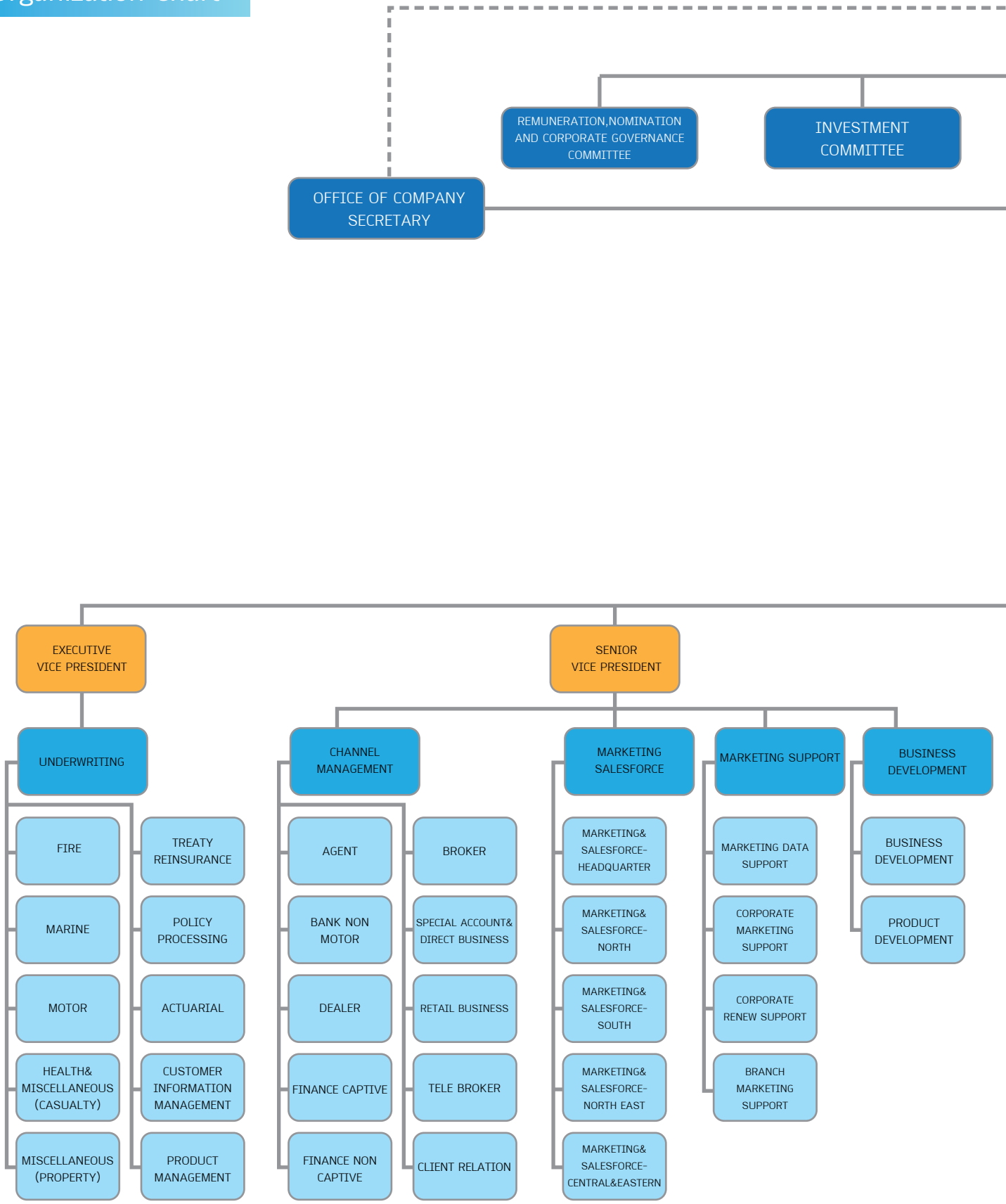
6. The Committee reviewed charter of the Committee

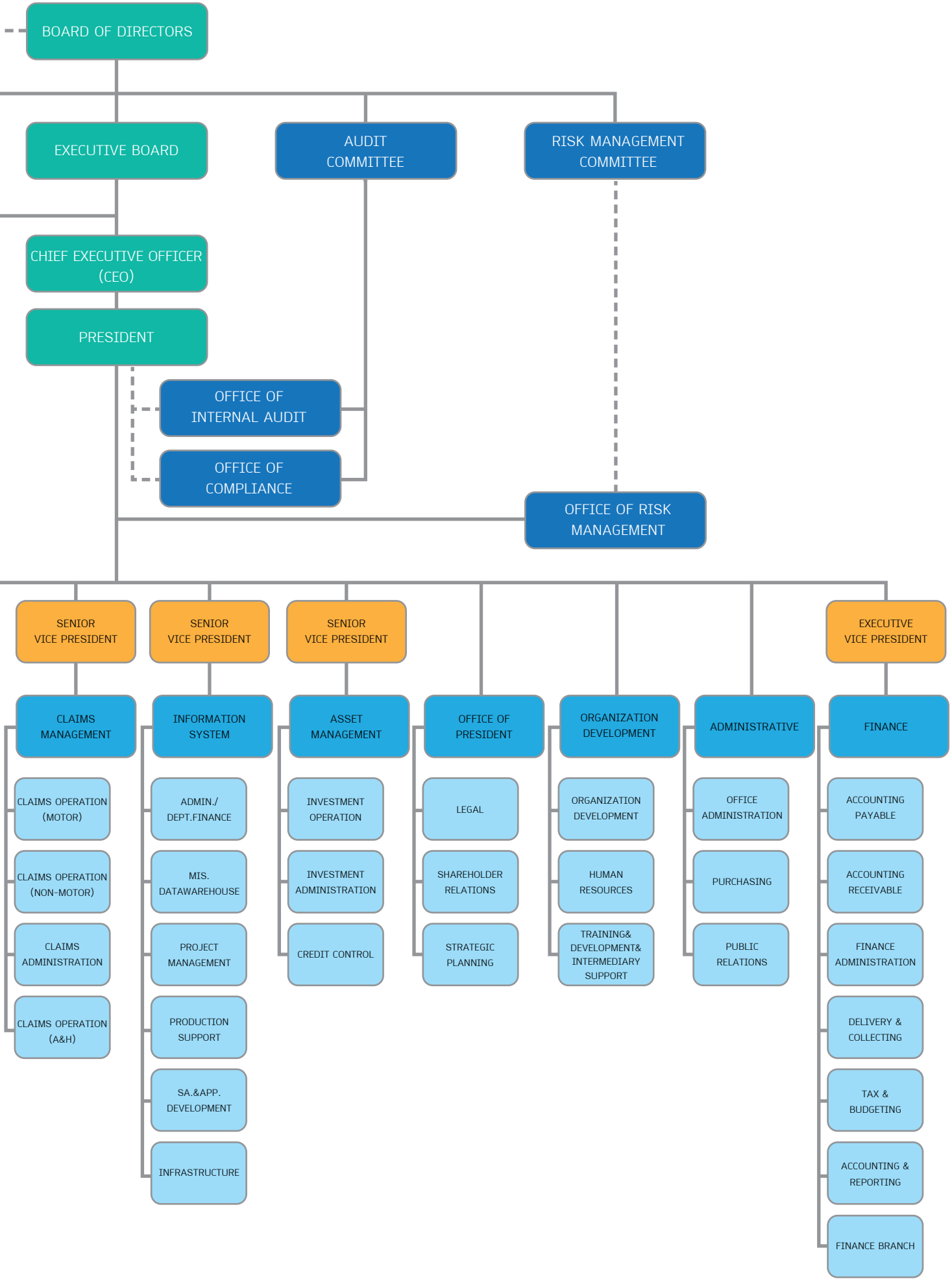
on a yearly basis to be in line with a change in risk condition and current situation and also evaluated their performance, of which the assessment result is ranked in a good level and recommended to regularly update.

7. Appointment of the external auditor for 2018

The Committee evaluated the external auditor performance during the past year, of which result is satisfactory. It also considered their independence and qualifications and was of opinion that they were conformed to criteria regulated by Securities and Exchange Commission. Therefore, the Committee recommended the board of directors to appoint Ms. Somjai Khunapasut, C.P.A. Registration No.4499 or Mrs. Nongluk Pumnoi, C.P.A. Registration No.4172 or Ms. Rachada Yongsawadvanich, C.P.A. Registration No.4951, all from EY Office Limited, to be the Company's external auditor for the year 2018 and also proposed audit fees and others totaling of 2.175 million Baht, submitted to the annual general meeting of shareholders for approval.

Organization Chart




BOARD OF DIRECTORS
EXECUTIVE BOARD
AUDIT COMMITTEE
RISK MANAGEMENT COMMITTEE
CHIEF EXECUTIVE OFFICER (CEO)
PRESIDENT
OFFICE OF INTERNAL AUDIT
OFFICE OF COMPLIANCE
OFFICE OF RISK MANAGEMENT
SENIOR VICE PRESIDENT
SENIOR VICE PRESIDENT
SENIOR VICE PRESIDENT
EXECUTIVE VICE PRESIDENT
CLAIMS MANAGEMENT
INFORMATION SYSTEM
ASSET MANAGEMENT
OFFICE OF PRESIDENT
ORGANIZATION DEVELOPMENT
ADMINISTRATIVE
FINANCE
CLAIMS OPERATION (MOTOR)
CLAIMS OPERATION (NON-MOTOR)
CLAIMS ADMINISTRATION
CLAIMS OPERATION (A&H)
ADMIN./ DEPT.FINANCE
MIS. DATAWAREHOUSE
PROJECT MANAGEMENT
PRODUCTION SUPPORT
SA.&APP. DEVELOPMENT
INFRASTRUCTURE
INVESTMENT OPERATION
INVESTMENT ADMINISTRATION
CREDIT CONTROL
LEGAL
SHAREHOLDER RELATIONS
STRATEGIC PLANNING
ORGANIZATION DEVELOPMENT
HUMAN RESOURCES
TRAINING& DEVELOPMENT& INTERMEDIARY SUPPORT
OFFICE ADMINISTRATION
PURCHASING
PUBLIC RELATIONS
ACCOUNTING PAYABLE
ACCOUNTING RECEIVABLE
FINANCE ADMINISTRATION
DELIVERY & COLLECTING
TAX & BUDGETING
ACCOUNTING & REPORTING
FINANCE BRANCH

The Company's General Information

The Company's Information

Stock Code	NKI
Type of Business	Non-life Insurance
Registration No.	0107536000862
Year of Establishment	23 September 1933
First Trade Date	24 August 1990
Registered Capital	330 million Baht, comprised of 33 million shares @10 Baht par value
Paid-up Capital	330 million Baht
Headquarter Address	25th-27th Floor, Sathorn Nakorn Tower, 100/47-55, 1st Floor, Sathorn Thani Building, 90/3-6 North Sathorn Road, Silom, Bangrak, Bangkok 10500
Corporate Headquarters	Telephone (66) 2664 7777 Fax (66) 2636 7999 Accident Notification: 1748
Website	www.navakij.co.th
Shareholder Relations	office_president@navakij.co.th

Investment in other company at 10 percent or more of paid-up capital (Direct shareholding)

Company Name	The Falcon Insurance Plc.
Type of Business	Non-life Insurance
Listed Share	Common stock 10 million shares @10 Baht par value
Paid-up Stock	Common stock 10 million shares @10 Baht par value
Shareholding Structure	NKI holds 1.2 million shares or 12 percent of paid-up stock
Headquarter Address	33/4 Building A, The 9th Towers, 24th - 25th Floor, Rama 9 Road, Huay Khwang, Bangkok 10310
Telephone	(66) 2676 9888
Fax	(66) 2676 9898

Company Name	TKI General Insurance Co., Ltd.
Type of Business	Non-life Insurance
Listed Share	Common stock 8 million shares @2,000 LAK par value
Paid-up Stock	Common stock 8 million shares @2,000 LAK par value
Shareholding Structure	NKI holds 2.6 million shares or 32.5 percent of paid-up stock
Headquarter Address	Level 4, Zone A office Unit, The Iconic, Unit 11, Phonxay Road, Phonxay Village, Saysettha District, Vientiane Capital, 01000, Lao PDR
Telephone	(856) 21 417707
Fax	(856) 21 417705

Company Name	TKI Life Insurance Co., Ltd.
Type of Business	Life Insurance
Listed Share	Common stock 8 million shares @2,000 LAK par value
Paid-up Stock	Common stock 8 million shares @2,000 LAK par value
Shareholding Structure	NKI holds 2.6 million shares or 32.5 percent of paid-up stock
Headquarter Address	Level 4, Zone A office Unit, The Iconic, Unit 11, Phonxay Road, Phonxay Village, Saysettha District, Vientiane Capital, 01000, Lao PDR
Telephone	(856) 21 417707
Fax	(856) 21 417705

Other References

Securities Registrar	Thailand Securities Depository Co., Ltd. 93 Ratchadsaphisek Road, Dindaeng, Bangkok 10400 Telephone (66) 2009 9000 Fax (66) 2009 9991
External Auditor	Miss Somjai Khunapasut C.P.A. Registration No. 4499 EY Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Telelephone (66) 2264 0777 Fax (66) 2264 0789-90

Board of Directors and Executives Profiles

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Suchin Wanglee (81 Years) - Chairman of the Board of Directors - Director - Advisor to the Investment Committee - Advisor to the Executive Board Date of Appointment: 29 April 1993 The latest reelection: 27 April 2017 Shareholdings : 13.56 percent	- Bachelor Degree in Electronic Engineering, Northrop Institute of Technology, USA Director Training, IOD - Directors Accreditation Program - Role of the Chairman Program	Since 2001	Chairman of the Board of Directors	The Navakij Insurance Plc.
		Since 1993	Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (5)		
		Since 2013	Member of the Audit Committee	Sermsuk Plc.
		Since 2012	Chairman of the Compensation Committee	Sermsuk Plc.
		Since 2011	Vice Chairman/ Independent Director	Sermsuk Plc.
		Since 2010	Independent Director / Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	BTS Group Holding Plc.
		Since 2010	Vice Chairman	Thai Metal Drums MFG. Plc.
		Since 2009	Chairman of the Remuneration and Nomination Committee	Thai Metal Drums MFG. Plc.
		Since 1989	Director	Thai Metal Drums MFG. Plc.
		Since 1999	Chairman	Thaire Life Assurance Plc.
		Since 1994	Independent Director	Varopakorn Plc.
		1978-2016	Chairman/Independent Director	Thai Reinsurance Plc.
		1969-2013	Director	Thai-German Ceramics Industry Plc.
		Position in Other Company/Organization/Institution (12)		
		Since 2017	Director	Pipatanasin Co., Ltd.
		Since 2017	Director/Chairman	C.E.S Co., Ltd
		Since 2017	Director	Poonphol Co., Ltd
		Since 2014	Advisor	The Falcon Insurance Plc.
		2007-2014	Chairman	The Falcon Insurance Plc.
		1970-2014	Director	The Falcon Insurance Plc.
		Since 2007	Director	Aqua Infinite Co., Ltd
		Since 2007	Chairman	T.I.I. Co., Ltd.
		Since 2006	Director	Wanglee Pattana Co., Ltd.
		Since 2005	Director	Rajadamri Hotel Plc.
		Since 1991	Chairman	Rangsit Plaza Co., Ltd.
		Since 1988	Director	The Pet Co., Ltd.
		Since 1982	Chairman	Sathorn Thani Co., Ltd.
		Since 1968	Director	Wanglee Co., Ltd.
		1990-2017	Director	Nuchapon Co., Ltd.

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Pitiphong Bisalputra (53 Years) - Director - Chairman of the Investment Committee - Chairman of the Executive Board - Member of the Risk Management Committee - CEO/President Date of Appointment: 25 April 2002 The latest reelection: 27 April 2017 Shareholdings : 0.44 percent	- Master Degree in Business Administration, University of Hartford, USA Director Training, IOD - Successful Formulation& Execution of Strategy - Director Certification Program	Since 2014 Since 2014 Since 2014 Since 2008 Since 2007 Since 2002 2008-2014	Chairman of the Investment Committee Chairman of the Executive Board CEO President Member of the Risk Management Committee Director Member of the Investment Committee	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (1)		
		Since 2018	Director/Member of the Audit Committee	Thai Metal Drums MFG. Plc.
		Position in Other Company (10)		
		Since 2017 Since 2007 Since 1997 Since 1993 Since 1990 Since 1987	Director Director Director Director Director Director Director Director Director Director	Thai Insurers Datanet Co., Ltd. Thanapisal Co., Ltd. Praphai and Sons Co., Ltd. Rangsit Ruampatana Co., Ltd. Thanasarn Sombat (Thai) Co., Ltd. Thamrongsup Co., Ltd. Thananondzee Co., Ltd. Dhanarat Co., Ltd. Baan Ayodhya Co., Ltd. Aqua Flow Co., Ltd.
		Position in Other Organization/Institution (1)		
		Since 2009	Director	Thai General Insurance Association
Professor Hiran Radeesri (88 Years) - Independent Director - Chairman of the Audit Committee Date of Appointment: 24 August 1999 The latest reelection: 21 April 2016 Shareholdings : (None)	- Honorary Doctorate in Accounting, Thammasat University Director Training, IOD - Successful Formulation and Execution of Strategy - Director Certification Program	Since 1999	Independent Director/Chairman of the Audit Committee	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (2)		
		Since 2001 Since 1999	Chairman of the Audit Committee Chairman of the Audit Committee	Thai Com Plc. Dusit Thani Plc.
		Position in Other Company (1)		
		Since 1999	Director	Aueradee Co., Ltd.
		Position in Other Organization/Institution (2)		
		Since 2009 Since 2002	Honorary Chairman Expert on Corporate Governance and Social Responsibility	Thai Institute of Directors Association The Stock Exchange of Thailand

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Pramon Sutivong (78 Years) - Independent Director - Member of the Audit Committee - Chairman, the Remuneration, Nomination and Governance Committee Date of Appointment: 29 April 1994 The latest reelection: 23 April 2015 Shareholdings : 0.52 percent	- Master Degree in Mechanical Engineering, University of Kansas, USA Director Training, IOD - Audit Committee Program - Role of the Compensation Committee - Director Accreditation Program - Role of the Chairman Program	Since 2012 Since 1994 2010-2012	Chairman, the Remuneration, Nomination and Governance Committee Independent of the Audit Committee Chairman of the Remuneration and Nomination Committee	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (1)		
		Since 2011 Since 2009	Member of the Audit Committee Director/Member of the Remuneration Committee	The Siam Cement Plc. The Siam Cement Plc.
		Position in Other Company (1)		
		Since 1999 1999-2017	Chairman Chairman	Siam Compressor Industry Co., Ltd. Toyota Motor Thailand Co., Ltd.
		Position in Other Organization/Institution (4)		
		Since 2011 Since 2009 Since 2009 Since 1999 2007-2017	Chairman Honorary Chairman Honorary Director Director Director	Anti-Corruption Organization of Thailand The Thai Chamber of Commerce and Board of Trade of Thailand The University of the Thai Chamber of Commerce Toyota Thailand Foundation Office of the Civil Service Commission
Mr. Nipol T. Jeerawong (66 Years) - Director - Advisor to the Chairman of the Board - Chairman of the Risk Management Committee - Member of the Investment Committee Date of Appointment: 29 April 1992 The latest reelection: 21 April 2016 Shareholdings : 0.31 percent	- Bachelor Degree in Statistics/ Mini MBA, Thammasat University Director Training, IOD - Director Certification Refresher Program - Director Certification Program - Board Matters &Trend	Since 2015 Since 2014 Since 2009 Since 1992 2007-2014 2007-2014	Member of the Investment Committee Advisor to the Chairman of the Board Chairman of the Risk Management Committee Director Chairman of the Investment Committee CEO	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (1)		
		Since 2016	Independent Director	Eastern Water Resources Development and Management Plc.
		Position in Other Company		
		2006-2014	Advisor	the Falcon Insurance Plc.
		Position in Other Organization/Institution (1)		
		Since 2016	Director	Faculty of Liberal Arts, Thammasat University

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Kiet Srichomkwan (80 Years) - Independent Director - Member of the Audit Committee - Member of the Remuneration, Nomination and Governance Committee Date of Appointment: 23 November 1999 The latest reelection: 27 April 2017 Shareholdings : 0.12 percent	- Bachelor Degree in Business Administration, Western New Mexico University, USA Director Training, IOD - Director Certification Program Update - Role of the Chairman Program - Role of Nomination and Governance Committee - Monitoring the System of Internal Control and Risk Management - Monitoring Fraud Risk Management - Monitoring the Internal Audit Function - Monitoring the Quality of Financial Reporting - Improving the Quality of Financial Reporting - Audit Committee Program - Finance for Non-Finance Director - Director Accreditation Program - Director Certification Program	Since 2012 Since 1999	Member of the Remuneration, Nomination and Governance Committee Independent Director/Member of the Audit Committee	The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (1)		
		Since 2016	Director/Member of the Audit Committee	VGI Global Media Plc.
		Position in Other Company (8)		
		Since 2003 Since 2002 Since 1995 Since 1990 Since 1988 Since 1988 Since 1987 Since 1977	Chairman Chairman Director Director Director Director Director Chairman	Alinkij Siam Co., Ltd. Toyota Petchaboon Toyota's Dealer Co., Ltd. Pen Sook Co., Ltd. Suan Petchaboon Co., Ltd. Din Prasit Co., Ltd. Thai Petchaboon Co., Ltd. Suansilver Beach Co., Ltd. Benja Rungrueng Co., Ltd.
Mr. Phornpong Phornprapha (67 Years) - Independent Director - Member of the Remuneration, Nomination and Governance Committee Date of Appointment: 26 April 2007 The latest reelection: 27 April 2017 Shareholdings : (None)	- Bachelor Degree in Business Administration, California State University , USA Director Training, IOD (None)	Since 2012 Since 2007	Member of the Remuneration, Nomination and Governance Committee Independent Director	The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (23)		
		Since 2013 Since 2005 Since 2005 Since 1999 Since 1996 Since 1996 Since 1996 Since 1995 Since 1995 Since 1994 Since 1993 Since 1990 Since 1986	Director Director Vice Honorary Chairman/ Director Director Director Honorary Chairman/Director President/Director Director/Honorary Chairman President/Director Honorary Chairman/Director Senior Executive Vice President / Director Director President/Director	Siam Country Club Co., Ltd. International Properties Co., Ltd. Siam NGK Spark Plug Co., Ltd. Laem Chabang International Terminal Co., Ltd. Exedy Friction Material Co., Ltd. KYB (Thailand) Co., Ltd. Siam Chita Co., Ltd. Siam Calsonic Co., Ltd. Hitachi Automotive Systems Chonburi Ltd. Exedy (Thailand) Co., Ltd. Siam Motors Co., Ltd. Bhupirom Co., Ltd. Siam Autoparts Co., Ltd.

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Phornpong Phornprapha (continued)		Since 1984 Since 1982 Since 1982 Since 1982 Since 1980 Since 1969	President/Director Director Director Director Director President/ Director Director Director Director Director	Siam Riken Industrial Co., Ltd. Thaworn Estate Co., Ltd. Siam Five Co., Ltd. Thong Thaworn Pattana Co., Ltd. Universal Mining Co., Ltd. Siam International Corp., Ltd. Thaworn Holdings Co., Ltd. Nissan Motor (Thailand) Co., Ltd. Bangkok Motor Works Co., Ltd. Siam Union Container Co., Ltd.
Mr. Chan Soo Lee (57 Years) - Independent Director Date of Appointment: 29 April 2003 The latest reelection: 23 April 2015 Shareholdings : 0.99 percent	- Bachelor Degree in Electronic & Computer, National University of Singapore, Singapore Director Training, IOD - Director Accreditation Program	Since 2003	Independent Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (4)		
		Since 2012 Since 2004 Since 1995 Since 1993	Managing Director Managing Director Director Managing Director	Alpharia Pte. Ltd. TGL Development Pte. Ltd. Wanglee Co., Ltd. Tan Guan Lee Co., Ltd.
Mr. Thamnu Wanglee (80 Years) - Director Date of Appointment: 29 April 1992 The latest reelection: 21 April 2016 Shareholdings : 1.28 percent	- Diploma E.M.I. Electronic College, London, England Director Training, IOD - Director Accreditation Program	Since 1992	Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (3)		
			Chairman Director Director	Thanatip Co., Ltd. Plapat Co., Ltd. Wanglee Co., Ltd.
Mr. Vuttichai Wanglee (76 Years) - Director Date of Appointment: 29 April 1992 The latest reelection: 23 April 2015 Shareholdings : 1.78 percent	- Bachelor Degree in Industrial Engineering Boston University, USA Director Training, IOD - Director Accreditation Program	Since 1992	Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (5)		
		Since 2008 Since 1988 Since 1969	Director Managing Director/Director Managing Director/Director Managing Director/Director Managing Director/Director	Chao Phaya Resort Co., Ltd. Chaitip Co., Ltd. Wanglee Co., Ltd. Baan Sathorn Nua Co., Ltd. Wanglee Pattana Co., Ltd.

Name - Surname/ Positions in NKI/ Date of Appointment/ Shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Ms. Jittinan Wanglee (45 Years) - Director Date of Appointment: 29 April 2003 The latest reelection: 23 April 2015 Shareholdings : 0.68 percent	- Master Degree in Business Administration, Babson College, USA Director Training, IOD - Director Accreditation Program	Since 2003	Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (8)		
		Since 2014	Director	Pipatanasin Co., Ltd.
		Since 2014	Director	Poonpipat Co., Ltd.
		Since 2011	Executive Vice President	Rangsit Plaza Co., Ltd.
		Since 2010	Director	Shopping Center Services Co., Ltd.
		Since 2010	Director	Jiitipat Co., Ltd.
		Since 2009	Director	Thananondzee Co., Ltd.
		Since 2006	Director	Rangsit Plaza Co., Ltd.
		Since 2005	Director	Rangsit I.T. Co., Ltd.
			Director	Somrudee Co., Ltd.
Mr. Kaet Wanglee (38 Years) - Director Date of Appointment: 10 May 2012 The latest reelection: 27 April 2017 Shareholdings : 0.21 percent	- Master Degree in Science (Hospitality Management), New York University, USA Director Training, IOD - Director Accreditation Program	Since 2012	Director	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (9)		
		Since 2014	Director	Pathaweewathana Co., Ltd
		Since 2014	Director	Poonpipat Co., Ltd..
		Since 2013	Director	Poonvanich Co., Ltd.
		Since 2013	Director	Photchanakit Co., Ltd.
		Since 2013	Director	Rangsit Ruampattana Co., Ltd.
		Since 2013	Director/Senior Executive Vice President	Pipatanasin Co., Ltd.
		Since 2012	Director	Rangsit Plaza Co., Ltd.
		Since 2012	Director	Shopping Center Services Co., Ltd.
			Manager	Baan Suan Maak Co., Ltd.
Ms. Charuwan Chabchamrun (47 Years) - Director - Company Secretary Date of Appointment: 21 April 2016 Shareholdings : (None)	- Bachelor of Arts, Chulalongkorn University Director Training, IOD - Company Secretary Program - Director Accreditation Program	Since 2016	Director	The Navakij Insurance Plc.
		Since 2014	Vice President - Office of President	The Navakij Insurance Plc.
		Since 2014	Vice President - Office of Company Secretary	The Navakij Insurance Plc.
		Since 2014	Vice President - Office of Compliance	The Navakij Insurance Plc.
		Since 2014	Company Secretary	The Navakij Insurance Plc.
		2009-2014	Vice President - Administration	The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (None)		

Executive as the definition defined by SEC

Name - Surname/ Positions in NKI/ commencement/ shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Ms. Anukul Thitikulrat (55 Years) - Executive Vice President (Chief Finance Officer) - Member of the Risk Management Committee - Member of the Executive Board Commence in : Year 2002 Shareholdings : (None)	- Master Degree in Business Administration, Chulalongkorn University	Since 2013 Since 2010 Since 2009 2004-2013	Executive Vice President Member of the Executive Board Member of the Risk Management Committee Senior Vice President	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (None)		
Mrs. Nalina Bodharamik (47 Years) - Executive Vice President (Underwriting) - Member of the Risk Management Committee - Member of the Executive Board Commence in: Year 2009 Shareholdings : (None)	- Master Degree in Business Administration, University of West Florida, USA	Since 2018 Since 2014 Since 2013 Since 2010 2004-2013	Acting,Vice President-Office of Risk Management Member of the Risk Management Committee Executive Vice President Member of the Executive Board Senior Vice President	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (None)		
Mr. Anak Wanglee (40 Years) - Senior Vice President (Assets Management) - Member of the Risk Management Committee - Member of the Investment Committee Commence in : Year 2014 Shareholdings : 0.17 percent	- M.A. Economics, Boston University, USA - M.S. Information System, Northeastern University, USA	Since 2015 Since 2015 Since 2014 Since 2014	Member of the Risk Management Committee Senior Vice President Member of the Investment Committee Vice President - Asset Management	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (6)		
		Since 2017 Since 2017 Since 2015 Since 2011 Since 2007 Since 2004	Director Director Director Director/Operations Manager Director Director	Sino-port Co., Ltd. Poonpipat Co., Ltd. The Navasakol Co., Ltd. Marco Technology Co., Ltd. Somrudee Co. Ltd. S&U Co., Ltd.

Name - Surname/ Positions in NKI/ commencement/ shareholding	Highest Education Degree/ Director Training, Thai Institute of Directors Association	5-year Past Experiences		
		Duration	Positions	Company/ Organization/Institution
Mr. Anin Wanglee (38 Years) - Senior Vice President (Claims Management) Commence in : Year 2009 Shareholdings : 0.27 percent	- M.B.A. Bently College, USA	Since 2017 Since 2015 2013-2014	Acting,Vice President - Claims Management Senior Vice President Vice President - Claims Management	The Navakij Insurance Plc. The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (1)		
		Since 2017	Director/Member of the Audit Committee	Thai Metal Drums MFG. Plc.
		Position in Other Company/Organization/Institution (4)		
		Since 2017 Since 2014 Since 2014 Since 2013	Director Director Director Director	C.E.S. Co., Ltd. Poonvanich Co., Ltd. S&U Co., Ltd. The United Indemnity Co., Ltd.
Mr. Raywat Matevelungsun (57 Year) - Senior Vice President (Information System) Commence in : 1 March 2016 Shareholdings : (None)	- M.S. in Management Information System, University of Baltimore - Master of Business Administration, Ohio University	Since 2016	Senior Vice President	The Navakij Insurance Plc.1
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (None)		
		1994-2014	Country Technology Head	CITI Bank, N.A. Thailand
Saran Wanglee, Ph.D (36 Years) Senior Vice President - Business Development - Channel Management - Marketing Salesforce - Marketing Support Commence in: 1 July 2008 Shareholdings : 0.52 percent	- Doctor of Philosophy in Business Administration : Marketing, Sasin Graduate Institute of Business Administration of Chulalongkorn University Director Training, IOD - Financial Statements for Directors	Since 2016 Since 2015	Senior Vice President Vice President - Business Development	The Navakij Insurance Plc. The Navakij Insurance Plc.
		Board member/Management in Other Listed Company (None)		
		Position in Other Company/Organization/Institution (10)		
		Since 2017 Since 2015 Since 2015 Since 2014 Since 2014 Since 2011 Since 2011 Since 2011 Since 2008 Since 2007	Director Director Director Director Director Director Director Director Director Director	Sitthinan Co., Ltd. The Navasakol Co., Ltd. Thanasarn Sombat (Thai) Co., Ltd. Nice Neighborhood Corporation Co., Ltd. The Falcon Insurance Plc. Lake Rajada Co., Ltd. Agrofac (Thailand) Co., Ltd. Gastro Group Co., Ltd. Aqua Flow Co., Ltd. Aqua Master Solution Co., Ltd.

Shareholders and Management Structure

Shareholders Structure

Top ten major shareholders as of 9 March 2018

Shareholders	Shareholding	
	No. of Shares	Percentage of Total Number of Shares
1. Mr. Suchin Wanglee Group[1]	4,649,404	14.09
2. The United Indemnity Company Limited	2,347,124	7.11
3. Thanasarn Sombat (Thai) Company Limited	1,663,049	5.04
4. Mr. Nataphol Srichomkwan	1,554,720	4.71
5. Siam Motors Company Limited	1,333,200	4.04
6. Mr. Pradit Rodloytuk	983,861	2.98
7. Mrs. Saijit Wanglee Group[2]	956,646	2.90
8. Wanglee Company Limited	897,986	2.72
9. Poon Phol Compamy Limited	879,998	2.67
10. Mr. Chan Chi Keung	735,183	2.23
Other Shareholders	16,998,829	51.51

Note: (1) Mr. Suchin Wanglee Group consisted of (1) Mr. Suchin Wanglee holds 3,321,202 shares (2) Mrs. Rujiraporn Wanglee holds 1,155,000 shares (3) Saran Wanglee, Ph.D holds 173,202 shares

(2) Mrs. Saijit Wanglee Group consisted of (1) Mrs. Saijit Wanglee holds 602,716 shares (2) Ms. Jittinan Wanglee holds 225,047 shares (3) Mr. Nattachai Wanglee holds 128,883 shares

Dividend policy

The Company has a policy to pay dividend at the rate of not less than 40 percent of the net profit base on consolidate financial statements, the separate financial statement has no accumulated loss and after it is resolved by the opinion of the Board and the general meeting of shareholders.

Management Structure

1. **Board of directors** consists of the following:

1. Mr. Suchin Wanglee	Chairman of the Board, Non-executive Director
2. Mr. Pitiphong Bisalputra	Executive Director
3. Prof. Hiran Radeesri	Independent Director, Audit Committee Chairman
4. Mr. Pramon Sutivong	Independent Director, Audit Committee Member, Remuneration, Nomination & Governance Committee Chairman
5. Mr. Nipol T. Jeerawong	Non-executive Director, Risk Management Committee Chairman
6. Mr. Kiet Srichomkwan	Independent Director, Audit Committee Member, Remuneration, Nomination & Governance Committe Member

7.	Mr. Phornpong	Phornprapha	Independent Director, Remuneration, Nomination & Governance Committee Member
8.	Mr. Chan	Soo Lee	Independent Director
9.	Mr. Thamnu	Wanglee	Non-executive Director
10.	Mr. Vuttichai	Wanglee	Non-executive Director
11.	Ms. Jittinan	Wanglee	Non-executive Director
12.	Mr. Kaet	Wanglee	Non-executive Director
13.	Ms. Charuwan	Chabchamrun	Executive Director

Duties and Responsibilities of the Board of directors

1. To oversee that the Company's operations are operated in accordance with the objects, the articles of association of the Company, and the resolutions of the shareholders' meeting, as well as the regulations specified by related laws in good faith and with due care to preserve the greatest interests of the Company.

2. To consider and approve vision, mission, directions, as well as overseeing and superintend the management to be in line with the vision or framework with effectiveness and efficiency.

3. To regularly monitor and evaluate the implementation of the corporate governance policy and the code of conduct of the Company at least once a year.

4. To approve connected transactions and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

5. To approve the acquisition and disposition of assets and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

6. To approve a significant matters submitted by the management such as business plan, budget or any project that the transaction value is greater than the authority of the management.

7. To set up a control system for financial reports, compliance with regulatory, risk management and internal control as well as providing units or personnel with an independent duty to act in the audit practice to ensure the efficient and transparent management.

8. To oversee selection of directors and set up the efficient succession plan of the top executives.

9. To appoint the committees to be adequate and appropriate of its duties, and to appoint or delegate any power to any other person(s) to conduct the Company's business subject to the control of and within the time frame as may be specified by the Board.

10. Assessing the performance of the board of diretors and its committees annually.

11. To approve the criteria for annual special bonus payment for the employees.

12. To appoint the Company Secretary.

2. The Committees

1) **Audit Committee** consists of a team of independent directors. Term of office is three years and subject to a three-year term which all members as below names list will be vacated the office on due term in November 2018.

1.	Prof. Hiran	Radeesri*	Chairman
2.	Mr. Pramon	Sutivong	Member
3.	Mr. Kiet	Srichomkwan	Member

*The first member in the list has expertise and vast experience in accounting, finance practice and experienced to review of creditability the financial report.

Mr. Phisit Photisatian, vice president, office of internal audit, is a secretary to the Committee.

Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reports to ensure the quality that are completely and accurately prepared according to the accounting standards.

2. To review the Company's internal control system and internal audit systems to ensure the efficient and to approve the appointment, transfer, removal and considering compensation and merit increases of internal audit chief as well as to define duties and responsibilities of internal audit unit.

3. To review the Company's operations are operated in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

4. To consider, select, nominate and lay-off an independent person to be the Company's external auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.

5. To review connected transactions or any transactions in compliance with the laws and regulations specified by SET, to prevent transactions that may have a conflict of interest, to ensure the transactions are reasonable and to preserve the greatest interest of the Company.

6. To review the efficiency of the Company's risk management system.

7. To report the Committee's performance to the board of directors at least 4 times a year.

8. To prepare report of the Committee that would be signed by the Committee's Chairman to be disclosed in the Company's annual report. The report must be consisted of at least following items;

8.1 An opinion on the accuracy, completeness and creditability of the Company's financial reports

8.2 An opinion on the adequacy of the Company's internal control system

8.3 An opinion on complying with the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

8.4 An opinion on the suitability of the auditor

8.5 An opinion on the transactions that may have a conflict of interest

8.6 Number of the Committee's meetings and the attendance of each member

8.7 An opinion or overview comment received by the Committee from its performance of duties in accordance accordance with the charter

8.8 Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors

9. To perform any other tasks as assigned by the board of directors thereof with the approval of the Committee.

10. In performing of their duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Committee shall report to the board of directors for rectification within the period of time that the Committee thinks fit;

10.1 The transactions that may have a conflict of interest

10.2 Any fraud, irregularity, or material defect in the internal control system

10.3 An infringement of the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

If the Company's board of directors or management fails to make a rectification within the period of time under the first paragraph, any member of the Committee may report on the transaction or act under the first paragraph to SEC or SET and the Committee must be reported to OIC immediately.

11. If the external auditor discovers any suspicious circumstance that the director, manager or any other person responsible for the operation of the Company commits an offense as defined by laws and the auditor informed the fact relating to such circumstance to the Committee in order to continue the inspection without delay. The Committee shall inspect the circumstance and report the result of preliminary inspection to SEC and the external auditor within 30 days from the date received the external auditor noticed. The suspicious circumstance to be reported and the process to uncover facts of such circumstance shall be as specified by the Capital Market Supervisory Board.

The Committee holds at least 6 meetings a year.

2) Remuneration, Nomination and Governance Committee consists of a team of independent directors and hold a term of 3 years. All members as below names list will be vacated the office on due term in February 2019.

1. Mr. Pramon	Sutivong	Chairman
2. Mr. Kiet	Srichomkwan	Member
3. Mr. Phornpong	Phornprapha	Member

Duties and Responsibilities of Remuneration

1. Proposed to the board of directors' meeting or shareholder's meeting (as it may be) to consider approval of structure and procedures of remunerations for the board of directors, the committees and senior executives.

2. Consider and fix bonus for the board of directors and the committees propose to the board of directors and shareholders' meeting for approval.

3. Consider and fix bonus for senior executives propose to the board of directors for approval.

4. Consider and review authority and duties of the remunerating to appropriate and comply with legal, regulations and regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Nominating

1. Determine criteria and procedures for selection of nominees to serve as the Company's directors, member of the committees and senior executives propose to the board of directors for approval.

2. Recruit and nominate a qualified person serve as the Company's director, the committees and senior executives when retiring by rotation or the position is vacant, propose to the board of directors' meeting or shareholder's meeting for approval.

3. Review structure and composition of the board of directors appropriate to the organization and accountability to the shareholders.

4. Consider and review authority and duties of the nominating to appropriate and comply with legal, regulations or regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Governance

1. To consider and reviewing whether policy and the practice concerning the corporate governance policy and code of conduct of the Company are appropriate and adequate to the Board for approval.

2. To monitor and evaluate the implementation of the corporate governance policy and the code of conduct of directors and staffs at least once a year.

3. To consider the appointing of working group to support relating works to the corporate governance and the code of conduct suitability.

The Committee holds at least 2 meetings a year.

3) Risk Management Committee consists of following the Company's director or senior executives and holds a term of three years. All members of the Committee will be vacated the office on due term in February 2019.

1. Mr. Nipol	T. Jeerawong	Chairman
2. Mr. Pitiphong	Bisalputra	Member
3. Ms. Anukul	Thitikulrat	Member
4. Mrs. Nalina	Bodharamik	Member
5. Mr. Anak	Wanglee	Member

Duties and Responsibilities of the Risk Management Committee

1. Review and propose risk management policy and risk appetite to the board of directors for approval.

2. Oversee development and ensure that all division/ department within the Company to perform by the risk management system.

3. Review the risk management reports and periodically follow up on major risks and make sure the Company has managed risks appropriately and with efficiency.

4. Submit to the board of directors, a report of overall risk exposure to the Company including review whether the internal audit system is appropriate to manage exposure from major risks.

5. Give advice to all division/department of the risk management sector, consider and resolve development system of the risk management.

The Committee holds at least 5 meetings a year.

4) **Investment Committee** consists of the Company's executives who served as chief executive officer and president and vice president of asset management department and the other must be appointed by the board of directors. Term of office shall effective consistent with the status of the Company's executive officers.

1.	Mr. Pitiphong	Bisalputra	Chairman
2.	Mr. Nipol	T. Jeerawong	Member
3.	Mr. Anak	Wanglee	Member

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Investmen Committee

1. To set investment policy and submit to the board of directors for approval.

2. To review investment plans and complying with the policies designed by the board of directors, the Company's risk management strategy and to ensure its consistency and compliance with regulations of OIC and related laws.

3. To consider and define guidelines for investment risk management strategy.

4. To consider and set investment procedures for the Company.

5. To oversee the investment management in accordance with the policies,plans, procedures and risk management strategy approved by the board of directors.

6. To review and adjust investment policy and investment plans so as to fit in with a change in investment climate and propose a revised investment policy to the board of directors for approval.

7. To consider approval of investment in securities.

8. To consider approval of general loan.

9. To consider approval of disposition of real property.

The Committee holds at least 4 meetings a year.

5) **Executive Board** consists of following the Company's executive officers who have been appointed by the board of directors. Term of office shall effective consistent with the status of the Company's executive officers.

1.	Mr. Pitiphong	Bisalputra	Chairman
2.	Ms. Anukul	Thitikulrat	Member
3.	Mrs. Nalina	Bodharamik	Member

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Executive Board

1. To control and supervise the Company's operation and its subsidiaries that are carried out according to the policies and major operating plans, with utmost efficiency and effectiveness, as assigned by the Board.

2. To make corporate policy, budget, guideline and other operating plans of the Company and its subsidiaries and report on such to the Board.

3. To control and supervise the Company and its subsidiaries conducts in compliance with the Securities and Exchange Act, the Non-Life Insurance Act, the Public Company Act and other related applicable regulations thereof.

4. To control and supervise the Company to follow generally accepted accounting standards and prepare financial statements to show accurately and reasonably the financial and operation results of the Company and its subsidiaries.

5. To evaluate and assess risks in operating business of the Company and its subsidiaries and make appropriate measures to manage such risk and inform the Board thereof.

6. To perform any other tasks as assigned by the Board thereof.

Authority

1. To manage the Company's operation and its subsidiaries according to the policy, budget and operating plans.

2. To delegate the management authority to the respective responsible executives of the Company and its subsidiaries according to level of command.

3. To manage and handle all matters related to underwriting, claims management, investment and general management.

4. To purchase, hire, sell and transfer assets, and to authorize expenditure within the limit of 50 million Baht.

5. To authorize expenditure that exceeds the budget but not over 20 percent of the budget.

6. In the event that the Board has given authority to the executive board or in the event that the executive board has given authority to the President and/or any executives to act on behalf of the Company or its subsidiaries, the authority given so does not include the power to approve transactions that the assignee or the involved person may have interest, or conflict of interest with the Company or its subsidiaries.

The Committee holds at least 2 meetings a year.

3. **Executive** consists of:

1. Mr. Pitiphong	Bisalputra	Chief Executive Officer and President
2. Ms. Anukul	Thitikulrat	Executive Vice President - Finance
3. Mrs. Nalina	Bodharamik	Executive Vice President - Underwriting
4. Mr. Anak	Wanglee	Senior Vice President - Assets Management
5. Mr. Anin	Wanglee	Senior Vice President - Claims Management
6. Saran	Wanglee, Ph.D	Senior Vice President - Business Development, Marketing Salesforce, Channel Management, Marketing Support
7. Mr. Raywat	Matevelungsun	Senior Vice President - Information System

Note: 1. Mr.Adul Pattanaphum has been considered exempt by definition of executive as of 31 December 2017

Duties and Responsibilities of the Chief Executive Officer

1. To monitor and provide advises to the president and the management in managing the Company to achieve its vision and overall objectives set by the board of directors, will all units in the organization cooperatively to achieve their respectively responsible objectives.

2. To motivate and/or oversee participation from all members of the organization towards common directions and objectives.

3. To establish sound working understandings of roles and duties of the management with the board of directors to work towards a common direction.

4. To provide recommendations to the management including review and oversee management direction and business strategies as a whole including normal business operation plans before presenting to the board of directors.

5. To oversee the adequacy of having strategies, annual budget and operation plans in accordance with the Board's policy.

6. To oversee development of good culture and sound environment in work place for the Company's personnel with taking in consideration of their pride and respect for human dignity including having code of moral and equal treatment for them.

7. To consider and evaluate the president's performance and report it directly to the board of directors and/or assigned sub-committees.

8. Cooperating with the president to consider and evaluate performance of executives to ensure fairness.

Duties and Responsibilities of the President

1. To perform policy, strategic direction, business plan and annual budget of the Company propose to the board of directors for approval and to proceed as the resolutions approved by the board of directors.

2. To report the Company's operating performance by monthly and quarterly compared to business plan and budget with suggestion to the board of directors.

3. To approve the Company's expenditure with limit of not over 1 million Baht that he must be reported to the Executive Board in case of inconsistent with the authority.

4. Other matters assigned by the board of directors.

4. **Company Secretary**

Ms. Charuwan Chabchamrun, the Company's director and vice president, was appointed by the board of directors since 15 May 2014, to serve as the company secretary that her qualifications in term of skills and knowledge should fulfils the functions for which she has been appointed. Office of Company Secretary supports the Company secretarial work to be efficiency and effectiveness as well as compliance with the principles of good corporate governance.

Duties and Responsibilities of Company Secretary

1. Organizing the meetings of shareholders and the Board as stipulated by law, the Company's Articles of Association, and other guidelines.

2. Preparing and the minutes of shareholders' meetings and the minutes of the Board's meetings as well as filing documents.

3. Ensuring disclosure of the Company's operations and the Board activities to comply with rules and regulations of SET and SEC.

4. Providing appropriate advice to the Board regarding related laws, the Company's rules and regulations, as well as monitoring to comply with accuracy on a regular basis.

5. Communicating to the Company's shareholders to acknowledge the Company's news and general information.

5. **Nomination of Directors and the Top executives**

The remuneration, nomination and governance committee will nominate new directors who shall replace those retiring by rotation or otherwise based on the following procedures:

(1) Independent Director

The Company defined definition of independent directors as well prescribed by the Office of Securities and Exchange Commission, these qualifications are as follows:

1. Shall not hold shares exceeding 1 percent of the total number of voting share of the Company, its parent company, subsidiary, associate, major shareholders or controlling person, including shares held by related persons of such independent director.

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director.

3. Shall not be a person related by blood relation or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary.

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person. The term of business relationship being subject to indebtedness payable to the other party in amount of 3 percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

7. Shall not be a director appointed as representative of the board of directors, major shareholder or shareholder who is related to a major shareholders of the Company.

8. Shall not undertake any business in the same nature and in competition with the business of theCompany or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or hold shares exceeding 1 percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's operations.

The Business Relationship of Independent Directors

The board of directors approved the rules to waiver the prohibitive business relationship of independent directors. The value size is not more than 3 percent of the value of Net Tangible Assets (NTA) of the Company and the business relationships must be an ordinary business and must support the Company's operations in the general condition the company should treat contract parties in the same situation. Furthermore, the business relationship is not going to provide the benefit and the effect with independent opinions that may lead to conflict of interest. The steps of supervision are as follows.

- To review and report the business relationship of independent direction size are more than 3 percent of the value of NTA of the Company to the board of directors to review the independence.
- To illustrate the business relationship of independent directors during the board of directors and the shareholders' meeting to nominate independent directors.
- To disclose the business relationship of the independent directors in the Annual Report and Form 56-1 or the criteria specified in the notification.

(2) Nomination of Director and Top Executive

The remuneration, nomination and governance committee, comprising a team of independent directors, in charge for election and nominate the qualified person to be the Company's director and chief executive officer as well as president, and shall propose to the Board and shareholders' meeting for approval respectively

At the meeting of shareholders, there shall be not less than one-half the total number of votes of the shareholders attending the meeting and having the rights to vote and shareholders shall consider and elect each board member individually, except the director having interests in any matter shall have no right to vote on such matter.

Quality of the Director

1. Directors must posses the qualifications as specified by law such as the Public Company Act, the Securities and Stock Exchange Act and the Non-life Insurance Act.

2. Directors should be competent with skills and extensive experience to benefit the Company's operations. Directors must have willingness and good ethical business practices.

3. Directors should have the ability to exercise sound and independent judgments, free from the management and other interest groups.

4. Directors could dedicate appropriate time to the Company that he/she serves director and perform he/she duty with due care.

6. NKI's Shareholding of the Board of Directors and Executives

Ordinary Shares (Shares)						
Name lists	As of 9 March 2018		As of 10 March 2017		Increase (Decrease) during Financial Year	
	Held Personally	Held by Spouse/ Minor Child	Held Personally	Held by Spouse/ Minor Child	Held Personally	Held by Spouse/ Minor Child
1. Mr. Suchin Wanglee	3,321,202	1,155,000	3,321,202	1,155,000	-	-
2. Mr. Pitiphong Bisalputra	146,047	-	135,665	-	10,382	-
3. Prof. Hiran Radeesri	-	-	-	-	-	-
4. Mr. Pramon Sutivong	-	170,498	-	170,498	-	-
5. Mr. Nipol T. Jeerawong	54,569	47,334	54,569	51,834	-	(4,500)
6. Mr. Kiet Srichomkwan	39,405	-	39,405	-	-	-
7. Mr. Phornpong Phornprapha	-	-	-	266	-	(266)
8. Mr. Chan Soo Lee	325,726	-	325,726	-	-	-
9. Mr. Thamnu Wanglee	405,136	15,932	405,136	15,932	-	-
10. Mr. Vuttichai Wanglee	575,302	13,309	575,302	13,309	-	-
11. Ms. Jittinan Wanglee	225,047	-	225,047	-	-	-
12. Mr. Kaet Wanglee	70,673		70,673		-	-
13. Ms. Charuwan Chabchamrun	-	-	-	-	-	-
14. Ms. Anukul Thitikulrat	-	-	-	-	-	-
15. Mrs. Nalina Bodharamik	-	-	-	-	-	-
16. Mr. Anak Wanglee	57,368	-	52,368	-	5,000	-
17. Mr. Anin Wanglee	89,476	-	84,476	-	5,000	-
18. Saran Wanglee, Ph.D	173,202	-	168,202	-	5,000	-
19. Mr. Raywat Matevelungsun	-	-	-	-	-	-

7. Meeting Attendance of the Board of Directors and the Committees in 2017

Directors	Board of Directors/	Non-executive Director	Audit Committee	Remuneration, Nomination& Governance Committee	Risk Management Committee	Investment Committee	Executive Board
1. Mr. Suchin Wanglee	6/6	1/1	-	-	-	-	-
2. Mr. Pitiphong Bisalputra	6/6	-	-	-	5/5	4/4	49/51
3. Prof. Hiran Radeesri	6/6	1/1	10/10	-	-	-	-
4. Mr. Pramon Sutivong	6/6	1/1	10/10	2/2	-	-	-
5. Mr. Nipol T. Jeerawong	6/6	0/1	-	-	5/5	3/4	-
6. Mr. Kiet Srichomkwan	6/6	1/1	10/10	2/2	-	-	-
7. Mr. Phornpong Phornprapha	4/6	0/1	-	2/2	-	-	-
8. Mr. Chan Soo Lee	6/6	1/1	-	-	-	-	-
9. Mr. Thamnu Wanglee	6/6	1/1	-	-	-	-	-
10. Mr. Vuttichai Wanglee	5/6	0/1	-	-	-	-	-
11. Ms. Jiittinan Wanglee	5/6	0/1	-	-	-	-	-
12. Mr. Kaet Wanglee	6/6	1/1	-	-	-	-	-
13. Ms. Charuwan Chabchamrun	6/6	-	-	-	-	-	-
Executive officers who served as director in the Committees							
14. Ms. Anukul Thitikulrat	-	-	-	-	5/5	-	50/51
15. Mrs. Nalina Bodharamik	-	-	-	-	5/5	-	49/51
16. Mr. Anak Wanglee	-	-	-	-	4/5	4/4	-

Note:

1. The Board meeting totaling six times a year. The five independent directors are number 3, 4, 6, 7 and 8.
2. The non-executive directors' meeting one time and members are number 1 and 3-12
3. The three audit committee members are number 3, 4 and 6/ Total meetings are ten times a year.
4. The three remuneration, nomination and governance committee members are number 4, 6 and 7/ Total meeting are two times a year.
5. The risk management committee members are number 2, 5 and 14- 16/ Total meetings are five times a year.
6. The investment committee members are number 2, 5 and 16 (Number 1 is an advisor to the Committee)/ Total meetings are four times.
7. The executive board members are number 2, 14 and 15 (Number 1 is an advisor to the Committee)/ Total meetings are fifty-one times.

8. The Remuneration of the Board of Directors and Executives in 2017

1) Cash Remuneration

The remuneration, nomination and governance committee responsible for review the remuneration of directors and the Company's top executives and propose to the meeting of the board of directors and/or shareholders for approval.

Remuneration of Directors

The remuneration of directors is determined by the board of directors and has been approved by the shareholders, with consideration to the duties, responsibilities and performance of directors, by comparing to the same type of industry and at the level closely applicable in the industry including dividend payment.

Meeting allowances: Paid to directors who attend the meeting, payable to the chairman and other directors in amounting of 30,000 Baht and 20,000 Baht per meeting respectively

Bonus: Pay to the Board as a whole at approximately 5 percent of dividend payment, payable to the chairman and the CEO at the rate of 2.0 times of the Board members rate.

The Committees paid to the members who attend the meeting as following:

The audit committee

Chairman	30,000 Baht
Other members	20,000 Baht

The remuneration, nomination and governance committee, the risk management committee and the investment committee

Chairman	20,000 Baht
Other members	10,000 Baht

The remuneration is paid to the Board of Directors and the Committees in 2017

	Remuneration (Baht)							
Directors	Board of Director/	Non-executive Directors	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Investment Committee	Director's Bonus	Total
1. Mr. Suchin Wanglee[1]	180,000	30,000	-	-	-	-	220,000	430,000
2. Mr. Pitiphong Bisalputra[2]	120,000	-	-	-	50,000	80,000	220,000	470,000
3. Prof. Hiran Radeesri[3]	120,000	20,000	300,000	-	-	-	110,000	550,000
4. Mr. Pramon Sutivong[4]	120,000	20,000	200,000	40,000	-	-	110,000	490,000
5. Mr. Nipol T. Jeerawong[5]	120,000	-	-	-	100,000	30,000	110,000	360,000
6. Mr. Kiet Srichomkwan	120,000	20,000	200,000	20,000	-	-	110,000	470,000
7. Mr. Phornpong Phornprapha	80,000	-	-	20,000	-	-	110,000	210,000
8. Mr. Chan Soo Lee	120,000	20,000	-	-	-	-	110,000	250,000
9. Mr. Thamnu Wanglee	120,000	20,000	-	-	-	-	110,000	250,000
10. Mr. Vuttichai Wanglee	100,000	-	-	-	-	-	110,000	210,000
11. Ms. Jittinan Wanglee	100,000	-	-	-	-	-	110,000	210,000
12. Mr. Kaet Wanglee	120,000	20,000	-	-	-	-	110,000	250,000
13. Ms. Charuwan Chabchamrun	120,000	-	-	-	-	-	110,000	230,000
14. Ms. Anukul Thitikulrat	-	-	-	-	50,000	-	-	50,000
15. Mrs. Nalina Bodharamik	-	-	-	-	50,000	-	-	50,000
16. Mr. Anak Wanglee	-	-	-	-	40,000	40,000	-	80,000
Total	1,540,000	150,000	700,000	80,000	290,000	150,000	1,650,000	4,560,000

Note:

1. Chairman of the Board, excluding the remuneration as an advisor to the executive board in term of salary, bonus and provident fund, totaling 8,097,180 Baht
2. Chairman of the investment committee
3. Chairman of the audit committee
4. Chairman of the remuneration, nomination and governance committee
5. Chairman of the risk management, excluding the remuneration as advisor to the Chairman of the Board in term of salary, bonus and provident fund, totaling 5,217,000 Baht

Executive Remuneration

The remuneration, nomination and governance committee responsible for reviewing the remuneration for CEO and president and propose to the board of directors for approval. Such remuneration will be appropriately fixed based on the remuneration structure of the Company, including his/her performance and consistency with the duties and responsibilities assigned.

The CEO and the president shall determine the appropriate amount of remuneration for the Company's executive officers at a level of vice president and higher, with consideration of his/her performance and the Company's operation result.

In 2017, the total remuneration for 8 executives in the form of salaries and bonuses amounted to 25,048,900 Baht.

2) Other Remuneration

Other Remuneration of Directors

-None-

Other Remuneration of the Executive

The Company has established a provident fund rate 5 percent of the salary. For 2017, the Company made contributions of 871,770 Baht to provident fund for the 8 executives.

9. Related Transactions/ Connected Transactions

1) Related Transactions

The Company and related businesses are bound to conduct transactions with one another in such ways as through shareholding, common directors or business transaction arose in t he ordinary course of business based on market terms and conditions. They are disclosed in notes to the financial statements, under item 29.

In 2017, the Company invested in TKI Geneal Insurance Company Limited and TKI Life Insurance Company Limited in Lao PDR at the proportion of 32.5 percent each company to expand the business and increase the potential of growth to ASEAN countries. The transaction is not the connected transaction and is not considered as disclosed transaction under the notification of Capital Market Supervisory Board Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, it is only to be informed about the Joint Venture with an investment proportion more than 10 percent of the authorized capital of the invested company.

2) Procedures for Approval of Related Transactions

The board of directors has approved guidelines and procedures of related transactions to ensure the Company's Company's best interest, authorized the management and/or the person authorized by the management the power to make related transaction that are normal business or normal business support under traditional business practices e.g. insurance or investment transactions. The directors and management who hold up a position of vice president shall disclose to the Company annually whether they hold any stakes involving potential conflict of interest and in case where such transactions need approval in accordance the regulations and procedures prescribed by law, the management shall propose such matters to the audit committee, the board of directors or at the shareholders' meeting for approval respectively, and shall disclose the information completely. Under no circumstance shall directors or management concerned be allowed to participate in the process of considering approval.

3) Policy or Tendency of Related Transactions Process in the Future

Related transactions in the future will continue due to the controlling authority's policy requiring insurance companies to place reinsurance with Thai companies and encouraging insurance companies to form reinsurance pools to cede and accept retrocession from Thai Reinsurance Public Company Limited ("Thaire"). Another factor is the agreement to place business with Thaire to keep data and statistics of the insurance business in Thailand.

However, the Company shall proceed by implementing fair method, transparent and complying with rules and regulations of the Notification of Capital Market Supervisory Board and OIC.

Economic and Non-life Insurance Industry Trends

Thailand's Economy in 2017

Economic Growth

Thailand's economic growth rate in 2017 was 3.8 percent, which 2.3 percent increased from the previous year. The main supporting factor is the continuing growth of exporting goods and services which expanded 6 percent, following the economic recovery of key trading partners and the expansion of the number of inbound tourists. Meanwhile, private investment tends to recover from the previous year that increased by 2.8 percent especially automotive and parts were reflected by the increase in commercial car sales for investment purposes expand faster at a rate of 12.8 percent in Quarter 3 following slightly improved of private consumption at a rate of 3.3 percent as farm income and tourism sector. Public consumption continued to improve, with a growth of 2.4 percent, while public investment contracted from the same period last year, with a growth of 4.3 percent, due to disbursement delayed of some major offices which is expected to gradually disburse next year, supporting growth.

Economic Stability

Domestic stability in terms of general inflation in 2017 stood at 0.7 percent, higher than that of 2016 following the high base effect of global crude oil prices which started to rise at the end of last year. Thailand external stability, current account registered a larger surplus of USD 43 billion which is equivalent to 9.7 percent of GDP, due to trade balance increased to USD 29.9 billion following the quantity of export goods grew by 8.5 percent whilst the quantity of import goods accelerated at 14 percent.

Thailand's Economy in 2018

Economic Growth

Thailand's economy in 2018 is expected to grow at a rate of 3.8 percent (which growth forecast is 3.3-4.3 percent), supported by the acceleration of government expenditure and public investment. Public consumption and total investment are expected to grow by 2.6 percent and 11.9 percent respectively. However, increasing public investment and clarity on electoral management will boost business confidence and stimulate investment. Private investment is expected to expand faster at a rate of 3.4 percent (which growth forecast is 2.9-3.9 percent). Private consumption is forecasted to slightly improve at a rate of 3.4 percent (which growth forecast is 2.9-3.9 percent) following an increase in household purchasing power, whilst non-agricultural income and labor market are expected to increase. In addition, easing monetary policy will raise real purchasing power of household consumers. Regarding external demand, it is expected that the economics of Thailand's major trading partners stayed unchanged from the previous year which will be affected the volume of export of goods and services; the key growth driver for Thailand's economy, to slightly increase at a rate of 4 percent (which growth forecast is 3.5-4.5 percent) whilst the volume of import of goods and services is expected to grow by 5.4 percent (which growth forecast is 4.5-5.9 percent) in line with the acceleration of private expenditure as well as large government investment projects.

Economic Stability

In 2018, inflation rate is expected to be 1.4 percent (with the range between 0.9-1.9 percent), higher than that of the previous year due to higher private demand and slightly increase in crude oil price. Regarding external stability, it is expected that to record a surplus of USD 42.4 billion which is equivalent to 8.8 percent of GDP; this could be explained by the trade balance that is expected to record a surplus of USD 27.2 billion following the accelerated import growth of 7.9 percent being higher than export growth of 5.7 percent

The Non-life Insurance Industry in 2017 and trends for 2018

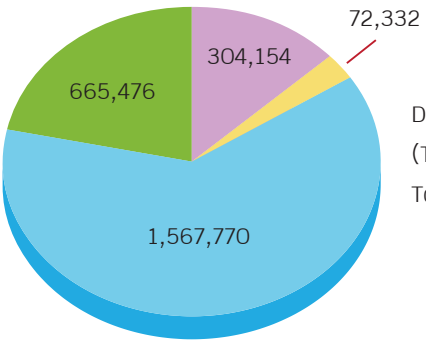
By 2017, non-life insurance business was the year of "Driving Digital Insurance", with respected to maintaining the balance of the public interest protection and promoting digital innovation in the insurance industry, through the Office of Insurance Commission (OIC), to become a "Digital Insurance Regulator", encouraging a constructive role for insurance as well as awareness of the benefits and value of insurance simultaneously that can be used as a risk management tool to handle the financial consequences appropriately, partly as a consequence of the global economic recovery. These factors affected the continued expansion in export trade and manufacturing production. Public investment is expected to grow with accelerating rate from mega public investment projects and increase of government expenditure would support the recovery and the expansion of private investment. Employment improved and revenue base in agricultural, manufacturing and service sector increased.

OIC has a policy to regulate and promote the industry such as improve the guidelines for monitoring information technology, development of Insurance Regulatory Sandbox that could be enhanced the supervision and promotion of a suitable environment for the business in a digital age. It also oversees the activities of insurance companies that will be made in electronic form. Encouraging for comply with IFRS No.9 and No.17, aggressive insurance promotion, improvement of product development, insurance for low income families and the underprivileged, encouraging the use of crop insurance and insurance top up scheme and supportive insurance cooperation in ASEAN countries and Asia. In addition, supportive insurance integral database program, raising the standard of insurance protection for consumers as well as increasing the participation process from all sectors according to the public policy.

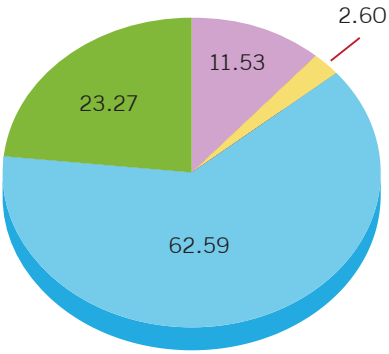
The trends for 2018

In 2018, the non-life insurance industry is expected to grow at a rate of 5.12 percent due to the motor health and miscellaneous insurance sector according to the policy a deceleration of automotive and parts exporting to increase domestic production and capacity that the motor insurance recorded a growth 5.11 percent, 6.98 percent by miscellaneous insurance and 6.40 percent by marine and transportation insurance especially the premium of hulls. The total assets of the insurance business were 3,680,751 million Baht, an increase of 8.78 percent that was investment assets of 3,367,401 million Baht, an increase of 8.07 percent compared to the same period last year. Assets of non-life insurance amounted to 456,408 million Baht, growth by 0.4 percent. Most of the assets were investment assets of 317,319 million Baht, accounting for 69.53 percent of total assets. Government sector, investments in securities, bonds, treasury bill, and debentures amounted to 32,021 million Baht. Private sector, investments in securities, bonds, treasury bill, and debentures amounted to 92,506 million Baht, loans of 2,044 million Baht, deposits at financial institutions of 90,365 million Baht. The liquidity ratio of the business was 178.26 percent, an increase of 4.02 percent from the same period last year, indicating that the non-life insurance business had adequate assets to cover the insured's liabilities.

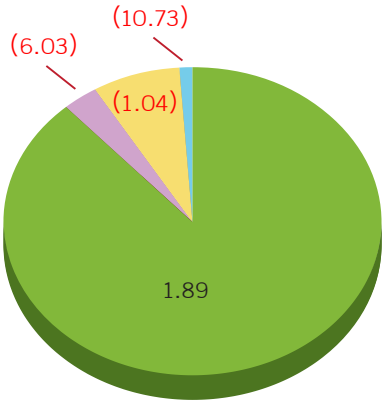
The Company's market share as of 31 December 2017



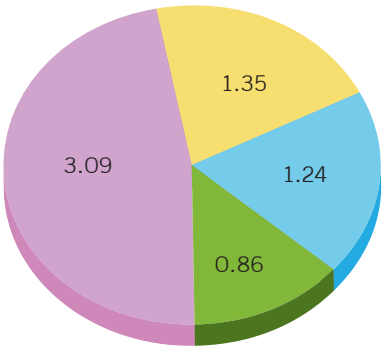
Direct Premium
(Thousand Baht)
Total 2,609,732



Product proportion
(Percent)



Growth
Total (7.00) Percent



Market share
Total 1.19 percent

Line of business

Fire | Marine & Transportation | Motor | Miscellaneous

Nature of Business

1. *Underwriting*

Underwriting is the core function of the Company. They write most of non-life insurance i.e. fire, marine and transportation, motor and miscellaneous. These are:

- Direct insurance: The direct business comes from agents, brokers, broker firms and branch offices and accounts over 90 percent of the total written premiums.
- Reinsurance and retrocession is ceded to and accepted from other insurance companies to spread risks.

2. *Investment*

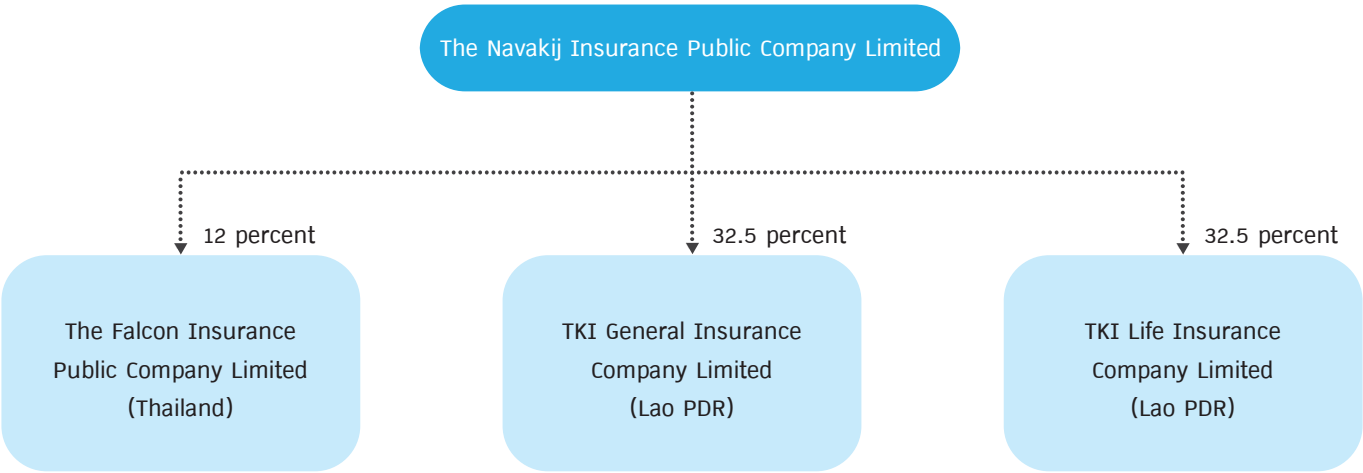
In addition to underwriting, the Company also spends its income on investment in compliance with type of investment and limit for line of investment as specified by regulations of the Office of Insurance Commission (OIC). The majority of the investment is in deposits with financial institutions, promissory notes, government bonds, debentures, stocks and unit trusts.

Business Objective

The Company's strategy and budget for the year 2018 has been reviewed and approved by the board of directors meeting held on 14 December 2017 that shall be focused on the businesses having potentials and profitability and revise our management plan to reduce loss ratios and operating expenses as well as the sources of business for motor insurance will be focused on agents and financial institutions. The Company, therefore, has launched a new product include commercial credit insurance. Nonetheless, the board of directors always reviews the strategy to better capitalize on the current competitive landscape.

The Company developed a strategic roadmap by setting an objective for the year 2015-2019 that have focused on sustainable growth of its market share, reduction of operating expenses and maintaining its current return on equity and also has long-term objective to establish its presence in the individual as well as small and medium size business sectors of non-life insurance industry in line with the Company's vision and mission.

Shareholding Proportion of the Company



Risk Management

The Company focuses on the principles risk factors as follows:

Strategic Risk

1. The competitiveness and the liberalization of the insurance industry

The liberalization of the insurance industry will result in an increase of fierce competition amongst insurance companies. Foreign insurance companies, with their strong capital base, modern technology, and new products, will help their local joint venture companies in increasing their underwriting capacity in terms of rating competitiveness, strategies, and services. Small and medium Thai companies will face greater competition.

The strategies are

1. Adjusting competitive strategy by looking for new and high potential marketing channels. Developing new products to effectively respond to changes in customers' needs, economy, and social conditions.

2. Consider merger plan with other small and medium-sized local companies in order to increase customer base and shareholders' fund to increase its retention capacity. Moreover, it will reduce operating cost by sharing resources with subsidiaries.

2. Economic situation

The economy is a significant factor in conducting business. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies due to reduction of production, reduce in export volume and expense cut. All of which effects underwriting operation.

To mitigate this, we carefully analyze the impact of the economy on the client's business and inform them that some insurance covers are orthogonal to the impact of the economy. While we emphasize the importance of having property insurance covers, we also suggest to clients to reevaluate their property more carefully to purchase the necessary cover without being over insured. For certain clients, we may offer alternative products that are best suited to their needs given the circumstances.

3. Reputational/Appearance

The risk arises from expectation from stakeholders that the Company may not response to all issues such as the expectation of insurance coverage or customer expectations to response their needs that may resulting in the loss of trust, faith, reputation and image of the Company.

To mitigate this, the Company concerns on strategic vision and reputation though the cooperation between the Board of Directors and top executives. Therefore, we are having several sources of information and experience sharing which is relevant to identify the possible risk of Company's reputation.

Insurance Risk

1. Increasing of amount and frequency of loss. The impact of external factors whether physical or geographical factors, natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured.

2. Suboptimal proportion of types of insurance. The Company provides all types of non-life insurance. Motor insurance constitutes the core market for the industry's total premium; it is also the class of insurance that is consistently very difficult to see profitable bottom line. This is mainly due to high acquisition cost and increasing claims ratio. Focusing too much on the top-line premium growth may thus impact profitability.

3. Ethics and moral. The risk may arise from insurers who intend to take advantage of insurance company. In this respect, insurers may have to pay for a higher settlement than the fair amount.

The Company adopts measures to deal with the above risks by

1. Analyzing on the basis of Loss ratio and Combined ratio.

2. Implements strict risk selection criteria, client groups and type of business.

3. Reinsuring to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies. In addition it also purchases excess of loss reinsurance to reduce exposure to catastrophe losses and to protect its operation and financial status.

4. Managing composition of the portfolio by writing all classes of business and monitors for the portfolio mix according to market situation. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.

Liquidity Risk

The risk arises from a given security or asset that cannot be traded quickly enough, and at the required quantity, price and time to enable the Company to have cash to pay loans or meet its obligations as they become due. Liquidity is critical to insurance operation as it can create damages in terms of monetary as well as non-monetary damages such as reputation, image, and credibility to clients, business partners, public and industry.

The Company establishes policy to manage liquidity risk on investment operation by

1. Making investment on securities that are liquid such as fixed income securities from government sector or private sector that has good credit rating. It also spreads out investment funding and balances the portfolio with taking into account time horizons and fund needs to pay loans and meet obligations,

managing account receivable, account payable, remaining useful life of assets and changes in value of assets, deals with the remaining useful life of assets and liabilities was taken into consideration and anticipated quantity and duration properly needed in circumstances whether inside and outside the Company.

2. Maintaining adequate shareholders' equity to meet its liabilities and have an appropriate ratio to handle exposure from business and operation risks and provides other funding sources for its contingency plans for handling liquidity crisis.

3. Responsibilities and line of report to those who manage liquidity risk are clearly defined as well as establish reporting system to generate an early warning report to executives for transactions that are not conform to the Company' policy or promptly, timely and accurately report warning signs to key risk indicators.

Operational Risk

1. **Personnel:** There exists limited skilled and specialized workforce for insurance industry. The strategies are to support continuing growth in career path through training programs both domestic and international, to sponsored higher education scholarship, to keep high potential employees to work permanently.

2. **Processing system:** The risk arises from the insufficient or inappropriate internal control system also including the classification of responsibility ineffectively as well as there exists no guideline for examining any person who commits an offense under Anti-Money Laundering Act and Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing Act. that may cause the Company shall be liable to fine and discredit.

The strategies are

1) To Endorse and establish code of work ethics based on good governance on a continuous basis.

2) Work manual, authority to exercise power and responsibilities are clearly defined in writing and periodically revised.

3) To Build up a culture that values corporate risk management and work integrity and ethics.

3. **Technology:** Statistical data and information of clients were lost or leaked to outsiders or competitors, the Company will suffer negative image. The operation will be interrupted if problems occurred to the central computer it will lead to system failure or losing all data.

There are effective information security solutions to protect electronic information and contingency plan for central computer unit. There is a back-up system in preparation for emergency disaster. A contingency business continuity plan has been designed and tested on a yearly basis.

In addition, procedures and regulations have been clearly defined and practiced in respect of security of data and system, are

1) Software Security and Data, the Company installs a program to check and detect computer viruses, firewall and the patch programs from each particular program producers to get rid of bugs and errors in the computer system. Two sets of backup data are kept. They are updated daily, monthly and yearly at secured outside locations in preparation for emergency disaster.

2) Hardware and Network, the Company has a contingency plan to use an outside backup site if disaster occurs.

3) Physical security of the central computer unit, the Company provides backup power system to support short term power outage. It also has a generator capable of keeping the unit live should we experience longer term power outage. The Company has installed fire alarm system and fire extinguishers specifically for electronic system protection.

4) Personnel security, the Company establishes clearly defined procedures identify those who can access to send mail out of the office, set size limit to sent mail, and report of sent mail.

5) The Company has done computer audit to improve procedures and working processes by external computer auditor in accordance with international standard procedures.

4. **External Factors:** Outsider effect that can impact the Company's operation and financial status, might include social (third party), market conditions, political environment and natural factors e.g. fire, flood or earthquake.

The Company manages these external factors by carefully selecting of partnership management and increasing more diligence for the record of claims arising from moral hazard as well as the KYC: know your customer should be done before the issue of every new policy following the principles of risk management and also comply with Anti-Money Laundering Act and Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing Act.

Market Risk

The risk arises from decreasing in value of securities from fluctuations in exchange rates, interest rating and security prices as well as from external factors such as economic, social and political situations

The Company manages the market risk by diversifying the portfolio and spreading investment funding to include various lines of investment as well as categories of business in order to reduce fluctuations in aggregate value of investment. It closely monitors and regularly assesses factors that may cause fluctuations to value of investment instruments in order to make a proper investment transaction according to situation. It has policy not to invest in speculative securities that price fluctuation is high but concentrates on blue-chip securities and ones that have steady yield. The Company has an investment committee who considers and sets up investment policy, in addition to the Office of Insurance Commission's rule of practice promulgated under the Non-Life Insurance Act B.E.2535, in order to reduce exposure from the loss of investment funding. The committee considers and reviews structure of the portfolio mix on a regular basis.

Asset and Liability Management Risk

A mismatch between assets and liabilities either due to liquidity or changes in interest rates, stock prices and property prices, especially a loss reserve, unearned premium reserve, premium received in advance and duration of asset is longer than the average life of liability which affected the Company's financial standing and liquidity.

The strategy is defining asset and liability management as a mechanism to address the investment risk in line with investment policy, investment plan and procedure of the Company as well as guideline for investment in other business set by the Company's investment committee and have been approved by the Board of Directors in order to ensure that the Company has a suitable asset and liability management, investment in equity securities, cash ratio and liquid assets.

Credit Risk

The counterparty is unable to meet the agreement which has been stated in the contract and the probability that the counterparty's credit rating is downgraded.

1. **Investment**: More than 50 percent of the Company asset is securities investment, so the Company is taking on the risk should the issuer is default.

The strategy is making selection of investment base on credit rating of issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company policy to invest in fixed income securities at least "Investment Grade" quality. All invested fixed income securities will be periodically monitored for an adjustment of the debtors' credit rating and relevant information will be gathered to review business potential of the issuers. It also regularly monitors and reviews the limit for investment to ensure adequate investment limit of individual line is maintained at all time.

2. **Reinsurance:** The reinsurance companies cannot pay claim recovery the Company as specify in the contract so the Company's liquidity is affected consequently. However, the Company will consider and choose only the A- credit rating reinsurer and will be periodically monitored for an adjustment of the credit rating of reinsurance companies.

Concentration Risk

The risk arises from the value of specific asset concentration is too high including investment and reinsurer. As the issuer and reinsurer have credit difficulties and unable to pay obligation, the Company will have liquidity problem subsequently.

1. **Investment:** The Company is investing in both equity and security market in order to get high return as targeted. Therefore, if the Company invests on one specific equity in order to get high return might cause the big loss when the value of equity is dramatically decreased.

The Concentration restriction is applicable through the investment diversification. The Company is investing on various types of securities which is categorized the level of risk. We are strictly tightening the Concentration policy because it might affect the severity to the Company in term of Liquidity, Reinsurance risk, and Capital Adequacy Ratio and Risk Based Capital.

2. **Reinsurance:** The Company is facing the risk if choosing one reinsurer more than 50 percent of total reinsurance value. In the case that reinsurer are bankrupt, the Company will possibly be defaulted from the reinsurer.

The Company has the reinsurance counterparty with both local and international reinsurers. The reinsurance policy of the Company is restricted though the ceiling of the amount of reinsure. The diversification to each reinsurer does not exceed half of the aggregate reinsure value of the Company.

Legal and Regulatory Risk

The Company abuses, neglects or an offense to comply with the law, the rules and regulations stipulated by the regulatory specifications. **The strategies are**

1. The Company requires all employees to follow the relevant regulations properly as their responsibilities.
2. The Company communicates and gives the understanding to the employee to the effect and the loss that will be occurred according to the law discipline.
3. The Company records and pursues the legal and regulation policy issued.
4. Each division in the organization set their work instructions to prevent offense against the serious law such as Anti-Money Laundering Act and Counter Terrorism Financing Act.

Group Risk

The risk that the financial status of affiliated company impacts to other associates companies. Currently, the Company has investments in associates; TKI General Insurance Co., Ltd. and TKI Life Insurance Co., Ltd., which are incorporated in Laos

The strategy is complying with investment plan and procedure and guideline for investment in other business defined in the risk management policy as well as relevant laws and regulations to prevent the Company's operation from causing any damage.

Emerging Risk

Risk has not happened yet but is likely to happen in the future according to the changing of the environment. This risk may occur gradually and has low probability but if it happens, this will cause a large damage to the Company. This risk is based on statistically and expectation of the reliable evidence.

The risk management plan is applicable though the product development in order to cover cost of loss and restricting the threshold of underwriting process.

Summary of Operating Results in 2017 compared to 2016

As of December 2017, the Company's operating results represented a net profit of 110.65 million Baht compared to last year of 34.02 million Baht. Return on Equity was 5.12 percent compared to last year reported of 1.59 percent. Earnings per share was 3.35 Baht compared to last year having 1.03 Baht per share.

Gross written premium was 2,635.82 million Baht, a decrease of 203.22 million Baht or 7.16 percent compared to the previous year.

Total income consisted of underwriting income and income on investment and other, totaling of 2,425.67 million Baht, a decrease of 447.78 million Baht or 15.58 percent from the previous year, of which the underwriting income was 2,266.14 million Baht, a decrease of 429.64 million Baht or 15.94 percent whilst the investment and other income was 159.53 million Baht, a decrease of 18.14 million Baht or 10.21 percent.

Total expenses consisted of underwriting expense before operating expenses and the operating expenses amount of 2,296.14 million Baht, a decrease of 539.23 million Baht or 19.02 percent comparing with the previous year, of which the underwriting expense before operating expenses was 1,973.86 million Baht, a decrease of 504.27 million Baht or 20.35 percent whilst the operating expenses was 322.28 million Baht compared to the last year of 357.24 million Baht, a decrease of 34.96 million Baht or 9.79 percent.

Major Factors Attributed to Operating Results in 2017 are as follows:

1. Operating Results from Underwriting

In 2017, the Company's underwriting profit before operating expenses was 292.28 million Baht, an increase of 74.63 million Baht or 34.29 percent. Underwriting profit margin was 14.01 percent and 8.54 percent in 2017 and 2016 respectively. Nevertheless, the operating results after deducting operating expenses represented the underwriting loss of 30 million Baht compared to the same period last year of 139.59 million Baht, a decrease of 109.59 million Baht or 78.51 percent.

1.1 Underwriting Income

The Company's underwriting income was 2,266.14 million Baht, a decrease of 429.64 million Baht or 15.94 percent from the previous year, mainly due to:

Gross written premium was 2,635.82 million Baht, a decrease of 203.22 million Baht or 7.16 percent compared to the same period last year, resulted from decreasing direct premium especially motor insurance that decreased by 10.73 percent while outward premium was 625.60 million Baht, a decrease of 13.90 million Baht from the last year. Net written premium was 2,010.23 million Baht, a decrease of 189.33 million Baht or 8.61 percent compared to the same period last year. Retention rate was 76.27 percent, lower than that of 77.47 percent in the previous year.

The Company's earned premium was 2,086.21 million Baht, a decrease of 461.75 million Baht or 18.12 percent from the same period last year. This was due to an increase in earned premium of 21.09 million Baht and 21.30 million Baht from fire insurance and miscellaneous insurance respectively whilst the reduction in earned premium of 0.35 million Baht and 503.78 million Baht from marine and transportation and motor insurance respectively.

Fee and commission income was 179.93 million Baht, an increase of 32.11 million Baht or 21.72 percent affected by increasing in the revenue of commission ratio from fire insurance and miscellaneous insurance that the commission ratio in 2017 of 28.76 percent compared to 23.12 percent in 2016.

1.2 Underwriting Expenses Before Operating Expenses

As of December 2017, the Company's underwriting expenses before operating expenses was 1,973.86 million Baht, a decrease of 504.27 million Baht or 20.35 percent comparing with the same period last year of 2,478.13 million Baht.

The underwriting expenses before operating expenses included:

(1) Claims and loss adjustment expenses was 1,350.34 million Baht, a decrease of 436.34 million Baht comparing with the previous year of 1,786.69 million Baht that represented loss ratio of 64.73 percent, which was lower than that of 70.12 percent in the previous year. This was due to the reduction in volume of motor insurance that represented a higher expense than the other lines of business.

(2) Commission and brokerage expenses were 436.87 million Baht, a decrease of 45.18 million Baht or 9.37 percent comparing with same period last year. These expenses were a variation to direct written premium and reinsurance premium which represented the gross written premium in 2017 of 2,635.82 million Baht, decreased by 7.16 percent compared to the same period last year of 2,839.04 million Baht.

(3) Other underwriting expenses was 186.65 million Baht, a decrease of 22.74 million Baht or 10.86 percent compared to the same period last year which was a variation to the written premium.

1.3 Profits from Underwriting before Operating Expenses

Fire Insurance

As of December 2017, fire underwriting profit before operating expenses was 114.42 million Baht, an increase of 29.10 million Baht or 34.11 percent compared to the same period last year.

Fire written premium was 561.12 million Baht, a decrease of 16.11 million Baht or 2.79 percent from the previous year. Net written premium was 304.18 million Baht, a decrease of 2.41 million Baht or 0.79 percent, due to higher in retention rate from 53.11 percent in 2016 to 54.21 percent in 2017.

Underwriting income was 379.52 million Baht, an increase of 42.41 million Baht or 12.58 percent comparing with the same period last year. Earned premium was 299.56 million Baht, an increase of 21.09 million Baht or 7.57 percent, fee and commission income was 79.96 million Baht, an increase of 21.32 million Baht or 36.35 percent compared to the same period last year. The ratio of fee and commission income was 31.12 percent in 2017 compared to 21.67 percent in 2016

Underwriting expenses before operating expenses was 265.10 million Baht, an increase of 13.31 million Baht or 5.29 percent from the last year, as a result of increasing in claims and loss adjustment expenses amount of 103.25 million Baht, an increase of 14.41 million Baht or 16.22 percent from the previous year that represented the loss ratio of 34.47 percent in 2017 compared to 31.90 percent in 2016. Commission and brokerage expenses was 127.67 million Baht, a decrease of 5.76 million Baht from the last year. Other underwriting expense was 34.18 million Baht, an increase of 4.66 million Baht from the previous year.

Marine and Transportation Insurance

As of December 2017, underwriting profit before operating expenses of marine and transportation was 28.87 million Baht, a decrease of 2.98 million Baht or 9.35 percent compared to the same period last year.

The written premium was 76.64 million Baht, a decrease of 0.53 million Baht or 0.68 percent from the last year. Net written premium was 39.76 million Baht, a slightly decrease from the previous year due to increasing in retention rate from 49.06 percent in 2016 to 51.88 percent in 2017.

Underwriting income was 51.09 million Baht, a decrease of 1.73 million Baht or 3.25 percent from the previous year. Earned premium was 38.57 million Baht, a slightly decrease of 0.35 million Baht from the last year. Fee and commission income was 13.02 million Baht, a decrease of 1.38 million Baht or 9.58 percent compared to the same period last year.

Underwriting expenses before operating expenses was 22.72 million Baht, an increase of 1.25 million Baht or 5.79 percent from the previous year, as a result of increasing in claims and loss adjustment expenses amount of 9.84 million Baht, an increase of 0.64 million Baht or 6.91 percent from the previous year. Other underwriting expense was 2.61 million Baht, an increase of 0.72 million Baht or 37.77 percent from the previous year.

Motor Insurance

Motor underwriting profit before operating expenses was 118.24 million Baht, an increase of 47.06 million Baht or 66.11 percent compared to the same period last year.

Motor written premium was 1,567.77 million Baht, a decrease of 188.43 million Baht or 10.73 percent compared to same period the last year. Net written premium was 1,552.09 million Baht, a decrease of 187.85 million Baht from the previous year.

Underwriting income was 1,630.16 million Baht, a decrease of 504.57 million Baht or 23.64 percent due to a reduction in earned premium by 503.79 million Baht or 23.64 percent. Fee and commission income was 2.50 million Baht, a slightly increase from the last year.

Underwriting expenses before operating expenses was 1,511.92 million Baht, a decrease of 551.63 million Baht or 26.73 percent from the last year, caused by the reduction of claims and loss adjustment expenses amount of 1,158.21 million Baht, a decrease of 468.46 million Baht or 28.80 percent compared to year 2016 that represented the loss ratio of 71.16 percent in 2017 compared to 76.32 percent in 2016. Commission and brokerage expenses was 244.64 million Baht, a decrease of 51.15 million Baht from the last year. Other underwriting expense was 109.07 million Baht, a decrease of 32.02 million Baht from the previous year. The reduction of commission, brokerage and other expenses was due to a decrease of written premium, of which these expenses were a variation to the written premium.

Miscellaneous

As of December 2017, underwriting profit before operating expenses was 30.75 million Baht, a slightly increase by 4.93 percent compared to same period the last year.

Written premium was 430.29 million Baht, a slightly increase of 1.85 million Baht compared to same period last year. Net written premium was 114.20 million Baht, a decrease of 0.97 million Baht from the previous year.

Underwriting income was 204.87 million Baht, an increase of 34.25 million Baht or 20.07 percent from the previous year. This was due to increasing in earned premium of 21.30 million Baht or 21.48 percent. Fee and commission income was 84.45 million Baht, an increase of 12.95 million Baht or 18.11 percent compared to the same period last year that the ratio of fee and commission income was 26.72 percent in 2017 compared to 22.82 percent in 2016.

Underwriting expenses before operating expenses was 174.12 million Baht, an increase of 32.80 million Baht or 23.21 percent from the last year as a result of increasing in claims and loss adjustment expenses amount of 79.04 million Baht, an increase of 17.07 million Baht that represented the loss ratio of 65.54% in 2017 compared to 62.52 percent in 2016. Commission and brokerage expenses amount of 54.29 million Baht, an increase of 11.83 million Baht and other underwriting expenses amount of 40.79 million Baht, a slightly increase of 3.90 million Baht.

1.4 Operating Expenses

As of December 2017, the Company's operating expenses was 322.28 million Baht, a decrease of 34.96 million Baht or 9.79 percent compared to same period last year, due to a decrease of most types of expenditures compared to the previous year.

2. Investment Income and Other

As of December 2017, the Company's investments income and profit on investments was 159.53 million Baht, a decrease of 18.14 million Baht or 10.21 percent compared to the same period last year of 177.67 million Baht, caused by the reduction of interest and dividend income and profit on investment by 3.51 percent and 8.81 percent respectively compared to the same period last year. Return on investment was 5.38% in 2017 compared to 6.48 percent in 2016. Other income was 7.18 million Baht, a decrease of 1.98 million Baht or 21.69 percent from the previous year. Share of profit from investments in associate represented a loss of 3.95 million Baht in 2017 compared to a profit of 3.14 million Baht in 2016.

Factors Affecting Future Results of Operations

1. Economic Situation

The economy of Thailand and the World are a significant factor in conducting business of the Company. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies. Therefore, to reduce such risk, the Company developed its products and services together with looking for new channels of distribution in order to reach more policy holders.

2. Natural perils and Disasters

The impact of present condition geography will result in an increase of natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured. The Company adopts measures to deal with this risk by implements strict risk selection criteria, client groups and type of business as well as control the risk aggregation for situated in the same locations.

Financial Status

1. Composition of Assets and Liabilities

As of 31 December 2017, the Company's total assets were 5,115.96 million Baht, a decrease of 416.24 million Baht or 7.52 percent compared to year 2016 of 5,532.20 million Baht. The significantly changed are as follows:

- Cash and cash equivalents was 110.46 million Baht, equivalent to 2.16 percent of total assets, decreased by 27.21 million Baht or 19.76 percent compared to year 2016.
- Premium receivable was 400.43 million Baht, equivalent to 7.83 percent of total assets, an increase of 17.46 million Baht or 4.56 percent compared to year 2016.
- Reinsurance assets was 461.51 million Baht, equivalent to 9.02 percent of total assets, a decrease of 97.55 million Baht or 17.45 percent compared to year 2016.
- Reinsurance receivables was 357.48 million Baht, equivalent to 6.99 percent of total assets, a decrease of 74.07 million Baht or 17.16 percent compared to year 2016.
- Investment assets were 2,905.52 million Baht, equivalent to 56.79 percent of total assets, a decrease of 206.47 million Baht or 6.63 percent compared to year 2016.
- Under the project of Rain and Hall Agricultural Insurance, the Company deposited amount of 50.35 million Baht, equivalent to 0.98 percent of total assets, a decrease of 91.43 million Baht or 64.49 percent compared to year 2016.

In 2017, the Company invested in ordinary shares of TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, shareholding percentage was 32.5 percent of the paid-up share capital of those companies. The Company, therefore, recorded the investments of 37.02 million Baht as investments in associates in the statements of financial position in which the equity method is applied.

Total liabilities in the separate financial statements were 2,992.53 million Baht, a decrease of 443.68 million Baht or 12.91 percent compared to the same period last year of 3,436.21 million Baht. The mainly changed was due to:

- Liabilities under insurance contracts was 2,140.09 million Baht, equivalent to 41.83 percent of total liabilities and equity, a decrease of 288.35 million Baht or 11.87 percent compared to the same period last year.
- Due to Reinsurers amount of 627.07 million Baht, equivalent to 12.26 percent of total liabilities and equity, a decrease of 145.72 million Baht or 18.86 percent compared to the same period last year.
- Fee and commission payables amount of 86.09 million Baht, equivalent to 1.68 of total liabilities and equity, a decrease of 10.32 million Baht or 10.70 percent compared to the same period last year.

2. Assets Quality

2.1 Investment in Securities

As of 31 December 2017 investment in securities in the separate financial statements was 2,905.52 million Baht, mainly divided to (i) Government bonds and treasury bills at the cost price of 324.99 million Baht, (ii) Debentures at the cost price of 851.66 million Baht, (iii) Listed shares at the cost price of 709.39 million Baht, (IV) Unit-trusts at the cost price of 340.26 million Baht. The Company had revised the fair value of financial instruments as of 31 December 2016 that represented a surplus on change in value of investment in securities of 107.09 million Baht as well as allowance for impairment of unit-trusts was recorded by 23.75 million Baht. Deposit at financial institutions and saving lottery was 545 million Baht and non-listed shares of 86.88 million Baht.

2.2 Property, Building and Equipment, net

In 2017, the book value of property, buildings and equipment before deducting accumulated depreciation was 599.29 million Baht. The net book value was 270.44 million Baht, a decrease of 8.13 million Baht. In 2017, the Company invested in (i) the core IT system and equipments amount of 13.61 million Baht to develop operational flow more effectively and (ii) the purchase of vehicles to support the operations amount of 4.70 million Baht. The Company had depreciation and amortization to 26.44 million Baht.

Intangible assets before deducting amortization for the year was 93.70 million Baht, accumulated amortization was 64.57 million Baht and the net book value of intangible assets was 29.13 million Baht. In 2017, the Company increased its intangible assets; computer software amounted to 4.04 million Baht.

2.3 Premium Receivable

In 2017, the net premium receivable was 400.43 million Baht, a decrease of 17.46 million Baht from the last year. Due from insured and due from agents and brokers totaled to 406.83 million Baht that was not yet due and not over 30 days premium of 377.45 million Baht or 92.78 percent. Premium due date was 54 days. The Company, therefore, has continuously developed its premium collection system.

The Company set up an allowance for doubtful accounts for loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period. In 2017, the Company set aside allowance for doubtful accounts on premium receivable of 6.40 million Baht which will be sufficient to serve the risk may be occurred.

2.4 Other Assets

In 2017, claims receivable from litigants was 248.12 million Baht, an increase of 14.19 million Baht compared to the same period last year of 233.93 million Baht.

Allowance for doubtful accounts was 138.82 million Baht in 2017 compared to 130.86 million Baht in 2016, its ratio was 55.95 percent and 55.94 percent respectively.

Under the project of Rain and Hall Agricultural Insurance, the Company deposited amount of 50.35 million Baht in 2017, a decrease of 91.43 million Baht compared to year 2016.

3. Liquidity

During the year 2017, the Company's net cash from operating activities was 17.92 million Baht. Net cash used in investment in associate amount of 43.25 million Baht, investing activities amount of 10.71 million Baht, financing activities amount of 34.42 million Baht, of which 33 million Baht to support dividend payment.

As of 31 December 2017, the Company's liquidity ratio stood at 1.39 times, greater than the last year of 1.32 times. Nonetheless, the Company's liquid assets are cash and cash equivalents, including highly liquid investments these can be readily converted to cash.

In 2017, the Company's capital expenditures included decoration of office building, information systems development and buying vehicles to continually serve its business expansion.

4. Source of Fund

As of 31 December 2017, the Company total liabilities was 2,992.53 million Baht, total equity was 2,123.44 million Baht which is equivalent to 1.41 times of debt to equity ratio, lower than that 1.64 times of 2016. The majority of funds used in business operations came from a combination of shareholders' equity and income generated from operations. The major liabilities are loss reserves and outstanding claims and unearned premium reserve.

5. Shareholders' Equity

As of 31 December 2017, shareholders' equity was 2,123.44 million Baht, an increase of 27.45 million Baht or 1.31 percent compared to the same period last year. This was due to (i) cash dividend payment for the year 2016, (ii) increasing in 2017 operating profit of 110.55 million Baht and (iii) the reduction of other components of equity of 50.22 million Baht.

6. Commitments and Liabilities and Management of Off-Balance Sheet Transactions

As of 31 December 2017, the Company has been sued for damages totaling approximately 184.90 million Baht. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is 28.30 million Baht. Nonetheless, the Company has set aside reserve for contingent loss amounting to 27.80 million Baht.

Auditor's fee

1. Auditing Fees

Fees paid for review and audit of the financial statements during the 2017 accounting year totaled to 1,510,000 Baht.

2. Other Fees

Other service fees paid for review and audit of the Risk Based Capital Report as required by Office of Insurance Commission, totaled to 585,000 Baht.

The Company appreciated that the importance of building understanding and relationship with the public and community around areas of the Company's location will be contributed to happily coexist with each other on the basis of interdependence in order to ensure smooth operations and sustainability and also gives emphasize to social responsibility issues. Our CSR strategy is contribute back to society as identified in following vision, mission and strategies of the Company

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance busines with a network of offices, highly competent personnel, good services and the best technology.
- To provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.
- To provide good and high quality services to customers with fairness and integrity.
- To innovate and develop new insurance products for the changing needs of society.
- To focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
- To support and develop a good working environment and promote unity among employees as well as maintaining competitive benefits and compensation suitable for social environment.
- To invest in human resource development and encourage employees to be professional and maintain high ethical standard.
- To develop and implement new technology to effectively improve our service to the customers.

The Company produces a sustainable development report, as part of its annual report consistent with 9 guidelines of The Stock Exchange of Thailand (SET) as follows:

1. Corporate Governance

Guidelines on Corporate Governance

The Company operates business with ethical integrity and appreciated the importance of social and environment responsibilities. We comply with the latest reviewed of the Principles of Good Corporate Governance by the Board of Directors that took place in 2017. The Board of Directors, therefore, acknowledged the Corporate Governance Code for listed companies 2017 or CG Code that issued by SEC to replaced the existing, developed as practice principles for the board of directors to apply each Principle and Sub-Principle to ensure business integrity and creating long-term business value that the value created shall also be good for its shareholders and all stakeholders.

In year 2017, the Thai Institute of Directors Association awarded the Company with corporate governance rating of "excellent" in its survey of SET listed companies and the Company also achieved a rating of "Excellent" in the 2017 Annual General Meeting of Shareholders Checklist Survey that the Company adhered to the Principles of Good Corporate Governance as follows:

Rights of Shareholders

- The Company encourages its shareholders, including institutional investors, to attend the general shareholders meeting for participation in any decision making relate to their benefits.
- 2017 Annual General Meeting of Shareholders (2017 AGM) was organized on 27 April 2017, at the Grand Hall, 28th floor, the Bangkok Club, Sathorn City Tower, whereby Chairman of the Board, all chairpersons of the committees and the Company's chief executive officer were presented in the meeting.
- Allow shareholders to send their question to the Company prior to the meeting date as criteria determined by the Company and disclose them on the Company's website.
- Encourage the use of proxy form B which shareholders are able to specify their votes that is attached to the notice of the meeting and also downloaded from the Company's website.
- Encourage the Company to use secure, fast, precise and accurate technology in the shareholders meeting, including barcode system in recording attendee registration, printing ballots for the agenda required the shareholders meeting to approve and certify and processing voting results. In addition shareholders are able to register after the meeting has been commenced and be able to vote for agenda that a resolution is not yet made.
- The chairman of the meeting provided opportunities for the shareholders to express their opinions and ask questions related to the Company's operations and the meeting agenda and all inquiries were recorded in the minutes of the meeting.
- The Company informed the SET the resolutions of each agenda of 2017 AGM by indicating the votes as "approved" "disapproved" and "abstained" from voting.
- The minutes of shareholders' meeting was sent to SET within 14 days after the meeting, and also posted on the Company's website promptly for shareholders to acknowledge, express their opinions and verify.

Equitable Treatment of Shareholders

- The Company released 2017 AGM notice, with detailed agenda and explanatory circulars both Thai and English, and presented in the Company's website on 17 March 2017.
- In advance of 2017 AGM date, during 19 September-31 December 2016, The Company set criteria and procedures for the proposal any agenda item and the nomination of candidates by minority shareholders that the Company informed its shareholders via newsletter to SET and posted on the Company's website. However, no shareholders proposed any agenda item or candidate.

- Chairman of the remuneration, nomination and governance committee encouraged members of the Board to nominate qualified person to be director in place of those retiring by rotation.
- Chairman of the meeting conducted 2017 AGM as agenda prepared in the notice chronologically, without adding any agenda item other than those specified in the notice.
- The shareholders were entitled to vote based on the amount of shares held whereby one share was equal to one vote.
- The shareholders are able to elect each director individually on the agenda of an election of directors in place of those retiring by rotation.
- The Company wrote the internal control policy that has been communicated as notification to everyone in the Company to protect against abuse of inside information.
- Every director and executive regularly submit to the office of company secretary a report on their ownership of the Company's shares as regulation specified by SEC and the information shall disclose in every meeting of the board of directors.
- Every director and executive are prohibited from trading the Company's security during two weeks prior to the disclosure the Company's information and/or financial reports to the public.
- The director who had conflicts of interest must report to the board of directors meeting before considering the agenda item and to abstain from voting and/or leave the meeting.

Roles of the Stakeholders

Guidelines to various stakeholders are as follows:

- **Shareholders**

The Company is strongly committed to provide values and maintain business growth to preserve the greatest interest of the shareholders, including disclose information to shareholders correctly, completely, and transparently.

- **Employee**

The Company believes that our employees are the most important asset, we treat employees fairly and are determined to ensure that every employee is proud of and were confident in the organization. The Company sets the appropriate compensation and provision of fringe benefits to employees not only complies with but also exceeds relevant standard mandatory requirements, e.g. provident fund, health and accident insurance, annual health check-up, safe and sanitary workplace environment, employee recreational activities, and in-house physical workout facility to promote mutual recreation among employees as well as continually developing progress on career paths including provide both local and overseas scholarships and training courses year plan for employee at each level.

The Company takes into account the safety of its employees so as to provide the knowledge regarding workplace safety and hygiene guidelines via program of new employee orientation in the year 2017 and the Company's had zero work-related accidents.

- **Customers**

The Company policy is to respond to customer's satisfaction and to maintain the customers' long-term relationships. We provide advice for appropriate and adequate coverage at a fair price through quality insurance policy and compensations are paid with fairness. The Company's information discloses correctly to the customers and Customer Service Center was set up to provide assistance to clients in handling their complaints.

- **Suppliers**

The Company treats suppliers/trade partners with transparency and notifies them to acknowledge of the level-playing field. No nepotism is allowed in our Company. These suppliers/trade partners will be given opportunities to comment and propose suggestions concerning any and all joint business issues. To ensure that the rights of business partners are protected, the Company will treat suppliers/trade partners' secrets as strictly confidential. Selection of suppliers shall in line with the policy for treatment of trading partners based upon seven criteria:

- ▶ Affidavit
- ▶ Pricing
- ▶ Technical capability
- ▶ Expertise and experience
- ▶ Quality of goods and services
- ▶ Business reputation
- ▶ Service policy

- **Competitors**

The Company operates its business within a competitive context by being fair and strictly following the law, never defaming other insurance companies and harnessing other intellectual properties. The Company emphasizes the quality and efficiency of its services, stressing the greatest benefit to the customers.

- **Creditors**

The Company has a policy to operate efficiently and extremely maintains the capability to redemption, to maintain the reputation and creditability of the Company and fair basis of both sides, do not violate the rights of the creditors and complies with terms agreed including promptly to discuss with the creditors to find suitable and quick solutions to their mutual benefit.

- **Community, Society and Environment**

The Company realizes its responsibilities to society and to the preservation of environment. The Company promotes awareness of social responsibility and supports many activities that benefit the community as well as encourages all stakeholders of the Company's participation in community development and social sustainability, such as granting scholarships to poor students with a good school-record and supporting a fund for the rehabilitation of academy. Furthermore, the Company has also offered training program of environment and various activities to its management and staff to participate, as well as realize the significance of conducting themselves in a way would benefit society. All activities have been continuously implemented and effectively carried out.

- Human Rights

The Company policy is to support and to respect issues that present the organization through to the employees to be involved in human rights violation, realizes and respects equal rights by following the principles of human rights protected by the Constitution of the Kingdom of Thailand. The Company will not take any actions that violate human dignity, personal right and liberty, and will avoid discrimination with regard to people's origin, race, physical condition or health, economic or social status, education and training, or personal characteristics that are unrelated to work.

- Intellectual Property or Copyright

The Company had defined policy and guidelines to prevent non-infringement of intellectual property or copyright and an act on the computer offense commission and notified them to the Company's employees together with inspection their using software programs to prevent the misuse or piracy. The Company has an efficient control process for the practices of its employees in compliance with rules and regulations that the Company's confidential business data must not be disclosed to outsiders without the Company's permission. The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company's procedures.

Disclosure and Transparency

The Company recognizes the importance of information disclosure due to it greatly affects decision-making by investors and stakeholders and has a policy to strictly disclose information transparent, accurate, complete, reliable and timely in accordance with the rules and regulations of SET, SEC, OIC and other relevant regulatory bodies.

The Company provides various channels to communicate with shareholders, investors and other interested parties alike may have access to the information expediently, such as the form 56-1, annual reports, quarterly financial reports, the Company's website, interviewing and making conference call as well as organizing press conference to update important events and new products of the Company to acknowledged thoroughly by the public.

Shareholder Relations division was set up to represent the Company in communicating information useful to shareholders, investors and relevant parties, may contact at +66 2664 7777 Ext. 7719, 1905 and 1906 or submit questions by e-mail to office_president@navakij.co.th or via the Company's website at www.navakij.co.th.

In 2017, the Company had no any record of changing the financial statements by SEC and did not face any sanctions by regulations for failures to make announcement within the requisite time period for material events.

Responsibilities of the Board of Directors

Structure of the Board of Directors

- Directors should be competent with various skill mixes and integrity. At least one director shall be an expert in the area of non-life insurance business that consistent with the Company's strategies, and at least one in the area of accounting and finance.
- The Board shall comprise of directors who competent with skills and extensive experience to benefit the Company's operation. The number of directors is currently limited to thirteen, comprising eleven non-executive directors and two executive directors i.e. the chief executive officer (CEO) and the company secretary. The five directors who have been qualified as independent directors, namely, Professor Hiran Radeesri, Mr.Pramon Sutivong, Mr.Kiet Srichomkwan, Mr.Phornpong Phornprapha and Mr.Chan Soo Lee. The proportion is one-third of total number of the total directors.
- Directors shall have a term of three years and any director vacating the office on due term may be re-elected.
- The board of directors agreed that the Chairman of the board of directors and CEO has separate functions and responsibilities and are not the same person, to enable independent performance of the managements' checks and balances. Further details are clearly defined in the section of "Shareholders and Management Structure".

Limit of board seats in other publicly listed companies

A Board member cannot hold more than five directorship positions in publicly listed companies. The CEO and President cannot hold more than five directorship or the executive positions at other company, including holding a directorship in other rival incorporation or any related business with the Company. Nevertheless, those positions must be approved by the board of directors.

Board of Directors' Meetings

- The Board holds at least seven meetings a year which is one meeting for non-executive directors only. All meetings will be scheduled at the beginning of the year. The extraordinary meetings are allowed if required. Moreover, the Board shall receive a monthly report on the Company's performance for the month when meetings are not scheduled.
- The Chairman of the Board, the topmost position of executive and an independent director shall consider and agree to the meeting agenda and all members of the Board are entitled to propose the agenda items.
- The Company Secretary is responsible for the agenda and supporting documents that shall send to all members not less than seven days before the date of meeting, except in the case of emergency.
- Each meeting takes at least two hours, and the Chairman will allow every director to express his/her opinion openly before proceeding with the vote and concluding a resolution of the meeting in each agenda.

• The Company's executive will attend the meeting to clarify and answer queries of the Board on the issues that he/she is directly responsible for, and give the Board chance to know more about him/her as well as be useful for preparing succession plans.

• The Board has access to additional information, under prearranged conditions, via CEO, president, company secretary or executive designated as a contact person.

• The company secretary is responsible for preparing the minutes propose to the chairman of the Board to consider before propose to all directors to consider and certify in the next Board's meeting. After approval and duly signed by the chairman, minutes are stored securely at shareholder relations division, office of president. Electronics copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.

• In 2017, one non-executive directors' meeting was organized to discuss the Company's direction and business operations management that the company secretary reported the main issues to CEO to acknowledge and proceed as recommendation of the meeting.

Performance Evaluation of the Board of Directors

The board of directors is required to evaluate their performance annually, it consists of whole and individual self-assessments, to express his/her view on the performance of the board of directors as a whole and to consider and review the results, problems and obstacles on its performance over the past year, as following procedures:

(1) The company secretary performs and reviews self-assessment evaluations to be accuracy, completeness and in line with the best practices of relevant regulatory bodies.

(2) The company secretary submits the self-assessment to the directors to evaluate their performance.

(3) The company secretary summarizes and reports the assessment result to the board of directors' meeting and ensures to improve for the effective performance.

The performance evaluation of the board of directors contains six major topics those are (i) Board structures and qualifications, (ii) Roles, duties and responsibilities of the Board, (iii) Board of directors' meetings, (iv) The director's function, (v) Relationship with executives and (vi) Self improvement of directors and executives. For the self-assessment of the board of directors on an individual basis contains three major topics those are (i) Qualifications of the director, (ii) Roles, duties and responsibilities of the director, (iii) Board of directors' meetings.

The assessment criteria divided into five levels base on percentage; excellent (90-100), very good (80-89), good (70-79), satisfactory (60-69), need improvement (50-59). The assessment result can be conducted that the directors performed their duties in compliance with the principles of good governance and the code of conduct, the average score was 92.26 percent for the self-assessment as a whole and 93.36 percent for individual self-assessment.

Performance Evaluation of the Committees

The committees at the board level comprising of the audit committee and the remuneration, nomination and governance committee, are required to perform self-assessment once a year to comply with standard of ASEAN Corporate Governance Scorecard. The self-assessment of the committees as a whole contains three major topics those are (i) Board structure and qualifications, (ii) Roles, duties and responsibilities of the committees, (iii) The committees meeting. The assessment criteria divided iinto five levels base on percentage; excellent (90-100), very good (80-89), good (70-79), satisfactory (60-69), need improvement (50-59). The assessment result of the audit committee and the remuneration, nomination and governance committee was excellent, the average score was 97.54 percent and 91.59 percent respectively.

Development Programs for the Directors and Executives

Directors' handbook was prepared by the Company that contains listed companies directors' handbook, the principles of good corporate governance for listed companies, good corporate governance and best practice for insurance companies, related Act for the directors and the Company's general information, how to the Company operates and what is required and expected as a director.

The Board encourages its directors and executives to attend training courses organized by various established institutions in order to broaden their knowledge and perspective that may become useful in their roles within the Company. In 2017, Ms. Charuwan Chabchamrun, the Company's executive director, attended the course organized by the Thai Institute of Directors Association; Director Accreditation Program (DAP) held on 17 July 2017.

The Board established a development program for senior executives and the program has been reported by the President on a regular basis that the senior executives shall assign successors in case they cannot perform their duties.

Internal Information Control and Risk Management

The board of directors has established measure to control the use and prevent misuse of internal information especially as regards insider trading for the board of directors, the management and related employees involved the significant internal information including their spouses and children who are minors.

The board of directors assigned the audit committee to responsible for reviewing of the Company's internal control system to ensure the efficient, properly and sufficient that inclusive the Company's operational flow include administration, operation, finance and accounting and compliance with relevant laws and regulations in line with the guideline of the Committee of Sponsoring Organizations of the Tredway Commission (COSO). Control activities are as follows:

1. Authorization is designed to provide reasonable assurance that all transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials. Actions taken to minimize risk to be appetite.

2. Clearly separated functions and responsibilities consistent with the organization structure, to enable independent performance of the managements' checks and balances as well as the appropriate length of a job rotation should be taken.

3. Connected transactions or any transactions in compliance with the laws and regulations specified by SEC must get approval from the audit committee.

4. Set the policy on guidelines for staff on how to use computer networks to encourage them to realize the security of information technology and to check whether authorized access has been implemented.

5. Controlled technology activities have been designed and developed to support the objective of internal control system based on Control Objective for Information and Related Technology (COBIT).

6. The Office of Compliance is responsible for reviewing how the Company's operations are operated in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

7. Submit the notice to all members of the Board and the management to cease trading of NKI security during two weeks prior to the disclosure of the Company's information and/or financial reports.

8. The directors and the executives must prepare their reports to the Company at Office of Company Secretary for the purpose of using it to check transactions with the Company and connected transactions as follows:

8.1 Report on interest; (i) First submission after being appointed as director or executive, (ii) Every time there is a change on their interests, (iii) Review and report at every year end; the company secretary will gather and submit them to Chairman of the Board and Chairman of the Audit Committee for acknowledgement.

8.2 Report their securities holding (Form 59-1) and report of change in securities holding (Form 59-2), submit SEC and a copy of such report shall submit to the company secretary on the same day.

8.3 Report on the securities holdings of the board of directors and the management shall include in the agenda of every the board of directors' meeting.

9. The Company makes regulations in its code of conduct on safe guarding confidential information and all employees must sign an agreement to comply with the policy on confidential data and prevent them from misuse of internal formation. The disciplinary penalties for violations are clearly stated in the employee's manual. Maximum penalty is termination without any compensation.

10. The Company created a manual for business continuity plan (BCP) and provided a practical testing of BCP at the rented computer facility and the outcome was satisfactory. In addition, it also made the risk management policy and a 3-year plan in compliance with the OIC regulations.

Compliance on the Principles of Good Corporate Governance

The board of directors has properly considered and reviewed the application of the CG Code Principles and Sub-Principles and realized on leadership role and responsibilities of the board to ensure business integrity and creating long-term business value, of which the assessment result has been evaluated and clarified by the company secretary.

The Company, therefore, continues to have a strong commitment to the principles of good corporate governance, except for the following issues:

1. The Chairman is not an independent director, since in the non-life insurance industry, the core business of the Company, strongly needs a knowledgeable chairman with long business experience person to lead the Company to achieve its goals of stability and sustainable growth. Nonetheless, the Chairman is not executive director, the CEO and President is authorized to monitor on the whole policies and the president is authorized to take responsibility for managing the Company's operations.

2. The board of directors composed of 38.46 percent of independent directors. Nonetheless, there is a clear separation of duties and responsibilities among the Board and management, giving rise to a concise and transparent management, maximum benefit for the Company and fairness to all shareholders. However, the Company will follow for the most of these principles that fit to the Company's business characteristics.

3. The Board has a policy for independent directors to hold a term of three years and shall not hold office more than three consecutive terms or not exceeding nine years unless the Board considers otherwise and those directors remain to provide their opinion independently and comply with relevant guidelines. Nevertheless, the five independent directors hold a term more than nine consecutive years, due to those directors have properly and specific qualifications benefit to the Company, and it is not simply for nominating of a new director. Nonetheless, the Board would be proposed to the shareholders meeting for reasonable and necessity to re-appoint those directors to serve another term in the Board of Directors.

4. The Company did not participate in the event "opportunity day" which was organized by SET. However, the Company allowed the media and analysts to interview and find out about the Company's business performance, important events and new products.

2. Operate Business with Fairness

We believe that virtuous operation and accounting, for the rights of all stakeholders, successfully add sustainable values to both the Company and its shareholders as follows:

1) Provide advice for appropriate and adequate coverage at a fair price.

2) Define criteria to select suppliers with transparency, and notify them to acknowledge the level-playing field. No nepotism. Selection of suppliers shall in line with the policy for treatment of trading partners.

3) The Company treats employee fairly, in terms of their opportunities, compensation, benefits and training.

4) The Company complies with term agreed and made payment regularly on time.

5) The Company has set a policy to its directors, executives and employees to avoid making connected transactions, related transactions or transactions that may cause conflict of interest.

6) The Company has the policy to comply with intellectual property or copyright laws, provide a list of monitoring software installed on computer system in both the Server and Client regularly and continuously.

7) The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company's procedures.

3. Anti-Corruption

The Company is determined to reject all kinds of bribery and always require for a risk assessment in relation to such anti-corruption regularly, which all departments are responsible to assess the risks relating to their operation as well as to identify preliminary risk management strategies. The office of risk management is responsible for analyze the processes of operational risk and fraud management, analysis, monitoring and control. It also comply the overall risk position to remain within an appropriate risk appetite. Therefore, office of internal audit is responsible for evaluate and monitor risk of fraud beyond corporate risk assessment.

Thailand's Private Sector Collective Action Coalition against Corruption Council third quarter meeting on 16 October 2015 resolved that The Navakij Insurance Public Company Limited be certified as a member of "Thailand's Private Sector Collective Action Coalition against Corruption". The certification is valid for three years and will end on 15 October 2018 that the Company is now preparation of working papers to recertification.

The Board approved the anti-corruption policy. It has been announced to all employees in the organization and also communicated to the third parties such as customers, suppliers and all stakeholders through commercial contract, the Company's website and the Company's journal, and annual report, to strictly comply with it guidelines, it is prohibited that all directors, executives and staffs at all level including our business partners be associated with corruption. All activities of the Company's business must be operated without corruption. The Company shall train employees about the anti-corruption policy to cultivate a culture of honesty, recognize the importance of the policy and understand the guidelines set out in this policy as well as notice in the Company's intranet. In 2017, the Company organized the three courses to educate our employees in 2017 on 20 March, 9 October and 11 October. In addition, the Company was awarded Level 4 (out of 5 levels) from the Anti-Corruption Progress Indicator by the Thaipat Institute.

The Anti-Money Laundering and Combating the Financing of Terrorism Policy of the Company has been approved by the board of directors since 2012 and the Board will strictly oversee and examine the Company's business operation in compliance with such policy, Anti-Money Laundering Act, related laws and the guidelines as specified by Anti-Money Laundering Office as well as communicate with each other e.g. the customers, the suppliers or the third parties to acknowledge such policy. Nevertheless, the Company has set up a communication channel every time together with its training of the anti-corruption policy.

- Communications with Stakeholders

The Company provided whistleblowing and grievance policy to its stakeholders to give suggestions, complaints and reports illegal acts. Whistleblower may raise a concern through various channels provided in the Company's website for all stakeholders properly selection and the Company will store securely those complaints and offer whistleblowers protection from harassment or disciplinary proceedings

- Vice President of Organization Development Department
  Tel: (66) 2664 7712
  Email: phatarawipha_w@navakij.co.th
- Vice President of Office of Compliance
  Tel: (66) 2664 7719
  Email: charuwan_c@navakij.co.th
- Chief Executive Officer
  Tel: (66) 2664 7738
  Email: pitiphong@navakij.co.th
- Chairman of the Audit Committee through his secretary
  Tel: (66) 2664 7777 ext. 1728
  Email: phisit_p@navakij.co.th

In addition, may raise by send mail to the Company at 100/47-55, 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok 10500

Consideration and Process

1. The information of the matter must be substantially true and clear enough for the investigation process.

2. Whistleblowers must identify themselves for further information.

3. The matter disclosure and the investigation process are kept confidential. Concerns and complaints of staff will be responsible only by those related to investigation. Concerns related to Executives are disclosed directly to the Audit Committee for investigation and report the findings directly to the Audit Committee.

4. Vice Presidents of Organization Development Department, Office of Compliance and Office of Internal Audit are responsible for the investigation and report the findings to the President and the Audit Committee

5. The investigation must be conducted with justice.

6. The duration of the investigation depends on the complexity of the issues, the sufficiency of the evidence provided by whistleblowers and those involved with the process of investigation.

7. Any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary or legal action.

4. Respect to Human Rights

The Company policy is neither to support nor to respect issues that may put the organization and its employees to be involved in human rights violation, realizes and respects equal rights by following the principles of human rights protected by the Constitution of the Kingdom of Thailand. The Company will not take any actions that violate human dignity, personal right and liberty, and will avoid discrimination with regard to people's origin, race, physical condition or health, economic or social status, education and training, or personal characteristics that are unrelated to work. This is done by using the following guidelines:

1) Set recruitment criteria regardless of race, religion and sexual orientations.

2) Have sexual equality, and forbid sexual oppression and harassment.

3) Give the freedom of thought and participation in political activities as long as it does not affect or damage the organization.

4) Give the right to file complaints and provide written procedures in the employee handbook for employees who have faced various issues to submit complaints. The right of complaint includes channels for other parties such as third party stakeholders.

5) Provide a welfare committee to oversee employee well-being and ensure that they are entitled to equal legal rights.

5. Treating Employee Fairly

Employee remuneration and welfare

1) Arrange appropriate and fair compensation structure, consistent with duties and responsibilities.

2) Increase annual salary by being fair and in line with the Company's business performance, cost of living, competency level and performance assessment result.

3) Arrange welfare compliance with related laws and others appropriately, to support and response the employees' needs to have a good quality of work life, such as sickness benefit, accident and health insurance, provident fund, emergency loan etc.

4) Employee welfare committee is responsible for the consideration and review a scheme of welfare and benefits as guidelines for the employees, and to implement them correctly and efficiently. The committee consists of representative of the employee and the employer.

Training and Development

The Company has a policy to encourage employees to enhance their knowledge and potential in line with the Company's core competency, to grow in their career paths and to serve the Company's business expansion, of which guidelines was defined as follows:

1) Define training courses yearly plan in both functional and management competencies to the employees of each level.

2) Map out a concrete succession plan and talent management to establish and maintain for high potential and performance employees. Define individual development plan that the employees have to participate in training, seminar and observation courses organized in both local and overseas.

3) Store valuable knowledge in term of electronics system, for the benefit of employees' learning.

4) Support the Company's staff to share their knowledge and work experience as well as solve problems together, to enhance more efficient work process.

Policy concerns of Safety and Health Issues

1) Promotion and maintenance of healthy conditions both physically and mentally in the workplace.

2) Prevention of employees' declining health resulting from work.

3) Protection of employees against working in hazardous workplace which could result in illness and injury.

4) Placing of employees in appropriate working environment.

5) Adaptation of work appropriate to the nature of the work and the workers.

6. Product Responsibility

The Company stresses the importance of responding to customer needs that cause to achieve the Company goals. We also try to seek other technique to serve the customer needs more efficiently; to emphasize on prompt service with the policy to reach accident site within thirty minutes for survey and process claims payment within fifteen days after settlement, to sell of quality insurance policy, to provide advice for appropriate and adequate coverage at fair price and provide customer service center to accommodate clients to report a claim quickly 24 hours together with giving non-life insurance information through Navakij Call Center 1748 and the Company also performs surveys form send to the clients who had motor claims in order to evaluate and improvement to service.

There was no significant complaint report arise from the Company's services received throughout the year 2017. The Company also provides various information benefits both manufacturer and consumer such as insurance news, public relations news in marketing and corporate social responsibilities and frequently asked questions.

7. Environmental Responsibility

Despite being a predominantly service industry with no direct impact on the environment, however the company has set a policy pertaining to social and environmental well being as follows:

1) Conduct business with an aim to benefit economy and society as a whole.

2) Comply with the law and regulations as well as cooperate with authorities in projects.

3) Support the underprivileged and victims of natural disasters.

4) Promote awareness of social and environmental responsibility.

The Company has encouraged employee awareness of saving energy and reduction to global warming policies e.g.

- Use recycled paper on both sides.
- Print document that require printing only.
- Turn off main air-conditioning system 30 minutes before lunch break and ending of office hour.
- Turn off the lights every time existing from the working areas or meeting rooms and turn off the main lighting during lunch.
- Use energy saving light bulbs for the Company's office.
- Turning off computer screens when not in use.
- All the Company's cars use gasohol as opposed to petrol.

8. Community Development

Educational Supports

1) Provided consumable goods, teaching materials and cash donation for education to Wat Bot Somphonchai School, Phra Nakhon Si Ayutthaya Province.

2) Co-Sponsor the student scholarships in upcountry, Sricharienthong Scghool, Chachoengsao Province.

3) Donated for scholarships luncheon and promote the career related to sufficiency economy philosophy to faraway schools; Ban Tha Yae School, Kanchanaburi Province.

Quality of Life Development

1) Distributed relief kits, supported health and dentistry check-up to families who affected by cold weather in the wilderness area of Nan Province, in conjunction with members and associate Relief and Community Health Bureau, The Thai Red Cross Society.

2) Participated in a project of "Power of Insurance", collaborated with Thai General Insurance Association (TGIA), cash donation to the Siriraj Foundation and Chaipattana Foundation.

3) Donated cash to support the providing of wheelchair and tricycle to the Thai with Disability Foundation.

4) Collaborated with TGIA to supported a project "Give a Rice to be a Gift" and set up the booth at Surin Province for distributing of Thai jasmine rice to help farmers sell rice at reasonable prices during the downturn.

5) Supported a project "Thai Rice Insurance Scheme 2017", a collaborative project between Department of Agricultural Extension Ministry of Agriculture and Cooperatives, Bank for Agriculture and Agricultural Cooperatives, Fiscal Policy Office Ministry of Finance, OIC and TGIA to push the state policy to create a crop insurance system for sustainable benefits to Thai farmers.

Buddhism Promotion Activities

1) Cooperated with "Thongpoon Wanglee Foundation" and "Poonphol Group" to make an off-season offering of robes and other needs to monks for the year 2017 and also built toilet offer to Wat Bot Somphonchai, Bang Sai District, Phra Nakhon Si Ayutthaya Province.

Social Activities

1) Collaborated with the Thai Red Cross Society, Poon Phol Co., Ltd. and Sathorn Thani Complex, under the project of "Good Deed, Give Blood, In Remembrance of His Majesty King Bhumibhol Adulyadej", blood donation amounting to 476,400 cc was collected from 1,403 donors.

2) Supported a project "Body, Organs and Eyes Donation", donated to Chulalongkorn Memorial Hosptal, the Thai Red Cross Society Organ Donation Center and Thai Red Cross Eye Bank, 101 donors intent to donate their bodies, 88 donors intent to donate their organs and 88 donors intent to donate their eyes.

9. Socially Responsible Innovation

The Company continues to leverage on technological advancements that are become widely available and relevant to the insurance industry and also gives emphasize to social responsibilities issues. We streamlined our information technology and new proprietary product developments has enabled the Company to become more able at efficiently serving consumers' insurance needs and we also concern the economy situations both domestic and overseas. A range of product availability includes motor and non-motor products and it is also a policy of expanding motor insurance along with the expansion of other types of insurance.

Activities

Report of the Board of Directors' Responsibilities for the Financial Statements

The board of directors puts strong emphasis on principles of good corporate governance and supervised financial reports presented in the annual report and such financial reports were stated in accordance with Thai Financial Reporting Standards, applying the appropriate accounting policies and consistently adhered with careful discretion and best estimation in the preparation. Beside, significant information was disclosed sufficiently in the notes to financial statements benefit to shareholders and investors in a transparent manner.

The board of directors has provided and maintained the appropriate and efficient internal control system to reasonably ensure that the accounting data are accurate, complete, and sufficient to maintain its assets and to prevent fraud and materially irregular operation.

The audit committee that comprise of independent directors have been assigned by the board of directors to take charge of the Company's financial reports and internal control quality matters. The audit committee's views regarding this issue is disclosed in this annual report under the section of the audit committee's report.

The board of directors is of the opinion that the overall the overall internal control system of the Company is sufficient and appropriate and can build the confidence that the financial statements of NKI for the year ended 31 December 2017 are reliable, comply with relevant laws and regulations as well as in accordance with Thai Financial Reporting Standards.

Suchin Wanglee
Chairman of the Board of Directors

Pitiphong Bisalputra
CEO& President

Independent Auditor's Report

To the Shareholders of The Navakij Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements, in which the equity method is applied, of The Navakij Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2017, and the related statements of income, comprehensive income, changes in owner's equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of The Navakij Insurance Public Company Limited.

In my opinion, the financial statements, in which the equity method is applied, referred to above present fairly, in all material respects, the financial position of The Navakij Insurance Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended and the separate financial statements of The Navakij Insurance Public Company Limited in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Insurance premium recognition

In 2017, the Company had revenue from insurance premiums amounting to Baht 2,636 million, which were derived from retail insured and had a large number of policies. The insurance premiums are collected from variety customers and insurance premiums amount rely on the processing of information technology system. I therefore focused on the recognition of insurance premiums with respect to the amount and appropriate timing.

I have assessed and tested the internal controls of information technology system and its internal controls with respect to underwriting, insurance premiums calculation and revenue recognition of insurance premiums by making enquiry of responsible executives, gaining an understanding and selecting representative samples to test the operation of the designed controls with respond to the amount and timing of revenue recognition in financial statements. In addition, I selected representative samples of insurance policies to assess whether revenue recognition was consistent with conditions specified in the insurance policies and whether it was in compliance with the Company's policy. I reviewed the insurance policies and endorsement transactions occurring during the accounting period, before and after period-end, which were recognised as revenues of the Company. In addition, I performed analytical procedures to compare insurance premiums recognised throughout the period and examined on sampling basis for accounting entries related to insurance premiums made through journal vouchers.

Insurance contract liabilities - claim reserves and outstanding claims

Insurance contract liabilities - claim reserves and outstanding claims account is highly significant to the financial statements. As at 31 December 2017, the Company had claim reserves and outstanding claims amounted to Baht 709 million (representing 24 percent of total liabilities). Claim reserves and outstanding claims normally includes both claims incurred and reported and claims incurred but not reported, which were calculated by the Company's management using actuarial techniques. The key assumptions applied were based on historical data and required the management to exercise substantial judgement in estimating such reserves so I addressed the adequacy of claim reserves and outstanding claims as a key audit matter. In addition, such claim reserves and outstanding claims are directly relevant to claim reserves refundable from reinsurers which were also calculated by the Company's management using actuarial techniques. As at 31 December 2017, the Company had claim reserves refundable from reinsurers amounting to Baht 146 million.

I assessed and tested the internal controls relevant to claims, loss adjustments, estimation of claim reserves and outstanding claims, and reinsurance by making enquiry of responsible executives regarding the criteria and assumptions used in the estimates made by the actuary. I selected, on a sampling basis, data used by the actuary in calculating the reserves, performed random test on major claims file, and performed analytical procedures on the frequency of claims and average loss per claim. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserve recognised, assessed the assumptions and methods used in the calculation of the reserves, and compared the assumptions to those used in the prior year. Moreover, I also reviewed the estimates of insurance reserves refundable from reinsurers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially

misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 Thai Financial Reporting Standards, 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 Thai Standards on Auditing 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.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499
EY Office Limited
Bangkok: 22 February 2018

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2017

(Unit: Baht)

		Financial statements in which the equity method is applied	Separate financial statements	
	Note	31 December 2017	31 December 2017	31 December 2016
Assets				
Cash and cash equivalents	*6*	110,457,820	110,457,820	137,665,316
Premium receivables	*7*	400,426,698	400,426,698	382,964,834
Accrued investment income		8,750,223	8,750,223	10,061,366
Reinsurance assets	*8*	461,512,334	461,512,334	559,065,448
Reinsurance receivables	*9*	357,479,075	357,479,075	431,553,544
Investment assets				
Investments in securities	*10*	2,960,745,991	2,905,521,396	3,111,987,378
Loans	*11*	669,755	669,755	610,526
Investments in associate	*12*	37,015,198	43,256,079	-
Property, building and equipment	*13*	270,438,590	270,438,590	278,572,806
Intangible assets	*14*	29,136,044	29,136,044	29,316,327
Deferred tax assets	*15.1*	172,208,336	172,208,336	177,551,261
Other assets				
Claims receivable from litigants	*16*	109,296,171	109,296,171	103,066,444
Deposits on rice field insurance scheme		50,347,585	50,347,585	141,779,385
Receivable on sales of securities		13,163,979	13,163,979	16,300,043
Others		183,300,005	183,300,005	151,705,101
Total assets		5,164,947,804	5,115,964,090	5,532,199,779

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied	Separate financial statements	
		31 December 2017	31 December 2017	31 December 2016
Liabilities and equity				
Liabilities				
Insurance contract liabilities	*17*	2,140,090,410	2,140,090,410	2,428,437,934
Due to reinsurers	*18*	627,073,739	627,073,739	772,795,263
Employee benefit obligations	*19*	45,818,627	45,818,627	44,298,674
Other liabilities				
Fee and commission payables		86,085,712	86,085,712	96,401,556
Accrued expenses		43,894,883	43,894,883	40,776,597
Liabilities under finance lease agreements	*20*	9,473,679	9,473,679	-
Others		40,089,290	40,089,290	53,498,029
Total liabilities		2,992,526,340	2,992,526,340	3,436,208,053
Equity				
Share capital	*21*			
Registered				
33,000,000 ordinary shares of Baht 10 each		330,000,000	330,000,000	330,000,000
Issued and paid up				
33,000,000 ordinary shares of Baht 10 each		330,000,000	330,000,000	330,000,000
Share premium		647,245,520	647,245,520	647,245,520
Retained earnings				
Appropriated				
Statutory reserve	*22*	33,000,000	33,000,000	33,000,000
General reserve		20,000,000	20,000,000	20,000,000
Unappropriated		1,058,789,835	1,007,515,095	929,847,678
Other components of equity		83,386,109	85,677,135	135,898,528
Total equity		2,172,421,464	2,123,437,750	2,095,991,726
Total liabilities and equity		5,164,947,804	5,115,964,090	5,532,199,779

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2017	2016	2017	2016
Income					
Gross premium written		2,635,821,877	2,839,044,098	2,635,821,877	2,839,044,098
Less: Premiums ceded to reinsurers		(625,597,889)	(639,496,432)	(625,597,889)	(639,496,432)
Net premium written		2,010,223,988	2,199,547,666	2,010,223,988	2,199,547,666
Add: Unearned premium reserves					
decrease from prior year		75,979,395	348,402,436	75,979,395	348,402,436
Net earned premium		2,086,203,383	2,547,950,102	2,086,203,383	2,547,950,102
Fee and commission income		179,930,356	147,825,512	179,930,356	147,825,512
Share of profit (loss) from investments					
in associate	*12.3*	(3,949,855)	3,138,081	-	-
Investments income, net	*10.5*	100,382,157	104,036,503	100,382,157	112,436,503
Profit on investments		55,924,253	61,330,293	55,924,253	89,332,320
Other income		7,175,994	9,163,571	7,175,994	9,163,571
Total income		2,425,666,288	2,873,444,062	2,429,616,143	2,906,708,008
Expenses					
Gross claim and loss adjustment expenses		1,686,238,818	2,075,450,386	1,686,238,818	2,075,450,386
Less: Claim recovery from reinsurers		(335,900,773)	(288,766,133)	(335,900,773)	(288,766,133)
Commission and brokerage expenses		436,869,508	482,051,767	436,869,508	482,051,767
Other underwriting expenses		186,650,559	209,390,639	186,650,559	209,390,639
Operating expenses	*23*	322,277,687	357,241,311	322,277,687	357,241,311
Total expenses		2,296,135,799	2,835,367,970	2,296,135,799	2,835,367,970
Profit before income tax expenses		129,530,489	38,076,092	133,480,344	71,340,038
Income tax expenses	*15.2*	(18,881,212)	(4,053,815)	(18,881,212)	(4,053,815)
Profit for the year		110,649,277	34,022,277	114,599,132	67,286,223
Earnings per share	*26*				
Basic earnings per share		3.35	1.03	3.47	2.04

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Profit for the year	110,649,277	34,022,277	114,599,132	67,286,223
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Share of other comprehensive income from an associate - Exchange differences on translation of financial statements in foreign currency (loss)	(2,291,026)	-	-	-
Share of other comprehensive income of associate - gain on changes in value of available-for-sale investments	-	7,311,109	-	-
Gain (loss) on changes in value of available-for-sale investments	(62,776,741)	35,469,288	(62,776,741)	35,469,288
Income tax effect	12,555,348	(7,093,857)	12,555,348	(7,093,857)
Other comprehensive income to be reclassified to profit and loss in subsequent periods - net of tax (loss)	(52,512,419)	35,686,540	(50,221,393)	28,375,431
Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Actuarial loss	(4,914,693)	(751,328)	(4,914,693)	(751,328)
Income tax effect	982,938	150,266	982,938	150,266
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of tax (loss)	(3,931,755)	(601,062)	(3,931,755)	(601,062)
Total comprehensive income for the year	54,205,103	69,107,755	60,445,984	95,060,592

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied									
						Other components of equity				
	Issued and paid-up share capital	Share premium	Retained earnings			Deficit on changes in value of investments in associate	Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Total other components of equity	Total
			Appropriated							
			Statutory reserve	General reserve	Unappropriated					
Balance as at 1 January 2016	320,000,000	647,227,997	31,000,000	20,000,000	1,027,650,965	(14,507,531)	-	107,523,097	93,015,566	2,138,894,528
Increase in share capital	10,000,000	17,523	-	-	-	-	-	-	-	10,017,523
Reversal of surplus on changes in interest in equity of associate	-	-	-	-	-	7,196,422	-	-	7,196,422	7,196,422
Unappropriated retained earnings transferred to statutory reserve	-	-	2,000,000	-	(2,000,000)	-	-	-	-	-
Dividend paid (Note 27)	-	-	-	-	(73,999,907)	-	-	-	-	(73,999,907)
Profit for the year	-	-	-	-	34,022,277	-	-	-	-	34,022,277
Other comprehensive income for the year (loss)	-	-	-	-	(601,062)	7,311,109	-	28,375,431	35,686,540	35,085,478
Balance as at 31 December 2016	330,000,000	647,245,520	33,000,000	20,000,000	985,072,273	-	-	135,898,528	135,898,528	2,151,216,321
Balance as at 1 January 2017	330,000,000	647,245,520	33,000,000	20,000,000	985,072,273	-	-	135,898,528	135,898,528	2,151,216,321
Dividend paid (Note 27)	-	-	-	-	(32,999,960)	-	-	-	-	(32,999,960)
Profit for the year	-	-	-	-	110,649,277	-	-	-	-	110,649,277
Other comprehensive income for the year (loss)	-	-	-	-	(3,931,755)	-	(2,291,026)	(50,221,393)	(52,512,419)	(56,444,174)
Balance as at 31 December 2017	330,000,000	647,245,520	33,000,000	20,000,000	1,058,789,835	-	(2,291,026)	85,677,135	83,386,109	2,172,421,464

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of changes in equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						
			Retained earnings				
			Appropriated			Other components of equity -	
	Issued and paid-up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	surplus on changes in value of available-for-sale investments	Total
Balance as at 1 January 2016	320,000,000	647,227,997	31,000,000	20,000,000	939,162,424	107,523,097	2,064,913,518
Increase in share capital	10,000,000	17,523	-	-	-	-	10,017,523
Unappropriated retained earnings transferred to statutory reserve	-	-	2,000,000	-	(2,000,000)	-	-
Dividend paid (Note 27)	-	-	-	-	(73,999,907)	-	(73,999,907)
Profit for the year	-	-	-	-	67,286,223	-	67,286,223
Other comprehensive income for the year (loss)	-	-	-	-	(601,062)	28,375,431	27,774,369
Balance as at 31 December 2016	330,000,000	647,245,520	33,000,000	20,000,000	929,847,678	135,898,528	2,095,991,726
Balance as at 1 January 2017	330,000,000	647,245,520	33,000,000	20,000,000	929,847,678	135,898,528	2,095,991,726
Dividend paid (Note 27)	-	-	-	-	(32,999,960)	-	(32,999,960)
Profit for the year	-	-	-	-	114,599,132	-	114,599,132
Other comprehensive income for the year (loss)	-	-	-	-	(3,931,755)	(50,221,393)	(54,153,148)
Balance as at 31 December 2017	330,000,000	647,245,520	33,000,000	20,000,000	1,007,515,095	85,677,135	2,123,437,750

The accompanying notes are an integral part of the financial statements.

The Navakij Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Cash flows from (used in) operating activities				
Direct premium written	2,583,103,225	2,939,307,108	2,583,103,225	2,939,307,108
Cash paid for reinsurance	(121,239,712)	(247,088,986)	(121,239,712)	(247,088,986)
Interest income	34,017,111	43,866,073	34,017,111	43,866,073
Dividend income	66,174,204	71,156,581	66,174,204	71,156,581
Other income	7,365,097	8,844,731	7,365,097	8,844,731
Loss incurred and loss adjustment expenses on direct insurance	(1,863,952,255)	(1,989,736,449)	(1,863,952,255)	(1,989,736,449)
Commission and brokerage on direct insurance	(436,820,436)	(494,151,882)	(436,820,436)	(494,151,882)
Other underwriting expenses	(186,650,560)	(209,390,639)	(186,650,560)	(209,390,639)
Operating expenses	(215,513,473)	(429,462,326)	(215,513,473)	(429,462,326)
Income tax expenses	(9,496,048)	(14,101,814)	(9,496,048)	(14,101,814)
Investments in securities	(15,848,456)	20,937,909	(15,848,456)	20,937,909
Investments in associates	(43,256,079)	-	(43,256,079)	-
Loans	(59,230)	178,660	(59,230)	178,660
Deposits and certificate of deposits at financial institutions	220,100,000	330,000,000	220,100,000	330,000,000
Net cash from operating activities	17,923,388	30,358,966	17,923,388	30,358,966
Cash flows from (used in) investing activities				
Purchases of property, building and equipment	(9,321,380)	(38,369,416)	(9,321,380)	(38,369,416)
Purchases of intangible assets	(2,342,500)	(12,771,912)	(2,342,500)	(12,771,912)
Disposals of property, building and equipment	956,093	705,484	956,093	705,484
Net cash used in investing activities	(10,707,787)	(50,435,844)	(10,707,787)	(50,435,844)
Cash flows from (used in) financing activities				
Cash received from share capital issuance	-	17,523	-	17,523
Repayment of liabilities under finance lease agreements	(1,423,137)	(4,167,080)	(1,423,137)	(4,167,080)
Dividend paid	(32,999,960)	(63,999,907)	(32,999,960)	(63,999,907)
Net cash used in financing activities	(34,423,097)	(68,149,464)	(34,423,097)	(68,149,464)
Net decrease in cash and cash equivalents	(27,207,496)	(88,226,342)	(27,207,496)	(88,226,342)
Cash and cash equivalents at beginning of year	137,665,316	225,891,658	137,665,316	225,891,658
Cash and cash equivalents at end of year	110,457,820	137,665,316	110,457,820	137,665,316

The accompanying notes are an integral part of the financial statements.

1. General information

The Navakij Insurance Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 27 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

2. Basis for preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission ("OIC"), and in accordance with the format of financial statements specified in the 2016 Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016, which became effective as from 1 January 2016 onwards.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note to the financial statements.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from Thai language financial statements.

2.1 Financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

2.2 Separate financial statements

The separate financial statements have been prepared, which presented investments in associates under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, one standard that directly relevant to the Company changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

(a) Gross premium written

Gross premium written consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders and adjust with unearned premium reserve.
Direct premium is recognised as income on the date the insurance policy comes into effect.

Reinsurance premium is recognised as income on the date the insurance policy comes into effect, or when the reinsurer places the statement of accounts with the Company.

(b) Fee and commission income

Fee and commission income from ceded premium are recognised as income when incurred.

(c) Investment income

Interest income and dividends on investment

Interest income is recognised as revenue on an accrual basis based on the effective interest rate. Dividends are recognised as revenue when the right to receive the dividends is established.

Interest income on loan

Interest income on loan is recognised as revenue on an accrual basis, based on the amount of principal outstanding.

(d) Profit (loss) on investment

Profit (loss) on investment is recognised as revenue or expense on the transaction date.

4.2 Expenses recognition

(a) Premiums ceded to reinsurer

Premiums ceded to reinsurer is recognised as expenses when the insurance risk is transferred to another insurer.

(b) Claim and loss adjustment expense

Claim and loss adjustment expense consist of claim and loss adjustment expenses of direct insurance and reinsurance of both reported and not reported, and include the amounts of claim, related expenses, and claim adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims recovery from reinsurer is recognised when claim and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.
Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured and estimates made by the Company's management. The maximum value of claim estimated is not however, to exceed the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

(c) Commission and brokerage expenses

Commission and brokerage expenses are expended when incurred.

(d) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(e) Operating expenses

Operating expenses are operating expenses, not related to underwriting and claim, which are recognised as expenses on accrual basis.

4.3 Product classification

The Company classified inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contract. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the benefits payable after an insured event with the benefits payable if the insured event did not occur. If the criteria are not met, the Company classifies the insurance contract as an investment contract. Investment contracts have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are specified as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on assessment of the significance of the insurance risk at inception of contract, on a contract by - contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the insurance risk becomes significant.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance is stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium due as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.6 Reinsurance assets

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claim in accordance with the law regarding insurance reserve calculation and unearned premium reserves which are refundable from reinsurers.

The Company set up an allowance for doubtful accounts, of reinsurance assets when had indicator for impairment, based on losses that may be incurred due to uncollectible, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods. Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.7 Reinsurance receivables and due to reinsurers

(a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.
Amounts due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company set up an allowance for doubtful accounts for loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

(b) Due to reinsurers are stated at the outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.
Amounts due to reinsurers consist of reinsurance premiums, and other items payable to reinsurers, excluding loss reserve from reinsurance.

The Company presents net of reinsurance to the same entity (reinsurance receivables or amounts due to reinsurers) when the following criteria for offsetting are met.

(1) The Company has a legal right to offset amounts presented in the statements of financial position, and
(2) The Company intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.8 Investments in securities

Investments in available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded in statements of comprehensive income, and will be recorded in the statements of income when the securities are sold.

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investments.
On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statements of income.

4.9 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in statements of income.

4.10 Investments in associates

Investments in an associates, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and is subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investments in an associates, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in the statement of income.

4.11 Property, buildings and equipment /Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives.

Buildings	-	20	years
Condominium units	-	20, 40	years
Buildings improvement	-	5, 10, 20	years
Office furniture, fixture and equipment	-	5, 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in statements of income when the asset is derecognised.

4.12 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite life is amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to statements of income.

The useful life of intangible assets with finite useful life which is computer software is 10 years.

4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the land, buildings and equipment or intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in statements of income.

In the assessment of asset impairment if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior period. Such reversal is recognised immediately in statements of income.

4.14 Insurance contract liabilities

Insurance contract liabilities consist of claim reserve and outstanding claims and premium reserves.

(a) Claim reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is however, not to exceed the sum-insured under the relevant policy.

Outstanding claim provision are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of the reporting periods for both reported and not reported losses including loss adjustment expense, after deducting salvage values and other recoverable values. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, the Company has additionally provided reserves for claims incurred but not yet reported (IBNR).

(b) Premium reserves

Premium reserves consist of unearned premium reserve and unexpired risk reserve.

(1) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	- Daily average basis by the period of coverage under policy

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, and recognised for the policy that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims and related expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is therefore presented in the financial statements.

4.15 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by an independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At the end of each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.17 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.18 Long-term lease

Leases of premises or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to statements of income over the lease period. The premises or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in statements of income on a straight-line basis over the lease term.

4.19 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gain and loss on exchange are included in determining income.

4.20 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for doubtful accounts on receivables /loans /premium receivables /amounts due from reinsurers

In determining an allowance for doubtful accounts on receivables, loans, premium receivables and amount due from reinsurers, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.2 Impairment of investments in securities

The Company treats investments as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

5.3 Land, buildings and equipment/ Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review land, buildings and equipment for impairment on a periodical basis and record impairment loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 Intangible assets and amortisation

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profit.

5.6 Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred loss, average costs per claim and claim numbers, etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.7 Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims and related expenses expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgement, with reference to historical data and the best estimates available at the time.

5.8 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.9 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.10 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period.

5.11 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.12 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

	2017	2016
Cash on hand	282,000	302,000
Deposits at banks with no fixed maturity date	110,175,820	137,363,316
Cash and cash equivalents	110,457,820	137,665,316

As at 31 December 2017, bank deposits in saving account and fixed deposits carried interest between 0.10 and 1.75 percent per annum (2016: between 0.10 and 1.75 percent per annum).

7. Premium receivables

As at 31 December 2017 and 2016, the balances of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2017	2016
Not yet due	343,302,615	327,757,450
Not over 30 days	34,151,021	31,218,737
Over 31 days to 60 days	12,017,578	11,442,892
Over 61 days to 90 days	3,486,906	6,125,326
Over 91 days to 1 year	8,288,492	8,146,121
Over 1 year	5,579,271	4,148,036
Total premium receivables	406,825,883	388,838,562
Less: Allowance for doubtful accounts	(6,399,185)	(5,873,728)
Total premium receivables, net	400,426,698	382,964,834

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

8. Reinsurance assets

(Unit: Baht)

	2017	2016
Insurance reserve refundable from reinsurers		
Claims reserves	145,651,788	201,281,657
Unearned premium reserve	315,860,546	357,783,791
Reinsurance assets	461,512,334	559,065,448

9. Reinsurance receivables

(Unit: Baht)

	2017	2016
Amounts deposit on reinsurance	3,106	5,386
Amounts due from reinsurers	357,475,969	431,548,158
Total	357,479,075	431,553,544

As at 31 December 2017 and 2016, the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2017	2016
Not yet due	341,841,652	422,960,474
Not over 1 year	13,234,876	8,042,801
Over 1 year to 2 years	2,274,613	235,363
Over 2 years	124,828	309,520
Total amounts due from reinsurers	357,475,969	431,548,158

10. Investments in securities

10.1 Classified by type of investments

(Unit: Baht)

	Financial statements in which the equity method is applied	
	31 December 2017	
	Cost/ Amortised cost	Fair value
Available-for-sale investments		
Government and state enterprise securities	409,700,865	405,306,289
Private debt securities	780,662,739	786,624,859
Equity securities	999,933,398	1,105,462,272
Total	2,190,297,002	2,297,393,420
Add: Unrealised gain	107,096,418	-
Less: Allowance for impairment	(23,753,224)	(23,753,224)
Total available-for-sale investments	2,273,640,196	2,273,640,196
Held-to-maturity investments		
Government and state enterprise securities	10,000,000	
Deposits and certificate of deposits at financial institutions which matured over 3 months	535,000,000	
Total held-to-maturity investments	545,000,000	
Other investments		
Equity securities	144,673,295	
Less: Allowance for impairment	(2,567,500)	
Total other investments	142,105,795	
Total investments in securities	2,960,745,991	

(Unit: Baht)

	Separate financial statements			
	31 December 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	409,700,865	405,306,289	514,609,000	512,391,369
Private debt securities	780,662,739	786,624,859	614,853,221	616,869,641
Equity securities	999,933,398	1,105,462,272	974,424,022	1,144,498,392
Total	2,190,297,002	2,297,393,420	2,103,886,243	2,273,759,402
Add: Unrealised gain	107,096,418	-	169,873,159	-
Less: Allowance for impairment	(23,753,224)	(23,753,224)	(13,753,224)	(13,753,224)
Total available-for-sale investments	2,273,640,196	2,273,640,196	2,260,006,178	2,260,006,178
Held-to-maturity investments				
Government and state enterprise securities	10,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which matured over 3 months	535,000,000		755,100,000	
Total held-to-maturity investments	545,000,000		765,100,000	
Other investments				
Equity securities	89,448,700		89,448,700	
Less: Allowance for impairment	(2,567,500)		(2,567,500)	
Total other investments	86,881,200		86,881,200	
Total investments in securities	2,905,521,396		3,111,987,378	

As at 31 December 2017 and 2016, equity securities in other investments caption included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

10.2 Remaining period of debt securities

Investments in debt securities as at 31 December 2017 and 2016 will be matured redemption as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements			Separate financial statements		
	2017			2016		
	Period to maturity			Period to maturity		
	1 year	1 - 5 years	Total	1 year	1 - 5 years	Total
Available-for-sale investments						
Government and state enterprise securities	294,592,764	65,392,083	359,984,847	440,824,667	30,000,000	470,824,667
Private enterprise securities	300,710,236	479,952,503	780,662,739	285,143,969	329,709,252	614,853,221
Total	595,303,000	545,344,586	1,140,647,586	725,968,636	359,709,252	1,085,677,888
Add: Unrealised gain	891,349	6,048,420	6,939,769	1,121,017	1,781,914	2,902,931
Total available-for-sale investments	596,194,349	551,393,006	1,147,587,355	727,089,653	361,491,166	1,088,580,819
Held-to-maturity investments						
Government and state enterprise securities	-	10,000,000	10,000,000	10,000,000	-	10,000,000
Deposits and certificate of deposits at financial institutions which matured over 3 months	535,000,000	-	535,000,000	755,100,000	-	755,100,000
Total held-to-maturity investments	535,000,000	10,000,000	545,000,000	765,100,000	-	765,100,000

10.3 Other components of equity - surplus on changes in value of available-for-sale investments

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	Separate financial statements
	For the year ended 31 December	
	2017	2016
Balance - beginning of the years	135,898,528	107,523,097
Changes during the years		
Unrealised gain (loss) during the years	(6,852,488)	106,924,030
Realised gain that included in statement of income	(55,924,253)	(71,454,742)
	(62,776,741)	35,469,288
Relating income tax	12,555,348	(7,093,857)
Net comprehensive income for the years (loss)	(50,221,393)	28,375,431
Balance - end of the years	85,677,135	135,898,528

10.4 Investments subject to restriction

As at 31 December 2017 and 2016, the Company placed some investments as a security with the Registrar and pledged some investments as bail bond in cases where insured drivers have been charged with criminal offence as described in Note 30 and 31 to the financial statements.

10.5 Net investment income

During the years ended 31 December 2017 and 2016, the Company has investment income as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
Interest income from debt securities	34,208,703	41,279,172	34,208,703	41,279,172
Dividends received from equity securities	66,173,454	62,757,331	66,173,454	71,157,331
Investment income	100,382,157	104,036,503	100,382,157	112,436,503

11. Loans

As at 31 December 2017 and 2016, the balances of loans are aged by principal as follows:

(Unit: Baht)

Outstanding year	2017			2016		
	Mortgage loans	Other loans	Total	Mortgage loans	Other loans	Total
Not yet due	282,342	387,413	669,755	315,150	295,376	610,526
Total loans	282,342	387,413	669,755	315,150	295,376	610,526

These are loans provided to employees in accordance with the employee welfare scheme, with a credit line of Baht 50,000 for loans secured by personal guarantees, and the credit line is not to exceed 50 times the employee's monthly salary for secured loans. Interest on these loans is charged at rate of 7.0% and 6.5% per annum, respectively.

12. Investments in associate

12.1 Details of associate

Investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited

As at 31 December 2017, the Company has investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, as detailed below:

(Unit: Baht)

Company's name	Nature of business	Shareholding percentage	Financial statements in which the equity method is applied	Separate financial statements
			Book value	Cost/Book value
		31 December 2017	31 December 2017	31 December 2017
		(%)		
TKI General Insurance Company Limited	Non-life insurance	32.50	18,675,444	21,628,040
TKI Life Insurance Company Limited	Life insurance	32.50	18,339,754	21,628,039
			37,015,198	43,256,079

During the year, the Company invested in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, in accordance with a joint investment contract that required the Company to invest in 2,600,000 ordinary shares with a par value of LAK 2,000 each, totaling LAK 5,200 million, or representing 32.5 percent of the paid-up share capital of those companies. The Company has influence over these companies and therefore records the investments as investments in associates since invested date.

The Falcon Insurance Public Company Limited

On 30 March 2016, The Falcon Insurance Public Company Limited issued additional shares and allocated to its existing shareholders in proportion to their shareholding and the Company did not allow by the regulator to exercise its right to subscribe to these shares, resulting its shareholding was decreased from 20% to 12% of the paid-up share capital of Falcon Insurance. Following the dilution of its holding, the Company did not have significant influence over Falcon Insurance and then it therefore had to reclassify this investment from investment in associate to other investment.

As a result of this reduction in the Company's interest, the Company recognised gain or loss on revaluation of the fair value of the remaining interest compared with the value of the investment under the equity method as of the date the equity method ceased to be applied, and reversed unrealised gain or loss on revaluation previously recognised in the statement of comprehensive income. As a result, the Company recognised loss from ceasing application of the equity method of Baht 28.0 million, and presented as deduction item against profit on investment in the statement of income in which the equity method is applied.

Moreover, because the Company did not exercise its right to subscribe the additional shares, the Company transferred its right to purchase such shares to another company, with the Company receiving payment for the transfer of Baht 17.9 million and recognising this as gain on investment in the statement of income (in both the separate financial statements and financial statements in which the equity method is applied).

12.2 Financial information of associate

Summarised information about financial position

(Unit: Baht)

	31 December 2017	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Total assets	61,378,411	58,627,564
Total liabilities	(3,915,508)	(2,197,551)
Net assets	57,462,903	56,430,013
Shareholding percentage (%)	32.50	32.50
Book value of the associate based on equity method	18,675,444	18,339,754

Summarised information of comprehensive income

(Unit: Baht)

	For the year ended 31 December 2017		For the year ended 31 December 2016
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	The Falcon Insurance Plc. (1)
Revenues	614,952	667,601	299,348,859
Profit (loss) for the years	(5,538,701)	(6,614,698)	15,690,407
Other comprehensive income (loss)	(3,546,210)	(3,503,102)	36,555,547
Total comprehensive income (loss)	(9,084,911)	(10,117,800)	52,245,954

(1) This entity had been classified as an associated company up to 30 March 2016 and so revenues and profit are only presented until the date that this company cased to be an associated company

The financial information of associate companies as the above tables were prepared by the management of such company.

12.3 Shares of profit (loss) and dividend received

During the years ended 31 December 2017 and 2016, the Company recognised its share of profit (loss) from investments in an associate company in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

Associated company	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit (loss) from profit and loss		Share of profit (loss) from other comprehensive income		Dividend received	
	2017	2016	2017	2016	2017	2016
The Falcon Insurance Plc. (1)	-	3,138,081	-	7,311,109	-	8,400,000
TKI General Insurance Company Limited	(1,880,078)	-	(1,152,518)	-	-	-
TKI Life Insurance Company Limited	(2,149,777)	-	(1,138,508)	-	-	-
	(3,949,855)	3,138,081	(2,291,026)	7,311,109	-	8,400,000

(1) This entity had been classified as associated company only up to 30 March 2016

13. Property, building and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2016	5,385,371	24,521,452	270,282,501	102,332,709	206,137,953	61,755,413	28,660,138	699,075,537
Additions	-	-	-	375,687	5,110,259	7,781,000	25,102,470	38,369,416
Disposals	-	-	-	(25,977,750)	(113,065,576)	(3,972,245)	-	(143,015,571)
Transfers in (out)	-	-	-	32,482,546	4,862,391	-	(37,344,937)	-
31 December 2016	5,385,371	24,521,452	270,282,501	109,213,192	103,045,027	65,564,168	16,417,671	594,429,382
Additions	-	-	-	-	11,688,599	4,697,000	1,920,781	18,306,380
Disposals	-	-	-	(2,937,849)	(3,838,956)	(6,672,500)	-	(13,449,305)
Transfers in (out)	-	-	-	14,798,652	3,114,800	-	(17,913,452)	-
31 December 2017	5,385,371	24,521,452	270,282,501	121,073,995	114,009,470	63,588,668	425,000	599,286,457
Accumulated depreciation								
1 January 2016	-	8,152,618	136,520,064	64,432,637	176,522,838	44,761,103	-	430,389,260
Depreciation for the year	-	702,724	8,924,590	3,160,861	9,799,024	5,509,045	-	28,096,244
Depreciation on disposals	-	-	-	(25,649,375)	(113,007,319)	(3,972,234)	-	(142,628,928)
31 December 2016	-	8,855,342	145,444,654	41,944,123	73,314,543	46,297,914	-	315,856,576
Depreciation for the year	-	700,804	3,966,519	4,084,949	10,611,498	5,931,630	-	25,295,400
Depreciation on disposals	-	-	-	(1,945,545)	(3,817,101)	(6,541,463)	-	(12,304,109)
31 December 2017	-	9,556,146	149,411,173	44,083,527	80,108,940	45,688,081	-	328,847,867
Net book value								
31 December 2016	5,385,371	15,666,110	124,837,847	67,269,069	29,730,484	19,266,254	16,417,671	278,572,806
31 December 2017	5,385,371	14,965,306	120,871,328	76,990,468	33,900,530	17,900,587	425,000	270,438,590
Depreciation for the year								
2016								28,096,244
2017								25,295,400

As at 31 December 2017, the Company had certain items of buildings and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 238.2 million (2016: Baht 129.6 million).

14. Intangible assets

As at 31 December 2017 and 2016, the net book value of intangible assets are presented below.

(Unit: Baht)

	Computer Software	Computer software under improvement	Total
Cost			
1 January 2016	76,418,928	470,000	76,888,928
Additions	12,771,912	-	12,771,912
Transfers in (out)	470,000	(470,000)	-
31 December 2016	89,660,840	-	89,660,840
Additions	4,042,500	-	4,042,500
31 December 2017	93,703,340	-	93,703,340
Accumulated amortisation			
1 January 2016	56,397,995	-	56,397,995
Amortisation for the year	3,946,518	-	3,946,518
31 December 2016	60,344,513	-	60,344,513
Amortisation for the year	4,222,783	-	4,222,783
31 December 2017	64,567,296	-	64,567,296
Net book value			
31 December 2016	29,316,327	-	29,316,327
31 December 2017	29,136,044	-	29,136,044

As at 31 December 2017, the Company had certain items of computer software which have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 49.7 million (2016: Baht 49.0 million)

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the year ended 31 December	
	2017	2016	2017	2016
Deferred tax assets				
Unearned premium reserve	62,144,705	62,194,690	(49,985)	(20,329,725)
Allowance for loss on impairment of investments	5,264,145	3,264,145	2,000,000	-
Allowance for doubtful accounts	28,011,166	26,772,397	1,238,769	4,806,541
Amortisation of value of business acquired	-	-	-	(1,156,040)
Loss reserves	50,645,524	78,649,146	(28,003,622)	(7,767,093)
Provision for loss incurred but not reported (IBNR)	6,892,008	6,744,682	147,326	2,790,247
Employee benefit obligations	12,763,724	10,659,735	1,121,051	(2,851,924)
Unutilised tax loss	27,728,525	19,597,831	8,130,694	19,597,831
Others	1,625,533	3,643,267	(2,017,734)	861,267
Total	195,075,330	211,525,893		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale securities	21,419,283	33,974,632		
Others	1,447,711	-	(1,447,711)	1,121
Total	22,866,994	33,974,632		
Deferred tax assets - net	172,208,336	177,551,261		
Total change			(18,881,212)	(4,047,775)

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Baht)

	2017	2016
Current income tax:		
Current income tax charge for the year	-	-
Deferred tax:		
Adjustment in respect of current income tax of previous year	-	6,040
Relating to origination and reversal of temporary differences	18,881,212	4,047,775
Income tax expenses reported in statements of income	18,881,212	4,053,815

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	129,530,489	38,076,092	133,480,344	71,340,038
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	25,906,098	7,615,218	26,696,069	14,268,007
Adjustment in respect of current income tax of previous year	-	6,040	-	6,040
Effects of:				
Exempted expenses	6,448,755	3,952,214	6,448,755	3,952,214
Allowed additional expense deductions	(1,550,616)	(1,396,394)	(1,550,616)	(1,396,394)
Others	(11,923,025)	(6,123,263)	(12,712,996)	(12,776,052)
Income tax expenses reported in statements of income	18,881,212	4,053,815	18,881,212	4,053,815

16. Claims receivable from litigants

Claims receivable from litigants classified by the year of the claims incurred are as follows:

(Unit: Baht)

Claim years	2017	2016
Year 2017	82,925,615	-
Year 2016	58,774,527	109,914,456
Year 2015	33,304,498	45,813,185
Year 2014	16,697,216	18,918,105
Year 2013	18,723,066	20,190,048
Prior to 2013	37,691,596	39,094,154
Total claims receivable from litigants	248,116,518	233,929,948
Less: Allowance for doubtful accounts	(138,820,347)	(130,863,504)
Claims receivable from litigants, net	109,296,171	103,066,444

17. Insurance contract liabilities

(Unit: Baht)

	2017		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	623,877,548	(94,572,633)	529,304,915
Claim incurred but not reported	85,539,194	(51,079,155)	34,460,039
Premium reserves			
Unearned premium reserves	1,430,673,668	(315,860,546)	1,114,813,122
Total	2,140,090,410	(461,512,334)	1,678,578,076

(Unit: Baht)

	2016		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	818,502,887	(173,646,326)	644,856,561
Claim incurred but not reported	61,358,739	(27,635,331)	33,723,408
Premium reserves			
Unearned premium reserves	1,548,576,308	(357,783,791)	1,190,792,517
Total	2,428,437,934	(559,065,448)	1,869,372,486

During the years 2017 and 2016, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, insurance contract liabilities disclosures have been made on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Claim reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2017	2016
Beginning balance	879,861,626	793,501,254
Claim expenses for the year	1,771,006,876	2,191,994,603
Change in claim reserves and outstanding claims from the prior year	(10,211,659)	(56,005,437)
Change in assumption for calculating claim reserves	24,180,455	28,254,623
Claim paid during the year	(1,955,420,556)	(2,077,883,417)
Ending balance	709,416,742	879,861,626

As at 31 December 2017, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 10.3 million (2016: Baht 12.0 million).

17.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to 2010	2010	2011	2012	2013	2014	2015	2016	2017	Total
Claim estimates:										
- as at accident year		1,093	1,160	1,269	1,379	1,409	1,956	2,187	1,761	
- Next one year		1,089	1,182	1,232	1,396	1,388	1,941	2,199		
- Next two years		1,049	1,175	1,213	1,359	1,385	1,961			
- Next three years		1,045	1,172	1,211	1,361	1,386				
- Next four years		1,045	1,169	1,213	1,358					
- Next five years		1,041	1,172	1,211						
- Next six years		1,043	1,170							
- Next seven years		1,039								
Ultimate claim reserves		1,039	1,170	1,211	1,358	1,386	1,961	2,199	1,761	
Cumulative payment to date		(1,036)	(1,167)	(1,207)	(1,352)	(1,371)	(1,939)	(2,140)	(1,183)	
Total	4	3	3	4	6	15	22	59	578	694
Claim for inward treaty										10
Unallocated loss adjustment expenses										5
Total claim reserves and outstanding claims before reinsurance										709

(b) Net claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to 2010	2010	2011	2012	2013	2014	2015	2016	2017	Total
Claim estimates:										
- as at accident year		888	995	997	1,209	1,270	1,681	1,901	1,500	
- Next one year		848	1,009	1,008	1,236	1,262	1,660	1,853		
- Next two years		851	1,003	999	1,203	1,253	1,680			
- Next three years		854	1,002	998	1,205	1,254				
- Next four years		854	1,000	999	1,202					
- Next five years		852	1,002	997						
- Next six years		854	1,000							
- Next seven years		850								
Ultimate claim reserves		850	1,000	997	1,202	1,254	1,680	1,853	1,500	
Cumulative payment to date		(847)	(998)	(993)	(1,195)	(1,246)	(1,662)	(1,811)	(1,038)	
Total	3	3	2	4	7	8	18	42	462	549
Claim for inward treaty										10
Unallocated loss adjustment expenses										5
Total claim reserves and outstanding claims after reinsurance										564

17.3 Methodology and assumption

The methodology and assumptions adopted for the gross and net valuations of insurance contract liabilities (claim reserves and outstanding claims) as at 31 December 2017 are presented as follows:

(a) Outstanding claims provision

1. Direct and inward facultative business

   The Company used 3 actuarial methods as follows:

   1.1 Chain Ladder method based on both claims paid and claims incurred

   1.2 Bornhuetter-Ferguson method ("BF") based on both claims paid and claims incurred

   1.3 Expected Loss Ratio method ("ELR")

   The Company mostly relies on the Chain Ladder method on claims incurred to derive the best estimate of claims liability. The BF and ELR methods are also used where appropriate. Loss Development Factors ("LDF") are selected based on a range of criteria, which include the pattern of historical claims payments and claims incurred. In most instances, the loss development factors selected are based on various average loss development factors for each development year. The Company also takes into consideration whether averages may not be appropriate, such as because the average does not reflect the Company's operational changes, the average is inappropriate due to distortion by large claims, or the average is contrary to a trend in the recent ratios.

   Both qualitative and quantitative factors are taken by the Company into consideration in the selection of LDF to produce claim reserves that appropriately reflect the Company's future claims liability as at the valuation date.

2. Inward treaty business

   The Company uses a basic approach in estimating claims reserves provision for inward treaty business. This approach assumes that the claims reserves requirements for the inward treaty business would be proportionally similar to those of the direct and inward facultative business. The Company therefore use the percentage of gross outstanding case reserves to apply with inward treaty contracts.

(b) Estimation of unallocated loss adjustment expenses reserve

In determining the unallocated loss adjustment expenses (ULAE) reserve, the Company uses the ratio of ULAE to the average of paid losses and reported losses is based on the assumption that half of a claim's ULAE is expended when a loss is reported, and half when it is paid.

The ULAE ratios are computed for motor and non-motor classes separately and are applied onto the best estimate of gross claim liability (excluding flood claims in 2011) to obtain the ULAE reserves for claims liability.

ULAE reserve is computed as the sum of the ULAE ratio multiplied by half of the case reserve and outstanding claims, plus the ULAE ratio multiplied by the incurred but not reported (IBNR) reserve.

(c) Economic assumptions

The Company has not discounted for future investment earnings, and has not explicitly inflation adjusted claim amounts payable in the future. However, the Company has implicitly allowed for future claims inflation to the extent that this is evident in past claims development.

(d) Other assumptions

The Company has assumed that claims development patterns are generally consistent and stable over the years and also assumed that the past inflation pattern will continue into future projected years. For claims prior to accident year 2004, the Company has reached their ultimate claim so there would be no IBNR from these claims.

17.4 Unearned premium reserves

(Unit: Baht)

	For the years ended 31 December	
	2017	2016
Beginning balance	1,548,576,308	1,802,411,726
Premium written for the year	2,635,821,877	2,839,044,098
Premium earned for the current year	(2,753,724,517)	(3,092,879,516)
Ending balance	1,430,673,668	1,548,576,308

18. Due to reinsurers

(Unit: Baht)

	2017	2016
Amounts withheld on reinsurance	238,684,737	247,803,518
Amounts due to reinsurers	388,389,002	524,991,745
Total due to reinsurers	627,073,739	772,795,263

19. Employee benefit obligations

The movement of provision for employee benefit obligations for the years ended 31 December 2017 and 2016 was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2017	2016
Employee benefit obligations at beginning of year	44,298,674	40,782,961
Included in statement of income:		
Current service cost	4,142,732	4,232,832
Interest cost	1,506,528	1,291,953
Total items included in statement of income	5,649,260	5,524,785
Included in statement of comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumption change	3,097,826	1,738,554
Financial assumption change	129,895	(1,625,597)
Experience adjustment	1,686,972	638,371
Total items included in statement of comprehensive income	4,914,693	751,328
Benefits paid during the year	(9,044,000)	(2,760,400)
Employee benefit obligations at end of year	45,818,627	44,298,674

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years, and the Company expected to pay Baht 2.4 million of long-term employee benefits during the next year (2016: 11 years and Baht 9 million, respectively).

Significant actuarial assumptions are summarised below:

(Unit: % per annum)

	2017	2016
Discount rate	2.7	3.1
Salary increase rate	6.4	6.8
Staff turnover rate	0.0 - 21.0	0.0 - 21.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Baht)

	2017	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 1,519,254	Liabilities increase 1,608,584
Salary increase rate	Liabilities increase 1,543,470	Liabilities decrease 1,474,460
Staff turnover rate	Liabilities decrease 1,662,979	Liabilities increase 1,753,745

(Unit: Baht)

	2016	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 1,371,090	Liabilities increase 1,452,031
Salary increase rate	Liabilities increase 1,393,867	Liabilities decrease 1,331,186
Staff turnover rate	Liabilities decrease 1,528,307	Liabilities increase 1,612,513

20. Liabilities under finance lease agreements

	2017
Liabilities under finance lease agreements	10,286,743
Less: Deferred interest expenses	(813,064)
Total	9,473,679
Less: Portion due within one year	(2,978,018)
Liabilities under finance lease agreement - net of current portion	6,495,661

The Company has entered into finance lease agreements with the leasing companies to lease motor vehicles, equipment, and computer software for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	2017		
	ss than 1 year	1 - 5 years	Total
Future minimum lease payments	3,406,848	6,879,895	10,286,743
Deferred interest expenses	(428,830)	(384,234)	(813,064)
Present value of future minimum lease payments	2,978,018	6,495,661	9,473,679

21. Share capital

On 21 April 2016, the 2016 Annual General Meeting of shareholders approved an increase of the Company's registered share capital from Baht 320 million to be Baht 330 million (33 million shares of Baht 10 each) by newly issued the ordinary shares in amount of 1 million shares with the par value at 10 Baht per share to support the stock dividend payment, and approved to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Registered Provident Fund amount of 349 shares at Baht 60.13 per share (amounting to Baht 20,985). The Company registered the increase of share capital with the Ministry of Commerce on 10 June 2016.

As at 31 December 2017 and 2016, the Company's registered, issued and paid-up share capital consists of 33 million shares with par value of Baht 10 per share.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit, until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

23. Operating expenses

	2017	2016
Personnel expenses which is not expenses for underwriting and claims	185,066,966	184,952,935
Premises and equipment expenses	84,576,112	90,402,918
Taxes and duties	3,105,264	3,193,467
Bad debts and doubtful accounts	8,571,127	24,236,995
Other operating expenses	40,958,218	54,454,996
Total operating expenses	322,277,687	357,241,311

24. Expenses by nature

(Unit: Baht)

	2017	2016
Net claim and loss adjustment expenses	1,308,657,914	1,743,395,779
Commissions and brokerage expenses	436,869,508	482,051,767
Other underwriting expenses	154,755,637	176,840,838
Personnel expenses	258,642,019	260,791,210
Premises and equipment expenses	84,576,112	90,402,918
Bad debts and doubtful accounts	8,571,127	24,236,995
Other operating expenses	44,063,482	57,648,463
Total	2,296,135,799	2,835,367,970

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Tisco Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company contributed Baht 8.3 million (2016: Baht 8.2 million) to the fund.

26. Earnings per share

Basic earnings per share is calculated by dividing profits for the years (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

27. Dividends

Dividends declared during the years ended 31 December 2017 and 2016 consisted of the following:

	Approved by	Total dividends	Dividends per share
		(Million Baht)	(Baht)
Dividends from 2016 net profit (Cash dividends of Baht 1.00 per share)	Annual General Meeting of the shareholders on 27 April 2017	33.0	1.00
Dividends from 2015 net profit (Cash dividends of Baht 2.00 per share and stock dividends of Baht 0.31 per share)	Annual General Meeting of the shareholders on 21 April 2016	74.0	2.31

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Chairman of the Executive Board.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities, and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

(Unit: Baht)

	Financial statements in which the equity method is applied				
	For the year ended 31 December 2017				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	561,124,305	76,634,897	1,567,769,840	430,292,835	2,635,821,877
Less: Premiums ceded to reinsurers	(256,947,448)	(36,877,807)	(15,677,876)	(316,094,758)	(625,597,889)
Net premium written	304,176,857	39,757,090	1,552,091,964	114,198,077	2,010,223,988
Add (less): Unearned premium reserves (increase) decrease from prior year	(4,620,764)	(1,191,412)	75,567,624	6,223,947	75,979,395
Net earned premium	299,556,093	38,565,678	1,627,659,588	120,422,024	2,086,203,383
Fee and commission income	79,960,568	13,020,892	2,495,307	84,453,589	179,930,356
Total underwriting income	379,516,661	51,586,570	1,630,154,895	204,875,613	2,266,133,739
Underwriting expenses					
Claim and loss adjustment expenses - net	103,245,064	9,844,857	1,158,207,484	79,040,640	1,350,338,045
Commission and brokerage expenses	127,671,668	10,267,723	244,642,844	54,287,273	436,869,508
Other underwriting expenses	34,181,086	2,611,614	109,071,398	40,786,461	186,650,559
Total underwriting expenses before operating expenses	265,097,818	22,724,194	1,511,921,726	174,114,374	1,973,858,112
Profit from underwriting before operating expenses	114,418,843	28,862,376	118,233,169	30,761,239	292,275,627
Operating expenses					(322,277,687)
Loss from underwriting					(30,002,060)
Share of loss from investments in associates					(3,949,855)
Investment income					100,382,157
Profit on investments					55,924,253
Other income					7,175,994
Profit before income tax expenses					129,530,489
Income tax expenses					(18,881,212)
Profit for the year					110,649,277

(Unit: Baht)

	Financial statements in which the equity method is applied				
	For the year ended 31 December 2016				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	577,230,342	77,162,808	1,756,202,232	428,448,716	2,839,044,098
Less: Premiums ceded to reinsurers	(270,645,276)	(39,305,564)	(16,259,774)	(313,285,818)	(639,496,432)
Net premium written	306,585,066	37,857,244	1,739,942,458	115,162,898	2,199,547,666
Add (less): Unearned premium reserves (increase) decrease from prior year	(28,122,174)	1,060,432	391,501,128	(16,036,950)	348,402,436
Net earned premium	278,462,892	38,917,676	2,131,443,586	99,125,948	2,547,950,102
Fee and commission income	58,643,167	14,400,007	3,278,510	71,503,828	147,825,512
Total underwriting income	337,106,059	53,317,683	2,134,722,096	170,629,776	2,695,775,614
Underwriting expenses					
Claim and loss adjustment expenses - net	88,836,321	9,208,426	1,626,666,707	61,972,799	1,786,684,253
Commission and brokerage expenses	133,433,340	10,375,955	295,784,397	42,458,075	482,051,767
Other underwriting expenses	29,517,525	1,895,564	141,094,337	36,883,213	209,390,639
Total underwriting expenses before operating expenses	251,787,186	21,479,945	2,063,545,441	141,314,087	2,478,126,659
Profit from underwriting before operating expenses	85,318,873	31,837,738	71,176,655	29,315,689	217,648,955
Operating expenses					(357,241,311)
Loss from underwriting					(139,592,356)
Share of profit from investments in associate					3,138,081
Investment income					104,036,503
Profit on investments					61,330,293
Other income					9,163,571
Profit before income tax expenses					38,076,092
Income tax expenses					(4,053,815)
Profit for the year					34,022,277

Segment assets and liabilities of the Company's operating segments as at 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 31 December 2017	315,722,177	37,569,063	182,637,585	326,010,207	861,939,032	4,303,008,772	5,164,947,804
Liabilities							
As at 31 December 2017	466,585,752	38,504,389	1,316,154,039	318,846,230	2,140,090,410	852,435,930	2,992,526,340

(Unit: Baht)

	Separate financial statements						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 31 December 2017	315,722,177	37,569,063	182,637,585	326,010,207	861,939,032	4,254,025,058	5,115,964,090
As at 31 December 2016	405,445,905	31,263,577	194,390,302	310,930,498	942,030,282	4,590,169,497	5,532,199,779
Liabilities							
As at 31 December 2017	466,585,752	38,504,389	1,316,154,039	318,846,230	2,140,090,410	852,435,930	2,992,526,340
As at 31 December 2016	570,072,867	32,999,167	1,505,026,799	320,339,101	2,428,437,934	1,007,770,119	3,436,208,053

Geographic information

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customer's information

During the years ended 31 December 2017, the Company had no major customer with revenue of 10 percent or more of the total gross premium written (2016: Baht 257 million).

29. Related party transactions

29.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

Name of related parties	Nature of relationship
TKI General Insurance Company Limited	Associated company
TKI Life Insurance Company Limited	Associated company
The United Indemnity Co., Ltd.	7.02% of shares held in the Company
The Falcon Insurance Plc. (1)	12.00% of shares held by the Company
Thai Reinsurance Plc. (2)	Common directors and through shareholding
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc.	Common directors and through shareholding
Rangsit Plaza Co., Ltd.	Common directors and through shareholding
Sathorn Thani Co., Ltd.	Common directors and through shareholding
Siam Motors Co., Ltd.	Common directors and through shareholding
Wanglee Co., Ltd.	Common directors and through shareholding
The Siam Cement Plc.	Common directors and through shareholding
Thaire Life Assurance Plc.	Common directors and through shareholding
Thaicom Plc.	Common directors
Dusit Thani Plc.	Common directors
Serm Suk Plc.	Common directors
Chaitip Co., Ltd.	Common directors
Alinkij Siam Co., Ltd	Common directors
Siam Calsonic Co., Ltd.	Common directors
Siam Riken Industrial Co., Ltd.	Common directors

(1) Classified as associated company up to 30 March 2016 and after that classified as a related company

(2) Classified as a related company up to 25 February 2016, the date that no more common directors and percentage of cross-holding less than 5% of the issued share capital

Name of related parties	Nature of relationship
Siam International Corp., Ltd.	Common directors
The Pet Co., Ltd.	Common directors
Rangsit Ruam Patana Co., Ltd.	Common directors
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Pechaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
Poon Phol Co., Ltd. (3)	Common directors
C.E.S. Co., Ltd. (3)	Common directors
Pipatanasin Co., Ltd. (3)	Common directors
Sittinan Co., Ltd. (3)	Common directors
PIA Interior Co., Ltd.	A related person of the Company's director is a major shareholder

(3) Start to be related company during 2017

29.2 Significant related party transaction

During the years ended 31 December 2017 and 2016, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statement		
	For the years ended 31 December		
	2017	2016	Pricing policy
Transactions with associated companies			
The Falcon Insurance Plc. (1)			
Reinsurance premium written	-	4,594,903	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	-	4,667,984	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses	-	2,742,667	Actual incurred
Commission paid from reinsurance	-	2,031,813	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	-	1,395,643	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Dividend income	-	8,400,000	As declared
Rental income	-	67,188	Contract price

(1) Classified as associated company up to 30 March 2016 and after that classified as a related company.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statement		
	For the years ended 31 December		
	2017	2016	Pricing policy
Transactions with related companies			
Direct premium written	65,115,664	53,802,075	Ordinary course of business premium rate
Reinsurance premium written	13,828,546	15,707,101	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	44,239,547	45,462,888	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses	14,980,117	15,867,309	Actual incurred
Commission paid to reinsurance	5,556,373	5,013,716	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	21,006,268	19,100,380	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Dividend income	21,925,434	21,122,525	As declared
Rental and service fee for branch office	426,555	406,316	Contract price
Rental income	210,156	140,823	Contract price

29.3 Outstanding balances

The balances of the accounts between the Company and those related companies as at 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	2017	2016
Reinsurance receivables - amounts due from reinsurers		
The Falcon Insurance Plc.	9,853,071	11,315,702
Investments in securities - equity securities		
Thai Metal Drum Manufacturing Plc.	255,812,480	284,273,440
BTS Group Holdings Plc.	57,750,000	59,850,000
Thaire Life Assurance Plc.	49,050,000	43,425,000
The Siam Cement Plc.	29,040,000	29,640,000
The Falcon Insurance Plc.	18,846,960	18,846,960
Sathorn Thani Co., Ltd.	12,780,000	12,780,000
Rangsit Plaza Co., Ltd.	6,560,000	6,560,000
Varopakorn Plc.	1,959,231	1,254,067
Total	431,798,671	456,629,467
Due to reinsurers - Amounts due to reinsurance		
The Falcon Insurance Plc.	12,802,242	15,827,320

29.4 Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employment benefits expenses payable to their directors and management as below.

(Unit: Baht)

	For the years ended 31 December	
	2017	2016
Short-term benefits	50,028,940	46,296,388
Post-employment benefits	808,336	797,568
Total	50,837,276	47,093,956

30. Assets pledged and reserved with the Registrar

As at 31 December 2017 and 2016, the Company had the following assets pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

(Unit: Baht)

	2017		2016	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	15,000,000	15,379,153	20,000,000	20,119,491
Assets reserve as non-life insurance reserve				
Deposits and certificate of deposits at financial institutions	235,000,000	235,000,000	275,000,000	275,000,000

31. Other assets with restrictions and commitments

As at 31 December 2017 and 2016, the Company had pledged the following assets as collateral.

(Unit: Baht)

	2017		2016	
	Cost	Fair value	Cost	Fair value
Pledged as bail bond in cases where insured drivers have been charged with criminal offense				
Government bonds	440,000	440,000	2,140,000	2,142,843
Deposits at financial institutions	-	-	100,000	100,000

32. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2017	2016
Accumulated contribution at the beginning of the year	45,678,351	38,669,317
Contribution during the year	6,524,329	7,009,034
Accumulated contribution at the end of the year	52,202,680	45,678,351

33. Commitments and contingent liabilities

33.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 1 year and 3 years.

As at 31 December 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Baht)

Payable within:	
Within 1 year	8,238,337
Over 1 to 5 years	9,211,065

33.2 Letter of Guarantees

As at 31 December 2017, there were bank guarantees amounting to Baht 2.8 million, and a certificate issued in the Company's name amounting to Baht 9.2 million, as required in the normal course of the Company's business (2016: bank guarantees of Baht 2.8 million).

33.3 Litigation

As at 31 December 2017, the Company has been sued for damages totaling approximately Baht 184.9 million as insurer. The cases have not yet been finalised. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 28.3 million, and the Company has set aside reserves for contingent losses amounting to Baht 27.8 million in the financial statements (2016: Baht 190.3 million, Baht 29.6 million and Baht 28.9 million, respectively).

34. Non-life insurance company's risks

34.1 Insurance risk

Insurance risk refers to the risk resulting from fluctuations in the frequency, the severity and the timing of damage deviations from assumptions that are used to determine premium rates, calculation of reserves and underwriting. The insurance risk causes or is a factor that contributes to the following risks:

a. Increase in the amount and frequency of loss

The impact of external factors, including physical or geographical factors, natural perils, disasters, accidents, terrorism and burglary may increase damage to lives, physical and property insured by the Company, leading to higher than expected losses. Such risks may result in the premiums received from customers being lower than the actual losses or the claims reserve being inadequate, which may have an impact on the Company's capital at risk.

b. Suboptimal proportions of types of insurance products

The Company focuses on specific types of insurance products in order to expand its business and retain market share, which means that the Company's revenue and expenses are highly dependent on these insurance products. This in turn increases the Company's average cost of claims. As a result, the Company's risk with respect to revenue or profit, or its funds may be affected.

c. Ethical or moral risk

This is the risk of dishonest actions being taken by insured persons for their personal gains, causing the Company payment of a higher settlement than a fair amount. This may result in a higher than expected loss ratio and liquidity risk.

The measures adopted by the Company in response to these risks are as follows:

1. Analysis on the basis of loss ratio and combined ratio plus expenses incurred in accordance with the ratio specified by the Company.
2. Implementation of strict criteria on the selection of client groups, nature of business and types of acceptable risks as specified by the Company and analysis of reinsurance retention and ceded ratio for the purpose of profitability improvement.
3. Reinsurance to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies which have a credit rating of at least A-, and by purchasing excess of loss reinsurance to reduce exposure to catastrophic losses and to protect the Company's operations, financial position and capital level.
4. Management of the composition of the portfolio by writing all classes of insurance products and adjusting the portfolio mix according to market situation and customer demands. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.
5. Analysis of the concentration of insurance risk.

Concentration of insurance contracts liabilities segregated by insurance type are shown below.

(Unit: Baht)

	2017			2016		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	381,497,093	(143,893,560)	237,603,533	384,196,626	(151,213,857)	232,982,769
Marine and transportation	17,864,857	(6,873,408)	10,991,449	20,678,721	(10,878,684)	9,800,037
Motor	816,902,870	(4,767,696)	812,135,174	893,679,744	(5,976,947)	887,702,797
Miscellaneous	214,408,848	(160,325,882)	54,082,966	250,021,217	(189,714,303)	60,306,914
Total	1,430,673,668	(315,860,546)	1,114,813,122	1,548,576,308	(357,783,791)	1,190,792,517

(Unit: Baht)

	2017			2016		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	85,088,658	(48,113,064)	36,975,594	185,876,241	(138,772,169)	47,104,072
Marine and transportation	20,639,533	(16,345,696)	4,293,837	12,320,446	(7,043,901)	5,276,545
Motor	499,251,169	(4,127,574)	495,123,595	611,347,055	(3,367,532)	607,979,523
Miscellaneous	104,437,382	(77,065,454)	27,371,928	70,317,884	(52,098,055)	18,219,829
Total	709,416,742	(145,651,788)	563,764,954	879,861,626	(201,281,657)	678,579,969

6. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in the calculation of claim liabilities, which will impact the claims liabilities both before and after reinsurance, profit before tax and owner's equity. The risk may occur because the frequency or severity of losses, or loss adjustment expenses are not in line with expectations.

Analysis has been prepared to test the sensitivity of the estimation of insurance liabilities to changes in key variables. The variables tested are the ultimate loss ratio in the latest accident year and the unallocated loss adjustment expense ratio. The variables are selected based on their appropriateness of possibility of occurrence.

The impact on the best estimate of insurance liabilities of changes in key variables is shown in the following table.

(Unit: Million Baht)

	2017				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
Ultimate loss ratio in latest accident year	+ 5%	84	71	(71)	(57)
Ultimate loss ratio in latest accident year	- 5%	(83)	(70)	70	56
ULAE ratio	+50%	3	3	(3)	(2)
ULAE ratio	-50%	(3)	(3)	3	2

(Unit: Million Baht)

	2016				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
Ultimate loss ratio in latest accident year	+5%	105	91	(91)	(72)
Ultimate loss ratio in latest accident year	-5%	(104)	(90)	90	72
ULAE ratio	+50%	4	4	(4)	(3)
ULAE ratio	-50%	(4)	(4)	4	3

34.2 Financial instruments and risk management

The Company's significant financial instruments principally comprise cash and cash equivalents, premiums receivable, reinsurance assets - claim reserves, reinsurance receivables, investments, loans, insurance contract liabilities - claim reserves and outstanding claims, and due to reinsurers. The financial risks associated with these financial instruments and how they are managed is described below.

a. Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument. The Company is exposed to credit risk primarily with respect to investments and reinsurance. The Company manages the risk by adopting appropriate credit control policies and procedures, as follows:

a.1 Risk from investments

The Company selects investments based on the credit ratings of the issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company's policy to invest in fixed income securities of at least "Investment Grade" quality. All invested fixed income securities are periodically monitored for any adjustment in the debtors' credit rating and relevant information is gathered to review the business potential of the issuers. The Company also regularly monitors and reviews the limits set for investment to ensure adequate investment limits are maintained for individual lines at all times.

a.2 Risk from reinsurers

The Company considers and selects only reinsurers with a credit rating of A- or higher and periodically monitors for any adjustments to the credit ratings of reinsurance companies.

a.3 Risk from premium receivables collection

The Company possesses an efficient process of closely following up its outstanding premiums from the insured, agents and brokers, in addition to requiring agents and brokers to submit collateral for the specified credit limits allowed by the Company.

The Company's maximum exposure to credit risk is limited to the book value of investment assets, premium receivables, reinsurance receivables, and reinsurance assets less allowance for doubtful accounts as presented in the statements of financial position.

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

The Company manages market risk by diversifying its portfolio and spreading its investment funding to include various lines of investment as well as categories of business in order to minimise fluctuations in the aggregate value of its investments. It closely monitors and regularly assesses factors that may cause fluctuations in the value of investment instruments in order to make appropriate investment transactions in the circumstances. The Company has a policy not to invest in speculative securities that are highly exposed to price fluctuations but to focus on blue-chip securities and securities that generate steady yields. The Company has an investment committee who consider and set investment policies in addition to the Office of Insurance Commission's rules, in order to reduce exposure to investment losses, and who review the structure of the portfolio mix on a regular basis.

b.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied						
	2017						
	Fixed interest rates						
	Maturity date or repricing date						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	110,175,820	282,000	110,457,820	0.10 - 1.75
Premium receivables	-	-	-	-	400,426,698	400,426,698	-
Reinsurance assets - claim reserves	-	-	-	-	145,651,788	145,651,788	-
Reinsurance receivables	-	-	-	-	357,479,075	357,479,075	-
Investments in securities							
Government and state enterprise securities	294,225,219	76,297,277	-	-	44,783,793	415,306,289	1.25 - 3.91
Private debt securities	301,529,131	485,095,728	-	-	-	786,624,859	1.84 - 3.94
Equity securities	-	-	-	-	1,223,814,843	1,223,814,843	-
Deposits and certificate deposits at financial institutions	535,000,000	-	-	-	-	535,000,000	1.40 - 1.75
Loans	103,431	283,981	282,343	-	-	669,755	6.50 - 7.00
Financial liabilities							
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	-	709,416,742	709,416,742	-
Due to reinsurers	-	-	-	-	627,073,739	627,073,739	-

(Unit: Baht)

	Separate financial statements						
	2017						
	Fixed interest rates						
	Maturity date or repricing date						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	110,175,820	282,000	110,457,820	0.10 - 1.75
Premium receivables	-	-	-	-	400,426,698	400,426,698	-
Reinsurance assets - claim reserves	-	-	-	-	145,651,788	145,651,788	-
Reinsurance receivables	-	-	-	-	357,479,075	357,479,075	-
Investments in securities							
Government and state enterprise securities	294,225,219	76,297,277	-	-	44,783,793	415,306,289	1.25 - 3.91
Private debt securities	301,529,131	485,095,728	-	-	-	786,624,859	1.84 - 3.94
Equity securities	-	-	-	-	1,168,590,248	1,168,590,248	-
Deposits and certificate deposits at financial institutions	535,000,000	-	-	-	-	535,000,000	1.40 - 1.75
Loans	103,431	283,981	282,343	-	-	669,755	6.50 - 7.00
Financial liabilities							
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	-	709,416,742	709,416,742	-
Due to reinsurers	-	-	-	-	627,073,739	627,073,739	-

(Unit: Baht)

	Separate financial statements						
	2016						
	Fixed interest rates						
	Maturity date or repricing date						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	137,363,316	302,000	137,665,316	0.00 - 1.75
Premium receivables	-	-	-	-	382,964,834	382,964,834	-
Reinsurance assets - claim reserves	-	-	-	-	201,281,657	201,281,657	-
Reinsurance receivables	-	-	-	-	431,553,544	431,553,544	-
Investments in securities							
Government and state enterprise securities	450,931,433	30,779,745	-	-	40,680,192	522,391,369	1.2 - 3.91
Private debt securities	286,158,220	330,711,421	-	-	-	616,869,641	1.80 - 4.7
Equity securities	-	-	-	-	1,217,626,368	1,217,626,368	-
Deposits and certificate deposits at financial institutions	755,100,000	-	-	-	-	755,100,000	0.85 - 2.00
Loans	112,070	183,306	315,150	-	-	610,526	6.5 - 7.00
Financial liabilities							
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	-	879,861,626	879,861,626	-
Due to reinsurers	-	-	-	-	772,795,263	772,795,263	-

b.2 Equity position risk

Equity position risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2017 and 2016, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

c. Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company policies of management of liquidity risk are as follows:

c.1 The Company invests in securities that are liquid, such as government sector securities or private sector securities with a low credit risk. It also spreads its investment funding and balances the portfolio, taking into account time horizons and fund needs to pay and meet obligations, management of accounts receivable, accounts payable, the period to maturity of assets and changes in the value of assets, given that, the maturity structure of assets and liabilities is in the appropriate level both volume and period, and correspond to external and internal circumstances surrounding the Company.

c.2 Adequate shareholders' equity is maintained to cover liabilities and to manage exposure to business and operation risks. Other funding sources with high liquidity should also be secured as contingency plan.

c.3 Responsibilities and lines of reporting to those who manage liquidity risk are clearly defined and a reporting system has been established to generate an early warning report for executives on transactions that do not conform to the Company's policy and to promptly, timely and accurately report warning signs of key risk indicators.

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied					
	2017					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	110,175,820	-	-	-	282,000	110,457,820
Premium receivables	-	400,426,698	-	-	-	400,426,698
Reinsurance assets - claim reserves	-	113,729,602	26,893,841	5,028,345	-	145,651,788
Reinsurance receivables	-	357,479,075	-	-	-	357,479,075
Investments in securities	1,126,052,841	1,131,194,349	561,393,006	-	142,105,795	2,960,745,991
Loans	-	103,431	283,981	282,343	-	669,755
Financial liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	576,849,218	121,649,769	10,917,755	-	709,416,742
Due to reinsurers	-	627,073,739	-	-	-	627,073,739

(Unit: Baht)

	Separate financial statements					
	2017					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	110,175,820	-	-	-	282,000	110,457,820
Premium receivables	-	400,426,698	-	-	-	400,426,698
Reinsurance assets - claim reserves	-	113,729,602	26,893,841	5,028,345	-	145,651,788
Reinsurance receivables	-	357,479,075	-	-	-	357,479,075
Investments in securities	1,126,052,841	1,131,194,349	561,393,006	-	86,881,200	2,905,521,396
Loans	-	103,431	283,981	282,343	-	669,755
Financial liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	576,849,218	121,649,769	10,917,755	-	709,416,742
Due to reinsurers	-	627,073,739	-	-	-	627,073,739

(Unit: Baht)

	Separate financial statements					
	2016					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	137,363,316	-	-	-	302,000	137,665,316
Premium receivables	-	382,964,834	-	-	-	382,964,834
Reinsurance assets - claim reserves	-	141,151,130	51,520,395	8,610,132	-	201,281,657
Reinsurance receivables	-	431,008,661	544,883	-	-	431,553,544
Investments in securities	2,260,006,178	765,100,000	-	-	86,881,200	3,111,987,378
Loans	-	112,070	183,306	315,150	-	610,526
Financial liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	703,756,123	160,724,698	15,380,805	-	879,861,626
Due to reinsurers	-	772,795,263	-	-	-	772,795,263

34.3 Fair value measurement for financial instruments

As at 31 December 2017 and 2016, the Company had the following financial assets that were measured at fair value, and had financial assets and liabilities that were measured at cost but has to disclose fair value, using different levels of inputs as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied				
	2017				
	Fair value				
	Level 1	Level 2	Level 3	Total	Book value
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	44,343,793	360,962,496	-	405,306,289	405,306,289
Private debt securities	-	786,624,859	-	786,624,859	786,624,859
Equity securities	1,025,197,315	56,511,733	-	1,081,709,048	1,081,709,048
Financial assets which fair value are disclosed					
Cash and cash equivalents	110,457,820	-	-	110,457,820	110,457,820
Premium receivables	-	400,426,698	-	400,426,698	400,426,698
Reinsurance assets - claim reserves	-	145,651,788	-	145,651,788	145,651,788
Reinsurance receivables	-	357,479,075	-	357,479,075	357,479,075
Held to maturity investments					
Government and state enterprise securities	-	9,984,018	-	9,984,018	10,000,000
Deposits and certificates deposits at financial institutions	-	535,000,000	-	535,000,000	535,000,000
Other investments	-	-	319,862,306	319,862,306	142,105,795
Loans	-	-	669,755	669,755	669,755
Financial liabilities which fair value are disclosed					
Insurance contract liabilities - claim reserves and outstanding claims	-	709,416,742	-	709,416,742	709,416,742
Due to reinsurers	-	627,073,739	-	627,073,739	627,073,739

(Unit: Baht)

	Separate financial statements				
	2017				
	Fair value				
	Level 1	Level 2	Level 3	Total	Book value
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	44,343,793	360,962,496	-	405,306,289	405,306,289
Private debt securities	-	786,624,859	-	786,624,859	786,624,859
Equity securities	1,025,197,315	56,511,733	-	1,081,709,048	1,081,709,048
Financial assets which fair value are disclosed					
Cash and cash equivalents	110,457,820	-	-	110,457,820	110,457,820
Premium receivables	-	400,426,698	-	400,426,698	400,426,698
Reinsurance assets - claim reserves	-	145,651,788	-	145,651,788	145,651,788
Reinsurance receivables	-	357,479,075	-	357,479,075	357,479,075
Held to maturity investments					
Government and state enterprise securities	-	9,984,018	-	9,984,018	10,000,000
Deposits and certificates deposits at financial institutions	-	535,000,000	-	535,000,000	535,000,000
Other investments	-	-	319,862,306	319,862,306	86,881,200
Loans	-	-	669,755	669,755	669,755
Financial liabilities which fair value are disclosed					
Insurance contract liabilities - claim reserves and outstanding claims	-	709,416,742	-	709,416,742	709,416,742
Due to reinsurers	-	627,073,739	-	627,073,739	627,073,739

(Unit: Baht)

	Separate financial statements				
	2016				
	Fair value				
	Level 1	Level 2	Level 3	Total	Book value
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	40,680,192	471,711,177	-	512,391,369	512,391,369
Private debt securities	-	616,869,641	-	616,869,641	616,869,641
Equity securities	1,079,621,515	51,123,653	-	1,130,745,168	1,130,745,168
Financial assets which fair value are disclosed					
Cash and cash equivalents	137,665,316	-	-	137,665,316	137,665,316
Premium receivables	-	382,964,834	-	382,964,834	382,964,834
Reinsurance assets - claim reserves	-	201,281,657	-	201,281,657	201,281,657
Reinsurance receivables	-	431,553,544	-	431,553,544	431,553,544
Held to maturity investments					
Government and state enterprise securities	-	10,052,226	-	10,052,226	10,000,000
Deposits and certificates deposits at financial institutions	-	755,100,000	-	755,100,000	755,100,000
Other investments	-	-	285,273,620	285,273,620	86,881,200
Loans	-	-	610,526	610,526	610,526
Financial liabilities which fair value are disclosed					
Insurance contract liabilities - claim reserves and outstanding claims	-	879,861,626	-	879,861,626	879,861,626
Due to reinsurers	-	772,795,263	-	772,795,263	772,795,263

The fair value hierarchy of financial assets and financial liabilities as at 31 December 2017 and 2016 presents according to Note 4.21 to financial statements.

The method used for fair value measurement depends upon the characteristics of the financial instruments. The Company establishes the fair value of its financial instruments by adopting the following methods:

(a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and deposit at financial institutions, their fair value is estimated based on the book value presented in the statements of financial position.

(b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

(c) For equity securities, their fair value is generally derived from quoted market prices. For investments in non-marketable equity securities is determined using discounted price per book value approach.

(d) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the carrying market interest rate of similar loans.

(e) The fair value of premium receivables, claims reserves in reinsurance assets, reinsurance receivables, due to reinsurers, and claim reserves and outstanding claims in insurance contract liabilities is estimated based on the book value, since most of them are mature within one year.

35. Capital management

The primary objectives of the Company's capital management is to ensure that it preserves ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

36. Event after the reporting period

On 22 February 2018, a meeting of the Board of Directors passed the following resolutions to propose to the Annual General Meeting of shareholders:

1. Approve an increase of the Company's registered capital from Baht 330 million to be Baht 340 million to be divided into 34 million shares with the par value at 10 Baht per share, by newly issue the ordinary shares in amount of 1 million shares with the par value at 10 Baht to support the stock dividend payment.
2. Approve the allocation of profits for cash dividend and stock dividend payment approximately Baht 59.5 million, as follows:
   - 2.1 Cash dividend will be paid at the rate of Baht 1.50 per share for the 33 million existing shares, totaling Baht 49.5 million. Payment is scheduled to be made on 18 May 2018.
   - 2.2 Stock dividend will be paid at the ratio of 33 existing shares per 1 stock dividend, totaling of the stock dividend payment at 1 million shares, at par value Baht 10, totaling Baht 10 million or equivalent to Baht 0.30 per share. In case that any shareholders hold the indivisible share remaining after such allocated, cash will be paid instead of the stock dividend at the rate of Baht 0.30 per share.
   - 2.3 Approve to allocate indivisible share remaining after such allocated the stock dividend to the registered Navakij Insurance Provident Fund.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2018.