

TSI
INSURANCE

บริษัท ไทยเซตاکวิประกันภัย จำกัด (มหาชน)
THE THAI SETAKU INSURANCE PUBLIC COMPANY LIMITED

Annual Report 2019

รายงานประจำปี 2562



: www.tsi.co.th



: www.facebook.com/Thaisetakuinsurance



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GENERAL INFORMATION

Thai Setakij Insurance Public Company Limited (TSI)

Business Activities	Non-life insurance
Head Office	87 M. Thai Tower, All Seasons Place, 15th Floor, Unit No. 1 and 4-6 Wireless Road, Lumpini, Pathumwan, Bangkok 1033
Company Registration Number	0107536000200
Registered Capital	Total 1,784,895,736.50 baht
Ordinary shares	Total 3,569,791,473
Paid-up capital	Total 951,456,883 baht
Ordinary shares	Total 1,902,913,766
Par value	0.50 baht per share
Phone	(+66)2 853-8888
Fax	(+66)2 853-8888
Website	www.tsi.co.th

Thai Setakij Insurance Public Company Limited (TSI)

was established on January 31, 1942 by the administration of Field Marshal P. Pibulsongkram, the prime minister at that time. Which saw the importance of having Insurance company owned by Thai people Therefore established a company to conduct life and non-life insurance

Auditor

Mazars (Thailand) Ltd./ Mazars Ltd.	1 Empire Tower, Tower 2-3, 12th Floor South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Phone number :	+662 6670 1100
Fax :	+62 6670 1101
Auditor	
Mr. SOMPOP PHOLPRASARN	Certified Public Accountant Registration 6941
Miss WANNAWAT HEMACHAYART	Certified Public Accountant Registration 7049



MISSION

VISION

- To be a non-life insurance company with quality operations that provide security, peace of mind and a fairness to the Insured, employees and shareholders, as well as a financial institution that is aware of the need to create long-term sustainability for individuals and society.

VISION

MISSION

- Offering a good insurance system Suitable for the needs of customers at present or future at a reasonable price.
- Presenting new insurance services that can increase the value of insurance and meet the needs of customers.
- the technology used in providing support and services to customers and partners.
- Creating working environments by creating work motivation Including the development of knowledge and ability in working of employees.

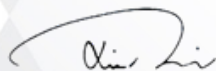
Message from the Committee Chairman

Dear shareholders

Thai Setakij Insurance Public Company Limited is a casualty insurance company with long history and, it has been with the Thai society for 78 years. As the committee chairman, I find it important and challenging to bring the company to prosperity and advancement and to operate a business of insurance and provide related services comprehensively under the principle of good governance, morality and ethics to all stakeholders for the company to grow sustainably.

In 2019, the insurance business was highly competitive. So, it is necessary to be precautious with the business operation and adaptation in support of rapid technological changes. The Company realizes and is prepared to invest in the information technology and insurance products to be fast, updated and various to respond all kinds of consumers' needs.

As the committee chairman, I am grateful to all trust and confidence from the shareholders, investors, financial institutions, business allies, customers as well as the executives and employees for cooperatively operating this business with devotion, dedication, patience and integrity making the company vastly successful until today. The Company confirms to operate the business under the principle of good corporate governance, realize all stakeholders and take environmental and social responsibilities for the company to grow sustainably.



Dr. Thanaphon Boonwarut
Committee chairman





FINANCIAL HIGHLIGHTS

		2017	2018	2019
Financial position				
Total Assets	Million Baht	1,696.93	1,148.43	1,310.79
Total Liabilities	Million Baht	1,500.48	999.74	817.97
Shareholders' Equity	Million Baht	196.44	148.69	492.83
Loss per Share	Baht per Share	(0.13)	(0.07)	(0.04)
Registered Capital	Million Baht	1,326.52	1,326.52	1,784.90
Issued and Paid-up Capital	Million Baht	1,052.23	1,081.75	951.46
Operating results				
Gross Written Premiums	Million Baht	827.42	479.25	507.29
Net Premium written	Million Baht	485.4	271.73	328.25
Net Earned Premium	Million Baht	498.09	407.60	218.87
Commissions and brokerages income	Million Baht	68.08	75.05	43.50
Net Claim	Million Baht	346.41	209.32	98.55
Total Underwriting Expenses and Operating Expenses	Million Baht	267.50	343.42	345.90
Loss before Income Tax	Million Baht	(115.83)	(71.21)	(175.67)
Loss for the year	Million Baht	(115.60)	(70.97)	(53.76)
Financial Ratio				
Liquidity ratio	Times	1.12	1.15	1.60
Collection ratio	Days	119.16	168.14	76.70
Profitability Ratio				
Loss Ratio	%	69.55	71.85	30.02
Gross Profit margin	%	(28.33)	29.70	(12.85)
Underwriting Expenses ratio	%	71.73	25.69	38.94
Return on Investment	%	5.88	(0.01)	0.01
Net Gross Written Premium ratio	Times	1.86	1.86	1.55
Net Profit Margin	%	(20.42)	(13.99)	(10.60)
Return on Equity	%	(51.60)	(47.61)	(10.91)
Efficiency Ratio				
Return on Assets	%	(7.05)	(0.06)	(0.04)
Asset Turnover	เท่า	0.35	0.34	0.41
Policy Liability to Capital Fund				
Debt to Equity	Times	7.64	6.72	1.66
Policy Liability to Capital Fund	Times	4.33	3.67	1.11
Reserve to Equity	Times	1.97	1.30	0.65
Reserve to Assets (%)	%	22.83	16.80	24.46
Dividend Payout Ratio (%)	%	0.00	0.00	0.00



Miss Ornlada Paowibun (the 2nd from left), the managing director (acting) of Thai Setakij Insurance Public Company Limited signed MOU for business development with Miss Narintiya Saowanee (the 2nd from right), the marketing manager of Mister DIY Trading (Thailand) Co., Ltd, one of the leading house decoration and repair product retailers from Malaysia with about 200 branches in Thailand and having a plan to expand for 1000 branches in Asia-Pacific next year. With this cooperation, the sales channels for group insurance products of both motor and non-motor will be expanded for customers of both parties to gain more convenience with cheaper price through a campaign of joint promotion in the future. Upon this signing, executives witnessed at Shangri-La Hotel



Miss Ornlada Paowibun, the managing director (acting) of Thai Setakij Insurance Public Company Limited or TSI Insurance, revealed that the company has a plan to expand the non-life insurance of all kinds by cooperating with potential business allies to access end users and organizational clients. Recently, the Company signed MOU with Falcon Supply Chain Management (Falcon SCM) for cooperation in developing and expanding opportunity for non-life insurance business operations for the first time. Miss Ornlada added that after signing, the company will discuss details about business agreements and anticipate that database of both parties kept for long time will be exchanged to extend products and services. TSI has a chance to increase customer base for Marine cargo and Non-Motor while Falcon SCM will gain benefits from having the insurance company.



Mr. Thanaphon Boonwarut, the committee chairman of Thai Setakij Insurance Public Company Limited or TSI insurance, revealed progress of the company's fund restructuring plan on 5 September 2019 in the board meeting No. 16/2019. It was to consider approval for pricing and allocation of capital-increased ordinary shares of the company for not over 2,163,509,984 shares with par value at 0.50 Baht to be offered for shareholders by proportion of shareholding (right offering) at ratio of 1 exiting ordinary share to 2 newly issued share at price of 0.50 Baht/ share equal to the par value. Mr. Thanaphon stated that this fund restructuring plan was in accordance with the schedule set by the company, and it is anticipated that the process of capital-increased share allocation and registration will be completed in the 4th quarter/ 2019. Meanwhile, the Company will advance the business plan according to the roadmap for quality insurance works by developing technology to enhance work efficiency and customer services together with development of personnel's potentials for the organization to grow stably in long term as targeted.



Miss Ornlada Paowibun (sitting on the left), the managing director (acting) of Thai Setakij Insurance Public Company Limited or TSI Insurance, signed MOU for developing the business with Mr. Park Lee (sitting on the right), chief executive officer of Chengdu Taoyong Technology Co.,Ltd from China, the development of Wuka Bear Application, which is the financial service innovation for ends users. It is a way to facilitate new-generation consumers. This MOU includes cooperation about customer's database and emphasis on service development through ecommerce system with executives from both companies witnessing this signing at Shangri-La Hotel.

Source of Income

(Million Baht)

	Fire		Marine and Hull		Motor		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Gross Written Premium	14.4	22.9	4.9	1.8	452.2	385.7	35.8	68.8	507.3	479.2
Net Earned Premium	6.1	11.9	0.5	1	200.7	374.4	11.6	20.3	218.9	407.6
Commission and Brokerage Income	3.6	6.4	1.3	0.4	27.2	46.8	11.5	21.5	43.5	75.1
Fee and Commission	(3.3)	(5.9)	(0.7)	(0.3)	(72.0)	(62.5)	(6.4)	(11.0)	(82.4)	(79.7)
Net Claim Incurred	(2.0)	(2.1)	(0.1)	(0.2)	(92.2)	(192.6)	(4.3)	(14.4)	(98.6)	(209.3)
Total Other Underwriting Expenses	(0.8)	(0.6)	(0.3)	(0.2)	(111.9)	(46.4)	(2.1)	(3.4)	(115.1)	(50.6)
Underwriting Profit (Loss)	3.1	0.2	0.6	0.4	(71.8)	(108.6)	9.8	32	(58.3)	(76.0)

Gross Written Premium

The gross written premium for 2562, revenues from the core business of life insurance, Motor Insurance is mainly accounted for 89.1 percent of its revenue from insurance. While non-motor insurance by non-motor insurance accounted for 10.9 percent of the insurance income. Increased from the year 2018 from 479.2 million baht to 507.3 million baht or increased 28.1 million baht.

Net Earned Premium

In the year 2018, the company has insurance premiums that can be recognized as income in the income statement for 407.6 million baht of the net premiums, while in the year 2019 the company can recognize the premiums of 218.9 million baht of the net premiums from insurance while the non-life insurance business Non-motor Insurance, accounting for 10.9 percent

Underwriting Income

(Million Baht)

Underwriting Income	2018			2019		
	Amount	Proportion	Change	Amount	Proportion	Change
Motor	385.7	80.5%	(38.7%)	452.2	89.1%	17.20%
Other insurance	93.5	19.5%	(52.9%)	55.1	10.9%	(41.1%)
Total	479.2	100.0%	(43.1%)	507.3	100.0%	5.9%



Thai Setakij Insurance Public Company Limited (company)

Thai Setakij Insurance Public Company Limited (company) or TSI Insurance has operated non-life insurance business for 78 years with goals to be an insurance company to bring confidence and service quality for non-life insurance to customers through proficient personnel and effective operation system. Having cooperation with strong domestic and international allies, the company will operate the business to grow sustainably to be widely accepted in the insurance industry.

TSI Insurance had blood donation in the occasion of Father's Day on 5th December Mr. Thanaphon Boonwarut, the committee chairman of Thai Setakij Insurance Public Company Limited or TSI Insurance together with Miss Ornlada Paowibun, the managing director (acting), led the executives and employees to have blood donation to increase reserve blood as dedication as royal charity contribution and recognition of royal grace in the occasion of the birth anniversary of King Bhumibol Adulyadej (King Rama 9) on Father's Day at Thai Red Cross Society



TSI Meet The Press Miss Ornlada Paowibun (left), the managing director (acting), together with Miss Kanida Nimmanwattana (right), deputy managing director (finance and accounting) of Thai Setakij Insurance Public Company Limited or TSI Insurance, jointly stated the policy and direction of business operation of TSI as well as summary of overall operation in past 9 months to the press in the event "TSI Meet the Press", arranged for meeting and exchanging opinions along with building up good relationship. The presses joined this event at the conference room, the new head office, 15th floor M Thai Tower All Season Place, Wireless Road.



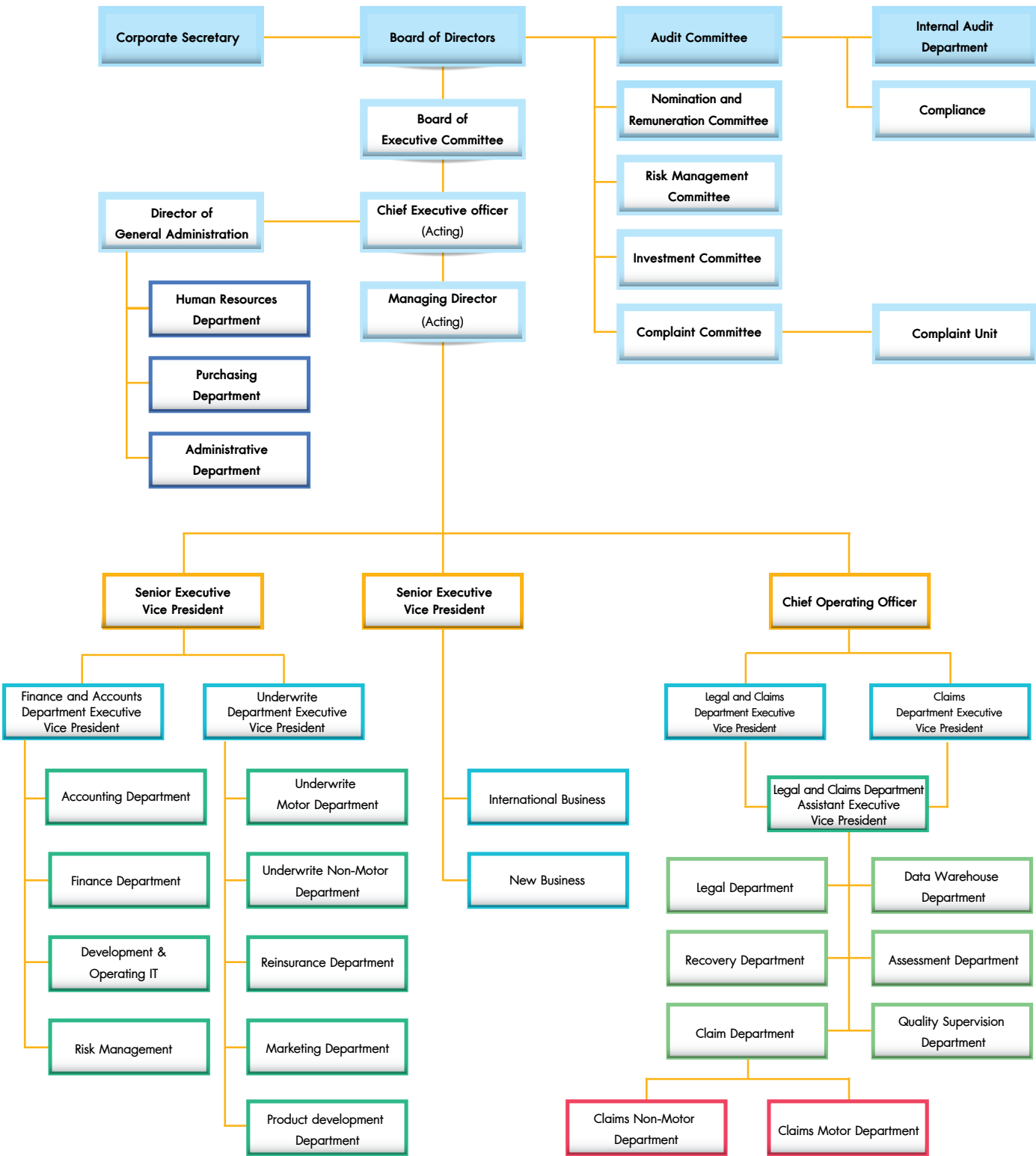
TSI gives survival bags to flood victims in northeastern region Mrs. Pomphat Rodphothong Boonthanom and Mr. Soemsak Hongthong, the deputy managing director, together with executives and employees at Thai Setakij Insurance Public Company Limited or TSI Insurance gave 200 survival bags containing rice, dried food, drinking water and necessary stuffs, distributed to the flood victims in Northeastern region.



TSI Insurance makes merit at the new head office Mr. Thanaphon Boonwarut, the committee chairman of Thai Setakij Insurance Public Company Limited, presided over the merit making ceremony at the new head office for auspiciousness. Somdej Phra Maha Ratchamongkolmune (Thongchai Thammathacho) from Wat Traimitr Witthayaram Voravitharam, kindly gave blessings, with honored guests, the board of directors, advisors, executives and employees attending this ceremony at M Thai Tower All Season Place, Wireless Road



Organizational Chart of The Thai Setakij Insurance Public Company Limited



In 2018 - 2019, the company implemented a strategy to drive the organization to be able to compete internationally. The organization's image and identity have been updated to be more modern in style in order to present a stronger image to target groups both within and outside the organization. In addition, emphasis has been placed on its distinctive sustainability in the non-life insurance industry as the company has been capable of 78 years of growth. And changing the image of the company is a demonstration of preparation to be ready to move forward in the current digital age that has changed. As the non-life insurance business has changed dramatically and quickly. Also, there is fierce competition. The company therefore proceeds to upgrade the level of readiness by developing the organization from the inside to the outside. By a major organizational restructuring. Since the board of directors to the level of management and staff to develop the organization to have potential in the strong growth going forward.

Apart from structural organizational adjustments and personnel development and improvement, in 2019 the company focused on improving various work systems, especially in terms of its services and marketing strategy. The goal was to create continuous and sustainable growth by increasing the proportion of revenue from Non-Motor insurance products. A target was also set to adjust the proportion between Motor Insurance and Non-Motor Insurance to a ratio of 30:70 by the year 2021.

To achieve its long-term goals, not only has the company sought to adjust the proportion of income from insurance premiums to better balance its risks and to better maintain capital funds, but the company has also improved its product distribution channels by providing faster services through our insurance agents via the Webservice system. This system has helped reduce inefficiencies while increasing sales, resulting in the widespread and continuous use of the system.

In the year 2019, the company has set a target of 500 million baht profit, with insurance premiums received at the proportion of 60:40 between Motor Insurance products and Non-Motor Insurance products.

Looking ahead to the year 2020, the company has set the target of 700-800 million baht profit, which is a dramatic increase. The proportion derived from Motor Insurance products versus Non-Motor Insurance products are targeted at 70:30.

Year 2019



Motor Insurance



Non-Motor Insurance



DEVELOPMENT AND IMPROVEMENT OF THE COMPANY

Marketing

The company has data analysis for data in determining insurance policies. Including creating portfolio of insurance group types and expanding insurance portfolio to be diverse to manage risk to prevent concentration of any type of work. Concerning increasing distribution channels, the company gives importance to all channels. Let these channels expand the market very efficiently. Both within the country and abroad, the image is one of the important marketing strategies. In making the company More well-known

Insurance

The company has improved the working structure of the insurance department in order to achieve maximum efficiency in its customer services. This includes better screening of the policies under assessment and better determination of the appropriate premium rate. The company has more carefully compared the cost of potential damages with current market conditions. The the appropriate premium rate is determined by using statistical data to calculate the appropriate premium for the maximum benefit of the actually occur. Price is also determined on the basis of current market conditions. In addition, retention of management is assessed in comparison with the burden and costs presented by filling vacancies. ata to calculate the appropriate the premium for the maximum benefit of the

Compensation

In order to create more organizational efficiency, the company analyzes its work processes in order to improve efficiency, to create more sophisticated operation processes and to develop an automatic system that both assists personnel development and individual performance through evaluation. The company strives for the continuous improvement of staff so that their potential can be maximized. Work is also screened for weaknesses and risks such as those that might lead to corruption.

Financial

It was determined that for new customers who were extended credit the payment period should be shortened. Additional measures to improve cash flow in the Motor Insurance and Non-Motor Insurance sectors were enacted, including the measure known as CASH BEFORE COVER. Also, other aspects such as credit limits, debt collection and debt reduction have been assessed for improvement

Legal and requisition

As the company wishes to benefit from a quicker repayment process, it has adjusted its strategy and service conditions when negotiating with external parties. This includes follow-up calls, compensation claims and the enforcement of lawsuits, whatever is appropriate for the particular situation or channels to receive payment from debtors; also so that the debtors may conveniently and efficiently pay off debts to the company.

Competitive Strategy

In 2019, the nation's economy was still stagnant possibly due to the business sector waiting for the election of the members of the house of representatives as well as international trade wars, which directly affected the economy and insurance industry. It can be noticed from the decreasing number of insurance companies in the country in past years. At present, there are 57 casualty insurance companies. Among this, there are 4 companies operating the business of accident and health insurance only. So, the company is needed to restructure the organization to be ready for more intense competition.

Continued from 2018, the company increased marketing personnel in Bangkok and upcountry especially main cities along with knowledge and capacity development of related personnel: marketing officer and insurance officers.

The company's goals are not focused only on product sale, but also the elevation of the company's personnel with consultation about risk-based services of customers in different ways. Insurance is a method in managing risks and it is necessary to point out necessity and benefit as well as how to purchase insurance suiting each customer's need. The organizational image enhancement is another activity that the company continuously emphasizes because in the past, the company's customer groups were limited only in Bangkok and vicinity. As a result, it was not widely well-known all over the country. The public relation in 2019 is more focused on regional area through the personnel.

Product and service development

The Company expands sale channels to be diversified and not concentrated only in Bangkok. It is more accessible to consumers with varieties in responding changing needs of the consumers. Web service system is implemented to facilitate the brokers to be able to connect with the company's system. furthermore, new interesting product like SME Strong Business is launched to respond diverse needs of the small and medium enterprises that need insurance products suited with their business. Moreover, the company releases an insurance product not covering the car, travel accident insurance or TA for individuals and groups of persons

Services must grow consistently with the markets. The company screens quality of surveyors including motor and non-motor and provides scoring system to consider and accept complaints. Obtained data will be scored for consideration of employment and renewal of contract with the surveyors.

Services about the car repair centers and garages are planned by the company to select and expand to higher-quality garages. The company also has a long-term plan to add services of searching for nearby garages for the customers to use with information of standard and quality of the garages.

BOARD OF DIRECTORS AND EXECUTIVES

1

Dr.Thanapon Boonwarut

Position Director and committee chairman

Age (years) 62

Shareholding in the company (as of 31 December 2019)

30,028,110 shares (1.58%)

Meeting attendance in 2019 Board meeting 16/17 times

Years of being a director 1 year

Education

- Honorary doctoral degree (Business administration) from Sherwood University, USA
- Doctoral degree (Public Administration) from Eastern Asia University
- Master degree (Master of Business Administration)] from Panyapiwat Institute of Management
- Bachelor degree (Economy Management) from Shantou University

Training courses for directors None

Work experience

- 2018- present - Director and committee chairman of Thai Setakij Insurance Public Company Limited
- 2000-2019 - Advisor at Foundation of Thai Suprateacher
- Committee chairman of Boonwarut Foundation
- Director at Huihua International Co., Ltd
- Director at Huihua Autotown Co., Ltd

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Mr. Athipat Kanthaulis

Position Independent director/ audit director

Age (years) 65

Shareholding in the company (as of 31 December 2019) None

Meeting attendance in 2019 Board meeting 4/6 times

Years of being a director 7 months

Education

- Master of Arts (Economic Law), Faculty of Laws, Chulalongkorn University
- Master of Business Administration (course for executive), Faculty of Business Administration, Ramkhamhaeng University
- Bachelor degree (Business Administration), Ramkhamhaeng University

Training courses for directors None

Work experience

- 2009-present
- Independent director and audit director at Thai Setakij Insurance Public Company Limited
 - Chief executive officer (Law and debt restructuring) at Ayudhya Development Leasing Co., Ltd
 - Secretary of the standing committee on police affairs, House of Representatives
 - Director and audit director at Scandinavia Leasing Public Company Limited
 - Director and audit committee chairman at Thai Setakij Insurance Public Company Limited

Positioning as a director/ executive in other enterprises that may cause conflict of interest with the company None



Mr. Yongwut Saowapruerk

Position Independent director/ company's secretary,

Appointed on 5 September 2019

Age (years) 65

Shareholding in the company (as of 31 December 2019) None

Meeting attendance in 2019 Board meeting 4/4 times

Years of being a director 3 months

Education

- Master of Business Administration, Florida State University, USA
- Bachelor of Science (Chemical engineering), Chulalongkorn University

Training courses for directors

- Director Certification Program (DCP)
- The role of Chairman Program (RCP)
- Role of the Compensation Committee (RCC)
- DCP Refresher Course (RE DCP)
- CHARTER DIRECTOR CLASS (CDC)
- Board that make a difference

Work experience

- 2019- present
- Independent director and secretary at Thai Setakij Insurance Public Company Limited
- 2015-2019
- Director at National Food Institute, Foundation Development Industry, Ministry of Industry
 - Director at Thailand Institute of Scientific and Technological Research, Ministry of Science and Technology
 - Director at Civil Aviation Training Center, Ministry of Transport
 - Chief Executive Officer at Zica Leasing Co., Ltd
 - Next to Zica Leasing: chief executive officer at Sweden Motor Public Company Limited, Volvo
 - Honorary director in the council of Valaya Alongkorn Rajabhat University

Positioning as a director/ executive in other enterprises that may cause conflict of interest with the company None



Mr. Santi Piyathat

Position Director/ chief operating officer

Age (years) 52

Shareholding in the company (as of 31 December 2019)

356,107,553 shares (18.71%)

Meeting attendance in 2019 Board meeting 9/19 times

Years of being a director 2 years and 4 months (August 2017)

Education

- Master of Law (LLM International and Comparative Law) Illinois Institute of Technology's Chicago, Kent College of Law, Chicago, Illinois, USA
- Master of Law, Chulalongkorn University
- Bachelor of Law, Thammasat University
- Law Study Learning Center, the Thai Bar under the Royal Patronage

Training courses for directors None

Work experience

- 2017- present - Director at Thai Setakij Insurance Public Company Limited
- 2011-2018 - Law and legal advisor at Asia Inter Law Co., Ltd
- Sub-director of fact investigation committee, Office of the National Anti-Corruption Commission

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Mr. Supakorn Veerasuwipakorn

Position Director

Appointed on 8 February 2019

Age (years) 62

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 16/16 times

Years of being a director 11 months

Education

- Master of Arts (Political Science), Ramkhamhaeng University
- Bachelor of Political Science, Ramkhamhaeng University

Training courses for directors None

Work experience

- 2019- Present - Director and deputy managing director (indemnification) at Thai Setakij Insurance Public Company Limited
- 2016- Present - Director of Bangkok Metropolitan Bazaar Authority

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Professor Dr. Jumphot Saisoonthon

Position ประธานกรรมการตรวจสอบ / กรรมการ

Appointed on 20 November 2017

Age (years) 62

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 15/19 times

Years of being a director 2 years and 1 month

Education

- Ph.D. (Law) of Washington School, USA
- L.L.M. (International Legal Study) New York University, USA
- Thai Law Scholar (Nor.Bor.)

Training courses for directors None

Work experience

- 2018- Present - Audit Committee Chairman/ independent director, Thai Setakij Insurance Public Company Limited.
- 2018 - Professor in the Faculty of Law, Thammasat University
- Legal advisor
- Arbitrator

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Pol. Gen. Dr. Prung Boonpadung

Position Director/ audit director

Appointed on 8 February 2019

Age (years) 71

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 16/16 times

Years of being a director 11 months

Education

- Bachelor of Public Administration, Royal Police Cadet Academy
- Master of Development Administration (Public Administration), National Institute of Development Administration

Training courses for directors

- (IOD) : DAP 90/2011
- (IOD) : RCP 27/2012
- (IOD) : ELP 2/2015
- (IOD) : AACP 21/2015
- (IOD) : ITG 1/2016
- (IOD) : FBG 5/2016
- (IOD) : FSD 32/2017
- (IOD) : RCL 6/2017
- (IOD) : DCP 240/2017

Work experience

- 2019- Present - Director and audit director at Thai Setakij Insurance Public Company Limited
- The audit committee chairman and company committee chairman at C.I Group Public Company Limited
- 2016- Present - President of Parent-Teacher Association at Suansunandha Rajabhat University Demonstration School
- Audit committee chairman and company committee chairman at C.I Group Public Company Limited

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Miss Ornlada Paowiboon

Position Director and managing director (acting),

Appointed on 22 November 2017

Age (years) 44

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 19/19 times

Years of being a director 2 years and 1 month

Education

- Bachelor of Commerce Specialized in Finance and Information Systems (Double Majors) University of New South Wales, Sydney, Australia.

Training courses for directors (IOD)

- Director Accreditation Program (DAP), batch 151/2018

Work experience

- 2017- present - Director and managing director (acting) at Thai Setakij Insurance Public Company Limited
- 2009-2017 - Chief executive officer at Palotai Design Co., Ltd

Positioning as a director/ executive in other enterprises that may cause conflict of interest with the company None



Dr. Pornphat Rodphothong Boontanom

Position Director and deputy managing director (law and indemnity),

Appointed on 15 August 2016

Age (years) 35

Shareholding in the company (as of 31 December 2019)

8,005,800 shares (0.42%)

Meeting attendance in 2019 Board meeting 17/19 times

Years of being a director 3 years and 4 months

Education

- Doctoral of Law, Chulalongkorn University
- Master of Law, Newcastle Upon Tyne University, England
- Master of Law from Kent University, England
- Thai Law Scholar from Legal Study Learning Center of the Thai Bar under the Royal Patronage in 1997
- Bachelor of Law from Ramkhamhaeng University

Training courses for directors (IOD)

- Director Accreditation Program (DAP), batch 151/2018

ประสบการณ์ทำงาน

- 2016- present - Director/ executive director/ deputy managing director (law and indemnity) at Thai Setakij Insurance Public Company Limited
- 2011- present - Legal advisor at Asia Inter Law Co., Ltd

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



10

Mr. Louise Wiwongsak

Position Director and committee secretary,

Appointed on 25 April 2014

Age (years) 61

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 16/19 times

Years of being a director 5 years and 7 month

Education

- Master of Arts (Economic law)
from Chulalongkorn University

Training courses for directors (IOD)

- Company Secretary Program (CSP), batch 30/2009

Work experience

- 2018- present - Director at Thai Setakij Insurance
Public Company Limited
- 2018 - Managing director at S.P. and Louise Co., Ltd
- Secretary at Multibax Public Company Limited
- 1983-2018 - Lawyer and legal advisor

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None

Mrs. Achita Boonwarut

Position Director

Appointed on 23 January 2019

Age (years) 36

Shareholding in the company (as of 31 December 2019)

10,566,700 shares (0.55%)

Meeting attendance in 2019 Board meeting 17/17 times

Years of being a director 1 years

Education

- Bachelor degree (tourism and hotel),
Bangkok University

Training courses for directors (IOD) None

Work experience

- 2019- present - Director at Thai Setakij Insurance Public
Company Limited

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None

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Mrs. Achita Boonwarut

Position Director

Appointed on 2 January 2019

Age (years) 56

Shareholding in the company (as of 31 December 2019)

3,030,000 shares (0.16%)

Meeting attendance in 2019 Board meeting 15/17 times

Years of being a director 1 years

Education

- Master of Business administration (MBA), Beijing Institute of Finance and Commerce Management, People's Republic of China

Training courses for directors (IOD) None

Work experience

- 2019- present - Director at Thai Setakij Insurance Public Company Limited
- 2011- present - Secretary at Thai-Chinese Education Foundation

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Mr. Palow Jang

Position Director

Appointed on 2 January 2019

Age (years) 59

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 1/17 times

Years of being a director 1 years

Education

- Phd.philosophy, Amstrong State University In U.S.A.

Training courses for directors (IOD) None

Work experience

- 2019- present - Director at Thai Setakij Insurance Public Company Limited

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



Mr. Tao Jiang

Position nssums

Appointed on 2 January 2019

Age (years) 36

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 1/16 times

Years of being a director 1 years

Education

- Accounting Master Science, University of London

Training courses for directors (IOD) None

Work experience

- 2019- present - Director at Thai Setakij Insurance Public Company Limited

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None

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Mr. Yongwut Saowapruek

Position Independent director/ company's secretary,

Appointed on 5 September 2019

Age (years) 65 ปี

Shareholding in the company (as of 31 December 2019) Non

Meeting attendance in 2019 Board meeting 4/4 times

Years of being a director 3 months

Education

- Master of Business Administration, Florida State University, USA
- Bachelor of Science (Chemical engineering), Chulalongkorn University

Work experience

- 2019- present - Independent director and secretary at Thai Setakij Insurance Public Company Limited
- 2015-2019 - Director at National Food Institute, Foundation Development Industry, Ministry of Industry
- Director at Thailand Institute of Scientific and Technological Research, Ministry of Science and Technology
- Director at Civil Aviation Training Center, Ministry of Transport
- Chief Executive Officer at Zica Leasing Co., Ltd
- Next to Zica Leasing: chief executive officer at Sweden Motor Public Company Limited, Volvo
- Honorary director in the council of Valaya Alongkorn Rajabhat University

Positioning as a director/ executive in other enterprises

that may cause conflict of interest with the company None



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PRODUCTS AND SERVICES

(Motor Insurance)

Motor insurance means insurance against damage from the usage of a vehicle propelled by motor use, and covers physical damage to the vehicle, third party bodily injury and third-party property damage. There are two types of motor insurance:

Compulsory Motor Insurance

The Motor Vehicle Accident Victims Protection Act BE 2535 (1992) impose that all types of vehicle users must have insurance. The policy is to provide protection against damage to life and body, including medical expenses for victims of a vehicle accident

(Voluntary Motor Insurance)

Voluntary insurance can be divided into 5 types:

(A) Type 1 Insurance or Comprehensive Insurance:

This type of insurance provides cover for property and bodily injury of both its own insured and third party for the amount of indemnity not exceeding sum insured.

(B) Type 2 Insurance or Fire and Theft Insurance:

This type of insurance provides protection against damage to property of the third party and/or injury, disability or death of the third party but in view of insured vehicle shall be covered only loss or damage from fire and total loss from theft only.

(C) Type 3 Insurance or Third Party Insurance : This type of insurance will only cover injury or death and damage to the property of third parties.

(D) Type 5 (2+) Insurance or Named Perils Insurance:

This type of insurance covers collisions with land vehicles, damage to life and injury to third parties, damage to third party property, loss to fire, theft and natural disasters.

(E) Type 5 (3+) Insurance or Named Perils Insurance:

This type of insurance provides coverage against collisions with land vehicles, earthquake/flood, life of third parties, third party property, personal accident, medical fees, and bail for the driver

Non-Motor Insurance

Non-motor insurance business can be categorized into five types of services, namely fire insurance, property insurance, marine cargo insurance, engineering insurance and miscellaneous insurance, as follows:

1. Fire Insurance

Fire insurance is an insurance with the insured property as an asset which includes movable and immovable property and/or real estate. The standard fire insurance policy will provide protection to the insured property when the following disasters occur against following loss:

Fire: Fire insurance policy will cover all damages caused by fire, either directly or indirectly, such as damage caused by extinguishing the fire, damage from smoke or heat from fire, damage caused by the destruction of the building parts that have been burned and causing damage to the insured property etc.

Lightning : Damage directly caused by lightning will be covered by the policy whether or not a fire occurs. For a gas explosion, the policy will cover the damages caused by the explosion of the gas used for domestic consumption purpose only, not for commercial or production purposes. Aircraft or objects falling off from aircrafts insurance: The policy will cover the loss or damage to the insured property caused by the aircraft, including direct destruction caused by objects falling off the aircraft

water damage insurance : The policy will cover direct loss or damage to the insured property which occurs from the accidental release, leakage or overflow of water or steam from water pipes, water tanks, heating systems, water pumps, house fire hose, cooling system, air conditioning system, rainwater that flows through the building from the damage of the roof, windows, doors, door and window frames, air vents, lighting receptacles, water pipes or rain sprouts. In addition to basic disaster protection as mentioned above, the insured can also extend coverage to various events or disasters called excess of damage or a damage that is not protected.

The insured can choose to receive coverage and pay additional insurance premiums covering events such as floods, earthquakes, storms, riots, strikes and explosions.

2. Property Risk Insurance

Property risk insurance is an insurance policy that provides protection for property damage caused by any accident that is not specified as an exclusion, which occurs within the insurance period as specified in the insurance policy. The company's liability against each damage or damages throughout policy period not exceeding:

1. The sum insured specified in the insurance policy or
2. The amount of liability limit specified in the insurance policy or
3. The sum insured or the amount of liability remaining after being deducted every time with the amount of compensation that the company has paid or has agreed in writing that it will be repaid under this insurance policy (if any) during the insurance period

3. Marine Cargo Insurance

Marine cargo insurance serviced by the company can be divided into two types, as follows.

Hull insurance is a protection against ship damage in the event that the ship is damaged or damaged by a marine disaster, such as a storm, monsoon, sunken ship, boat crash, reef or various accidents etc.

Cargo insurance is the protection of the damage caused to the insured products of all types that are in the process of being transported, both domestic and international, whether on land, sea, and air transportation, as well as mail delivery. The coverage will depend on the conditions chosen by the insured.

In general, the Marine Cargo Insurance policy will cover the damage caused by various marine disasters, including the wind and sea waves, such as storms, monsoons, fire, sea dumping, theft, barratry and other disasters that the insured seeks additional protection for, such as wars, riots and strikes, etc.

4. Engineering Insurance

Engineering insurance is a policy that covers engineering damages, divided into insurance during construction and machinery insurance used in construction. The company's engineering insurance policy is what the company places high importance on and exercises great care, as it is a high cost insurance if any damage occurs. However, the insurance coverage during construction will be divided into three subsections, as follows:

4.1 Coverage for the value of the work under construction until completion and maintenance services.

4.2 Protection of machinery used during construction.

4.3 Third party liability protection in case of damage to a third person.

5. Miscellaneous Insurance

Miscellaneous insurance refers to non-life insurance that provides protection against loss or damage caused by other disasters beyond the coverage of fire insurance, marine cargo insurance and motor insurance. In order to meet the needs of insurers that change according to the economic and environmental conditions, the company has therefore classified the miscellaneous insurance into various forms as follows:

- Personal Accident
- Travel Accident
- Health
- Unnamed Passenger and Driver
- Compulsory Boat Passenger
- All Risks
- Burglary
- Money
- Plate Glass
- Neon Sign or Sign Board
- Public Liability
- Fidelity Guarantee
- Workmen Compensation
- Golfer's Indemnity
- Leasehold Interest
- Contract Works
- Electronic Equipment
- Machinery Breakdown
- Boiler and Pressure Vessel
- Householder
- Industrial All Risks
- Business Interruption
- Jewelry Block
- Terrorism

In addition to direct insurance under the types of non-life insurance mentioned above, the company also has reinsurance for both domestic and international reinsurance companies. Due to having to adhere to the legal restrictions on accepting the risks themselves, the company will be able to accept the maximum insurance coverage, not more than specified in the law.



RISK FACTORS

Risk from insurance acceptance

- Risk from higher damages with car insurance product as a result of OIC announcing to increase protection about opportunity cost from car use leading to higher cost of the company.
- Risk from higher rate of damages resulted from geographical changes, natural disasters, accidents, terrorism acts or burglary affecting life, body, injury and properties insured by the company.
- Risks from imbalance of proportion of insurance in each product from accelerating sales in some groups in marketplaces

Nevertheless, the company manages risks based on statistics in assessing risks in each topic by doing monthly assessment to ensure that such risks are acceptable. It includes using insurance tools towards advance agreement to diversify risks in case of damages to casualties insured by the company as well as insurance to excess loss. This will help the company in case of casualties insured by the company having loss at high amount. This kind of insurance will protect the company's operation and financial position from high fluctuation and severe impacts

Risk from reliance on job sources and brokers and agents and operational risks in normal work system

If processing revenue in past years, the company receives insurance premium from job expansion of the financial institutions, which can be clearly seen from car insurance accounted for 75% of total car insurance premium. The Company recognizes risks of losing opportunity received from the financial institutions that may lead to risks of the company. Therefore, the company tries to select higher quality agents and brokers to balance weighing of revenue from every source similarly to minimize risks

To expand service centers of the company is substantially emphasized on covering every area. At present, the company has service centers in main cities in northern, northeastern and southern regions

Potential risks factors to affect the company's operation can be summarized as follows

1. Strategic risk

The company operates works to achieve intended objectives but inevitably faces uncertainty and risks that may affect achievement of the objectives, risk management is thus necessary for the company for enterprise risk management-ERM. The company needs to manage risks and risk potentials by managing risks in the entire organization as well as risk of work methods and procedures. The enterprise risk management consists of following work scopes

- 1.1 Identifying risks that may affect the company's objectives
- 1.2 Assessing risks and feasibility and importance of the impacts
- 1.3 Determining strategy for resolution
- 1.4 Following up results after risk management
- 1.5 Sufficiency of fund money
- 1.6 Proportion of bottom line profit

Nevertheless, the company can prevent damages and enhance quality of the company in favor of shareholders, employees, customers and the society

2. Risk from the company not taking insurance to facultative reinsurance and risks from the company not being able to collect insurance premiums including a case of trade partner's credibility rank adjustment

Under the existing regulations of insurance, the insurance companies can insure casualties with sum insured not over 10% of the fund, which is the limitation for general small and medium casualty insurance companies in insuring large works with higher sum insured than their insurance capacity. It is hence necessary to rely on a foreign insurance company to support such large works. Additionally, the competition is intense and unceasing making several casualty insurance companies to offer protection more variously and thoroughly to meet the needs of customers the most. Insurance premium calculation is at low rate to obtain that business, which is contrary to casualty management and insurance standard according to universal principles of the insurance companies in that country

Most insurance comprises 2 aspects including facultative reinsurance and treaty reinsurance with negotiation about terms and condition. The insured mostly consider it in accordance with the reinsurance policy and structure of work sources in that insurance company. Problems are found in a case that the companies have higher sum insured than existing insurance agreements and have additional special conditions apart from standard specification in order to supporter casualties in that work. However, it is uncommon situation. The Company finds a way to diversify risk to be more diverse by purchasing excess of loss additionally from normal insurance agreement and construct a network with domestic and international insurance companies including PEAK reinsurance, Korean Reinsurance, and Hannover Reinsurance in England etc. It is to get prepared and to prevent potential problems to the company in case it can no longer reinsure.

Obligations to the insured according to conditions identified in the insurance policy start from the date the company specifies in the policy schedule for protection of the insured. The company's policy distribution channels are mostly to sell through agents and brokers. Therefore, risks that the company may not be able to collect insurance premium from the agents and brokers may cause financial issues that it may have to pay indemnity to the insured in case of casualties.

Therefore, to eliminate such risk, the Company determines the principles and standards of recruiting agents and brokers before registration as the company's agents and brokers. Furthermore, the agents and brokers shall have guarantees or securities to guarantee the amount covering all premiums that the company receives from each agent and broker. Nevertheless, the company considers sufficiency of guarantee securities of the agents and brokers regularly as an initial preventive measure for risks that the premiums cannot be collected.

However, according to the Non-Life Insurance Act (No. 2) B.E. 2551 (2008), the brokers and agents shall be registered and have a measure for safety in collecting insurance premium that is regarded that protection occurs when the insured pay insurance premium to the insurers called as cash before cover. This method will enable the insured to have coverage when paying premiums to the insurers through agents or brokers as the insurance companies' representatives. Therefore, risks will belong to the insurance companies in administrating broker and agents to have service standards and sufficient guarantees for performing duties of collecting insurance premiums for the company. However, it includes consideration of reinsurance to the insured also

3. Risk from insurance

Risks arising from fluctuation of frequency, severity and time of damage deviated from assumptions are used for insurance premium and reserve calculation and insurance consideration.

The company determines a business policy in terms of reinsurance, type of insurance, insurance territory, insured casualties and reinsurance methods with clear requirements of authority for amount approval in considering insurance. It includes level of risk acceptance to suit with financial status of the company's fund for acceptable risks.

The company stipulates procedures of considering insurance carefully and thoroughly by considering the insured, characters of risks, sum insured value as well as the agents and brokers. The company considers proportion of insurance capacity that the company can accept risks. In case of high risk for that insurance and the company not being able to diversify risks properly, the company may refuse that insurance. Moreover, if the company has no experience or skilled officers in taking that insurance or the consideration for coverage and job taking is difficult, the company will avoid proceeding with that job.

The company emphasizes constructing relationship with the insured by bringing long-term satisfaction and good relationship and developing personnel and improving technology for enhancing potentials of administration and management. It includes providing services for the insured as soon as possible to build up satisfaction and confidence for the insured.

3.1 Risk from non-life insurance business liberalization
Insurance business liberalization affects the entrepreneurs in terms of non-life insurance at present because foreign insurance companies entering to operate the business are advantageous in terms of modern technology and stable financial position.

As a result, the domestic entrepreneurs need to get prepared for such matters. However, the non-life insurance companies in the country have advantages in form of good relationship with the insured as well as cultural harmony. Therefore, the company focuses on constructing relationship with the insured by bringing customer satisfaction and long-term customer relationship as well as development of personnel and technological improvement to enhance potentials of administration and management for the company. Furthermore, the company implements technology and provide customer services as soon as possible to bring purchasing confidence to customers and maintain market share along with expanding market share to increase competitiveness with business operation of foreign entrepreneurs.

3.2 Risk from fluctuation of frequency and severity of indemnity from non-life insurance
Damages from severity and frequency affect turnover of the company including reserve calculation. Therefore, risks from fluctuation of frequency and severity are one of factors emphasized by the risk management committee.

4. Risk from company's investment

It is more than return in 209. The company recognizes liquidity and stability of investment more than returns. Therefore, savings with financial institutions to have cash in hand is the first alternative followed by investment

in government bonds and units of mutual funds for relatively stable and certain returns. The Company selects short-term and long-term investment in order to manage liquidity that may happen from risks of expenses about unforeseeable indemnity payment.

5. Risks from liquidity

Risks from liquidity are related to sufficient funding for debt settlement according to obligations in a timely manner because debts pursuant to insurance agreements are mostly in short term. Therefore, the company shall provide assets or short-term investment to be adequate to debt reserve according to insurance agreements according to requirements of the Office of Insurance Commission (OIC). The company needs to deposit reserve insurance premiums, indemnities and others in accordance with Section 23, Section 24 and Section 27/4 of Insurance Act B.E. 2535 (1992). These reserves cannot be counted as liquidity assets. The company manage risks by providing daily cash flow report and calculate the ratio of liquidity on a monthly basis.

6. Concentration Risk

Concentration risks arise from too much concentration of products, geography, brokers or agents as well as investment concentration as too much investment in any securities. The Company strategizes the operation by using the principle of non-concentration and diversification. For the investment strategy, the company will invest by limitations of investment as specified by OIC.

7. Information technology risk

Technology is essential to enhancing management efficiency, and the Company has a policy to develop quality of services related to indemnity management and insurance for highest satisfaction of service users with convenience, rapidity, accuracy and fairness. The company thus develops the information technology system for updated administration. Furthermore, it recognizes data safety as well as equilibrium of the information technology system for the business to be unceasingly operated in case of emergency. The company sets up disaster recovery site to prevent and mitigate impacts from potential emergency.

8. Operational Risk

Operational risk means risks that may cause damages from failure, insufficiency or unsuitability of internal operational processes, personnel, work system or external factors that may affect overall operation and/or financial status of the insurance company.

- Type of operational risk

1. People risk is an operational risk from failure, insufficiency or unsuitability of the company's personnel including capability and virtue of the personnel negatively affecting operations and/or financial status of the company with 3 main reasons as follows

1.1 Personnel may not be capable of working or have incompetency.

1.2 Personnel in the company has frauds such as documentary forgery etc.

1.3 Inadequacy of personnel for operations

2. Process risk is an operational risk from failure, inadequacy or unsuitability of the process although the company's personnel are competent corresponding with the work or perform duties with full effort, diligence and integrity.

3. Technology risk is an operational risk arising from the computer system and/or communication network of the company being failed, improper, outdated and ineffective leading to the company's operations to be disrupted that services cannot be provided to customers.

4. External factors are operational risk with external causes that affect overall operation and/or financial position of the company such as false indemnity claim, corruption of outsiders, legal changes, outsourcing service and natural disasters etc.

5. Compliance risk is an operational risk from the company required to comply with national laws such as anti-money laundering laws with objectives to cut the cycle of criminal act conduct in accordance with the laws.

6. Adequacy of internal audit risk The company identifies risks and reviews operational risks periodically. Such risk identification is operated at every level from operating level to executive level as identified in the notices of the Office of Insurance Commission (OIC) associated with principles, methods and conditions of minimum standard for risk management of non-life insurance company B.E. 2551 (2008).

9. Treaty Renewal Risk

Most insurance agreements in Thailand are renewed at the end of every year (31 December) or in the middle of the year (30 June). Nevertheless, an insurance company that has unsatisfactory turnover among the reinsurers may delay renewal in that year and may have risks of reinsurance. Therefore, the company must take that risk during such period.

10. Credit Risk

It is a risk that investment instrument issuers or insurance companies have lower rank of credibility.

11. Market Risk

Market risk means a risk from movement of interest rate, foreign currency exchange rate and instrument prices in financial and capital markets negatively affecting revenue and funds of the financial institutions. Market risk can be divided into 23 types including risk from interest rate, risk from exchange rate and risk from price.

- Interest rate risk emerges from changes in return rate from investment as a result of interest rate change in markets.
- Exchange rate risk is exchange rate beyond anticipation with changes from factors leading to fluctuation all the time.
- Price risk is economic circumstance, behavior and framework of purchasing decision of consumers, severity of competition in markets, agreement with other marketing strategies as well as application of economic theory regarding the principles of demand and supply as components of decision on price strategy with framework under supervisory fund. It is for the products to have satisfactory price of the organization, which can respond organizational objectives and suit purchasing capability or power of the consumers in markets.

Structure of risk management (Data as of 31 December 2019)

The risk management committee consists of 5 directors as

1) Miss Ornlada	Paowiboon	Risk management committee chairman
2) Mrs. Pornphat	Rodphothong Boonthanom	Director
3) Mr. Supakorn	Veerasuvipakorn	Director
4) Miss Kanida	Nimmanwattana	Director
5) Mr. Soemsak	Hongthong	Director

Role and duty of the risk management committee are as follows

1. Provide GRC (governance risk compliance) policy and the enterprise risk management plan as well as determine strategies and policies for ongoing concern management in writing. It is necessary to have regular review for at least once a year or immediately upon significant changes to be suitable with changing circumstances and to support existing risks. It shall be disclosed to every relevant person.

2. Allocate resources to support operations sufficiently and define roles and duties and hierarchy of reporting of persons related to risk management in writing before disclosed to every relevant person.

3. Provide a training to build up understanding about roles, duties and responsibilities of the employees and related persons according to the organization's risk management plan and ongoing concern support plan.

4. Follow up operations about risk management to be in accordance with the policy and plan as well as analyze and evaluate impacts on important operation's disruption and report risk status and adequacy of the risk management policy and system to the executive board for at least once a year.

5. In case of damages, the risk management committee will report problems and guideline of resolution of the board of directors immediately.

Risk assessment will be assessed based on two main factors as follows:

1. Probability of Loss
2. Volatility of Loss

การจัดลำดับความเสี่ยง

The company has determined conditions to prioritize risks and has prioritized risks by descending order, for the benefit of risk management as shown in the table below

Likelihood



Less likelihood	Little likelihood	Moderate likelihood	High likelihood	Highest likelihood
Less impact	Little impact	Moderate impact	Severe impact	Most severe impact

Impact of Events

Impact and risks appetite - Quantitative

Risk Level	Rating Level	Risk Level	Definition
Very low	1-2	Yellow	Risk acceptable without any additional risk management
low	3-4	Green	Risk acceptable at the tolerance rate but need an additional risk management plan to control the risk appetite
Moderate	5-9	Blue	Risks may not be acceptable and need additional risk management plan to reduce or control risk to be in the risk appetite
High	10-16	Orange	High risk and unable to accept certain risks. Risk management plan is required to manage risks within risk appetite
Very high	17-25	Red	Very high risk level and unable to accept such risk, risk management plan is immediately required otherwise the organization will face severe problems

Risk Management Process

		Probability or frequency				
		1	2	3	4	5
Impact or Severity	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Significant risks and risk register of the company

	Impact or Severity	Probability or frequency	Score	Risk Level	Risk Level
1. Strategic risk	4	1	4	Low	Green
2. Risk from lack of facultative reinsurers and high uncollected premiums as well as downgrade of reinsurer credit rating	4	2	8	Medium	Blue
3. Insurance risk	5	2	10	High	Orange
4. Risk from dependence of brokers and agents as well as operation risks	4	3	12	High	Orange
5. Investment risk	4	3	12	High	Orange
6. Liquidity risk	4	3	12	High	Orange
7. Concentration Risk	4	3	12	High	Orange
8. Information Technology Risk	4	2	8	Medium	Orange
9. Operational Risk	4	4	16	High	Orange
10. Treaty Renewal Risk	5	1	5	Medium	Orange
11. Credit Risk	4	4	16	High	Orange
12. Market Risk	5	1	5	Medium	Blue

Risks arising from 3 years business plan Guideline and risk management method

Potential risks are as follows:

1. Risk management may not resolve or reduce the existing risks. Risk management team will gather information from business units in order to reconsider, analyze and adjust the plans effectively. The evaluation of the plan will be performed by each unit on quarterly basis and report to risk management committee for further adjustment in annual risk management plan
2. The recession in economic and investment may lead to unachieved in the business plan. For example, one-year projected premium may short from the plan when the economic is turn down or the projects were interrupted whereby the company's expenses are spent as usual, resulted in the company performance of that year. The company may have to find reserve revenue or cut unnecessary expenses to maintain the performance.
3. Natural disaster

Risk Management Methods

- Risk Control

(A) Risk Avoidance: the insurance company may avoid to underwrite the policies which the company has no experience or no expertise personnel and underwrite in form of co-insurance in stead of

(B) Loss Prevention to reduce the probability of loss.

(C) Loss Reduction to reduce the impact or value of loss.

- Risk Control

The company has established the policies to control and monitor risks as per followings

1. Risk from people
2. Systematical risk
3. Risk from using of equipment

Group 1 The company conducted the meeting in order to report the performance (PAD) with the followings details

Performance: The responsible person has to report its past performance, progress of existing work as well as the target task, the performance will be compared against the company' goal to ensure that the performance is according to the company's objective or not

Work in process, the company will use the past record as basis to compare against the actual plan by consideration of risk effective, errors and their resolutions as well as any further obstacles that made the company not achieve the risk management plan. The performance meeting will be held twice a month, every 2nd and 4th Tuesday

Administration: The company will hold a meeting of the involved persons in risk management to ensure that risk management is aligned with the company's objectives, no work is redundant or conflict between units. The objective of the meeting is to minimize risks by objective, which schedule on every date of 15 every month

Development: All departments are requested to report Day End Report/Month End Report/ Quarterly Report in order to measure and evaluate the performance in the areas of internal and external management. This is to check the ability to create progress for each unit, including summarizing the internal risks and expectations, and recording the unexpected risk concern

Group 2 Systematic risk - after directing, monitoring and supervising the risks of related persons, risk score and results under CIPP MODEL (CIPP Theory) are managed by evaluating the context, input factors, production processes, and product. This is to find errors from the production which will be used as a consideration basis and to be inspected, monitored and measured again. This process will be done along with the PAD performance report on the 15th of every month.

Group 3 Risk groups with tools and equipment as the core. This group will monitor the use of communication tools, office equipment and the ability of the communication system from one unit to another unit. It will also evaluate the ability to filter data for use in the analysis of a person's performance and mistakes, and be able to support future business expansion by monitoring together with PAD on the 15th of every month.

THE COMPANY'S STRUCTURE

List of major shareholders

First 10 major shareholders of the company as of 4 December 2019 are in below table

No.	Shareholders	Number of shares	% of all shares
1.	Mr. Santi Piyathat	356,107,553.00	18.71%
2.	Mrs. Siriporn Boonwarut	314,066,403.00	16.50%
3.	GT Dollar (Thailand) Co., Ltd	259,114,411.00	13.62%
4.	Mr. Tong Choen	150,000,000.00	7.88%
5.	Mr. Rueangroj Limsaengsuree	139,473,000.00	7.33%
6.	Mr. Kittiphon Pornpitakwong	92,934,000.00	4.88%
7.	Thai NVDR Co., Ltd	71,056,980.00	3.73%
8.	Miss Thitanan Sun	35,936,900.00	1.89%
9.	Mr. Thanaphon Boonwarut	30,028,110.00	1.58%
10.	Siam Mineral and Oi Co., Ltd	27,780,830.00	1.46%
Total		1,476,498,187.00	77.59%

Other security issuance

-None-

Dividend payment policy

The company has dividend payment policy according to the resolution of the committee proposed to the general shareholder's meeting for approval periodically.

Dividend payment in past 5 years of the company

Year	Dividend payment
2015	No payment
2016	No payment
2017	No payment
2018	No payment
2019	No payment

List of company's committee

The company's committee as of 31 December 2019 consists of 14 directors as follows

No.	Name-surname	Position
1.	Mr. Thanaphon Boonwarut	Director and committee chairman
2.	Prof. Dr. Jumphot Saisoonthon	Independent director and audit committee chairman
3.	Pol.Gen. Dr. Prung Boonpadung	Independent director and audit director
4.	Mr. Atiphat Kanthaulis	Independent director and audit director
5.	Mr. Paolow Jang	Director and chief executive officer
6.	Mr. Santi Piyathat	Director and chief operating officer
7.	Miss Ornlada Paowibun	Director and managing director (acting)
8.	Mrs. Pornphat Rodphothong Boonthanom	Director and deputy managing director (law and indemnity)
9.	Mr. Thitiwat Pongapiphat	Director and deputy senior managing director
10.	Mr. Supakorn Veerasuvipakorn	Director and deputy managing director (law and indemnity)
11.	Mrs. Achita Boonwarut	Director
12.	Mr. Tao Jiang	Director
13.	Mr. Yongwut Saowapruet	Independent director
14.	Mr. Louise Wiwongsak	Independent director

Scope of authority and duty of the company's committee

1. The directors shall perform duties according to laws, objectives and regulations of the company as well as resolution of the shareholder's meetings.
2. The directors shall not operate the business, be a partner in type of unlimited liability or be a director in other juristic persons with the same condition and competition with the company's business unless informed to the shareholder's meeting before having a resolution for appointment.
3. The directors shall inform the company without delay if having interest in an agreement made with the company or holding increasing or decreasing shares or debentures in the company or affiliates.
4. The company's committee shall arrange a meeting at least in every three months.
5. The directors that have interest in any matter will not have voting right for such matter.
6. In case the meeting has tie vote, the committee chairman shall make another vote as final decision.

Directors having authorities to sign for the company

Name and number of directors authorized to sign for the company are as follows

1. Mr. Thanaphon Boonwarut
2. Miss Ornlada Paowibun
3. Mr. Thitiwat Pongapipat

Two out of three persons shall cosign and affix the company's seal.

Authority limits of the directors

-None-

Table of board and sub-committee meeting attendance of the company in 2019

Name-surname	Position	Company committee	Audit committee	Recruitment and Remuneration Committee	Shareholder meeting 2019	
		Time	Time	Time	Ordinary (time)	Ordinary (time)
1. Mr. Thanaphon Boonwarut	Committee chairman	16/17	-	2/2	1/1	1/1
2. Mr. Paolow Jang	Chief executive officer	1/16	-	-	1/1	-/1
3. Miss Ornlada Paowibun	Director and managing director (acting)	19/19	-	3/3	1/1	1/1
4. Mr. Santi Piyathat	Director	9/19	-	-	-/1	-/1
5. Mrs. Pornphat Rodphothong Boonthanom	Director	17/19	-	3/3	1/1	1/1
6. Mr. Thitiwat Pongapipat	Director	15/17	-	-	1/1	1/1
7. Mr. Jiang Tao	Director	1/16	-	-	1/1	-/1
8. Mrs. Achita Boonwarut	Director	17/17	-	2/3	1/1	1/1
9. Mr. Supakorn Veerasuvipakorn	Director	16/16	1/1	-	1/1	-/1
10. Mr. Yongwut Saowapruet	Independent director	4/4	-	-	-	-
11. Mr. Louise Wiwongsak	Independent director	16/19	-	-	1/1	1/1
12. Mr. Jumphot Saisoonthon	Audit committee chairman	15/19	6/8	-	-/1	-/1
13. Pol. Gen. Dr. Prung Boonpadung	Audit director	16/16	8/8	-	1/1	1/1
14. Mr. Athipat Kantaulis	Audit director	4/6	4/4	-	-	1/1

Directors resigning in the year

Name-surname	Position	Company committee	Audit committee	Recruitment and Remuneration Committee	Shareholder meeting 2019	
		Time	Time	Time	Ordinary (time)	Ordinary (time)
1. Mr. Wet Visavayothin	Committee chairman	1/1	-	-	-	-
2. Miss Saengthong Punnahitanon	Independent director and audit director	2/2	-	-	-	-
3. Mrs. Nongluck Visutthiphon	Director and executive director	2/2	-	-	-	-
4. Mr. Tinnakorn Phanphanitkul	Independent director	1/1	-	-	-	-
5. Mr. Ajnakrit Damrongchitanon	Director and managing director	3/3	-	-	-	-
6. Miss Ornularn Jirachaisri	Director	1/5	-	-	-	-
7. Mrs. Sirikorn Siripreecha	Independent director and audit director	3/3	-/2	-	1/1	-
8. Mrs. Wiriya Lappomrat	Director	1/1	-	-	-	-

8.2 Executives of the company

as of 31 December 2019 include 6 persons as follows

Name-surname	Position
1. Miss Ornlada Paowibun	Director and managing director (acting)
2. Mrs. Pornphat Rodphothong Boonthanom	Director and deputy managing director (indemnity and law)
3. Mr. Supakorn Veerasuvipakorn	Director and deputy managing director (indemnity)
4. Miss Kanida Nimmanwattana	Deputy managing director (finance and accounting)
5. Mr. Soemsak Hongthong	Deputy managing director (insurance)
6. Mr. Komsan Muangngam	Assistant managing director (indemnity and law)

Company's secretary

The company's committee appoints Mr. Yongwut Saowapruet to be the company's secretary from 13 November 2019 to perform duties according to Section 89/15 of Securities and Exchange Act.

Duties and responsibilities of the company's secretary

The company's committee appoints Mr. Yongwut Saowapruet to be the company's secretary with duties to perform on behalf of the company as follows

1. Arrange a board meeting, shareholder's meeting and provide minutes of the meetings of the committees
2. Give advices and support works of the company's committee regarding laws and supervise operations in accordance with the principle of good corporate governance and related regulations.
3. Coordinate, contact and communicate with shareholders and relevant supervisory sectors

8.4 Director's remuneration

Company's committee return ending as of 31 December 2018

No.	Name-surname	Return (Baht/ year)
1.	Mr. Thanaphon Boonwarut	268,444.44
2.	Mr. Paolow Jang	21,111.11
3.	Miss Ornlada Paowibun	178,055.55
4.	Mr. Santi Piyathat	65,444.44
5.	Mrs. Pornphat Rodphothong Boonthanom	156,944.44
6.	Mr. Thitiwat Pongapipat	156,944.44
7.	Mr. Jiang Tao	12,222.22
8.	Mrs. Achita Boonwarut	165,833.33
9.	Mr. Supakorn Veerasuvipakorn	170,277.78
10.	Mr. Yongwut Saowapruet	45,000.00
11.	Mr. Louise Wiwongsak	156,944.44
12.	Mr. Jumphot Saisoonthon	245,222.22
13.	Pol. Gen. Dr. Prung Boonpadung	265,277.78
14.	Mr. Athipat Kantaulis	135,000.00
Total		2,042,722.19

Directors resigning in 2019

No.	Name-surname	Return (Baht/ year)
1.	Mr. Wet Visavayothin	11,666.67
2.	Miss Saengthong Punnahitanon	12,222.22
3.	Mrs. Nongluck Visutthiphon	12,222.22
4.	Mr. Tinnakorn Phanphanitkul	6,111.11
5.	Mr. Ajnakrit Damrongchitanon	18,333.33
6.	Miss Ornularn Jirachaisri	6,111.11
7.	Mrs. Sirikorn Siripreecha	16,500.00
8.	Mrs. Wiriya Lappromrat	6,111.11
Total		89,277.77

Monetary return of the company's executives in forms of salary and other returns

Return of the company's executives ending as of 31 December 2019

Description	2019 (Unit: million Baht)	2018 (Unit: million Baht)
Total salary	9.09	9.48
Other returns		
- Pension payment	-	0.53
- Provident fund contribution	0.23	0.20
Total	9.32	10.21

8.5 Personnel

The company has 186 employees. In 2019, the company paid returns to the employees for 81.3 million Baht which included salary, overtime wage, cost of living, social security and provident fund contribution etc.

As of 31 December 2019, the company had 186 employees divided by main sections as follows

Company/ section/ business	Number
Operating/ service employees (person)	32
Executive employees (person)	11
Employees at head office (person)	143
Total (person)	186



CORPORATE GOVERNANCE

Corporate Governance Policy

The board of directors has a policy in compliance with laws, objectives, regulations and resolution of the company's shareholder's meeting and clinging on and abiding by good corporate governance in the country such as the principle of good corporate governance for registered companies in 2019, promulgated by the Office of Securities and Exchange Commission (SEC) and the Office of Insurance Commission. As a result, the company has effective and transparent management system with recognition of highest benefits of relevant person and building growth of the organization together with being responsible for society and environment. Therefore, implementing the principle and practice specified in the good corporate governance policy is a mission of the board of directors, executives and employees of the company to hold and comply. Previously, the company has performed works strictly in accordance with the corporate government principle specified by the Stock Exchange of Thailand. The company's corporate governance is as follows

1. Shareholder's rights

The shareholders have rights of ownership to control the company through appointment of the board of directors and decision regarding important changes of the company by promoting shareholders to exercise following rights

- 1.1 Rights to receive shares and rights of share trading or transferring
- 1.2 Rights of inquiry in the meeting
- 1.3 Rights of attending meetings and voting in shareholder's meeting
- 1.4 Rights of appoint and discharging directors and determining committee's returns
- 1.5 Rights of receiving news and information of the company about date and time and place, shareholder's meeting agenda, regulations, methods of attending meetings
- 1.6 Rights of receiving profit shares

2. Equal treatment to shareholders

Every shareholder will be treated equally and fairly consisting of

- 2.1 Giving information before shareholder's meeting
 - 2.1.1 The board of directors give an opportunity to the shareholders who are unable to attend a meeting to vote by giving proxy for meeting attendance and voting.
 - 2.1.2 The board of directors supervises the company and informs shareholders about regulations of meeting, voting procedures and rights of voting.
 - 2.1.3 An invitation to shareholder's meeting is made in Thai along with power of attorney in Thai and English
- 2.2 Director's interest
 - 2.2.1 The board of directors specifies that the executive directors report interest at least before consideration of that agenda
 - 2.2.2 The board of directors supervises the directors having significant interest that may cause them unable to independently give opinions to abstain from attendance in the related meeting.

3. Roles of stakeholders

Stakeholders including customers, employees, trade partners, shareholders or investors, creditors and the community is which the company is located, society or government as well as competitors and independent auditor etc. will be treated by the company according to related legal rights. The board of directors will consider providing a process to promote cooperation between the company and stakeholders in building up prosperity, financial stability and enterprise sustainability.

The board of directors regulates a policy of treatment to each group of stakeholders by recognizing legal or contractual rights of the stakeholders with the company and does not take any acts violating rights of the stakeholders.

3.1 Determination of stakeholder treatment policy

3.1.1 The board of directors prescribes the stakeholder treatment policy clearly in following matters.

- (1) Determining scope of insured care with integrity, straightforwardness and reliability throughout the time that a client has casualty.
- (2) Procedures and methods of trade partner or job acceptor selection
- (3) Systematic operation to ensure that the company's operations are environmentally friendly, and promote sustainable and constant development as well as build up good relationship with the community in which the company's establishment is located.
- (4) Provision of anti-corruption guidelines and support of activities promoting and implanting employees to comply with laws and related regulations.
- (5) Fair treatment to employees and staffs and development of knowledge and potential of employees.

3.1.2 The board of directors provides processes and channels for complaint acceptance and management of stakeholders by revealing processes.

4. Data disclosure and transparency

The board of directors supervises the company to disclose important information about the company including financial and non-financial data correctly, completely, punctually and transparently through easily accessible channels with equality and reliability.

The company's important data include financial and non-financial data according to requirements of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and other relevant data such as duty performance in past years of the committees and sub-committees, corporate governance policy and compliance with such policy etc.

4.1 Data disclosure

4.1.1 The board of directors will report the corporate governance policy, code of conduct in business operation, risk management policy and result of such policy compliance in an annual report.

4.1.2 The board of directors provides a report of board's responsibility for financial reporting together with auditor's report in the annual report.

4.1.3 The board of directors supports the company to provide management discussion and analysis (MD&A) in support of disclosure of financial statement in every quarter. It is for the investors to realize data and understand changes with the financial position and overall operation of the company in each quarter.

4.2 Minimum data disclosed on the company's website
Apart from data disclosure in accordance with specified principle and through channels of the stock exchange for the annual data disclosure form (For, 56-1) and annual report, the board of directors will consider disclosing data in Thai and English through other channels such as the company's website with following data at least.

- 1) Company's vision and mission
- 2) Company's business operation
- 3) List of board of directors and executives
- 4) Current and previous financial statement and report about financial position and overall operation
- 5) Form 56-1 and downloadable annual report
- 6) Invitation letter to general meeting and extraordinary meeting
- 7) Company's corporate governance policy
- 8) Code of conducts for company's employees and directors

5. Board of directors' responsibility

The board of directors play a vital role in supervising the business for company's highest benefit and in taking responsibility for duty performance to shareholders, and are independent from the management.

The board of directors has leadership, vision and independence in decision for company's and shareholders' highest benefits and has systematic role, duty and responsibility division between the board of directors and the management. It supervises the company to have a work system to ensure that activities are operated legally and morally.

5.1 The board of directors' structure

5.1.1 The component of company's board of directors

According to the company's regulation, there are 5-15 directors in the company's board of directors and at least half of all directors shall have domicile in the Kingdom.

5.1.2 Service rotation of the Company's directors

According to the company's regulation, in every annual general meeting, one-third or closest number to one-third of directors will be retired by rotation. The directors are discharged from their position upon

1. Death
2. Resignation
3. Disqualification or prohibited characteristics
4. Resolution of shareholder's meeting for discharge
5. Court's order for discharge.

5.2 Sub-committee

5.2.1 Apart from audit committee to be

provided according to requirement of the Stock Exchange, the board of directors may consider providing other sub-committees for good corporate governance as follows
Recruitment and remuneration committee has duties to consider the principles and processes of recruiting qualified personnel to take a position of directors and executives as well as recruiting personnel according to specified recruitment process, giving opinions to the board of directors to be presented in a shareholder's meeting for appointment as a director, disclosing the principles and procedures of director and

executive recruitment and considering the principle of return payment and formats of the directors and executives to present opinions to the board of directors. The board of directors will approve returns of executives while returns of directors are to be presented in a shareholder's meeting for approval.

5.2.2 The Company discloses data of the audit committee's advisor and recruitment and remuneration committee's advisor in the annual report including independence and no conflicts of interest

5.2.3 The committee chairman in sub-committee will perform duties of the sub-committee independently.

5.2.4 For effective duty performance of the recruitment and remuneration committee with objective achievement to duties and responsibilities assigned by the board of directors, the recruitment and remuneration committee arranges a meeting at least twice a year to consider discussion and operations to be accomplished according to their duty and responsibility.

5.3 Role, duty and responsibility of the board of directors

5.3.1 Role and responsibility of the board of directors covers following matters

1. Considering and approving important matters related to the business operation for sustainability such as financial vision, mission, strategy and target, risk, plan and budget
2. Following up and supervising the management to comply with specified policy and plan effectively and efficiently.
3. Internal control and risk management as well as mechanism of complaint acceptance and operation in case of lead information.

Supervision of internal data use

The company defines a measure to prevent the directors and executives from using internal data for personal benefits as follows

The directors, executives and spouses or minor children shall not use internal data for selling, purchasing, transferring or accepting transfer of company's securities before such data are publicized especially during 1 month before the financial statement being published. Furthermore, after data publishing, such persons should abstain from trading securities until people receiving such data have time to evaluate data in a timely manner.

The directors and executives having duty to report property possession of themselves, their spouses and minor children will be educated about the report of company's securities holding if the directors or executives including their spouses and minor children trade, transfer or accept transfer of company's securities as specified in the notice of the Security and Exchange Commission No. Sor.Jor. 14/2540 associated with provision and disclosure of security holding report, penalty in accordance with Securities and Exchange Act B.E. 2535 (1992) and requirements of the Stock Exchange of Thailand.

Transactions

Transaction Unit (thousand baht)	Related enterprises	Relationship with the company	2019	2018	2017
Payables from insurance agreement	Delta Smart Adjuster Co., Ltd	Co-shareholder	-	1,675	2,109
Other payables	Auto Biz Co., Ltd	Shareholder and executive	-	237	413
Interest payable	Mr. Voraphon Bunwarut	Shareholder (1.58%) and executive	2,368	-	-
Premium receivable	Auto Biz Co., Ltd	Shareholder and executive*	74	143	203
Car rental	Auto Biz Co., Ltd	Shareholder and executive*	98	2,797	4,003
Computer rental	Auto Biz Co., Ltd	Shareholder and executive*	8	94	427
Cleaning cost	Auto Biz Co., Ltd	Shareholder and executive*	48	576	-
Incident survey cost	Delta Smart Adjuster Co., Ltd	Co-shareholder	-	3,849	7,868
Expenses for indemnity management and survey cost from adjustment	Delta Smart Adjuster Co., Ltd	Co-shareholder*	-	1,236	1,843
Premium receivable	Siam Mineral and Oil Co., Ltd	Shareholder and executive*	-	10	10
Premium receivable	Sugar Beach Condominium Co., Ltd	Shareholder and executive*	-	26	2
Other fees	S&P Law Associate Co., Ltd	Co-executive	101	80	-
Premium receivable	Sakwithan Plaza Co., Ltd	Shareholder and executive*	-	2	-
Premium receivable	Asia Inter Law Co., Ltd	Shareholder and executive*	-	1	-

*Change of shareholders or executives on 8 February 2019

Audit Committee's Report

Year 2019

The audit committee of Thai Setakij Insurance Public Company Limited consists of 3 independent directors with Prof. Dr. Jumphot Saisoonthon being the audit committee chairman and Pol. Gen. Prung Boonpadung and Mr. Athipat Kanthaulis being the audit directors.

In 2019, the audit committee independently performs duties in scopes assigned by the board of directors. The audit committee had 8 meetings with the auditor without attendance of the management. The operations can be summarized as follows

1. The company's financial report verification is performed by verifying quarterly financial report and annual report of the company together with executives and auditor to ensure that the company's financial report is provided correctly in accordance with subject matters in the financial reporting standard and discloses complete and reliable information with suggestion or improvements. It includes follow-up for company's benefits.

2. Supervision of the company's internal control system and compliance with legal provisions: review the internal control system and supervise effective asset management through report and results contained as the meeting agenda. It is important to follow up significant cases and discuss with internal auditor and external auditor to evaluate effectiveness and efficiency as well as exchanging pinions and giving opinions to the management in following up the resolution of essential issues according to the audit report. It is to ensure that the company has effective internal control system and work performance in accordance with applicable laws and regulations.

3. Verifying corporate governance system regarding compliance with regulations of the Stock Exchange of Thailand and complying with regulations of the Securities and Exchange Commission, complying with regulations of the Office of Insurance Commission (OIC) including compliance with related legal provisions related to business operation of the company by having a meeting with responsible executives and the internal audit department.

4. Considering transactions and list of conflicts of interest based on the principle of transparency and adequacy of data disclosure as the code of practice in agreement with the company's policy and consistence with the corporate governance principle.

5. Considering appointment of the company's auditor in 2020 and determination of returns proposed to the board meeting to ask approval from the shareholder's meeting. The audit committee considers overall operation in previous year of the outsourced auditor and nominates Mr. Somphob Phonprasan, an auditor with license No. 6941 and/or Miss Wannawat Hemchayat, an auditor with license No. 7049 and/or Miss Tippawan Phumbanchao from Mazars Co., Ltd, to be the company's auditor in 2020. It has approved return for 2020 to the board of directors proposed to the shareholder's meeting to consider appointing the auditor and approve audit's cost.



Prof. Dr. Jumphot Saisunthon
(Audit committee chairman)

Independent Auditor's Report

To the Shareholders of The Thai Setakij Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements of The Thai Setakij Insurance Public Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the related statements of 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Thai Setakij Insurance Public Company Limited as at 31 December 2019, and its financial performance and cash flows for the year then ended 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 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.

Emphasis of matter

I draw attention to Note 1 to the financial statements, the Company had deficits as at 31 December 2019 of Baht 524.1 million and has suffered recurring losses from its operations. These conditions indicate the existence of material uncertainties about the ability of the Company to continue its operations as a going concern. Thus, the Company's ability to continue its operations as a going concern may significantly depend on the Company's success in future operations and ability to generate sufficient cash flows from operations to enable it to pay its debts as they become due. In this regard, the Company received borrowing of Baht 90.0 million from a director of the Company on 29 April 2019, 14 May 2019 and 21 August 2019. In addition, on 11 October 2019, the Company received a share capital increase of Baht 410.6 million from a rights offering, as approved by the Extraordinary General Meeting of Shareholders no. 1/2019. Hence, management considers that the preparation of the financial statements for the year ended 31 December 2019 on the accounting basis that the Company will continue its operations as a going concern is appropriate and proper. Accordingly, such financial statements do not include any adjustments relating to the realisation of the carrying value of the assets or the payable amount of liabilities that might be necessary should the Company be unable to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in my professional judgment, 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.

Key audit matters	How my audit addressed the key audit matter
<p>Valuation of provisions for reported claims by policyholder</p> <p>Refer to note to the financial statements 3 (h) (accounting policy) and note to the financial statements 14.</p> <p>Provisions for reported claims by policyholders, which were recorded as a part of “Insurance liabilities”, were made upon the receipt of a claim from the insured for the amount reported. The Company uses external surveyors to assess claim payments, and management records the claim liabilities based on the surveyors’ reports. As at 31 December 2019, the outstanding balance of provisions for reported claims by policyholders was Baht 165.8 million (equivalent to 20.3% of total liabilities). I focused on the valuation of provisions for reported claims by policyholders, as this is calculated by the management. Key assumptions used in the calculation are based on the historical data and involve a high degree of judgment by the management.</p>	<p>My key audit procedures in relation to the provisions for reported claims by policyholders included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated and tested the design effectiveness and implementation of key controls for the claims report, claims handling, and claim reserves and claim payables setting processes. I inquired of management about the methodologies and assumptions used in estimations by the actuary. I also examined evidence of the key accounting controls over the valuation of provisions for reported claims by policyholders and approval by an authorised person. • Obtained an understanding of the controls used when assessing and approving the qualifications of the surveyors, and obtained evidence of approval for the surveyor as audit evidence. • Checked samples of claim reserves from the core insurance system by comparing the estimated amount of the claim reserve to the related supporting documentation, such as the surveyor’s reports. Based on the samples, I did not find any significant difference between the claim reserves and the surveyors’ report. • Tested reconciliations between the claims data recorded in the claim module of the core insurance system and the reserves recorded in the accounts. I tested claim payables and claim reserves which had a significant effect on profit and loss by checking claim payables against the surveyors’ reports and claim payment documentation, and claim reserves against the related surveyors’ report. Based on the samples tested, I did not find any significant differences between the surveyors’ reports and the records. • Assessed the sufficiency of disclosure according to financial reporting standards.
<p>Valuation of provision for losses incurred but not reported claims: (IBNR)</p> <p>Refer to note to the financial statements 3 (h) (accounting policy) and note to the financial statements 14.</p> <p>A provision for losses incurred but not reported claims (IBNR), which was recorded as a part of “Insurance liabilities” was calculated using an actuarial method based on a best estimate of claims which were expected to be paid in respect of losses occurring before or as at the date of the statement of financial position. The value of claims related to IBNR is calculated for both reported and unreported losses, and net of recorded claims. As at 31 December 2019, the outstanding balance of the provision for losses incurred but not reported claims was Baht THB 58.8 million (equivalent to 7.2% of total liabilities).</p>	<p>My key audit procedures in relation to the provision for losses incurred but not reported claims (IBNR) included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process to estimate the provision for losses incurred but not reported claims and actuarial reserve methods. I also tested the control over claims handling and case reserve-setting processes. • Tested reconciliations between the claims data recorded in the claims module in the core insurance system and the data used in the actuarial reserve calculations as at the reporting date. I also performed analytical procedures on the frequency of claims, the size of loss incurred, and the average loss per claim.

Key audit matters	How my audit addressed the key audit matter
<p>I focused on the valuation of the provision for losses incurred but not reported claims, as this relied on the quality of data and assumption used. It involved complex and subjective judgments about future events, both internal and external to the business, for which small changes in assumptions can have a material effect on the estimate.</p>	<ul style="list-style-type: none"> • Evaluated whether the Company's actuarial methodologies were consistent with those used in the industry and the prior year. Obtained an understanding of the assumptions involved when determining the valuation of reserves. I evaluated the reasonableness of management's significant assumptions by comparing weighted average ultimate loss ratios in the past with the expected loss ratio used by the Company's actuary, and investigated any significant differences. I also tested the calculation of the loss development factor based on the Company's historical claim data. • Evaluated the competence, capabilities, and objectivity of the actuary, who is management's expert. • Engaged my actuary, who is a specialist in case reserve assessment, to carry out an assessment of the assumptions and methodologies used by the Company's actuary in comparison with the prior year. My actuary tested the calculation of important assumptions and the provision for losses incurred but not reported claims. Based on this work, I concluded that the best estimate of gross and net claim reserves falls within the expected range, in aggregate, and is acceptable.

Other information

Management is responsible for the other information. The other information comprises the annual report, 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 identified above when it becomes available 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 the 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 judgment 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.

Other matters

The financial statements of the Company as at 31 December 2018 were audited by another auditor who expressed an unmodified opinion with an emphasis of matter, dated 28 February 2019, as the Company had not been able to continuously maintain adequate assets backing insurance liabilities as required by the Non-Life Insurance Act No. 2 B.E. 2551, the existence of material uncertainties about the ability of the Company to continue its operations as a going concern and the write back of an amount due to reinsurer.

Sompop Pholprasarn
Certified Public Accountant (Thailand) No. 6941
Mazars Limited
Bangkok
26 February 2020

The Thai Setakij Insurance Public Company Limited
Statement of financial position
As at 31 December 2019

Assets	Note	Baht	
		2019	2018
Cash and cash equivalents	5, 30	200,234,161	59,489,843
Premiums due and uncollected	6	86,687,388	126,517,539
Accrued investment income		911,201	739,738
Reinsurance assets	7, 15	209,564,221	253,820,712
Due from reinsurers	8, 35	103,242,377	272,686,883
Investments assets			
Investments in securities	9, 28, 29, 30, 31	299,184,924	232,850,154
Property, plant and equipment	10	94,912,796	144,459,950
Intangible assets		5,916,421	3,096,305
Land not used in operations	11	-	2,252,000
Claim receivables from counter parties	12	-	-
Deferred tax assets	17	111,212,272	-
Other assets	13	198,928,801	52,518,026
Total assets		1,310,794,562	1,148,431,150

The Thai Setakij Insurance Public Company Limited
Statement of financial position (Continued)
As at 31 December 2019

Liabilities and equity	Note	Baht	
		2019	2018
Liabilities			
Insurance contract liabilities	14	545,332,749	546,217,042
Due to reinsurers	15	177,635,307	329,407,218
Accrued commission and brokerage expenses		39,654,322	42,233,716
Employee benefit obligations	16	6,812,983	12,279,046
Deferred tax liabilities	17	10,295,798	17,658,460
Other liabilities	18, 35	38,238,190	51,945,243
Total liabilities		817,969,349	999,740,725
Equity			
Share capital	19		
- Authorised share capital			
3,569,791,473 ordinary shares of Baht 0.50 each			
(2018: 1,326,518,451 ordinary shares of Baht 1 each)		1,784,895,737	1,326,518,451
- Issued and paid-up share capital			
1,902,913,766 ordinary shares of Baht 0.50 each			
(2018: 1,081,754,992 ordinary shares of Baht 1 each)		951,456,883	1,081,754,992
Share discount on ordinary shares	20	-	(169,425,006)
Deficits			
- Appropriated for			
Legal reserve	21	18,811,235	18,811,235
General reserve		6,000,000	6,000,000
- Deficits		(524,084,946)	(890,517,912)
Other components of equity - Net	9, 10, 17	40,642,041	102,067,116
Total equity		492,825,213	148,690,425
Total liabilities and equity		1,310,794,562	1,148,431,150

The Thai Setakij Insurance Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2019

		Baht	
	Note	2019	2018
Revenues	23		
Gross written premiums		507,286,882	479,247,540
Less premiums ceded to reinsurers		(179,033,500)	(207,517,253)
Net written premiums		328,253,382	271,730,287
Add (Less) unearned premium reserves (increase) decrease from previous year		(109,387,367)	135,868,785
Net earned premiums		218,866,015	407,599,072
Fee and brokerage income		43,502,682	75,046,453
Net investment income		4,899,941	8,589,440
Gain (loss) on investment		32,900,740	(3,024,128)
Loss on revaluation of securities	9	(80,628)	(7,457,255)
Written off amount due to reinsurer	15	-	71,525,010
Gain on fixed asset disposal	10	41,087,874	-
Other income		10,061,618	8,928,458
Total revenues		351,238,242	561,207,050
Expenses	23		
Insurance claims	35	204,888,817	333,986,064
Less insurance claims recoverable from reinsurers	35	(106,335,356)	(124,670,977)
Net insurance claims		98,553,461	209,315,087
Commissions and brokerages expenses		82,452,494	79,681,525
Other underwriting expenses		115,076,152	50,488,548
Operating expenses	24, 35	230,823,672	292,927,216
Total expenses		526,905,779	632,412,376
Loss before income tax		(175,667,537)	(71,205,326)
Income tax benefit	17	121,907,198	231,686
Loss for the year		(53,760,339)	(70,973,640)

The Thai Setakij Insurance Public Company Limited
Statement of comprehensive income (Continued)
For the year ended 31 December 2019

	Note	Baht	
		2019	2018
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Gain (loss) on revaluation of available-for-sales investments	9	(26,474,600)	2,292,361
Tax relating to components of other comprehensive income	17	92,257	-
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of assets	10	8,159,187	-
Gain on remeasurement of defined employee benefit plan	16	8,963,417	3,200,440
Tax relating to components of other comprehensive income	17	(3,424,521)	-
Other comprehensive income (loss) for the year - net		(12,684,260)	5,492,801
Total comprehensive loss for the year		(66,444,599)	(65,480,839)
Loss per share			
Basic loss per share	22	(0.04)	(0.07)

The Thai Setakij Insurance Public Company Limited

Statement of changes in equity

For the year ended 31 December 2019

		Balut									
		Other components of equity					Tax relating to components of				
		Deficits		Surplus			on revaluation of		other		Total equity
		Appropriated for	General	Legal	reserve	Deficits	available-for-sales	revaluation of	comprehensive	income	
Note	Issued and paid-up share capital	Share discount on ordinary shares					investments	assets		Net	
	1,052,232,567	(157,629,491)	18,811,235	6,000,000	(823,671,455)	23,720,955	96,225,680	(19,245,137)	100,701,498	196,444,354	
Balance at 1 January 2018											
Contributions from equity holders											
19	29,522,425	(11,795,515)	-	-	-	-	-	-	-	-	17,726,910
Total contributions from equity holders											
	29,522,425	(11,795,515)	-	-	-	-	-	-	-	-	17,726,910
Comprehensive loss for the year											
	-	-	-	-	(70,973,640)	-	-	-	-	-	(70,973,640)
	-	-	-	-	3,200,440	2,292,361	-	-	-	2,292,361	5,492,801
Total comprehensive loss for the year											
	-	-	-	-	(67,773,200)	2,292,361	-	-	-	2,292,361	(65,480,839)
Transfer revaluation surplus on assets and relevant income tax to deficit											
10	-	-	-	-	926,743	-	(1,158,429)	231,686	(926,743)	-	-
Balance at 31 December 2018											
	1,081,754,992	(169,425,006)	18,811,235	6,000,000	(890,517,912)	26,013,316	95,067,251	(19,013,451)	102,067,116	148,690,425	

The Thai Setakij Insurance Public Company Limited
Statement of changes in equity
For the year ended 31 December 2019

Baht									
Other components of equity									
Tax relating to components of other comprehensive income									
Surplus on revaluation of assets									
Surplus on revaluation of available-for-sales investments									
Deficits									
Appropriated for									
General reserve									
Legal reserve									
Share discount on ordinary shares									
Issued and paid-up share capital									
Note									Total equity
	1,081,754,992	(169,425,006)	18,811,235	6,000,000	(890,517,912)	26,013,316	95,067,251	102,067,116	148,690,425
Balance at 1 January 2019									
Contributions from equity holders									
19, 20	(540,877,496)	169,425,006	-	-	371,452,490	-	-	-	-
19	410,579,387	-	-	-	-	-	-	-	410,579,387
Total contributions from equity holders									
	(130,298,109)	169,425,006	-	-	371,452,490	-	-	-	410,579,387
Comprehensive loss for the year									
Loss for the year									
	-	-	-	-	(53,760,339)	-	-	-	(53,760,339)
Other comprehensive income for the year									
	-	-	-	-	7,170,733	(26,474,600)	8,159,187	(19,854,993)	(12,684,260)
Total comprehensive loss for the year									
	-	-	-	-	(46,589,606)	(26,474,600)	8,159,187	(19,854,993)	(66,444,599)
Transfer revaluation surplus on assets and relevant income tax to deficit									
	-	-	-	-	41,570,082	-	(51,962,602)	10,392,520	-
Balance at 31 December 2019									
	951,456,883	-	18,811,235	6,000,000	(524,084,946)	(461,284)	51,263,836	(10,160,511)	492,825,213

The Thai Setakij Insurance Public Company Limited

Statement of cash flows

For the year ended 31 December 2019

		Baht	
	Note	2019	2018
<i>Cash flows from operating activities</i>			
Direct premium received		484,438,107	534,302,998
Paid to reinsurance business		(12,991,086)	(46,347,421)
Direct insurance claims		(331,358,412)	(415,085,722)
Direct commissions and brokerages		(80,365,306)	(14,081,095)
Other underwriting expenses		(103,814,912)	(49,301,969)
Interest income		2,158,858	2,886,923
Dividend income		2,569,620	5,860,554
Other income		10,061,617	5,412,172
Operating expenses		(181,763,194)	(166,845,799)
Income tax paid		(1,536,479)	(2,244,085)
Investment in securities		26,571,885	74,603,716
Deposits at financial institutions		(86,561,143)	29,174,318
Net cash used in operating activities		(272,590,445)	(41,665,410)
<i>Cash flows from investing activities</i>			
Proceeds from sales of fixed assets		21,730,000	4,098
Payment of fixed assets		(13,162,290)	(371,650)
Payment of software		(3,443,978)	(1,321,852)
Net cash provided by (used in) investing activities		5,123,732	(1,689,404)
<i>Cash flows from financing activities</i>			
Proceeds from borrowing from director		90,000,000	-
Payment of borrowing from director		(90,000,000)	(30,000,000)
Payment of interest expense		(2,368,356)	-
Increase in share capital		410,579,387	17,726,910
Net cash provided by (used in) financing activities		408,211,031	(12,273,090)
Net increase (decrease) in cash and cash equivalents		140,744,318	(55,627,904)
Cash and cash equivalents at 1 January	5	59,489,843	115,117,747
Cash and cash equivalents at 31 December	5	200,234,161	59,489,843

These notes form an integral part of the financial statements.

1. General information

The Thai Setakij Insurance Public Company Limited (“the Company”) was incorporated as a limited company in Thailand on 31 January 1942. Subsequently on 1 March 1991, the Company’s ordinary shares have been approved to be a listed security in the Stock Exchange of Thailand and was transformed to be the Public Company on 1 April 1993. The Company is principally engaged in the provision of non-life insurance.

As at 31 December 2019 and 2018, the Company has 14 branches and 18 branches, respectively.

The registered office address of the Company is located at 87, M. Thai Tower, All seasons place, 15th floor, Unit no. 1 and 4-6, Wireless Road, Lumpini, Pathumwan, Bangkok, Thailand.

Status of the Company

Since April 2014, the Company has been unable to maintain adequate assets backing insurance liabilities as required by the Non-Life Insurance Act (No. 2), B.E. 2551. The Company has paid a penalty to the Office of Insurance Commission (“OIC”). The Company’s management considered various ways to maintain adequate assets backing, such as borrowing funds from directors and increase of share capital by

- a) At the Extraordinary General Meeting of the Shareholders no. 1/2017 held on 28 December 2017, the shareholders unanimously passed the resolutions to approve including the allotment of the newly issued ordinary shares of 185 million shares for offering to Private Placement, which the offering price shall be fixed at Baht 0.60 per share as discussed in Note 19. The Company received paid-up share capital of Baht 80.5 million in December 2017 and registered the increment of share with the Ministry of Commerce on 29 December 2017. Subsequently in January 2018 and March 2018, the Company received additional paid-up share capital totaling Baht 17.7 million, which the Company registered with the Ministry of Commerce on 27 April 2018.
- b) In 2019, the Company borrowed loan of Baht 90.0 million from the director of the Company. The amount of Baht 30.0 million, Baht 40.0 million and Baht 20.0 million was received on 29 April 2019, 14 May 2019 and 21 August 2019, respectively. However, the Company has repaid the full amount of loan included its interest charge on 2 and 31 October 2019.
- c) At the Extraordinary General Meeting of the Shareholders no. 1/2019 held on 28 June 2019, the shareholders passed the resolutions to restructure the Company as discussed in Note 19.

As of 31 December 2019, the Company was able to maintain an adequate asset backing which was completely maintained since October 2019.

The Company had deficits as at 31 December 2019 and 2018 of Baht 524.1 million and Baht 890.5 million, respectively and has suffered recurring operational losses. These conditions indicate the existence of material uncertainties in the ability of the Company to continue its operations as a going concern. However, the Company has been continuously resolved the operation's problems. The Company's management believes that the preparation of the financial statements for the year ended 31 December 2019 on going concern accounting basis is proper. These financial statements therefore do not include any adjustments relating to the realisation of the carrying value of the assets or the payable amount of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis for Preparation of Financial Statements

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards and the accounting and reporting guidelines prescribed by the OIC. Accordingly, the Company's financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

The accompanying financial statements are prepared under the historical cost convention except for those specified in the notes to the financial statements.

For the convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

3. Summary of significant accounting policies

a) Cash and Cash Equivalents

Cash on hand is kept for general use within the Company. Cash equivalents are savings deposits, current accounts and short-term investments, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

b) Investments in Securities

Investments in securities held for trading are stated at fair value. The Company recognised any gains or losses arising from changes in the fair value of securities in the statement of comprehensive income.

Investments in available-for-sale securities are stated at fair value. The change in the value of securities is recorded as a separate item in equity until the securities are sold, the change is then included in the statement of comprehensive income.

Investments in held-to-maturity debt instruments are stated at amortised cost. The premium / discount on debt securities are amortised / accreted by the effective rate method with the amortised / accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which the Company holds as other securities, are stated at cost net of allowance for impairment loss.

The fair value of investments in securities is based on the following

Marketable securities	: The latest bid price at the end of the last working day of the year quoted on the Stock Exchange of Thailand
Debt instruments	: Based on yield rates quoted by the Thai Bond Market Association
Unit trusts	: Net asset value

The Company will recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt instruments and other securities in the statement of comprehensive income when the net book values of securities are higher than their net realizable values.

Weighted average method is used for computation of cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be adjusted 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 profit or loss or recorded as surplus (deficit) from changes in valuation of investments in equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and carrying amount of investment is recognised as income or expense in the statement of comprehensive income.

c) Premium Receivables and Allowance for Doubtful Accounts

Premium receivables are stated at invoice amount net of allowance for doubtful accounts.

The Company sets 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 experience and a review of the current financial status of receivables.

d) Reinsurance Assets and Due to Reinsurers

- 1) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses 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.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- 2) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets 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.

e) Property, Plant and Equipment

Land is stated at the revaluation amount. Plant and equipment are stated at the revaluation amount less accumulated depreciation. Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the statement of financial position date.

The Company records the differences incurred from revaluation as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity as a "Surplus on revaluation of fixed assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense. However, a revaluation decrease is charged directly against any related "Surplus on revaluation of fixed assets" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

The revaluation surplus of fixed assets is not available for dividend distribution.

Upon the disposal of the revalued property, plant and equipment, the relevant portion of the revaluation surplus realised in respect of the previous valuation is released from the property, plant and equipment valuation surplus directly to retained earnings.

Depreciation

The Company depreciates its plant and equipment by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land improvements	20
Building and building improvements	20 and 50
Furniture, fixtures and office equipment	5
Computers	3 and 5
Vehicles	5

*f) Intangible Assets**Computer Software and Amortisation*

Computer software that are acquired by the Company are stated at cost less accumulated amortisation and allowance for impairment loss (if any).

Amortisation of computer softwares is calculated by reference to their costs on a straight-line basis for the periods of 5 year.

g) Impairment of Assets

The Company reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's net selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognises the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognised in prior years is recorded as part of other income when there is an indication that the impairment losses recognised for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortisation).

h) Premium Reserve

Premium reserve consists of unearned premium reserve and unexpired risks reserve.

Unearned premium reserve is calculated based on direct premium before deducting premium on reinsurance in compliance with the OIC guidelines, as follows:

Fire, marine (hull), motor, personal accident and miscellaneous	- Monthly average basis (the one-three hundred and sixty-five basis)
Marine transportation (cargo) and travel 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
- with coverage periods over six-months	- Monthly average basis (the one-three hundred and sixty-five basis)
Freedom	- 70% of premium as from the date policy is effective, throughout the period of insurance coverage

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 to 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 risks reserve with unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

j) Loss Reserves and Outstanding Claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is 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 not however, to exceed the sum-insured under the relevant policy.

The Company has allocated incurred but not reported claims (IBNR), which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting date. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

j) Provision

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

k) Employee Benefit Obligations

The Company's employee benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognised immediately in profit or loss. The Company recognises gains or losses on the settlement of pension benefits when the curtailment or settlement occurs. Actuarial gains or losses are recognised immediately to other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

l) Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

m) Use of Judgments and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements consists of the following:

- Classification of investments in securities
- Valuation of property, plant and equipment

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognised in the financial statements consists of the following:

- Impairment of premium receivable
- Valuation of financial instruments
- Valuation of property, plant and equipment
- Impairment of claim receivables from counter parties
- Current and deferred taxation
- Utilisation of tax losses
- Claims incurred but not yet reported by insured ("IBNR")
- Measurement of employee benefit obligation
- Key assumptions used in discounted cash flow projections
- Provisions and contingencies

n) Product Classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. 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 obligations 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 risks 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 an 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, unless all rights and obligations are extinguished or expire. A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the insurance risk becomes significant.

o) Revenue Recognition

Premium income	:	Premium income consists of direct premium and reinsurance premium less premium of the canceled policy and premium refunded to the policy holders and adjust with unearned premium reserve.
Direct premium income	:	Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies which coverage periods of longer than 1 year, related revenues are recorded as premium received in advance, and recognised as income over the coverage period.
Reinsurance premium	:	Reinsurance premium is recognised as income when the reinsure places the reinsurance application or statement of accounts with the Company.
Commission and brokerage income	:	Commission and brokerage fees from ceded premium are recognised as income over the period in which the reinsurance was incurred.
Interest income	:	Interest is recognised as income on a time proportion basis that reflects the effective yield on the asset.
Dividend income	:	Dividend income is recognised as income when the right to receive the dividend is established.
Gain (loss) on securities trading	:	Gain (loss) on trading in securities is recognised as income or expenses on the transaction date.
Other income	:	Other income is recognised on an accrual basis.

p) Expense Recognition

Ceded premium	:	Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurer.
Commission and brokerage expenses	:	Commissions and brokerages are expended when incurred.
Claims and claims handling cost	:	Claim and loss adjustment expenses consist of claim and loss adjustment expenses of direct insurance and reinsurance, and include the amounts of claims, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and others recoveries (if any) and claims refundable from reinsurers.

Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised as expenses when the

reinsurer places the loss advice or the statement of accounts with the Company.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

q) Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expect, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each statement of financial position date, the Company re-assesses unrecognised deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities.

r) Loss per Share

Loss per share are determined by dividing loss for the year by the weighted average number of ordinary shares outstanding during the years.

4. Transactions with replated parties

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through ordinary shareholdings and/or directorships. The accompanying financial statements reflect the effects of these transactions.

Balances with related parties as at 31 December 2019 and 2018 are as follows:

		Thousand Baht	
		2019	2018
Insurance liabilities			
Delta Smart Adjusters Co., Ltd.			
Survey fee		-	1,675
Total		-	1,675
Auto Bizz Co., Ltd.			
Accrued car rental		-	169
Accrued computer rental		-	17
Accrued cleaning expense		-	51
Total		-	237

Significant transactions with related parties for each of the years ended 31 December 2019 and 2018 are as follows:

			Thousand Baht	
	Relationship	Pricing Policy	2019	2018
Mr. Tanaphol Bunwarut				
Interest expense	Director	Interest rate 5% and 7% per annum	2,368	-
Auto Bizz Co., Ltd.				
	Common shareholders and management*	Conditions in the contract		
Gross written premiums			74	143
Car rental			98	2,797
Computer rental			8	94
Cleaning expense			48	576
Total			154	3,467
Delta Smart Adjusters Co., Ltd.				
	Common shareholders*	Conditions in the contract		
Survey fee			-	3,849
Loss adjustment expenses			-	1,236

			Thousand Baht	
	Relationship	Pricing Policy	2019	2018
Total			-	5,085
Siam Mineral Resources Co., Ltd.	Common shareholders and management*	Conditions in the contract		
Gross written premiums			-	10
Sugar Beach Condominium Co., Ltd.	Common shareholders and management*	Conditions in the contract		
Gross written premiums			-	26
S.P. and Louis Law Office Limited	Common director	Conditions in the contract		
Other fees			101	80
Salwithan Plaza Co., Ltd.	Common shareholders and management*	Conditions in the contract		
Gross written premiums			-	2
Asia Inter Law Company Limited	Common shareholders and management*	Conditions in the contract		
Gross written premiums			-	1

* There are changes in group of shareholders and managements on 8 February 2019.

The monetary management benefit expenses for the year ended 31 December 2019 and 2018 are as follows:

			Thousand Baht	
			2019	2018
Salaries			19,981	12,845
Meeting allowances			2,099	708
Remuneration			55	528
Contribution to the Company's provident fund			312	344
Post-employment benefits			203	235
Total			22,650	14,660

5. Cash and cash equivalents

	Thousand Baht	
	2019	2018
Cash on hand	130	20
Deposits at banks with no fixed maturity date	200,104	59,470
Total	200,234	59,490

As at 31 December 2019, bank deposits amounting to Baht 0.1 million was pledged as collateral for credit facilities from local banks as discussed in Note 32 d).

6. Premiums due and uncollected

The aging analysis of premium due and uncollected as at 31 December 2019 and 2018 are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	Thousand Baht	
	2019	2018
Not yet due	52,160	40,930
Not over 30 days	17,865	5,513
Over 30 days to 60 days	7,579	9,748
Over 60 days to 90 days	2,568	3,540
Over 90 days to 365 days	10,915	66,786
Over 365 days	194,758	199,099
Total	285,845	325,616
<i>Less allowance for doubtful accounts</i>	<i>(199,158)</i>	<i>(199,099)</i>
Net	86,687	126,517

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. Premium receivables due from 5 major agents and brokers as at 31 December 2019 and 2018, totaling Baht 240.2 million and Baht 215.8 million, respectively. For overdue premium receivables, the Company has taken legal against such agents and brokers, according to the Company's policy. As at 31 December 2019 and 2018, the Company has provided an allowance for doubtful accounts totaling Baht 199.2 million and Baht 199.1 million, respectively. The management believes that such allowance is adequate to absorb possible losses on doubtful accounts.

7. Reinsurance assets

	Thousand Baht	
	2019	2018
Insurance reserve recovery from reinsurers:		
- Claims liabilities	103,501	166,102
Premiums liabilities		
- Unearned premium reserve from reinsurers	106,063	87,719
Total	209,564	253,821

8. Due from reinsurers

	Thousand Baht	
	2019	2018
Due from reinsurers	198,073	307,007
<i>Less</i> allowance for doubtful accounts	(94,831)	(34,320)
Net	103,242	272,687

As at 31 December 2019 and 2018, balances of amounts due from reinsurers are classified by aging as follows:

	Thousand Baht	
	2019	2018
Not yet due	40,970	57,863
Not over 12 months	37,358	128,003
Over 1 year to 2 years	6,405	73,794
Over 2 years	113,340	47,347
Total	198,073	307,007
<i>Less</i> allowance for doubtful accounts	(94,831)	(34,320)
Net	103,242	272,687

9. Investments in securities

Thousand Baht				
	2019		2018	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
Held-for-trading investments				
Marketable equity securities	-	-	3,426	3,035
Unit trusts	-	-	46,427	46,899
Add Unrealised gain on revaluation of securities	-	-	81	-
Total held-for-trading investments	-	-	49,934	49,934
Available-for-sale investments				
Marketable equity securities	60	-	60	-
Unit trusts	102,198	101,797	25,999	52,072
Add (Less) Unrealised gain (loss) on revaluation of securities	(461)	-	26,013	-
Total available-for-sale investments	101,797	101,797	52,072	52,072
Held-to-maturity investments				
Government and state enterprise securities	-		20,016	
Deposits at banks with maturity of more than 3 months	195,837		109,277	
Total held-to-maturity investments	195,837		129,293	
Other investments				
Non-marketable equity securities	1,551		1,551	
Total	299,185		232,850	

As at 31 December 2019 and 2018, held-to-maturity investments are due as follows:

	Cost			
	Thousand Baht			
	2019			
	Due within			Total
	1 year	1 - 5 years	Over 5 years	
Deposits at banks with maturity of more than 3 months	195,837	-	-	195,837
Total held-to-maturity investments	195,837	-	-	195,837

	Cost			
	Thousand Baht			
	2018			
	Due within			Total
	1 year	1 - 5 years	Over 5 years	
Government and state enterprise securities	20,016	-	-	20,016
Deposits at banks with maturity of more than 3 months	109,277	-	-	109,277
Total held-to-maturity investments	129,293	-	-	129,293

As at 31 December 2019 and 2018, held-to-maturity investments amounting to Baht 95.1 million and Baht 114.4 million, respectively, was pledged with the Registrar as discussed in Note 28 and 29.

As at 31 December 2019 and 2018, fixed deposit amounting to Baht 0.1 million and Baht 2.0 million, respectively, was pledged as collateral for credit facilities from local banks as discussed in Note 32 d).

10. Property, plant and equipment

	Thousand Baht							
	Land	Land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Computers	Vehicles	Work in progress	Total
Cost								
As at 1 January 2018	45,101	3,300	66,959	38,129	28,076	-	-	181,565
Addition	-	-	148	51	173	-	-	372
Disposals	-	-	-	(60)	(352)	-	-	(412)
As at 31 December 2018	45,101	3,300	67,107	38,120	27,897	-	-	181,525
Addition	-	-	-	4,425	1,749	3,650	4,466	14,290
Disposals	(15,837)	(3,249)	(33,088)	-	-	-	-	(52,174)
As at 31 December 2019	29,264	51	34,019	42,545	29,646	3,650	4,466	143,641
Accumulated Depreciation								
As at 1 January 2018	-	3,205	56,863	37,761	27,735	-	-	125,564
Depreciation charges for the year	-	29	265	171	242	-	-	707
Disposals	-	-	-	(60)	(354)	-	-	(414)
Adjustment	-	-	-	(290)	(209)	-	-	(499)
As at 31 December 2018	-	3,234	57,128	37,582	27,414	-	-	125,358
Depreciation charges for the year	-	24	1,160	483	298	642	-	2,607
Disposals	-	(3,212)	(31,319)	-	-	-	-	(34,531)
As at 31 December 2019	-	46	26,969	38,065	27,712	642	-	93,434
Allowance for Impairment								
As at 1 January 2018								
and 31 December 2018	2,269	-	4,010	290	205	-	-	6,774
Reversal of allowance for impairment	-	-	(215)	-	-	-	-	(215)
As at 31 December 2019	2,269	-	3,795	290	205	-	-	6,559
Net Cost Value								
As at 31 December 2018	42,832	66	5,969	248	278	-	-	49,393
As at 31 December 2019	26,995	5	3,255	4,190	1,729	3,008	4,466	43,648

Thousand Baht

	Land	Land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Computers	Vehicles	Work in progress	Total
Revaluation Surplus								
As at 1 January 2018								
and 31 December 2018	66,699	-	36,912	5,241	690	-	-	109,542
Addition	5,266	-	2,894	-	-	-	-	8,160
Disposals	(31,323)	-	(24,518)	-	-	-	-	(55,841)
As at 31 December 2019	40,642	-	15,288	5,241	690	-	-	61,861
Accumulated Depreciation of Revaluation Surplus								
As at 1 January 2018	-	-	7,386	5,241	690	-	-	13,317
Depreciation charges for the year	-	-	1,158	-	-	-	-	1,158
As at 31 December 2018	-	-	8,544	5,241	690	-	-	14,475
Depreciation charges for the year	-	-	1,216	-	-	-	-	1,216
Disposals	-	-	(5,095)	-	-	-	-	(5,095)
As at 31 December 2019	-	-	4,665	5,241	690	-	-	10,596
Net Revaluation Surplus								
As at 31 December 2018	66,699	-	28,368	-	-	-	-	95,067
As at 31 December 2019	40,642	-	10,623	-	-	-	-	51,265
Net Book Value								
As at 31 December 2018	109,531	66	34,337	248	278	-	-	144,460
As at 31 December 2019	67,637	5	13,878	4,190	1,729	3,008	4,466	94,913

On 27 December 2019, the Company entered into an agreement to sell its land and office building to a company at the amount of Baht 110.0 million with gain on disposal at the amount of Baht 41.6 million. The Company received Baht 20.0 million from the sales of land and building and transfer the ownership to the buyer on 27 December 2019. The remaining balances of the purchase at amount of Baht 90.0 million has been divided into instalments and be repaid within one (1) year. This transaction was recorded as other receivable - fixed assets disposal and presented as other current assets (Note 13).

As at 31 December 2019 and 2018, certain fixed assets with

- a) The gross carrying amounts totaling Baht 75.8 million and Baht 86.1 million, respectively, were fully depreciated, but these items are still in active use.
- b) The net carrying values totaling Baht 34.7 million and totaling Baht 35.3 million, respectively, were mortgaged/pledged as collateral for credit facilities from local banks as discussed in Note 32 d).

The Company provided for reappraisals on its property and plant based on reports of an independent professional appraiser dated in 2019. The revaluation was conducted by using the cost method and market value method comparing with net book value of assets as at 30 June 2019.

Depreciation of revaluation surplus on assets for each of the years ended 31 December 2019 and 2018 amounting to Baht 1.2 million was transferred to deficits.

11. Land not used in operations

	Thousand Baht
Net book value as at 1 January 2019	2,252
Disposal	(2,252)
Net book value as at 31 December 2019	-

On 28 October 2019, the meeting of Executive Committee of the Company has approved the resolution to sell the land not used in operations in the amount of Baht 1.7 million. The purchaser has already paid for the land to the Company on 31 October 2019.

12. Claim receivables from counter parties

	Thousand Baht	
	2019	2018
Claim receivables from counter parties	82,818	82,818
Less allowance for doubtful accounts	(82,818)	(82,818)
Net	-	-
Reversal of allowance for doubtful accounts	-	(2,820)

13. Other assets

	Thousand Baht	
	2019	2018
Value added tax refundable	37,788	36,948
Other receivable - fixed assets disposal	90,000	-
Prepaid expenses	19,401	992
Advance payment	23,994	3,350
Other receivables - net	6,301	2,091
Others	21,445	9,137
Total	198,929	52,518

As at 31 December 2019, other receivable - fixed assets disposal of Baht 90.0 million was receivable from sales of land and office building. The payments of those receivables are on quarterly basis throughout the year 2020.

As at 31 December 2019, a part of advance payment of Baht 20.0 million is advance paid to one person for the research of branch development and improvement project. The project was started in December 2019 and expected to be completed within 4 months.

14. Insurance liabilities

	Thousand Baht		
	2019		
	Claim recovered		
	Insurance contract liabilities	from reinsurers (Note 7)	Net
Claims reserve			
- Provision for reported claims by policyholder	165,830	(84,198)	81,632
- Provision for loss incurred but not reported claims (IBNR)	58,822	(19,303)	39,519
	224,652	(103,501)	121,151
Unearned premium reserves	320,681	(106,063)	214,618
Total	545,333	(209,564)	335,769

	Thousand Baht		
	2018		
	Insurance contract liabilities	Claim recovered from reinsurers	Net
		(Note 7)	
Claims reserve			
- Provision for reported claims by policyholder	264,630	(143,089)	121,541
- Provision for loss incurred but not reported claims (IBNR)	88,638	(23,013)	65,625
	353,268	(166,102)	187,166
Unearned premium reserves	192,949	(87,719)	105,230
Total	546,217	(253,821)	292,396

14.1 Short-term insurance reserve

14.1.1 Claims reserve

	Thousand Baht	
	2019	2018
Beginning balance of the year	353,268	463,785
Claims incurred during the accident /year	234,705	340,954
Adjustment to claims incurred in prior accident year and changes in assumption	(29,816)	(18,178)
Claims paid during the year	(333,505)	(433,293)
Ending balance of the year	224,652	353,268

14.1.2 Unearned premium reserve

	Thousand Baht	
	2019	2018
Beginning balance of the year	192,949	387,491
Premium written for the year	507,287	479,248
Premium earned for the current year	(379,555)	(673,790)
Ending balance of the year	320,681	192,949

During quarter 2 of 2019, the Company changed the calculation of unearned premium reserve from 1/24 method to 1/365 method, which made the increase in liabilities, decrease in revenues and profit for the period amounting to Baht 2.4 million.

14.2 Development claims

14.2.1 Gross claims table

Accident year / Reporting year	Thousand Baht						Total
	Prior year 2015	2015	2016	2017	2018	2019	
Claims estimates:							
- As at accident year	5,397,460	273,973	438,577	628,309	433,968	267,091	
- Next one year	6,758,137	400,346	563,951	545,818	403,266		
- Next two years	6,860,028	423,408	526,714	482,483			
- Next three years	6,942,364	419,247	509,843				
- Next four years	6,933,239	419,678					
- Next five years	6,042,367						
Cumulative claim estimates	6,042,367	419,678	509,843	482,483	403,266	267,091	8,124,728
Cumulative payment to date	(6,033,819)	(416,517)	(507,185)	(476,222)	(341,016)	(137,880)	(7,912,639)
Total	8,548	3,161	2,658	6,261	62,250	129,211	212,089
Unallocated loss adjustment expenses							12,563
Total gross loss reserves							224,652

Accident year / Reporting year	Thousand Baht						Total
	Prior year 2014	2014	2015	2016	2017	2018	
Claims estimates:							
- As at accident year	4,991,783	405,677	273,973	438,577	628,309	433,968	
- Next one year	6,171,822	586,315	400,346	563,951	545,818		
- Next two years	6,276,606	583,422	423,408	526,714			
- Next three years	6,319,715	588,263	419,247				
- Next four years	6,354,101	585,490					
- Next five years	6,347,749						
Cumulative claim estimates	6,347,749	585,490	419,247	526,714	545,818	433,968	8,858,986
Cumulative payment to date	(6,340,186)	(578,498)	(415,941)	(504,197)	(452,501)	(230,167)	(8,521,490)
Total	7,563	6,992	3,306	22,517	93,317	203,801	337,496
Unallocated loss adjustment expenses							15,772
Total gross loss reserves							353,268

14.2.2 Net claims table

Accident year / Reporting year	Thousand Baht						Total
	Prior year 2015	2015	2016	2017	2018	2019	

Claims estimates:							
- As at accident year	4,184,246	140,172	217,695	329,736	248,829	147,897	
- Next one year	5,082,773	208,226	290,569	296,608	230,551		
- Next two years	5,191,770	212,823	282,155	264,385			
- Next three years	5,246,956	212,134	276,448				
- Next four years	5,243,789	212,276					
- Next five years	4,667,231						
Cumulative claim estimates	4,667,231	212,276	276,448	264,385	230,551	147,897	5,798,788
Cumulative payment to date	(4,666,370)	(211,798)	(275,720)	(261,528)	(197,921)	(76,863)	(5,690,200)
Total	861	478	728	2,857	32,630	71,034	108,588
Unallocated loss adjustment expenses							12,563
Total net claim reserves							121,151

Thousand Baht							
Accident year / Reporting year	Prior year 2014	2014	2015	2016	2017	2018	Total
Claims estimates:							
- As at accident year	3,981,688	202,558	140,172	217,695	329,736	248,829	
- Next one year	4,786,380	296,393	208,226	290,569	296,608		
- Next two years	4,895,560	296,210	212,823	282,155			
- Next three years	4,848,122	297,477	212,134				
- Next four years	4,949,480	297,444					
- Next five years	4,946,345						
Cumulative claim estimates	4,946,345	297,444	212,134	282,155	296,608	248,829	6,283,515
Cumulative payment to date	(4,945,445)	(296,757)	(211,561)	(273,788)	(249,811)	(134,759)	(6,112,121)
Total	900	687	573	8,367	46,797	114,070	171,394
Unallocated loss adjustment expenses							15,772
Total net claim reserves							187,166

Methodology and assumptions

The methodology and assumptions adopted for the gross and net valuations of insurance contract liabilities - claim reserves and outstanding claims are as follows:

(a) Claims Reserve

1. Direct and inward facultative business

The Company uses 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 usually uses the Chain Ladder method to estimate loss incurred, which is considered the best method while the BF and ELR methods will be applied on a case by case basis where appropriate.

Loss Development Factors or "LDF" are selected based on historical pattern of claims paid and claims incurred. The selection of the Loss Development Factors is generally based on development factors of average claims in each year. The Company also considers to exclude items that may not be appropriate, for example, item that does not reflect the changes in the Company's operations or item that may be distorted by major claims in material amount and item that may be different from the historical trends.

The Company also considers both qualitative and quantitative factors in selecting the Loss Development Factors so that the claims reserve can reflect the appropriate level of liabilities of the Company at the end of the reporting period.

2. Inward treaty business

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

(b) Estimation of Unallocated Loss Adjustment Expenses reserve

In determining the unallocated loss adjustment expenses (ULAE) reserve, the Company uses the ratio of ULAE to the average of paid losses 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 to obtain the ULAE reserves for claims liability.

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

15. Due to reinsurers

	Thousand Baht	
	2019	2018
Amount withheld on reinsurance treaties	100,617	92,309
Outward premium payables	77,018	237,098
Total	177,635	329,407

At the meetings of the Audit Committee No. 3/2018 and of the Board of Directors No. 6/2018 dated 8 August 2018, and of the Board of Directors No. 8/2018 dated 9 November 2018, the Audit Committee and the Board of Directors of the Company resolved to write off the amount due to reinsurer, which has become outstanding for more than 2 years from the due date, totaling Baht 59.9 million and Baht 6.6 million, respectively. The resolution is in accordance with the legal opinions of an independent legal advisor who confirmed that such reinsurer no longer has the right to claim for any payment of such amount from the Company since the claim therefore is beyond 2 years and thus barred by the statute of prescription, according to the Civil and Commercial Code, section 882. Hence, the Company wrote off the amount due to reinsurer totaling Baht 66.5 million, which was presented in the account "Written off amount due to reinsurer" under revenues in the statement of comprehensive income for the year ended 31 December 2018.

16. Employee benefit obligations

	Thousand Baht	
	2019	2018
Employee benefit obligations as at 1 January	12,279	14,807
Current service cost	3,006	2,203
Past service cost	1,202	-
Interest cost	362	342
Employee retirement benefits paid during the year	(1,073)	(1,707)
Reversal	-	(165)
Gain on remeasurement of defined employee benefit plan	(8,963)	(3,201)
Employee benefit obligations as at 31 December	6,813	12,279

Expenses recognised in the statements of comprehensive income for the year ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
In profit (loss) for the year		
Current service cost	3,006	2,203
Past service cost	1,202	-
Interest cost	362	342
Reversal	-	(165)
In other comprehensive income (loss) for the year		
Gain on remeasurement of defined employee benefit plan	(8,963)	(3,201)
Total	(4,393)	(821)

Gain on remeasurement of defined employee benefit plan consisted of;

	Thousand Baht	
	2019	2018
Experience adjustments	(9,916)	(3,249)
Demographic assumption change	(437)	132
Financial assumption change	1,390	(84)
Total	(8,963)	(3,201)

Actuarial assumptions	2019	2018
Discount rate	1.54% per annum	2.43% per annum
Future salary increase	3% per annum	3% per annum
Turnover rate	10% - 20% per annum	0% - 13% per annum
Mortality rate	based on Thai Mortality Ordinary Tables of 2017 (TMO 2017)	based on Thai Mortality Ordinary Tables of 2017 (TMO 2017)
Disability rate	5% of Thai Mortality Ordinary Tables of 2017	5% of Thai Mortality Ordinary Tables of 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amounts shown below.

	Assumption change	Increase (Decrease) in employee benefit obligation (Thousand Baht)	Assumption change	Increase (Decrease) in employee benefit obligation (Thousand Baht)
As at 31 December 2019				
Discount rate	+1%	(259)	-1%	280
Future salary increase	+1%	252	-1%	(237)
Employee turnover	+1%	(321)	-1%	345
Life expectancy	+1%	(1,346)	-1%	1,282
As at 31 December 2018				
Discount rate	+ 1%	(672)	- 1%	739
Future salary increase	+ 1%	676	- 1%	(626)
Employee turnover	+ 1%	(720)	- 1%	296
Life expectancy	+ 1%	31	- 1%	(31)

17. Deferred tax

Income tax benefit for each of the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Current income tax	-	-
Deferred income tax	121,907	232
Income tax benefit	121,907	232

Reconciliations between income tax benefit (expense) and accounting loss multiplied by the applicable tax rate for each of the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Loss before tax	(175,668)	(71,205)
Income tax rate at 20%	35,134	14,241
Tax effect of exempted income and non-deductible expenses	7,198	720
Deferred tax recognised in year	85,593	-
Tax loss in prior year recognised as deferred tax assets	36,314	-
Increase in unrecognition of deferred tax assets	-	(24,308)
Unrecognition of tax loss carry forward	(42,332)	9,579
Income tax benefit	121,907	232

The details of deferred tax assets and liabilities as at 31 December 2019 and 2018 are as follows:

	Thousand Baht		
	(Charged) / Credited		2019
	Profit (loss) for the year	Other comprehensive income (loss) for the year	
2018			
Deferred tax assets			
Allowance for doubtful accounts	-	48,876	-
Revaluation on fair value of available-for-sale investments	-	-	92
Unearned premium reserves	-	16,663	-
Provision for possible losses incurred but not yet reported claims (IBNR)	-	5,391	-
Provision for possible provision for unallocated loss adjustment expenses (ULAE)	-	2,513	-
Employee benefit obligations	-	3,156	(1,793)
Tax loss carry forward	-	36,314	-
Total	-	112,913	(1,701)
			111,212

	Thousand Baht		
	(Charged) / Credited		
	2018	Profit (loss)	Other comprehensive income (loss)
		for the year	for the year
2019			
Deferred tax liabilities			
Surplus on revaluation of assets	(19,013)	10,349	(1,632)
Unrealised loss on revaluation of assets	1,355	(1,355)	-
Total	(17,658)	8,994	(1,632)

18. Other liabilities

	Thousand Baht	
	2019	2018
Premium received in advance	-	9,463
Other payables	12,086	6,894
Others	26,152	35,588
Total	38,238	51,945

19. Share capital

- a) At Extraordinary General Meeting of the Shareholders No. 1/2017 held on 28 December 2017, the shareholders unanimously passed resolutions on reducing the registered share capital by cancelling ordinary shares which were still unsold and issuing 185,000,000 new ordinary shares for private placement, with the offering price fixed at Baht 0.60 per share. In December 2017, the Company received paid-up share capital of Baht 80,500,000 from the allotment of 134,166,666 newly issued ordinary shares with a par value of Baht 1, with a selling price of Baht 0.60 per share. Thus, paid-up share capital increased from Baht 918,065,901 (divided into 918,065,901 ordinary shares at a par value of Baht 1) to Baht 1,052,232,567 (divided into 1,052,232,567 ordinary shares at a par value of Baht 1), which was registered with the Ministry of Commerce on 29 December 2017. Subsequently, in January 2018 and March 2018, the Company received additional paid-up share capital totaling Baht 17,700,000, from the allotment of 29,500,000 newly issued ordinary shares with a par value of Baht 1, with a selling price of Baht 0.60 per share. Thus, paid-up share capital increased from Baht 1,052,232,567 (divided into 1,052,232,567 ordinary shares at a par value of Baht 1) to Baht 1,081,732,567 (divided into 1,081,732,567 ordinary shares at a par value of Baht 1), which the Company registered with the Ministry of Commerce on 27 April 2018.

- b) In July 2018, the Company has registered the change in issued and paid-up share capital resulted from the exercised warrants from 22,425 ordinary shares at Baht 1.20 per share. Hence, the paid-up share capital increased from Baht 1,081,732,567 (divided into 1,081,732,567 ordinary shares at Baht 1 par value) to Baht 1,081,754,992 (divided into 1,081,754,992 ordinary shares at Baht 1 par value), which the Company had premium on share capital of Baht 4,485 from such exercised warrants.
- c) An Extraordinary General Meeting of Shareholders No. 1/2019 held on 28 June 2019 passed a resolution to approve the capital injection, as follows:
 - 1) Approved the reduction of the Company's registered capital from Baht 1,326,518,451 to Baht 1,081,754,992 by cancelling 244,763,459 unissued shares with a par value of Baht 1 each, including amending the Memorandum of Association to reflect the reduction of the Company's registered capital. The Company registered its capital reduction with Ministry of Commerce on 29 August 2019.
 - 2) Approved the reduction of the Company's registered and paid-up capital by Baht 540,877,496 from the existing registered and paid-up capital of Baht 1,081,754,992 to Baht 540,877,496 by reduction the par value of shares from Baht 1 each to Baht 0.50 each in order to offset the share discount on ordinary shares and the partial of deficit, including amending the Memorandum of Association to reflect the reduction of the Company's registered and paid-up capital. The Company registered the change in its registered and paid-up capital with Ministry of Commerce on 2 September 2019.
 - 3) Approved the increase in the Company's registered capital by not exceed Baht 1,244,018,240.50 from Baht 540,877,496 to not exceed Baht 1,784,895,736.50 by issuing 2,163,509,984 new ordinary shares, with a par value of Baht 0.50 each by a rights offering, and issuing newly issued ordinary shares by a General Mandate of a Rights Offering of not exceed 30 percent of the paid-up share capital by 324,526,497 shares as of the date that the Board of Directors resolves to increase the share capital (28 May 2019), including amending the Memorandum of Association to reflect the reduction of the Company's register capital by a Right Offering, as well as a share allotment by a Right Offering.
 - 4) Approved the General Mandate of a Right Offering and amending the Memorandum of Association to reflect the increase of the Company's registered capital by the General Mandate of a Right Offering.
 - 5) Approved assigning the Company's Board of Directors to proceed as necessary in regard to the share subscription and share allotment.

- 6) On 4 September 2019, the Company proceeded the increase in its registered capital by Right Offering in the amount not exceeding Baht 1,244,018,240.50 with Ministry of Commerce. Subsequently, on 5 September 2019, the meeting of Board of Director No. 16/2019 approved the resolution to allocate newly issued shares of the Company not exceeding 2,163,509,984 shares or equivalent to Baht 1,244,018,240.50, at the par value of Baht 0.50 each allocated to the existing shareholders (Right Offering) at the ratio 1:2, at the price of Baht 0.50 of which is not less than the par value of Baht 0.50 or the 15 days weighted average of market price. The recorded date is 20 September 2019 and the date of share subscription is during 3 October 2019 to 9 October 2019.
- 7) After the period of share subscription, the shareholders subscribed 821,158,744 shares, or equivalent to Baht 410,579,387. The Company registered its change in the paid-up share capital from Baht 540,877,496 to Baht 951,456,883 with the Ministry of Commerce on 17 October 2019. For the remaining shares from the exercise of right offering, the Company will request the approval for share reduction at the next shareholder meeting.

20. Share discount on ordinary shares

Share discount on ordinary shares represents share subscription monies received under of the par value of the ordinary shares issued. The Company registered the change in capital from the par reduction by offsetting with share discount on ordinary shares, then its deficit balance.

21. Legal reserve

Under the provision of the Public Company Limited Act B.E. 2535, the Company is required to set aside as reserve fund at least 5% of its annual net profit after deduction of the deficit brought forward (if any) until the reserve reaches 10% of registered share capital. The reserve is not available for dividend distribution.

22. Loss per share

Basic loss per share

Basic loss per share are determined by dividing the loss for the year by the weighted average number of shares outstanding during the year.

Basic weighted average numbers of shares for each of the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Loss for the year (Thousand Baht)	(53,760)	(70,974)
Number of shares outstanding as at beginning of year (Thousand shares)	1,081,755	1,052,233
Effect of shares issued during the year (Thousand shares)	170,981	25,239
Basic weighted average number of shares (Thousand shares)	1,252,736	1,077,472
Basic loss per share (Baht)	(0.04)	(0.07)

23. Financial information separated by type of underwriting

The following reporting of financial information separated by type of underwriting of the Company is in accordance with the Notification of the OIC regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated 4 March 2016.

This information is consistent with the information reviewed by the management on a regularly basis.

Financial statements separated by each type of underwriting income and expenses of the Company for the year ended 31 December 2019 are as follows:

	Thousand Baht					
	Fire	Marine and Transportation	Motor	Miscellaneous	Unallocated	Total
Revenues						
Gross written premiums	14,410	4,855	452,218	35,804	-	507,287
Less Premiums ceded to reinsurers	(8,134)	(3,415)	(143,492)	(23,993)	-	(179,034)
Net written premiums	6,276	1,440	308,726	11,811	-	328,253
Less unearned premium reserves						
increase from previous year	(178)	(899)	(108,069)	(241)	-	(109,387)
Net earned premiums	6,098	541	200,657	11,570	-	218,866
Fee and brokerage income	3,566	1,310	27,149	11,478	-	43,503
Net investment income	-	-	-	-	4,900	4,900
Gain on investments	-	-	-	-	32,901	32,901
Loss on revaluation of securities	-	-	-	-	(81)	(81)
Gain on fixed asset disposal	-	-	-	-	41,088	41,088
Other income	-	-	-	-	10,061	10,061
Total revenues	9,664	1,851	227,806	23,048	88,869	351,238
Expenses						
Insurance claims	537	149	176,850	27,353	-	204,889
Add (Less) insurance claims						
recoverable from reinsurers	1,469	(80)	(84,673)	(23,051)	-	(106,335)
Net insurance claims	2,006	69	92,177	4,302	-	98,554
Commissions and brokerage expenses	3,316	656	72,037	6,443	-	82,452
Other underwriting expenses	784	276	111,881	2,135	-	115,076
Operating expenses	452	212	23,537	351	206,271	230,823
Total expenses	6,558	1,213	299,632	13,231	206,271	526,905
Profit (loss) before tax	3,106	638	(71,826)	9,817	(117,402)	(175,667)
Income tax benefit						121,907
Loss for the year						(53,760)

Financial statements separated by each type of underwriting income and expenses of the Company for the year ended 31 December 2018 are as follows:

	Thousand Baht					
	Fire	Marine and Transportation	Motor	Miscellaneous	Unallocated	Total
Revenues						
Gross written premiums	22,903	1,854	385,739	68,751	-	479,247
<i>Less</i> Premiums ceded to reinsurers	(14,476)	(954)	(138,094)	(53,993)	-	(207,517)
Net written premiums	8,427	900	247,645	14,758	-	271,730
<i>Add</i> unearned premium reserves						
decrease from previous year	3,503	77	126,758	5,531	-	135,869
Net earned premiums	11,930	977	374,403	20,289	-	407,599
Fee and brokerage income	6,402	392	46,781	21,471	-	75,046
Net investment income	-	-	-	-	8,589	8,589
Loss on investments	-	-	-	-	(3,024)	(3,024)
Loss on revaluation of securities	-	-	-	-	(7,457)	(7,457)
Written off amount due to reinsurer	-	1,855	-	69,670	-	71,525
Other income	-	-	-	-	8,928	8,928
Total revenues	18,332	3,224	421,184	111,430	7,036	561,206
Expenses						
Insurance claims	6,737	47	326,027	1,175	-	333,986
<i>Add (Less)</i> insurance claims						
recoverable from reinsurers	(4,672)	157	(133,410)	13,254	-	(124,671)
Net insurance claims	2,065	204	192,617	14,429	-	209,315
Commissions and brokerage expenses	5,891	325	62,497	10,969	-	79,682
Other underwriting expenses	586	212	46,373	3,318	-	50,489
Operating expenses	9,627	2,060	228,250	50,748	2,241	292,926
Total expenses	18,169	2,801	529,737	79,464	2,241	632,412
Profit (loss) before tax	163	423	(108,553)	31,966	4,795	(71,206)
Income tax benefit						232
Loss for the year						(70,974)

24. Operating expenses

Significant operating expenses for each of the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Employee benefit expense	88,359	69,121
Premises and equipment expense	24,701	21,413
Taxes and duties	2,360	615
Allowance for doubtful accounts	76,651	184,327
Other operating expenses	38,753	17,450
Total	230,824	292,926

25. Registered provident fund

The Company has contributory provident funds for their employees in accordance with the terms and conditions prescribed in the Provident Fund Act B.E. 2530. Membership to the funds is voluntarily. Contributions are made monthly by the employees and by the Company at 5% of the employees' basic salaries. The provident funds are managed by a Fund Manager in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company contributed to the fund for each of the years ended 31 December 2019 and 2018, which was recorded as an expense in the statement of comprehensive income amounted to approximately Baht 2.0 million and Baht 2.2 million, respectively.

26. Risk of non-life insurance business**26.1 Insurance risk**

The insurance risk occurs from the fluctuation of loss frequency, severity, and correlation deviating from the assumption which is used for the calculation of insurance premium, claim reserving, and underwriting consideration.

The Company sets up a policy for both insurance and reinsurance business. Type of underwriting, area, risk and reinsurance method are defined, which the authorization for approval of sum insured are defined clearly including the level of risk retention to appropriate with the Company's capital.

The Company defines the procedures for underwriting carefully and cautiously by considering the insured, the nature of risk, the value of the sum insured including agents and brokers who introduce the insured. The Company considers the proportion of capacity of risk retention. In case of such underwriting has high risk and the Company cannot manage the diversification of risk to appropriate reinsurance companies, the Company will refuse to accept such underwriting. Moreover, if the Company has no experience or no expertise or face any difficulties to consider the acceptance of underwriting, the Company will avoid to accept such underwriting.

The Company aims to build customer relationship with the insured by creating customer satisfaction and good long-term relationship. Including the development and improvement of human resources and technology to increase capacity of the Company's administration and management. The Company uses technology and policy to serve the insured as quickly as possible in order to ensure the renewal of insurance policy by the insured. In addition, the Company has expanded its service centers to cover all areas across the country.

The Company maintains its market share and expands its market share to increase the opportunity of competing against the foreign capital enterprises. The Company recruits more qualified agents and brokers instead of only focus on underwriting, which was based on the expansion of financial institutions to reduce risk and increase the balance of gross premium written from all sources.

Main distribution channel of insurance policy is agents and brokers. The Company sets criteria and qualifications in recruiting of an agent and a broker as representative of the Company to prevent the risk of uncollected premium.

The Company determines how to distribute risks in reinsurance variously by purchasing the Excess of Loss. Moreover, the Company has built a network with domestic and overseas reinsurance companies to prevent risk that the Company cannot reinsure continuously.

Concentrations of insurance contract liabilities, segregated by insurance type, is tabled below.

	Thousand Baht					
	2019			2018		
Type of underwriting	Claim liabilities before reinsurance	Claim liabilities for reinsurance	Net	Claim liabilities before reinsurance	Claim liabilities for reinsurance	Net
Fire	717	(261)	456	6,607	(4,808)	1,799
Marine and transportation	386	(260)	126	450	(191)	259
Motor	177,375	(64,786)	112,589	251,898	(87,555)	164,343
Miscellaneous	46,174	(38,194)	7,980	94,313	(73,548)	20,765
Total	224,652	(103,501)	121,151	353,268	(166,102)	187,166

Type of underwriting	Thousand Baht					
	2019			2018		
	Premiums	Premiums	Net	Premiums	Premiums	Net
	liabilities	liabilities		liabilities	liabilities	
	before	for		before	for	
	reinsurance	reinsurance		reinsurance	reinsurance	
Fire	7,463	(3,594)	3,869	10,188	(6,497)	3,691
Marine and transportation	3,385	(2,448)	937	90	(52)	38
Motor	292,257	(88,167)	204,090	159,446	(63,425)	96,021
Miscellaneous	17,576	(11,854)	5,722	23,225	(17,745)	5,480
Total	320,681	(106,063)	214,618	192,949	(87,719)	105,230

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.

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

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

	Thousand Baht		
	2019		
	Assumption change	Increase (decrease) in	Increase (decrease) in
		provision for gross	provision for net
		claim liabilities	claim liabilities
Ultimate loss ratio in latest accident year	+ 10%	29,688	17,520
Ultimate loss ratio in latest accident year	- 10%	(29,100)	(16,932)
ULAE ratio	+ 50%	6,281	6,281
ULAE ratio	- 50%	(6,281)	(6,281)

Thousand Baht			
2018			
	Assumption	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities
	change		
Ultimate loss ratio in latest accident year	+ 10%	46,843	27,861
Ultimate loss ratio in latest accident year	- 10%	(46,441)	(27,459)
ULAE ratio	+ 50%	7,886	7,886
ULAE ratio	- 50%	(7,886)	(7,886)

26.2 Risk of financial instruments

Financial assets and financial liabilities carried on the statements of financial position include cash and cash equivalents, premium receivables, accrued investment income, reinsurance assets, amounts due from reinsurances, investments in securities, claim receivables from counter parties, borrowing from director, insurance liabilities, due to reinsurers and accrued commission and brokerage expenses. The significant accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Liquidity risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the financial statements. As discussed in Note 1, the Company's assets backing insurance liabilities were not adequate continuously as required by the Non-Life Insurance Act (No.2) B.E. 2551.

As at 31 December 2019 and 2018, the periods to maturity of financial assets and liabilities are as follows:

Thousand Baht						
2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	200,104	-	-	-	130	200,234
Premium receivables		86,687	-	-	-	86,687
Accrued investment income	-	911	-	-	-	911
Reinsurance assets						
- Claims liabilities	-	103,501	-	-	-	103,501
Amounts due from reinsurances	-	84,733	-	-	18,509	103,242
Investments in securities	103,348	195,837	-	-	-	299,185

Thousand Baht

2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial liabilities						
Insurance liabilities						
- Claims liabilities						
Due to reinsurers	-	165,830	-	-	-	165,830
Accrued commission	-	177,635	-	-	-	177,635
and brokerage expenses	-	39,654	-	-	-	39,654
Thousand Baht						
2018						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	59,470	-	-	-	20	59,490
Premium receivables	-	126,517	-	-	-	126,517
Accrued investment income	-	740	-	-	-	740
Reinsurance assets						
- Claims liabilities	-	166,102	-	-	-	166,102
Amounts due from reinsurances	-	259,660	-	-	13,027	272,687
Investments in securities	103,557	129,293	-	-	-	232,850
Financial liabilities						
Insurance liabilities						
- Claims liabilities	-	264,630	-	-	-	264,630
Due to reinsurers	-	329,407	-	-	-	329,407
Accrued commission						
and brokerage expenses	-	42,234	-	-	-	42,234

Foreign currency risk

The Company does not have significant commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

Credit risk

Credit risk refers to the risk that counterparty will default in its contractual obligations resulting in a financial loss to the Company. The management believes that the Company has a moderate credit risk since the Company has a large number of customers. However, the Company has an appropriate control on credit approvals and monitoring procedures for collection from customer.

The carrying amount of accounts receivable (net of allowance for doubtful accounts) recorded in the statement of financial position represents the maximum exposure to credit risk.

Equity position risk

Equity position risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets. The Company has risk from its investments in securities of which the price will change with reference to market conditions.

The company has a policy to manage equity position risk by determining the proportion of investments according to the Office of Insurance Commission's rules. The Company invests in marketable equity securities which purchasing and selling have liquidity. Investment committee of the Company is responsible for monitoring of changing market prices regularly.

Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Company. The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions and investments in securities, which bear interest rate. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The management considers that the interest rate risk is minimal, hence, the Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at 31 December 2019 and 2018 classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	2019						
	Thousand Baht						
	Fixed interest rates			Floating	Non-interest		Effective
	Within		Over				interest rate
	1 year	1 - 5 years	5 years	interest rate	bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	187,206	13,028	200,234	0.10 - 1.20
Premium receivables	-	-	-	-	86,687	86,687	-
Accrued investment income	-	-	-	-	911	911	-
Reinsurance assets							
- Claims liabilities	-	-	-	-	103,501	103,501	-
Amounts due from reinsurance	-	-	-	-	103,242	103,242	-
Available-for-sale investments	-	-	-	-	101,797	101,797	-
Held-to-maturity investments	195,837	-	-	-	-	195,837	0.65 - 1.75
Other investments	-	-	-	-	1,551	1,551	-
Total	195,837	-	-	187,206	410,717	793,760	
Financial liabilities							
Insurance liabilities							
- Claims liabilities	-	-	-	-	165,830	165,830	-
Due to reinsurers	-	-	-	-	177,635	177,635	-
Accrued commission and brokerage expenses	-	-	-	-	39,654	39,654	-
Total	-	-	-	-	383,119	383,119	

2018

	Thousand Baht						Effective interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within		Over				
	1 year	1 - 5 years	5 years				
Financial assets							
Cash and cash equivalents	-	-	-	57,038	2,452	59,490	0.10 - 1.20
Premium receivables - net	-	-	-	-	126,517	126,517	-
Accrued investment income	-	-	-	-	740	740	-
Reinsurance assets							
- Claims liabilities	-	-	-	-	166,102	166,102	-
Amounts due from reinsurance	-	-	-	-	272,687	272,687	-
Held for trading investments	-	-	-	-	49,934	49,934	-
Available-for-sale investments	-	-	-	-	52,072	52,072	-
Held-to-maturity investments	129,293	-	-	-	-	129,293	0.65 - 3.875
Other investments	-	-	-	-	1,551	1,551	-
Total	129,293	-	-	57,038	672,055	858,386	
Financial liabilities							
Insurance liabilities							
- Claims liabilities	-	-	-	-	264,630	264,630	-
Due to reinsurers	-	-	-	-	329,407	329,407	-
Accrued commission and brokerage expenses	-	-	-	-	42,234	42,234	-
Total	-	-	-	-	636,271	636,271	

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Premium receivables, accrued investment income, reinsurance assets, amounts due from reinsurances, claim receivables from counter parties and other assets - the carrying values approximate their fair values due to the relatively short-term maturity of these financial assets.

Investment in securities

- The fair value of marketable securities is based on their quoted market prices.
- The fair value of other securities - a reasonable estimate of fair value, which has been calculated based on the underlying net asset base for such investments, approximates their carrying values.
- The fair value of deposits at financial institutions are based on their carrying value in the statement of financial position.

Claims liabilities, due to reinsurers, accrued commission and brokerage expenses and other liabilities - the carrying values approximate their fair values due to the relatively short-term maturity of these financial liabilities.

Fair value measurement

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- | | |
|---------|---|
| Level 1 | - Use of quoted market prices in an observable active market for such assets or liabilities |
| Level 2 | - Use of other observable inputs for such assets or liabilities, whether directly or indirectly |
| Level 3 | - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows |

As at 31 December 2019 and 2018, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

Thousand Baht				
2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
- Unit trusts	1,152	100,645	-	101,797
Property, plant and equipment				
- Land, building and office equipment at appraisal value	-	-	87,336	87,336
Total	1,152	100,645	87,336	189,133

Thousand Baht				
2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trading investments				
- Marketable equity securities	3,035	-	-	3,035
- Unit trusts	-	46,899	-	46,899
Available-for-sale investments				
- Unit trusts	51,418	654	-	52,072
Property, plant and equipment				
- Land, building and office equipment at appraisal value	-	-	143,468	143,468
Land not used in operations				
- Land at appraisal value	-	-	2,252	2,252
Total	54,453	47,553	145,720	247,726

Fair value at the level 2 of investments in unit trusts are measured based on the net asset value which were announced by securities companies.

Fair value at the level 3 of land, building and office equipment at appraisal value are measured based on valuation performed by independent valuers which were determined based on market approach.

27. Financial information by segment

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 Chief Executive Officer.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor and Miscellaneous (including Personal Accident) as discussed in Note 23.

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 Company operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the year ended 31 December 2019, the Company has premium written, which is attributable to insurance from two major agents and brokers totaling Baht 202.2 million.

For the year ended 31 December 2018, the Company has premium written, which is attributable to insurance from a major agent and broker totaling Baht 51.0 million.

The following table presents segment assets and liabilities of the Company's operation segments as at 31 December 2019 and 2018.

	Thousand Baht				
	2019				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Assets	7,149	3,496	279,310	109,539	399,494
Unallocated assets					911,301
Total					1,310,795
Liabilities	16,228	7,067	620,794	119,213	763,302
Unallocated liabilities					54,667
Total					817,969

	Thousand Baht				
	2018				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Assets	19,342	1,175	394,931	240,648	656,096
Unallocated assets					492,335
Total					1,148,431
Liabilities	36,281	3,262	670,726	225,886	936,155
Unallocated liabilities					63,586
Total					999,741

28. Assets pledged with the registrar

As at 31 December 2019 and 2018, assets were pledged with the Registrar in accordance with the Non-Life Insurance Act as follows:

	Thousand Baht	
	2019	2018
Deposits at banks with maturity of more than 3 months	14,000	14,000

29. Assets reserved with the registrar

As at 31 December 2019 and 2018, assets were pledged as policy reserve with the Registrar in accordance with the Non-Life Insurance Act as follows:

	Thousand Baht	
	2019	2018
Government bonds	-	20,016
Deposits at banks with maturity of more than 3 months	81,116	80,402
Total	81,116	100,418

30. Restricted assets and commitment

As at 31 December 2019 and 2018, the Company had assets being deposited with security companies for the Company's asset backing insurance liabilities as follows:

	Thousand Baht	
	2019	2018
Savings accounts	174,014	56,739
Held for trading investments		
- Marketable equity securities	-	3,035
- Unit trusts	-	46,899
Available-for-sale investments		
- Unit trusts	100,645	52,072
Held-to-maturity investments		
- Deposits at banks with maturity of more than 3 months	97,531	12,055
Other investments		
- Non-marketable equity securities	1,551	1,551
Total	373,741	172,351

31. Contribution to non-life guarantee fund

As at 31 December 2019 and 2018, the Company has contributed to Non-Life Guarantee Fund as follows:

	Thousand Baht	
	2019	2018
Accumulated contribution to Non-Life Guarantee fund, beginning of year	22,053	20,874
Contribution to Non-Life Guarantee fund during the year	1,266	1,179
Accumulated contribution to Non-Life Guarantee fund, end of year	23,319	22,053

32. Commitments

a) Long-term lease agreements

As at 31 December 2019 and 2018, the Company had various lease agreements for office building, vehicles and office equipment for operation, which will expire in 2022. The totals of future minimum lease payment under operating leases for each period are as follows:

	Thousand Baht	
	2019	2018
Not later than 1 year	12,248	3,025
Later than 1 year and not later than 5 years	17,702	1,485
Total	29,950	4,510

b) As at 31 December 2019 and 2018, the Company had commitment under the agreements for software development amounting to Baht 0.8 million and Baht 5.7 million, respectively.

c) As at 31 December 2019, the Company had commitment under the agreements for office decoration amounting to Baht 0.8 million.

d) Credit facilities

	Thousand Baht	
	2019	2018
Bank overdrafts	500	6,950
Letter of guarantees (in the normal course of business of the Company)	17,230	20,000
Total	17,730	26,950

31 December 2019, the Company had bank overdrafts credit line and bank guarantees issued by local banks in favor of the Company, which were guaranteed by bank deposit of Baht 0.1 million, fixed deposit of Baht 0.1 million and certain land and buildings as discussed in Note 5, 9 and 10.

As at 31 December 2018, the Company had bank overdraft credit line and bank guarantees issued by local banks in favor of the Company, which were guaranteed by fixed deposit of Baht 2.0 million and certain land and buildings as discussed in Note 9 and 10.

e) On 16 August 2018, the Company entered into a claim verify service agreement with a local company whereby such local company will provide service to consult, advice, verify and gather information regarding insurer's rights to claim according to conditions in insurance policy and summarise claim report to the Company. In this regard, the Company will pay minimum monthly service fee of Baht 15,000 per month for the 1st to 6th months, Baht 30,000 per month for the 7th month onward and annual service fee of Baht 24,000 per year. This agreement shall be effective until either party terminates the agreement by giving the other party an advance written termination notice at least 90 days.

33. Contingent Liabilities

As at 31 December 2019 and 2018, the Company had been sued by various policyholders for total capital sum (only the portion the Company is the joint defendant) of Baht 114.0 million and Baht 94.6 million, respectively. However, the liabilities that may arise as a result of such cases have a value not exceeding the policy coverage of Baht 98.8 million and Baht 25.6 million, respectively. The Company has provided provision for loss on such litigation claim of Baht 5.7 million and Baht 12.2 million as a part of claim liabilities as at 31 December 2019 and 2018, respectively. The Company's management believes that this amount is adequate to absorb the possible losses. However, such cases are under the consideration of the Courts, which the ultimate outcome cannot presently be determined.

34. Capital management

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

35. Reclassification of accounts

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	Thousand Baht		
	Before reclassification	Reclassification	After reclassification
Statement of financial position			
as at 31 December 2018			
Due from reinsurers	276,840	(4,153)	272,687
Other liabilities	56,098	(4,153)	51,945
Statements of comprehensive income			
for the year ended 31 December 2018			
Insurance claims	338,729	(4,743)	333,986
Less insurance claims recoverable from reinsurers	(129,414)	4,743	(124,671)
Net insurance claims	209,315	-	209,315
Operating expenses	290,683	2,244	292,927
Written off withholding income tax deducted at source	2,244	(2,244)	-

36. Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Company's operations, expected to have material impact on the financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation

** TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Company will recognise new assets and liabilities for its operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

37. Approval of financial statements

The Company's directors have authorised these financial statements for issue on 26 February 2020.



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