ANNUAL REPORT

2020

NAVAKIJ INSURANCE

Vision

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

MISSION

1. To Provide good and high quality services to customers with fairness and integrity.
2. To Innovate and develop new insurance products for the changing needs of society.
3. To Focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
4. 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.
5. To Invest in human resource development and encourage employees to be professional and maintain high ethical standard.
6. To 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

	Unit	Financial Statements (The equity method is applied) 2020	2019	2018
Financial Position				
Total assets	million baht	6,077.94	5,703.30	5,228.00
Total liabilities	million baht	3,983.38	3,636.81	3,120.82
Company shareholders' equity	million baht	2,094.56	2,066.49	2,107.18
Investment in securities	million baht	3,272.47	3,044.19	2,820.82
Dividend per share*	Baht	1.50	1.28	1.79
Paid-up capital	Share	35,000,000	35,000,000	34,000,000
Authorized capital	Share	35,000,000	35,000,000	34,000,000
Operating Performance				
Gross written premium	million baht	3,326.06	3,023.91	2,892.62
Net written premium	million baht	2,557.42	2,278.50	2,192.43
Earned premium	million baht	2,437.21	2,209.45	2,094.44
Fee and commission income	million baht	193.85	182.36	197.96
Net loss incurred	million baht	1,440.96	1,434.81	1,218.97
Underwriting expenses include operating expenses	million baht	2,561.28	2,542.89	2,286.59
Underwriting profit (loss) after deducting operating expenses	million baht	78.93	(150.22)	6.83
Investment and other Income (loss)	million baht	16.82	180.68	98.87
Profit before income tax expenses	million baht	86.60	29.60	104.68
Income tax expenses	million baht	15.27	(0.04)	18.17
Net profit	million baht	71.33	29.64	86.51
Liquidity Ratio				
Liquidity ratio	Times	1.30	1.34	1.43
Collection period for premium due and uncollected	Days	53	54	53

	Unit	Financial Statements (The equity method is applied) 2020	2019	2018
Profitability Ratio				
Retention rate	Percent	76.89	75.35	75.79
Loss ratio	Percent	59.12	64.94	58.20
Underwriting profit margin	Percent	17.11	9.54	18.01
Underwriting expenses ratio	Percent	45.97	50.15	50.97
Return on investment	Percent	0.02	5.65	3.28
Net written premium to shareholders' fund	Times	1.23	1.09	1.02
Net profit margin	Percent	2.70	1.15	3.62
Return on equity	Percent	3.43	1.42	4.04
Earning per share**	Baht	2.04	0.85	2.47
Efficiency Ratio				
Return on assets	Percent	1.21	0.54	1.66
Assets turnovers	Times	0.45	0.47	0.46
Financial Position Ratio				
Debt to equity ratio	Times	1.90	1.76	1.48
Policy Liability to Capital Fund	Times	1.26	1.25	1.04
Unearned premium reserve to equity	Times	0.85	0.79	0.74
Unearned reserve to total assets	Percent	29.26	28.80	29.67
Dividend payout ratio	Percent	73.61	151.79	70.51

* Proposed for approval to the Annual General Meeting of Shareholders for the year 2021 in April 2021.

** The Company adjusted number of share 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



Suchin Wanglee
Chairman of the Board of Directors

In 2020, business operations had to dramatically alter due to the rapid spread of the virus COVID-19 worldwide. As many countries had to shut down to prevent the pandemic, the global economy was put on pause and all kinds of business experienced severe and rapid economic downturn.

Despite inevitable consequences arising from such situations, the Company with more than 87 years of experience in insurance industry was able to revise business strategies to suit the situation well. Moreover, new services and insurance changes in products were designed to suit the insured's lifestyle with reasonable risk-based premium and coverage. Such Company's effort proved so successful that the Company's operating results showed acceptable profitability.

As COVID-19 awakens people's need to purchase health insurance, the Company noticed an opportunity from such situation. The Company, therefore, focused on developing various products that meet every customer group's needs, improving digital sales and services channels to support current and potential customer's new normal lifestyle. A fast response to changing situations paved the way for Company's sustainability and competitiveness. Apart from new strategies, the Company also placed importance on its business compliance to ensure that the business model was appropriate both financial stability, internal and external corporate social responsibility including environment impact. With the focus on both issues, the Company received "Excellent" level of Corporate Governance Assessment result from the Thai Institute of Directors Association (IOD). Furthermore, the Company focused on anti-corruption by joining Thailand Private Sector Collective Action Coalition Against Corruption (CAC) Program since 2013. The second membership recertification will be applied in 2021.

On behalf of the Board of Directors, I would like to thank all shareholders and stakeholders who always trust and support the Company's business. "Navakij" will continue its intention to grow sustainably with social and environmental responsibility to be a leading company in the non-life insurance business with good partners, qualified personnels, and excellent service and technology.

Message from the Chief Executive Officer and the President



Pitiphong Bisalputra
CEO & President

It was another year that the non-life insurance business had to contend with the recession caused by various factors, including the impact of the coronavirus (COVID-19) epidemic. As a result, many businesses have stalled and employees were laid off. This uncertainty have caused declining purchasing power, affecting spending power in products and services including insurance.

However, the COVID-19 situation has alerted people to pay more attention to their health and their surrounding communities. This alertness set a new record in the number of customers interested in purchasing COVID-19 health insurance products. It was also beneficial to the insurance industry to expand its personal line insurance as well as accelerating business development and innovation to transform business operations into the digital age.

To keep up with changing situations, the Company has adjusted its operating strategy to a faster and more efficient environment. Information technology systems were developed to increase efficiency of working process and organizational management and to be able to connect with those of business partners, customers, financial institutions and the government sector. As a result, the Company can reduce working processes, deliver faster services to customers, and take advantage from financial institution and the government sector service.

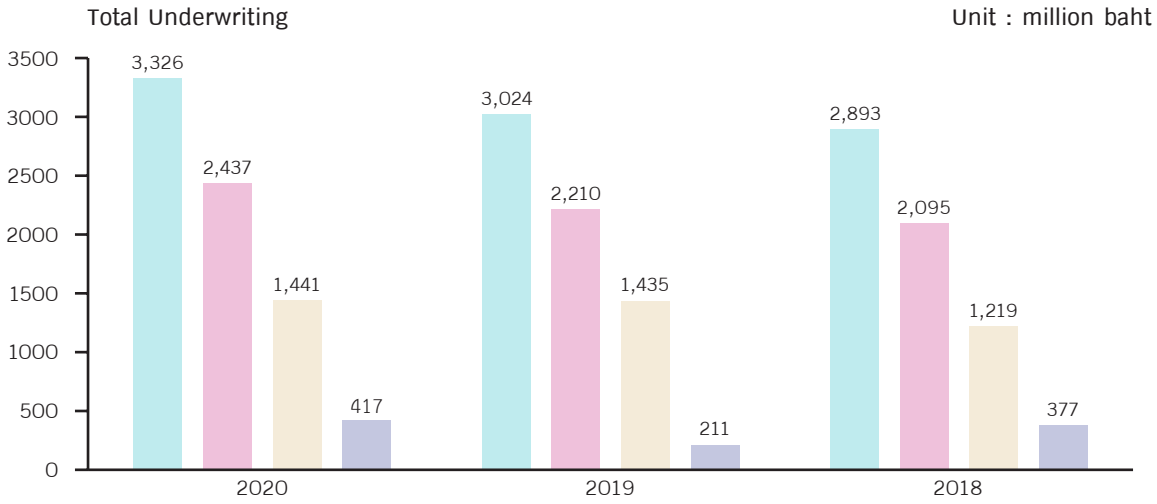
The previous year's operational results presented in the consolidated financial statements showed the Company's direct premiums of 3,326 million Baht and net profit of 71 million Baht increased by 10 percent and 140.57 percent respectively compared to 2019. The declining results were caused by the recession as mentioned above.

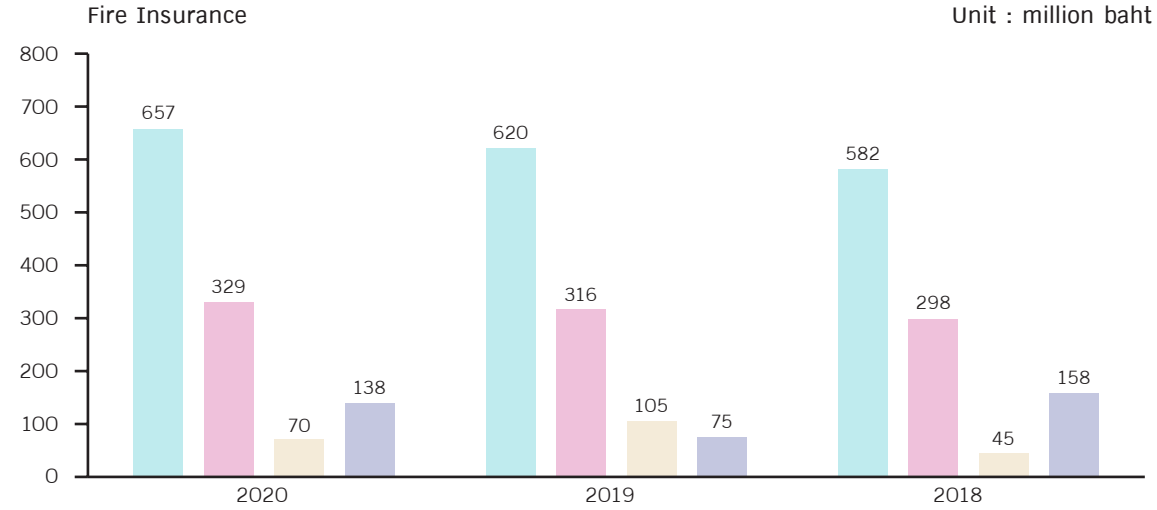
The strategic plan and operating policies were reviewed in order to generate profits to be consistent with the business goal. Such plan and policy include continuing business expansion by focusing on profitable underwriting, adjusting the appropriate premium rate, improving claims management efficiency and controlling the operating expenses. The Company commits to developing and improving the quality of products and services to maintain customers' trust and sustainable growth.

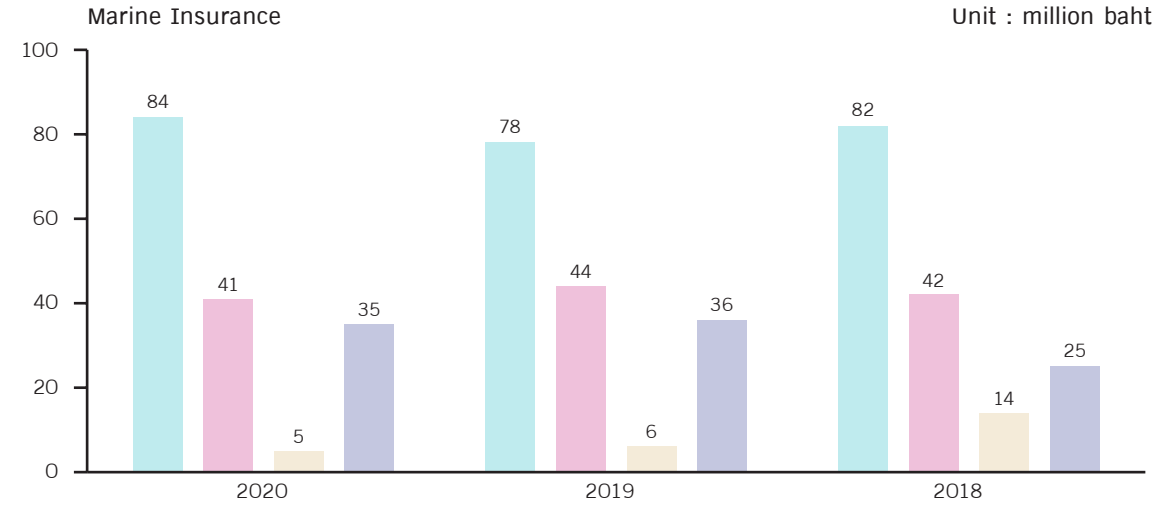
The Company remains committed to conducting business with transparency under the anti-corruption measures and good governance principles, having business ethics and treating all stakeholders equally. In addition, corporate governance has been developed and strictly applied in full compliance with the criteria prescribed by relevant regulators.

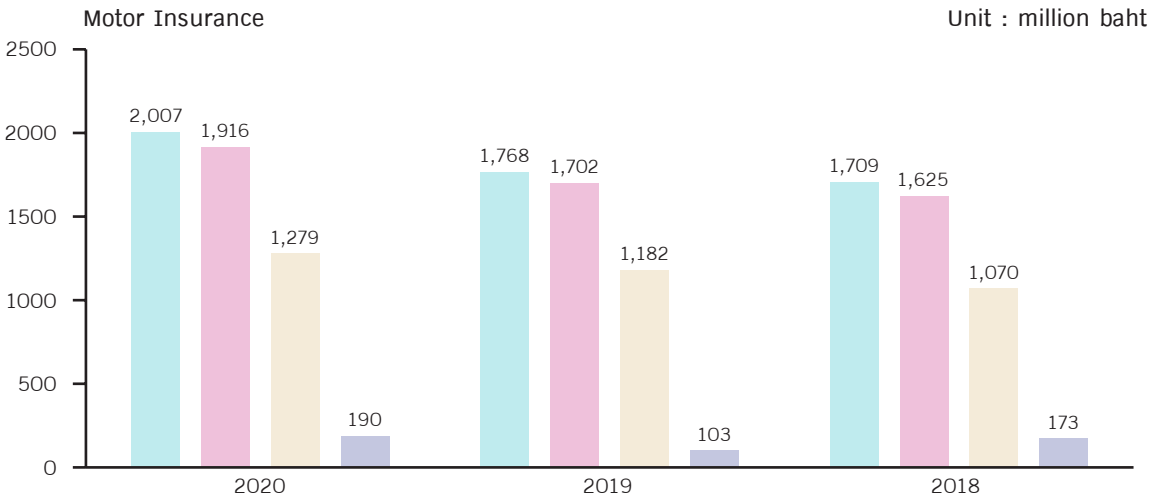
Under this uncertain circumstances of economic, political, social and factors arising in both local and foreign countries, the Company has been able to operate the business fairy well throughout the year. The operating results are growing continuously and improve our ranking in the insurance industry. The acceptance from all groups of customers, the shareholders' confidence to invest with us as well as all staff's collaboration are most important elements that support the Company's strength and stability Company are to overcome problems and obstacles throughout the years. On behalf of the management, I would like to thank all of you for this opportunity.

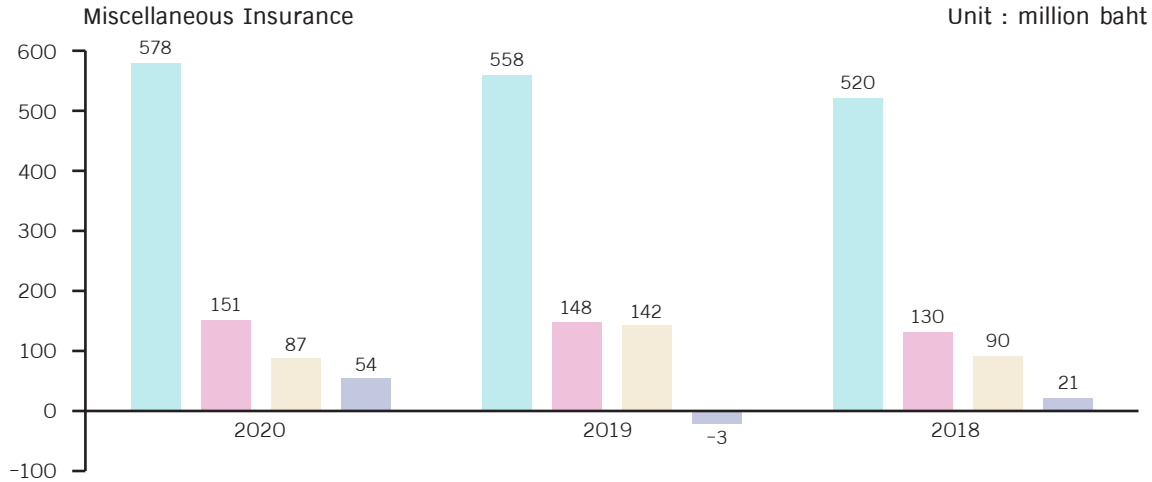
Operating Results from Underwriting











Premium written

Net earned premium

Claim and loss adjustment expenses

Profit from underwriting before operating expenses

The Remuneration, Nomination and Corporate Governance Committee's Report



Kiet Srichomkwan
Chairman of the Remuneration, Nomination and Governance Committee

The Remuneration, Nomination and Corporate Governance Committee ("The Committee") consists of 3 directors. In the year 2020, the Committee held 2 meetings of which attendance are as follows:

Mr. Kiet	Srichomkwan	Chairman	Meeting Attendance	2/2 times.
Mr. Nipol	T. Jeerawong	Director	Meeting Attendance	2/2 times.
Mr. Phornpong	Phornprapha	Director	Meeting Attendance	1/2 times.

As assigned by the Board of Directors, the Committee performed its duties on scrutinizing the remuneration method, criteria and procedures for nomination of the Company's directors, sub-committee and top management. Its duties also covered in considering and proposing appropriate guidelines for corporate governance to the Board of Directors. In 2020, important matters considered by the Committee is summarized as follows:

1. Remuneration

The Committee proposed the remuneration structure for directors and sub-committees in form of bonus and meeting allowances as in the previous year to be in line with the economic conditions, the Company's performance and dividends payment. The directors received two forms of remuneration which were director's bonus and meeting allowance. The sub-committee received meeting allowances only.

2. Nomination

The Committee proposed the appointment of qualified persons to replace the Company's directors and sub-committee who retired by rotation. The nominated person must be knowledgeable, competent, and experienced as well as able to express opinion for business development and efficient operation. In addition, they must not have any characteristics prohibited by relevant laws and regulations. The Company's provided shareholders an opportunity to nominate persons to be appointed as the Company's director during 9 September 2020 to 31 December 2020. As no nominated person was proposed, the Company considered proposing to re-appoint of the directors to serve as the Company's director for another term due to their qualifications in all respects and strong duty performance during their pervious term of office.

3. Corporate Governance

The Committee proposed that the Board of Director determine the conflict of interest management policy to ensure all action related to private and group interest will not occur. The Committee also reviewed the operations in accordance with the corporate governance principles and the policy on equitable treatment of stakeholder to comply with the corporate governance policy, the code of conduct. Moreover, the recommendations from relevant regulators were considered to be applied with the Company's business appropriately. The Committee reviewed the corporate governance policy and the code of conduct at least once a year.

Audit Committee's Report



Professor Hiran Radeesri
Chairman of the Audit Committee

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

During 2020, the Committee held nine meetings and its members' attendance was 100 percent by those three members,details of the meeting attendance are as follows:

Professor Hiran	Radeesri	Chairman	Meeting Attendance	9/9 times.
Mr. Kiet	Srichomkwan	Director	Meeting Attendance	9/9 times.
Mrs. Wanida	Chansikarin	Director	Meeting Attendance	9/9 times.

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 2020 and the quarterly financial statements for the year 2020

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 statements 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 and internal control for the preparation of the Company's financial reports ware effective and confident that transactions were recorded completely, 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 the 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 2020, 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 the Office of Compliance's report. It was found that the directors, executives, and employees had complied with the policy and all relevant laws and regulations. The Company is a member of Thailand's Private Sector Collective Action Coalition against Corruption and the anti-corruption policy has been implemented properly 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 effectiveness 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 2021

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 that the board of directors appoint Ms. Rachada Yongsawadvanich C.P.A. Registration No. 4951 or Ms. Narissara Chaisuwan, C.P.A. Registration No. 4812 or Ms. Wanwilai Phetsang, C.P.A. Registration No. 5315, all from EY Office Limited, to be the Company's external auditor for the year 2021 and also proposed audit fees and others, totaling of 2.45 million Baht, submitted to the annual general meeting of shareholders for approval.

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 accounting system and internal control of financial reports are accurate, 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.

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

Board of directors puts strong emphasis on principles of good corporate governance and supervised financial reports presented in the annual report. Such financial reports were prepared in accordance with Thai Financial Reporting Standards, applying the appropriate accounting policies and consistently adhered with careful discretion and best estimation in the preparation. Moreover, significant information which was disclosed sufficiently in the notes to financial statements benefited 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 comprises independent directors has 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 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 2020 are reliable, comply with relevant laws and regulations as well as in accordance with Thai Financial Reporting Standards.

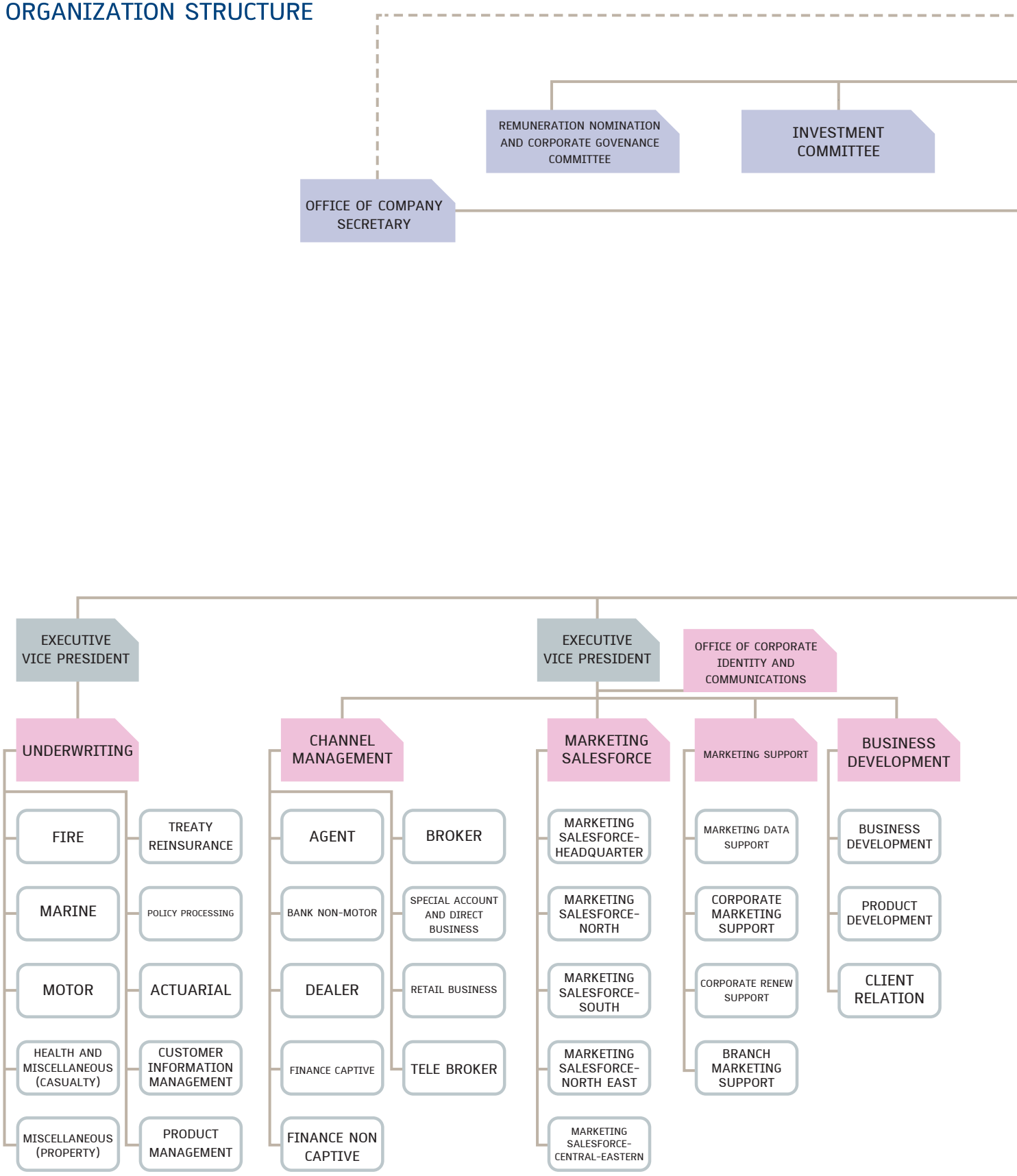


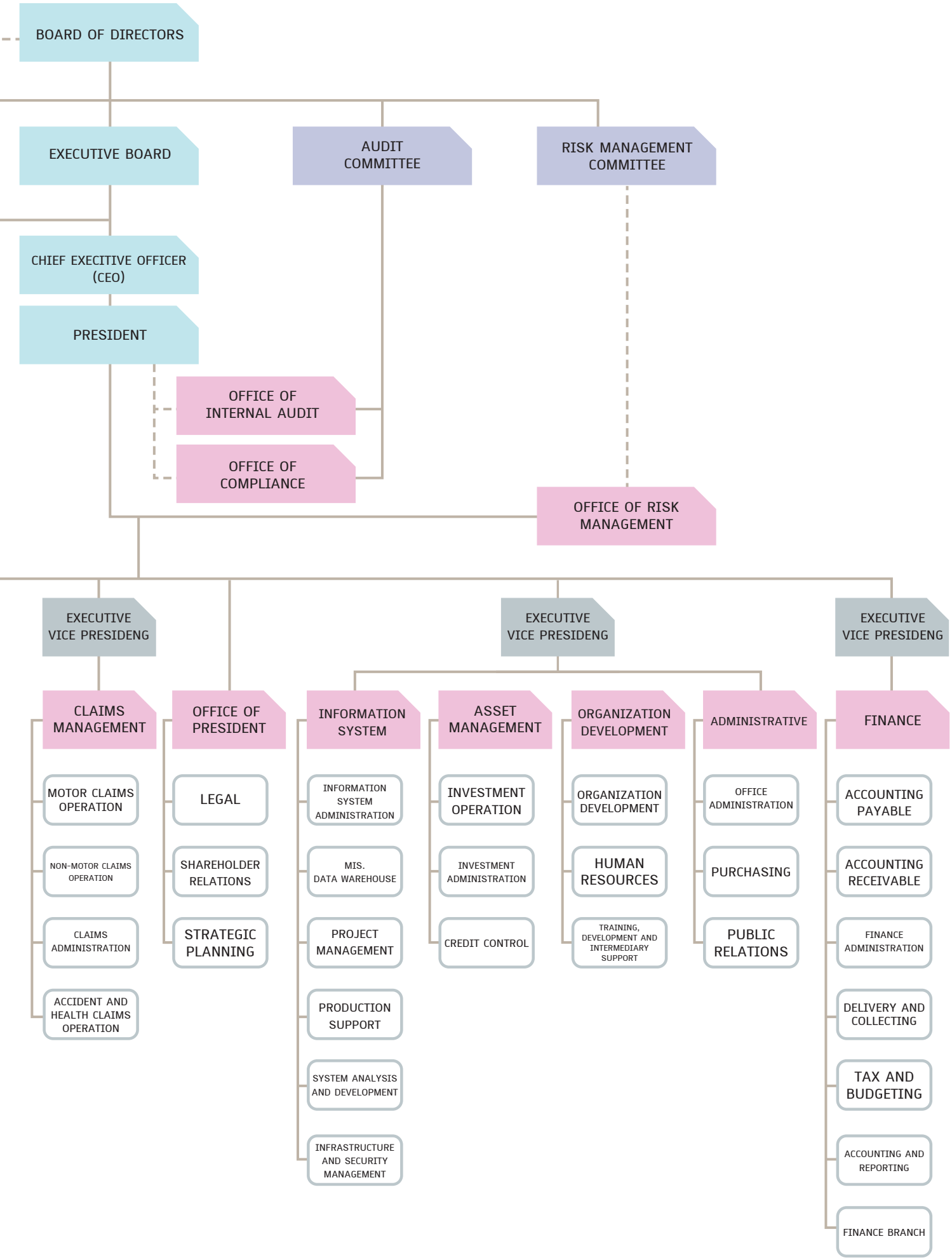
Suchin Wanglee
Chairman of the Board of Directors



Pitiphong Bisalputra
CEO & President

ORGANIZATION STRUCTURE




BOARD OF DIRECTORS
EXECUTIVE BOARD
AUDIT COMMITTEE
RISK MANAGEMENT COMMITTEE
CHIEF EXECITIVE OFFICER (CEO)
PRESIDENT
OFFICE OF INTERNAL AUDIT
OFFICE OF COMPLIANCE
OFFICE OF RISK MANAGEMENT
EXECUTIVE VICE PRESIDENG
EXECUTIVE VICE PRESIDENG
EXECUTIVE VICE PRESIDENG
CLAIMS MANAGEMENT
OFFICE OF PRESIDENT
INFORMATION SYSTEM
ASSET MANAGEMENT
ORGANIZATION DEVELOPMENT
ADMINISTRATIVE
FINANCE
MOTOR CLAIMS OPERATION
NON-MOTOR CLAIMS OPERATION
CLAIMS ADMINISTRATION
ACCIDENT AND HEALTH CLAIMS OPERATION
LEGAL
SHAREHOLDER RELATIONS
STRATEGIC PLANNING
INFORMATION SYSTEM ADMINISTRATION
MIS. DATA WAREHOUSE
PROJECT MANAGEMENT
PRODUCTION SUPPORT
SYSTEM ANALYSIS AND DEVELOPMENT
INFRASTRUCTURE AND SECURITY MANAGEMENT
INVESTMENT OPERATION
INVESTMENT ADMINISTRATION
CREDIT CONTROL
ORGANIZATION DEVELOPMENT
HUMAN RESOURCES
TRAINING, DEVELOPMENT AND INTERMEDIARY SUPPORT
OFFICE ADMINISTRATION
PURCHASING
PUBLIC RELATIONS
ACCOUNTING PAYABLE
ACCOUNTING RECEIVABLE
FINANCE ADMINISTRATION
DELIVERY AND COLLECTING
TAX AND BUDGETING
ACCOUNTING AND 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	350 million Baht, comprised of 35 million shares @10 Baht par value
Paid-up Capital	350 million Baht
Headquarter Address	100/47-55, Sathorn Nakorn Tower, 25th-27th Floor, 90/3-6, Sathorn Thani Building, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500
Corporate Headquarters	Telephone (66) 2664 7777 Navakij Call Center 1748 Fax (66) 2636 7999
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 Executive Profiles

Board of Directors

Mr. Suchin Wanglee	Chairman of the Board of Directors, Director Advisor to the Investment Committee and Advisor to the Executive Board	
Age	84 years	
Date of Appointment	29 April 1993	
The Latest Reelection	25 June 2020	
Highest Education Degree	Bachelor Degree in Electronic Engineering, Northrop Institute of Technology, USA	
NKI Shareholding	13.56 percent	
Director and Executive Training Program		
Thai Institute of Directors Association	- Director Accreditation Program 2013 - Role of the Chairman Program 2011	
OIC Advanced Insurance Institute	- Thailand Insurance Leadership Program, class 2/2012	
Urban Green Development Institute	- Top Executive Program in Urban Green Bangkok Development 2011	
Commerce Academy	- Top Executive Program in Commerce and Trade 2010	
Capital Market Academy	- Capital Market Academy Leadership Program, class 9/2009	
Harvard University, USA	- Executive Course	
Position in Other Listed Company	4 Companies	
Sermsuk Plc.	2013-Present	Audit Committee Member
	2012-Present	Chairman of the Compensation Committee
	2011-Present	Vice Chairman
	2010-Present	Director
BTS Group Holding Plc.	2010-Present	Director, Audit Committee Member, Nomination and Remuneration Committee Member
Thai Metal Drums MFG. Plc.	2018-Present	Chairman
	1989-Present	Director
Thaire Life Assurance Plc.	1999-Present	Chairman
Position in Other Non-Listed Company	11 Companies	
5-year Past Experiences		
T.I.I. Co., Ltd.	2008-2019	Chairman
Varopakorn Plc.	1994-2019	Director
Nuchapon Co., Ltd.	1990-2018	Director
Thai Reinsurance Plc.	1978-2016	Chairman
The Falcon Insurance Plc.	2007-2014	Chairman
	1970-2014	Director

Mr. Pitiphong Bisalputra	Director, Chairman of the Investment Committee, Chairman of the Executive Board, Risk Management Committee Member, Chief Executive Officer and President
Age	56 years
Date of Appointment	25 April 2002
The Latest Reelection	25 June 2020
Highest Education Degree	Master Degree in Business Administration, University of Hartford, USA
NKI Shareholding	0.46 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Successful Formulation and Execution of Strategy 2009 - Director Certification Program 2003

The Association National Defence College of Thailand Under The Royal Patronage Of His Majesty the King	- Advanced Diploma in Security Management Program - National Defence College, The National Defence Course Class 57	
Position in Other Listed Company	2 Companies	
Varopakorn Plc.	2019-Present	Director
Thai Metal Drums MFG. Plc.	2018-Present	Director, Audit Committee Member & Remuneration and Nomination Committee Member
Position in Other Non-Listed Company	12 Companies	
5-year Past Experiences		
Aqua Master Solution Co., Ltd.	1987-2017	Director

Professor Hiran Radeesri — Independent Director and Chairman of the Audit Committee

Age	91 years
Date of Appointment	24 August 1999
The Latest Reelection	25 April 2019
Highest Education Degree	Master Degree in Business Administration, Wharton School of Finance, University of Pennsylvani, USA
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	- Successful Formulation & Execution of Strategy 2009 - Director Certification Program 2000
Capital Market Academy	- Capital Market Academy Leadership Program, class 5/2007
Yale School of Management, USA	- Certificate, Corporate Director Education Program 2002
Position in Other Listed Company	1 Companies
Dusit Thani Plc.	1999-Present Chairman of the Audit Committee
Position in Other Non-Listed Company	2 Companies
5-year Past Experiences	
Thai Com Plc.	2001-2018 Chairman of the Audit Committee
The Stock Exchange of Thailand	2002-2017 Expert on Corporate Governance and Social Responsibility

Mr. Kiet Srichomkwan — Independent Director, Chairman of the Remuneration, Nomination and Governance Committee and Audit Committee Member

Age	83 years
Date of Appointment	23 November 1999
The Latest Reelection	25 June 2020
Highest Education Degree	Bachelor Degree in Business Administration, Western New Mexico University, USA
NKI Shareholding	0.12 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Certification Program Update 2015 - Role of the Chairman Program 2012 - Role of the Nomination and Governance Committee 2012 - Monitoring the System of Internal Control and Risk Management 2010 - Monitoring Fraud Risk Management 2010 - Monitoring the Internal Audit Function 2010 - Monitoring the Quality of Financial Reporting 2009 - Improving the Quality of Financial Reporting 2006 - Audit Committee Program 2004

Director and Executive Training Program		
Thai Institute of Directors Association	- Finance for Non-Finance Director,	
	- Director Accreditation Program 2003	
	- Director Certification Program 2002	
Commerce Academy	- Top Executive Program in Commerce and Trade (TEPCOT) 2009	
Position in Other Listed Company	1 Companies	
VGI Global Media Plc.	2016-Present	Director and Audit Committee Member
Position in Other Non-Listed Company	8 Companies	
5-year Past Experiences	None	

Mr. Nipol T.Jeerawong — Director, Chairman of the Risk Management Committee, Remuneration, Nomination and Governance Committee Member, Investment Committee Member and Advisor to Chairman of the Board

Age	69 years	
Date of Appointment	29 April 1992	
The Latest Reelection	25 April 2019	
Highest Education Degree	Bachelor Degree in Statistics and Mini MBA, Thammasat University	
NKI Shareholding	0.27 percent	
Director and Executive Training Program		
Thai Institute of Directors Association	- Board Matters and trends 2017	
	- Director Certification Refresher Program 2008	
	- Director Certification Program 2002	
Thailand Energy Academy	- The Executive Program in Energy Literacy for a Sustainable Future (TEA 14) 2019	
Capital Market Academy	- Capital Market Academy Leadership Program, class 13/2011	
The Association of National College of Thailand Under The Royal Patronage Of His Majesty the King	- National Defence College, The State, Private Sector and Political Defence Sector Course Class 2005	
Sasin Graduate Institute of Business Administration of Chulalongkorn University	- Senior Executive Program (SEP-10)	
Scandia Management Program, Sweden	- Insurance Management Program	
Swiss Insurance Training Center, Switzerland	- General and Insurance Management	
Position in Other Listed Company	None	
Position in Other Non-Listed Company	1 Companies	
5-year Past Experiences		
Eastern Water Resources Development and Management Plc.	2017-2018	Advisor to the Board
		Advisor to the Investment Committee
		Advisor to the Remuneration Committee
	2016-2017	Director
The Navakij Insurance Plc.	2007-2014	CEO and Chairman of the Investment Committee
	1997-2007	President
The Falcon Insurance Plc.	2006-2014	Advisor

Mrs. Wanida Chansikarin — Independent Director and Audit Committee Member

Age	60 years
Date of Appointment	18 December 2019
Highest Education Degree	- Bachelor Degree in Accounting, Rajamangala University of Technology
	- Bachelor Degree in Finance, Sukhothai Thammathirat Open University
	- Diploma in Auditing, Thammasat University

NKI Shareholding	0.01 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Audit Committee Program 2006 - Director Accreditation Program 2004
Position in Other Listed Company	1 Companies
Thai Metal Drums MFG. Plc.	2018-Present Chairman of the Audit Committee
Position in Other Non-Listed Company	7 Companies
5-year Past Experiences	None

Mr. Phornpong Phornprapha	Independent Director and Remuneration, Nomination and Governance Committee Member
Age	70 years
Date of Appointment	26 April 2007
The Latest Reelection	27 April 2020
Highest Education Degree	Bachelor Degree in Business Administration, California State University, USA
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	None
Position in Other Listed Company	None
Position in Other Non-Listed Company	23 Companies
5-year Past Experiences	None

Mr. Chan Soo Lee	Independent Director
Age	60 years
Date of Appointment	29 April 2003
The Latest Reelection	24 April 2018
Highest Education Degree	Bachelor Degree in Electronic & Computer, National University of Singapore, Singapore
NKI Shareholding	0.99 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2013
Position in Other Listed Company	None
Position in Other Non-Listed Company	5 Companies
5-year Past Experiences	None

Mr. Thamnu Wanglee	Director
Age	83 years
Date of Appointment	29 April 1992
The Latest Reelection	25 April 2019
Highest Education Degree	Diploma, E.M.I. Electronic College, England
NKI Shareholding	1.28 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2006
Position in Other Listed Company	None
Position in Other Non-Listed Company	3 Companies
5-year Past Experiences	None

Mr. Vuttichai Wanglee	Director
Age	79 years
Date of Appointment	29 April 1992
The Latest Reelection	24 April 2018
Highest Education Degree	Bachelor Degree in Industrial Engineering, Boston University, USA
NKI Shareholding	1.78 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2011
Position in Other Listed Company	None
Position in Other Non-Listed Company	5 Companies
5-year Past Experiences	None

Ms. Jittinan Wanglee	Director
Age	48 years
Date of Appointment	29 April 2003
The Latest Reelection	24 April 2018
Highest Education Degree	Master Degree in Business Administration, Babson College, USA
NKI Shareholding	0.68 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2007
Position in Other Listed Company	None
Position in Other Non-Listed Company	9 Companies
5-year Past Experiences	None

Dr. Saran Wanglee	Director, Executive Board Member and Executive Vice President – Business Development, Channel Management, Marketing Salesforce, Marketing Support and Corporate Identity and communications
Age	39 years
Date of Appointment	18 December 2019
The Latest Reelection	25 June 2020
Highest Education Degree	Doctor of Philosophy in Business Administration: Marketing, Sasin Graduate Institute of Business Administration of Chulalongkorn University
NKI Shareholding	0.54 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2020
OIC Advanced a Insurance Institute	- Financial Statements for Directors 2015
King Prajadhipok's Institute	- Thailand Insurance Leadership Program, class 5/2015
	- The Intermediate Certificate Course, Young Leadership in Democratic Governance, class 3/2013
Position in Other Listed Company	None
Position in Other Non-Listed Company	13 Companies
5-year Past Experiences	
The Falcon Insurance Plc.	2014-2019 Director

Ms. Charuwan Chabchamrun	Director and Company Secretary Vice President of Office of Company Secretary, Office of Compliance and Office of President
Age	50 years
Date of Appointment	26 February 2015
The Latest Reelection	25 April 2019
Highest Education Degree	Bachelor of Arts, Chulalongkorn University
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	- Board Matters and Trends 2018 - Company Secretary Program 2015 - Director Accreditation Program 2014
Position in Other Listed Company	None
Position in Other Non-Listed Company	None
5-year Past Experiences	None

Executive as the definition defined by SEC

Ms. Anukul Thitikulrat	Executive Vice President - Finance (Chief Finance Officer) Risk Management Committee Member and Executive Board Member
Age	58 years
Commence in	Year 2002
Highest Education Degree	Master Degree in Business Administration, Chulalongkorn University
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	None
Thai Listed Companies Association	- Related Party Transaction and Impairment Issues - Transfer Pricing - Automation & RPA (Robot Process Automation) for Accounting - How important are intangible assets impairment - Supervisory review quarterly financial reports
Thai General Insurance Association	- Thai Financial Reporting Standards 17 (TFRS)
Position in Other Listed Company	None
Position in Other Non-Listed Company	None
5-year Past Experiences	None

Mrs. Nalina Bodharamik	Executive Vice President - Member, Acting Vice President of Office of Risk Management Committee and Executive Board Member
Age	50 years
Commence in	Year 2009
Highest Education Degree	Master Degree in Business Administration, University of West Florida, USA
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	None
Position in Other Listed Company	None
Position in Other Non-Listed Company	None
5-year Past Experiences	None

Mr. Anak Wanglee	Executive Vice President – Assets Management, Organization Development, Administrative, Information System, Risk Management Committee Member and Investment Committee Member
Age	43 years
Commence in	Year 2014
Highest Education Degree	M.S. Information System, Northeastern University, USA M.A. Economics, Boston University, USA
NKI Shareholding	0.19 percent
Director and Executive Training Program	
Thai Institute of Directors Association	None
Position in Other Listed Company	None
Position in Other Non-Listed Company	7 Companies
5-year Past Experiences	None

Mr. Anin Wanglee	Executive Vice President – Claims Management, Acting Vice President of Claims Management and Executive Board Member
Age	41 years
Commence in	Year 2010
Highest Education Degree	M.B.A. Bently College, Massachusetts, USA
NKI Shareholding	0.29 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2015
Position in Other Listed Company	1 Companies
Thai Metal Drums MFG. Plc.	2015-Present Director and Audit Committee Member
Position in Other Non-Listed Company	6 Companies
5-year Past Experiences	None

Shareholders and Management Structure

Shareholders Structure

Top ten major shareholders as of 30 December 2020

Shareholders	Shareholding	
	No. of Shares	Percentage of Total Number of Shares
1. Mr. Suchin Wanglee Group[1]	4,936,330	14.10
2. The United Indemnity Company Limited	2,494,372	7.13
3. Thanasarn Sombat (Thai) Company Limited	1,770,735	5.06
4. Mr. Nataphol Srichomkwan	1,648,944	4.71
5. Siam Motors Company Limited	1,414,000	4.04
6. Mr. Pradit Rodloytuk	1,058,646	3.02
7. Mrs. Saijit Wanglee Group[2]	1,014,622	2.90
8. Wanglee Company Limited	952,408	2.72
9. Poon Phol Compamy Limited	933,330	2.67
10. Mr. Chan Chi Keung	779,739	2.23
Other Shareholders	18,049,294	51.57

Note: (1) Mr. Suchin Wanglee Group consisted of (1) Mr. Suchin Wanglee holds 3,522,485 shares (2) Mrs. Rujiraporn Wanglee holds 1,225,000 shares (3) Dr. Saran Wanglee holds 188,845 shares
(2) Mrs. Saijit Wanglee Group consisted of (1) Mrs. Saijit Wanglee holds 639,244 shares (2) Ms. Jittinan Wanglee holds 238,685 shares (3) Mr. Nattachai Wanglee holds 136,693 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.	Professor Hiran	Radeesri	Independent Director & Chairman of the Audit Committee
4.	Mr. Kiet	Srichomkwan	Independent Director, Audit Committee Member & Chairman of the Remuneration, Nomination & Governance Committee
5.	Mr. Nipol	T. Jeerawong	Non-Executive Director, Chairman of the Risk Management Committee, Remuneration, Nomination & Governance Committee Member
6.	Mrs. Wanida	Chansikarin	Independent Director & Audit Committee 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.	Dr. Saran	Wanglee	Executive Director
13.	Ms. Charuwan	Chabchamrun	Executive Director & Company Secretary

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, strategies, business directions and goals including important business policies, 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, evaluate and approve the implementation of the corporate governance framework, code of ethics and the code of conduct of the Company at least once a year.

4. To approve the organizational structure that maintain a balance of power between supervisory and management functions.

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

6. To supervise setting up a control system for financial reports and reliability of audit evidence.

7. To appoint the subcommittees to be adequate and appropriate of its duties to support the Board in their responsibility as well as to consider the composition of the subcommittees and any significantly changes that may affect their performance.

8. To oversee disclosure of information regarding good governance, financial reports and important matters in accordance with the rules and regulations of relevant regulatory bodies, accurately, completely and timely.

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

10. 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.

11. To oversee assessing the performance of the Board and its subcommittees annually.

12. 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.

13. 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.

14. 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.

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

16. To appoint the Company Secretary to ensure that the Board and the Company perform their duties in accordance with related laws and relevant rules and regulations

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 2021.

1.	Professor Hiran	Radeesri	Chairman
2.	Mr. Kiet	Srichomkwan	Member
3.	Mrs. Wanida	Chansikarin	Member

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

The Audit Committee No. 1 and 3 have expertise and vast experience in accounting, finance practice and experienced to review of creditability the financial report.

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 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 six meetings a year.

2) Remuneration, Nomination and Governance Committee consists of two-third of independent directors, of which the Committee's chairman is an independent director, and hold a term of 3 years. All members as below names list will be vacated the office on due term in February 2022.

1.	Mr. Kiet	Srichomkwan	Chairman
2.	Mr. Phornpong	Phornprapha	Member
3.	Mr. Nipol	T.Jeerawong	Member

Duties and Responsibilities of Remuneration

1. To propose 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 top executives.

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

3. To consider and fix bonus for top executives propose to the board of directors for approval.

4. To 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 Nomination

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

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

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

4. To 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 two meetings a year.

3) Risk Management Committee consists of following the Company's director and top executives and holds a term of three years. All members as below names list will be vacated the office on due term in February 2022.

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. To review and propose risk management policy and risk appetite to the board of directors for approval, at least as specified by the Office of the Commission and Trading Business (OIC).

2. To oversee development and ensure that all division/department within the Company to perform by the risk management system, Including development and implementation of the organization risk management framework and policy.

3. To 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. To 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 and report to the Board of Directors at least once a quarter.

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

6. To provide advice to various departments that are risk management departments and to consider revising various information about the development of the risk management system

The Committee holds at least four 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 Investment 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 four 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
4.	Mr. Anak	Wanglee	Member
5.	Mr. Anin	Wanglee	Member
6.	Dr. Saran	Wanglee	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 two meetings a month.

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	Executive Vice President - Assets Management, Organization Development, Administrative & Information System
5. Mr. Anin	Wanglee	Executive Vice President - Claims Management
6. Dr. Saran	Wanglee	Executive Vice President - Business Development, Marketing Salesforce, Channel Management, Marketing Support and Corporate image and Communication Management

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 not exceeding 1 million Baht. In case that the President approves In the expense more than 1 million Bath but not exceeding 10 million Baht, the transection must be reported to chief Executive Office

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. To organize the meetings of shareholders and the Board as stipulated by law, the Company's Articles of Association, and other guidelines.
2. To prepare the minutes of shareholders' meetings and the minutes of the Board's meetings as well as filing documents.
3. To ensure disclosure of the Company's operations and the Board activities to comply with rules and regulations of SET and SEC.
4. To provide 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. To communicate 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 one 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 three 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 the Company 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 one 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 three 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 three 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.

The 2020 business relationship examination, it appears that a car dealership in which one of the Company's independent directors is a major shareholder. There are transactions with the Company worth 16.06 million baht with the transaction size not exceeding 20 million baht and not exceeding 3% of the NTA value of the Company. The Board of Directors views that the above business relationship does not affect the opinion expressed being independent as an independent director. Since the transaction is a normal business transaction and a normal business support transaction, which is divided into 3 parts, which are (1) the purchase of an insurance policy of Mr. Kiet Srichomkwan with the company valued at 1,014,435 baht (2) the insurance premium in the car sales promotion program at Toyota Motor Thailand Co., Ltd. offers customers who purchase a car worth 804,902 baht, which the customer chooses by the insurance company and (3) the company pays for the customer's car repair under the Toyota Care scheme and customers whose policy specifies repair centers Worth 14.24 million baht.

2) Nomination of Director and Top Executive

The remuneration, nomination and governance committee is responsible 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 Depending on the case.

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 and leave the meeting room.

Quality of the Director

1. Directors must posse 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 should dedicate appropriate time to the Company that he/she serves as director and perform his/her duty with due care.

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

Ordinary Shares (Shares)						
Name lists	As of 30 December 2020		As of 28 December 2019		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	3,522,485	1,225,000	3,522,485	1,225,000	-	-
2. Mr. Pitiphong Bisalputra	160,042	-	160,042	-	-	-
3. Prof. Hiran Radeesri	-	-	-	-	-	-
4. Mr. Kiet Srichomkwan	41,793	-	41,793	-	-	-
5. Mr. Nipol T.Jeerawong	57,875	35,502	57,875	39,602	-	(4,100)
6. Mrs. Wanida Chansikarin	3,702	-	3,702	-	-	-
7. Mr. Phornpong Phornprapha	-	-	-	-	-	-
8. Mr. Chan Soo Lee	345,466	-	345,466	-	-	-
9. Mr. Thamnu Wanglee	429,688	16,896	429,688	16,896	-	-
10. Mr. Vuttichai Wanglee	610,168	14,115	610,168	14,115	-	-
11. Ms. Jittinan Wanglee	238,685	-	238,685	-	-	-
12. Dr. Saran Wanglee	188,845	-	188,845	-	-	-
13. Ms. Charuwan Chabchamrun	-	-	-	-	-	-
14. Ms. Anukul Thitikulrat	-	-	-	-	-	-
15. Mrs. Nalina Bodharamik	-	-	-	-	-	-
16. Mr. Anak Wanglee	65,990	-	65,990	-	-	-
17. Mr. Anin Wanglee	100,043	-	100,043	-	-	-

7. Meeting Attendance of the Board of Directors and the Committees in 2020

Directors	Board of Directors	Non-executive Director	Audit Committee	Remuneration, Nomination& Governance Committee	Risk Management Committee	Investment Committee	Executive Board
1. Mr. Suchin Wanglee	7/7	1/1	-	-	-	-	-
2. Mr. Pitiphong Bisalputra	7/7	-	-	-	5/5	4/4	49/50
3. Prof. Hiran Radeesri	6/7	1/1	9/9	-	-	-	-
4. Mr. Kiet Srichomkwan	7/7	1/1	9/9	2/2	-	-	-
5. Mr. Nipol T. Jeerawong	7/7	1/1	-	2/2	5/5	4/4	-
6. Mrs. Wanida Chansikarin	7/7	1/1	9/9	-	-	-	-
7. Mr. Phornpong Phornprapha	7/7	1/1	-	1/2	-	-	-
8. Mr. Chan Soo Lee	7/7	1/1	-	-	-	-	-
9. Mr. Thamnu Wanglee	7/7	1/1	-	-	-	-	-
10. Mr. Vuttichai Wanglee	7/7	1/1	-	-	-	-	-
11. Ms. Jiittinan Wanglee	6/7	1/1	-	-	-	-	-
12. Dr. Saran Wanglee	7/7	-	-	-	-	-	45/50
13. Ms. Charuwan Chabchamrun	7/7	-	-	-	-	-	-
14. Ms. Anukul Thitikulrat	-	-	-	-	5/5	-	49/50
15. Mrs. Nalina Bodharamik	-	-	-	-	5/5	-	42/50
16. Mr. Anak Wanglee	-	-	-	-	4/5	4/4	37/50
17. Mr. Anin Wanglee	-	-	-	-	-	-	42/50

8. Remuneration of Directors and Executives in 2019

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 payable to the chairman and the CEO at the rate of two 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

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 2020, the total remuneration for six executives in the form of salaries and bonuses amounted to 22,911,500 Baht.

2) Other Remuneration

Other Remuneration of Directors

-None-

Other Remuneration of the Executive

The Company has established a provident fund rate five percent of the salary. For 2020, the Company made contributions of 810,390 Baht to provident fund for the 6 executives.

The remuneration is paid to the Board of Directors and the Committees in 2020

Remuneration (Baht)

Directors	Board of Director	Non-executive Directors	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Invesment Committee	Director's Bonus	Total
1. Mr. Suchin Wanglee[1]	210,000	30,000	-	-	-	-	300,000	540,000
2. Mr. Pitiphong Bisalputra[2]	140,000	-	-	-	50,000	80,000	300,000	570,000
3. Prof. Hiran Radeesri[3]	120,000	20,000	270,000	-	-	-	150,000	560,000
4. Mr. Kiet Srichomkwan[4]	140,000	20,000	180,000	40,000	-	-	150,000	530,000
5. Mr. Nipol T. Jeerawong[5]	140,000	20,000	-	20,000	100,000	40,000	150,000	470,000
6. Mrs. Wanida Chansikarin	140,000	20,000	180,000	-	-	-	-	340,000
7. Mr. Phornpong Phornprapha	140,000	20,000	-	10,000	-	-	150,000	320,000
8. Mr. Chan Soo Lee[6]	100,000	20,000	-	-	-	-	150,000	270,000
9. Mr. Thamnu Wanglee	140,000	20,000	-	-	-	-	150,000	310,000
10. Mr. Vuttichai Wanglee	140,000	20,000	-	-	-	-	150,000	310,000
11. Ms. Jittinan Wanglee	120,000	20,000	-	-	-	-	150,000	290,000
12. Dr. Saran Wanglee	140,000	-	-	-	-	-	-	140,000
13. Ms. Charuwan Chabchamrun	140,000	-	-	-	-	-	150,000	290,000
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
Directors who resigned in 2019 but received remuneration for the year 2020								
17. Mr. Pramon Sutivong	-	-	-	-	-	-	150,000	150,000
18. Mr. Kaet Wanglee	-	-	-	-	-	-	150,000	150,000
Total	1,810,000	210,000	630,000	70,000	290,000	160,000	2,250,000	5,420,000

Note:

1. Chairman of the Board, excluding the remuneration as an advisor to the executive board in term of salary, bonus and proident fund, totaling 8,468,490 Baht.
2. Chief Executive Officer and 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 committee, excluding the remuneration as advisor to the Chairman of the Board in term of salary, bonus and provident fund, totaling 5,217,030 Baht.
6. Mr. Chan Soo Lee attended all 7 board of director meetings via electronic devices from Singapore. However he was not included in the quorum of the meeting No. 1/2020 and No. 2/2020 in compliance with the Announcement of the National Council for Peace and Order No. 74/2557 on Teleconferences through Electronic Devices (Order 74/2557) which stipulated that the meeting participants must be located in Thailand. Therefor he did not received the meeting fee for the said meetings.

9. Related Party Transactions

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. They are disclosed in notes to the financial statements, under item 30.

However, the Company shall proceed by implementing fair method, transparent and complying with the rules and regulations of relevant regulatory bodies.

Economic and Non-Life Insurance Industry Trends

Thailand's Economy in 2020

Economic Growth

Thailand's economy in 2020 declined by 6.1 percent. On the expenditure side, export of goods, private consumption and investments contracted by 6.6 percent, 1.0 percent and 4.8 percent, respectively. On the other hand, government consumption expenditure and public investment expanded by 0.8 percent and 5.7 percent, respectively. In terms of the production side, agriculture, forestry production and fishery sector, manufacturing sector, accommodation and food services sector, and transport and storage services sector declined by 3.4 percent, 5.7 percent, 36.6 percent, and 21.0 percent, respectively. In 2020, GDP value at current prices was at 15.7 trillion baht (501.8 billion US dollar). GDP per capita was 225,913.8 baht per person per year (7,219.2 US dollar per person per year).

Economic Stability

For the economic stability, the headline inflation was at -0.8 percent and the current account registered a surplus of 3.3 percent of GDP. The unemployment rate was at 1.86 percent, slightly lower than 1.90 percent in the previous quarter but higher than 1.0 percent in the fourth quarter of 2019. The headline inflation was at -0.4 percent. The current account registered a deficit of 1.2 billion USD (equivalent to 34.5 billion baht or 0.8 percent of GDP). At the end of December 2020, the international reserves stood at 258 billion US dollar and public debt recorded at 8,136,114.6 million baht, accounted for 52.1 percent of GDP.

Thailand's Economy in 2021

Economic Growth

Thailand's economy in 2021 is expected to expand by 2.8 percent (with a forecasted range of 2.5 - 3.5 percent) supported mainly by (i) the recovery of the world economy and global trade volume; (ii) the government stimulus measures; (iii) the rebound of domestic private demand; and (iv) the unusually low base effect in 2020. Accordingly, it is expected that export value in US dollars term will expand by 5.8 percent while private consumption and total investment are expected to increase by 2.0 percent and 5.7 percent, respectively.

Economic Stability

In 2021, inflation rate is expected to be 1.3 percent (with a forecasted range of 1.0-2.0 percent). Regarding external stability, it is expected that the current account will record a surplus of 2.3 percent of GDP. On the total consumption side: (i) private consumption expenditure is expected to grow by 2.0 percent due to the impact of a new outbreak that began in December 2020 which affected consumer confidence and has led to a partial containment and lockdown measures in some areas with highly infected cases. Nevertheless, the new wave of domestic outbreak will be able to contain within the first quarter of 2021. Meanwhile, private consumption for the remainder of the year will be bolstered by the improved income base from export and farmers' income, together with supports from government measures to alleviate the vulnerable group and stimulate domestic demand. (ii) Government consumption expenditure is estimated to expand by 5.1 percent, consistent with the government budget framework under the fiscal year 2021 at the rate of 98.0 percent, increased from fiscal year 2020 at the rate of 97.4 percent. Moreover, the amount of 403,249 million baht is expected to be disbursed under the 1-trillion-baht loan decree in 2021, an increase of 34.8% from 2020. Total investment is expected to grow by 5.7 percent. Public investment is projected to increase by 10.7 percent, in line with 2021 investment budget, which increased by 17.0 percent compared with that of the fiscal year 2020, including disbursement under the 1-trillion-baht loan decree. Private investment is expected to grow by 3.8 percent, in line with the trend of an improvement in exports and the recovery of the world economy, which will be key supporting factors for investment. Exports value of goods in US dollar terms is anticipated to grow by 4.2 percent. The export volume is expected to increase by 3.8 percent, based on economic growth and world trade volumes assumptions in 2021. The export price is expected to increase by 1.0 percent, in line with an upward trend in global oil prices. Service exports were still affected from international travel control measures. Although the measures are more relaxed, Thailand still unable to fully accept tourists and affect the number of inbound tourists. In the base case, it is expected that the income from foreign tourists will be 490 billion baht, compared with 460 hundred billion baht in 2020, an increase of 7.0 percent. Exports of goods and services in 2021 are likely to increase by 0.1 percent, compared with a decrease of 19.5 percent in 2020.

Source: information as of 15 February 2021

Office of the National Economic and Social Development Council

Bureau of Macroeconomic Policy, Fiscal Policy Office

The Non-Life Insurance Industry in 2020 and trends for 2021

Non-life insurance business in 2020

In 2020, the non-life insurance business has been struggled with economic recession due to various factors, including the impact of the COVID-19 pandemic and political uncertainty. As a result, the Thai economy declined by 6.7 percent. However, the overall non-life insurance business performance for 9 months from January to September 2020 grew by 3.9 percent, compared to the same period last year with the total direct premiums of 184,368 million baht. Most classes of insurance continued to show good growth prospects, except travel insurance which had a negative growth due to the impact of the COVID-19 outbreak. As of the third quarter of 2020, motor insurance increased by 0.2 percent, fire insurance increased by 0.5 percent, marine and transportation insurance increased by 2.3 percent and miscellaneous insurance increased by 11.3 percent. The key factors affecting direct premium growth were the volume of domestic car sales which showed less-than-expected negative sales; the increase in motor voluntary insurance premiums rate to be in line with the increase in coverage prescribed by the Office of Insurance Commission (OIC); an increase in government consumption and public investment; government insurance promotion in crop insurance programs (Rice and Maize Insurance Projects). The COVID-19 pandemic which had both positive and negative impacts on the insurance business was a factor that led to 60 percent growth of health insurance but 64.1 percent negative growth of travel insurance. During January and December 2020, COVID-19 insurance direct premium recorded 4,102.5 million baht, equivalent to 1.6 percent of the total direct premium with a total of 7.5 million insurance policies. The Crop and Maize Insurance Project registered a total direct premium of 4,084.32 million baht, equivalent to 1.6 percent of the total direct premium, divided into rice insurance premiums amounting 3,758.64 million baht and maize insurance premiums amounting 325.68 million baht. In term of distribution channels, as of the third quarter of 2020, the brokerage channel remained the most profitable channel with direct premium of 109,097 million baht or 58 percent. Secondly, the agent channel registered 25,711 million baht of direct premium, equivalent to 14 percent, and thirdly, bancassurance channel registered 22,230 million baht, equivalent to 12 percent. The remainders were not significant growth. However, the online channel which had less direct premium than other channels was considered a significant growth with the direct premium of 794 million baht, increased by 249 percent from the same period last year. Sales of motor and health insurance through online channel Increased significantly. The overall loss ratio of all classes of non-life insurance as of the third quarter of 2020 was at 54.3 percent. Motor insurance loss ratio was at 61.5 percent, still higher than other classes of insurance. However, loss ratio of motor insurance as of the third quarter of 2020 was lower than that of the same period last year due to the positive impact of the lockdown and curfew in response to the COVID-19 outbreak at the beginning of the year resulting in a decrease in the number of cars travelling on the road especially during the Songkran festival and in car accidents.

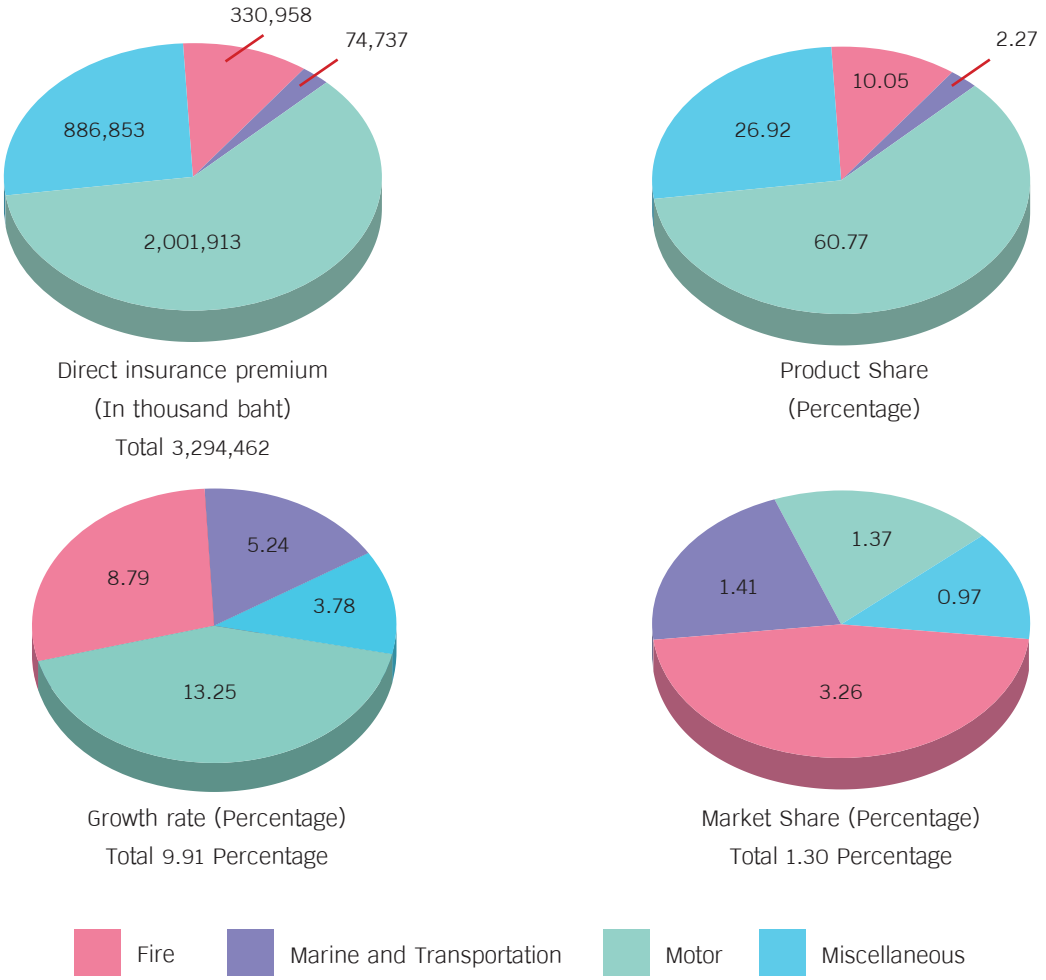
The trends for 2021

The non-life insurance business in 2021 is forecasted to grow in line with the growth trend of the Thai economy in 2021 which is expected to grow by 3.5-4.5 percent. The strong supports are the recovery of domestic demand, an improvement in the economy and world trade volume, government drive from disbursement under budget and economic measures, as well as an unusually low expansion of economy in 2020 due to Covid-19 pandemic which affected a lower economic growth. However, Thai economy has begun to recovery in line with the recovery of domestic demand, export and manufacturing sectors, estimated number of new car sales, a positive trend in the public awareness of COVID-19 prevention, as well as the development of a vaccine against COVID-19 which will result in the recovery of travel and tourism. At the same time, people have become more knowledgeable and familiar with health insurance to manage the risks of various ailments. Therefore, it can predicted that the non-life insurance business in 2021 will have an opportunity to expand approximately 0-5.0 percent compared with 2020, with total direct insurance premiums of 250,000-262,500 million baht. In 2021, health insurance premiums, excluding COVID-19 insurance, are likely to increase due to the awareness of health risk management, while the sales of COVID-19 insurance may decline or shrink. Travel insurance is likely to grow from a very low base in 2020, however, more or less growth depends on various factors such as COVID-19 situation in the country and abroad (there might be a reduction in the spread or a new wave of the spread), success in developing a vaccine against COVID-19 and vaccine access, as well as the Coronavirus Disease Situation Management Center 2019 (COVID-19)'s measures to open the country to welcome tourists. In the New Normal era, non-life insurance companies face many challenges, such as economy recession, low interest rates, new rules and regulations impacting business operation, the epidemic of emerging diseases, an increase in the number and severity of disasters, technological change, cybercrime, new forms of insurance fraud and change in consumer behavior and lifestyle.

All of these are happening in a new world called "VUCA World", a world of high volatility which is hard to forecast, high uncertainty, complexity and ambiguity. Therefore, non-life insurance companies wishing to survive in this drastic and rapid change shall be aware of change, constantly review and adjust themselves accordingly. As a result, non-life insurance companies need to reorganize their work processes including internal work process, policy offering, services and focus on the introduction of InsurTech to increase work efficiency and reduce operating costs. Furthermore, they should focus on development of skills and abilities as RUN (Reskill / Upskill / New Skill) to provide personnel with the knowledge and abilities necessary for the modern world. A crisis must be turned into an opportunity to increase competitiveness and readiness for rapidly entering the new world.

Source: Information from the Thai General Insurance Association as of 22 December 2020.

The Company's market share as of 30 December 2020.



Nature of Business

Business Overview

The Navakij Insurance Public Company Limited (the "Company") has been engaged in the non-life insurance business since the 23rd of September 1933. Founded by the Wanglee Family, the Company was initially known as Luang Lee Insurance Company Limited. At the initial period, there were only two classes of insurance provided by the Company, fire and marine insurance. The Company changed its name to The Navakij Insurance Public Company Limited on 15 August 1985. On 24 August 1990, the Company was listed in the Stock Exchange of Thailand with a paid up capital of forty million baht and as a result, increased its capital to eighty million baht in 1992 and on 20 August 1993, the Company converted its status to a public limited company.

The Company has developed its business with achieving sustainable growth over past 87 years. Presently, its paid up capital is 350 million baht.

Underwriting is the core function of the Company. The Company engages in most of non-life insurance i.e. fire, marine and transportation, motor and miscellaneous.

Underwriting

- Direct insurancethrough agents, brokers, broker firms and branch offices has underwriting proportion for over 90 percent of the total written premiums.
- Reinsurance and retrocession is ceded to and accepted from other insurance companies to spread risks.

Investment

In addition to underwriting, the Company also spends its income on investment in compliance with the type of investment and with limits for lines 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 Objectives

The Company's strategies and policies have been reviewed annually by the management and has been approved by the board of directors. In 2021 the Company sets a goal to expand the business continuously by focusing on non-motor business, developing insurance products to cover customer needs increasing efficiency in the claim management process, managing costs, applying technology to various working systems, and developing personnel in various fields to achieve the Company's performance in line with the set business goals.

The Company has formulated a medium-term strategic plan that focuses on expanding sales channels for increasing new customer base, controlling operating cost and maintaining shareholder returns. Long-term goals of the Company are increasing market share and invent insurance products that meet customer needs for sustainable growth.

Changes and developments in the past 3 years

2018

- Abolished 2 sub-branches namely Lampang sub-branch Aand Trang sub-branch and transferred the liabilities of the said sub-branches to Chiang Mai branch and Krabi sub branch according to the Company's branch management policy.
- Increased registered capital by 10 million baht to support the stock dividend payment to existing shareholders by issuing new 1 million ordinary shares with a par value of 10 baht per share, as a result total registered capital were 340 million baht.

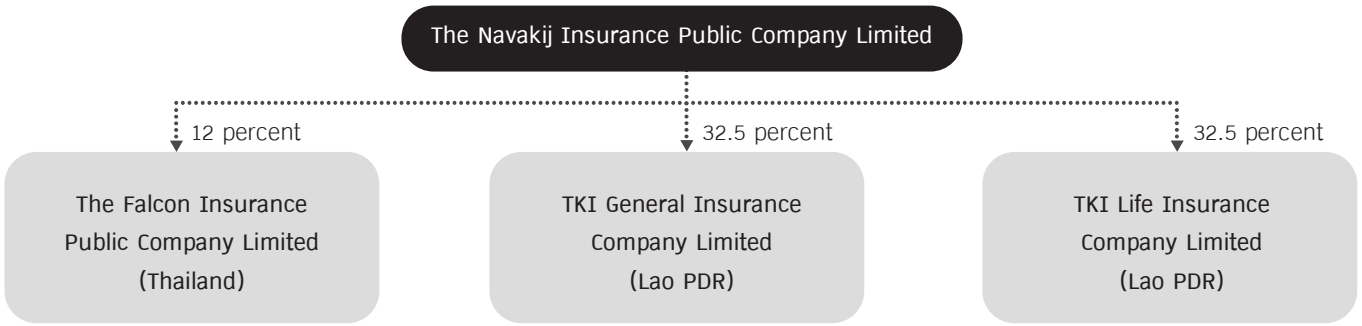
2019

- Increased registered capital by 10 million baht to support the payment of stock dividends to existing shareholders by issuing new 1 million ordinary shares with a par value of 10 baht per share, as a result, a total registered capital were 350 million baht.

2020

- Paid an interim dividend for the operating performance of 2019 based on retained earnings of 2010 for 35 million shares at the rate of 1.2857 baht per share.
- Abolished Suvarnabhumi branch and transferred its liabilities Rangsit branch according to the Company's branch management policy.
- Restructured the organization by establishing the Office of Corporate Image and Communication to increase the efficiency in managing the corporate image and communication.

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

Currently there is a greater competition in the non-life insurance business which can be seen in the concentration of large and medium sized companies. Entry in ASEAN economic community plays a major role in the increase of competition for insurance companies abroad and domestic of both which have strong financial standings, modern technology and new innovative products for the consumer. Therefore, these companies have a potential for a higher market share supported by a strong financial backing allowing them to compete in terms of pricing, strategy and quality of service. To stay competitive, insurance companies must adjust accordingly with those given conditions.

The strategies are

1. The Company emphasizes the existing customers group and focus on the motor insurance business which has the high potential growth and making the market share of the Company's total insurance premium is higher than the non-motor insurance.
2. The Company expanding the market-based to the retail customers group and also have micro-insurance products to serve the customers' needs.
3. 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. The Company will develop the new products to support this regarding situation.

2. Risks from selecting target customers that are suitable for the Company strategy, and the technology that supports new products to suit for the specific risk of customer group

The selection of target customers is very important for today's business operations, so determining the target customers are important. The Company should give precedence to manage costs including target customers to be suitable with the Company strategy as specified in order to build a better customer base in the future and create the sustainable competitiveness in business. In addition, technology has an important part that can be used to analyze, plan, and make decisions by processing from a Company database and able to modify the application processing according to various situations for the Company's goals.

The Company manages the risk by

1. To set the target of the new product, insurance premiums and loss ratio.
2. To emphasize the new product that is profitable and high potential growth.
3. To make the new marketing channels and analyze customers' demand for new products.
4. To monitor the insurance premium growth rate and loss ratio in accordance with the company target and make the evaluation.

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 by the Company, leading to higher than expected losses. These 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.
2. 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. This may result in a higher of loss ratio than expected and effect to the Company's liquidity risk.

The Company adopts measures to deal with the above risks by

1. Analyzing on the basis of Loss ratio and Combined ratio by monitoring and controlling to be in the company criteria.
2. Implements strict risk selection criteria, client groups and type of business which conform to the risk appetite of loss ratio. The Company analyzes the reinsurance retention appropriately in order to increase profitability and absorb risks that may occur.

3. The Company purchases the Excess of Loss Insurance which will help to control the risk that Company takes, and to prevent the Company's performance, Company's financial status, including the level of the Company's capital fund fluctuation and severely affected by the crisis such as catastrophic events, which affect more than the Company can accept as the Company has defined in accordance with the risk management policy.

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.

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 at least A- 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.

The Company manages this risk by considering and choosing only reinsurers with a credit rating of A- or higher and monthly monitors for any adjustments to the credit ratings of foreign reinsurance companies and quarterly monitors for any adjustments to the credit ratings of local reinsurance companies.

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.
4) To emphasize the investigating process those who violate or fail to comply with the Anti-Money Laundering Act, and Terrorism and Proliferation of Weapons of Mass Destruction Financing Act.

3. **Technology:** Statistical data and information of clients were lost or leaked to outsiders or competitors, including the cyber risk. 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

5. **Fraud Risk:** Means the act or omission to act of fraud in order to gain unlawful benefits, regardless of whether the beneficiary of the fraud is a fraudulent person or any other involved person. In this regarding includes internal fraud and external fraud, which has been identified as part of the operational risk.

The Company manages the fraud risk by

1. The company has specified the event and source of fraud risks, which effected on income, capital fund, reputation, or existence of the company.
2. The company has prescribed the procedures for fraud risk assessment, and implement.
3. The company manages fraud risks, by performing at least the following items;
    1) To set a standard and do the evaluation for qualifications and suitability of directors, and employees regularly at least once a year.
    2) To set a policy for categorizing customers, Customer Due Diligence (CDD).
    3) To set procedures for managing compensation claims to reduce fraud risk.
    4) To set a guideline for assessing the qualifications of agents and brokers.
    5) To monitor the operations of insurance agents and brokers
    6) In the case of the company uses services from third parties, the company prepares a policy for outsourcing third-party services, monitor risk from third-party services.
4. The company prepares a policy for reporting fraud (whistle-blowing).
5. The company has appointed an independent person to perform an investigation on any suspicious event by reporting the investigation result to the audit committee quarterly at least. If the audit committee receives the report and found the fraud that has a serious impact on the financial status, performance or company reputation, the audit committee reports to the board of directors in order to solve the problem in the appropriate period. In case of the board of directors or the management does not make improvements within the time specified by the audit committee, the audit committee reports to the OIC.
6. The company prepares a database for internal and external fraud for monitoring fraud.
7. The company revisits its policy at least once a year.
8. The company prepares a report summarizing its implementation of insurance fraud risk policies and procedures, which have been approved by the risk management committee and submitted to the board of directors, at least once a year.

6. Conduct of Business Risk: This risk arising from the operations or activities of providing customer service of the Company, causing customers not to be treated fairly.

The Company has the conduct of business policy that defines the Company's business operations, staff working process, non-life insurance agent and broker including banks which is in accordance with the OIC announcement.

7. Personal Data Protection Risk: Caused by using personal information collection or disclosure without the consent of the data subject for personal gain or trade or for the benefit of personal information using in various offenses.

The Company has risk management by defying the guidelines for the use or disclosure of personal information related to the non-life insurance business, and comply with the Personal Protection Act, as well as other laws related.

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.

Catastrophic Risk

This risk will make the damage suddenly and seriously, they caused a lot of loss such as earthquakes, floods, etc. This is one of the important factors that may affect the Company's business operations.

The company has risk management by analyzing and considering the preparation of reinsurance contracts through reinsurers with stable financial status. This is the transferring and diversifying risks of the insurance business. This will help to limit the amount of the damage that the Company can compensate the compensation without affecting the Company's financial position.

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.

Group Risk

The risk that the financial status of affiliated company impacts to other associates companies. Currently, the Company has investments in associates 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.

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.

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 is 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 45 percent 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.

Summary of Operating Results in 2020 compared to 2019 according to the financial statements in which the equity method is applied

As of December 2020, the Company's operating results represented a net profit of 71.33 million Baht compared to last year of 29.65 million Baht, an increase of 41.68 million Baht or 140.57 percent. Return on Equity was 3.41 percent compared to last year of 1.42 percent. Earnings per share was 2.04 Baht compared to last year of 0.85 Baht per share.

Gross written premium was 3,326.06 million Baht, an increase of 302.15 million Baht or 9.99 percent compared to the previous year.

Total income which consisted of underwriting income, income on investment and other income totalled 2,647.88 million Baht, an increase of 75.39 million Baht or 2.93 percent from the previous year. The underwriting income was 2,631.06 million Baht, an increase of 239.25 million Baht or 10.00 percent whilst the investment and other income was 16.82 million Baht, a decrease of 163.86 million Baht or 90.69 percent

Total expenses which consisted of underwriting expense before operating expenses, operating expenses, finance cost and expected credit loss totalled 2,561.28 million Baht, an increase of 18.39 million Baht or 0.72 percent comparing to the previous year. The underwriting expense before operating expenses was 2,213.94 million Baht, an increase of 33.02 million Baht or 1.51 percent whilst the operating expenses, finance cost and expected credit loss was 347.34 million, a decrease of 14.63 million Baht or 4.04 percent compared to the same period last year.

Major Factors Attributed to Operating Results in 2020 are as follows:

1. Operating Results from Underwriting

In 2020, the Company's underwriting profit before operating expenses was 417.12 million Baht, an increase of 206.23 million Baht or 97.79 percent. Underwriting profit margin was 17.11 percent and 9.54 percent in 2020 and 2019 respectively. Nevertheless, the operating results after deducting operating expenses, finance cost and expected credit loss resulted in the underwriting profit of 69.78 million Baht, an increase of 220.86 million Baht or 146.19 percent compared to the previous year that registered the underwriting loss of 151.08 million baht.

1.1 Underwriting Income

In 2020, the Company's underwriting income was 2,631.06 million Baht, an increase of 239.25 million Baht or 10.00 percent from the previous year, mainly due to:

Gross written premium was 3,326.06 million Baht, an increase of 302.15 million Baht or 9.99 percent compared to the same period last year of 3,023.91 million Baht, resulted from an increase of all classes of insurance's direct premium. Outward premium was 768.64 million Baht, an increase of 23.23 million Baht or 3.12 percent from last year. Net written premium was 2,557.42 million Baht, an increase of 278.92 million Baht or 12.24 percent compared to the same period last year. Retention ratio was 76.89 percent, higher than 75.35 percent in the previous year.

The Company's earned premium was 2,437.21 million Baht, an increase of 227.76 million Baht or 10.31 percent compared to the same period last year due to an increase in earned premium of fire, motor and miscellaneous insurance.

Fee and commission income was 193.85 million Baht, an increase of 11.49 million Baht or 6.30 percent. The ratio of fee and commission income was 25.22 percent and 24.46 percent in 2020 and 2019 respectively.

1.2 Underwriting Expenses Before Operating Expenses

In 2020, the Company's underwriting expenses before operating expenses was 2,213.94 million Baht, an increase of 33.02 million Baht or 1.51 percent comparing to the same period last year of 2,180.92 million Baht.

The underwriting expenses before operating expenses included:

(1) Claims and loss adjustment expenses was 1,440.96 million Baht, an increase of 6.15 million Baht comparing to the previous year of 1,434.81 million Baht that represented loss ratio of 59.12 percent, lower than that of 64.94 percent in the previous year. This was due to a decrease of claims and loss adjustment expenses of fire, marine and transportation, and miscellaneous insurance.

(2) Commission and brokerage expenses were 530.74 million Baht, an increase of 59.93 million Baht or 12.73 percent comparing to the same period last year. These expenses were a variation to direct written premium and reinsurance premium. The gross written premium in 2020 totalled 3,326.06 million Baht, increased by 9.99 percent compared to the same period last year of 3,023.91 million Baht.

(3) Other underwriting expenses was 242.24 million Baht, a decrease of 33.06 million Baht or 12.01 percent compared to the same period last year due to a reduction of acquisition cost.

1.3 Profits from Underwriting before Operating Expenses

Fire Insurance

In 2020, fire underwriting profit before operating expenses was 138.02 million Baht, an increase of 63.17 million Baht or 84.40 percent compared to the same period last year.

Fire written premium was 656.92 million Baht, an increase of 36.74 million Baht or 5.92 percent from the previous year. Net written premium was 362.94 million Baht, an increase of 36.34 million Baht or 11.13 percent. Retention ratio was 55.25 percent in 2020, higher than that of 52.66 in 2019.

Underwriting income was 411.72 million Baht, an increase of 32.69 million Baht or 8.62 percent from last year. Earned premium was 329.26 million Baht, an increase of 13.33 million Baht or 4.22 percent, fee and commission income was 82.46 million Baht, an increase of 19.36 million Baht or 30.68 percent compared to the same period last year. The ratio of fee and commission income was 28.05 percent in 2020 compared to 21.49 percent in 2019.

Underwriting expenses before operating expenses was 273.70 million Baht, a decrease of 30.48 million Baht or 10.02 percent from last year, as a result of decreasing in claims and loss adjustment expenses amount of 69.96 million Baht, a decrease of 34.71 million Baht or 33.16 percent from the previous year. The loss ratio was 21.25 percent, lower than that of 33.13 percent in 2019. Commission and brokerage expenses was 149.26 million Baht, an increase of 6.27 million Baht from last year. Other underwriting expense was 54.48 million Baht, a decrease of 2.04 million Baht from the previous year.

Marine and Transportation Insurance

In 2020, underwriting profit before operating expenses of marine and transportation was 34.59 million Baht, a decrease of 1.32 million Baht or 3.68 percent compared to the same period last year.

The written premium was 83.62 million Baht, an increase of 5.24 million Baht or 6.69 percent from last year. Net written premium was 40.22 million Baht, decreased by 7.84 percent or 3.42 million Baht from the previous year as a result of decreasing in retention rate from 55.68 percent in 2019 to 48.09 percent in 2020.

Underwriting income was 55.35 million Baht, a decrease of 3.66 million Baht or 6.20 percent from the previous year. Earned premium was 41.15 million Baht, a decrease of 2.74 million Baht or 6.24 percent. Fee and commission income was 14.20 million Baht, decreased by 6.08 percent or 0.92 million Baht compared to the same period last year.

Underwriting expenses before operating expenses was 20.76 million Baht, a decrease of 2.34 million Baht or 10.13 percent from the previous year, as a result of the reduction of claims and loss adjustment expenses amount of 4.91 million Baht, a decrease of 1.24 million Baht or 20.16 percent from the previous year. Loss ratio was 11.93 million Baht, lower than 14.01 percent in 2019. Commission and brokerage expenses was 12.16 million Baht, an increase of 0.97 million baht from the previous year. Other underwriting expense was 3.69 million Baht, a decrease of 2.07 million Baht from the previous year.

Motor Insurance

In 2020, motor underwriting profit before operating expenses was 189.93 million Baht, an increase of 86.54 million Baht or 83.70 percent compared to the same period last year.

Motor written premium was 2,007.21 million Baht, an increase of 239.54 million Baht or 13.55 percent compared to the same period last year. Net written premium was 1,995.42 million Baht, an increase of 239.21 million Baht or 13.62 percent from the previous year.

Underwriting income was 1,918.23 million Baht, an increase of 213.89 million Baht or 12.55 percent, due to the earned premium of 1,915.50 million Baht, an increase of 213.43 million Baht or 12.54 percent. Fee and commission income was 2.73 million Baht, an increase of 0.46 million Baht or 20.26 percent from last year.

Underwriting expenses before operating expenses was 1,728.30 million Baht, an increase of 127.35 million Baht or 7.95 percent from last year, caused by the increase in claims and loss adjustment expenses amount of 1,278.65 million Baht, an increase of 96.58 million Baht or 8.17 percent. The loss ratio was 66.75 percent, lower than 69.45 percent in 2019. Commission and brokerage expenses was 310.89 million Baht, an increase of 54.96 million Baht from last year. Other underwriting expense was 138.76 million Baht, a decrease of 24.19 million Baht comparing to the previous year.

Miscellaneous

In 2020, underwriting profit before operating expenses was 54.58 million Baht, an increase of 57.84 million Baht or 1,774.23 percent compared to same period last year.

Written premium was 578.31 million Baht, an increase of 20.63 million Baht or 3.70 percent compared to the same period last year. Net written premium was 158.84 million Baht, increased by 6.79 million Baht or 4.47 percent from the previous year. Retention ratio was 27.47 percent, higher than that of 27.27 percent in the previous year.

Underwriting income was 245.76 million Baht, a decrease of 3.67 million Baht or 1.47 percent from the previous year as a result of earned premium of 151.30 million Baht which increased by 3.74 million Baht or 2.53 percent. Fee and commission income was 94.46 million Baht, a decrease of 7.41 million Baht or 7.27 percent compared to the same period last year. The ratio of fee and commission income was 22.52 percent in 2020 compared to 25.11 percent in 2019.

Underwriting expenses before operating expenses was 191.18 million Baht, a decrease of 61.51 million Baht or 24.34 percent from last year as a result of decreasing in claims and loss adjustment expenses amount of 87.44 million Baht, a decrease of 54.48 million Baht or 38.39 percent. The loss ratio was 57.79 percent in 2020, lower than 96.17 percent in 2019. Commission and brokerage expenses amount of 58.43 million Baht, a decrease of 2.27 million Baht and other underwriting expenses amount of 45.31 million Baht, a decrease of 4.76 million Baht from the previous year.

1.4 Operating Expenses

In 2020, the Company's operating expenses, finance cost and expected credit loss was 338.19 million Baht, a decrease of 22.92 million Baht or 6.35 percent compared to the same period last year.

2. Investment Income and Other

In 2020, the Company's investments income, profit on investments, and other income was 16.82 million Baht, a decrease of 163.86 million Baht or 90.69 percent, compared to the previous year of 180.68 million baht. That decrease was caused by the interest and dividend income amount of 61.95 million Baht, decreasing by 32.20 million Baht or 34.20 percent; and the loss on investment was 50.31 million Bath, a decrease of 130.08 million baht or 163.07 percent from the previous year, which was recorded a profit of 79.77 million baht. Return on investment was 0.02 percent lower than 5.65 percent in 2019. Other income was 6.15 million baht, a decrease of 2.63 million or 29.98 percent from the previous year. Share of loss from investments in associates was 0.97 million Baht and 2.02 million Baht in 2020 and 2019 respectively.

Factors Affecting Future Results of Operations

1. Economic Situation

The economy of Thailand and the World is 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 2020, financial statements in which the equity method is applied represented the Company's total assets of 6,077.94 million Baht, an increase of 374.63 million Baht or 6.57 percent compared to year 2019 of 5,703.30 million Baht. The significantly changed are as follows:

- Cash and cash equivalents was 263.54 million Baht, equivalent to 4.34 percent of total assets, increased by 123.89 million Baht or 88.72 percent compared to year 2019.
- Premium receivable was 495.42 million Baht, equivalent to 8.15 percent of total assets, an increase of 35.23 million Baht or 7.65 percent compared to year 2019.
- Reinsurance assets was 530.52 million Baht, equivalent to 8.73 percent of total assets, a decrease of 129.10 million Baht or 19.57 percent compared to year 2019.
- Reinsurance receivables was 598.82 million Baht, equivalent to 9.85 percent of total assets, a decrease of 66.09 million Baht or 12.41 percent compared to year 2019.
- Investment assets were 3,242.39 million Baht, equivalent to 53.35 percent of total assets, an increase of 198.21 million Baht or 6.51 percent compared to year 2019.
- Property, building, and equipment was 212.58 million baht, equivalent to 3.50 percent of total assets, a decrease of 29.97 million Baht or 12.36 percent compared to year 2019.

- The Company deposited for the rice scheme amount of 148.32 million Baht, equivalent to 2.44 percent of total assets, an increase of 74.63 million Baht or 101.27 percent compared to year 2019.

Total liabilities were 3,983.38 million Baht, an increase of 346.57 million Baht or 9.53 percent compared to the same period last year of 3,636.81 million Baht. The mainly changed was due to:

- Liabilities under insurance contracts was 2,639.42 million Baht, equivalent to 43.43 percent of total liabilities and equity, an increase of 58.31 million Baht or 2.26 percent compared to the same period last year.
- Due to Reinsurers amount of 967.66 million Baht, equivalent to 15.92 percent of total liabilities and equity, an increase of 206.64 million Baht or 27.15 percent compared to the same period last year.
- Employee benefit obligations amount of 63.58 million baht, equivalent to 1.05 percent of total liabilities and equity, an increase of 2.28 million Baht or 3.71 percent compared to the same period last year.
- Fee and commission payables amount of 103.79 million Baht, equivalent to 1.71 percent of total liabilities and equity, an increase of 17.06 million Baht or 19.67 percent compared to the same period last year.
- Accrued expense amount of 63.27 million baht, equivalent to 1.04 percent of total liabilities and equity, an increase of 18.69 million Baht or 41.93 percent compared to the same period last year.

2. Assets Quality

2.1 Investment in Securities

As of 31 December 2020, investment in securities in the financial statements in which the equity method is applied was 3,242.39 million Baht, mainly are Government and state enterprise securities at the cost price of 979.88 million Baht; Private debt securities at the cost price of 364.87 million Baht; Listed equity instrument at the cost price of 708.21 million Baht; Non-listed equity instruments at the cost price of 142.10 million baht; Unit-trusts at the cost price of 411.85 million Baht. The Company had revised the fair value of financial instruments as of 31 December 2020 that represented unrealized loss on change in value of investment in securities of 66.87 million Baht, expected credit loss of 0.24 million Baht as well as the recognition of loss for impairment of unit-trusts was recorded by 15.35 million Baht. Moreover, deposit at financial institutions and saving lottery of 718.13 million Baht, of which allowance for expected credit loss of 0.19 million Baht was recognized.

2.2 Property, Building and Equipment, nets

In 2020, the book value of property, buildings and equipment before deducting accumulated depreciation was 582.40 million Baht. The net book value after deducting accumulated depreciation of 369.82 million Baht, was 212.58 million Baht. During 2020, the book value decreased by 29.97 million baht caused by additional acquisition and distribution. In 2020, the Company invested in the IT system and equipment amount of 2.34 million Baht to develop operational process and also invested in vehicles to support the operations amount of 2.22 million Baht. The Company had depreciation and amortization to 15.78 million Baht.

Intangible assets before deducting amortization for the year 2020 was 95.29 million Baht, accumulated amortization was 76.28 million Baht and the net book value of intangible assets was 19.01 million Baht. In 2020, the Company increased its intangible assets; computer software amounted to 2.35 million Baht.

2.3 Premium Receivable

In 2020, the net premium receivable was 495.42 million Baht, an increase of 35.23 million Baht from the last year. Due from insured, agents and brokers totalled 501.85 million Baht that was not yet due and not over 30 days premium of 467.99 million Baht or 93.25 percent. Premium due date was 53 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 2020, the allowance for doubtful accounts of 6.43 million Baht was set to serve the risk may be occurred.

2.4 Other Assets

In 2020, claims receivable from litigants was 303.09 million Baht, an increase of 16.68 million Baht compared to the same period last year of 286.41 million Baht.

Allowance for doubtful accounts was 198.79 million Baht in 2020 compared to 167.66 million Baht in 2019, its ratio was 65.59 percent and 58.54 percent respectively.

The Company deposited amount of 148.32 million Baht for the rice scheme in 2020, an increase of 74.63 million Baht from the previous year.

3. Liquidity

During the year 2020, the Company's net cash from operating activities was 164.11 million Baht. Net cash used in investing activities amount of 24.52 million Baht, financing activities amount of 64.66 million baht, of which 50 million baht to support dividend payment and pay the debt according to the lease 19.66 million baht.

As of 31 December 2020, the Company's liquidity ratio stood at 1.31 times, fewer than the last year of 1.34 times. Nonetheless, the Company's liquid assets are cash and cash equivalents, including highly liquid investments that can be readily converted to high-quality liquid assets, cash, and cash equivalent.

In 2020, the Company's capital expenditures included information systems development and buying vehicles to continually serve its business expansion.

4. Source of Fund

As of 31 December 2020, the Company total liabilities was 3,983.38 million baht, total equity was 2,094.56 million Baht which is equivalent to 1.88 times of debt to equity ratio, higher than 1.76 times of 2019. 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 2020, shareholders' equity was 2,094.56 million Baht, a increase of 28.07 million Baht or 1.36 percent compared to the same period last year. This was due to (i) The change came from the retained earnings from the change in accounting policy amounting to 83.68 million baht (ii) dividend payment for the year 2019 amounting to 45 million baht, (iii) operating profit for the year 2020 of 71.33 million Baht and (iv) the reduction of other components of equity of 81.25 million baht.

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

As of 31 December 2020, the Company has been sued for damages totalling approximately 53.20 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 22.50 million Baht. Nonetheless, the Company has set aside reserve for contingent loss amounting to 22.50 million Baht, and there were bank guarantees amounting to 2.60 million Baht, and a certificate issued in the Company's name amounting to 6.50 million Baht, as required in the normal course of the Company's business.

7. Impacts from the situation of the coronavirus infection (COVID-19)

In 2020, the Company was not affected by the COVID-19 pandemic in both operational and financial aspects. The Company followed its Business Continuity Plan (BCP) to ensure that all services remain effective. The employees were assigned to work from home to reduce density in office and commute. The disaster recovery site (DR Site) was prepared for working in case to the close of head office. Moreover, computer and communication system were provided to support employees who worked from home and at DR Site. During such situation, the Company still delivered full services to customers as usual.

Sustainable Development

The Company enforces and upholds good governance and directing the Company to be socially responsible entity includes placing great value and resourcing to the risk management aspects of insurance business that the Board views governance and social responsibility as the key drivers for value creation and long term sustainability of the Company. Navakij's sustainability framework is built upon the Company's vision; to operate a sustainable business with promoting social stability and ethical integrity, to provide quality insurance coverage and quality protection for the benefit of policyholders and all shareholders including to be a leading enterprise of non-life insurance business, and the foundation of four core values; Creative Thinking, Accountability, Collaboration, and Excellent Service. These two drivers are reinforced by two critical enablers; Good Governance and Social Responsibility Mindset.

The Company continues to operate under strict vigil of corporate governance. We operate in compliance with all relevant regulatory bodies and legal frameworks while at the same time instill a corporate culture that is free from all forms of corruption. We are actively in our CSR programs in order to contribute back to society. We actively care for the environment, support youth sports and education, employee safety, anti-corruption, and efficient use of energy. Through research and development, several new policies have come to fruition allowing consumers "pick and choose" the most appropriate coverage given different circumstances.

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's principles of good corporate governance have been approved by the board of directors that we comply with the latest reviewed took place in 2020. In year 2020, the Thai Institute of Directors Association (IOD) 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 2020 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.
- Annual General Meeting of Shareholders (2020 AGM) was organized on 25 June 2020, at the meeting room of The Navakij Insurance Public Company Limited, 25th floor, Sathorn Nakorn 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 but there was no shareholder asking a question.
- The Company informed the SET the resolutions of each agenda of 2020 AGM by indicating the votes as "approved" "disapproved" "abstained" and "voided ballot" 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 2020 AGM notice, with detailed agenda and explanatory circulars both Thai and English, and presented in the Company's website on 22 May 2020.

- In advance of 2021 AGM date, during 9 September-31 December 2020, 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 2020 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 continually the knowledge regarding workplace safety and hygiene guidelines throughout the year 2020 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 supplier/trade partners with transparency and notifies them to acknowledge of the level-playing field. No nepotism is allowed in our Company. These supplier/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 supplier/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 2020, 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, at least one in the area of accounting and finance, and at least one in the area of information technology.

• 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 ten non-executive directors and three executive directors. The five directors who have been qualified as independent directors, namely, Professor Hiran Radeesri, Mr. Kiet Srichomkwan, Mrs. Wanida Chansikarin, 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 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 office of company secretary. Electronics copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.

• In 2020, one non-executive directors' meeting was organized to discuss the Company's direction and business operations management.

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 based 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 93.31 percent for the self-assessment as a whole and 91.43 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 into five levels based 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 98.60 percent and 90.14 percent respectively.

Development Programs for the Directors and Executives

Directors' handbook was prepared by the Company that contains listed company 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 2020, Dr.Saran Wanglee, executive director. Attended the course organized by Thai Institute of Directors (IOD) , Director Accreditation Program (DAP : 168/2020), on January 13, 2020.

The Board, therefore, 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 Treadway 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 on changes of securities holdings (Form 59) via SEC's online system and inform the company secretary accordingly.

8.3 Report on the securities holdings of the directors and the executives shall include in the agenda of every 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.

The application of the Corporate Governance Code for listed companies 2017

The board of directors has properly considered and reviewed at least once a year the application of the CG Code Principles and Sub-Principles.

Compliance on the Principles of Good Corporate Governance

The Company continues to have a strong commitment to the principles of good corporate governance of relevant regulatory bodies including CG Code that are suitable for the Company's business, 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 four 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 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 is always required 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 complied the overall risk position to remain within an appropriate risk appetite and then report to the risk management committee and the board of directors accordingly. Therefore, office of internal audit is responsible for evaluate and monitor risk of fraud beyond corporate risk assessment.

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 2020, the Company has organized one training for new employees on August 18, 2020, organized one training for company directors on December 15, 2020 and organized training for current employees of the company via electronic system between 14-18 December 2020.

The Company put in place an internal compliance and control program to prevent and monitor a corruption risk as follows:

1. The audit committee has a duty and responsibility that's been assigned by the Board to supervise the compliance of the policy, to review the system of financial accounting, internal controls, internal audit and risk management with compliance to the related laws and international standards and the same time, be efficient and effective.
2. Provided the provision to encourage understanding and to be a basis on the operation concerning the policy.
3. Provided whistleblowing channels include protection of whistleblowers and the investigation must be conducted with justice and also impose a penalty which subject to disciplinary or legal action.

The procedures to monitor and enforce the anti-corruption policy are as follows:

1. Office of Internal Audit has a duty and responsibility to monitor and review the internal control systems to ensure that the controls are appropriate and adequate. Also, audit the business operations to ensure that it is within compliance with the law and regulations of relevant regulatory bodies and the Company and to report the audit result to the audit committee.
2. Risk management committee has a duty and responsibility to oversee risk management to ensure that the Company has managed its risk appropriately and with efficiency. To preserve the greatest interest of the Company and to be consistent with the Company's strategy and overall risk management policy, and report to the board of directors.
3. The Company has reviewed the guidelines and requirements for the implementation of the policy against regulation guidelines in order to comply with the laws and regulations.

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 of motor insurance policies and process claims payment strictly as conditions specified in the policies during fifteen to thirty 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 2020.

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.

5) 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

Social Activities

1) Collaborated with the Thai Red Cross Society, Poon Phol Co., Ltd. and Sathorn Thani Complex, blood donation amounting to 316,000 cc was collected from 984 donors.

2) Supported a project "Body, Organs and Eyes Donation", donated to Chulalongkorn Memorial Hospital, the Thai Red Cross Society Organ Donation Center and Thai Red Cross Eye Bank.

Quality of Life Development

1) Participated "2021 Doing Good for Dad Project" by supporting 20,000 baht to the Thai Red Cross Society to promote better health and quality of life

2) Donated money to support blood donation activity to help those who have suffered from the coronavirus outbreak (COVID 19) at the National Blood Center, Thai Red Cross Society on April 15, 2020.

3) Donated recycle plastic glasses to the Orthotics Department, Phetchabun Hospital to be used as a container for resin globons or chemicals used for casting molds tomake prosthetics in "Kao Boon Project" as part of "Navakij Volunteer Project". All employees sorted hard plastic glasses and recycle plastic to protect the environment and reduce pollution to the world.

4) Implemented "Navakij Volunteer Project for Doing Good Things" in collaboration with the government sector, to help flood victims inNakhon Ratchasima Province In addition, after the water has been reduced, volunteers cleaned up the area, to bring the environment back to normal as soon.

5) Supported "2020 GHB Run Project " and donated funds to the Foundation for the Blind in Thailand under the Royal Patronage of Her Majesty the Queen.

6) Implemented the "Perfect Step" by donating aluminum waste such as drinking bottle cap ring, soft drink cans lid, beverage bottle caps with screw caps and a can of soft drinksto the Prostheses Foundation of H.R.H the Princess Mother.

7) Donated 100 life jackets to "Exchange Old Life Jacketsto New One for Safety Standards Project " to promote the opening of the Trang sea tourism in 2021 and create safety for the peopleand tourists at Regional Harbor Trader, Trang Branch, Trang Province.

8) Implemented LOSE FAT FESTIVAL Project (belly reduction festival, just think, life changes) to promote healthy for employees to be far from obesity, diabetes, high blood pressure, allergies and stress, etc. It is a competitive activity to reduce obesity in order to stimulate and take care of each other throughout the 2-month competition (September 1 - October 31). The competitors lost a total weight of 123.05 kg. within 2 months.

9. Socially Responsible Innovation

The company is determined to develop the organization to be up to date with the corporate social responsibility. In order to keep up with the changes in society today and meet the needs of consumers in the digital era, new innovations are developing continuously such as implementing modern technology in policy production, reducing the work process and time, faster delivering the policy to the insured, developing products and sales channels to be up to date and fully respond to customer needs. Moreover, the company implemented the financial reporting system, the payment and receiving system includingthe internal management system to increase work efficiency and link with external information systems.

10. Business operations that affect social responsibility

(None)

11. Activities for the benefit of society and the environment (after process)

Various forms of donation to help society Appears under the heading "Community and social development"

12. Prevention of involvement in corruption

The company participated in the announcement of the intention of the Thai Private Sector Collective Action Coalition against Corruption on 26 July 2013 and was certified as a member of the Thai Private Sector Collective Action Coalition against Corruption on October 16, 2015 which expired on October 15, 2018.

August 21, 2018, Thai Private Sector Collective Action Coalition against Corruption Committee approved the renewal of the company as a member , the certificate is valid for 3 years and will expire on August 20, 2021.


GHB RUN
GHB RUN 2020


4
การเงิน
Cashier


สภากาชาดไทย
The Thai Red Cross Society


นวกิจประกันภัย








นวกิจประกันภัย
The Navakij Insurance Public Company Limited


Double A


นวกิจประกันภัย
The Navakij Insurance Public Company Limited




ศูนย์บริการโลหิตแห่งชาติ สภากาชาดไทย
National Blood Centre Thai Red Cross Society
นวกิจประกันภัย


นวกิจ
ประกันภัย


THAI RED CROSS DISASTER OPERATIONS CENTER
นวกิจ
ประกันภัย
หนาวนี้ก็ดีเพื่อพ่อ 2564

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 2020, and the related statements of income, comprehensive income, changes in 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 2020, 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 2020, the Company had revenue from insurance premiums amounting to Baht 3,326 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 tested 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 2020, the Company had claim reserves and outstanding claims amounted to Baht 861 million (representing 22 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 2020, the Company had claim reserves refundable from reinsurers amounting to Baht 154 million.

I have 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, test the data used 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. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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: 23 February 2021

Statements of financial position

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash and cash equivalents	*7*	263,536,309	139,646,681	263,536,309	139,646,681
Premium receivables	*8*	495,415,614	460,188,833	495,415,614	460,188,833
Accrued investment income		6,310,348	7,992,591	6,310,348	7,992,591
Reinsurance assets	*9*	530,518,011	659,616,170	530,518,011	659,616,170
Reinsurance receivables	*10*	598,821,741	532,731,843	598,821,741	532,731,843
Investment assets					
Investments in securities	*11*	3,242,393,635	3,044,185,647	3,242,393,635	2,988,961,052
Loans and interest receivables	*12*	644,535	949,846	644,535	949,846
Investments in associates	*13*	24,810,808	27,016,839	33,337,976	43,256,079
Property, building and equipment	*14*	212,575,466	242,549,566	212,575,466	242,549,566
Right-of-use assets	*15*	57,274,903	-	57,274,903	-
Intangible assets	*16*	19,009,224	53,359,278	19,009,224	53,359,278
Deferred tax assets	*17.1*	234,453,056	213,721,758	221,702,704	210,473,910
Other assets					
Claims receivable from litigants	*18*	104,296,360	118,749,174	104,296,360	118,749,174
Deposits on rice field insurance scheme		148,316,496	73,691,390	148,316,496	73,691,390
Others		139,557,665	128,901,665	139,557,665	128,901,665
Total assets		6,077,934,171	5,703,301,281	6,073,710,987	5,661,068,078

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 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity					
Liabilities					
Insurance contract liabilities	*19*	2,639,423,125	2,581,112,521	2,639,423,125	2,581,112,521
Due to reinsurers	*20*	967,658,760	761,022,233	967,658,760	761,022,233
Income tax payable		25,976,848	9,095,850	25,976,848	9,095,850
Lease liabilities	*15*	54,273,631	-	54,273,631	-
Employee benefit obligations	*21*	63,575,523	61,300,779	63,575,523	61,300,779
Other liabilities					
Fee and commission payables		103,786,940	86,728,688	103,786,940	86,728,688
Accrued expenses		63,270,571	44,578,080	63,270,571	44,578,080
Liabilities under finance lease agreements	*15*	-	15,869,920	-	15,869,920
Others		65,412,256	77,106,342	65,412,256	77,106,342
Total liabilities		3,983,377,654	3,636,814,413	3,983,377,654	3,636,814,413
Equity					
Share capital					
Registered					
35,000,000 ordinary shares of Baht 10 each		350,000,000	350,000,000	350,000,000	350,000,000
Issued and paid up					
35,000,000 ordinary shares of Baht 10 each		350,000,000	350,000,000	350,000,000	350,000,000
Share premium		647,275,073	647,275,073	647,275,073	647,275,073
Retained earnings					
Appropriated					
Statutory reserve	*22*	35,000,000	35,000,000	35,000,000	35,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,053,031,005	1,047,820,233	998,292,067	1,000,237,594
Other components of equity		(10,749,561)	(33,608,438)	39,766,193	(28,259,002)
Total equity		2,094,556,517	2,066,486,868	2,090,333,333	2,024,253,665
Total liabilities and equity		6,077,934,171	5,703,301,281	6,073,710,987	5,661,068,078

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

Statements of income

The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Income					
Gross premium written		3,326,060,853	3,023,909,573	3,326,060,853	3,023,909,573
Less: Premiums ceded to reinsurers		(768,642,517)	(745,406,466)	(768,642,517)	(745,406,466)
Net premium written		2,557,418,336	2,278,503,107	2,557,418,336	2,278,503,107
Less: Unearned premium reserves increase from prior year		(120,205,390)	(69,054,376)	(120,205,390)	(69,054,376)
Net earned premium		2,437,212,946	2,209,448,731	2,437,212,946	2,209,448,731
Fee and commission income		193,847,519	182,357,986	193,847,519	182,357,986
Share of loss from investments in associates	*13.3*	(972,729)	(2,016,461)	-	-
Investments income	*11.7*	61,945,218	94,143,100	61,945,218	94,143,100
Profit on investments	*11.8*	7,441,488	83,373,624	7,441,488	83,373,624
Fair value loss		(57,748,450)	(3,601,761)	(57,748,450)	(3,601,761)
Loss on impairment of investments in associates	*13.1*	-	-	(9,918,103)	-
Other income		6,153,404	8,788,113	6,153,404	8,788,113
Total income		2,647,879,396	2,572,493,332	2,638,934,022	2,574,509,793
Expenses					
Gross claim and loss adjustment expenses		1,694,593,086	1,995,403,288	1,694,593,086	1,995,403,288
Less: Claim recovery from reinsurers		(253,632,343)	(560,594,048)	(253,632,343)	(560,594,048)
Commission and brokerage expenses		530,733,683	470,810,354	530,733,683	470,810,354
Other underwriting expenses		242,247,337	275,298,002	242,247,337	275,298,002
Operating expenses	*23*	338,187,246	361,110,926	338,187,246	361,110,926
Financial costs		3,037,773	864,337	3,037,773	864,337
Expected credit loss	*24*	6,112,685	-	6,112,685	-
Total expenses	*25*	2,561,279,467	2,542,892,859	2,561,279,467	2,542,892,859
Profit before income tax expenses		86,599,929	29,600,473	77,654,555	31,616,934
Income tax revenues (expenses)	*17.2*	(15,274,879)	44,949	(13,485,804)	(358,343)
Profit for the year		71,325,050	29,645,422	64,168,751	31,258,591
Earnings per share	*27*				
Basic earnings per share		2.04	0.85	1.83	0.89

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

Statements of comprehensive income

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Profit for the year		71,325,050	29,645,422	64,168,751	31,258,591
Other comprehensive income					
Other comprehensive income to be reclassified to profit and loss in subsequent periods					
Exchange differences on translation of financial statements in foreign currency (loss)	*13.3*	(1,233,302)	(3,433,479)	-	-
Loss on changes in value of available-for-sale investments which are measured at fair value through other comprehensive income		(100,324,459)	(15,576,691)	(100,324,459)	(15,576,691)
Income tax effect		20,311,553	3,802,034	20,064,893	3,115,338
Other comprehensive income to be reclassified to profit and loss in subsequent periods - net of tax (loss)		(81,246,208)	(15,208,136)	(80,259,566)	(12,461,353)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods					
Actuarial loss		(855,983)	(5,175,265)	(855,983)	(5,175,265)
Income tax effect		171,197	1,035,053	171,197	1,035,053
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of tax (loss)		(684,786)	(4,140,212)	(684,786)	(4,140,212)
Total comprehensive income for the year (loss)		(10,605,944)	10,297,074	(16,775,601)	14,657,026

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

Statements of cash flows

The Navakij Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Cash flows from (used in) operating activities				
Direct premium written	3,250,724,673	3,006,438,290	3,250,724,673	3,006,438,290
Cash paid for reinsurance	(24,068,137)	(51,088,489)	(24,068,137)	(51,088,489)
Interest income	26,822,775	30,505,574	26,822,775	30,505,574
Dividend income	33,025,048	58,319,027	33,025,048	58,319,027
Other income	5,897,234	6,015,791	5,897,234	6,015,791
Loss incurred and loss adjustment expenses on direct insurance	(1,853,185,974)	(1,759,776,924)	(1,853,185,974)	(1,759,776,924)
Commission and brokerage on direct insurance	(503,733,637)	(446,387,309)	(503,733,637)	(446,387,309)
Other underwriting expenses	(244,402,761)	(260,016,583)	(244,402,761)	(260,016,583)
Operating expenses	(282,853,518)	(326,854,259)	(282,853,518)	(326,854,259)
Income tax expenses	(9,997,072)	(20,231,850)	(9,997,072)	(20,231,850)
Cash received - financial assets	2,404,080,894	2,824,724,222	2,404,080,894	2,824,724,222
Cash paid - financial assets	(2,638,199,628)	(2,979,746,098)	(2,638,199,628)	(2,979,746,098)
Net cash from operating activities	164,109,897	81,901,392	164,109,897	81,901,392
Cash flows from (used in) investing activities				
Purchases of property, building and equipment	(4,576,125)	(3,016,845)	(4,576,125)	(3,016,845)
Purchases of intangible assets	(2,347,619)	(150,006)	(2,347,619)	(150,006)
Disposals of property, building and equipment	232,699	639,587	232,699	639,587
Disposals/cancelled of intangible assets	31,214,500	-	31,214,500	-
Net cash from (used in) investing activities	24,523,455	(2,527,264)	24,523,455	(2,527,264)
Cash flows from (used in) financing activities				
Cash received from share capital issuance	-	14,980	-	14,980
Repayment of lease liabilities	(19,657,040)	(8,186,329)	(19,657,040)	(8,186,329)
Dividend paid	(44,999,449)	(50,999,928)	(44,999,449)	(50,999,928)
Net cash used in financing activities	(64,656,489)	(59,171,277)	(64,656,489)	(59,171,277)
Expected credit loss	(87,235)	-	(87,235)	-
Net increase in cash and cash equivalents	123,889,628	20,202,851	123,889,628	20,202,851
Cash and cash equivalents at beginning of year	139,646,681	119,443,830	139,646,681	119,443,830
Cash and cash equivalents at end of year	263,536,309	139,646,681	263,536,309	139,646,681

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

Statements of changes in equity

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which the equity method is applied								
						Other components of equity			
			Retained earnings			Exchange differences on translation of financial statements in foreign currency	Surplus (deficit) on changes in value of investments in securities	Total other components of equity	Total
	Issued and paid-up share capital	Share premium	Appropriated: Statutory reserve	Appropriated: General reserve	Unappropriated				
Balance as at 1 January 2019	340,000,000	647,260,093	34,000,000	20,000,000	1,084,314,951	(2,602,653)	(15,797,649)	(18,400,302)	2,107,174,742
Increase in share capital	10,000,000	14,980	-	-	-	-	-	-	10,014,980
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-	-	-
Dividend paid (Note 28)	-	-	-	-	(60,999,928)	-	-	-	(60,999,928)
Profit for the year	-	-	-	-	29,645,422	-	-	-	29,645,422
Other comprehensive income for the year (loss)	-	-	-	-	(4,140,212)	(2,746,783)	(12,461,353)	(15,208,136)	(19,348,348)
Balance as at 31 December 2019	350,000,000	647,275,073	35,000,000	20,000,000	1,047,820,233	(5,349,436)	(28,259,002)	(33,608,438)	2,066,486,868
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,047,820,233	(5,349,436)	(28,259,002)	(33,608,438)	2,066,486,868
Cumulative effect of changes in accounting policy (Note 4)	-	-	-	-	(20,430,043)	-	104,105,085	104,105,085	83,675,042
Balance as at 1 January 2020 - after adjusted	350,000,000	647,275,073	35,000,000	20,000,000	1,027,390,190	(5,349,436)	75,846,083	70,496,647	2,150,161,910
Dividend paid (Note 28)	-	-	-	-	(44,999,449)	-	-	-	(44,999,449)
Profit for the year	-	-	-	-	71,325,050	-	-	-	71,325,050
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(986,642)	(80,259,566)	(81,246,208)	(81,930,994)
Balance as at 31 December 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,053,031,005	(6,336,078)	(4,413,483)	(10,749,561)	2,094,556,517

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

Statements of changes in equity (Continued)

The Navakij Insurance Public Company Limited

Statements of changes in equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements						
			Retained earnings			Other components of equity - surplus (deficit) on changes in value of investments	
	Issued and paid-up share capital	Share premium	Appropriated: Statutory reserve	Appropriated: General reserve	Unappropriated	in securities	Total
Balance as at 1 January 2019	340,000,000	647,260,093	34,000,000	20,000,000	1,035,119,143	(15,797,649)	2,060,581,587
Increase in share capital	10,000,000	14,980	-	-	-	-	10,014,980
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-
Dividend paid (Note 28)	-	-	-	-	(60,999,928)	-	(60,999,928)
Profit for the year	-	-	-	-	31,258,591	-	31,258,591
Other comprehensive income for the year (loss)	-	-	-	-	(4,140,212)	(12,461,353)	(16,601,565)
Balance as at 31 December 2019	350,000,000	647,275,073	35,000,000	20,000,000	1,000,237,594	(28,259,002)	2,024,253,665
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,000,237,594	(28,259,002)	2,024,253,665
Cumulative effect of changes in accounting policy (Note 4)	-	-	-	-	(20,430,043)	148,284,761	127,854,718
Balance as at 1 January 2020 - after adjusted	350,000,000	647,275,073	35,000,000	20,000,000	979,807,551	120,025,759	2,152,108,383
Dividend paid (Note 28)	-	-	-	-	(44,999,449)	-	(44,999,449)
Profit for the year	-	-	-	-	64,168,751	-	64,168,751
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(80,259,566)	(80,944,352)
Balance as at 31 December 2020	350,000,000	647,275,073	35,000,000	20,000,000	998,292,067	39,766,193	2,090,333,333

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

1. General information

1.1 Corporate 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 insuranceand has 24 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.

1.2 The COVID-19 pandemic

The COVID-19 pandemic is continuing to evolve, and is directly and indirectly affecting businesses in many sectors, resulting in an economic slowdown and instability in money markets and capital markets. This situation may bring uncertainties and may have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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 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 (No.2) B.E. 2562 dated 4 April 2019.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in accounting policies.

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 has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except for the new standards involve changes to key principles which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard

TAS 32	Financial Instruments: Presentation

Financial Reporting Standard Interpretations

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

Accounting Guidance related to financial instruments and disclosures applicable to insurance business

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting periods beginning on or after 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business insteadthe adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts.

According to the Company's statements of financial position as at 31 December 2017, insurance contract liabilities under the scope of TFRS 4 Insurance Contracts comprise more than 90% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there was no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Company's management believe that adoption of the Accounting Guidance is appropriate in the current circumstances and the Company has, therefore, elected to adopt such Accounting Guidance.

There will be impact in the following matters to the Company's financial statements from the adoption of this Accounting Guidance.

<u>Classification and measurement of financial assets</u>

The Company shall classify financial assets as trading investments, available-for-sale investments, held-to-maturity debt instruments, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

- Classification and measurement of trading investments that are listed equity instruments and debt instruments which are measured at fair value through profit or loss ("FVPL"), the Company considers and decides to continue classifying them as trading investments which are measured at FVPL.

- Classification and measurement of available-for-sale investments that are listed equity instruments and debt instruments which are measured at fair value through other comprehensive income ("FVOCI"), the Company considers and decides to continue classifying them as available-for-sale investments which are measured at FVOCI. Gain or loss on disposal are recognised in profit or loss.
- Classification and measurement of investments in non-listed equity instruments, these investments were classified as other investments under the former discontinued accounting standard,and have been reclassified as available-for-sale investments and presented at fair value. Gain or loss from changes in fair value are recognised in other comprehensive income. Gain or loss on disposal are recognised in profit or loss.
- Investments in debt instruments and loans, which the Company holds to collect contractual cash flow (both principal and interest), the Company classifies and presents them as held-to-maturity investments and loans, respectively, and measures at amortised cost.

Classification and measurement of financial liabilities

The adoption of this Accounting Guidance does not have any impact to classification of financial liabilities. The Company continues to classify them as financial liabilities and measures at amortised cost.

Impairment of financial assets

This Accounting Guidance requires the Company to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognising an allowance for expected credit loss on its financial assets with no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the general approach and the simplified approach to determine expected credit loss on financial assets, depending on type of financial assets.

Transition

The Company initially adopted this Accounting Guidance whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at 1 January 2020, and the comparative information was not restated. Therefore, the presentation of items of the year 2019 is not comparable with the financial statements of the year 2020.

The cumulative effect of the changes in accounting policies is described in Note 4 to the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using the same principles as TAS 17.

The Company initially adopted these financial reporting standards whereby the adjustments of the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the changesin accounting policies is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand ("BOT") No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations without collateral, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the BOT's measures and electing to apply this accounting guidance have to apply all temporary relief measures in this Accounting Guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by the situations that affect the

Thai economy for providing assistance to debtors during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes with which the entity is to comply.

The Company has not adopted such Accounting Guidance.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of the fair value of investments in non-listed equity instruments as of the period end date by using the fair value as at 1 January 2020.

In the fourth quarter of 2020, the Company assessed the impact and decided to discontinue the applying of the temporary relief measures, and then measured the fair value of investments in non-listed equity instruments as at year-end at fair value.

3.2 Financial reporting standards that became effective for fiscal year beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company has evaluated that these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards and accounting guidances

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted Financial reporting standards related to financial instruments (TAS 32 Financial Instruments: Presentation), Accounting Guidance related to financial instruments and disclosures applicable to insurance business and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings or other components of equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings and other components of equity for the year 2020 from changes in accounting policies due to the adoption of these Accounting Guidance and standards are presented as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied				
		The impacts of			
	31 December 2019	TAS 32 and Accounting Guidance related to financial instruments		TFRS 16	1 January 2020
		Classification	Measurement		
Statements of financial position					
Assets					
Cash and cash equivalents	139,646,681	-	(47,866)	-	139,598,815
Accrued investment income	7,992,591	-	(2,403)	-	7,990,188
Investments in securities	3,044,185,647	-	129,701,235	-	3,173,886,882
Property, building and equipment	242,549,566	-	-	(18,738,076)	223,811,490
Right-of-use assets	-	-	-	75,089,163	75,089,163
Intangible assets	53,359,278	-	-	(1,339,423)	52,019,855
Deferred tax assets	213,721,758	-	(20,918,761)	-	192,802,997
Other assets - Claims receivable from litigants	118,749,174	-	(25,057,163)	-	93,692,011
Other assets - Others	128,901,665	-	-	(1,889,164)	127,012,501
Liabilities					
Lease liabilities	-	-	-	68,992,420	68,992,420
Liabilities under finance lease agreements	15,869,920	-	-	(15,869,920)	-
Equity					
Retained earnings- unappropriated	1,047,820,233	-	(20,430,043)	-	1,027,390,190
Other components of equity	(33,608,438)	-	104,105,085	-	70,496,647

(Unit: Baht)

	Separate financial statements				
		The impacts of			
	31 December 2019	TAS 32 and Accounting Guidance related to financial instruments		TFRS 16	1 January 2020
		Classification	Measurement		
Statements of financial position					
Assets					
Cash and cash equivalents	139,646,681	-	(47,866)	-	139,598,815
Accrued investment income	7,992,591	-	(2,403)	-	7,990,188
Investments in securities	2,988,961,052	-	184,925,830	-	3,173,886,882
Property, building and equipment	242,549,566	-	-	(18,738,076)	223,811,490
Right-of-use assets	-	-	-	75,089,163	75,089,163
Intangible assets	53,359,278	-	-	(1,339,423)	52,019,855
Deferred tax assets	210,473,910	-	(31,963,680)	-	178,510,230
Other assets - Claims receivable from litigants	118,749,174	-	(25,057,163)	-	93,692,011
Other assets - Others	128,901,665	-	-	(1,889,164)	127,012,501
Liabilities					
Lease liabilities	-	-	-	68,992,420	68,992,420
Liabilities under finance lease agreements	15,869,920	-	-	(15,869,920)	-
Equity					
Retained earnings- unappropriated	1,000,237,594	-	(20,430,043)	-	979,807,551
Other components of equity	(28,259,002)	-	148,284,761	-	120,025,759

4.1 Accounting Guidance related to financial instruments and disclosures applicable to insurance business

Details of the impact on equity as at 1 January 2020 due to the initial adoption of Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied	Separate financial statements
Retained earnings - Unappropriated		
Recognition of an allowance for expected credit loss on financial assets	(25,537,554)	(25,537,554)
Relating income tax	5,107,511	5,107,511
Total	(20,430,043)	(20,430,043)
Other components of equity		
Fair value measurement of investments in equity instruments of non-listed companies	129,799,094	185,023,689
Recognition of an allowance for expected credit loss on financial assets	332,262	332,262
Relating income tax	(26,026,271)	(37,071,190)
Total	104,105,085	148,284,761

The classification and measurement of financial assets in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business, and with the classification and measurement under the former basis, are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied					
	Classification and measurement under the former basis as at 31 December 2019	Classification and measurement in accordance with Accounting Guidance as at 1 January 2020				
		Trading investments	Available-for-sale investments	Held-to-maturity investments	Amortised cost	Total
Financial assets						
Cost						
Cash and cash equivalents	139,646,681	-	-	-	139,598,815	139,598,815
Accrued investment income	7,992,591	-	-	-	7,990,188	7,990,188
Held-to-maturity investments						
Debt instruments	495,000,000	-	-	494,902,141	-	494,902,141
Other investments						
Equity instruments	142,105,795	-	271,904,889	-	-	271,904,889
Loans and interest receivables	949,846	-	-	-	949,846	949,846
Other assets - Claims receivable from litigants	118,749,174	-	-	-	93,692,011	93,692,011
Other assets-Brokers receivables	67,819,301	-	-	-	67,819,301	67,819,301
Fair value						
Trading investments						
Equity instruments	453,175,347	453,175,347	-	-	-	453,175,347
Unit trusts	156,267,420	156,267,420	-	-	-	156,267,420
Available-for-sale investments						
Debt instruments	1,341,250,748	-	1,341,250,748	-	-	1,341,250,748
Equity instruments	240,479,597	-	240,479,597	-	-	240,479,597
Unit trusts	215,906,740	-	215,906,740	-	-	215,906,740

(Unit: Baht)

	Separate financial statements					
	Classification and measurement under the former basis as at 31 December 2019	Classification and measurement in accordance with Accounting Guidance as at 1 January 2020				
		Trading investments	Available-for-sale investments	Held-to-maturity investments	Amortised cost	Total
Financial assets						
Cost						
Cash and cash equivalents	139,646,681	-	-	-	139,598,815	139,598,815
Accrued investment income	7,992,591	-	-	-	7,990,188	7,990,188
Held-to-maturity investments						
Debt instruments	495,000,000	-	-	494,902,141	-	494,902,141
Other investments						
Equity instruments	86,881,200	-	271,904,889	-	-	271,904,889
Loans and interest receivables	949,846	-	-	-	949,846	949,846
Other assets - Claims receivable from litigants	118,749,174	-	-	-	93,692,011	93,692,011
Other assets - Brokers receivables	67,819,301	-	-	-	67,819,301	67,819,301
Fair value						
Trading investments						
Equity instruments	453,175,347	453,175,347	-	-	-	453,175,347
Unit trusts	156,267,420	156,267,420	-	-	-	156,267,420
Available-for-sale investments						
Debt instruments	1,341,250,748	-	1,341,250,748	-	-	1,341,250,748
Equity instruments	240,479,597	-	240,479,597	-	-	240,479,597
Unit trusts	215,906,740	-	215,906,740	-	-	215,906,740

As at 1 January 2020, the Company has designated all financial liabilities as financial liabilities measured at amortised cost.

The following table shows a reconciliation of the closing allowance for impairment as at 31 December 2019, recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and TAS 105 Accounting for Investments in Debt and Equity Securities to the opening allowance for expected credit loss as at 1 January 2020, determined in accordance with Accounting Guidance related to financial instruments. Such changes are due to remeasurement of allowance for expected credit loss under requirement of this Accounting Guidance.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	Allowance for impairment as at 31 December 2019	Increase	Allowance for impairment as at 1 January 2020
Amortised cost			
Cash and cash equivalents	-	47,866	47,866
Accrued investment income	-	2,403	2,403
Held-to-maturity investments in debt instruments which are measured at amortised cost	-	97,859	97,859
Claims receivable from litigants	167,664,639	25,057,163	192,721,802
Fair value			
Available-for-sale investments which are measured at FVOCI			
Debt instruments	-	332,263	332,263
Equity instruments	15,353,224	-	15,353,224
	183,017,863	25,537,554	208,555,417

4.2 Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements
Operating lease commitments as at 31 December 2019	16,653,624
Add: Option to extend lease term	44,403,407
Less: Short-term leases and leases of low-value assets	(433,191)
Less: Contracts reassessed as service agreements	(133,594)
Less: Others	(147,180)
Less: Deferred interest expenses	(7,220,566)
Increase in lease liabilities due to TFRS 16 first time adoption	53,122,500
Liabilities under finance lease agreements as at 31 December 2019	15,869,920
Lease liabilities as at 1 January 2020	68,992,420
Weighted average incremental borrowing rate (% per annum)	0.33 - 6.64

The adjustments of right-of-use assets due to TFRS 16adoption as at 1 January 2020 including items transferred from other assets are summarised below:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements
Lease buildings	52,103,958
Office equipment	8,888,482
Motor vehicles	12,757,300
Computer software	1,339,423
Total right-of-use assets	75,089,163

5. Significant accounting policies

5.1 Product classification

The Company classified insurance and 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.

The Company classifies all insurance contracts as short-term insurance contracts, which means insurance contracts that have coverage periods of up to 1 year and no automatic renewal clause, as well as insurance contracts that have coverage periods of more than 1 year and the Company can terminate, increase or decrease insurance premiums or change any benefits of the insurance contracts throughout the coverage period.

5.2 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.

Direct premium is recognised as income on the date the insurance policy comes into effect at the amount specify in the policies.

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) Interest income and dividends received from investments

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends received

Dividends are recognised as revenue when the right to receive the dividends is established.

(d) Profit (loss) on investments

Profit (loss) on investments consist of profit (loss) on disposal of investments and impairments of investments net of related expenses. Profit (loss) on investments are recognised as revenues or expenses on the transaction date.

(e) Fair value gain (loss)

Fair value gain (loss) consist of gain (loss) from the change in fair value of financial instrument. The Company recognises in profit or loss on the fair value measurement date.

5.3 Expenses recognition

(a) Premiums ceded to reinsurer

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

(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.

(f) Finance cost

Interest expense from financial liabilities presented at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.4 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.

5.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance are 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.

5.6 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.

The Company set up an allowance for doubtful accounts of reinsurance assets when had indicator for impairment, based on loss 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.

5.7 Reinsurance receivables and due to reinsurers

(a) Reinsurance receivables 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.

5.8 Financial instruments

(a) Investments in securities

Trading investments are stated at fair value. Change in the fair value of these investments are recorded in profit or loss. Investments are classified as trading investments if the Company intends to sell them in the near future.

Available-for-sale investments are stated at fair value. Change in the fair value of these investments are recorded in other comprehensive income.

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

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and classified as available-for-sale investments. Change in the fair value of these investments are recorded in other comprehensive income. (Before 1 January 2020, investments in non-marketable equity instruments were classified as other investments and stated at cost.)

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt instruments 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 fair value of non-marketable equity instruments is determined using generally accepted pricing model or approximated to their net book value if the fair value cannot be reliably estimated.

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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in statements of income or recorded as revaluation surplus or deficit in other components of equity, depending on the type of investment that is reclassified.

At end of reporting period, available-for-sale investments and investments in held-to-maturity debt instruments are stated net of an allowance for impairment or an allowance for expected credit loss (if any).

(b) Loans and interest receivables

Loans and interest receivables are stated at amortised cost and net of allowance for expected credit loss (if any).

Before 1 January 2020, 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 analysis and evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral.

(c) Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost.

(d) Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Impairment of financial assets

Since 1 January 2020, the Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments which are classified as available-for-sale investments using general approach in accordance with Accounting Guidance related to financial instruments. The Company recognisesan allowance for expected credit loss at the amount equal to the lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition but that are not credit-impaired or that are impaired. However, if there has not been a significant increase in credit risk since initial recognition, the Company recognised allowance for expected credit loss at the amount equal to the expected credit loss in the next 12 months.

At every reporting date, the Company assesses whether there has been a significant increase in the credit risk of financial assets since initial recognition by considering internal and external credit ratings of the counterparties and overdue status such as over 30 days past due, and if the debtor is more than 90 days past due it is assessed to be credit-impaired.

Expected credit loss is calculated using probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Company assessed PD and LGD by considering the historical loss experience adjusted with current observable data and reasonable and supportable forward-looking information. The Company determines EAD using gross carrying value at the reporting date.

Loss on impairment of financial assets that are equity instruments and unit trusts which are classified as available-for-sale investments is recognized immediately in profit or loss when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investments may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs.

For other financial assets or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Increase (decrease) in allowance for expected credit loss and allowance for impairment is recognised as expenses during the year in statement of income. The Company has a policy to write off any financial assets when it is believed that they will not be collected from the debtor.

5.9 Investments in associates

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

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

5.10 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, 40	years
Condominium units	-	20, 40	years
Buildings improvement	-	5, 10, 20	years
Office furniture, fixture and equipment	-	5	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 (the difference between the net compensation from disposal of an assets and the carrying amounts) is included in statements of income when the asset is derecognised.

5.11 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 a mortisation expense is charged to statements of income.

The useful life of intangible assets with finite useful life which is computer software is 3, 5 and 10 years.

No a mortisation is provided on computer software under development.

5.12 Leases

Accounting policies adopted since 1 January 2020

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Lease buildings	-	3 - 6	years
Office equipment	-	5	years
Motor vehicles	-	5	years
Computer software	-	10	years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments and amounts expected to be payable under residual value guarantees.

The Company discounted the present value of the lease payments by the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In

addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

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 lease 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.

5.13 Impairment of non-financial assets

At the end of each reporting period, the Companyper forms impairment reviews in respect of the investments in associates, property, building and equipment, right-of-use asset or other 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in statements of income.

5.14 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 loss occurring before or as at the end of the reporting periods for both reported and not reported loss 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, are recognised as 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.

The increase or decrease in unearned premium reserves from prior year is to be recognised in statements of income

(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.

5.15 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.

5.16 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.

5.17 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.

5.18 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.

5.19 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.

5.20 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:

Level1 – Use of quoted market prices in an observable active market for such assets or liabilities

Level2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level3 – Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines 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.

6. 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:

6.1 Allowance for doubtful accounts on premium receivables and amounts due from reinsurers

In determining an allowance for doubtful accounts on premium receivables and amounts 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.

6.2 Allowance for impairment on equity instruments and unit trusts classified as available-for-sale investments and measured at FVOCI

The Company treats equity instruments and unit trusts classified as available-for-sale investments and measured at FVOCI as impaired when there has been a significant or prolonged decline in the fair value or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

6.3 Allowances for expected credit loss of financial assets

The management is required to use judgement in estimating allowance for expected credit loss of financial assets. The Company's calculation of allowance for expected credit loss depends on the criteria used for assessment of a significant increase in credit risk, the debtors status analysis and the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

6.4 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.

6.5 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.

6.6 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 various factors.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.

6.7 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.

6.8 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.

6.9 Determining the lease term and estimating the incremental borrowing rate of leases

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Companyto exercise either the extension or termination option.

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.10 Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial assets, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, both fair value less costs of disposal calculation and value in use calculation. The calculation is based on a discounted cash flow model which requires various assumptions such as the discount rate used for the model, the expected future cash-inflows and the growth rate used for extrapolation purposes. Change in assumptions could affect the value in use calculation.

6.11 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.

6.12 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.

6.13 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.

7. Cash and cash equivalents

(Unit: Baht)

	2020	2019
Cash on hand	307,000	312,000
Deposits at banks with no fixed maturity date	263,316,544	139,334,681
Total cash and cash equivalents	263,623,544	139,646,681
Less: Allowance for expected credit loss	(87,235)	-
Total cash and cash equivalents, net	263,536,309	139,646,681

As at 31 December 2020, bank deposits in saving and current accounts carried interest between 0.05and 0.55percent per annum (2019: between 0.13 and 1.30 percent per annum).

8. Premium receivables

As at 31 December 2020 and 2019, 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)

	2020	2019
Not yet due	411,362,456	391,625,782
Not over 30 days	56,626,095	47,929,031
Over 31 days to 60 days	17,974,664	13,363,642
Over 61 days to 90 days	2,878,475	3,817,421
Over 91 days to 1 year	8,715,044	4,874,366
Over 1 year	4,288,660	4,215,739
Total premium receivables	501,845,394	465,825,981
Less: Allowance for doubtful accounts	(6,429,780)	(5,637,148)
Total premium receivables, net	495,415,614	460,188,833

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.

9. Reinsurance assets

(Unit: Baht)

	2020	2019
Insurance reserve refundable from reinsurers		
Claims reserve	153,880,298	298,792,366
Unearned premium reserve	376,637,713	360,823,804
Reinsurance assets	530,518,011	659,616,170

10. Reinsurance receivables

(Unit: Baht)

	2020	2019
Amounts deposit on reinsurance	145,408	59,817
Amounts due from reinsurers	598,676,333	532,672,026
Total	598,821,741	532,731,843

As at 31 December 2020 and 2019,the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2020	2019
Not yet due	251,573,288	424,238,134
Not over 1 year	269,586,242	106,220,217
Over 1 year to 2 years	77,429,861	1,704,343
Over 2 years	86,942	509,332
Total amounts due from reinsurers	598,676,333	532,672,026

11. Investments in securities

11.1 Classified by type of investments

(Unit: Baht)

	Financial statements in which the equity method is applied			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Government and state enterprise securities	-	-	5,440,000	5,440,000
Equity instruments	445,368,008	424,182,917	451,337,108	447,735,347
Unit trusts	156,267,420	116,102,300	156,267,420	156,267,420
Total	601,635,428	540,285,217	613,044,528	609,442,767
Less: Unrealised loss	(61,350,211)		(3,601,761)	
Total	540,285,217		609,442,767	

(Unit: Baht)

	Financial statements in which the equity method is applied			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	979,883,319	980,893,657	679,590,742	677,750,938
Private debt securities	364,869,420	367,437,373	675,238,297	679,475,371
Equity instruments	262,837,897	194,781,440	260,526,131	224,504,036
Non-listed equity instruments	104,905,795	199,921,121	-	-
Foreign equity instruments	37,200,000	41,909,004	-	-
Unit trusts	255,585,212	199,229,535	232,958,890	215,906,740
Total	2,005,281,643	1,984,172,130	1,848,314,060	1,797,637,085
Less: Unrealised loss	(5,516,854)		(35,323,751)	
Less: Allowance for expected credit loss	(239,435)		-	
Less: Allowance for impairment	(15,353,224)		(15,353,224)	
Total	1,984,172,130		1,797,637,085	
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	30,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which are matured over3 months	688,126,506		485,000,000	
Total	718,126,506		495,000,000	
Less: Allowance for expected credit loss	(190,218)		-	
Total	717,936,288		495,000,000	
Other investments				
Equity instruments	-		144,673,295	
Less: Allowance for impairment	-		(2,567,500)	
Total	-		142,105,795	
Total investments in securities	3,242,393,635		3,044,185,647	

(Unit: Baht)

	Separate financial statements			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Government and state enterprise securities	-	-	5,440,000	5,440,000
Equity instruments	445,368,008	424,182,917	451,337,108	447,735,347
Unit trusts	156,267,420	116,102,300	156,267,420	156,267,420
Total	601,635,428	540,285,217	613,044,528	609,442,767
Less: Unrealised loss	(61,350,211)		(3,601,761)	
Total	540,285,217		609,442,767	
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	979,883,319	980,893,657	679,590,742	677,750,938
Private debt securities	364,869,420	367,437,373	675,238,297	679,475,371
Equity instruments	262,837,897	194,781,440	260,526,131	224,504,036
Non-listed equity instruments	49,681,200	199,921,121	-	-
Foreign equity instruments	37,200,000	41,909,004	-	-
Unit trusts	255,585,212	199,229,535	232,958,890	215,906,740
Total	1,950,057,048	1,984,172,130	1,848,314,060	1,797,637,085
Add (less): Unrealised gain (loss)	49,707,741		(35,323,751)	
Less: Allowance for expected credit loss	(239,435)		-	
Less: Allowance for impairment	(15,353,224)		(15,353,224)	
Total	1,984,172,130		1,797,637,085	
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	30,000,000		10,000,000	
Deposits and certificate of deposits at financia institutions which are matured over3 months	688,126,506		485,000,000	
Total	718,126,506		495,000,000	
Less: Allowance for expected credit loss	(190,218)		-	
Total	717,936,288		495,000,000	
Other investments				
Equity instruments	-		89,448,700	
Less: Allowance for impairment	-		(2,567,500)	
Total	-		86,881,200	
Total investments in securities	3,242,393,635		2,988,961,052	

11.2 Classified by stage of credit risk

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	
	2020	
	Fair value	Allowance for expected credit loss which is recognisedin profit or loss
Available-for-sale investments which are measured at FVOCI		
Stage 1 - Debt securities with no significant increase in credit risk		
Government and state enterprise securities	980,893,657	-
Private debt securities	367,437,373	(239,435)
Total	1,348,331,030	(239,435)

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements		
	2020		
	Carrying value - gross	Allowance for expected credit loss which is recognised in profit or loss	Net carrying value
Held-to-maturity investments which are measured at amortised cost			
Stage 1 - Debt securities with no significant increase in credit risk			
Government and state enterprise securities	30,000,000	(6,105)	29,993,895
Deposits and certificate of deposits at financial institutions which are matured over 3 months	688,126,506	(184,113)	687,942,393
Total	718,126,506	(190,218)	717,936,288

11.3 Classified by remaining period of debt instruments

As at 31 December 2020 and 2019, investments in debt instruments which are measured at FVOCI and amortised cost has period to maturity counting from the year end date as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements					
	2020			2019		
	Period to maturity			Period to maturity		
	1 year	1 - 5 years	Total	1 year	1 - 5 years	Total
Available-for-sale investments which are measured at FVOCI						
Government and state enterprise securities	958,501,714	21,381,605	979,883,319	625,675,716	35,000,000	660,675,716
Private enterprise securities	309,869,420	55,000,000	364,869,420	405,238,297	270,000,000	675,238,297
Total	1,268,371,134	76,381,605	1,344,752,739	1,030,914,013	305,000,000	1,335,914,013
Add: Unrealised gain	2,937,142	880,584	3,817,726	2,164,491	3,172,244	5,336,735
Less: Allowance for expected credit loss	(202,123)	(37,312)	(239,435)	-	-	-
Total	1,271,106,153	77,224,877	1,348,331,030	1,033,078,504	308,172,244	1,341,250,748
Held-to-maturity investments which are measured at amortised cost						
Government and state enterprise securities	-	30,000,000	30,000,000	10,000,000	-	10,000,000
Deposits and certificate of deposits at financial institutions which are matured over 3 months	688,126,506	-	688,126,506	485,000,000	-	485,000,000
Total	688,126,506	30,000,000	718,126,506	495,000,000	-	495,000,000
Less: Allowance for expected credit loss	(184,113)	(6,105)	(190,218)	-	-	-
Total	687,942,393	29,993,895	717,936,288	495,000,000	-	495,000,000

11.4 Fair value of investments in debt instruments

In classification and measurement of financial assets under the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business, the Company are not required to take into consideration its business model and the characteristics of the contractual cash flows, however, if the financial assets has been classified and measured in accordance with TFRS 9, the effects would have been as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements			
	2020			
	The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the outstanding principal		The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal	
	Fair value	Changes in fair value during year	Fair value	Changes in fair value during year
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	-	-	980,893,657	254,802
Private enterprise securities	-	-	367,437,373	(2,013,246)
Unit trusts	47,097,559	(4,914,725)	-	-
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	-	-	30,549,530	442,204
Deposits and certificate of deposits at financial institutions which are matured over 3 months	-	-	688,126,506	-
Total	47,097,559	(4,914,725)	2,067,007,066	(1,316,240)

11.5 Other components of equity-surplus (deficit) on changes in value of investments in securities

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Balance - beginning of the year	(28,259,002)	(15,797,649)	(28,259,002)	(15,797,649)
Cumulative effects of changes in accounting policies - net relating income tax	104,105,085	-	148,284,761	-
Changes during the year				
Unrealised gain (loss) during the year	(92,153,065)	67,762,069	(92,153,065)	67,762,069
Realised gain that included in profit or loss	(8,171,394)	(83,338,760)	(8,171,394)	(83,338,760)
	(100,324,459)	(15,576,691)	(100,324,459)	(15,576,691)
Relating income tax	20,064,893	3,115,338	20,064,893	3,115,338
Net comprehensive income for the year (loss)	(80,259,566)	(12,461,353)	(80,259,566)	(12,461,353)
Balance - end of the year	(4,413,483)	(28,259,002)	39,766,193	(28,259,002)

11.6 Investments subject to restriction

As at 31 December 2020 and 2019, 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 31and 32 to the financial statements.

11.7 Investments income

During the years ended 31 December 2020 and 2019, the Company has investment income as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2020	2019
Interest income from debt securities	28,920,171	35,824,073
Dividends received from equity securities	33,025,047	58,319,027
Investments income	61,945,218	94,143,100

11.8 Profit on investments

During the years ended 31 December 2020 and 2019, the Company has profit on investments as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2020	2019
Gain on disposal of investments	7,441,488	29,618,761
Gain on reclassification type of investments	-	60,354,863
Loss on impairment of investments	-	(6,600,000)
Profit on investments	7,441,488	83,373,624

During the year 2019, the Company considered and transferred a part of its investments in company, listed on the Stock Exchange of Thailand, from "Available-for-sale investments" to "Trading investments" due to the change in its investment policy in respond to the Company's investment situation and fluctuation of the share price in the stock market. The Company transferred available-for-sale investments amounting to Baht 614.8 million to trading investments. The differences between cost and fair value as at the transfer date amounting to Baht 60.4 million were recognised as a gain on reclassification of investments, and presented as past of profit on investments in statements of income for the year ended 31 December 2019.

12. Loans and interest receivables

As at 31 December 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

(Unit: Baht)

	2020		
Classification	Mortgaged loans	Others	Total
Stage1 - Loans with no a significant increase in credit risk	170,173	474,362	644,535
Total loans and interest receivables	170,173	474,362	644,535
Less: Allowance for expected credit loss	-	-	-
Loans and interest receivables - net	170,173	474,362	644,535

As at 31 December 2019, the balances of loans classified by aging were as follows:

(Unit: Baht)

	2019		
Outstanding period	Mortgaged loans	Others	Total
Not yet due	209,950	739,896	949,846
Total loans and interest receivables	209,950	739,896	949,846

These are loans provided to employees in accordance with the employee welfare scheme, with a credit facility not to exceed 5 times employee's base salary with a limit of Baht 50,000 for loans secured by personal guarantees, and a credit facility not to exceed 80% of the appraised value of collateral for secured loans. Interest on these loans is charged at rates of 7.0% and 6.5% per annum, respectively.

13. Investments in associates

13.1 Details of associates

As at 31 December 2020 and 2019, 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	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
TKI General Insurance Company Limited	Non-life insurance	32.50	32.50	11,956,098	13,392,311	21,628,040	21,628,040
TKI Life Insurance Company Limited	Life insurance	32.50	32.50	12,854,710	13,624,528	21,628,039	21,628,039
Total				24,810,808	27,016,839	43,256,079	43,256,079
Less: Allowance for impairment				-	-	(9,918,103)	-
Investments in associates - net				24,810,808	27,016,839	33,337,976	43,256,079

13.2 Financial information of associates

Summarised information about financial position

(Unit: Baht)

	2020		2019	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Total assets	51,918,175	43,725,452	53,516,674	44,067,450
Total liabilities	(15,130,183)	(4,172,497)	(12,309,563)	(2,145,826)
Net assets	36,787,992	39,552,955	41,207,111	41,921,624
Shareholding percentage (%)	32.50	32.50	32.50	32.50
Book value of the associates based on equity method	11,956,098	12,854,710	13,392,311	13,624,528

Summarised information of comprehensive income

(Unit: Baht)

	For the years ended 31 December			
	2020		2019	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Revenues	8,599,640	9,126,742	7,064,713	7,344,527
Loss for the year	(2,628,761)	(364,251)	(3,977,962)	(2,226,534)
Other comprehensive income				
- exchange differences on translation of financial statements in foreign currency	(1,790,358)	(2,004,418)	(5,167,926)	(5,396,625)
Total comprehensive income (loss)	(4,419,119)	(2,368,669)	(9,145,888)	(7,623,159)

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

13.3 Shares of loss from investments in associated companies and dividend received

During the years ended 31 December 2020 and 2019, the Company recognised its share of loss from investments in associated companies in the financial statements, in which the equity method is applied, and recognized dividend income in the separate financial statements as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied				Separate financial statements	
Associates	Share of loss from profit and loss		Exchange differences on translation from other comprehensive income		Dividend received	
	2020	2019	2020	2019	2020	2019
TKI General Insurance Company Limited	(854,347)	(1,292,838)	(581,866)	(1,679,576)	-	-
TKI Life Insurance Company Limited	(118,382)	(723,623)	(651,436)	(1,753,903)	-	-
	(972,729)	(2,016,461)	(1,233,302)	(3,433,479)	-	-

14. Property, building and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2019	5,385,371	24,521,452	270,282,501	120,389,131	119,965,645	66,394,201	315,365	607,253,666
Additions	-	-	-	-	2,404,733	5,201,300	612,112	8,218,145
Disposals	-	-	-	(110,283)	(2,455,333)	(3,958,803)	-	(6,524,419)
Transfers in (out)	-	-	-	927,477	-	-	(927,477)	-
31 December 2019	5,385,371	24,521,452	270,282,501	121,206,325	119,915,045	67,636,698	-	608,947,392
Adjustments due to TFRS 16 first time adoption	-	-	-	-	(9,988,100)	(18,854,300)	-	(28,842,400)
Additions	-	-	-	16,822	2,335,209	2,224,094	-	4,576,125
Disposals	-	-	-	(373,348)	(1,266,787)	(642,000)	-	(2,282,135)
31 December 2020	5,385,371	24,521,452	270,282,501	120,849,799	110,995,367	50,364,492	-	582,398,982
Accumulated depreciation								
1 January 2019	-	10,256,950	152,441,543	47,421,800	92,359,453	46,419,695	-	348,899,441
Depreciation for the year	-	681,452	2,968,509	2,829,553	11,332,974	6,181,691	-	23,994,179
Depreciation on disposals	-	-	-	(110,279)	(2,454,363)	(3,931,152)	-	(6,495,794)
31 December 2019	-	10,938,402	155,410,052	50,141,074	101,238,064	48,670,234	-	366,397,826
Adjustments due to TFRS 16 first time adoption	-	-	-	-	(4,007,324)	(6,097,000)	-	(10,104,324)
Depreciation for the year	-	698,098	3,022,719	4,524,566	5,472,107	2,066,908	-	15,784,398
Depreciation on disposals	-	-	-	(354,106)	(1,264,698)	(635,580)	-	(2,254,384)
31 December 2020	-	11,636,500	158,432,771	54,311,534	101,438,149	44,004,562	-	369,823,516
Net book value								
31 December 2019	5,385,371	13,583,050	114,872,449	71,065,251	18,676,981	18,966,464	-	242,549,566
31 December 2020	5,385,371	12,884,952	111,849,730	66,538,265	9,557,218	6,359,930	-	212,575,466
Depreciation for the year								
2019								23,994,179
2020								15,784,398

As at 31 December 2020, 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 359.0million (2019: Baht 269.3 million).

15. Leases

The Company has lease contracts for various items used in its operations. Leases generally have lease terms between 1 - 6 years.

15.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 is summarised below:

(Unit: Baht)

	Lease buildings	Office equipment	Motor vehicles	Computer software	Total
As at 31 December 2019 [(1)]	1,889,164	5,980,776	12,757,300	1,339,423	21,966,663
Adjustments due to TFRS 16 first time adoption	50,214,794	2,907,706	-	-	53,122,500
As at 1 January 2020	52,103,958	8,888,482	12,757,300	1,339,423	75,089,163
Increase during year	-	901,021	-	-	901,021
Adjustments	(434,509)	-	-	-	(434,509)
Depreciation for the year	(11,407,191)	(2,972,130)	(3,733,151)	(168,300)	(18,280,772)
As at 31 December 2020	40,262,258	6,817,373	9,024,149	1,171,123	57,274,903

(1) Presented as part of property, building and equipment, intangible assets and other assets.

15.2 Lease liabilities

(Unit: Baht)

	2020	2019
Lease liabilities	59,972,816	16,896,322
Less: Deferred interest expenses	(5,699,185)	(1,026,402)
Total	54,273,631	15,869,920
Less: Portion due within one year	(12,899,259)	(7,723,618)
Lease liabilities - net of current portion	41,374,372	8,146,302

15.3 Expenses relating to leases that are recognised in statement of income

(Unit: Baht)

	For the year ended 31 December 2020
Depreciation of right-of-use assets	17,990,252
Finance costs on lease liabilities	3,037,773
Expense relating to short-term leases	198,972
Expense relating to leases of low-value assets	794,585
Total expenses	22,021,582

15.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 19.3 million, including the cash outflow related to short-term lease and leases of low-value assets. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 0.9 million.

16. Intangible assets

As at 31 December 2020 and 2019, the net book value of intangible assets are presented below.

(Unit: Baht)

	Computer Software	Computer software under improvement	Total
Cost			
1 January 2019	94,278,840	32,251,100	126,529,940
Additions	150,006	-	150,006
31 December 2019	94,428,846	32,251,100	126,679,946
Adjustments due to TFRS 16 first time adoption	(1,700,000)	-	(1,700,000)
Additions	1,178,169	1,169,450	2,347,619
Disposals/cancelled during the year	(822,000)	(31,214,500)	(32,036,500)
31 December 2020	93,085,015	2,206,050	95,291,065
Accumulated a mortisation			
1 January 2019	69,109,027	-	69,109,027
A mortisation for the year	4,211,641	-	4,211,641
31 December 2019	73,320,668	-	73,320,668
Adjustments due to TFRS 16 first time adoption	(360,577)	-	(360,577)
A mortisation for the year	3,321,750	-	3,321,750
31 December 2020	76,281,841	-	76,281,841
Net book value			
31 December 2019	21,108,178	32,251,100	53,359,278
31 December 2020	16,803,174	2,206,050	19,009,224

As at 31 December 2020, 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 53.4million (2019: Baht 52.4 million)

17. Deferred tax assets and income tax expenses

17.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2020 and2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2020	2019	2020	2019
Deferred tax assets				
Unearned premium reserve	75,819,992	74,092,132	1,727,860	6,924,886
Allowance for loss on impairment of investments	3,070,645	3,584,145	-	(8,117,800)
Allowance for expected credit loss	39,862,976	-	1,222,537	-
Allowance for doubtful accounts	453,824	33,823,425	163,327	3,590,888
Loss reserves	66,105,532	56,798,988	9,306,544	18,681,714
Provision for loss incurred but not reported	8,916,089	8,523,399	392,690	1,787,746
Employee benefit obligations	18,700,944	14,367,576	4,162,172	(7,182,776)
Share of loss from investments in associates	3,689,053	3,247,848	194,546	403,292
Unrealised loss on changes in value of available-for-sale investments	1,103,372	7,064,750		
Fair value loss	12,270,042	720,352	11,549,690	720,352
Others	11,708,847	14,460,579	(2,751,732)	12,218,959
Total	241,701,316	216,683,194		
Deferred tax liabilities				
Difference of investment cost arising from reclassification	6,822,493	2,633,173	(4,702,820)	(2,633,173)
Others	425,767	328,263	(97,504)	1,234,153
Total	7,248,260	2,961,436		
Deferred tax assets - net	234,453,056	213,721,758		
Totalchanges			21,167,310	27,628,241

(Unit: Baht)

	Separate financial statements			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2020	2019	2020	2019
Deferred tax assets				
Unearned premium reserve	75,819,992	74,092,132	1,727,860	6,924,886
Allowance for loss on impairment of investments	3,070,645	3,584,145	-	(8,117,800)
Allowance for loss on impairment of investments in associates	1,983,621	-	1,983,621	-
Allowance for expected credit loss	39,862,976	-	1,222,537	-
Allowance for doubtful accounts	453,824	33,823,425	163,327	3,590,888
Loss reserves	66,105,532	56,798,988	9,306,544	18,681,714
Provision for loss incurred but not reported	8,916,089	8,523,399	392,690	1,787,746
Employee benefit obligations	18,700,944	14,367,576	4,162,172	(7,182,776)
Unrealisedloss on changes in value of available-for-sale investments	-	7,064,750		
Fair value loss	12,270,042	720,352	11,549,690	720,352
Others	11,708,847	14,460,579	(2,751,732)	12,218,959
Total	238,892,512	213,435,346		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale investments	9,941,548	-		
Difference of investment cost arising from reclassification	6,822,493	2,633,173	(4,702,820)	(2,633,173)
Others	425,767	328,263	(97,504)	1,234,153
Total	17,189,808	2,961,436		
Deferred tax assets - net	221,702,704	210,473,910		
Totalchanges			22,956,385	27,224,949

17.2 Income tax expenses (revenues)

Income tax expenses (revenues) for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge for the year	37,382,714	27,552,492	37,382,714	27,552,492
Adjustment in respect of current income tax of previous year	(940,525)	30,800	(940,525)	30,800
Deferred tax:				
Relating to origination and reversal of temporary differences	(21,167,310)	(27,628,241)	(22,956,385)	(27,224,949)
Income tax expenses (revenues) reported in statements of income	15,274,879	(44,949)	13,485,804	358,343

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Deferred tax from				
Exchange differences on translating of financial statements in foreign currency -loss	246,660	686,696	-	-
Unrealised loss on changes in value of available-for-sale investments	20,064,893	3,115,338	20,064,893	3,115,338
Actuarial loss	171,197	1,035,053	171,197	1,035,053
Total	20,482,750	4,837,087	20,236,090	4,150,391

Reconciliation between income tax expenses (revenues) and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	86,599,929	29,600,473	77,654,555	31,616,934
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	17,319,986	5,920,095	15,530,911	6,323,387
Adjustment in respect of current income tax of previous year	(940,525)	30,800	(940,525)	30,800
Effects of:				
Exempted expenses	4,194,630	4,634,058	4,194,630	4,634,058
Allowed additional expense deductions	(467,449)	(857,292)	(467,449)	(857,292)
Others	(4,831,763)	(9,772,610)	(4,831,763)	(9,772,610)
Income tax expenses (revenues) reported in statements of income	15,274,879	(44,949)	13,485,804	358,343

18. Claims receivable from litigants

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

(Unit: Baht)

	2020	2019
Claim years		
Year 2020	99,888,861	-
Year 2019	42,686,952	85,444,014
Year 2018	33,056,616	43,179,550
Year 2017	30,062,106	34,705,577
Year 2016	28,169,071	33,918,630
Prior to 2016	69,225,446	89,166,042
Total claims receivable from litigants	303,089,052	286,413,813
Less: Allowance for expected credit loss	(198,792,692)	-
Allowance for doubtful accounts	-	(167,664,639)
Claims receivable from litigants, net	104,296,360	118,749,174

19. Insurance contract liabilities

(Unit: Baht)

	2020		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	761,833,498	(99,576,123)	662,257,375
Claim incurred but not reported	98,884,621	(54,304,175)	44,580,446
Premium reserves			
Unearned premium reserves	1,778,705,006	(376,637,713)	1,402,067,293
Total	2,639,423,125	(530,518,011)	2,108,905,114

(Unit: Baht)

	2019		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	836,756,895	(239,739,440)	597,017,455
Claim incurred but not reported	101,669,919	(59,052,926)	42,616,993
Premium reserves			
Unearned premium reserves	1,642,685,707	(360,823,804)	1,281,861,903
Total	2,581,112,521	(659,616,170)	1,921,496,351

During the years 2020 and 2019, 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.

19.1 Claim reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Beginning balance	938,426,814	644,933,444
Claim expenses for the year	1,976,494,863	2,122,093,137
Change in claim reserves and outstanding claims from the prior year	(174,781,120)	(74,981,925)
Change in assumption for calculating claim reserves	(2,785,298)	31,999,655
Claim paid during the year	(1,876,637,140)	(1,785,617,497)
Ending balance	860,718,119	938,426,814

As at 31 December 2020, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 5.3 million(2019: Baht 6.3 million).

19.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year/ Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Claim estimates:										
- as at accident year		1,379	1,409	1,956	2,187	1,761	1,754	2,143	1,901	
- Next one year		1,396	1,388	1,941	2,199	1,749	1,715	2,045		
- Next two years		1,359	1,385	1,961	2,200	1,742	1,701			
- Next three years		1,361	1,386	1,957	2,189	1,740				
- Next four years		1,358	1,379	1,953	2,188					
- Next five years		1,359	1,378	1,952						
- Next six years		1,356	1,378							
- Next seven years		1,357								
Ultimate claim reserves		1,357	1,378	1,952	2,188	1,740	1,701	2,045	1,901	
Cumulative payment to date		(1,353)	(1,375)	(1,947)	(2,183)	(1,728)	(1,681)	(1,981)	(1,175)	
Total	10	4	3	5	5	12	20	64	726	849
Claim for inward treaty										6
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims before reinsurance										861

(b) Net claims table

(Unit: Million Baht)

Reporting year/ Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Claim estimates:										
- as at accident year		1,209	1,270	1,681	1,901	1,500	1,330	1,541	1,590	
- Next one year		1,236	1,262	1,660	1,853	1,470	1,309	1,471		
- Next two years		1,203	1,253	1,680	1,856	1,462	1,296			
- Next three years		1,205	1,254	1,678	1,852	1,461				
- Next four years		1,202	1,253	1,673	1,852					
- Next five years		1,202	1,251	1,672						
- Next six years		1,199	1,251							
- Next seven years		1,200								
Ultimate claim reserves		1,200	1,251	1,672	1,852	1,461	1,296	1,471	1,590	
Cumulative payment to date		(1,196)	(1,248)	(1,668)	(1,847)	(1,454)	(1,280)	(1,420)	(994)	
Total	9	4	3	4	5	7	16	51	596	695
Claim for inward treaty										6
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims after reinsurance										707

19.3 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 2020 and 2019are 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, for reasons such as the average not reflecting the Company's operational changes, the average being inappropriate due to distortion by large claims, or the average being contrary to a trend of the historical 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 (ULAE)

In determining the ULAE, the Company used total expenses to estimate the claim expenses. ULAE is calculated from the ratio of ULAE to the average of paid loss and reported loss which 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.

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.

(b) 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.

19.4 Unearned premium reserves

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Beginning balance	1,642,685,707	1,551,386,936
Premium written for the year	3,326,060,853	3,023,909,573
Premium earned for the current year	(3,190,041,554)	(2,932,610,802)
Ending balance	1,778,705,006	1,642,685,707

20. Due to reinsurers

(Unit: Baht)

	2020	2019
Amounts withheld on reinsurance	321,305,350	277,788,790
Amounts due to reinsurers	646,353,410	483,233,443
Total due to reinsurers	967,658,760	761,022,233

21. Employee benefit obligations

The movement of provision for employee benefit obligations for the years ended 31 December 2020 and 2019 was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Employee benefit obligations at beginning of year	61,300,779	50,076,495
Included in statement of income:		
Current service cost	5,472,099	5,164,320
Interest cost	1,128,462	1,772,466
Past service cost	-	11,393,299
Total items included in statement of income	6,600,561	18,330,085
Included in statement of comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumption change	7,113,993	2,975,592
Financial assumption change	(10,203,509)	859,491
Experience adjustment	3,945,499	1,340,182
Total items included in statement of comprehensive income	855,983	5,175,265
Benefit paid during the year	(5,181,800)	(12,281,066)
Employee benefit obligations at end of year	63,575,523	61,300,779

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 12 years, and the Company expected to pay Baht 5.0 million of long-term employee benefits during the next year (2019: 12 years and Baht 4.9 million, respectively).

Significant actuarial assumptions are summarised below:

(Unit: % per annum)

	2020	2019
Discount rate	1.6	1.7
Salary increase rate	3.1 - 5.8	5.5
Staff turnover rate	0.0 - 16.9	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 2020 and 2019 are summarised below:

(Unit: Baht)

	31 December 2020			
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
Discount rate	1.0%	(4,365,295)	1.0%	4,981,713
Salary increase rate	1.0%	5,165,439	1.0%	(4,619,841)
Staff turnover rates	10.0%[1]	(2,398,044)	10.0%[1]	2,602,387

[1] 10% of the turnover rate used as assumption.

(Unit: Baht)

	31 December 2019			
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
Discount rate	0.5%	(2,283,402)	0.5%	2,433,929
Salary increase rate	0.5%	2,331,864	0.5%	(2,213,594)
Staff turnover rates	0.5%	(2,475,373)	0.5%	2,627,661

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 percent of its net profit, until the reserve reaches 10percentof the registered capital. The statutory reserve is not available for dividend distribution.

23. Operating expenses

(Unit: Baht)

	2020	2019
Personnel expenses which is not expenses for underwriting and claims	216,164,199	218,353,422
Premises and equipment expenses	69,658,259	69,913,329
Taxes and duties	1,182,044	2,890,383
Bad debts and doubtful accounts	1,654,410	18,909,644
Other operating expenses	49,528,334	51,044,148
Total operating expenses	338,187,246	361,110,926

24. Expected credit loss

(Unit: Baht)

	2020	2019
Cash and cash equivalents	39,369	-
Accrued investments income	2,895	-
Investments in securities	(469)	-
Claims receivable from litigants	6,070,890	-
Total	6,112,685	-

25. Expenses by nature

(Unit: Baht)

	2020	2019
Net claim and loss adjustment expenses	1,395,077,008	1,386,851,580
Commissions and brokerage expenses	530,733,683	470,810,354
Other underwriting expenses	200,821,751	236,754,612
Personnel expenses	303,473,520	304,854,472
Premises and equipment expenses	69,658,259	69,913,329
Bad debts and doubtful accounts	1,654,410	18,909,644
Expected credit loss	6,112,685	-
Finance costs	3,037,773	864,337
Other operating expenses	50,710,377	53,934,531
Total	2,561,279,466	2,542,892,859

26. 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 2020, the Company contributed Baht 9.1 million (2019: Baht 9.1 million) to the fund.

27. Earnings per share

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

28. Dividends

Dividends declared during the years ended 31 December 2020 and 2019 consisted of the following:

	Approved by	Total dividends	Dividends per share
		(Million Baht)	(Baht)
Interim dividends from 2019 retained earnings (Cash dividends of Baht 1.29 per share)	Board of Directors Meeting No. 3/2020 on 14 April 2020	45.0	1.29
Dividends from 2018 net profit (Cash dividends of Baht 1.50 per share and stock dividends of Baht 0.29 per share)	Annual General Meeting of the shareholders on 25 April 2019	61.0	1.79

29. 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 Ch airman 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 2020				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	656,921,903	83,624,957	2,007,205,149	578,308,844	3,326,060,853
Less: Premiums ceded to reinsurers	(293,977,849)	(43,409,360)	(11,784,632)	(419,470,676)	(768,642,517)
Net premium written	362,944,054	40,215,597	1,995,420,517	158,838,168	2,557,418,336
Add (less): Unearned premium reserves (increase) decrease from prior year	(33,688,316)	938,158	(79,917,629)	(7,537,603)	(120,205,390)
Net earned premium	329,255,738	41,153,755	1,915,502,888	151,300,565	2,437,212,946
Fee and commission income	82,462,686	14,196,604	2,727,996	94,460,233	193,847,519
Total underwriting income	411,718,424	55,350,359	1,918,230,884	245,760,798	2,631,060,465
Underwriting expenses					
Claim and loss adjustment expenses - net	69,964,533	4,908,214	1,278,651,570	87,436,426	1,440,960,743
Commission and brokerage expenses	149,254,540	12,161,237	310,889,959	58,427,947	530,733,683
Other underwriting expenses	54,483,375	3,692,089	138,760,333	45,311,540	242,247,337
Total underwriting expenses before operating expenses	273,702,448	20,761,540	1,728,301,862	191,175,913	2,213,941,763
Profit from underwriting before operating expenses	138,015,976	34,588,819	189,929,022	54,584,885	417,118,702
Operating expenses					(338,187,246)
Profit from underwriting					78,931,456
Share of loss from investments in associates					(972,729)
Investments income					61,945,218
Profit on investments					7,441,488
Fair value loss					(57,748,450)
Other income					6,153,404
Finance costs					(3,037,773)
Expected credit loss					(6,112,685)
Profit before income tax expenses					86,599,929
Income tax expenses					(15,274,879)
Profit for the year					71,325,050

(Unit: Baht)

	Financial statements in which the equity method is applied				
	For the year ended 31 December 2019				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	620,182,221	78,376,805	1,767,674,426	557,676,121	3,023,909,573
Less: Premiums ceded to reinsurers	(293,582,142)	(34,737,289)	(11,467,207)	(405,619,828)	(745,406,466)
Net premium written	326,600,079	43,639,516	1,756,207,219	152,056,293	2,278,503,107
Add (less): Unearned premium reserves (increase) decrease from prior year	(10,673,203)	248,506	(54,134,600)	(4,495,079)	(69,054,376)
Net earned premium	315,926,876	43,888,022	1,702,072,619	147,561,214	2,209,448,731
Fee and commission income	63,101,887	15,120,216	2,271,008	101,864,875	182,357,986
Total underwriting income	379,028,763	59,008,238	1,704,343,627	249,426,089	2,391,806,717
Underwriting expenses					
Claim and loss adjustment expenses - net	104,672,104	6,146,770	1,182,075,060	141,915,306	1,434,809,240
Commission and brokerage expenses	142,994,133	11,184,269	255,924,830	60,707,122	470,810,354
Other underwriting expenses	56,515,612	5,762,820	162,951,109	50,068,461	275,298,002
Total underwriting expenses before operating expenses	304,181,849	23,093,859	1,600,950,999	252,690,889	2,180,917,596
Profit (loss) from underwriting before operating expenses	74,846,914	35,914,379	103,392,628	(3,264,800)	210,889,121
Operating expenses					(361,110,926)
Loss from underwriting					(150,221,805)
Share of loss from investments in associates					(2,016,461)
Investments income					94,143,100
Profit on investments					83,373,624
Fair value loss					(3,601,761)
Other income					8,788,113
Finance costs					(864,337)
Profit before income tax expenses					29,600,473
Income tax revenues					44,949
Profit for the year					29,645,422

Segment assets and liabilities of the Company's operating segments as at 31 December 2020 and 2019 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 2020	368,215,332	21,469,656	240,740,937	395,507,701	1,025,933,626	5,052,000,545	6,077,934,171
As at 31 December 2019	448,635,328	23,203,045	229,715,862	418,250,768	1,119,805,003	4,583,496,278	5,703,301,281
Liabilities							
As at 31 December 2020	535,238,645	25,623,259	1,669,715,900	408,845,321	2,639,423,125	1,343,954,529	3,983,377,654
As at 31 December 2019	622,197,490	27,737,728	1,486,373,090	444,804,212	2,581,112,520	1,055,701,893	3,636,814,413

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 customers' information

During the years ended 31 December 2020 and 2019, the Company had gross premium written from major customers as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	2020	2019
Gross premium written[(1)]	763	652

(1) Presented total amounts of gross premium written from major customers who have premium written more than 10 percent.

30. Related party transactions

30.1 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.	7.11% of shares held in the Company
ThanasarnSombat (Thai) Company Limited	5.06% of shares held in the Company and common directors
The Falcon Insurance Plc.	12.00% of shares held by the Company
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc. (1)	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. (2)	Common directors and through shareholding
Thaire Life Assurance Plc.	Common directors and through shareholding
RangsitRuamPatana Co., Ltd.	Common directors and through shareholding
Poon Phol Co., Ltd.	Common directors and through shareholding
Pipatanasin Co., Ltd.	Common directors and through shareholding
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
Siam International Corp., Ltd.	Common directors
The Pet Co., Ltd.	Common directors
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Petchaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
C.E.S. Co., Ltd.	Common directors
Sittinan Co., Ltd.	A related person of the Company's director is a major shareholder
PIA Interior Co., Ltd.	A related person of the Company's director is a major shareholder

(1) During June - July 2019 not related party

(2) Since December 2019 not related party

30.2 Significant related party transactions

During the years ended 31 December 2020 and 2019, 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 statements		
	For the years ended 31 December		
	2020	2019	Pricing policy
Transactions with associated companies			
Reinsurance premium written	1,834,017	1,601,101	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission paid to reinsurance	435,665	312,149	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Transactions with related companies			
Direct premium written	71,844,616	74,963,282	Rates as specified in insurance contracts
Reinsurance premium written	14,453,629	13,418,256	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Premium ceded	23,641,858	31,236,962	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Claim expenses	17,666,648	18,093,100	Actual incurred
Commission paid to reinsurance	4,912,890	4,737,364	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission received	9,321,160	14,129,589	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Dividend income	9,235,180	32,017,600	As declared
Rental and service fee for branch office expenses	406,432	454,156	Contract price
Rental income	170,352	224,436	Contract price

30.3 Outstanding balances

The balances of the accounts between the Company and those related companies as at 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2020	2019
Reinsurance receivables - Amounts due from reinsurers		
The Falcon Insurance Plc.	20,362,658	9,478,860
TKI General Insurance Co., Ltd.	681,418	1,195,598
Total	21,044,076	10,674,458
Investments in securities - Equity securities		
Varopakorn Plc.	993,413	1,793,662
Thai Metal Drum Manufacturing Plc.	257,776,850	293,953,800
BTS Group Holdings Plc.	37,000,000	52,400,000
Thaire Life Assurance Plc.	23,550,000	27,000,000
The Siam Cement Plc.	-	23,520,000
The Falcon Insurance Plc.	61,932,000	74,071,555[(1)]
Sathorn Thani Co., Ltd.	16,745,000	12,780,000
Rangsit Plaza Co., Ltd.	11,224,000	6,560,000
Total	409,221,263	492,079,017
Due to reinsurers - Amounts due to reinsurance		
The Falcon Insurance Plc.	22,038,732	14,906,724
TKI General Insurance Co., Ltd.	229,048	286,578
Total	22,267,780	15,193,302

(1) 2019 separate financial statements are stated at cost of Baht 18,846,960.

30.4 Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employment benefits expenses payable to their directors and management as below.

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Short-term benefits	50,720,645	49,393,564
Post-employment benefits	417,664	2,269,369
Total	51,138,309	51,662,933

31. Assets pledged and reserved with the Registrar

As at 31 December 2020 and 2019, 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)

	2020		2019	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	15,000,000	16,171,969	15,000,000	15,098,068
Assets reserve as non-life insurance reserve				
Deposits and certificate of deposits at financial institutions	-	-	250,000,000	250,000,000
Government and state enterprise securities	293,000,000	292,693,731	20,000,000	19,914,109

32. Other assets with restrictions and commitments

As at 31 December 2020and 2019, the Company had pledged the following assets as collateral.

(Unit: Baht)

	2020		2019	
	Cost	Fair value	Cost	Fair value
Pledged as bail bond in cases where insured drivers have been charged with criminal offense				
Government bonds	-	-	100,000	100,654

33. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Accumulated contribution at the beginning of the year	66,859,132	59,365,559
Contribution during the year	8,236,155	7,493,573
Accumulated contribution at the end of the year	75,095,287	66,859,132

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 2.7 million (2019: Baht 61.2 million) relating to program computer.

34.2 Leases and service agreements commitments

As at 31 December 2020, future minimum payments required under short-term leases, leases of low-value assets and service agreements were as follows.

	(Unit: Baht)
Payable within:	
Within 1 year	425,830
Over 1 to 3 years	567,773

34.3 Letter of Guarantees

As at 31 December 2020, there were bank guarantees amounting to Baht 2.6 million, and a certificate issued in the Company's name amounting to Baht 6.5million, as required in the normal course of the Company's business (2019: Baht 2.8 million and Baht 4.7 million, respectively).

34.4 Litigation

As at 31 December 2020, the Company has been sued for damages totaling approximately Baht 53.2million 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 22.5 million, and the Company has set aside reserves for contingent losses amounting to Baht22.5million in the financial statements(2019: Baht 52.2million, Baht 22.2 million and Baht 22.1million, respectively).

35. Risk of insurance company

35.1 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. Some types of insurance have high loss ratio, and 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 capital 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 of loss ratio than expected and effect to the Company's liquidity risk.

The measures adopted by the Company in response to those above 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. Selection based on client group, nature of business and insurable risk, in accordance with specified criteria that correlate with acceptable risk levels, and analysis of the appropriate retention and ceded ratios to improve potential profitability.
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 that helps control retention risk to prevent exposure from the crisis, and to reduce the volatility of 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)

	2020			2019		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	467,341,473	(172,397,491)	294,943,982	437,327,265	(176,071,600)	261,255,665
Marine and transportation	19,107,206	(8,175,845)	10,931,361	22,386,201	(10,516,682)	11,869,519
Motor	1,026,011,142	(4,841,184)	1,021,169,958	945,568,437	(4,316,108)	941,252,329
Miscellaneous	266,245,185	(191,223,193)	75,021,992	237,403,804	(169,919,414)	67,484,390
Total	1,778,705,006	(376,637,713)	1,402,067,293	1,642,685,707	(360,823,804)	1,281,861,903

(Unit: Baht)

	2020			2019		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	67,897,172	(42,325,983)	25,571,189	184,870,225	(140,520,947)	44,349,278
Marine and transportation	6,516,053	(1,412,646)	5,103,407	5,351,528	(999,383)	4,352,145
Motor	643,704,758	(723,842)	642,980,916	540,804,653	(177,948)	540,626,705
Miscellaneous	142,600,136	(109,417,827)	33,182,309	207,400,408	(157,094,088)	50,306,320
Total	860,718,119	(153,880,298)	706,837,821	938,426,814	(298,792,366)	639,634,448

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. The risk may occur because the frequency or severity of losses, or loss adjustment expenses are not in line with expectations.

The Company performed analysis of the sensitivity of insurance liabilities to changes in key variables. The variables for which tests were performed were the ultimate loss ratio ("ULR") in the latest accident year and the unallocated loss adjustment expense ratio ("ULAE") for the best estimate of insurance liabilities, with selection of variables based on appropriateness and the 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)

	2020				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in owner's equity
Ultimate loss ratio in latest accident year	+5%	111	88	(88)	(70)
Ultimate loss ratio in latest accident year	-5%	(107)	(84)	84	67
ULAE ratio	+50%	3	3	(3)	(3)
ULAE ratio	-50%	(3)	(3)	3	3

(Unit: Million Baht)

	2019				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in owner's equity
Ultimate loss ratio in latest accident year	+ 5%	101	79	(79)	(63)
Ultimate loss ratio in latest accident year	- 5%	(97)	(75)	75	60
ULAE ratio	+ 50%	3	3	(3)	(2)
ULAE ratio	- 50%	(3)	(3)	3	2

36. Risk management policy

The Company's financial risk principally related to insurance assets and liabilities and financial instruments and how they are managed is described below.

36.1 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 specified terms. The Company is exposed to credit risk primarily with respect to insurance andinvestments. The Company's maximum exposure to credit risk is limited to the book value less allowance for impairment as presented in the statements of financial position. The management manages the risk by adopting appropriate credit control policies and procedures, as follows:

a. Credit risk from underwriting such as

(1) Risk from reinsurers

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

(2) 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.

An impairment analysis of claims receivable from litigants is performed at each reporting date. The expected credit loss rates are based on actual claim statistics over the past 10 - 13 years, by classifying debtors into 2 types, namely insurance company litigants and non-insurance litigants. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

b. Credit 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.

An impairment analysis of investments in debt instruments, cash deposits and accrued investment income is performed at each reporting date. The provision of expected credit loss is calculated by using the General Approach by classifying the investments into stages as follows:

Stage 1 Investment grade debt instruments where there has no significant increase in credit risk. The Company recognises allowance for expected credit loss at an amount equal to the expected credit loss in the next 12 months.

Stage 2 Debt instruments where there has significant increase in credit risk but that are not credit impaired such as a downgrade of credit rating. The Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

Stage 3 When there is a significant indication of credit impairment, such asfailure to fulfil a contract (overdue principal or interest), borrowers experiencing serious financial problems, the lender relaxing conditions for borrowers and the possibility of borrower bankruptcy, the Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

At every reporting date, the Company assesses whether there has been a significant increase in credit risk of financial assets since initial recognition. In the event of a significant change in credit risk, the debt instruments are restaged according to the indications or evidence of the assets being credit-impaired. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit loss).

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2020				
	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Investment grade	263,623,544	-	-	-	263,623,544
Non-investment grade	-	-	-	-	-
Total	263,623,544	-	-	-	263,623,544
Allowance for expected credit loss	87,235	-	-	-	87,235
Available-for-sale investments which are measured at FVOCI					
Investment grade	1,348,331,030	-	-	-	1,348,331,030
Non-investment grade	-	-	-	-	-
Total fair value	1,348,331,030	-	-	-	1,348,331,030
Allowance for expected credit loss	239,435	-	-	-	239,435
Held-to-maturity investments which are measured at amortised cost					
Investment grade	718,126,506	-	-	-	718,126,506
Non-investment grade	-	-	-	-	-
Total	718,126,506	-	-	-	718,126,506
Allowance for expected credit loss	190,218	-	-	-	190,218
Accrued investment income					
Investment grade	6,315,646	-	-	-	6,315,646
Non-investment grade	-	-	-	-	-
Total	6,315,646	-	-	-	6,315,646
Allowance for expected credit loss	5,298	-	-	-	5,298
Loans and interest receivables					
Not yet due	644,535	-	-	-	644,535
Total	644,535	-	-	-	644,535
Allowance for expected credit loss	-	-	-	-	-
Other assets - Claims receivable from litigants					
Overdue	-	-	-	303,089,052	303,089,052
Total	-	-	-	303,089,052	303,089,052
Allowance for expected credit loss	-	-	-	198,792,692	198,792,692
Other assets - Brokers receivables					
Overdue	-	-	-	66,479,284	66,479,284
Total	-	-	-	66,479,284	66,479,284
Allowance for expected credit loss	-	-	-	-	-

The table below shows the movement in the allowance for expected credit loss for the year ended 31 December 2020.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2020				
	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	47,866	-	-	-	47,866
Change due to remeasurement of allowance for expected credit loss	39,369	-	-	-	39,369
Ending balance	87,235	-	-	-	87,235
Available-for-sale investments which are measured at FVOCI					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	332,263	-	-	-	332,263
Change due to remeasurement of allowance for expected credit loss	119,377	-	-	-	119,377
Newly purchased or acquired financial assets	12,189	-	-	-	12,189
Amounts written off	(224,394)	-	-	-	(224,394)
Ending balance	239,435	-	-	-	239,435
Held-to-maturity investments which are measured at amortised cost					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	97,859	-	-	-	97,859
Newly purchased or acquired financial assets	190,218	-	-	-	190,218
Amounts written off	(97,859)	-	-	-	(97,859)
Ending balance	190,218	-	-	-	190,218
Accrued investment income					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	2,403	-	-	-	2,403
Change due to remeasurement of allowance for expected credit loss	3,106	-	-	-	3,106
Newly purchased or acquired financial assets	1,695	-	-	-	1,695
Amounts written off	(1,906)	-	-	-	(1,906)
Ending balance	5,298	-	-	-	5,298

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2020				
	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Other assets - Claims receivable from litigants					
Beginning balance	-	-	-	167,664,639	167,664,639
Change due to adoption of new accounting standards	-	-	-	25,057,163	25,057,163
Change due to remeasurement of allowance for expected credit loss	-	-	-	11,691,737	11,691,737
Newly purchased or acquired financial assets	-	-	-	87,779,595	87,779,595
Amounts written off	-	-	-	(93,400,442)	(93,400,442)
Ending balance	-	-	-	198,792,692	198,792,692

As at 31 December 2020, the maximum exposure to credit risk of financial assets (excluding insurance assets) is the gross carrying amounts before deducting allowance for expected credit loss before both the effect of mitigation through use of master netting and collateral arrangements. The details are as follows:

(Unit: Baht)

	31 December 2020
Cash and cash equivalents	263,536,309
Available-for-sale investments which are measured at FVOCI	1,348,331,030
Held-to-maturity investments which are measured at amortised cost	717,936,288
Accrued investment income	6,310,348
Loans and interest receivables	644,535
Other assets - Claims receivable from litigants	104,296,360
Other assets - Brokers receivables	66,479,284
Total maximum exposure to credit risk	2,507,534,154

36.2 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 loss, and also review the structure of the portfolio mix on a regular basis.

a. Interest rate risk

Interest rate risk is the risk that the value of assets or liabilities will fluctuate due to changes in market interest rates.

As at 31 December 2020 and 2019, significant assets and liabilities classified by type of interest rates, with those 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 and Separate financial statements					
	2020					
	Fixedinterestrates					
	Maturity date or repricing date					
	Within1 year	1 -5 years	Floating interestrate	Non-interest bearing	Total	Effective interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	263,229,309	307,000	263,536,309	0.05-0.55
Accrued investment income	-	-	-	6,310,348	6,310,348	-
Investments in securities						
Government and state enterprise securities	959,331,032	51,556,520	-	-	1,010,887,552	0.38-3.65
Private debt securities	311,775,121	55,662,252	-	-	367,437,373	0.95-3.41
Equity instruments	-	-	-	860,794,482	860,794,482	-
Unit trusts	-	-	-	315,331,835	315,331,835	-
Deposits and certificate deposits at financial institutions	687,942,393	-	-	-	687,942,393	0.35-2.30
Loans and interest receivables	188,607	455,928	-	-	644,535	6.50-7.00
Other assets - Claims receivable from litigants	-	-	-	104,296,360	104,296,360	-
Other assets - Brokers receivables	-	-	-	66,479,284	66,479,284	-
Insurance assets						
Premium receivables	-	-	-	495,415,614	495,415,614	-
Reinsurance assets - claim reserves	-	-	-	153,880,298	153,880,298	-
Reinsurance receivables	-	-	-	598,821,741	598,821,741	-
Financial liabilities						
Lease liabilities	12,899,259	41,374,372	-	-	54,273,631	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	860,718,119	860,718,119	-
Due to reinsurers	-	-	-	967,658,760	967,658,760	-

(Unit: Baht)

	Financial statements in which the equity method is applied					
	2019					
	Fixedinterestrates					
	Maturity date or repricing date					
	Within1 year	1 -5 years	Floating interestrate	Non-interest bearing	Total	Effective interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	139,334,681	312,000	139,646,681	0.13 - 1.30
Accrued investment income	-	-	-	7,992,591	7,992,591	-
Investments in securities						
Government and state enterprise securities	636,431,252	35,344,125	-	21,415,561	693,190,938	1.34-3.41
Private debt securities	406,647,252	272,828,119	-	-	679,475,371	1.86-3.25
Equity instruments	-	-	-	814,345,178	814,345,178	-
Unit trusts	-	-	-	372,174,160	372,174,160	-
Deposits and certificate deposits at financial institutions	485,000,000	-	-	-	485,000,000	0.65-2.30
Loans and interest receivables	149,370	800,476	-	-	949,846	6.50-7.00
Other assets - Claims receivable from litigants	-	-	-	118,749,174	118,749,174	-
Other assets - Brokers receivables	-	-	-	67,819,301	67,819,301	-
Insurance assets						
Premium receivables	-	-	-	460,188,833	460,188,833	-
Reinsurance assets - claim reserves	-	-	-	298,792,366	298,792,366	-
Reinsurance receivables	-	-	-	532,731,843	532,731,843	-
Financial liabilities						
Liabilities under finance lease agreements	7,723,618	8,146,302	-	-	15,869,920	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	938,426,814	938,426,814	-
Due to reinsurers	-	-	-	761,022,233	761,022,233	-

(Unit: Baht)

	Separate financial statements					
	2019					
	Fixedinterestrates					
	Maturity date or repricing date					
	Within1 year	1 -5 years	Floating interestrate	Non-interest bearing	Total	Effective interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	139,334,681	312,000	139,646,681	0.13 - 1.30
Accrued investment income	-	-	-	7,992,591	7,992,591	-
Investments in securities						
Government and state enterprise securities	636,431,252	35,344,125	-	21,415,561	693,190,938	1.34-3.41
Private debt securities	406,647,252	272,828,119	-	-	679,475,371	1.86-3.25
Equity instruments	-	-	-	759,120,583	759,120,583	-
Unit trusts	-	-	-	372,174,160	372,174,160	-
Deposits and certificate deposits at financial institutions	485,000,000	-	-	-	485,000,000	0.65-2.30
Loans and interest receivables	149,370	800,476	-	-	949,846	6.50-7.00
Other assets - Claims receivable from litigants	-	-	-	118,749,174	118,749,174	-
Other assets - Brokers receivables	-	-	-	67,819,301	67,819,301	-
Insurance assets						
Premium receivables	-	-	-	460,188,833	460,188,833	-
Reinsurance assets - claim reserves	-	-	-	298,792,366	298,792,366	-
Reinsurance receivables	-	-	-	532,731,843	532,731,843	-
Financial liabilities						
Liabilities under finance lease agreements	7,723,618	8,146,302	-	-	15,869,920	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	938,426,814	938,426,814	-
Due to reinsurers	-	-		761,022,233	761,022,233	-

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in interest rates which will effect to the fair value of debt instruments as at 31 December 2020.

	Financial statements in which the equity method is applied and Separate financial statements	
	Increase (decrease)	Effect on equity
	(%)	(Million Baht)
Available-for-sale investments - Debt instruments	1%	(6.7)
Available-for-sale investments - Debt instruments	(1%)	6.9

The above analysis has been prepared assuming that the amounts of debt instruments and all other variables remain constant. As a result, a change in interest rates affects fair value of investments in debt instruments.

b. 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 assets.

As at 31 December 2020 and 2019, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its 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:

a. 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 and 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.

b. 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. 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 assets and liabilities held as at 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	263,536,309	-	-	-	-	263,536,309
Accrued investment income	-	6,086,078	224,270	-	-	6,310,348
Investments in securities	934,296,192	1,959,048,546	107,218,772	-	241,830,125	3,242,393,635
Loans and interest receivables	-	188,607	455,928	-	-	644,535
Other assets - Claims receivable from litigants	-	104,296,360	-	-	-	104,296,360
Other assets - Brokers receivables	-	66,479,284	-	-	-	66,479,284
Insurance assets						
Premium receivables	-	495,415,614	-	-	-	495,415,614
Reinsurance assets - claim reserves	-	132,780,917	20,619,228	480,153	-	153,880,298
Reinsurance receivables	-	598,821,741	-	-	-	598,821,741
Financial liabilities						
Lease liabilities	-	15,269,448	44,703,368	-	-	59,972,816
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	737,441,797	116,980,831	6,295,491	-	860,718,119
Due to reinsurers	-	967,658,760	-	-	-	967,658,760

(Unit: Baht)

	Financial statements in which the equity method is applied					
	2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	139,334,681	-	-	-	312,000	139,646,681
Accrued investment income	-	7,992,591	-	-	-	7,992,591
Investments in securities	1,065,829,104	1,528,078,504	308,172,244	-	142,105,795	3,044,185,647
Loans and interest receivables	-	149,370	800,476	-	-	949,846
Other assets - Claims receivable from litigants	-	118,749,174	-	-	-	118,749,174
Other assets - Brokers receivables	-	67,819,301	-	-	-	67,819,301
Insurance assets						
Premium receivables	-	460,188,833	-	-	-	460,188,833
Reinsurance assets - claim reserves	-	238,081,711	51,920,462	8,790,193	-	298,792,366
Reinsurance receivables	-	532,731,843	-	-	-	532,731,843
Financial liabilities						
Liabilities under finance lease agreements	-	8,286,385	8,609,937	-	-	16,896,322
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	768,724,410	157,158,358	12,544,046	-	938,426,814
Due to reinsurers	-	761,022,233	-	-	-	761,022,233

(Unit: Baht)

	Separate financial statements					
	2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	139,334,681	-	-	-	312,000	139,646,681
Accrued investment income	-	7,992,591	-	-	-	7,992,591
Investments in securities	1,065,829,104	1,528,078,504	308,172,244	-	86,881,200	2,988,961,052
Loans and interest receivables	-	149,370	800,476	-	-	949,846
Other assets - Claims receivable from litigants	-	118,749,174	-	-	-	118,749,174
Other assets - Brokers receivables	-	67,819,301	-	-	-	67,819,301
Insurance assets						
Premium receivables	-	460,188,833	-	-	-	460,188,833
Reinsurance assets - claim reserves	-	238,081,711	51,920,462	8,790,193	-	298,792,366
Reinsurance receivables	-	532,731,843	-	-	-	532,731,843
Financial liabilities						
Liabilities under finance lease agreements	-	8,286,385	8,609,937	-	-	16,896,322
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	768,724,410	157,158,358	12,544,046	-	938,426,814
Due to reinsurers	-	761,022,233	-	-	-	761,022,233

36.4 Fair value measurement for financial assets

As at31 December 2020 and 2019, the Company had the following financial assets and financial liabilities that were measured at fair value or 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 and Separate financial statements				
	2020				
	Fair value				
	Level 1	Level 2	Level 3	Total	Book value
Financial assets measured at fair value					
Trading investments which are measured at FVPL					
Equity instruments	424,182,917	-	-	424,182,917	424,182,917
Unit trusts	116,102,300	-	-	116,102,300	116,102,300
Available-for-sale investments which are measured at FVOCI					
Government and state enterprise securities	-	980,893,657	-	980,893,657	980,893,657
Private debt securities	-	367,437,373	-	367,437,373	367,437,373
Equity instruments	194,781,440	-	241,830,125	436,611,565	436,611,565
Unit trusts	152,131,976	47,097,559	-	199,229,535	199,229,535

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statement				
	2019				
	Fair value				
	Level 1	Level 2	Level 3	Total	Book value
Financial assets measured at fair value					
Trading investments which are measured at FVPL					
Government and state enterprise securities	5,440,000	-	-	5,440,000	5,440,000
Equity instruments	447,735,347	-	-	447,735,347	447,735,347
Unit trusts	156,267,420	-	-	156,267,420	156,267,420
Available-for-sale investments which are measured at FVOCI					
Government and state enterprise securities	15,975,562	661,775,376	-	677,750,938	677,750,938
Private debt securities	-	679,475,371	-	679,475,371	679,475,371
Equity instruments	224,504,036	-	-	224,504,036	224,504,036
Unit trusts	163,894,456	52,012,284	-	215,906,740	215,906,740

The fair value hierarchy of financial assets and financial liabilities as at 31 December 2020 and 2019 presents according to Note 5.20 to financial statements.

The method used for fair value measurement depends upon the characteristics of the financial assets and financial liabilities. The Company establishes the fair value of its financial assets and financial liabilities by adopting the following methods and assumptions.

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

(b) The fair value of investments in debt instruments is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

(c) Investments in marketable equity instruments have been presented at fair value by using market price. Investments in non-listed equity instruments are determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.

(d) Investments in marketable unit trusts have been presented at fair value by using market price. Investments in non-listed unit trusts are determined by using the net asset value as announced by asset management company.

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

(f) Fair values of lease liabilities were approximated to their carrying value due to carrying an approximate market rate.

As at 31 December 2020 and 2019, the Company does not disclosed the fair value of financial assets and financial liabilities which are stated at amortised cost since their fair value is estimated based on the book value.

During the current year, there were no transfers within the fair value hierarchy.

Reconciliation of recurring fair value measurements of financial assets, categorised within Level 3 of the fair value hierarchy, are as follows.

(Unit: Baht)

	Financial statements in which the equity method is applied	Separate financial statements
	Equity instruments	
Balance as of 1 January 2020 - presented at cost	142,105,795	86,881,200
Change due to adoption of new accounting standards	129,799,094	185,023,689
Balance as of 1 January 2020 - present at fair value	271,904,889	271,904,889
Net loss recognised into other comprehensive income	(30,074,764)	(30,074,764)
Balance as of 31 December 2020 - present at fair value	241,830,125	241,830,125

37. 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.

38. Event after the reporting period

On 23 February 2021, a meeting of the Board of Directors passed the resolutions to propose to the Annual General Meeting of shareholders approving the allocation of profits for cash dividend at the rate of Baht 1.50 per share for the 35 million shares, totaling Baht 52.50 million. Payment is scheduled to be made on 21 May 2021.

39. Approval offinancial statements

These financial statements were authorised for issue by the Company's Board of Directors on23 February 2021.