

# **ANNUAL REPORT 2020**

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**[www.charaninsurance.co.th](http://www.charaninsurance.co.th)**

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## Vision

Emphasize on providing insurance services with morality and ethics under the slogan  
“Charan’s promise gives the public peace of mind”

## Mission

- M1** Operating business and providing honest services as the stable security and operating under good governance.
- M2** Inventing and developing products to respond to demands of society and to be consistent with current situation.
- M3** Developing information technology for utilizing in operational system as much as possible and developing all dimensions of management system of the Company for ultimate benefit.
- M4** Having good management, generating value and returns to all stakeholders.
- M5** Being responsible for environment and operating business fairly and sustainably under related rules, regulations, and laws.
- M6** Building awareness and enthusiasm on self-development of employees in order to be ready for coping with current and future situation.

## Goals

Our primary aim is to develop products that are diverse and can reach customers and prospects at all levels and to provide information and increase underwriting efficiency in addressing the needs of and creating maximum satisfaction for the insured. To fulfill the aim, the Company has developed appropriate plans to accommodate future changes, while also broadening knowledge necessary for the organization to be the most trusted insurer. In 2021, the Company expect the Premium Written will be reduce by 25 percent as the Compulsory car insurance premium will be decrease in volume due to higher competition and higher coverage. Therefore, focus on expanding the market in area of property and miscellaneous insurance market even more in order to support the business expansion in the future.

- **Market goal:** The Company will develop smartphone-based product
- **Operational goal:** We develop our personnel and technologies at the same time.
- **Investment goal:** We will consider investment options with acceptable level of risk.

## Business Operations Strategy

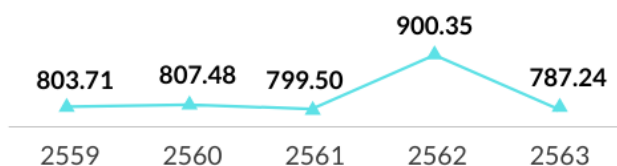
- S1** Manage existing assets with full efficiency.
- S2** Seek for partners to expand business for growing.
- S3** Enhance capability for organizational development.

## ▲ FINANCIAL SUMMARY

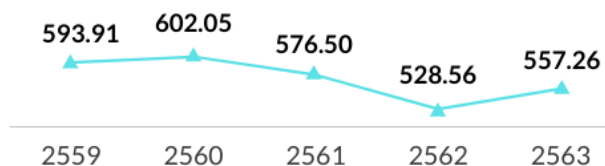
A summary of key financial information of Charan Insurance Public Company Limited for the years ended December 31, 2020, 2019 and 2018 is shown below.

( Unit : Thousand Baht )

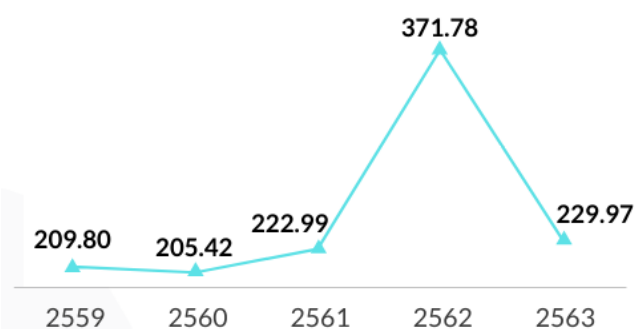
	2020	2019	2018
<b>Financial Position</b>			
Total Assets	787,240	900,350	799,506
Total Liabilities	229,979	371,788	222,998
Shareholders' Equity	557,261	528,562	576,507
<b>Operating Results</b>			
Gross Premiums	198,556	414,856	188,683
Net Premiums	164,090	355,427	155,854
Net Losses Incurred	107,678	122,264	63,833
Investment Income	17,521	20,103	20,194
Operating Expenditure	39,103	46,227	43,297
Net impairment losses on financial assets	23,900	-	-
Net Profit (loss)	51,225	(31,051)	6,200
<b>Per-Share Value (Baht)</b>			
Earnings (loss) per Share	4.27	(2.59)	0.52
Dividend per Share	2.60	0.50	0.50
Book Value per Share	46.44	44.05	48.04
<b>Financial Ratios (%)</b>			
Return on assets	6.07	(3.65)	0.77
Return on Investment	2.53	2.87	2.98
Return on Equity	9.44	(5.62)	1.05
Payout Ratio	60.89	119.31	96.15



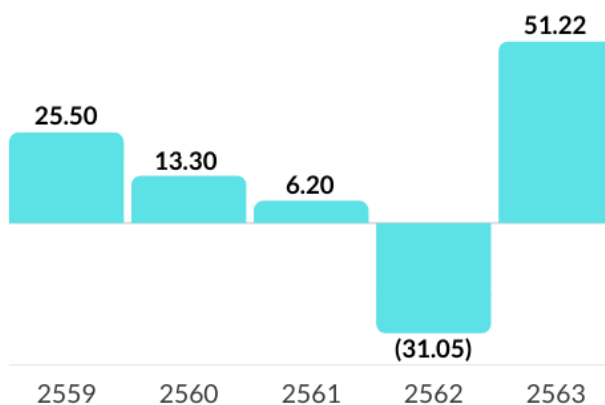
**Total Assets / Unit: mil. Baht**



**Shareholders' Equity/ Unit: mil. Baht**



**Total Liabilities / Unit: mil. Baht**



**Net Profit (loss) / Unit: mil. Baht**

### Composition of our revenue 2020



**87.37%**



**9.33%**



**3.30%**

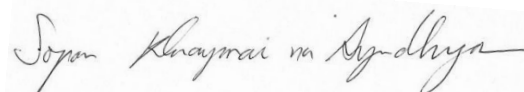
## ▲ CHAIRMAN'S MESSAGE

In 2020, it was considered as the challenging year of the Company on efficient business operations due to COVID-19 pandemic causing unavoidable difficulty of living, well-being, society, and businesses throughout the world. Accordingly, the Company had a concern and strived to seek for guidelines for taking care of our stakeholders in the nick of time leading to confidence in our services and operations. The Company established the security measures consisted of temperature measurement before entering into and exiting the Company premise, social distancing, and campaigning the Board of Directors, executives, and employees to wear masks during working hours for personal and public safety.

In terms of management, the Company had a concern and strived to seek for the guidelines for taking care of all stakeholders by realizing on importance of transparent and fair business operations. In addition, the Company also participated in environmental protection under the management guidelines for sustainable growth by emphasizing on organizational management for balances of all sectors from the Board of Directors to management team, and employees under the corporate vision of “Charan’s promise gives the public peace of mind.” Furthermore, the Company also applied good governance as the management guidelines. According to consecutive development of good governance, the Company was evaluated by 2020 Corporate Governance Report of Thai Listed Companies of Thai Institute of Directors (IOD) to be in “very good” level in 2020. We still improve operations in all dimensions continuously including services providing, fair and reliable product improvement for responding to various demands of current customers.

On business plans, we expect to have a 0.15% share of the market in 2021 and will continue to seek new and more diverse marketing alliances to increase our distribution channels for boosting direct premiums. The Company is working to develop a new customer base through electronic sales channels by enhancing its IT systems and personnel skills as well as optimizing available resources.

Finally, on behalf of the Board of Directors, I would like to thank all our shareholders, customers, business partners, and supporters for trusting and supporting us all the time. I would like to thank all executives and employees for performing their duties with their full capability and their good cooperation to drive the Company to be successful. I would like to ask you all to be confident that the Board of Directors will perform their duties with full capability and consideration on benefits of all stakeholders for stable and sustainable growth of the Company.



(Mr. Sapon Kluaymai Na Ayudhya)

Chairman of the Board

## ▲ REPORT OF THE AUDIT COMMITTEE

The Audit Committee (“the Committee”) comprises a team of independent directors who are all expert of accounting, finance and organization management, namely Mr. Sompol Chaichachow Chairman of the Audit Committee and two members; Mrs. Poodpong Arsingsamanunta and Mr. Vorayuth Charoenloet.

During 2020, the Committee held five meeting and its members’ attendance was 100 percent by those three members. The Committee’s performance of its duties and responsibilities assigned by the board of directors and comply with the Committee charter, is summarized as follows:

### **1. Reviewing quarterly financial statements and audited annual financial reports**

The Audit Committee reviewed the Company’s quarterly and annual financial statements for 2020 by inviting the executives concerned and the external auditors to take part in the financial statement reviews to ensure conformity of the audited statements with financial reporting standards as well as adequate disclosure of complete, reliable information. The observations made by the auditors at each meeting were fed back for consideration and appropriate improvement by the Company. Through these reviews, the Committee concluded that all financial statements gave true and accurate information in all material aspects in accordance with the current financial reporting standards and the rules of the Office of Insurance Commission (OIC).

### **2. Reviewing internal controls assessment**

The Audit Committee reviewed the Company’s internal control systems: by appraising the systems with the external auditors and regularly considering reports from the Office of Internal Audit, where no material weaknesses were identified; by assessing the adequacy of and the risks involved in the internal control systems to prioritize and align each system with the organization’s goals; and by providing operational guidance to the Office of Internal Audit. Through such assessments, the Audit Committee agreed that the Company’s internal control systems were adequate and appropriate.

### **3. Reviewing risk management**

The Risk Management Committee has been established to be in charge of the Company’s risk management. In this regard, the Audit Committee carried out reviews with company executives to ensure that risk management plans were developed and that there was sufficiently effective monitoring and assessment of risks potentially arising from the changing business environment. The Committee then provided its opinions to the Board on the areas for improvement in ensuring the Company’s efficient risk management and compliance with the requirements and guidelines of the Office of Insurance Commission (OIC).

### **4. Reviewing related-party and conflict-of-interest transactions**

The Audit Committee reviewed all related-party transactions or transactions with potential conflict of interest which were classified as connected transactions under the notifications of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Reviews of transactions made by the Company with related parties/persons found that all transactions were carried out under normal commercial terms on fair, justifiable basis and did not lead to transfer of any gain/benefit, and that full and adequate disclosure of information was duly made by the Company in line with good governance policies and the notifications of the SET and SEC.

## 5. Reviewing statutory compliance

The Audit Committee reviewed the Company's operations and ensured that all activities conformed with the established procedures/processes, that the Company operated with integrity and complied strictly with the law governing securities and exchange and all other laws applicable to its operations. The reviews found no indication of any non-compliance with or practices contrary to applicable laws and regulations and that the Company met all of its business obligations properly.

## 6. Recommending appointment of external auditors and their fees for 2021

The Audit Committee considered and selected the external auditors by taking into consideration their performance, independence, qualifications, audit skills and experience, the audit firm's business and financial statements for the past year as well as their audit fees. The Committee made its recommendation, to the Board for further approval by the 2021 general meeting, that the following auditors of DIA International Auditing Company Limited be appointed as the Company's external auditors for fiscal 2021: Mrs. Suvimol Krittayakiern, CPA Registration No. 2982 and/or Miss Somjintana Pholhirunrat, CPA Registration No. 5599 and/or Mr. Chumpot Prairattanakorn, CPA Registration No. 7645 and/or Miss Supaporn Mangjit, CPA Registration No. 8125.

In conclusion, the Audit Committee discharged its duties in 2020 by monitoring the Company's activities with competence and sufficient independence in accordance with the responsibilities stated in the Audit Committee Charter. The Committee has reached the opinion that, during the reporting year, the Company's financial reporting continued to provide material, reliable information in line with generally accepted accounting standards, that there was adequate disclosure of related-party transactions and transactions with potential conflict of interest, that there were effective systems to ensure good governance and to manage risks to acceptable levels, that the internal control systems in place were adequate for the operations, and that there was full compliance with all the laws, rules and regulations applicable to the Company's business operations.



Sompol Chaichow  
Chairman of the Audit Committee




## ▲ STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL REPORTS

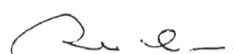
The Board of Directors is responsible for the Company's financial statements and financial information presented in the Annual Report. The financial statements for the year ended 31 December 2020 have been prepared in accordance with generally accepted accounting standards in Thailand, using appropriate and consistent accounting policies and based on sound, prudent and reasonable judgement. Significant information on accounting policies and financial reporting standards has also been adequately disclosed in the Notes to the Financial Statements. The Company's financial position and results are thus reflected accurately and transparently, providing useful facts for the shareholders and investors in general. Such financial statements have been audited and given an unqualified opinion by independent certified auditors.

The Board ensures adequate, appropriate systems for internal controls, risk management, internal audit and good governance are in place to provide reasonable assurances that the accounting information is objective, complete and reliable enough to protect the Company's property and safeguard the organization against frauds or material irregularities and that there is compliance with all applicable laws and regulations. In this regard, the Audit Committee has reported to the Board on the results of its reviews of assurances and has provided its opinions in such respect in the Report of the Audit Committee which is duly set out in this Annual Report.

The Board of Directors is of the view that the Company's overall system of internal controls is adequate and appropriate to provide assurance that the financial statements of Charan Insurance Public Company Limited for the year ended 31 December 2020 present accurately, in all material respects, the financial position, operating results and cash flow of the Company.



Sopon Kluaymai Na Ayudhya  
Chairman of the Board



Sukich Charanvas  
Managing Director

## ▲ REPORT OF THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee has discharged its duties as stipulated in the Risk Management Committee Charter and in line with statutory and regulatory requirements as well as the Company's corporate governance guidelines. During 2020, the Committee held a total of four meetings to perform its functions which can be summarized under the following 11 categories of risk.

### 1. Strategic risk:

The risk was reviewed against such factors as: the core strategy for optimizing available resources which led to renegotiations of service agreements with significant reduction in fees/charges and better services from vendors and which could be extended to all areas of work to increase the organization's overall efficiency; and the Company's capital adequacy ratio as at December 31, 2020 which stood at 221% and was regarded as being within acceptable level and higher than the OIC's minimum requirement of 120%.

### 2. Insurance Risk:

The risk was reviewed against the ratio of claims to earned premiums for all products as at December 31, 2020 of 39% which was considered to be within the acceptable level. The underwriting expenses that exceed the required threshold, the Company has adjusted to the prescribed range.

### 3. Market risk:

Having considered the rate of return of 2.53% as at December 31, 2020, the Committee concluded that the rate was within the acceptable level.

### 4. Credit risk:

The reviews of credit ratings of overseas and domestic reinsurers as at December 31, 2020 found that capital adequacy ratios of domestic reinsurers were higher than 200% while overseas reinsurers' credit was rated A- and above. The risk was thus within the acceptable level. However, the Company was impacted by Thai Airways International Public Company Limited's debentures approximately 6% of the total debt instruments invested by the Company.

### 5. Liquidity risk:

Based on the Company's liquidity ratio of 730% as at December 31, 2020, it was agreed that the ratio was within the acceptable level and higher than the standard required by the OIC of 100%.

### 6. Operational risk:

The risk was reviewed and considered to be within the acceptable level, based on the premium receivable ratio as at December 31, 2020 of 96% which was higher than the OIC's standard of 80% and on the incident report which revealed no operational incident in 2020.

### 7. Reputational risk:

The number of complaints received from business partners or the insured was found to be very small and within the acceptable level. All issues have also been rectified without any impact on the Company's reputation.

#### **8. Information technology risk:**

As neither event affecting the Company's systems or activities nor event of cyber threat was detected in 2020, the risk was considered to be within the acceptable level.

#### **9. Catastrophe risk:**

The risk was assessed against the number of incident and loss caused by large-scale event which results in substantial deviation in actual claims from forecast. As no such incident occurred in 2020, the risk is regarded as being within the acceptable level.


#### **10. Emerging risk:**

Assessments during 2020 identified no incident that had never occurred or never been experienced, there is only the risk that employees may be infected with the Coronavirus 2019 (COVID - 19), therefore the company has strict to prevent and control for reduce probability of that happening. In the year 2020, the company has no employees infected with the COVID - 19. This area of risk is therefore within the acceptable level.

#### **11. Group risk:**

As the Company is not connected with any group of companies, this type of risk has no impact on the Company's operations.

The reviews of the Company's overall risks found that the organization continued to have adequate and effective risk management plans for controlling various types of risk in its activities. Having reviewed the organization's risk management performance over the reporting year, the Risk Management Committee is of the opinion that the risk management framework and policy in place remain effective for the Company's business operations.



(Mr. Sukich Charanvas)

Chairman of the Risk Management Committee

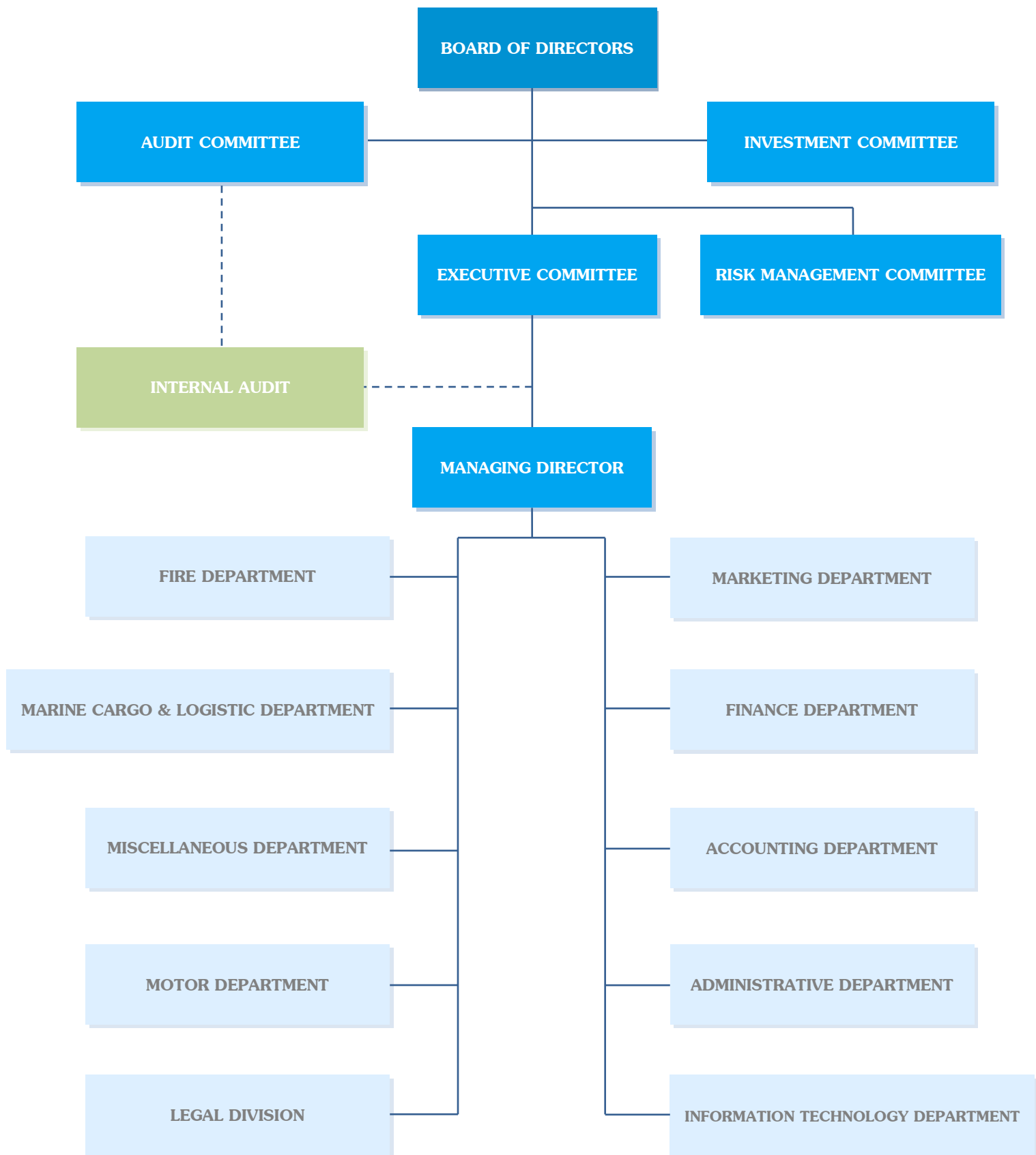
## GENERAL INFORMATION

Company Name	: Charan Insurance Public Company Limited
Company Symbol	: CHARAN
Registration Number	: 0107537000807 (Bor Mor Jor 327)
Type of Business	: Non-life insurance
Head Office	: Charan Insurance Building, 408/1 Rachadapisek Road, Samsen-Nok, Huaykwang, Bangkok 10310
Telephone	: 0-2276-1024
Facsimile	: 0-2275-4919
E-mail	: charanins@charaninsurance.co.th
Website	: www.charaninsurance.co.th
Registered Paid-up Capital	: 120.0 million baht
Comprising	: 12,000,000 ordinary shares
Par value	: 10.0 baht
Khon Kaen Branch	: 377/1-3 Moo 12, Tambon Muang-Kao, Amphur Muang, Khon Kaen Telephone: 0-4347-2295-6
Chiang Mai Branch	: 280-280/1 Moo 6, Chiangmai-Hangdong Road, Tambon Mae-Hia, Amphur Muang, Chiang Mai, Telephone: 0-5380-6616-8
Krabi Branch	: 305/9 Maharaj Road, Tambon Paknam, Amphur Muang, Krabi Telephone: 0-7562-4083-4

### Other References :

Registrar	: Thailand Securities Depository Company Limited 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Telephone: 0-2009-9000 Facsimile: 0-2009-9991
Auditors	: Mrs. Suvimol Krittayakiern, CPA Registration No. 2982 and/or Miss Somjintana Pholhirunrat, CPA Registration No. 5599 and/or Mr. Chumpot Prairattanakorn, CPA Registration No. 7645 and/or Miss Supaporn Mangjit, CPA Registration No. 8125 of DIA International Auditing Company Limited 316/32 Sukhumvit 22 Road, Klongtoey Bangkok 10110 Telephone: 0-259-5300-2
Financial Adviser	: None

## ▲ ORGANIZATION CHART AS AT 31 DECEMBER 2019



## ▲ BOARD OF DIRECTORS AND EXECUTIVE MEMBERS

**Mr. Sapon Kluaymai Na Ayudhya**

**Age 69**

### **Position**

- Chairman of the Board

### **Date of Appointment**

17 January 2008

### **Educational Background**

- Master of Business Administration, Texas Christian University, U.S.A.
- Bachelor of Business Administration, Chiang Mai University

### **Training Courses**

- Director Certification Program (DCP)  
Thai Institute of Directors (IOD)

### **CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

### **Family relationship with any director or executive**

None

### **Position in other Company**

- Registered company : None
- Other company : None

### **Experience in the past five years**

- Chairman of the Board  
Charan Insurance Public Company Limited

### **Criminal records in the past ten years**

None

**Position**

- Director
- Chairman of the Audit Committee
- Independent Director

**Date of appointment**

17 January 2008

**Educational Background**

- Master of Business Administration,  
Texas A&M University, U.S.A.
- Bachelor of Business Administration,  
Texas A&M University, U.S.A.

**Training Courses**

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD)

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Chairman of the Audit Committee  
and Independent Director,  
Charan Insurance Public Company Limited
- Director  
Siam City Factoring Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Director
- Member of the Audit Committee
- Independent Director

**Date of appointment**

22 September 2006

**Educational Background**

- Master of Business Administration  
In General Management, Ramkhamhaeng University
- Bachelor of Commerce and Accountancy  
(Finance and Banking), Thammasat University

**Training Courses**

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD)

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Member of the Audit Committee  
and Independent Director,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Director
- Member of the Audit Committee
- Independent director

**Date of appointment**

13 June 2002

**Educational Background**

- Master of Economics,  
Pittsburg State University, U.S.A.
- Master of Economics (honours),  
University of Delhi, India

**Training Courses**

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD)

**CHARAN shareholding as at 31 December 2020**

- Self : 0.01%
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Member of the Audit Committee, and  
Independent Director,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Director
- Chairman of the  
Executive Committee
- Chairman of the  
Investment Committee
- Chairman of the  
Risk Management Committee
- Managing Director
- Secretary of the Board

**Date of appointment**

1 January 1974

**Educational Background**

- Master of Civil Engineering,  
California State University at Long Beach, U.S.A.
- Bachelor of Civil Engineering,  
California State University at Long Beach, U.S.A.

**Training Courses**

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD)

**CHARAN shareholding as at 31 December 2020**

- Self : 18.07%
- Spouse : 3.89%

**Family relationship with any director or executive**

- Father of Mr. Kittipong Charanvav  
and Mr. Kitti Charanvav

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Chief Executive Officer, Chairman of the  
Investment Committee, Chairman of the Risk  
Management Committee, Managing Director,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None



**Position**

- Director
- Member of the Executive Committee
- Member of the Investment Committee
- Member of the Risk Management Committee
- Manager, Motor Department

**Date of appointment**

1 July 1985

**Educational Background**

- Vocational Certificate,  
Bangkok Commercial College

**Training Courses**

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD)
- Insurance Management Development Program  
General Insurance Management Development  
Institute, Thammasat University

**CHARAN shareholding as at 31 December 2020**

- Self : 0.83%
- Spouse : 0.07%

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Member of Executive Director, Member of the Investment Committee, Member of the Risk Management Committee, Manager, Motor Department, Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Director
- Member of the Executive Committee
- Member of the Investment Committee
- Member of the Risk Management Committee
- Assistant Managing Director

**Date of appointment**

1 February 2005

**Educational Background**

- Bachelor of Science in Business Administration -  
General Management,  
City University of Seattle, U.S.A

**Training Courses**

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Chulalongkorn University

**CHARAN shareholding as at 31 December 2020**

- Self : 5.98%
- Spouse : None

**Family relationship with any director or executive**

- Son of Mr. Sukich Charanvas

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Director, Member of Executive Director, Member of the Investment Committee, Member of the Risk Management Committee, Assistant Managing Director, Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

## Executive Officers

**Mr. Kitti Charanvas**

**Age 50**

### Position

- Assistant Managing Director for Marketing

### Date of appointment

19 March 2014

### Educational Background

- Bachelor of Arts in Business Management, Whitworth University, U.S.A.

### Training Courses

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Chulalongkorn University

### CHARAN shareholding as at 31 December 2020

- Self : 5.77%
- Spouse : None

### Family relationship with any director or executive

- Son of Mr. Sukich Charanvas

### Position in other Company

- Registered company : None
- Other company : None

### Experience in the past five years

- Assistant Managing Director for Marketing,  
Charan Insurance Public Company Limited

### Criminal records in the past ten years

None

**Mr. Kosit Angkasuwan**

**Age 50**

### Position

- Assistant Managing Director for Risk Management
- Member of the Risk Management Committee

### Date of appointment

1 April 2018

### Educational Background

- Master of Science in Applied Mathematics,  
King Mongkut's University of Technology Thonburi
- Bachelor of Science in Information Technology,  
King Mongkut's University of Technology Thonburi

### Training Courses

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Chulalongkorn University

### CHARAN shareholding as at 31 December 2020

- Self : None
- Spouse : None

### Family relationship with any director or executive

None

### Position in other Company

- Registered company : None
- Other company : None

### Experience in the past five years

- Assistant Managing Director for Risk Management,  
Member of the Risk Management Committee,  
Charan Insurance Public Company Limited

### Criminal records in the past ten years

None

**Position**

- Accounting Manager
- Member of the Investment Committee

**Date of appointment**

1 December 1981

**Educational Background**

- Bachelor of Accounting,  
University of the Chamber of Commerce

**Training Courses**

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Thammasat University

**CHARAN shareholding as at 31 December 2020**

- Self : 0.01%
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Accounting Manager  
and Member of the Investment Committee,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Finance Manager
- Member of the Investment Committee
- Member of the Risk Management Committee

**Date of appointment**

1 July 1985

**Educational Background**

- Bachelor of Business Administration,  
Dhonburi Rajabhat University

**Training Courses**

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Thammasat University

**CHARAN shareholding as at 31 December 2020**

- Self : 0.01%
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Finance Manager,  
Member of the Investment Committee  
and Member of the Risk Management Committee,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Mr. Wisith Limcharoensuk**

**Age 75**

**Position**

- Manager, Marine Cargo and Logistics Department

**Date of appointment**

3 December 2007

**Educational Background**

- Vocational Certificate,  
Bangkok Technical Institute

**Training Courses**

None

**CHARAN shareholding as at 31 December 2020**

- Self : 0.03%
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Manager, Marine Cargo and Logistics Department,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Mrs. Pattama Trakarnaiem**

**Age 55**

**Position**

- Manager, Fire Department

**Date of appointment**

15 January 2020

**Educational Background**

- Bachelor of Business Administration,  
Sripatum University

**Training Courses**

None

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Manager, Fire Department  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Miss Punrada Ayucharoenkul**

**Age 56**

**Position**

- Manager, Miscellaneous Department

**Date of appointment**

15 March 2004

**Educational Background**

- Vocational Certificate,  
Ratchadamnern-Thonburi College

**Training Courses**

- Insurance Management Development Program  
General Insurance Management Development  
Institute, Chulalongkorn University

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Manager, Miscellaneous Department,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Mr. Nopadol Suawankareekul**

**Age 50**

**Position**

- Manager, Information Technology Department

**Date of appointment**

1 March 1994

**Educational Background**

- Master of Business Administration  
(Finance & Banking), Sripatum University
- Bachelor of Business Administration  
(Computer), Sripatum University

**Training Courses**

None

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Manager, Information Technology Department,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

**Position**

- Manager, Administration Department

**Date of appointment**

4 January 2012

**Educational Background**

- Bachelor of Business Administration in Accounting,  
Chandrakasem Rajabhat University

**Training Courses**

None

**CHARAN shareholding as at 31 December 2020**

- Self : None
- Spouse : None

**Family relationship with any director or executive**

None

**Position in other Company**

- Registered company : None
- Other company : None

**Experience in the past five years**

- Manager, Miscellaneous Department,  
Charan Insurance Public Company Limited

**Criminal records in the past ten years**

None

## ▲ SHAREHOLDING STRUCTURE AND ORGANIZATION STRUCTURE

### Shareholding Structure

The list of the top ten shareholders of Charan Insurance Public Company Limited, with number and percentage of shares held as at 19 June 2020, is set out below.

Name - Surname	Number of Shares held	Percentage of Shares held
1. Mr. Sukich Charanvas	2,171,944	18.10
2. Mr. Vichien Srimuninnimit	1,089,700	9.08
3. Mr. Kittipong Charanvas	718,100	5.98
4. Mr. Kitti Charanvas	692,000	5.77
5. Bangkok Insurance Public Company Limited	578,000	4.82
6. Mr. Sittichai Kueakiatngam	570,000	7.44
7. Mrs. Elizabeth Charanvas	467,200	3.89
8. Mr. Nibhond Charanvas	412,800	3.44
9. Ms. Veerada Kueakiatngam	400,000	3.33
10. Thai NVDR Company Limited	239,200	1.99

Remark: The above shareholders have not entered into any agreement that has a material impact on the Company or other shareholders.

### Dividend Policy

As the Board of Directors at the Meeting No. 1/2021 held on February 24, 2021 approved to propose the Annual General Meeting of Shareholders for the year 2021 to consider and approve dividend payment for the year 2020 that distribute not less than 60 percent of net profit for the operating results, from January 1, 2020 to December 31, 2020 at 2.60 baht per share totaling 31.2 mil. Baht, which will be paid from the net profit on May 27, 2021, “However, the right to receive such dividends above remains uncertain unless the 28<sup>th</sup> Annual General Meeting of Shareholders for the year 2021 has granted its approval”

#### Five-Year Comparison of Dividends Paid

Year	2020	2019	2018	2017	2016
Net profit per share (baht)	427	(2.59)	0.52	1.11	2.12
Dividend per share (baht)	2.60	0.50	0.50	1.00	1.50
Payout ratio (%)	60.89	119.31	96.15	90.09	70.75

Note: Consideration on dividend payment for 2020 is subject to approval by shareholders at the Annual General Meeting for 2021.

## Organization Structure

### 1. Board of Directors comprises

1. Mr. Sopon Kluaymai Na Ayudhya	Chairman of the Board
2. Mr. Sompol Chaiyachow	Chairman of the Audit Committee and Independent Director
3. Mrs. Poodpong Arsingsamanunta	Member of the Audit Committee and Independent Director
4. Mr. Vorayuth Charoenloet	Member of the Audit Committee and Independent Director
5. Mr. Sukich Charanvas	Director and Managing Director
6. Mr. Pon Titipanichayangoon	Director
7. Mr. Kittipong Charanvas	Director

### Authorized signatories

The Board may designate any Director(s) or any other person(s) to undertake any task on its behalf and in such cases the signatures of any two of the following three authorized Directors, i.e. Mr. Sukich Charanvas Mr. Pon Titipanichayangoon Mr. Kittipong Charanvas, together with the Company seal, would be required to be binding upon the Company.

### Authority of the Board of Directors

The Board of Directors has the authority to approve corporate matters within its responsibilities prescribed by law or by the Company's Articles of Association, Board of Directors Charter and shareholders' resolutions. This includes the authority to set and review the Company's vision, mission, operating strategy and plan, risk management policy and annual business plan, to define business and strategic goals, to monitor and evaluate performance against plans, and to consider investment spending and material related-party transactions.

### Duties and responsibilities of the Board of Directors:

1. Determine policies, vision, mission, strategies, goals and direction of the Company as well as overseeing the effective and efficient implementation of established policies by the Management;
2. Set policies on corporate governance and social responsibility including anti-fraud and corruption policy as well as ensuring that such policies are efficiently applied;
3. Consider and decide upon significant matters concerning the Company's operations such as business policies and plans, management authority, acquisition or disposal of assets and any other statutory transactions, except where such matters or transactions require the approval of a general meeting;
4. Consider the appointments of members of Board committees, e.g. the Audit Committee, the Executive Board and/or any other sub-committee or recommending their appointments to the general meeting for approval, by taking account of qualification and disqualification criteria for committee membership prescribed by securities and exchange laws;
5. Consider and endorse the nominations and appointments to the Management, of qualified candidates with knowledge and competences suitable for the roles and experience beneficial to the organization;
6. Consider the appointment / removal of company secretary to assist the Board of Directors in the discharge of its responsibilities to ensure that the Company operates in accordance with applicable laws, rules and regulations;



7. Oversee the appropriate system of internal controls and risk management that ensures an acceptable level of risks and effective achievement of objectives as well as conformity with the law, the Company's standards and Articles of Association and with the best practice principles of honesty, justification and prudence;

8. Monitor and evaluate the Management's performance on a regular, continuous basis in ensuring successful implementation of plans and strategies.

9. Consider and recommend Directors' remuneration and annual dividend payout for the approval by a general meeting;

10. Determine the framework and policy on salaries, pay rises, bonuses and remuneration for staff and executives;

11. Oversee the organization's drive for innovation and technology adoption to develop capacity for increasing business opportunities and enhancing the operations; oversee the Company's IT risk management and ensure: that there is ongoing compliance with IT-related laws, regulations and standards; that data security measures are in place to protect the confidentiality, reliability and availability of data and to safeguard against improper use or unauthorized modification of data; and that there are measures to deal with incidents affecting IT system's security in ensuring the organization's ability to achieve its principal aim and objective;

12. Convene an annual general meeting of shareholders within 4 months of the end of each accounting year by stating the date, time, venue and agenda of the meeting as well as proposed dividend (if applicable) and the Board's opinions on matters put forward to shareholders;

13. Oversee the efficiency of the Company's accounting system as well as the accuracy, objectivity and completeness of its financial reporting and disclosures of significant information including resolutions and minutes of general meetings, while also ensuring that all financial statements, annual reports, and Annual Registration Statements (Form 56-1) reflect accurately the Company's financial position, financial liquidity and operating performance in a timely, adequate manner and in accordance with applicable regulations and that complete records are maintained for future inspection.

#### **Authority and duties of the Chairman of the Board:**

1. Oversee, monitor and ensure that the Board performs its duties efficiently to achieve the organization's principal aim and objective;

2. Chair all Board meetings and general meetings and ensure that each meeting is conducted in accordance with the Company's Articles of Association and the published agenda, while also encouraging all Directors to engage in promoting the Company's ethical culture and good corporate governance;

3. Set board meeting agenda in consultation with the Managing Director and ensure that important matters are included; have the casting vote where there is an equality of votes at a board meeting;

4. Allocate sufficient time for matters proposed for thorough discussions by Directors; encourage Directors to exercise prudent judgement and express independent opinions;

5. Strengthen good relationships between Executive and Non-Executive Directors and between the Board and the Management.

## Authority and duties of the Managing Director

1. Managing the business in accordance with the Company's objectives, Articles of Associations and delegated authority as well as resolutions of Board meetings, while having authority over all staff and employees of the Company. In the management of the operations, the Managing Director is responsible to the Board of Directors.

2. Setting terms of employment for staff/employees as well as issuing orders and notifications concerning day-to-day and operational management of the Company in line with corporate rules, Board resolutions, the labour law and other applicable laws.

3. On business/activities involving external parties, the Managing Director and the signatory Directors are authorized to act on behalf of and bind upon the Company within the scope of the delegated authority specified under paragraph 1 above. However, if the Managing Director or the authorized Director(s) is an interested party or constitutes a conflict of interest with the Company in such transactions, then the transactions can only be conducted with the approval and resolution of a Board meeting attended only by Independent Directors. In this respect, the Managing Director and the signatory Directors may designate any person to undertake a particular task or transaction on their behalf.

4. Ensuring that any transactions over his authorized limit must be submitted to the consideration and approval of the meeting of the Board according to the Company's Articles of Association or other applicable laws.

5. Employing, appointing, promoting and terminating staff and employees, assigning them to posts as well as raising their salaries, and taking disciplinary measures against them where appropriate. These do not include, however, any staff members or employees where established rules specifically mandate that employment, appointment, assignment of post and taking of disciplinary action in respect of such staff are under the authority of the Board of Directors.

6. Managing the operations in accordance with the statutory rules and provisions, i.e. the Civil and Commercial Code, the law governing non-life insurance business, the Non-Life Insurance Act, the Public Limited Companies Act and other applicable laws in force currently and in the future. In addition to integrity and fairness, the Managing Director is required to discharge his duties with the best of his ability and prudence in achieving the Company's established objectives.

## 2. Board Committees

The Company's Board of Directors appointed 4 committees of the Board, i.e. the Audit Committee, the Executive Committee, the Investment Committee and the Risk Management Committee.

### (1) Audit Committee

As at December 31, 2020, the Audit Committee was comprised of three Independent Directors named below, who fully meet the qualification criteria established by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. All members of the Committee are recognized for their expertise and experience, and Mrs. Poodpong Arsingsamanunta is also a qualified accounting professional skilled and experienced in reviewing the reliability of financial statements. The names are as follows:

- |                                  |  |
|----------------------------------|--|
| 1. Mr. Sompol Chaiyachow         | Chairman of the Audit Committee and Independent Director |
| 2. Mrs. Poodpong Arsingsamanunta | Member of the Audit Committee and Independent Director   |
| 3. Mr. Vorayuth Charoenloet      | Member of the Audit Committee and Independent Director   |

### **Authority of the Audit Committee**

1. Having authority to scrutinize and investigate the persons concerned for more or clearer information within the scope of its authority and duty;
2. Having authority to engage the services of specialists to assist with audit work as the Committee deems appropriate.

### **Duties and responsibilities of the Audit Committee**

1. Review and ensure the accuracy and objectivity of the Company's financial reports as well as the adequacy of disclosures;
2. Review and ensure the appropriateness and effectiveness of the Company's systems of internal control and internal audit; assess the independence of the internal audit unit as well as recommending the appointment or removal of the head of internal audit;
3. Review compliance by the Company with the law governing securities and exchange, regulations and notifications of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand as well as all other laws, rules and regulations applicable to the Company and/or its business;
4. Consider and recommend, to the meeting of the Board, the appointment of independent persons as external auditors to the Company as well as the approval of the auditors' remuneration; meet with the auditors at least once a year, without the participation of the Management;
5. Consider and ensure compliance of related-party transactions and potential conflict-of-interest transactions with the law governing securities and exchange as well as regulations and notifications of the Stock Exchange of Thailand or all other laws applicable to the Company and/or its business in providing assurance that all transactions are justified and conducted in the best interests of the Company;
6. Prepare an audit committee report, for consideration by the Board and for inclusion in the Company's annual report, which shall be signed off by the Committee Chairman and shall include the following information, at a minimum:
  - (1) Opinion on the accuracy, completeness and reliability of the Company's financial reports;
  - (2) Opinion about the adequacy of the Company's internal control system;
  - (3) Opinion on compliance with the law governing securities and exchange, regulations and notifications of the Stock Exchange of Thailand and other laws relevant and applicable to the Company and its business;
  - (4) Comments on the suitability of the auditors;
  - (5) Opinion about transactions with potential conflict of interest;
  - (6) Number of meetings held by the Audit Committee and attendance by each Committee member at such meetings;
  - (7) Overall opinion on the Audit Committee's performance in accordance with the Committee Charter;
  - (8) Other matters considered useful to shareholders and general investors that falls within the scope of the Committee's responsibilities delegated by the Board.
7. Review and recommend, for the Board's consideration, any revision of the authority and responsibilities of the Audit Committee to suit changing circumstances;

8. In the event that the Audit Committee discovers or suspects any of the following acts or transactions which could materially impact on the Company's financial position or performance, it shall immediately report such act/transaction to the Board of Directors so that remedial action can be taken:

- (1) transaction involving conflict of interest;
- (2) fraud or irregularity or material weakness in the internal control system;
- (3) violation of securities and exchange law or the Stock Exchange of Thailand's regulations and notifications or any laws applicable to the Company and/or its business;

If the Board of Directors or the Management does not take any remedial action, a member of the Audit Committee may report the act or transaction discovered to the Office of Securities and Exchange Commission or to the Stock Exchange of Thailand.

9. Review compliance with the Company's anti-corruption policy and measures to provide assurance of the adequacy of internal controls;

10. Review regularly the Company's anti-corruption policy so as to recommend appropriate policy revisions for approval by the Board;

11. Undertake any other tasks delegated by the Board and mandated in the Company's policy.

**The Audit Committee's meeting** was determined to be held at least 6 times per year.

## **(2) Executive Committee**

As at December 31, 2020, the Executive Committee consisted of Executive Directors appointed by the Board of Directors, as listed below. The term of appointment of its members expires according to the individual director's term of office. The names are as follows:

- |                               |                                     |
|-------------------------------|-------------------------------------|
| 1. Mr. Sukich Charanvas       | Chairman of the Executive Committee |
| 2. Mr. Pon Titipanichayangoon | Member of the Executive Committee   |
| 3. Mr. Kittipong Charanvas    | Member of the Executive Committee   |

### **Authority of the Executive Board**

The authority of the Executive Committee and the authority delegated to other persons as it deems appropriate, does not include authority or delegated authority to approve any transaction to which any of its members or their related person is an interested party or which may be in conflict with the Company's interests or any transaction which is conducted out of the normal course of the Company's business. Such transactions are subject to consideration and approval by the meeting of the Board and/or the meeting of shareholders as prescribed by the Company's Articles of Association or by applicable law.

### **Duties and responsibilities of the Executive Committee:**

1. Oversee and ensure that the Management's performance is in accordance with the policies and plans mandated by the Board of Directors;

2. Formulate, for submission to the Board, the key policies, plans, budgets and approaches for the Company's business operations;

3. Oversee and ensure that the Company complies with the law governing securities and exchange, the Non-Life Insurance Act, the Public Limited Companies Act and other applicable laws as well as the

requirements and notifications of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission;

4. Ensure that the Company conforms to generally accepted accounting standards and that all financial reports/statements are prepared in a way that gives a true and fair view of the Company's financial position and results;

5. Assess and analyze the risks inherent in the Company's business and to develop, for consideration by the Board, appropriate measures to manage such risks;

6. Perform any other tasks assigned by the Board of Directors.

**The Executive Committee's meeting** was determined to be held at least 1 times per year.

### **(3) Investment Committee**

As at December 31, 2020, the Investment Committee was made up of Executive Directors and executive officers appointed by the Board of Directors. The term of office expires according to the individual director's/officer's term of office. The names are as follows:

- |                                |                                      |
|--------------------------------|--------------------------------------|
| 1. Mr. Sukich Charanvas        | Chairman of the Investment Committee |
| 2. Mr. Pon Titipanichayangoon  | Member of the Investment Committee   |
| 3. Mr. Kittipong Charanvas     | Member of the Investment Committee   |
| 4. Miss Sudarat Wiwattanadej   | Member of the Investment Committee   |
| 5. Miss Kanyawan Trisaksuriyan | Member of the Investment Committee   |

Remark: In 2020, no meeting of the Investment Committee was held.

### **Authority, duties, roles, and responsibilities of the Investment Committee**

1. Developing, for approval by the Board of Directors, an investment policy framework;
2. Ensuring that investment plans are in line with the Board-approved policy framework and risk management policies as well as meeting the requirements of the OIC and applicable laws;
3. Devising guidelines on investment risk management;
4. Drawing up the Company's investment procedures;
5. Overseeing and ensuring that the Company's investments are in accordance with the investment policy framework, the investment plans and procedures, and the risk management policies approved by the Board;
6. Reviewing and revising the investment policy framework and investment plans to suit the changing circumstances before submitting them to the Board for approval;
7. Approving investments in securities;
8. Approving general loans;
9. Approving sale of immovable property.

### **(4) Risk Management Committee**

As at December 31, 2020, the Risk Management Committee was made up of Executive Directors and executive officers appointed by the Board of Directors. The term of office expires according to the individual director's/officer's term of office. The name are as follows:

1. Mr. Sukich Charanvas	Chairman of the Risk Management Committee
2. Mr. Pon Titipanichayangoon	Member of the Risk Management Committee
3. Mr. Kittipong Charanvas	Member of the Risk Management Committee
4. Miss Kanyawan Trisaksuriyan	Member of the Risk Management Committee
5. Mr. Kosit Angkasuwan	Member of the Risk Management Committee

### **Authority, duties, roles, and responsibilities of the Risk Management Committee**

1. Defining, and presenting to the Board of Directors for approval, the Company's risk management framework and policy which must cover at least the following significant risks:

- 1.1 Strategic Risk
- 1.2 Insurance Risk
- 1.3 Market Risk
- 1.4 Credit Risk
- 1.5 Liquidity Risk
- 1.6 Operational Risk
- 1.7 Reputation Risk
- 1.8 Information Technology Risk
- 1.9 Catastrophe Risk
- 1.10 Emerging Risk
- 1.11 Group Risk (If any)

### **The scope of risk management must cover the following core activities of the Company:**

- (1) insurance product development, and premium rating / pricing;
  - (2) selling/ offering for sale (of insurance products), and premium collection;
  - (3) insurance underwriting;
  - (4) insurance reserving;
  - (5) claims management;
  - (6) reinsurance;
  - (7) investment in other businesses;
  - (8) asset–liability management;
  - (9) outsourcing (if applicable)
2. Assessing the adequacy, efficiency and effectiveness of the Company's risk management;
3. Meeting regularly once every quarter, at a minimum, to monitor status of and changes in the Company's risks as well as progress in risk management implementation and to make recommendations for improvements; and reporting results of its meetings to the Board of Directors at least quarterly;
4. Overseeing the overall risk related activities of the Company;
5. Ensuring that the Company carries out its activities under the risk management policy;
6. Formulating risk mitigation plans to deal with risks in emergencies.

**The Risk Management Committee's meeting** was determined to be held at least 4 times per year.

### 3. Executive Officers

As at December 31, 2020, the Company has a total of 10 executive officers as listed below.

1. Mr. Pon Titipanichayangoon	Manager, Motor Department
2. Mr. Kitti Charanvas	Assistant Managing Director for Marketing
3. Mr. Kosit Angkasuwan	Assistant Managing Director for Risk Management
4. Miss Sudarat Wiwattanadej	Accounting Manager
5. Miss Kanyawan Trisaksuriyan	Finance Manager
6. Mr. Wisith Limcharoensuk	Manager, Marine Cargo and Logistics Department
7. Mrs. Pattama Trakarnaiem	Manager, Fire Department
8. Miss Punrada Ayucharoenkul	Manager, Miscellaneous Department
9. Mr. Nopadol Suwankareekul	Manager, Information Technology Department
10. Mrs. Promporn Lamdabpang	Manager, Administration Department

### 4. Company Secretary

The Board of Directors has appointed Mrs. Somporn Rasabutr, who is suitably experienced and qualified, as Company Secretary to have responsibility for: providing advice on legal and regulatory requirements which the Board needs to be aware of and comply with; organizing shareholders' meetings and Board meetings in accordance with the law, the Company's Articles of Association and codes of best practice; taking minutes of meetings and following up on implementation of meeting resolutions; communicating with and keeping shareholders informed of their rights and company news; coordinating the work and activities of the Board; and maintaining statutorily required documents.

#### Duties and responsibilities of the Company Secretary

The Company's secretary must perform duties as defined by Section 89/15 and Section 86/16 of Securities and Exchange Act (No. 4) B.E. 2551 that has been effective since August 31, 2008 with responsibility, prudence, and honesty. In addition, the Company's secretary is also required to comply with laws, Company's objectives and articles of association, resolutions of directors and the Meeting of Shareholders. Duties and responsibilities of the Company's secretary are as follows:

1. Prepare and maintain documents on directors, annual reports, invitation letters and minutes of the Meeting of the Board of Directors, invitation letters and minutes of the Meeting of Shareholders.
2. Keep declaration of interest made by directors or executives.
3. Submit copies of declaration of interest directors and executives or related persons to the Chairman of the Board and the Chairman of the Audit Committee will audit such copies within 7 working days from the date of receiving the declaration.
4. Convene the Meeting of the Board of Directors and the Meeting of Shareholders to be in line with rules, articles of association, and related laws.
5. Provide suggestions on operations of the Company and the Board of Directors to meet with Memorandum of Association, Company's Regulations, Securities and Exchange Act, Public Limited Companies Act, and other related laws.
6. Be the center for communicating news and information among directors, executives, and shareholders.



7. Coordinate and follow-up operations under the resolutions of directors and shareholders.
8. Supervise disclosure of information and information report of responsible areas to competent authorities under requirements of government agencies.
9. Perform other actions as defined by Capital Market Supervisory Board or as assigned by the Board of Directors.

## **5. Nomination and appointment of Directors and Executives**

The nomination of Directors and Executive has not done through Nomination Committee since the Nomination Committee has not been established. However, nomination of directors and executives will be considered and screened by the Company based on appropriateness, skills, capabilities, proven experiences, transparent work experiences, maturity, stability, and appropriate qualifications as defined by the Company's Article of Association and in line with corporate vision as well as knowledge and specific expertise or necessary skills to enhance Board strength and effectiveness. The aim is to ensure professionalism and diversity of company directors, with the structure, size, and composition also taken into consideration. The Company provides some opportunities to directors and shareholders to nominate directors with appropriate qualifications as defined by selection criteria and methods.

### **(1) Nomination of Independent Directors**

The Company has set the definition of "independent director" to be in line with the Corporate Governance Code and the guidelines of the Office of Securities and Exchange Commission so as to provide assurance for investors and maintain its governance standards.

The Board's independent membership, i.e. three Independent Directors, is in accordance with the Company's Articles of Association and meets all the qualification criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand regarding an independent director, namely, a director who: is not involved in the day-to-day management of the company; is independent of the management and the controlling shareholder; does not have any business relationship with the Company in such a way that may restrict the exercise of independent judgement; is able to work efficiently with other members of the Board and provide independent opinions. Although, during the reporting year, no new independent director was nominated to the Board, the Company maintained its qualification criteria for independent director, as follows.

#### **Qualification criteria for independent director:**

1. Not holding more than 1% of the total number of voting shares of the Company, any of its major shareholders or controlling parties; The number of shares held shall include those owned by any person related to such independent director;
2. Neither being an executive director, employee, staff member or adviser receiving regular compensation from, nor being a controlling person or major shareholder of the Company or its controlling party, either currently or within at least two years prior to appointment as independent director;
3. Not being a relation, either by blood or by law, of any director, executive, major shareholder, controlling party or any person being nominated as a director, executive or controlling party of the Company; A relation shall include father, mother, spouse, sibling and child including son- or daughter-in-law;
4. Not having any business relationships with the Company or any of its major shareholders or



controlling parties in such a way that may prevent the exercise of independent judgement, and neither being nor having previously been a significant shareholder or controlling person of any party that has business relationships with the Company or any of its major shareholders or controlling parties, either currently or within at least two years prior to appointment as independent director;

5. Neither being an auditor to the Company or any of its major shareholders or controlling parties, nor being a significant shareholder (owning more than 10% of the total number of voting shares, including those owned by any related person), a controlling person or a partner of an audit firm which is the affiliation of the auditors to the Company or to any of its major shareholders or controlling parties, either currently or within at least two years prior to appointment as independent director;
6. Neither being a provider of any professional services, including legal or financial advice, that receives payments exceeding two million baht per year from the Company or from any of its major shareholders or controlling parties, nor being a significant shareholder, a controlling person or a partner of such professional service provider, either currently or within at least two years prior to appointment as independent director;
7. Not being a director who has been appointed to represent any director or major shareholder of the Company, or any shareholder related to a major shareholder of the Company;
8. Neither engaging in any business of the same nature as or in significant competition with the business of the Company, nor being a significant partner of a partnership or an executive director, employee, staff member or adviser who receives regular compensation from or hold more than 1% of the voting shares of another company engaging in any business of the same nature as or in significant competition with that of the Company;
9. Not having any characteristics which could interfere with the exercise of their independent judgement on the Company's operations.

## **(2) Nomination of Directors**

Although a nomination committee has not been appointed, the Company has clearly defined criteria for selecting suitable individuals with non-life insurance expertise and experience to be appointed to the Board. Our transparent process provides assurances that the nominated directors will be able to fulfill their duties towards the achievement of the defined objectives. The selection and nomination are conducted in accordance with the Company's human resource management rules and results are reported to the Board of Directors. The criteria and procedure for nomination for appointment of directors are as follows.

### **Director Nomination Criteria and Procedure**

1. According to the Company's Articles of Association, the number of company directors shall be not less than five but not more than fifteen, and not less than half of the directors must be residents of the Kingdom.
2. The Company shall select and nominate persons for appointment as company directors by giving consideration to the elements still lacking on the Board such as experience, profession, skills and specialization including age and gender which can add to the strength and diversity of the Board.
3. The directors shall be elected by a majority vote at a general meeting as per the following rules:
  - (3.1) Each shareholder shall be entitled to one vote for every share held.

(3.2) Each shareholder may use all the votes entitled to him/her under paragraph (3.1) to vote for either the election of each nominated director individually or the election of all nominated directors.

(3.3) The persons receiving the greatest number of votes “for” their election, up to the number of directors to be elected at the meeting, shall be elected as directors. In the case of an equality of votes, the chairperson of the meeting shall have a casting vote.

4. At every annual general meeting, one-third of the directors shall retire by rotation. If the number of directors is not divisible by three, the number nearest to one-third shall retire from office.

5. A director retiring by rotation may then be re-elected.

### (3) Nomination of Executive

Our nomination process ensures that the individual selected for appointment is suitable, skilled and experienced in the non-life insurance industry to provide assurance that the executive can discharge his duties and manage the Company’s activities towards the achievement of the established goals and objectives. The selection and nomination are carried out in accordance with the Company’s human resource management rules and results are reported to the Board of Directors for approval.

## 6. CHARAN Shareholding of the Directors and Executives

CHARAN Shareholding of the Directors and Executives (Ordinary share)						
Name	19 June 2020		20 March 2019		Increase (Decrease) during accounting period	
	Director/ Executive	Spouse / children under legal age	Director/ Executive	Spouse / children under legal age	Director/ Executive	Spouse / children under legal age
1. Mr. Sapon Kluaymai Na Ayudhya	-	-	-	-	-	-
2. Mr. Sompol Chaichachow	-	-	-	-	-	-
3. Mr. Vorayuth Charoenloet	200	-	200	-	-	-
4 Mrs. Poodpong Arsingsamanunta	-	-	-	-	-	-
5. Mr. Sukich Charanvas	2,171,944	467,200	2,096,844	467,200	75,100	-
6. Mr. Pon Titipanichayangoon	100,000	8,000	100,000	8,000	-	-
7. Mr. Kittipong Charanvas	718,100	-	709,000	-	9,100	-
8. Mr. Kitti Charanvas	692,200	-	692,000	-	-	-
9. Mr. Kosit Angkasuwan	-	-	-	-	-	-
10. Miss Sudarat Wiwattanadej	1,000	-	1,000	-	-	-
11. Miss Kanyawan Trisaksuriyan	1,000	-	1,000	-	-	-
12. Mr. Wisith Limcharoensuk	4,000	-	4,000	-	-	-
13. Mrs. Pattama Trakarnaiem	-	-	-	-	-	-
14. Miss Punrada Ayucharoenkul	-	-	-	-	-	-
15. Mr. Nopadol Suwankareekul	-	-	-	-	-	-
16. Mrs. Promporn Lamdabpang	-	-	-	-	-	-

## 7. Attendance at meeting of the Company's Board of Director and Committees for the year 2020

Name	The Company's Board of Director	Audit Committee	Executive Committee	Investment Committee	Risk Management Committee
1. Mr. Sapon Kluaymai Na Ayudhya	6/6	5/5	-	-	-
2. Mr. Sompol Chaiyachow	6/6	5/5	-	-	-
3. Mr. Vorayuth Charoenloet	6/6	5/5	-	-	-
4. Mrs. Poodpong Arsingsamanunta	6/6	-	-	-	-
5. Mr. Sukich Charanvas	6/6	-	1/1	-	4/4
6. Mr. Pon Titipanichayangoon	6/6	-	1/1	-	4/4
7. Mr. Kittipong Charanvas	6/6	-	1/1	-	4/4
8. Mr. Kosit Angkasuwan	-	-	-	-	4/4
9. Miss Kanyawan Trisaksuriyan	-	-	-	-	4/4
10. Miss Sudarat Wiwattanadej	-	-	-	-	-

### Remark:

- In 2020, there were 6 meetings of the Board of Directors in which 4 meeting were held at the Head Office and 2 meetings were held via VDO conference. No attendance fee was paid for VDO conference.
- In 2020, no meeting of the **Executive Board** and the **Investment Committee** was held.

## 8. Remuneration of Directors and Executives for the year 2020

### (1) Cash remuneration

#### - Director's remuneration

The Company has not set up a committee in charge of Director's and Executives' Remuneration. However, the Company has a clear and transparent procedure as well as clearly determining director's remuneration policy which ensures the setting of remuneration appropriate to the roles and responsibilities, as collectively considered by the Board based on such relevant factors as the size and business expansion, the Company's profit growth and comparability with industry peers. Remuneration of Directors is approved annually by the meeting of shareholders. The remuneration in the form of attendance fee and Director's annual fee is paid according to the following details.

### Director's remuneration payment policy for the year 2020

Director	Cash remuneration (Baht)	
	Attendance Fee	Director's Annual Fees
<b>The Board of Directors</b>		300,000 baht, which was calculated from the rate of 5% of dividend payout and the Chairman of the Board was paid 50% higher than the rate payable to each member of the Board.
• Chairman of the Board	20,000 baht / time	
• Board Member	15,000 baht/ person/ time	
<b>Audit Committee</b>		
• Chairman of the Audit Committee	20,000 baht / time	×
• Committee Member	15,000 baht/ person/ time	×
<b>Other Committees</b>	×	×

The attendance fee of the Board of Directors' meeting will be paid according to the number of attendance for the year 2020 and 2019 with the following details.

(Unit : Baht)

Name of Director	Position	2020			2019		
		% of attendance	Attendance fee	Director's Annual Fee	% of attendance	Attendance fee	Director's Annual Fee
1. Mr. Sopon Kluaymai Na Ayudhya	Chairman of the Board	100%	80,000	60,000	100%	100,000	60,000
2. Mr. Sompol Chaiyachow	Chairman of the Audit Committee and Independent Director	100%	60,000	40,000	100%	75,000	40,000
3. Mrs. Poodpong Arsingsamanunta	Member of the Audit Committee and Independent Director	100%	60,000	40,000	100%	75,000	40,000
4. Mr. Vorayuth Charoenloet	Member of the Audit Committee and Independent Director	100%	60,000	40,000	100%	75,000	40,000
5. Mr. Sukich Charanvas	Director Managing Director and Secretary of the Board	100%	60,000	40,000	100%	75,000	40,000
6. Mr. Pon Titipanichayangoon	Director	100%	60,000	40,000	100%	75,000	40,000
7. Mr. Kittipong Charanvas	Director and Assistant Managing Director	100%	60,000	40,000	100%	75,000	40,000

#### - Executive's remuneration

The Company has not set up a committee in charge of Director's and Executives' Remuneration. However, the Company has a clear and transparent procedure as well as clearly determining remuneration that is appropriate to the roles and responsibilities, as collectively considered by the Board based on performance and the consistency of the roles and responsibilities along with the Company's operating result.

In 2020, the Company paid the remuneration to 10 executives in the form of salary, bonus and provident fund contributed by the Company in sum of 5 million baht approximately.

#### - CEO's remuneration

The Company has a set a policy on short-term and long-term remuneration and performance of the CEO. The performance of the Managing Director is appraised on an annual basis by the Board of Directors. Approved by the Board, the appraisal results are considered confidential and not to be disclosed. The basis or criteria by which the Managing Director's performance is assessed for short-term and long-term remuneration can be summarized as follows.

##### Short-term:

**1<sup>st</sup> part:** Evaluated on the basis of organizational performance;

**2<sup>nd</sup> part:** Evaluated on the basis of leadership performance (leadership qualities, strategy formulation, strategy execution, financial planning and performance, relations with the Board, external relations, personnel management and relations, succession planning, and personal traits). Results of the evaluations shall be used for determining the rate of salary increase for the Managing Director which is subject to approval by the Board of Directors.

**Long-term:**

Remuneration is in the form of salary and bonus based on own performance.

**(2) Other remuneration**

- None -

**9. Related-Party Transactions**

During the year ended December 31, 2020, the Company had no related-party transactions. However, the Board has stipulated that if in the future there is a need for transactions to be made between the Company and any of its directors, executives or related persons, such transactions must be strictly compliant with the related-party disclosure regulations and procedures prescribed by law or by the regulators. In such cases, prices and conditions must be specified as if the transactions were conducted with an external party, and the transactions must be agreed on fair and arm's-length' terms. Any director, executive or staff member who is an interested party to the transactions must not be involved in the approval process. The Audit Committee is responsible for scrutinizing such transactions and for providing opinion as to their justification for recommendation to the Board for approval. In this connection, the Board of Directors shall adhere to the Stock Exchange's rules and notifications governing the matter.

## ▲ MARKET AND COMPETITIVE ENVIRONMENT

### 1. Policy and Market Nature

According to COVID-19 pandemic, insurance business had less expansion rate in 2020; therefore, insurance companies strived to invent new products to support various demands and current situation. Moreover, there were also important 2 consecutive factors, i.e. during the last 2-3 years, consumption behavior and lifestyle of new generation had been changed leading to different demands on product selection. Consequently, insurance companies had to adjust product and service styles to respond to those demands of consumers as many as possible under the situation when the society is stepping to the full era of technology utilization.

To respond to consumers' demands and enhance competitiveness of insurance market, the Company improved products to meet with target groups in 2020 for both motor insurance and non-motor insurance by offering through agents that could approach customers properly in order to respond to demands of customers, partners, and anyone interested thoroughly. This was considered as the consecutive operation of 2019 by emphasizing on offering products that could be reached by general people with affordable prices and after-sale services that could respond to demands of customers timely. In the future, the Company will develop digital products in order to be consistent with the market of new generation. However, the Company still maintains former services for a period of time for customers or partners who are satisfied with those services.

#### Types of Customer

**Individual Customers** include general individual customers who mostly use fire insurance services for residences, motor insurance, accident insurance, and health insurance, etc.

**Corporate customers** consist of small businesses, medium businesses, and large businesses whereas the Company is able to provide all types of insurance services, for example, fire insurance or all-risk insurance for offices, residences, condominiums, department stores, and industrial factories, as well as motor insurance, inland transit or marine insurance, and all-risks insurance underwriting for customers with large construction projects.

#### Customer Groups and Target Groups

In 2021, the Company continuously expands customer base from 2020 by adding distribution channels in order to increase marketing opportunities of new target groups. In addition, the Company also realizes on service quality mainly by emphasizing on after sale services and convenience of problem reporting for ultimate benefits and satisfaction of customers and target groups.

#### Distribution and Distribution Channels

In 2021, the Company still expands works in existing distribution channels by focusing on expanding existing works and improving works/working methods in order to enhance efficiency of distribution channel management under the Company's objectives. The Company's distribution channels are divided into 4 channels as follows:

1. Selling via individual agents and representatives who provide suggestions on insurance to insured causing the Company to highly emphasize on selecting individual agents and representatives by establishing efficient criteria on selection and evaluation and the applicants who are representatives of the Company must hold

Insurance Agent License with complete qualifications as defined by laws.

2. Selling via agents that are juristic persons whereas the Company has agents that are juristic persons to provide services to insured directly starting from suggesting types of insurance to claiming for compensation, and insurance premium collection.

3. Selling via financial institutions whereas the Company has distribution channels via financial institutions and most customers of this group are credit customers of financial institutions.

4. Selling with direct customers consisted of customers who directly contact with the Company and customers under supervision and services of the Company's Marketing Department.

### Market Segmentation and Market Share

(Unit : Million Baht)

Detail	Fire Insurance	Marine Cargo & Logistics Insurance		Moto Insurance		Miscellaneous Insurance					Total Premiums
		Hull	Cargo	Compulsory	Voluntary	All-risks	Third-Party Liability	Personal Accident	Health	Other	
Direct premiums volume	35.51	-	7.24	104.13	19.00	26.58	0.44	1.09	-	0.85	194.84
Direct premiums as percentage of total premiums	18.22%	0%	3.72%	53.44%	9.75%	13.64%	0.23%	0.56%	0%	0.44%	100.00%

For non-life insurance market segmentation in 2020, Charan Insurance Public Company Limited sold 162,350 insurance policies that was decrease by 62.58% with total sum insured of 53,683,452,000 baht that was increase by 1.28%

(Unit : Million Baht)

Type of Insurance	Number of Policies Sold			Direct Premiums (Baht)			Estimated Market Share
	2020	2019	Rates (%)	2020	2019	Rates (%)	
Fire	7,560	7,834	-3.50%	35,506,674.99	35,826,413.02	-0.89%	0.342%
Marine cargo & logistics	2,748	3,345	-17.85%	7,239,290.00	8,185,362.00	-11.56%	0.124%
Compulsory motor	147,951	418,141	-64.62%	104,131,480.21	299,661,349.58	-65.25%	0.719%
Voluntary motor	2,805	3,272	-14.27%	18,999,608.00	20,042,708.00	-5.20%	0.016%
Property	510	458	11.35%	26,581,567.00	25,155,771.00	5.67%	0.110%
Liability	95	47	102.13%	440,888.45	310,788.45	41.86%	0.014%
Accident	486	517	-6.00%	1,091,041.00	1,215,967.00	-10.27%	0.004%
Other miscellaneous	195	232	-15.95%	850,033.63	20,840,497.06	-95.92%	0.023%
<b>Total</b>	<b>162,350</b>	<b>433,846</b>	<b>-62.58%</b>	<b>194,840,583.28</b>	<b>411,238,856.11</b>	<b>-52.62%</b>	<b>0.093%</b>

## 2. Industrial Condition and Competition

In overview of 2020, insurance business was highly affected by COVID-19 pandemic. The IMF estimated that Thailand's GDP in 2020 was contracted by 6.7% that was considered as the highest contraction of ASEAN countries. Therefore, it was estimate that Premium Written of such year would be 250,000 million baht.

For return of investment of insurance business in 2020, it was expected to be reduced by 1.4% to 1.7% and it would affect to operations of insurance business. However, there were some policies of Thai government to stimulate economy that had been operated continuously from 2018 and 2019. According to disbursement of budget of expenses and investment in infrastructure on transportation and measures of Thai government for increasing opportunities and basic income of Thai people as well as adjustment of household debt structure, establishment of aging society foundation requiring labors of new generation for gaining income and self-reliance, generating works for increasing income and gaining money to production system in the form of product consumption and services, overview of Thai economy may be recovered in 2021. Therefore, if industries, such as exportation, tourism, real estate, and services, gain benefits directly or indirectly, insurance business, as the service provider, who deals with risks in lieu of government section and general people, will not bear with those risks completely.

In 2020, there were 57 companies in insurance business (Source: OIC excluded with Thai Reinsurance Public Company Limited and most companies were medium and small companies).

### Direct Premiums Written by Non-Life Insurance Industry

(Unit: Thousand Baht)

Type of Insurance	Direct Premiums		
	2020	2019	2020
<b>Fire</b>	7,789,794	7,751,921	0.48
<b>Marine cargo &amp; logistics</b>	3,899,244	4,135,059	(5.70)
Hull	357,191	321,663	11.04
Cargo	3,542,053	3,813,396	(7.11)
<b>Motor</b>	105,421,054	105,196,283	0.20
Voluntary	91,216,332	91,201,740	0.01
Compulsory	14,204,722	13,994,543	1.50
<b>Miscellaneous</b>	67,257,559	60,414,898	11.32
Property	17,583,557	16,772,442	4.83
Third-Party Liability	2,081,195	2,065,496	0.76
Personal Accident	22,833,897	22,327,791	2.26
Health	12,794,280	7,995,288	60.02
Other	11,964,630	11,253,881	6.31
<b>Total</b>	184,367,651	177,498,161	3.87

Source: Data on Insurance Premium of Insurance Business for the year 2020 and 2019 in the 3rd Quarter at 20 November 2020:

<https://www.oic.or.th/th/industry/statistic./data/39/2>



## ▲ NATURE OF BUSINESS

### Policy and Business Overview

Soon Heng Lee Insurance Company Limited was established on November 10, 1949 with initial capital of 2.0 million baht to operate all lines of non-life insurance underwriting i.e. fire insurance, marine cargo and logistics insurance, miscellaneous insurance and motor insurance. In 1975, the Company was re-registered under the new name of “Charan Insurance Company Limited”. Subsequently, the Company became a listed company on the Stock Exchange of Thailand on February 1, 1993 with registered capital of 60 million baht. In 1994, the Company was re-registered to transform into a public company under the name “Charan Insurance Public Company Limited”. The Company increased its registered capital to 120.0 million baht consisting of 12 million ordinary shares of 10.0 baht each in 2015.

The Company develop our business to grow continuously throughout 71 years of operation. Presently, the Company has authorized paid-up capital of 120 million baht (one hundred and twenty million baht) consisting of 12,000,000 ordinary shares (twelve million share) of 10.00 baht (ten baht) each.

### Revenue Structure

The Company’s revenue is made up of two major components, i.e. premium income and investment income. A comparative breakdown of income for the years ended December 31, 2020, 2019 and 2018 is shown below.

(Unit : Million Baht)

Line of Business	2020		2019		2018	
	Value	Percentage	Value		Value	Percentage
1. Net premiums written*						
1.1 Net fire premiums	27.10	14.43	29.07	7.10	30.29	16.51
1.2 Net marine premiums	4.13	2.20	5.41	1.32	5.62	3.05
1.3 Net motor premiums	116.77	62.18	303.53	74.14	102.43	55.81
1.4 Net miscellaneous premiums	16.09	8.56	17.42	4.26	17.51	9.54
<b>Total premiums written</b>	<b>164.09</b>	<b>87.37</b>	<b>355.43</b>	<b>86.82</b>	<b>155.85</b>	<b>84.91</b>
2. Investment income	17.52	9.33	20.10	4.91	20.19	11.00
3. Other income	6.19	3.30	33.86	8.27	7.51	4.09
<b>Total</b>	<b>187.80</b>	<b>100.00</b>	<b>409.39</b>	<b>100.00</b>	<b>183.55</b>	<b>100.00</b>

The business operations of the Company are divided into two areas.

#### 1. Underwriting

Our core business includes all classes of non-life insurance underwriting and is divided into:

- Direct insurance refers to selling insurance through agents, brokers - individuals and firms, financial institutions, and directly to customers.

- Reinsurance refers to acceptance of risks from other non-life insurers.

The Company operates four main classes of non-life insurance underwriting as follows:

### 1.1 Fire insurance

Is the insurance underwriting of constructions (excluding foundations) buildings, houses, townhouses, shophouses, commercial buildings, manufacturing plants and/or building contents, stock of merchandise, furniture as well as machinery and equipment. Fire insurance is divided into:

- **Home fire insurance** covers property loss or damage caused by fire, lightning (including damage to electrical appliances and equipment arising from lightning-caused short circuit), explosion, vehicle impact, aircraft impact, water damage due to accidental discharge, leakage or overflow of water or steam (with protection against 4 natural disasters, i.e. storm, flood, earthquake or volcano eruption or tidal wave or tsunami and hailstorm, of up to 20,000 baht / year for actual damage caused by all disasters). Coverage can also be extended to include rent for temporary dwelling (as per the terms of home fire insurance).

- **Fire insurance** is the protection against property loss or damage caused by fire, lightning and explosion of lighting- or domestic-use gas. Coverage against additional perils such as explosion, water damage (excluding flood) windstorm, and electrical damage is provided only when specifically stated in the insurance policy.

### 1.2 Marine cargo and logistics insurance

Protects domestic and international freight shipped by sea, air, road or rail. It provides coverage against any loss of or damage to imported and exported goods in transit caused by sea perils or natural forces, i.e. earthquake, volcano eruption, or lightning. Extra protection can also be offered against other risks such as theft, war, riot or strike. The insurance policies can be classified as follows:

1. Marine cargo and logistics insurance policy (by sea, air, road, or rail)
2. Inland cargo insurance policy
  - All-risks insurance policy
  - Named perils insurance policy
3. Carrier's Liability Insurance Policy

### 1.3 Miscellaneous insurance

Provides protection against loss or damage arising from perils other than those covered by fire insurance, motor insurance or marine insurance. We offer various types of miscellaneous insurance products as follows:

- |   |   |
|---|---|
| - Accidental Damage (Property) Insurance              | - Business Interruption                             |
| - Contingencies Policy (Leasehold Interest Insurance) | - SMEs Comprehensive Shopowner                      |
| - Contract Works Insurance                            | - Erection All Risks Insurance                      |
| - Machinery Breakdown Insurance                       | - Boiler and Pressure Vessel Insurance              |
| - Electronic Equipment Insurance                      | - Personal Accident Insurance                       |
| - Personal Accident 200 Micro Insurance               | - Travel Accident Insurance for Individual or Group |
| - Individual / Group International Travel Insurance   | - Travel Accident Insurance for Guide               |
| - Cancer Guard Policy                                 | - Public Liability Insurance                        |

- Money Insurance
- Product Liability Insurance
- Plate Glass Insurance
- Fidelity Guarantee Insurance
- All Risks Insurance
- Terrorism Insurance
- Bail before Insurance
- Non Sign Insurance
- Workmen's Compensation Policy
- Jet Ski Accident Insurance
- Fault Buiding certification Insurance
- Disease-specific health insurance
- Long Term Care Insurance
- Burglary Insurance
- Operation of the Department of Energy
- Transporting hazardous materials by land
- Dormitory Insurance
- Crop Insurance
- Gold Insurance
- Golfer' Indemnity Policy
- Bail After Insurance
- Boat Accident Insurance
- Jobless Insurance
- Director and Officer Insurance
- Unnamed Passenger Insurance

#### 1.4 Motor insurance

Covers risks arising from use of motor vehicle. Protection ranges from loss of and damage to the vehicle itself and theft of auto accessories, to injury, loss of life and property of both the driver and passengers of the vehicle, as well as loss of life and property of third party. It also provides extra coverage such as driver bail bond. Motor insurance is of the following two types:

- Compulsory insurance refers to the minimum insurance that the owner of each vehicle is required to have in accordance with the Road Accident Victims Protection Act, B.E. 2535 (1992) and is thus called “Road Accident Victims Protection Insurance” or “PorRorBor Insurance”. According to the Act, any person who uses or owns a vehicle for use must take out PorRorBor insurance (except those vehicles exempted by the Act, e.g. vehicles of the Bureau of the Royal Household, vehicles for the monarch's use, ministerial or government departmental vehicles, etc.) or face a penalty up to 10,000 baht.

- Voluntary insurance refers to the type of insurance that is taken out voluntarily by vehicle owner to cover against damage to the vehicle itself and/or the legal liability of the insured towards any third party. Voluntary coverage can be classified into the following five categories:

**Category 1:** covers legal liability towards any third party for death, bodily injury and damage to health or property as well as loss of or total or partial damage to the insured vehicle that is caused by accident, theft and fire.

**Category 2:** covers legal liability towards any third party for death, bodily injury and damage to health or property as well as loss of or damage to the insured vehicle that is caused by theft and fire.

**Category 3:** covers legal liability towards any third party for death, bodily injury and damage to health and property.

**Category 4:** protects against legal liability for third-party property only.

**Category 5:** covers legal liability towards any third party for death, bodily injury and damage to health or property as well as loss of or damage to the insured vehicle and its accessories or fixtures, that is caused by road traffic collision where the other party is involved.

## 1.5 Reinsurance

For the Company's insurance business operation, besides insurance underwriting with insured directly, the Company also accepts reinsurance from domestic and overseas companies. To support expansion of each type of insurance business, the Company establishes reinsurance management strategy as the guidelines for defining the framework of reinsurance management and related risks management. Reinsurance management policy must be reviewed and certified by the Board of Directors every year in order to follow up and control compliance with laws and regulations of Office of Insurance Commission (OIC). Reinsurance management must consist of selection, implementation, monitoring, review, control, and documentation by considering on acceptable risks of the Company, financial costs by comparing status of liquidity, attitudes towards tendency of domestic and international markets and economy, and estimation of future insurance. It is necessary that reinsurance management strategy must be consistent with business strategies, risk management framework, risk management policy, and capital management. They must be appropriate with nature, size, and complexity of insurance business of the Company whereas top managers of the Company are responsible for supporting and building confidence that reinsurance management strategy approved by the Board of Directors are operated efficiently. This strategy must be documented, and operational process must be defined for operating reinsurance management strategy explicitly. In addition, the guidelines of insurance acceptance, criteria and restriction of number of types of insurance for reinsurance must be defined in order to ensure that terms and conditions of reinsurance connect with insurance business as well as to avoid the risk on failure to be protected by reinsurance. Moreover, the Company also provides internal control system and report system in order to monitor and evaluate reinsurance management strategy and allocate resources to be sufficient for operations and respond to requirements of the Board of Directors completely.

## 2. Investment

As a non-life insurer, the Company is permitted to use its surplus funds to invest or seek returns as another major source of income. When choosing investments, we always consider the level of risk acceptable to the organization. We also ensure that the investments are liquid enough to be easily changed into cash when needed. All our investments conform strictly to the types, proportions and conditions statutorily required under the Office of Insurance Commission's Notification Re: Investment in Other Businesses by Non-Life Insurers (No. 2), B.E. 2558 (2015). The Company's investments consist of loans, securities, bills, bonds, ordinary shares, debentures and bank deposits.

## ▲ RISK FACTOR AND RISK MANAGEMENT

The Charan Insurance Public Company Limited has always made risk management a high priority in order to protect the interests of the insured, the beneficiaries and other claimants and to deliver solid long-term value to our shareholders. As its business is concerned directly with accepting and managing risks, the Company has set up a Risk Management Committee to be responsible for managing, monitoring and controlling risks to be within acceptable levels, and for supporting the performance of the Board based on the established risk management framework and policy as well as good corporate governance. The Committee also has responsibility for developing the organization's risk management processes and continuously improving their efficiency and appropriateness. Furthermore, we have a risk monitoring and review process to ensure that risks are controlled to an appropriate and acceptable level. However, the Company is still faced with major risks which could impact upon its operations and financial position, and each area of such risks is monitored and reported to the Board by the Risk Management Committee on a quarterly basis. The risk factors identified and controlled by the Company in 2020 cover eleven areas of risks, as follows.

### 1. Strategic Risk

Strategic risk refers to the risk that policies, strategies and operating plans are formulated and implemented in such a way that is not appropriate to or not consistent with internal factors, external circumstances or changes in society, technology and public expectations, thus possibly affecting the attainment of corporate vision or the financial and capital position or financial results of a company.

The Company manages strategic risk by ensuring consistency of all strategic and operating plans with corporate vision and by monitoring implementation of such plans. We also set a system of warning of likely deviation from the formulated plans so as to realign them to such changing circumstances as changes in economic or political situation, competition or applicable statutory requirements. The Company has a focus on improving its information technology and process efficiency and on developing its people to be a powerful force in driving the achievement of the organization's strategies. As the current competition in the non-life insurance market becomes increasingly fierce, there is the risk that our premium income may drop or may not be as projected. The Company has developed measures to manage such risk which include focusing on offering untapped, profitable products and expanding online business to extend our reach to target customers.

### 2. Insurance Risk

Insurance risk refers to the risk arising from unpredictability of frequency, severity and timing of damage that deviate from the assumptions made in premiums pricing, reserves calculation and insurance underwriting.

The insurance risk that could affect the business operations is insurance claims as they represent major expenditure with potential effect on the Company's performance. Another example of insurance risk is the risk of unbalanced mix of insurance products.

We manage insurance risk through formulation of insurance underwriting policy and reinsurance management strategies and ensuring that they are reviewed on an annual basis. There is a systematic underwriting process which emphasizes acceptance of perils with low degree of risk as well as careful selection of prospective clients, property, types of business and exposure of risks to be accepted and assessment of the area's vulnerability

to natural disasters. These factors would be considered based on data and statistics collected before premiums are set appropriately according to the risk and these rates may be adjusted depending on domestic and overseas market conditions. All underwriting criteria are also reviewed and revised to suit competition in the market. The Company also mitigates insurance risk by transferring those large risks to financially sound domestic and overseas reinsurers under different forms of reinsurance contracts such as treaty reinsurance, facultative reinsurance and excess of loss reinsurance. Such arrangements enable the Company to minimize insurance risk and ensure rigorous, systematic processes for managing claims and calculating reserves accurately according to actual loss.

### **3. Market Risk**

Market risk refers to the risk arising from movements in interest or exchange rates, or values of investment assets, equity instruments and money market instruments, and commodity prices.

Market risk factors for the Company include movements in share index as a consequence of domestic and international economic situations, as well as fluctuations in interest and exchange rates or values of equities and commodities. This is due to the fact that, apart from premium income, the other main source of revenue for us is income from investment. The Company is therefore faced with the risk of changes in financial instrument values resulting from changes in market factors, which can impact upon its revenue and capital position.

The Company manages market risk by formulating an investment policy which clearly defines the make-up of its bond-equity portfolio. Our investments are in accordance with the Office of Insurance Commission's Regulation Re: Investment in Other Businesses by Non-Life Insurers which specifies the types and proportions/limits of securities and instruments permissible for investment. Our Investment Committee is responsible for setting specific investment goals and policies, and our careful planning takes account of any potential risks involved in investment. We focus on investing in low-risk, highly reliable securities with regular, appropriate returns, while avoiding high-risk investments such as speculative equities. The Company has its investments diversified across different asset types, i.e. bank deposits, bills, bonds, debentures and ordinary shares, as they not only generate capital gains but also produce returns in the forms of interests and dividends. Moreover, we closely follow and analyze financial and capital market news and information in order to review and revise the investment plan and adjust the investment portfolio to the constantly changing conditions.

### **4. Credit Risk**

Credit risk refers to the risk arising from the failure by a counterparty to meet its obligations to a company, and the possibility that counterparty's credit rating is downgraded.

Factors to consider for credit risk include failure by reinsurers to repay paid claims to the Company when these are demanded as per the obligations under reinsurance contracts. This is because when underwriting large businesses, it is our policy to spread and share the risks with other domestic and overseas insurers under reinsurance contracts and thus, we are exposed to the risk that the counterparty is unable to meet the contractual obligations. In addition, there is probability that the credit rating of a counterparty is lowered – a situation that can produce adverse effects on our business.

To manage credit risk, we have adopted the measures of considering the credit rating and financial stability of overseas reinsurers, entering into reinsurance contracts with only those on the "A-" and above credit rating lists and following such ratings regularly to ensure up-to-the-minute information. With regard to domestic reinsurers, we opt to

consider those insurers with a minimum capital adequacy ratio of 150%, as per the capital adequacy report of the latest quarter before the date of our assessment. The Company also manages credit risk by setting aside, before and after reinsurance cession, sufficient loss reserves to cover losses incurred and not yet incurred. We have obtained extra protection through excess of loss reinsurance contracts as well as engaging the services of reinsurance agents and brokers to help identify reliable domestic and overseas reinsurers that meet our criteria. We further keep under quarterly review the capital adequacy ratios of domestic reinsurers and the credit ratings of overseas reinsurers.

## **5. Liquidity Risk**

Liquidity risk refers to the risk arising from a company's failure to meet its liabilities or obligations as they fall due because of inability to realize assets or raise sufficient funds or because funds can be secured but at too high a cost to be acceptable.

Liquidity risk factors that could adversely affect the operations include the occurrence of unexpected large-scale damage caused by disastrous catastrophe which may prevent the Company from meeting its liabilities or obligations as they fall due.

The Company manages liquidity risk by allocating part of its investment funds to bank deposits, bills and short-term bonds which are highly liquid and suit the needs for cash and for meeting existing obligations. The funds are also invested in highly liquid marketable securities which can be easily changed into cash at prices similar to fair value. Furthermore, we comply with the regulations of the Office of Insurance Commission (OIC) by maintaining an acceptable level of risk-based capital, i.e. at a minimum ratio of 180% which is higher than the OIC's required level of 120%. The aim is to provide assurances that our capital funds are sufficient to cover all risks and appropriate to our business direction, while also helping to raise the standards of the insurance industry through conformity to international practices.

## **6. Operational Risk**

Operational risk refers to the risk of loss resulting from lack of effective oversight or good corporate governance or effective controls relating to internal processes, personnel, systems, information technology, data security or external events.

Examples of operational risk incident include rapid changes to a large number of rules, regulations or requirements of regulatory agencies which could result in the personnel or those concerned being unaware of or failing to comply properly with the new regulations.

We manage operational risk by: giving priority to and maintaining effective internal controls; assigning sufficient and suitable staff and specialists to every function to ensure all processes are efficient and staff are able to cover or substitute for one another thereby maintaining operational continuity; arranging for personnel to receive training to gain work-related skills and knowledge; and continuously improving processes to suit changing conditions. In addition, the Company has a Compliance Department responsible for keeping up to date on regulatory changes, for communicating to all personnel the rules and regulations issued by regulators and for monitoring strict compliance with such requirements. Each department is also required to be responsible for its own operational risk management and for increasing, among their own staff, awareness of and positive attitude towards management of all risks. In terms of information technology, data security or external events, the Company has set its data security policy and guidelines and formulated a business continuity plan which will enable the organization to mitigate any potential



impact and continue the business even in an emergency.

## **7. Reputation Risk**

Reputational risk refers to the risk of damage to corporate reputation due to negative perception of a company among customers, partners, shareholders and/or regulating bodies.

Factors to consider for reputational risk would be delay in settling insurance claims within the period required by law or regulations which may result in the Company's being negatively perceived by customers or business partners. The Company manages reputational risk by adhering to good governance principles. We also focus on maintaining a good image with customers, business partners, shareholders and regulators through our strict compliance with applicable laws to prevent any penalty or fine which could affect the stability, financial position and reputation of the Company.

## **8. Information Technology Risk**

Information technology risk refers to the risk potentially arising from IT utilization in the operations which may affect the systems or activities of a company, and the risk of cyber threats.

Examples of information technology risk incident are cyber threats from the use of the Internet for communication of the Company.

In order to manage IT risk, we have formulated our data security policy and guidelines for rigorous compliance by all personnel. Firewalls have been installed to control and restrict access to data or detect internal and external intrusion, making the Internet safe from cyber threats. Antivirus software has also been installed on all computers in the organization to protect data - the core of our business - from being attacked or destroyed.

## **9. Catastrophe Risk**

Catastrophe risk refers to the risk of loss caused by one event or series of events on a large scale that could result in a substantial deviation in actual claims from forecast claims.

The risk factors that could have an adverse effect on the operation would be making reinsurance contract for catastrophe risk but the coverage is not sufficient for potential risk as well as underwriting of risk exceeding the capacity limit for each geographical risk area.

The Company manages the risk by making reinsurance contracts with reinsurers with credit rating of A- and above in order to allow for potential catastrophe risk. We also have the policy of underwriting only those areas with low risk of catastrophe and of employing information technology to monitor and prevent exceeding of capacity limit for each geographical risk area.

## **10. Group Risk**

Group risk refers to the risk that a company may be negatively affected by risk events (either of financial or non-financial nature) arising from member(s) of its corporate group. It also includes the risk relating to the solvency of the whole corporate group or member(s) of the group affected by a member's event which could either be an internal event within the group or an external one.

The Company is not impacted by group risk, as it has neither subsidiaries nor associated companies and does not belong to any group of companies.

## **11. Emerging Risk**



Emerging risk refers to the risk of loss that may have never occurred or never been experienced and is difficult to quantify in terms of frequency and severity because of uncertainties and changes in such conditions as politics, law, society, technology, physical environment and natural changes.

The operations of the Company can be affected by emerging risk that has never arisen or never been experienced and is difficult to quantify in terms of impact.

We have adopted measures to manage emerging risk by establishing a Risk Management Committee and a Risk Management Working Group that are well prepared for dealing with the risk. Incident Report has been introduced to record unusual events and to identify real causes of each incident and timely action to remedy and restore the situation. The report is also designed to record all aspects of incidents as well as preventive and remedial steps so as to enable each department/office to monitor and improve processes in ensuring normal operations.

# ▲ MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Operating Results for 2020

For the year ended 31 December 2020, Charan Insurance Public Company Limited posted a net profit of 55.22 million baht, increase by 87.27 million baht or 264.96% from 2019 which a net loss (31.05) million Baht. The Company's revenue was from two main sources, as follows:

1. Underwriting income: Gross premiums written from all lines of business in 2020 total of 198.56 million baht, decrease by 216.30 million baht or 52.14 % from 2018. The rise was largely from motor insurance business and attributed to our efforts to expand markets. Premiums ceded during the year were 34.47 million baht, or 17.36% of gross premiums. Net premiums written or retained premiums, which amounted to 164.09 million baht, consisted of motor premiums 166.77 million baht, fire premiums 27.10 million baht, marine cargo and logistics premiums 4.13 million baht, personal accident premiums 0.70 million baht and miscellaneous premiums 15.39 million baht respectively.

2. Investment Income for 2020, comprising interests and dividends, amounted to 17.52 million baht, a year-on-year decrease of 2.58 million baht or 12.84%. Return on investment for 2020 went down to 2.53% from 11.85% in 2019 while, the return on investment of 2019 at 2.87 as a result of the effect of epidemic of COVID-19 situation.

### **The Company's expenditure was of two major categories as follows:**

- Underwriting expenses amounted to 252.09 million baht, a year-on-year decrease by 129.26 million baht or 33.90%. In 2020, insurance claims during the year from normal operations totaled 107.68 million baht. The ratio of loss to earned premiums was 39.11%, up from 2019's ratio of 44.83%.

- Operating expenses for 2020 of 39.10 million baht, decrease by 7.19 million baht or 15.42% over the prior year. The biggest expenditure items were staff-related costs and other operating expenses which mostly included IT investment spending.

## 2. Financial Position

### **Asset**

As at 31 December 2020, the Company had total assets of 787.24 million baht, decrease by 113.11 million baht or 12.56% from 2019. Investments in securities, comprising ordinary shares, debentures, premium savings bonds, bank deposits and bonds, total 620.28 million baht, decrease from 2019's level by 48.37 million baht or 7.23%. All securities were carried at fair value, with revaluation surplus on investments of 20.00 million baht duly recorded under shareholders' equity. The Company's cash and cash equivalents, loans and investments in securities (excluding equity securities and general investments) at year end added up to 465.24 million baht, a year-on-year decrease by 52.59 million baht or 10.16%. This was the result of the Company's policy to invest more in debentures.

Reinsurance assets and reinsurance receivables at the end of 2020 total 36.05 million baht, decrease by 42.92% on 2019's total of 27.11 million baht.

Reinsurance assets and reinsurance receivables at the end of 2018 totaled 63.16 million baht, increase by 86.20% on 2017's total of 29.24 million baht.

## Accounts Receivable

In 2019, premiums due and uncollected total 14.05 million baht decrease from previous year by 17.24 million baht or 55.10%. The accounts receivable is set out in the aging schedule below.

(Unit : million baht)

Age of Account Receivable	Age of Account Receivable			Age of Account Receivable		
	From the Insured	From Insured Agents and Brokers	Total	From the Insured	From Insured Agents and Brokers	Total
1. Not yet due	0.76	10.77	0.76	1.74	23.71	25.45
2. Up to 30 days past due	0.03	0.35	0.03	0.01	3.30	3.31
3. 31–60 days past due	-	0.66	-	-	1.11	1.11
4. 61–90 days past due	-	0.62	-	-	0.45	0.45
5. 91 days–1 year past due	-	0.86	-	-	0.97	0.97
Total premiums due and uncollected	0.79	13.26		1.75	29.54	31.29
Allowance for doubtful accounts	-	(0.81)		-	(0.97)	(0.97)
Net premiums due and uncollected	0.79	12.45		1.75	28.57	30.32

The average collection period for premiums due and uncollected for 2020 was 41 days. The Company pursued its policy of rigorous credit control aimed at ensuring the established risk management policies and plans are effectively implemented. At year end, an allowance for doubtful accounts was made for 0.81 million baht, which was based on past collection experience and regarded as adequate.

## Investment in Securities

(Unit : million baht)

Available-for-sale Investment	2020					2019				
	Cost	Unrealized gain	Unrealized Loss	Fair Value	Percentage of equity investment to total assets	Cost	Unrealized gain	Unrealized Loss	Fair Value	Percentage of equity investment to total assets
<u>Government and state enterprise securities</u>										
Equity shares	8.70	14.69	(0.08)	23.31	2.96	38.61	74.96	(10.27)	103.30	11.47
<u>Private securities</u>										
Equity shares	157.12	70.39	(67.94)	159.57	20.27	125.70	44.90	(63.12)	107.48	11.49
Investments not listed in the Stock Exchange of Thailand	0.34	7.94	-	8.28	1.05					
<b>Total</b>	<b>166.16</b>	<b>93.02</b>	<b>(68.02)</b>	<b>191.16</b>	<b>24.28</b>	<b>164.31</b>	<b>119.86</b>	<b>(73.39)</b>	<b>210.78</b>	<b>23.41</b>

(Unit : million baht)

Held-to-Maturity Investment	2020		2019	
	Amortized Cost	Percentage of equity investment to total assets	Amortized Cost	Percentage of equity investment to total assets
<u>Government and state enterprise securities</u>				
Premium savings bonds	1.60	0.20	1.60	0.18
Foreign bonds	5.00	0.64	15.00	1.67
Debentures, convertible debentures	-	-	55.00	6.11
<u>Private securities</u>				
Debentures, convertible debentures	288.04	36.59	251.00	27.87
<u>Bank deposits</u>	134.48	17.08	134.93	14.98
Investment outside the Stock Exchange of Thailand	-	-	0.34	0.04
<b>Total</b>	<b>429.12</b>	<b>54.51</b>	<b>457.87</b>	<b>50.85</b>

In 2020, the Company's investment in securities consisted of: available-for-sale investments of 191.16 million baht, decrease by 19.62 million baht or 9.31% from 2019; and held-to-maturity investments of 492.12 million baht, decrease by 28.41 million baht or 9.05% from the prior year.

### **Liquidity**

Net cash generated from operating activities in 2020 was decrease year over year by 62.62 million baht, while net cash used in investing activities in 2020 was 0.25 million baht, a increase of 0.12 million baht from 2019. Cash and cash equivalents as at 31 December 2020 total 31.42 million baht, decrease by 21.60 million baht from the previous year.

As at 31 December 2020, the Company's liquidity ratio was 3.06 times, decrease from the 2019's ratio of 2.20 times. Current assets available were sufficient to cover current liabilities and were in line with the liquidity risk management policy set by the Company.

### **Liabilities**

The Company's total liabilities amounted to 229.98 million baht, increase of 141.81 million baht from the prior year's total of 371.79 million baht. Debt-to-equity ratio went up to 0.41 times from 0.70 times in 2019. The majority of the Company's liabilities were composed of unearned premium reserve, outstanding claims, provision for incurred but not reported (IBNR) claims, amounts withheld on reinsurance treaties, amounts due to reinsurers, employee benefits obligations, and deferred tax liabilities.

### **Shareholders' Equity**

Shareholders' equity at year end was 557.26 million baht, increase by 28.70 million baht from 528.56 million baht in 2019. This was due to a decrease in revaluation surplus on investments of 17.18 million baht as a result of the continued fall in the stock exchange index in 2020. In addition, the Company's retain earning has increase of 45.88 million baht from 2019 due to net profit total 51.22 million baht while, in 2019 has a net loss of 31.05 million baht.

### **Events after the Reporting Period**

The Board of Directors resolved to approve payment of a dividend, from retained earnings, of 2.60 baht a share on 12 million shares, amounting to a total payout of 31.20 million baht.

## Tendency and Strategies for 2021

According to COVID-19 pandemic causing lockdown, it caused global economy to be contracted by 4% that had been considered as the lowest level since the Great Depression in past 80 years. Thai economy and exportation was in deficit by 8% that had been considered as the lowest level since Asian Financial Crisis whereas inflation was in deficit by 1% (but interest rate was +0.5%). For Thai economy in 2021, Fiscal Policy Office estimates that Thai economy will be able to be expanded by 4.5% per year under support of exportation value that will be expanded by 6% per year upon tendency on expansion of important partner countries plus with expansion of private sector's consumption that will be 2.6% per year. For tourism, there is no tendency of better adjustment due to the second pandemic of COVID – 19 in several countries throughout the world. Although there is stimulation of domestic tourism, income gained from domestic tourists is insufficient to replace income gained from foreign customers. Income gained from domestic tourists is only one-third of income gained from all tourists.

COVID-19 pandemic caused severe effects against the world's economy and economic stagnation leading to reduction of demands of insurance. It was estimated that income gained from insurance premium throughout the world would be contracted by 3.8% in 2020. The life insurance would be more affected than all-risks insurance with growth rate and contraction rate of -4.4% and -2.9%, respectively. Therefore, it could be said that effects of COVID – 19 were more severe than global financial crises. Income earned from insurance premium throughout the world was reduced by 1.0% compared with that before COVID – 19 pandemic. In addition, the total amount of insurance premium throughout the world would be reduced by 3.6 hundred thousand million euro (or around 1.26 trillion baht) divided as 2.50 hundred thousand million euro (or around 8.75 trillion baht) for life insurance and 1.10 hundred thousand million euro (or around 3.85 trillion baht) for all-risk insurance.

However, after such crisis, insurance market in Thailand will be able to be recovered in 2021 with approximate growth rate of 8%. During these 10 years or until 2030, it is estimated that Thailand will have growth rate of 4.5% per year representing that insurance market of Thailand is one of this region's insurance markets with the largest growth rate. Insurance premium per person would be 326 euro (or around 11,410 baht) in 2019 (average rate of this region was 255 euro or around 8,925 baht) with approach rate of insurance (proportion of insurance premium per GDP) of 4.5%.

Therefore, the Company sets the goal of our performance to gain increased, consecutive, and quality growth rate of insurance premium in order to be consistent with policies for stimulating economy of government sector. The Company will emphasize on marketing focusing on consumer groups with high potential, development of innovations on products and services to cover demands of consumers, development of distribution channels to be updated and various for improving marketing capability, and operating management to be efficient, especially risk management, in order to reduce effects caused by volatility occurred with the Company.

## ▲ CORPORATE GOVERNMENT AND SUSTAINABLE DEVELOPMENT

The Company attach importance to corporate governance, social responsibility, and risk management that is considered as the prominent process to survive business sustainably and add value of the Company. The Company establishes vision on business operation in order to build social security with ethics by providing valuable and quality coverage to insured and beneficiaries as well as becoming the leading company in insurance business.

The Company adheres to the corporate governance principles by complying with laws, rules, and regulations of related agencies and fostering anti-corruption concept through consideration on effects on stakeholders, for example, environmental protection, standard and quality services, invention and development of new products as appropriate options of customers, consideration on life quality and safety of employees, and promotion of energy saving along with business development for sustainable growth.

The Company prepares Report on Social Responsibility under the Guidelines for Social Responsibility of Businesses of the Stock Exchange of Thailand as described under the following 9 sections

### 1. Corporate Governance

#### Corporate Governance Policy

The Board of Directors emphasizes on operating our business under corporate governance principles of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In 2020, the Company was evaluated by Corporate Governance Report of Thai Listed Companies 2020 of Thai Institute of Directors (IOD) to be in “very good” level. In addition, the Company was also assessed to be in “excellent” level by AGM Checklist 2020. Those results will ensure stakeholders that the Company has efficient and fair management that will be the foundation to develop and grow sustainably.

The Meeting of the Board of Directors No. 1/2020, held on 24 February 2020, considered and reviewed Corporate Governance Policy of the Company defined in Corporate Governance Policy and assessed performance under good corporate governance principles for listed company 2017 (CG Code) of SEC. It could be seen that the Company already applied CG Code to most operations of the business although there were some principles that could not be applied by the Company because it was considered by the Meeting of the Board of Directors that those principles were not consistent with current context and operations of the Company. However, the Board of Directors regularly reviews Corporate Governance Policy every year in order to cover and catch up with situations that may be changed in the future. After being considered by the Meeting, the Company published such policy to directors, executives, and employees for acknowledgement, understanding, and compliance with responsibility for transparency and ethics of themselves, Company, shareholders, and stakeholders. Such policy will be shown on the Company’s website whereas the Company complies with corporate governance principles as follows:

#### Rights of shareholders

##### *Pre-meeting*

The Company gives special emphasis to protecting shareholders’ rights by promoting and protecting their exercise of basic rights and facilitating all aspects that ensure all shareholders can equally enjoy the rights they are entitled to. These include, among others, the right to receive adequate information, the right to suggest agenda

items and questions in advance of a meeting, and the right to vote on important matters. We shall avoid anything that might violate any right of our shareholders.

In 2020, according to rapid COVID-19 pandemic in Thailand with increasing number of infected persons and extensive pandemic plus with measures of Thai government to ask for cooperation from private sector to suspend activities with large number of persons in order to reduce infection rate that may affect to management and to express social responsibility, the Meeting of Board of Directors No. 2/2020 held on 30 March 2020, had the resolution to postpone the Annual General Meeting of Shareholders 2020. To consider on rights and benefits of shareholders, the Company already paid for interim dividend to shareholders listed in the List of Shareholders at the date to list the names of shareholders with the right to receive dividend payment that is the same date that was already informed to shareholders.

The Board of Directors' meeting No. 4/2020, held on May 28, 2020 passed the resolution to determine the date of general meeting to be held on July 28, 2020 at 15.00 hours and designated its Registrar, Thailand Securities Depository Company Limited, to send the notice of the meeting to the shareholders 21 days prior to the meeting, as statutorily required. The meeting notice was also posted on our website 30 days in advance to allow our shareholders sufficient time to peruse the supporting information provided. The Company also invited all shareholders to propose agenda and put forward questions as well as nominating candidate to be the Company's director in advance of the meeting. The notice provided clear details, in Thai and in English, of the date, time, venue and agenda of the meeting as well as attendance and voting procedures along with sufficient advance information relating to the decisions to be made under each agenda item in timely manner. Each item on the agenda was marked clearly as for information or for consideration and included opinion of the Board on the matter. We ensured that there was nothing to limit the shareholders' opportunity to peruse meeting-related information or to attend the general meeting. In addition, the notice advised the shareholders of the proof of identity required to be presented on the day of the meeting in ensuring their right to attendance. The Company further arranged for the notice of the general meeting to be published in newspapers three days in advance.

### *Day of meeting*

The Company continued to attach great importance to all shareholders and their convenience by choosing to hold its general meeting at Le Lotus Room, 2nd Floor, Swissotel Bangkok Ratchada, No. 204, Ratchadaphisek Road, Huaykwang Sub-district, Huaykwang District, Bangkok, an easily accessible location with proximity to Huaykwang MRT Station. We provided facilities to suit the convenience of attending shareholders, e.g. arranging screening point and well-staffed reception and sufficient registration staffs; using barcoding to facilitate registration and voting processes; providing printed supplementary documents, proxy forms in the formats prescribed by the Ministry of Commerce, and voting ballot papers; and allowing shareholders to register one hour before the start of the meeting for more convenience.

The Board has a policy that requires all Directors, particularly the Chairman of the Board, as well as senior executives, Company Secretary and external auditors to attend every general meeting in order to answer questions from the shareholders. Our 2019 general meeting was also attended by shareholders' rights protection volunteers from the Thai Investors Association who acted as observers to ensure transparent conduct of meeting in accordance with the law and the Company's Articles of Association. Before the meeting started, the Managing Director was assigned by the Chairman to inform the meeting of the numbers of the shareholders present in person and by proxy and to explain the rules and procedure of voting by ballot on each agenda item – especially with regard to votes against and abstentions so



as to ensure all votes of the shareholders were transparent and could be verified should a dispute arise.

During the meeting, the chairperson conducted the meeting according to the stated agenda and allocated sufficient time for consideration of each item before putting it to a vote. Information about the Company's external auditors were also presented to the meeting to demonstrate their independence. Moreover, all shareholders are given opportunities to exercise fully their right to protect their interest by debating, querying, suggesting or expressing their opinions at the meeting. The chairperson and executives provided clear and pertinent answers to every question. A written record or minutes were taken of the proceedings of the meeting, together with details of questions and answers as well as voting results for each resolution, i.e. votes for, votes against, abstentions and spoiled ballots.

### ***Post-meeting***

After the meeting, the Company ensured that the minutes were clearly recorded with list of Directors present, questions and significant clarifications, and details of each resolution, and that the resolutions passed at the meeting and the voting results were disclosed via the Stock Exchange of Thailand's system and submitted to the relevant agencies within 14 days of the meeting date. The minutes were also posted in Thai and in English on the Company's website.

### **Equitable treatment of shareholders**

It is the Company's policy to promote and emphasize fair and equitable treatment of all shareholders in order to protect their exercise of basic rights, particularly the rights of minority shareholders that might be infringed on. We have therefore adopted the following practices to ensure consistency with the policy.

1. Every general meeting is conducted according to the order of the agenda given in the meeting notice and no extra items shall be added to the agenda without notifying the shareholders in advance. This is to ensure that the shareholders have sufficient time to consider information relating to each item on the agenda before making a decision.

2. We invite our shareholders to suggest agenda items in advance of the meeting by issuing an invitation to all shareholders on our website and on the website of the Stock Exchange of Thailand. Details are also provided as to the procedure for advance suggestion of agenda items and the criteria for inclusion of such items on the agenda. Suggestions received shall be screened by the Board of Directors, and those approved by the Board will be included on the agenda. Any suggestions not agreed for inclusion by the Board shall be communicated, along with the reasons, to the shareholders via the Company's website.

3. We encourage shareholders to use form of proxy by sending Proxy Form B – prescribed by the Ministry of Commerce's notification and by which shareholders can indicate their voting preference, together with details of the Independent Director designated by the Company as shareholders' proxy. The forms enable shareholders to appoint any person to attend and vote on their behalf or to appoint the Independent Director as their proxy at the meeting. The Company also arranges for duty stamps to be available for those proxy forms produced without stamps on to facilitate attendance by shareholder's representative.

4. Before the start of the meeting, the Managing Director shall give clear explanations of the voting and vote counting rules and procedures which are in accordance with the Company's Articles of Association. Such rules are: that each shareholder shall have one vote for every share held, and voting shall be done in an open manner; that ballot papers shall be used for voting on each item on the agenda, especially on the appointment of Directors, where shareholders can exercise their right to appoint each director individually; that the meeting shall be conducted in accordance with the Company's Articles of Association and with no items other than those on the agenda originally

stated in the notice; and that, during the meeting, the chairperson shall allocate time for all shareholders to ask questions and make comments or suggestions in an equitable manner before putting the item to the vote.

5. Voting and vote counting is done in a speedy manner. All shareholders are given ballot papers, which are made for each significant agenda item so that they can be used properly. All ballot papers cast will be kept for verification purposes. The number of votes cast at the meeting shall be added to the number of votes indicated in advance in the proxy forms before voting results are announced to the meeting.

6. The Company ensures that each resolution passed with the number of votes for, votes against, abstentions and spoiled ballots are recorded in writing in the minutes of the meeting, along with all questions, answers, clarifications and opinions at the meeting. Within 14 days of the meeting, we shall publish the minutes on our website and keep the original minutes at the Company's head office for scrutiny by all concerned.

7. The Company has formulated a policy and guidelines governing inside information, which prohibit executives and staff at all levels from making use of inside information for personal gain. All Directors and executives have a duty to submit a declaration of their interest or the interest of their related persons, a declaration of their shareholding in the Company or such holdings of their spouse and children under legal age, and a declaration of any change to such holding either from buying, selling, transferring or accepting transfer of shares. Details of the policy and guidelines are set out under the “**inside information control**” section.

### **Roles of Stakeholders**

The Company ensures that its business activities and organizational management are transparent and compliant with applicable laws and regulations and that there are accountable disclosures of significant information. Such practices provide the assurance for all our shareholders and stakeholders that their basic statutory rights are fully protected at all times. We have established the framework for ethical business conduct, which is published on our website, as an understanding that the Company shall not engage in anything that would violate the rights of our stakeholders and that our responsibility towards each group of stakeholders shall be demonstrated through the following practices.

- **Shareholders** : We have a policy to emphasis on creating value and being a good representative of the shareholders in business operation, protecting the interests of shareholders to deliver maximum satisfaction to all shareholders through good returns with quality and transparent disclosure of correct, complete, reliable and traceable information.

- **Staff** : We regard our people as valuable and pivotal to the efficient conduct of the business and therefore ensure that they are treated fairly and their rights duly respected. The safety and welfare of the staff is always our chief concern. Committed to equal treatment and opportunity for all, the Company provides fair and appropriate compensation and benefits. Staff members are remunerated according to their responsibility and labour market mechanism as well as the Company's short- and long-term performance. We also have a policy to promote the development of staff's knowledge and competence to provide opportunities for staffs to develop their working skills and promote successful operation and deliver maximum customer satisfaction as well as attach importance to hygiene in the workplace by maintaining safe and good hygiene environment for all staffs. In 2020, no accident from work causes our staff being absent from work.

- **Business partners** : Our Code of Business Ethics ensures that we conduct our business with all partners with fair and appropriate treatment within an honest, transparent competitive framework. The Code

includes such standards as: honouring the commercial terms and agreements/contracts which are fair to the partners; notifying the partners to find a solution together whenever unable to meet the agreed conditions; avoiding all possibilities of conflict of interest; setting down clear rules concerning procurement and other arrangements; not soliciting or accepting any monies or gains from business partners; not having any dealings which are in breach of human rights or intellectual property rights or involved in illegal behaviours; and assessing partners against established requirements so as to develop sustainable mutual partnerships.

- **Creditors** : We strictly meet all contractual obligations while never engaging in any act that is in breach of any agreed terms or that is intended to conceal information or facts and thus causing damage to any of our creditors. Such practices have always earned us the trust of all creditors. In the event of our inability to meet an agreed condition or where circumstances may force us to default on a debt, we shall notify the creditor in advance as soon as possible so as to find a prompt and fair solution together. In the past year, the Company has fulfilled all conditions agreed with the creditor and there is no default of payment.

- **Customers** : The Company is committed to improving product and service quality and to offering protection to suit customers' needs through fair and ethical practices. We also have a duty to all customers to provide correct information and to put in place a dedicated unit responsible for receiving complaints and suggestions from customers. Further information can be found in "**Corporate Social Responsibilities Report**" under "**Responsibility towards customers**" section.

- **Competitors** : Adhering to the rules of fair and transparent competition, the Company avoids gaining unfair competitive advantage and aims to compete on service quality and efficiency for the maximum benefit of customers. We never fail to meet any confidentiality obligations nor find out about any competitor's trade secrets by dishonest means. We also comply with the competition policy stipulated in our Code of Business Ethics, viewing all competitors as allies in business. Over the reporting year, the Company was not involved in any dispute with any competitor.

- **Communities, society and the environment** : We always recognize our responsibility towards communities, society and the environment by embedding this responsibility into our core business operation. The Company also promotes resource efficiency and avoids anything that produces negative effects on the environment. Our environmental responsibility includes economical use of water, using recycled resources, and restoration of biodiversity impacted by the business operations. Further information can be found in "**Corporate Social Responsibilities Report**" under "**environmental protection**" section.

- **Public sector** : The Company are committed to operating strictly under statutory requirements, rules and regulations and providing cooperation and developing good relationships with government agencies and regulating agencies through correct, complete and sufficient information disclosure as requested to demonstrate the organization's transparency and credibility.

### **Intellectual Property or Copyright**

The Company has the policy not to support any employee to infringe any intellectual property or copyright by promoting employees to create new works as well as developing work instruction, product design and computer program development for business benefits and development of employees' potential. Moreover, all works created by employees while being employees of the Company under assignment or the use of any information of the Company or

works learned from the Company must be under the Company's ownership solely. Such information, business secrets, and other information of the Company are prohibited from disclosing without receiving any permission. Moreover, the Company also establishes some policies and regulations to prevent illegal actions against Copyright Act and Computer-Related Crime Act that are already communicated throughout the Company under efficient operational control process.

### Disclosure and Transparency

1. The Company realizes on importance of sufficient, correct, complete, rapid, and transparent information disclosure; therefore, the Company publishes important information of the Company including financial information and non-financial information via website of the Stock Exchange of Thailand, [www.set.or.th](http://www.set.or.th), and website of the Office of the Securities and Exchange Commission, [www.sec.or.th](http://www.sec.or.th), under the criteria as defined by the Stock Exchange of Thailand and SEC. Moreover, information published by the Company to public and stakeholders will be published in the Company's website, [www.charaninsurance.co.th](http://www.charaninsurance.co.th). Information is always updated in order to enable users to expose to news and information timely and conveniently for ultimate benefits.

2. Financial statement disclosed to stakeholders must be approved by the Audit Committee and the Board of Directors.

3. The Board of Directors prepares Report on Responsibility of the Board of Directors towards Financial Report for exhibiting with auditor's report in Annual Report.

4. The Company complies with corporate governance principles and discloses Corporate Governance Policy in Annual Report and the Company's website.

5. The Company discloses roles and duties of the Board of Directors and committees as well as number of attendance of each director under “**Management Structure**” and “**Committees**” section.

The Company also pays attention to relationship with shareholders and general investors therefore the Company publishes information of the Company to investors by establishing Investor Relations Section as the representative to communicate with shareholders and investors. Investor Relations Section can be contacted as follows:

- **Khun Somporn Rasabutr**

Address : Charan Insurance Public Company Limited  
408/1 Charan Insurance Building, Rachadapisek Road,  
Samsen-Nok Sub-district, Huaykwang District, Bangkok 10310  
Email : [charanins@charaninsurance.co.th](mailto:charanins@charaninsurance.co.th)  
Website : [www.charaninsurance.co.th](http://www.charaninsurance.co.th)  
Telephone : 0-2276-1024 Ext. 207  
Fax : 0-2275-4919

### Responsibilities of the Board of Directors

#### **1. The Board of Directors' Structure**

As at December 31, 2020, the Board of Directors was composed of 7 members in accordance with the Company's Articles of Association determining that the Company shall have the Board of Directors consisting of not less than 5 members but not exceeding 15 members and at least half of the directors must be residents of the Kingdom of Thailand. The Chairman of the Board was not the same person as the chief executive officer of the Company so

that there were a clear separation of roles and proper balance of power. In conducting the business, the Directors were required to perform their duties in accordance with the law, the Company's objectives and Articles of Association as well as the resolutions of shareholders with care and honesty to protect the interests of the Company.

The Board and Management structure provided an adequate system of checks and balances on the basis that:

- a. the Board was composed of 3 Independent Directors, or 42.8% of the total number of Board members, 3 Executive Directors or 42.8% of the total number of Board members and 1 Non-Executive Director, or 14.3% of the total number of Board members;
- b. the Audit Committee, consisting of 3 Independent Directors, had the responsibilities as stipulated by the regulations of the Stock Exchange of Thailand and the Audit Committee Charter;
- c. there was specific delegation of authority between the Board and the Management.

### Composition and Board Diversity

The Board of Directors defines qualifications of directors to have board diversity by considering on necessary skills and specific expertise that are demanded as seen in structure and elements of board that consists of directors with various qualifications, knowledge, and expertise, for example, business management, economy, and accounting. They have diversity of profession and experiences that are useful for business operation of the Company and help to balance directors.

## 2. Board meetings

(1) The Board of Directors meets regularly and has its meeting scheduled for at least once every quarter (minimum of four meetings per year). Special additional meetings may also be held, when necessary, to consider financial statements, to discuss and set policies and to monitor performance. Every Director must always be ready to attend a Board meeting.

(2) Specific agenda including the date, time and location of the meeting along with supporting documents are sent to all Directors at least seven days in advance, except in exigent circumstances, to allow Board members sufficient time to peruse the information.

In 2020, schedule of the Board of Directors' meeting for 2021 was determined in advance (the schedule of the Board of Directors' meeting may be subject to change) as follows:

No.	Board of Directors' meeting	Audit Committee's meeting
(3) 1	February 24, 2021	February 17, 2021
2	May 14, 2021	March 7, 2021
3	August 13, 2021	August 6, 2021
4	November 12, 2021	November 5, 2021

(3) Under the Company's policy, a vote at a meeting of the Board shall require a quorum of not less than two-thirds of the total number of Directors.

(4) The Board of Directors has access to significant information either from the Managing Director, the Company Secretary or other designated executives.

(5) The Board encourages the Managing Director to invite key executives to Board meetings to present details on matters they are directly responsible for, and to allow the Board to gain familiarity with the executives for succession planning purposes.

(6) At each meeting, the Chairman shall assign the Managing Director to present agenda items, allocate time for discussions and summarize issues for consideration by the Directors. Every member of the Board is encouraged and given the opportunity to express their views and opinions, all of which are gathered for decision-making and conclusion of the meeting.

### **3. Independence of Board of Directors from Management Department**

The Company separates roles, duties, and responsibilities of the Board of Directors and Management Department whereas the Board of Directors is responsible for establishing policies and corporate governance of Management Department whereas Management Department is responsible for managing operations to meet with defined policies. Transactions that are not normal operations of the Company will be considered by the Board of Directors consisted of independent directors.

### **4. Directors' development**

#### **(1) Orientation of new directors**

New member of the Board of Director will receive Director Handbook that contains important information, e.g. handbook of the director of listed company, good corporate governance principles for the listed company and non-life insurance company, laws related to company's director as well as general information of the Company to provide understanding of the Company's business and activities and provide orientation for all new board member to provide understanding of business and various operations and prepare the new member for the role. In the meantime, it is the policy of the Board to help each director to gain new knowledge and perspectives on corporate governance, technologies and innovations in enabling the new director to take office as soon as possible and perform his/her duties efficiently. The Company Secretary coordinates the induction program which includes the following:

- Essential matters: business structure, Board structure, scope of authority and duties, essential legal matters;
- General knowledge of the business: operating approaches, and observation of each department at work;
- Meetings/briefings: with the Chairman of the Board and the Managing Director to obtain in-depth information about the business operations of the Company.

Although no new director was appointed to the Board during 2020, the Company continued to ensure all Directors had up-to-date information through revisions of director handbook as well as rules and standards under applicable laws, regulations and key policies such as the Corporate Governance Policy, Business Ethics and other key principles.

#### **(2) Ongoing development**

The Company makes training and development a priority by arranging for the Directors to consistently attend courses and programs which are beneficial to their roles and duties including the courses and programs organized by Thai Institute of Directors (IOD), the Stock Exchange of Thailand and The Securities and Exchange Commission or other agencies related to the Company's business operation, e.g. Thai General Insurance Association, Office of Insurance Commission. During 2020, Mr. Sukich Charanvas and Mr. Kosit Angkasuwan,



Assistant Director for Risk Management participated in the training program on the audit of information technology control of insurance company by the Office of Insurance Commission (OIC) on December 3, 2020.

## 5. Directors' performance assessment

It is the Company's policy that the performance of the Board of Directors is evaluated at least once a year. The annual evaluation includes overall Board performance assessment, individual director performance appraisal, and Board committee performance assessment. The exercises allow the Board and its committees to review their own performance as well as issues and challenges arising over the preceding year while also helping to increase their effectiveness under the Corporate Governance Code.

In 2020, the Board ensured that (1) overall Board self-assessment, (2) individual director self-appraisal, (3) self-assessment by two committees of the Board, i.e. the Audit Committee and the Executive Committee, were conducted under the process and criteria described below.

### Board and Director Performance Assessment Process

(1) The Board approves and reviews the assessment forms to ensure that they are proper and complete and meet the standards of the regulatory agencies.

(2) The Company Secretary collates appraisal results from each Director as well as analyzing and summarizing assessments of the Board's effectiveness over the past year, before reporting assessment analyses to the Board of Directors.

(3) The Company Secretary then compiles the analyses and additional opinions from the Board into an improvement action plan.

### Overall Board / Individual Director / Committee Performance Assessment Criteria

Assessment Criteria	Overall Board	Individual Director	Committee
Board/committee structure and qualifications	✓	✓	✓
Board's / committee's role and responsibility	✓	✓	✓
Board meeting / committee meeting	✓	✓	✓
Board's functions	✓	✗	✗
Board-Management relationship	✓	✗	✗
Board and executive development	✓	✗	✗

The results of Board and Director performance assessment for 2020 are as follows:

#### (1) Results of overall Board self-assessment for 2020

Average score 3.39 = Good level

#### Assessment aspect:

- Board structure and qualifications Average 3.17
- Board's role and responsibility Average 3.23
- Board meeting Average 3.52
- Board's functions Average 3.49

- Board-Management relationship Average 3.74
- Board and executive development Average 3.19

## **(2) Results of individual director self-appraisal for 2020**

Average score 3.06 = Good level

### **Assessment aspect:**

- Board structure and qualifications Average 3.36
- Board's role and responsibility Average 3.29
- Board meeting Average 2.54

## **(3) Results of committee self-assessment for 2020**

### **3.1 Audit Committee**

Average score 3.62 = Excellent level

#### **Assessment aspect:**

- Committee structure and qualifications Average 3.81
- Committee's role and responsibility Average 3.44
- Committee meeting Average 3.62

### **3.2 Executive Board**

Average score 3.46 = Good level

#### **Assessment aspect:**

- Committee structure and qualifications Average 3.33
- Committee's role and responsibility Average 3.61
- Committee meeting Average 3.44

## **6. Director Position Holding in Listed Companies**

The Board of Directors defines that directors are able to hold the position of director in the listed companies but not over than 5 companies and these directors are able to hold the position of the Chairman of the Board of other listed companies but not over than 5 companies with approval of the Board of Directors. In addition, these directors must not hold the position of director of other companies that operate the same and competitive business with the Company unless receiving approval from the Board of Directors.

## **7. Inside information control**

The Company gives emphasis to inside information requirements under the Corporate Governance Code and has instituted rules and measures to prevent misuse of insider information. These include: defining the roles of those with direct responsibility; setting levels of authorized access to proprietary information in computer system by using password; having a policy forbidding all personnel from disclosing or making use of information about the Company's operations for personal gain. The director, executive and the Company's employees or related person are prohibited to trade the Company's shares within 30 days (Blackout period) prior to public disclosure of quarterly and annually financial statements or inside information and within 24 hours after public disclosure of the Company's financial statements or inside information and report the same to the Stock Exchange of Thailand and any other period as the Company may determine from time to time. Failure to comply with the rules is considered a



disciplinary offence. In the case where any director, executive or employee violates this prohibition, the Company will consider the degree of violation case by case as per the Company's rules.

#### **- Report on Securities Holding**

The Company establishes Inside Information Control Policy to define that directors or executives of the Company must be responsible for preparing and submitting Report on Securities Holding of themselves and their spouses and children below legal age under the methods as defined by SEC (via electronic submission) within 3 working days from purchasing, selling, transferring, or accepting transfer of securities. In the event that the Company already informs the list of directors and executives in data system of the list of directors and executives, the copies of those reports must be submitted to the Company's secretary for transparency as defined by corporate governance principles. Information on conclusion of securities holding of the Board of Directors and the Company's executives is disclosed in **"Share Holding Structure and Management"** under **"CHARAN Securities Holding of Directors and Executives"** section.

#### **- Declaration of interest**

The Company sets the rules and prepares the declaration of interest which is determining the Director and the Executive to acknowledge their interest or the interest of their related persons in the management of the Company. The declaration must be made for the first time within the 15<sup>th</sup> day of the following month where the transaction takes place and update the declaration every time when there is a change to such interest without delay within 3 working days of the change by informing the number of change as well as submitting interest declaration form for themselves or for their related persons to the Company's secretary immediately or within specified time. The Company's secretary shall submit them to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days of the declaration receiving date.

### **9. Compliance with Corporate Governance Principles**

The Board of Directors reviews appropriateness of application of corporate governance for listed companies 2020 to the Company's business at least once a year.

#### **Performance**

In 2020, the Company had always complied with corporate governance principles except for the following subjects:

(1) The Chairman of the Board does not selected from any independent director because the Company still demands persons with knowledge, abilities, long work experiences, and leadership to lead the Company to achieve our goals. However, the Company has operated our business under corporate governance principles and elements of the Board of Directors were balanced appropriately. All operations are under rules and regulations of the Company and corporate governance.

(2) Independent directors of the Company must hold the position not over than 9 years because the Company considers that directors who hold the position over than 9 years are persons with knowledge, abilities, and work experiences on insurance business management with good performances. In addition, they also have complete qualifications as defined by requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand therefore it is proper to allow them to continue holding the position to lead the

Company to achieve our goals.

(3) The Board of Directors consists of independent directors by 42.85% of all directors. However, the Board of Directors divides duties and responsibilities of directors and Management Department clearly leading to transparent management for ultimate benefits of the Company and fairness of all shareholders.

(4) The Company does not establish Nomination and Remuneration Committee because the Board of Directors will consider and screen on nomination and remuneration based on fairness, transparency, and accountability.

## **2. Fair Business Conduct**

The Company promotes free and fair business operation and business competition as well as avoids dishonest methods and behaviors that may cause conflict of interest, for example, threatening or forcing, favoritism, cutting prices to overcome competitors, establishing unfair requirements to force competitors, etc. Moreover, the Company also establishes anti-corruption policy in all types while supporting social responsibility in all procedures of operations. The Company also defines punishment for employees who breach rules and regulations and fail to comply with anti-corruption policy. All procedures of operations must be under the framework of laws.

## **3. Anti-corruption**

Focusing on fair and transparent business conduct, we realize that fraud and corruption pose a major obstacle to social and economic development. This is because corrupt behaviors create business unfairness which could dent the reputation and stability of the Company, thereby making it unacceptable to society. For this reason, we have adopted an anti-corruption policy to be strictly followed and implemented by our Directors, executives, employees and all parties concerned

The Company regularly assesses risks on corruption, i.e., Risk Management Team will primarily assess risks. Subsequently, Risk Management Committee will be responsible for analyzing, monitoring, controlling, and collecting evidence to make such risk as acceptable risk before reporting to the Board of Directors. In addition, Internal Audit Office is also responsible for assessing and monitoring risks caused by corruption besides enterprise risk assessment.

### **Our anti-fraud and corruption guidelines are outlined below.**

1. A Code of Business Ethics has been issued in writing to promote conformity to ethical standards, thus leading to preventive measures. The established organizational structure ensures that the management of the operations is in alignment with corporate goals and that there are appropriate separation of duties and a balance of power. Ethical emphasis is communicated across the organization through channels like the Company's website and comment box, while compliance with the Code is monitored and reviewed appropriately.

2. The head of each department is responsible for: overseeing and assessing departmental performance to mitigate fraud risk; maintaining an effective internal control system in order to close any loopholes for possible wrongdoing as well as continuously reviewing and improving its effectiveness; and monitoring the performance of their respective team to prevent failures arising from work activities.

3. The Company works with the internal auditors to review conformity to rules, procedures and the Code of Business Ethics, to assess fraud-corruption risk and warning signs, and to assess the adequacy of the internal control system for preventing, monitoring and detecting fraud risk. Results of such reviews and

assessments are reported to the Board of Directors quarterly at the minimum.

4. The Company provides safe channels for reporting instances of fraud and corruption and has in place measures to protect whistle-blowers, informers or those cooperating in reporting such fraud and to minimize any harm caused. Details of these are given in the “**Whistle-blowing and whistle-blower protection measures**” section.

5. If any wrongdoing is discovered and there is evidence of fraud, a temporary special investigative panel shall be set up to ensure fair treatment of any person accused of wrongdoing as well as appropriate protection for the whistle-blower.

6. The wrongdoing discovered shall be used as a case study for devising preventive measures and ways to identify the cause of such act so as to prevent any further fraud.

### **Monitoring and Assessment on Performance of Anti-Corruption Policy**

1. Internal Audit Office is assigned to audit and review internal control system and operations to meet with policies, practices, operational authority, rules and regulations, laws, and requirements of competent agencies in order to ensure that control system is appropriate and sufficient for risks on corruption. Compliance with anti-corruption policy must be inspected and reported to the Audit Committee.

2. Risk Management Committee is assigned to be responsible for supervising risk management systematically and efficiently for the ultimate benefits in accordance with strategic plans of the Company and Risk Management Policy as well as reporting to the Board of Directors.

3. The Company regularly reviews practices and requirements on compliance with Anti-Corruption Policy in order to be consistent with changes of rules, regulations, and provisions of laws and business changes.

### **Anti-Money Laundering and Combating the Financing of Terrorism Policy**

The Company is a financial institution that must comply with laws and regulations related to Anti-money Laundering, Combating the Financing of terrorism, and Proliferation of Weapon of Mass Destruction Financing B.E. 2559. Although the Company has low risk on money laundering or offences, the Company may become the source of money-laundering or provide financial support to terrorism, for example, in the event that some customers commit offences as defined by AMLO to pay for insurance premium through such money gained from offences, etc. As a result, the Company has to ask customers to show their identification and inspect facts of customers prior making all transactions as well as establishes the following policies and practices to be consistent with laws:

1. Establish policies with determination to prevent and suppress money laundering and combating the financing of terrorism as well as define duties and ethics for complying with Money-Laundering Act and international standards.

2. Establish policy on risk assessment and management regarding anti-money laundering, combating the financing of terrorism, and proliferation of weapon of mass destruction financing.

3. Establish policy on customer acceptance or transactions made with customers, representatives, agents, business partners, and substitutes in Thailand and other countries with business relationship with the Company by receiving customers' information for proving and identifying identification of customers as well as checking customers' information with the risky list as defined by laws in order to prevent becoming the tool or

mediator of customers in money laundering or combating the financing of terrorism.

4. Establish policy on inspection in order to acknowledge facts on customers with database and monitor suspicious transactions for reporting to AMLO under terms and conditions of Anti-Money Laundering Act and related regulations.

Moreover, the Company also checks the list of customers and list of risky persons and persons informed by AMLO via electronic system before making all transactions. To realize on importance of this matter, the Company holds some training for providing knowledge on Anti-Money Laundering Act, prevention and suppression of combating the financing of terrorism, and proliferation of weapon of mass destruction financing to employees and executives.

5. The Company regularly reviews practices and requirements on compliance with Anti-Corruption Policy in order to consistent with changes of rules, regulations, and provisions of laws and business changes.

#### **Whistle-blowing measures and whistle-blower protection mechanism**

It is the Company's policy to protect every group of stakeholders. We have adopted whistle-blowing measures which ensure details and identity of the whistle-blowers or informers and the person being reported are kept confidential and shall be disclosed, as necessary, only to an authorized person/party. We give prime consideration to the safety of and potential harm to any informant and all concerned to provide assurance for those involved in the whistle-blowing procedure. The Company Secretary is designated to receive and collect reports of wrongdoing for further submission to the Audit Committee. Any suspicious instances of fraud or corruption can also be reported directly via the following channels:

Address : Charan Insurance Public Company Limited  
408/1 Charan Insurance Building, Rachadapisek Road,  
Samsen-Nok Sub-district, Huaykwang District, Bangkok 10310  
Email : charanins@charaninsurance.co.th  
Website : www.charaninsurance.co.th  
Telephone : 0-2276-1024 Ext. 207  
Fax : 0-2275-4919

In the event that any employee finds any offence or violation against code of conduct that may affect to any employee and other stakeholders, such employee is able to submit the complaint to his/her superior unless such complaint relates to his/her superior that must be informed to the Company's secretary directly. The Company has the process to manage whistle blowing, measures for protecting complainers, and investigation for finding facts and fairness of all parties by considering whether such whistle blowing is classified as offence and in which level for defining punishment through inspection process and conclusion of details for further consideration.

#### **4. Respect for human rights**

The Company has a human rights policy which is strictly followed by all directors, executive officers and employees. It is our common practice to respect human rights, to have regard for equality, rights, freedom and dignity of all individuals, and to avoid all forms of discrimination either on the grounds of race, nationality, language, religion, gender, age or education and ensure equality, prevent from persecution as well as sexual

harassment. The Company also promote the right and freedom to participate in various activities. However, the said participation must not have an adverse effect or cause damage to the Company. In this regard, the procedures for making complaints can be found in employee handbook so as the employee who encounters with any matters can exercise their right of complaint as well as providing a channel of complaint for external party with interest.

## **5. Fair treatment for staff**

We realize that our staff is vital to the success of the organization and therefore ensure they are treated fairly through the following practices:

- respecting human rights of every member of staff;
- ensuring that compensation is commensurate with responsibility and consistent with labour market mechanism while incentivizing staff to work to the best of their ability, and that there is performance evaluation by managers/supervisors;
- providing various employee benefits, implementing the policy of promoting health and safety of personnel, and improving the workplace environment;
- promoting ongoing capacity-building for staff by providing training and development for personnel at all levels;

### **Personnel Development**

The Company always has the policy on promoting development of knowledge and abilities of employees by sending employees to participate in trainings continuously for their advancement in working and supporting the growth of Company's business operation. The practices are as follows:

1. Send employees in each level to be trained annually under the training programs on vocational competency and managerial competency.
2. Store data and knowledge on various fields in electronic format for self-learning of employees.
3. Provide some opportunities to employees for exchanging their knowledge, transfer of work experiences, and solving problems together for more efficient operations.

### **Safety and Good Hygiene at Workplace Policy**

1. Maintain, improve, and develop work environment to be safe for life, assets, and health of employees.
2. Protect employees from risky conditions that may cause any illness or accident.
3. Maintain workplace, equipment, and systems, to be available without degeneration for work safety of employees.
4. Provide Visitor Management System (card exchange) for using with all visitors who enter into the Company's building.
5. Prepare or improve work environment to be suitable for nature of work and employee.

## **6. Responsibility towards customers**

The Company has operated business by emphasizing on developing products and services to be international and meet with standards and demands of consumers under fair conditions as well as providing correct and complete information to customers. The Company will not perform any actions that may cause any ambiguity

or distort any information on services and products or omit any important information that may cause misunderstanding. In addition, the Company also emphasizes on keeping secrets of customers. Moreover, the Company also provides appropriate and sufficient suggestions and coverage to each customer with fair prices. The Company will clarify customers objectives of personal data collection before performing any actions and such confidential information will not be illegally used for any personal benefits or benefits of any other related persons unless receiving the consent. Customers are also entitled by the Company to check correctness of information and the use of their information under legal framework. The Company also has the process allowing customers to give suggestions or complains services. In the event of any fault or unfairness of service providing, the Company will remedy immediately.

In 2020, there was no important complaint caused by services of the Company and the Company also published useful and updated news and information to consumers.

## **7. Environmental protection**

The business of the Company is one that provides services and thus produces no direct impact on the environment. Nevertheless, we realize how important energy saving within the organization is, viz. that every member of our staff must cooperate and share an attitude of engaging in environmental protection. We raise awareness of disciplined energy saving behavior and encourage efficient use of energy. Our social-environmental care policy includes:

1. Conducting the business in a way that contributes to the overall economy and society;
2. Complying with the law and cooperating with agencies/organizations that support social causes;
3. Assisting and providing support for the disadvantaged and disaster victims;
4. Fostering, among our personnel, a responsibility towards society and the environment as well as

conformity to the Company's energy-saving and global warming reducing policies such as:

- Using recycled paper;
- Printing only the pages needed;
- Sending information/messages by email instead of on paper;
- Turning lights off as soon as leaving an office or meeting room and during lunch break;
- Turning monitor off whenever not in use;
- Taking the stairs rather than the lift (for one or two floors up or down)

## **8. Participation in Community and Social Development**

The Company properly realizes that participation in social and environmental responsibility is considered as another important duty that must be performed along with business operation for living together in the society happily and growing together sustainably. Therefore, the Company conducted some surveys to figure out whether surrounding communities and society are negatively affected by the Company's business operation or not for solving problems and protecting surrounding communities and society from negative effects and direct and indirect damages. Moreover, the Company also supports participation in volunteer activities related to community and social development as well as fosters good consciousness to executives and employees in all levels. These are considered as our responsibility on participation in all activities.

## 9. Dissemination of Innovation Based on Social Responsibility

The Company promotes and fosters all employees to become the creators of innovations in order to provide them some opportunities of development leading to business innovations. This will help to develop innovations with internal responsibility to external responsibility. The Company also emphasizes on social responsibility by developing information and communication technology system with development of new product models to meet with demands of new consumers by focusing on innovative and reliable products.



# ▲ INDEPENDENT AUDITOR'S REPORT

## To The Shareholders of CHARAN INSURANCE PUBLIC COMPANY LIMITED

### *Opinion*

I have audited the financial statements of CHARAN INSURANCE PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CHARAN INSURANCE PUBLIC COMPANY LIMITED as at December 31, 2020, 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 Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Key Audit Matters*

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

### Gross premium written

The Company had gross premium written amount of Baht 198.56 million, representing 84.41 percent of total revenues before premium coded to reinsurers which are insurance from retail customers and there were a large number of insurance policies written. Calculation and recognition of gross premium written as revenue are dependent upon information and technology (IT) systems. Hence, I focused on examining whether gross premium written are correctly recorded as actually incurred.

I have obtained an assurance relating to the accuracy and occurrence of gross premium written.

- Obtained an understanding and tested internal control system relating to operation procedure, insurance policy issuance, recording data in information and technology systems (IT) and gross premium written account.
- Performed sampling test internal control of information and technology system (IT) relating to insurance premium sales, insurance premium calculation and gross premium written recognition.
- Performed sampling test insurance policy in order to examine gross premium written is recognized in accordance with condition indicated in insurance policy and policy of the Company.



- Performed analytical procedure gross premium written account recognized in the accounting period and sampling test of recording gross premium written made through journal voucher.
- Reviewed data of insurance policy and endorsed insurance policy before and after reporting period.

### Loss reserves

The Company had loss reserves of Baht 92.10 million (presented as a part of insurance contract liabilities.) representing 40.05 percent of total liabilities. Loss reserves are included both claims incurred and reported and not yet reported. Such reserves are calculated by the Management under actuarial method and key assumption used in calculation referred from information in the past and judgment made by the Management to determine assumption. Hence, I focused on examining the adequacy of loss reserves.

I have obtained an assurance relating to the adequacy of loss reserves by included.

- Obtained an understanding and assessed internal control system relating operation procedure, relevant to claims estimation of claim reserves and recording of loss reserves.
- Performed sampling test internal control system of the company relating to recording loss reserves.
- Inquired the Management relating to assumption used in estimation by actuary of the Company.
- Considered qualification of actuary of the Company.
- Read estimated loss reserve report prepared by actuary and compared with accounting record.
- Assessed assumption and loss reserve calculation by sampling claims information used by actuary.
- Examined claims document of major claim file.
- Required an expert for reviewing loss reserve estimation and assumption assessment including calculation method and comparing with assumption of previous year.

### *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, which is expected to be made available to me after that date.

My opinion on the financial statements does not cover the other information and I do not and will 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 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for appropriate correction.

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional 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.

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand) Registration No. 2982

February 24, 2021

## ▲ FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

### CHARAN INSURANCE PUBLIC COMPANY LIMITED

#### STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Unit : Baht)

	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
Cash and cash equivalents	7	31,416,733.73	53,022,357.90
Premium due and uncollected	8	13,242,928.80	30,325,742.29
Accrued investment income		2,764,061.01	2,892,958.31
Reinsurance assets	9	20,254,791.93	36,760,390.42
Reinsurance receivables	10	15,793,665.78	26,400,176.00
Investment properties			
Investments in securities	11	620,284,862.62	668,653,258.22
Loans and interest receivable	12	4,700,940.91	7,281,766.56
Property, plant and equipment	13	42,526,684.75	42,872,766.09
Other intangible assets	14	5.00	12,449.48
Deferred tax assets	15	22,598,099.39	18,669,962.34
Other assets	16	13,657,397.20	13,458,522.12
<b>TOTAL ASSETS</b>		<b>787,240,171.12</b>	<b>900,350,349.73</b>

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2020**

*(Unit : Baht)*

	<i>Note</i>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
Insurance contract liabilities	17	160,718,208.28	275,357,807.42
Due to reinsurers	18	20,674,268.10	21,673,513.91
Income tax payables		2,632,196.23	-
Employee benefit obligations	20	12,286,101.00	13,294,767.00
Deferred tax liabilities	15	9,119,563.33	9,294,522.24
Others liabilities			
Unearned revenue		6,580,942.00	12,625,471.50
Others	21	17,968,122.95	39,542,342.46
<b>TOTAL LIABILITIES</b>		<b>229,979,401.89</b>	<b>371,788,424.53</b>

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2020**

(Unit : Baht)

	December 31, 2020	December 31, 2019
<b>LIABILITIES AND OWNERS' EQUITY</b>		
Owners' equity		
Share capital		
Registered capital		
12,000,000 ordinary shares of Baht 10.00 each	120,000,000.00	120,000,000.00
Issued and paid-up share capital		
12,000,000 ordinary shares of Baht 10.00 each	120,000,000.00	120,000,000.00
Premium on share capital	258,000,000.00	258,000,000.00
Retained earnings		
Appropriated		
Statutory reserve	12,000,000.00	12,000,000.00
Unappropriated	147,263,618.86	101,383,836.22
Other components of equity	19,997,150.37	37,178,088.98
<b>TOTAL OWNERS' EQUITY</b>	<b>557,260,769.23</b>	<b>528,561,925.20</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>787,240,171.12</b>	<b>900,350,349.73</b>

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit : Baht)

	Note	December 31, 2020	December 31, 2019
<b>Revenues</b>			
Premium written		198,555,938.09	414,856,166.31
Less: Premium ceded		(34,466,402.43)	(59,428,962.34)
Net Premium written		164,089,535.66	355,427,204.00
Add/Less: Unearned premium reserves from prior period		111,211,822.39	(82,691,552.11)
Net Premiums earned	37	275,301,358.05	272,735,651.89
Fee and commission income	37	12,958,805.49	16,968,755.35
Income on investments - net	33.37	17,521,112.33	20,103,427.22
Gain on investment		-	17,204,980.00
Other income		6,193,405.29	16,655,732.69
<b>Total revenues</b>		311,974,681.16	343,668,547.15
<b>Expenses</b>			
Gross benefits and claims		124,204,156.03	168,448,154.99
Less: claims recovered from reinsurers		(16,525,776.45)	(46,184,375.67)
Total	34	107,678,379.58	122,263,779.32
Commissions and brokerages	34	30,581,146.07	54,185,607.45
Other underwriting expenses	34	51,639,060.46	158,677,013.14
Operating expenses	22	39,103,195.32	46,227,005.95
Net impairment expenses	24	23,090,479.95	-
<b>Total expenses</b>		252,092,261.38	381,353,405.86
Profit (loss) before income tax		59,882,419.78	(37,684,858.71)
Tax income	14.2	(8,657,893.14)	6,633,921.95
Profit (loss) for the year		51,224,526.64	(31,050,936.76)

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit : Baht)

	Note	December 31, 2020	December 31, 2019
<b>Other comprehensive income (expenses)</b>			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurements of post-employment benefit obligations		819,070.00	(417,648.00)
Income tax relating to other comprehensive income	15.3	(163,814.00)	83,529.60
Remeasurements of post-employment benefit obligations - net of tax		655,256.00	(334,118.40)
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of investments measured at			
fair value through other comprehensive income		37,092,139.27	(13,200,061.84)
Income tax relating to component of other comprehensive income	15.3	7,418,427.85	2,640,012.37
Change in value of investments measured at			
fair value through other comprehensive income, net of tax		(29,673,711.43)	(10,560,049.47)
<b>Other comprehensive income (expenses) for the years, net of tax</b>		(29,018,455.42)	(10,894,167.87)
<b>Total comprehensive income (expenses) for the years</b>		<u>22,206,071.22</u>	<u>(41,945,104.63)</u>
<b>Earnings per share</b>			
Basic earning (loss) per share		4.27	(2.59)
Number of ordinary shares		12,000,000	12,000,000

*Notes to the financial statements are an integral part of these financial statements.*



**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit : Baht)

	Note	Share Capital Issued and Fully Paid	Premium on Share Capital	Retained Earnings (deficit)		Other Component of equitys	Total
				Appropriated Statutory Reserve	Unappropriated	Fair Value Changes on Available for Sale Investments	
<b>Balance as at December 31, 2018</b>		120,000,000.00	258,000,000.00	12,000,000.00	138,768,891.38	47,738,138.45	576,507,029.83
Loss for the years		-	-	-	(31,050,936.76)	-	(31,050,936.76)
Dividend	22	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Other comprehensive income(expenses) for the year		-	-	-	(334,118.40)	(10,560,049.47)	(10,894,167.87)
<b>Balance as at December 31, 2019</b>		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	37,178,088.98	528,561,925.20
Cumulative effect of change in accounting policy	5	-	-	-	-	12,492,772.81	12,492,772.81
Balance as at January 1, 2020 – as restated		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	49,670,861.79	541,054,698.01
Profit for the years		-	-	-	51,224,526.64	-	51,224,526.64
Dividend	22	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Other comprehensive income(expenses) for the year					655,256.00	(29,673,711.42)	(29,018,455.42)
<b>Balance as at December 31, 2020</b>		<u>120,000,000.00</u>	<u>258,000,000.00</u>	<u>12,000,000.00</u>	<u>14,263,618.86</u>	<u>19,997,150.37</u>	<u>557,260,769.23</u>

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit : Baht)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net direct premium written	206,037,796.98	411,231,156.62
Cash paid for reinsurance	(31,389,658.07)	(56,792,779.03)
Interest income	12,229,878.11	13,766,717.81
Dividend	5,576,889.87	6,993,223.15
Other income	6,193,405.29	16,655,732.69
Losses incurred of direct insurance	(84,209,361.53)	(112,614,062.96)
Commissions and brokerages	(18,718,015.06)	(37,263,364.26)
Other underwriting expenses	(51,639,060.46)	(158,677,013.14)
Operating expenses	(61,470,261.24)	(20,271,535.62)
Corporate income tax	(5,982,966.19)	(2,078,555.45)
Cash received from financial assets	229,762,966.96	336,684,894.00
Cash used in financial assets	(221,744,200.52)	(350,360,000)
<b>NET CASH PROVIDED BY (USE IN) OPERATING ACTIVITIES</b>		47,274,413.89
<b>CASH FLOWS FROM (USE IN) INVESTING ACTIVITIES</b>		
Equipment	(253,038.31)	(127,251.92)
<b>NET CASH PROVIDED BY (USE IN) INVESTING ACTIVITIES</b>		
Dividend paid	(6,000,000.00)	(6,000,000.00)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(21,605,624.17)	41,147,161.97
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	53,002,357.90	11,875,195.93
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	31,416,733.73	53,022,357.90

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. GENERAL INFORMATION**

**1.1 Corporate Information**

CHARAN INSURANCE PUBLIC COMPANY LIMITED (“the Company”) was incorporated as a public limited company on March 15, 1994, Registration No. BorMorJor. 0107537000807. The Company has its registered head office at 408/1 Ratchadapisak Road, Samsennok, Huaykwang, Bangkok. The Company’s principal activity is the provision of non - life insurance.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Group’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities. The degree of the impact severity is dependent upon the pandemic controlling measures imposed by government and the duration of the pandemic.

**2. Coronavirus disease 2019 Pandemic**

**3.12 Preparation of financial statements**

The financial statements have been prepared in Conformity with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission (“OIC”), regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2562 dated April 4, 2019.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

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

**3.12 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The new standard involves changes to key principles, which are summarized below:

**(a) Financial reporting standards related to financial instruments**

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

**Financial reporting standards:**

TFRS 7            Financial Instruments: Disclosures

TFRS 9            Financial Instruments

**Accounting standard:**

TAS 32            Financial Instruments: Presentation

**Financial Reporting Standard Interpretations:**

TFRIC 16        Hedges of a Net Investment in a Foreign Operation

TFRIC 19        Extinguishing Financial Liabilities with Equity Instruments

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

The Company has adopted a set of TFRSs related to financial instruments except TFRS 7 Financial Instruments: Disclosures and TFRS 9 Financial Instruments as the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business as stated in Note 2.2 (B) to the financial statements. TAS 32 Financial Instruments: Presentation and Financial Reporting Standard Interpretations do not have a significant impact on the Company's financial statements.

**(b) Accounting Guidance related to financial instruments and disclosures applicable to insurance business**

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures become effective on 2021, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before January 1, 2023 or before the effective date of TFRS 17 Insurance Contracts.

According to the Company's statements of financial position as at December 31, 2017, the Company had liabilities in connection with insurance services under the scope of TFRS 4 Insurance Contracts comprise more than 80% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there was no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Company's management believe that adoption of

the Accounting Guidance is appropriate in the current circumstances and the Company has, therefore, elected to adopt such Accounting Guidance.

The adoption of this Accounting Guidance has the impact on the Company's financial statements as detail below.

#### Classification and measurement of financial assets

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

- Classification and measurement of investments in available for sale securities that are listed equity instruments and investments in debt instruments which measured at fair value through other comprehensive income, the Company considers and decides to continue classifying them as investments in available for sale securities measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognized in profit or loss.
- The Company classified and measured its investments in equity instruments of non-listed companies as financial assets measured at fair value through other comprehensive income. Under the former discontinued accounting standard, they were previously classified as general investments measured at cost net of allowance for impairment (if any). Gain or loss from change in fair value are recognized in other comprehensive income. Gain or loss from disposal are recognized in profit or loss.
- The Company still classified and present loans, which the Company held to collect contractual cash flow (both principal and interest), as loans and interest receivables subsequently measured at amortized cost.

#### Classification and measurement of financial assets

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

#### Impairment of financial assets

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

#### Transition

The Company initially adopted this Accounting Guidance using the modified retrospective method whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at January 1, 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 5 to the interim financial statements.

### **(c) TFRS 16 Leases**

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

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

This financial reporting standard has no material impact to financial statements.

### **(d) Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

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

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

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of following.

- Not to consider the Covid-19 situation as an indication that an asset may be impaired in accordance with TAS 36 Impairment of Assets.
- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in non-listed equity instruments using the fair value as at January 1, 2020.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

### **2.3 Financial reporting standards that became effective for fiscal year beginning on or after January 1, 2021**

The federation of Accounting Professions issued a number of revised financial reporting standards and interpretation, which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards that included in amendments to reference to the Conceptual Framework in Financial Reporting Standards, Definition of a business, Definition of material and Reform referenced interest rate.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### 3. ACCOUNTING POLICY

#### 3.1 Product classification

The company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an assessment of the insurance risk at an 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. If any contract is previously classified as investment contracts at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

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

#### 3.2 Revenue recognition

##### (a) Premium

Premium income is recognized on the date the insurance policy comes into effective date by after deducting premium ceded, cancelled and unearned premium reserve adjustment for insurance policies of which the coverage periods are less than 1 year. For long-term policies which the coverage periods are longer than 1 year that the related revenues and expenses are recorded as unearned and prepaid items. The Company amortizes the recognition of the unearned and prepaid items as income and expenses over the coverage period on the yearly basis.

##### (b) Reinsurance premium income

Reinsurance premium income is recognized as income when the reinsurer places the reinsurance application or statement of accounts with the Company.

##### (c) Commission and brokerage fee income

Commission and brokerage fee from ceded premium are recognized as income when services have been rendered to the reinsurers.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as unearned items and recognized as income over the coverage period.

(d) Interest income and dividends

Interest income is recognized as interest accrues based on the effective interest method. Dividends are recognized when the right to receive the dividend is established.

(e) Gain (loss) on trading securities

Gain (loss) on trading securities is recognized as income or expenses on the transaction date.

(f) Other income

Other income is recognized on the accrual basis

### 3.3 Premium reserve

(a) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserves of non-life insurance companies as follow:-

**Type of insurance**

**Reserve Calculation Method**

- Transportation (cargo), travelling accident  
with coverage periods of not over six-months

- 100% of premium as from the date policy is effective, throughout the period of insurance coverage

- Others

- Monthly average basis (the one-twenty fourth basis)

(b) Unexpired risks reserve

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

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 recognized as unexpired risks reserve in the financial statements.

### 3.4 Loss reserve and outstanding claims

The Company recorded the outstanding claims which have been provided upon receipt of claim advices from the insured. They are recorded at the value appraised by an independent appraiser, or by the Company's officer as each case but not exceed than the maximum of sum insured of each policy.

In addition, the Company sets up provision reserve for losses incurred but not yet reported (IBNR) which calculated as based on the best estimate by Professional Actuary, the provision will be covered for all projected losses, such as losses incurred during this period, losses incurred but not reported (IBNR) and net by losses paid.



### 3.5 Commissions, brokerages and other expense

Commissions and brokerages are recognized as expended as incurred, other expense is recognized on the accrual basis

### 3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposit at financial institutions and short-term investment with high liquidity with an original maturity of 3 months or less and not subject to withdrawal restrictions.

### 3.7 Premium due and uncollected

Premium due and uncollected from direct is carried at its net realizable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging and current status of the premium due as at the Statements of financial position date.

### 3.8 Reinsurance assets

Reinsurance assets are stated at the amounts of insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve, loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

The Company sets up an allowance for doubtful debt, of reinsurance assets based on losses that may be incurred due to irrecoverable, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting period.

Increase (decrease) in allowance for doubtful debt during the year is recorded as expense in profit or loss.

### 3.9 Reinsurance receivables and due to reinsurers

(a) Reinsurance receivables 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 receivables, 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.

(b) Amounts due from 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 receivables or amounts due to reinsurers) when the criteria for offsetting as follows.

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

### 3.10 Financial assets - Investments in securities

#### (a) Classification and measurement

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

Financial liabilities are measured at amortized cost.

#### (b) Investment in securities

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

Held-to-maturity investments are stated at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. Debt securities are classified as held-to-maturity investments when the Company has an intent and ability to hold to maturity.

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and are classified as investments in available-for-sale securities which are measured at fair value through other comprehensive income. Changes in the fair value of these securities are recognized in other comprehensive income. (Before 1 January 2020, Investments in non-marketable equity securities classified as other investment are stated at cost net of an allowance for impairment (if any)).

The fair value of marketable securities is based on the latest bid price of the last working day of the year of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of investment unit is determined from its net asset value. The fair value of non-marketable equity instruments is determined using generally accepted approach.

The weighted average method is used for computation of the cost of investments.

In the event that the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value 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 the cost of the investment is recognized in profit or loss.

Loss from impairment of equity instruments classified as investments in available-for-sale securities is immediately recognized through profit or loss when there is an objective evidence supporting impairment of the instruments, which indicate that the cost of the investment in an equity instrument may not be recovered, and there is a significant or prolonged decline in the fair value of an investment

in an equity instrument below its cost.

Expected credit loss and loss on impairment (if any) are recorded as expenses in profit or loss.

### 3.11 Assets held for sales

Immovable properties held for sales are stated at the lower of cost or net saleable value. The Company set up an allowance for impairment on such assets.

### 3.12 Loans and interest receivables and expected credit losses

Loans and interest receivables are stated at net realizable value. Allowance for expected credit loss is provided for the expected loss using the general approach to determine the allowance for expected loss over the lifetime.

Increase (decrease) in allowance for expected credit loss during the year is recorded as expenses in profit or loss.

#### Accounting policies adopted before 1 January 2020

Loans are stated at net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience, analysis of debt aging and the appraisal value of the collateral of each debtor.

### 3.13 Property, Plant and equipment, and depreciation

(a) Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if applicable).

(b) Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Building and improvement	20 years
Fixtures and office equipment	5 years
Motor vehicles	5 years

Land and construction in progress were not depreciated.

### 3.14 Intangible assets and amortization

Intangible asset is stated at cost less accumulated amortization and impairment of assets (if applicable).

Amortization of intangible assets is calculated by reference to their costs on a straight-line basis over the period of the lease and the expected beneficial period as follows: -

Computer software	5 years
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### 3.15 Impairment of non-financial assets

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

An impairment loss is recognized in the profit or loss.

### 3.16 Income tax

Income tax consists of current income tax and deferred income tax

(a) Current income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation, during the reporting period and including of unpaid tax in previous year.

(b) Deferred Tax

- 1) Deferred income tax is calculated based on temporary differences between book value of assets and liabilities as book in the Statements of financial position compare with these taxes base of assets and liabilities. The Company will be evaluate the value of deferred tax assets and liabilities by tax rate for each period that the Company has expected to be get benefit from deferred tax assets or in each period to expected to paid for deferred tax liabilities.
- 2) The Company recognizes deferred tax liabilities for taxable temporary differences and recognizes deferred tax assets by compare with the deductible temporary differences and tax losses carried forward. The Company recognizes deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.
- 3) At each Statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized or change in tax rate.
- 4) The Company recognizes deferred tax expenses to revenue or expense in the statements of income, except when the temporary differences relate to items under the owners' equity, in which case the deferred tax is directly recorded in the owners' equity.

### 3.17 Related party transactions

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

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

### 3.18 Employee benefits

#### **Short-term benefit**

The Company recognizes salary, wage, bonus, contribution to social security fund and provident fund as incurred expenses.

#### **Post-employment benefits (Defined contribution plan)**

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

#### **Post-employment benefits (Defined benefit plan)**

The Company has obligations in respect of the severance payments it must make to employees upon

retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. The Company's obligation under the defined benefit plan is using the projected unit credit method, determined by the certified actuary. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits (Defined contribution plan) is recognized immediately in the other comprehensive income and recognized in the Statements of comprehensive income for Actuarial gains and losses arising from post-employment benefits (Defined benefit plan).

### 3.19 Allowance for expected credit losses of financial assets

Since 1 January 2020, the Company recognized expected credit loss on its debt instruments that are cash and cash equivalents, financial assets measured at amortized cost and loans by applying the general approach in accordance with the Accounting Guidance related to financial instruments. The Company recognizes an allowance for expected credit losses at the amount equivalent to the lifetime expected credit losses when there has been a significant increase in credit risk since the initial recognition date but that are not credit-impaired or that are impaired. However, if there has not been a significant increase in credit risk since the initial recognition date, the Company recognized allowance for expected credit losses at the amount equivalent to the expected credit losses for the next 12 months.

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

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

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

### 3.20 Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognized at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

### 3.21 Derecognition of financial instruments

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred.

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

### 3.22 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 3.23 The Company as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognized as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognized over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognized as an expense over the lease term on the same basis as the lease income.

### 3.24 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding at the Statements of financial position date are translated into Baht at the exchange rates ruling on the Statements of financial position date. Gains and losses on exchange are included in the calculation of operation result.

### 3.25 Provision, expenses and contingent assets

The Company set up the provision and expense in the financial statements when there is a legally incurred liability or certain possibility inferring from a continuing result from the past incident, which may result in the Company having to repay or compensate for the said liability and the amount to be repaid can be reliably estimated. The Company would recognize the contingent assets as separate assets when there is a supporting factor for the absolute certainty in receiving the repayment.

### 3.26 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

### 3.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions.

### 3.28 Basic earnings per share

Basic earnings (loss) per share presented in the statements of income is the basic earnings (loss) per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

## 4. Critical accounting estimates, assumptions and judgements

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

### 4.1 Allowance for doubtful accounts of premium due and uncollected and reinsurance assets.

In determining an allowance for doubtful accounts of premium due and uncollected and reinsurance assets, the management needs to make judgement and estimates expected loss incurred from expected uncollectible of premium due and collected and reinsurance assets.

Allowance for doubtful accounts is estimated based upon past collection history, aging profile of outstanding debts and the current status of premium due and uncollected and reinsurance assets as at the statement of financial position date. Reliability rankings, existing information of fund at the closing date and other information disclosed in public are additionally determined for reinsurance assets.

### 4.2 Allowance for expected credit losses of financial assets.

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

### 4.3 Property, plant and equipment / intangible assets

Management determines the estimated useful lives and residual values for the property, plant and equipment / intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete assets that have been abandoned or sold.

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



#### 4.4 Deferred tax

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognize deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilization of deductible temporary differences and significant changes in these assumptions from year to year may have a material impact on the Company's reported financial position and results of operations.

#### 4.5 Loss reserves and outstanding claims

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standard, the Company is required to test whether the contracts accept/transfer significant insurance risk from/to the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

#### 4.6 Employee benefits obligations

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 4.7 Unexpired risk reserve

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

#### 4.8 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period. However, actual results could differ from the estimates

#### 5. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 2.2 to the interim financial statements, during the current year, the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The cumulative effect of initially applying these standards is recognized as an adjustment to retained earnings as at January 1, 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings or other comprehensive income of 2020 from changes in accounting policies due to the adoption of these Accounting Guidance and standard are presented as follows:



(Unit: Baht)

	December 31, 2019	The impacts of Accounting Guidance related to financial instruments	January 1, 2020
<b>Statements of financial position</b>			
Assets			
Investments in securities	668,653,258.22	15,615,966.01	684,269,224.23
Liabilities			
Deferred tax assets	9,294,522.24	3,123,193.20	12,417,715.44
Owners' equity			
Other components of equity	37,178,088.98	12,492,772.81	49,670,861.79

#### Financial instruments

- a) Details of the impact on other component of equity as at 1 January 2020 due to the adoption of the set of financial reporting standards related to financial instruments and the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

(Unit: Baht)

#### Other components of equity

Fair value in measurement of investment in equity instrument of non-listed company	15,615,966.01
Less: Related income tax	(3,123,193.20)
Impacts on other component of equity due to the adoption of Thai Accounting Guidance	12,492,772.81

- b) The classification and measurement of financial assets in the set of financial reporting standards related to financial instruments and the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business as at 1 January 2020, and the classification and measurement under the former basis as at 31 December 2019, are as follows:

(Unit: Baht)

		Classification and measurement in accordance with new accounting standards Thai Accounting Guidance as at 1 January 2020				
	Classification and measurement under the former basis as at 31 December 2019	Trading investments which are measured at fair value through profit or loss	Available-for-sale investments which are measured at fair value through other comprehensive income	Held-to-maturity investments which are measured at amortized cost	Amortized cost	Total
Financial assets						
Cash and cash equivalents	53,022,357.90	-	-	-	53,022,357.90	53,022,357.90
Accrued investment income	2,892,958.31	-	-	-	2,892,958.31	2,892,958.31
Investments in securities	668,653,258.22	-	226,739,224.23	457,530,000.00	-	684,269,224.23
Loans and interest receivables	7,281,766.56	-	-	-	7,281,766.56	7,281,766.56
Other receivables	13,458,522.12	-	-	-	13,458,522.12	13,458,522.12

As at 1 January 2020, the Company had not designated any financial liabilities at fair value through profit or loss.

## 6. FAIR VALUE MEASUREMENT

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

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

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

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

## 6. FAIR VALUE MEASUREMENT (Cont.)

As at 31 December 2020 and 2019, the Company had assets and liabilities that were measured at fair value or disclosed at fair value using different levels of inputs as follows:

(Unit: Baht)

	2020				
	Carrying values	Fair values			
		Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value</u></b>					
Available-for-sale investments					
Equity securities	182,881,995.68	182,881,995.68	-	-	182,881,995.68
General investments	8,279,839.29	-	-	8,279,839.29	8,279,839.29
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	31,416,733.73	31,416,733.73	-	-	31,416,733.73
Premium receivables	13,242,928.80	-	-	13,242,928.80	13,242,928.80
Reinsurance assets – claim reserves refundable from reinsurers	4,278,822.47	-	-	4,278,822.47	4,278,822.47
Reinsurance receivables	15,793,665.78	-	-	15,793,665.78	15,793,665.78
Held to maturity investments					
Government and state enterprise securities	6,600,000.00	-	-	6,600,000.00	6,600,000.00
Private sector debt securities	288,041,853.10	-	288,041,853.10	-	288,041,853.10
Deposits at financial institutions which matured over 3 months	134,481,174.55	134,481,174.55	-	-	134,481,174.55
Loans	4,700,940.91	-	-	4,700,940.91	4,700,940.91
<b><u>Liabilities which fair value are disclosed</u></b>					
Insurance contract liabilities					
- claim reserves	92,104,977.37	-	-	92,104,977.37	92,104,977.37
Amounts due to reinsurances	20,674,268.10	-	-	20,674,268.10	20,674,268.10

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

(Unit: Baht)

	2019				
	Carrying values	Fair values			
		Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value</u></b>					
Available-for-sale investments					
Equity securities	210,782,198.22	210,782,198.22	-	-	210,782,198.22
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	53,022,357.90	53,022,357.90	-	-	53,022,357.90
Premium receivables	30,325,742.29	-	-	30,325,742.29	30,325,742.29
Reinsurance assets – claim reserves					
refundable from reinsurers	10,356,939.23	-	-	10,356,939.23	10,356,939.23
Reinsurance receivables	26,400,176.00	-	-	26,400,176.00	26,400,176.00
Held to maturity investments					
Government and state enterprise securities	16,600,000.00	-	-	16,600,000.00	16,600,000.00
Private sector debt securities	306,000,000.00	-	312,818,487.49	-	312,818,487.49
Deposits at financial institutions which matured over 3 months	134,930,000.00	134,930,000.00	-	-	134,930,000.00
General investments	341,060.00			24,112,077.94	24,112,077.94
Loans	7,281,766.56	-	-	7,281,766.56	7,281,766.56
<b><u>Liabilities which fair value are disclosed</u></b>					
Insurance contract liabilities					
- claim reserves	85,105,272.39	-	-	85,105,272.39	85,105,272.39
Amounts due to reinsurances	20,985,069.98	-	-	20,985,069.98	20,985,069.98

The methodology of fair value measurement depends upon the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique such as discounted cash flow.

The methods and assumptions used by the Company in estimating the fair values of financial instruments are described in note 3.10 to financial statement.

## 7. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	December 31, 2020	December 31, 2019
Cash	783,415.89	859,473.58
Deposits at banks with no fixed maturity date	20,633,317.84	32,162,884.32
Deposits at banks with fixed maturity date	10,000,000.00	20,000,000.00
Cash and cash equivalents	31,416,733.73	53,022,357.90

## 8. PREMIUM DUE AND UNCOLLECTED

As at December 31, 2020 and 2019, the Company has balances of premium due and uncollected which classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	December 31, 2020			December 31, 2019		
	Due from insured	Due from agents and brokers	Total	Due from insured	Due from agents and brokers	Total
Not yet due	757,306.39	10,770,835.28	11,528,141.67	1,741,035.77	23,712,498.92	25,453,534.69
Not over 30 days	26,887.75	350,464.34	377,352.09	5,893.03	3,299,329.62	3,305,222.65
Over 30 days to 60 days	5,670.40	665,322.05	670,992.45	-	1,113,565.12	1,113,565.12
Over 60 days to 90 days	-	616,637.30	616,637.30	(919.13)	454,338.96	453,419.83
Over 90 days	-	858,096.97	858,096.97	-	967,221.39	967,221.39
Total premium receivables	789,864.54	13,261,355.94	14,051,220.48	1,746,009.67	29,546,954.01	31,292,963.68
Less: Allowance for doubtful accounts	-	(808,291.68)	(808,291.68)	-	(967,221.39)	(967,221.39)
Total premium due and uncollected, net	789,864.54	12,453,064.26	13,242,928.80	1,746,009.67	28,579,732.62	30,325,742.29

## 9. REINSURANCE ASSETS

As at December 31, 2020 and 2019, the Company has reinsurance assets as below:

(Unit: Baht)

	December 31, 2020	December 31, 2019
<u>Insurance recovered from reinsurers</u>		
Loss reserves	4,278,822.47	10,356,939.23
Unearned premium reserves (UPR)	15,975,969.46	26,403,451.19
Total	20,254,791.93	36,760,390.42

## 10.REINSURANCE RECEIVABLES

As at December 31, 2020 and 2019, the Company has reinsurance receivables as below:

<i>(Unit: Baht)</i>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Amounts due from reinsurers	15,793,665.78	26,400,176.00
Total	15,793,665.78	26,400,176.00

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

<i>(Unit: Baht)</i>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Within credit terms	15,793,665.78	26,248,816.18
Not over 12 months	-	151,359.82
Total	15,793,665.78	26,400,176.00

## 11.INVESTMENT IN SECURITIES

11.1 Classified by type of investments As at December 30, 2020 and December 31, 2019, the Company has investments in securities as follows:

(Unit: Baht)

	December 31, 2020		December 31, 2019	
	Cost / Amortized cost	Fair value	Cost / Amortized cost	Fair value
<b>Investments measured at fair value through other comprehensive income / Available-for-sale investments</b>				
Government and state enterprise securities				
Equity securities	8,704,990.00	23,307,000.00	8,573,740.00	22,325,450.00
Private enterprise debt securities				
Equity securities	157,119,347.00	159,574,995.68	155,735,847.00	188,456,748.22
Non-listed equity instruments	341,060.00	8,279,839.29	-	-
<b>Total</b>	<b>166,165,397.00</b>	<b>191,161,834.97</b>	<b>164,309,587.00</b>	<b>210,782,198.22</b>
Add (Less) Unrealized gain (loss)	24,996,437.97	-	46,472,611.22	-
<b>Total investments measured at fair value through other comprehensive income / Available-for-sale investments</b>	<b>191,161,834.97</b>	<b>191,161,834.97</b>	<b>210,782,198.22</b>	<b>210,782,198.22</b>
<b>Investment measured at amortized cost / Held-to-maturity investments</b>				
Government and state enterprise securities	6,600,000.00		16,600,000.00	
Private sector debt securities	307,000,000.00		306,000,000.00	
Deposits at banks	134,930,000.00		134,930,000.00	
<b>Total</b>	<b>448,530,000.00</b>		<b>457,530,000.00</b>	
(Less) Allowance for expected credit losses	(19,406,972.35)		-	
<b>Total investment measured at amortized cost / Held-to-maturity investments</b>	<b>429,123,027.65</b>		<b>457,530,000.00</b>	
<b>General investments</b>				
Non-listed equity instruments	-		341,060.00	
<b>General investments</b>	<b>-</b>		<b>341,060.00</b>	
<b>Investments in securities - net</b>	<b>620,284,862.62</b>		<b>668,653,258.22</b>	

## 11.INVESTMENT IN SECURITIES (Cont.)

### 11.2 Period to maturity

(Unit: Baht)

	December 31, 2020			
	Period to maturity			
	Within 1 year	1-5 year	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	1,600,000.00	5,000,000.00	-	6,600,000.00
Private sector debt securities	75,000,000.00	222,000,000.00	10,000,000.00	307,000,000.00
Deposits at financial institutions which matured over 3 months	134,930,000.00	-	-	134,930,000.00
Less: Allowance for expected credit losses	(5,886,727.48)	(13,513,117.91)	(7,126.96)	(19,406,972.35)
<b>Total available-for-sale investments</b>	<b>205,643,272.52</b>	<b>213,486,882.09</b>	<b>9,992,873.04</b>	<b>429,123,027.65</b>

(Unit: Baht)

	December 31, 2019			
	Period to maturity			
	Within 1 year	1-5 year	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	10,000,000.00	1,600,000.00	5,000,000.00	16,600,000.00
Private sector debt securities	48,000,000.00	218,000,000.00	40,000,000.00	306,000,000.00
Deposits at financial institutions which matured over 3 months	120,930,000.00	14,000,000.00	-	134,930,000.00
<b>Total available-for-sale investments</b>	<b>178,930,000.00</b>	<b>233,600,000.00</b>	<b>45,000,000.00</b>	<b>457,530,000.00</b>

### 11.3 Debt securities that are measured at amortized cost

	December 30, 2020		
	Gross Carrying values Baht	Expected credit loss Baht	Carrying Value
Investments in debt securities which credit risk has not significantly increased (Stage 1)	413,530,000.00	(961,972.35)	412,568,027.65
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	35,000,000.00	(18,445,000.00)	16,555,000.00
<b>Total</b>	<b>448,530,000.00</b>	<b>(19,406,972.35)</b>	<b>429,123,027.65</b>



## 11.INVESTMENT IN SECURITIES (Cont.)

### 11.4 Fair values of investments in debt instruments

(Unit: Baht)

	2020			
	The contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the only outstanding principal amount		The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the only outstanding principal amount	
	Fair value	Changes in fair value during year	Fair value	Changes in fair value during year
<b>Held-to-maturity investments which are measured at amortized cost</b>				
Government and state enterprise securities	-	-	6,600,000.00	
Private sector debt securities	-	-	288,041,853.10	18,958,146.90
Deposits at financial institutions which matured over 3 months	-	-	134,481,174.55	448,825.45
<b>Total</b>	<b>-</b>	<b>-</b>	<b>429,123,027.65</b>	<b>19,406,972.35</b>

### 11.5 Other components of equity

(Unit: Baht)

	For the year ended 31 December	
	2020	2019
<b>Available-for-sale investments which are measured at fair value through other comprehensive income</b>		
Balance - beginning of the year	37,178,088.98	-
Cumulative effect of changes in accounting policy (Note 5)	12,492,772.81	-
Balance as at January 1, 2020	49,670,861.79	-
Other comprehensive income (expenses) for the year	(29,673,711.42)	
Balance - end of the year	19,997,150.37	-

### 11.6 Investments subject to restriction

As at December 31, 2020 and 2019, the Company pledged bank deposit Baht 64.93 million and Baht 89.93 million, respectively as collateral as stated in note 38.

## 12.LOANS

As at December 31, 2020 and 2019, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

December 31, 2020			
Classification	Loans		Total
	Mortgage loans	Other	
Loans which credit risk has not significantly increased (Stage 1)	4,384,310.97	316,629.94	4,700,940.91
Loans which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired loans (Stage 3)	2,055,988.91	-	2,055,988.91
Total	6,440,299.88	316,629.94	6,756,929.82
Less: Allowance for expected credit losses	(2,055,988.91)	-	(2,055,988.91)
<b>Total - Loans and interest receivables</b>	<b>4,384,310.97</b>	<b>316,629.94</b>	<b>4,700,940.91</b>

(Unit: Baht)

December 31, 2019			
Classification	Loans		Classification
	Mortgage loans	Other	
Loans which credit risk has not significantly increased (Stage 1)	7,026,491.11	255,275.45	7,281,766.53
Loans which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired loans (Stage 3)	-	-	-
<b>Total - Loans and interest receivables</b>	<b>7,026,491.11</b>	<b>255,275.45</b>	<b>7,281,766.56</b>

12.1 The collateralized loans are loan facilities provided to employees as part of the credit welfare project for house with interest rate MLR – 1.5% and MOR - 2.0% per annum.

12.2 The collateralized loans are personal loans provided to employees as part of the benefit program with interest rate at MLR - 1.5% per annum and MOR per annum.

12.3 The collateralized loans are loan facilities provided to other person at interest rate MOR-1.5% per annum.

### 13.PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

December 31, 2020					
	Land	Building	Fixture and office equipment	Vehicle	Total
<b>Cost :</b>					
At December 31, 2019	41,549,000.00	80,536,138.70	4,470,676.57	13,540,094.31	140,095,909.58
Additions	-	-	253,038.31	-	253,038.31
Disposal	-	-	(317,594.59)	-	(317,594.59)
At December 31, 2020	41,549,000.00	80,536,138.70	4,406,120.29	13,540,094.31	140,031,353.30
<b>Accumulated depreciation :</b>					
At December 31, 2019	-	80,133,004.41	3,701,193.35	13,388,945.73	97,223,143.49
Depreciation for the year	-	78,685.63	361,044.63	151,128.58	590,858.84
Disposal	-	-	(309,333.78)	-	(309,333.78)
At December 31, 2020	-	80,211,690.04	3,752,904.20	13,540,074.31	97,504,668.55
<b>Net book value :</b>					
At December 31, 2019	41,549,000.00	403,134.29	769,483.22	151,148.58	42,872,766.09
At December 31, 2020	41,549,000.00	324,448.66	653,216.09	20.00	42,526,684.75
<b>Depreciation for the year :</b>					
At December 31, 2020					590,858.84

## 13.PROPERTY, PLANT AND EQUIPMENT (Cont.)

(Unit: Baht)

December 31, 2019					
	Land	Building	Fixture and office equipment	Vehicle	Total
<b>Cost :</b>					
At December 31, 2018	41,549,000.00	80,536,138.70	4,477,293.76	14,608,961.54	141,171,394.00
Additions	-	-	128,154.76	-	128,154.76
Disposal	-	-	(134,771.95)	(1,068,867.23)	(1,203,639.18)
At December 31, 2019	41,549,000.00	80,536,138.70	4,470,676.57	13,540,094.31	140,095,909.58
<b>Accumulated depreciation :</b>					
At December 31, 2018	-	80,054,318.78	3,384,625.83	14,278,709.34	97,717,653.95
Depreciation for the year	-	78,685.63	450,440.63	179,099.62	708,225.88
Disposal	-	-	(133,873.11)	(1,068,863.23)	(1,202,736.34)
At December 31, 2019	-	80,133,004.41	3,701,193.35	13,388,945.73	97,223,143.49
<b>Net book value :</b>					
At December 31, 2018	41,549,000.00	481,819.92	1,092,667.93	330,252.20	43,453,740.05
At December 31, 2019	41,549,000.00	403,134.29	769,483.22	151,148.58	42,872,766.09
<b>Depreciation for the year :</b>					
At December 31, 2019					708,225.88

As at December 31, 2020 and 2019, the Company has furniture, fixtures and office equipment at cost before deducting accumulated depreciation amount of Baht 95.20 million and Baht 93.65 million, respectively which are fully depreciated and still used in its operation.

#### 14. INTANGIBLE ASSETS

(Unit : Baht)

	Computer Software
Cost:	
At December 31, 2018	1,941,571.03
Additions	-
At December 31, 2019	1,941,571.03
Additions	-
At December 31, 2020	1,941,571.03
Accumulated amortization	
At December 31, 2018	1,885,421.18
Amortization charge	43,700.37
At December 31, 2019	1,929,121.55
Amortization charge	12,444.48
At December 31, 2020	1,941,566.03
Net book value:	
At 31 December 2019	12,449.48
At 31 December 2020	5.00
Amortization for the year 2020	12,444.48
Amortization for the year 2019	43,700.37

## 15.DEFERED TAX

15.1 As at December 31, 2020 and 2019, the component of deferred tax assets and liabilities consist of following items.

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2019
<b>Deferred tax assets</b>		
Premium reserve	-	2,815,075.28
Loss reserves and outstanding claims	11,945,736.87	9,520,027.38
Loss reserves incurred but not reported (IBNR)	3,415,387.99	3,482,462.01
Allowance for expected credit losses / Allowance for doubtful accounts	4,779,754.33	193,444.27
Employee benefit obligation	2,457,220.20	2,658,953.40
<b>Total</b>	<b>22,598,099.39</b>	<b>18,669,962.34</b>
<b>Deferred tax liabilities</b>		
Premium reserve	4,120,275.73	-
Unrealized gain from investment valuation – Available for sale	4,999,287.60	9,294,522.24
<b>Total</b>	<b>9,119,563.33</b>	<b>9,294,522.24</b>
Deferred tax assets (liabilities) - net	13,478,536.06	9,375,440.10

15.2 Income tax for the year ended December 31, 2020 and 2019, is summarized as follows:

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2019
<b>Current income tax:</b>		
Income tax for the year	8,629,568.45	-
<b>Deferred income tax:</b>		
Deferred tax from temporary difference	28,324.69	(6,633,921.95)
Income tax presented in statement of comprehensive income	8,657,893.14	(6,633,921.95)

## 15.DEFERED TAX (Cont.)

15.3 The amount of income tax relating to each component of other comprehensive incomes for the year ended December 31, 2020 and 2019, are summarized as follows:

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2019
Deferred tax relating to Remeasurements of post-employment benefit obligations for the year	(163,814.00)	83,529.60
Deferred tax relating to gain (loss) from investment valuation Available for sale	<u>7,418,427.85</u>	<u>2,640,012.37</u>
	<u>7,254,613.85</u>	<u>2,723,541.97</u>

15.4 Reconciliation amount between income tax expenses and multiplication of taxable profit and tax rate used for the year ended December 31, 2020 and 2019, are presented as follows:

	<i>(Unit: Baht)</i>	
	2020	2019
Profit (Loss) from accounting before income tax	59,882,419.78	(37,684,858.71)
Income tax rate	20%	20%
Profit (Loss) from accounting before income tax multiplied by income tax rate	11,976,483.95	(7,536,971.75)
Income tax adjusted of previous year		
The effect from changing income tax rate of deferred tax	20,075,181.58	-
The effect of income tax:		
Current year tax profit (loss) for which no deferred tax asset was recognized	(22,133,005.23)	2,195,164.83
Non-taxable revenues and expenses	(1,260,767.16)	(1,393,644.63)
Non-deductible expenses	-	101,529.60
Income tax presented in statement of comprehensive income	8,657,893.14	(6,633,921.95)

## 16.OTHER ASSTES

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2019
Prepaid long-term commission	1,477,825.83	2,288,304.51
Loss recovery from counter parties	4,376,924.10	3,627,883.76
Other receivables	4,845,290.21	3,229,010.23
Others	4,584,875.75	4,313,323.62
Total	15,284,915.89	13,458,522.12
Less: Allowance for expected credit losses	(1,627,518.69)	-
Other assets - net	13,657,397.20	13,458,522.12

## 17.INSURANCE CONTRACT LIABILITIES

December 31, 2020			
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	71,616,427.81	(867,212.84)	70,749,214.97
- Incurred but not reported claim reserves	20,488,549.56	(3,411,609.63)	17,076,939.93
Premium liabilities - Unearned premium reserves	68,613,230.91	(15,975,969.46)	52,637,261.45
<b>Total</b>	<b>160,718,208.28</b>	<b>(20,254,791.93)</b>	<b>140,463,416.35</b>

December 31, 2029			
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	58,808,348.40	(1,472,325.27)	57,336,023.13
- Incurred but not reported claim reserves	26,296,923.99	(8,884,613.96)	17,412,310.03
Premium liabilities - Unearned premium reserves	190,252,535.03	(26,403,451.19)	163,849,083.84
<b>Total</b>	<b>275,357,807.42</b>	<b>(36,760,390.42)</b>	<b>238,597,417.00</b>

## 17.INSURANCE CONTRACT LIABILITIES (Cont.)

Loss reserves and outstanding claims

	(Unit: Baht)	
	December 31, 2020	December 31, 2020
Beginning balances	85,105,272.39	55,882,661.30
Claim incurred in this year	136,796,733.48	160,768,900.65
Changes in claim reserves in previous year	(5,488,650.96)	(10,695,634.97)
Changes in claim reserves assumptions	(3,745,340.18)	11,301,226.23
Claim paid in this year	(120,563,037.36)	(132,151,880.82)
Ending balances	92,104,977.37	85,105,272.39

As at December 31, 2020, the Company had loss reserves and outstanding claims under reinsurance contracts of Baht 3.18 million (31 December 2019: Baht 3.17 million).



## Unearned premium reserve

(Unit: Baht)

	December 31, 2020	December 31, 2019
Beginning balances	190,252,535.03	98,236,743.50
Premium written for the year	198,555,938.09	414,856,166.34
Premium earned for the current year	(320,195,242.21)	(322,840,374.81)
Ending balance	68,613,230.91	190,252,535.03

## Unexpired risk reserve

(Unit: Baht)

	December 31, 2020	December 31, 2019
Balance as at January 1	91,890,236.68	35,158,902.71
Estimated claims for the year	91,670,175.19	172,275,812.81
Expired risk during the year	(154,651,377.38)	(115,544,478.84)
Ending balance	28,909,034.49	91,890,236.68

## 17.INSURANCE CONTRACT LIABILITIES (Cont.)

As at December 31, 2020, the Company has not provided for unexpired risk reserve for the amount of Baht 28.91 million (December 31, 2019, Baht 91.89 million) since unexpired risk reserve is lower than unearned premium reserve.

## Gross claims table

(Unit: Baht)

Accident year/Reporting year	2018	2016	2017	2018	2019	2020	Total
Claim estimates:							
- as at accident year	60,702,000	64,010,739	55,364,197	71,469,051	171,146,908	131,607,373	
- Next one year	58,031,013	63,261,824	55,203,840	65,399,721	175,520,628		
- Next two years	58,553,284	65,920,735	51,323,420	55,573,021			
- Next three years	57,884,918	65,700,784	51,353,630				
- Next four years	57,884,918	65,700,784					
- Next five years	57,884,918						
Cumulative claim estimates	57,884,918	65,700,784	51,353,630	55,573,021	175,520,628	131,607,373	537,640,354
Cumulative payments 2014 - 2019	57,884,918	65,700,784	51,343,430	53,706,008	150,986,267	70,983,566	450,604,974
Total	-	-	10,199	1,867,013	24,534,361	60,623,807	87,035,380
Claims before 2014							2,873,229
Others							2,196,368
Total gross loss reserves							<u>92,104,977</u>

## Net claims table

							(Unit: Baht)
Accident year/Reporting year	2018	2016	2017	2018	2019	2020	Total
Claim estimates:							
- as at accident year	52,321,459	47,303,374	45,887,288	60,216,395	133,884,158	113,889,725	
- Next one year	49,355,510	46,158,395	46,222,054	57,141,350	136,393,962		
- Next two years	49,779,703	48,653,956	43,058,124	48,547,921			
- Next three years	49,830,805	48,501,457	43,080,788				
- Next four years	49,830,805	48,501,457					
- Next five years	49,830,805						
Cumulative claim estimates	49,830,805	48,501,457	43,080,788	48,547,921	136,393,962	113,889,725	440,244,657
Cumulative payments 2014 - 2019	49,830,805	48,501,457	43,074,618	46,755,510	111,951,125	58,030,212	358,143,727
Total	-	-	6,170	1,792,411	24,442,837	55,859,513	82,100,930
Claims before 2014							571,979
Others							(3,072,055)
Total net loss reserves							<u>79,600,854</u>

## 17.INSURANCE CONTRACT LIABILITIES (Cont.)

### Key assumptions

Key assumptions used in the valuation of loss reserves arising from insurance contracts are as follows.

(a) The assumptions of in claim experiences.

For assessment, the Company applies 3 actuarial methods as follows:

- 1) Chain Ladder method is used for claims paid and incurred.
- 2) Bornhuetter-Ferguson or "BF" method is used for claims paid and incurred.
- 3) The Expected Loss Ratio or "ELR".

The Company usually uses the Chain Ladder method to estimate losses incurred, which is considered the best method while the BF and ELR will be applied to on a case by case basis where appropriate. Key assumption of both methods is Ultimate Loss Ratio. For selecting Ultimate Loss Ratio, the Company will consider information in the past including other factors that can reflect the appropriate level of liabilities of the Company at the end of the reporting periods such as changing in policy of insurance or changing coverage in insurance policy and soon.

(b) The assumption of the relevant expenses.

### The estimation of unallocated loss adjustment expenses (ULAE).

In estimating ULAE, the Company uses the "Kittel's Refinement of the Classical Paid-to-Paid" method by reference to Conger and Nolibos on "Estimating ULAE Liabilities: Rediscovering and Expanding Kittel's Approach" in collecting the Company's internal expenses in order to analyze and estimate analytical expenses of claim department and unallocated loss adjustment expenses (ULAE). For this method, the estimation has been considered the ratio of ULAE to the average claims paid by considering to select such ratio from information in the past at least 3 years.

## 18.DUE TO REINSURERS

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2029
Premium ceded payables	11,473,389.78	11,118,758.19
Amount withheld on reinsurance	9,200,878.32	10,554,755.72
Total reinsurance payables	20,674,268.10	21,673,513.91

## 19.BANK OVERDRAFTS

As at December 31, 2020 and 2019, the Company has credit facilities of bank overdrafts amounting to Baht 20.00 million with interest rate at MOR - 3 % guaranteed by fixed deposit as disclosed in note 38.

## 20. EMPLOYEE BENEFIT OBLIGATIONS

	<i>(Unit: Baht)</i>	
<b><u>Employee benefits expenses project as determined :</u></b>	December 31, 2020	December 31, 2029
Current service cost	1,004,281.00	675,244.00
Interest cost	165,297.00	219,159.00
Remeasurements of post-employment benefit obligations for the year	(819,070.00)	417,648.00
Total expenses	<u>350,508.00</u>	<u>1,312,051.00</u>
<b><u>The statement of financial position obligation was determined as follows :</u></b>		
Present value of the defined benefit obligations	9,184,024.00	8,766,376.00
Unrecognized actuarial (gain) loss	(819,070.00)	417,648.00
Defined benefit obligation at end of year	<u>8,364,954.00</u>	<u>9,184,024.00</u>
<b><u>Movement in the present value of the defined benefit obligations :</u></b>		
Defined benefit obligations at January 1,	13,294,767.00	8,766,376.00
Current service cost	1,004,281.00	675,244.00
Interest cost	165,297.00	219,159.00
Less Benefits paid	(1,359,174.00)	-
Past Service Cost – Plan Changes	-	3,216,340.00
Remeasurements of post-employment benefit obligations for the year	(819,070.00)	417,648.00
Defined benefit obligation at December 31,	<u>12,286,101.00</u>	<u>13,294,767.00</u>

## 20.EMPLOYEE BENEFIT OBLIGATIONS (Cont.)

Actuarial assumptions to use for calculation:

	2020	2019
	Percentage	Percentage
Retirement age	60 year	60 year
Discount Rate	1.09	1.32
Long term salary increase	2.00	2.25
Employees turn over	0.00–20.00	0.00–20.00
Mortality Rate	TMO2017	TMO2017

Remeasurements of post-employment benefit obligations recognized in other comprehensive income arising from:

(Unit: Baht)

Assumptions	December 31, 2020	December 31, 2029
Experience Adjustments on Plan Liabilities	(841,281.00)	(740,178.00)
Change in Demographic Assumptions on Plan Liabilities	-	(6,572.00)
Change in Financial Assumptions on Plan Liabilities	22,211.00	1,164,398.00
<b>Total</b>	<b>(819,070.00)</b>	<b>417,648.00</b>

### Sensitivity analysis :

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

(Unit: Baht)

Defined benefit obligation at December 31, 2020	Increase	Decrease
Discount Rate (1.0% movement)	(708,389.00)	784,507.00
Long term salary increase (1.0% movement)	710,702.00	(656,381.00)
Employees turn over (10.0% movement)	(103,580.00)	106,276.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 21. OTHER LIABILITIES

(Unit: Baht)

	December 31, 2020	December 31, 2029
Accrued expense	3,574,589.85	14,724,486.93
Accrued commission	2,407,693.36	4,281,584.10
Others	11,985,839.74	20,536,271.43
<b>Total</b>	<b>17,968,122.95</b>	<b>39,542,342.46</b>

## 22.DIVIDEND PAYMENT

According to the resolution of annual general shareholders' meeting for the year 2019 held on July 22, 2020. The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2019 at the rate Baht 0.50 per share for 12 million shares total amount of Baht 6 million. The company already paid dividend on April 30, 2020 was approved by the shareholder meeting of the year 2020 held on March 30, 2020.

According to the resolution of annual general shareholders' meeting for the year 2018 held on April 24, 2019, The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2018 at the rate Baht 0.50 per share for 12 million shares total amount of Baht 6 million. The company already paid dividend on May 24, 2019.

## 23.OPERATING EXPENSES

	<i>(Unit: Baht)</i>	
	December 31, 2020	December 31, 2019
Personal expenses which are not expenses for underwriting and claims	22,201,672.59	25,281,375.59
Premises and equipment expenses which is not expenses for underwriting	7,502,313.20	9,188,840.89
Taxes and duties	1,089,141.90	2,390,263.74
Bad debts and doubtful accounts	-	208,605.14
Directors' remuneration	1,015,000.00	1,145,000.00
Other operating expenses	7,295,067.63	8,012,920.59
Total operating expenses	39,103,195.32	46,227,005.95

## 24. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<i>(Unit: Baht)</i>	
	For the year end	
	December 31, 2020	December 31, 2019
Loans and interest receivables	2,055,988.91	-
Other assets	1,627,518.69	-
Investment in securities	19,406,972.35	-
Total net impairment losses on financial assets	23,090,479.95	-

## 25.EMPLOYEE BENEFIT EXPENSE

(Unit: Baht)

	December 31, 2020	December 31, 2019
<b>Management</b>		
Wages and salaries	11,537,824.00	22,667,824.00
Pension costs - defined contribution plans	179,808.00	179,808.00
Others	697,008.00	1,957,803.90
	12,414,640.00	13,805,435.90
<b>Other employees</b>		
Wages and salaries	17,265,256.00	17,605,887.00
Pension costs - defined contribution plans	237,312.59	239,586.18
Others	1,286,932.00	3,413,658.51
	18,789,500.59	21,259,131.69
<b>Total</b>	31,204,140.59	35,064,567.59
<b>Employee benefit expenses has been allocated to:</b>		
Other underwriting expenses	5,161,263.00	6,170,000.00
Insurance claim and loss adjustments	2,826,205.00	2,468,192.00
Operating expenses	23,216,672.59	26,426,375.59
<b>Total</b>	31,204,140.59	35,064,567.59

## 26.BENEFITS PAID TO DIRECTORS AND KEY MANAGEMENT

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act B.E. 1992 excluded salaries and related benefits to be paid to executive directors.

Benefit expenses paid to chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels consist of salaries, bonus, retirement benefit and meeting allowance.

Directors' remuneration and management benefit expenses for the year ended December 31, 2020 and 2019, are presented as follows.

(Unit: Baht)

	For the year end	
	December 31, 2020	December 31, 2019
Short-term benefits	11,746,762.00	11,928,987.90
Long-term benefits	667,878.00	1,876,448.00
<b>Total</b>	12,414,640.00	13,805,435.90

## 27.TAX AFFECT TO RELATE WITH EASH COMPONENT OF OTHER COMPREHENSIVE INCOME

	<i>(Unit: Baht)</i>		
	Amount before Tax	Benefit (Expense) Tax	Net amount from Tax
<b>As at December 31, 2020</b>			
Gains on changes in values of investments	(37,092,139.27)	7,418,427.85	(29,673,711.42)
Remeasurements of post-employment benefit obligations	819,070.00	(163,814.00)	655,256.00
Total	(36,273,069.27)	7,254,613.85	(29,018,455.42)
<b>As at December 31, 2019</b>			
Gains on changes in values of investments	(13,200,061.84)	2,640,012.37	(10,560,049.47)
Remeasurements of post-employment benefit obligations	(417,648.00)	83,529.60	(334,118.40)
Total	(13,617,709.84)	2,723,541.97	(10,894,167.87)

## 28.RISKS OF NON-LIFE INSURANCE BUSINESS

### 28.1. Insurance risk

Insurance risk refers to the risk of loss arising from unpredictability of frequency, severity and timing of damage that differ from the assumptions made in calculating premiums or reserves and in underwriting considerations as well as loss or damage arising from unusual external factors, particularly those caused by geographical changes, including social calamities. All such factors can do severe damage to life and property insured by the Company.

The risk factors that could negatively affect the operations include insurance claims as they represent a major expenditure uncontrollable by the Company. Another factor is the risk of unbalanced product mix resulting.

Systematic risk management is in place covering from the process of risk underwriting. It is our policy to insure against those perils with a low degree of risk through careful selection of prospective clients, property, types of business and exposure of risks to be accepted and by taking into account the area's vulnerability to natural disasters. These factors would be considered based on data and statistics collected before premiums are set appropriately according to the risk. The Company also mitigates insurance risk by transferring those large risks to financially sound domestic and overseas reinsurers under different forms of reinsurance contracts such as treaty reinsurance, facultative reinsurance and excess of loss reinsurance. Such arrangements enable the Company to minimize insurance risk and ensure a rigorous, systematic claims management process where claims are settled accurately according to actual loss.

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

## 29. RISKS OF NON-LIFE INSURANCE BUSINESS

### 29.1. Insurance risk (Cont.)

(Unit: Baht)

	December 31, 2020			December 31, 2019		
	Gross premium reserves	Outward premium reserves	Net	Gross Premium reserves	Outward loss reserves	Net
Fire	18,502,814.66	(5,095,601.37)	13,407,213.29	18,947,680.17	(4,366,272.47)	14,581,407.70
Marine and transportation	4,346,331.93	(2,184,528.90)	2,161,803.03	4,107,181.94	(1,543,432.21)	2,563,749.73
Motor	30,789,296.00	(1,660,200.24)	29,129,095.76	145,535,508.49	(7,358,299.06)	138,177,209.43
Personal accident	594,040.52	(235,698.43)	358,342.09	622,862.91	(261,505.49)	361,357.42
Miscellaneous	14,380,747.80	(6,799,940.52)	7,580,807.28	21,039,301.52	(12,873,941.96)	8,165,359.56
Total	68,613,230.91	(15,975,969.46)	52,637,261.45	190,252,535.03	(26,403,451.19)	163,849,083.84

(Unit: Baht)

	December 31, 2020			December 31, 2019		
	Gross premium reserves	Outward premium reserves	Net	Gross Premium reserves	Outward loss reserves	Net
Fire	4,231,085.92	(38,608.03)	4,192,477.89	5,032,978.69	94,676.67	5,127,655.36
Marine and transportation	2,706,414.58	(163,404.55)	2,543,010.03	4,700,537.60	(631,598.56)	4,068,939.04
Motor	82,778,195.95	(2,855,777.92)	79,922,418.03	63,286,004.37	(1,427,612.19)	61,858,392.18
Personal accident	59,020.97	(8,714.27)	50,306.70	191,956.40	(20,285.06)	171,671.34
Miscellaneous	2,330,259.95	(1,212,317.70)	1,117,942.25	11,893,795.33	(8,372,120.09)	3,521,675.24
Total	92,104,977.37	(4,278,822.47)	87,826,154.90	85,105,272.39	(10,356,939.23)	74,748,333.16

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of changes in assumptions used in calculation, which may impact on both gross and net loss reserves. The risk may be caused by the frequency of loss, value of loss and claim and loss adjustment expenses that are not as expected. The variables used for testing consist of the Ultimate Loss Ratio or "ULR", in the latest accident year and the Unallocated Loss Adjustment Expenses or "ULAE", and so on.



(Unit: Baht)

December 31, 2020				
	Assumption change	Provision for gross loss reserves	Provision for net loss reserves	Profit (loss) before income tax
Ultimate Loss Ratios	+1%	3,270,527	2,882,596	(2,882,596)
	-1%	(3,270,527)	(2,882,596)	2,882,596
ULAE Ratio	+1%	541,535	541,535	(541,535)
	-1%	(541,535)	(541,535)	541,559

(Unit: Baht)

December 31, 2019				
	Assumption change	Provision for gross loss reserves	Provision for net loss reserves	Profit (loss) before income tax
Ultimate Loss Ratios	+1%	3,371,949	2,860,359	(2,860,359)
	-1%	(3,371,949)	(2,860,359)	2,860,359
ULAE Ratio	+1%	532,799	532,799	(532,799)
	-1%	(532,799)	(532,799)	532,799

## 28.1. Financial instruments and risk management

The Company's financial instruments, comprise cash and cash equivalents, premium receivables, investments, loans, reinsurance assets and reinsurance receivables. The financial risks associated with these financial instruments and how they are managed is described below.

### (a) Credit risk

Concentrations of the credit risk with respect to premium receivables, reinsurance assets and reinsurance receivables are considered low because the Company's policy holders and reinsurers are dispersed across different industries and geographic regions in Thailand and in foreign countries.

The maximum exposure to credit risk is limited to the carrying value of those assets after deduction of allowance for doubtful accounts as stated in the statement of financial position.

Credit risk arising from collection of premium receivables

The Company has managed the risk arising from the collection of insurance premiums, establishing stricter criteria and conditions as to determination of a credit limit and credit terms of agents and brokerages and authorization control in order to facilitate business expansion.

Credit risk arising from reinsurance

The Company has managed the risk arising from reinsurance, developing reinsurance strategies and establishing criteria and guidelines in assessing the credibility of reinsurance companies in order to

minimize credit risk arising from reinsurance. The select reinsurance companies' credit ratings are not to be lower than that specified.

#### Credit risk arising from investments

The Company has managed the risk arising from investments, establishing investment limits for each agreement and the minimum credit rating criteria for counterparties that the Company is able to make an investment within the Company's investment policy framework.

The criteria used in determining measurement of expected credit losses in the next 12 months are as follows:

#### **Stage 1: Financial assets with no significant increase in credit risk (12-mth ECL)**

An investment asset, with a credit rating performed by a reliable credit rating agency or, if unavailable, a credit rating performed by an issuer, or comparable credit rating of BBB- or higher that can be obtained without incurring any costs, is classified to be in this stage. The Company uses the asset's credit rating at the end of the reporting period or on the most recent date the credit rating has been changed.

#### **Stage 2: Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)**

An investment asset, with a credit rating lower of BBB- at the end of the reporting period.

#### **Stage 3: Financial assets that are credit-impaired (Lifetime ECL - credit impaired)**

Only after a payment of interest or principals missed by 1 day.

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

(Unit: Baht)

	2020				
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets that applied simplified approach to calculate expected credit losses (Lifetime ECL - simplified approach)	Total
<b>Cash and cash equivalents</b>					
Investment grade	31,416,733.73	-	-	-	31,416,733.73
Allowance for expected credit loss	-	-	-	-	-
<b>Held-to-maturity investments which are measured at amortized cost</b>					
Investment grade	413,530,000.00	-	-	-	413,530,000.00
Non-investment grade	-	-	35,000,000.00	-	35,000,000.00
Allowance for expected credit loss	(961,972.35)	-	(18,445,000.00)	-	(19,406,972.35)
<b>Accrued investment income</b>					
Investment grade	2,764,061.01	-	-	-	2,764,061.01
Allowance for expected credit loss	-	-	-	-	-

## 28.2. Financial instruments and risk management (Cont.)

### (a) Credit risk (Cont.)

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

(Unit: Baht)

	2563			
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
<b>Cash and cash equivalents</b>				
Beginning balance				
Change due to remeasurement of allowance for impairment	-	-	-	-
Ending balance	-	-	-	-
<b>Held-to-maturity investments which are measured at amortized cost</b>				
Beginning balance				
Change due to remeasurement of allowance for impairment	(961,972.35)	-	(18,445,000.00)	(19,406,972.35)
Ending balance	(961,972.35)	-	(18,445,000.00)	(19,406,972.35)
<b>Accrued investment income</b>				
Beginning balance				
Change due to remeasurement of allowance for impairment	-	-	-	-
Ending balance	-	-	-	-

As at 31 December 2020, the details of the maximum exposure to credit risk are as follows: (The Company was of the opinion that the disclosure is to be made from 2020 onwards since the financial reporting standards have been adopted since 1 January 2020.)

(Unit: Baht)

	2563
Cash and cash equivalents	31,416,733.73
Held-to-maturity investments which are measured at amortized cost	448,530,000.00
Accrued investment income	2,764,061.01
<b>Total maximum exposure to credit risk</b>	<b>482,710,794.74</b>

**(b) Market risk**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position.

**(1) Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its investments in securities and loans.

Significant assets and liabilities classified by type of interest rates are summarized in the table below, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

*(Unit: Baht)*

	December 31, 2020						
	Fixed interest rates			Floating interest rat	Non-Interest bearing	Total	Effective interest rate
	Within 1 year	1 – 5 years	Over 5 years				
<b><u>Financial Assets</u></b>							
Cash and cash equivalents	-	-	-	31,416,733.73	-	31,416,733.73	0.00 – 1.10
Premium receivables	-	-	-	-	13,242,928.80	13,242,928.80	-
Reinsurance assets – claim reserves refundable from reinsurers	-	-	-	-	4,278,822.47	4,278,822.47	-
Reinsurance receivables	-	-	-	-	15,793,665.78	15,793,665.78	-
Investment in securities							
Government and state enterprise securities	1,600,000.00	5,000,000.00	-	-	-	6,600,000.00	0.00-5.00
Equity securities	-	-	-	-	182,881,995.68	182,881,995.68	-
General investments	-	-	-	-	8,279,839.29	8,279,839.29	-
Private sector debt securities	69,562,097.97	208,486,882.09	9,992,873.04	-	-	288,041,853.10	1.21-5.50
Deposits at financial institutions which matured over 3 months	134,481,174.55	-	-	-	-	134,481,174.55	0.20-1.70
Loans	-	-	-	4,700,940.91	-	4,700,940.91	5.275-5.900
<b><u>Financial Liabilities</u></b>							
Insurance contract liabilities - claim reserves	-	-	-	-	92,104,977.37	92,104,977.37	-
Amounts due to reinsurances	-	-	-	-	20,674,268.10	20,674,268.10	-

**(b) Market risk (Cont.)***(Unit: Baht)*

	December 31, 2019						
	Fixed interest rates			Floating interest rat	Non-Interest bearing	Total	Effective interest rate
	Within 1 year	1 – 5 years	Over 5 years				
<b><u>Financial Assets</u></b>							
Cash and cash equivalents	-	-	-	53,022,357.90	-	53,022,357.90	0.00-1.10
Premium receivables	-	-	-	-	30,325,742.29	30,325,742.29	-
Reinsurance assets – claim reserves refundable from reinsurers	-	-	-	-	10,356,939.23	10,356,939.23	-
Reinsurance receivables	-	-	-	-	26,400,176.00	26,400,176.00	-
Investment in securities							
Government and state enterprise securities	10,000,000.00	1,600,000.00	5,000,000.00	-	-	16,600,000.00	0.00-5.00
Equity securities	-	-	-	-	211,123,258.22	211,123,258.22	-
Private sector debt securities	48,000,000.00	218,000,000.00	40,000,000.00	-	-	306,000,000.00	1.74-5.50
Deposits at financial institutions which matured over 3 months	120,930,000.00	14,000,000.00	-	-	-	134,930,000.00	0..65-1.70
Loans	-	-	-	7,281,766.56	-	7,281,766.56	5.275-5.900
<b><u>Financial Liabilities</u></b>							
Insurance contract liabilities - claim reserves	-	-	-	-	85,105,272.39	85,105,272.39	-
Amounts due to reinsurances	-	-	-	-	20,985,069.98	20,985,069.98	-

**The sensitivity analysis of the interest rate**

The sensitivity analysis of changes in interest rates represents the effect of possible interest rate changes to comprehensive income statement, with all other variables held constant.

## 28.2. Financial instruments and risk management (Cont.)

### (b) Market risk (Cont.)

The effects of changes in interest rates to profit or loss as of 31 December 2020 are summarized below:

	Increase (decrease)	Effect on profit or loss
	%	(Baht)
Investments which are measured at fair value through profit or loss - Debt	1%	4,585,300.00
	(1%)	(4,197,045.00)

The above analysis has been prepared assuming that the amounts of debt instruments and all other variables remain constant over one year. Moreover, the floating legs of these debt instruments are assumed to not yet have set interest rates. As a result, a change in interest rates affects the value of debt instruments. This information is not a forecast or prediction of future market conditions and should be used with care.

### (2) Equity position risk

Equity position risk is the risk that changes in the market prices of debt securities and equity securities are to result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2020 and 2019, the Company had risk from investments in securities, of which the prices are to change with reference to market conditions.

### (c) Liquidity risk

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

The maturity profile of the Company's financial assets and liabilities as at 31 December 2020 and 2019 based on contractual undiscounted cashflows are as follows:

	(Unit: Baht)					
	December 31, 2020					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
<b>Financial Assets</b>						
Cash and cash equivalents	31,416,733.73	-	-	-	-	31,416,733.73
Premium receivables	-	13,242,928.80	-	-	-	13,242,928.80
Reinsurance assets – claim reserves refundable from reinsurers	-	20,254,791.93	-	-	-	20,254,791.93
Reinsurance receivables	-	15,793,665.78	-	-	-	15,793,665.78
Investment in securities	-	205,643,272.52	213,486,882.09	9,992,873.04	191,161,834.97	620,284,862.62
Loans	-	-	774,660.28	3,926,280.63	-	4,700,940.91
<b>Financial Liabilities</b>						
Insurance contract liabilities - claim reserves	-	92,104,977.37	-	-	-	92,104,977.37
Amounts due to reinsurances	-	20,674,268.10	-	-	-	20,674,268.10

(Unit: Baht)

	December 31, 2019					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
<b><u>Financial Assets</u></b>						
Cash and cash equivalents	53,022,357.90	-	-	-	-	53,022,357.90
Premium receivables	-	30,325,742.29	-	-	-	30,325,742.29
Reinsurance assets – claim reserves						
refundable from reinsurers	-	10,356,939.23	-	-	-	10,356,939.23
Reinsurance receivables	-	26,400,176.00	-	-	-	26,400,176.00
Investment in securities	-	178,930,000.00	233,600,000.00	45,000,000.00	211,123,258.22	668,653,258.22
Loans	-	122,550.75	331,339.67	6,827,876.14	-	7,281,766.56
<b><u>Financial Liabilities</u></b>						
Insurance contract liabilities - claim						
reserves	-	85,105,272.39	-	-	-	85,105,272.39
Amounts due to reinsurances	-	20,985,069.98	-	-	-	20,985,069.98

## 29.CAPITAL FUND MANAGEMENT

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

## 30.CONTRIBUTION TO NON-LIFE GUARANTEE FUND

	(Unit: Baht)	
	For the years ended December 31	
	2020	2019
Accumulated contribution at the beginning of the year	5,413,064.83	4,384,967.69
Contribution during the year	487,101.46	1,028,097.14
Accumulated contribution at the end of the year	5,900,166.29	5,413,064.83

## 31. ASSETS PLEDGED WITH REGISTRAR

As at December 31, 2020 and 2019, the Company used bank deposit amount of Baht 14 million as collateral with the registrar in accordance with the Section 19 of Insurance Act B.E. 2535. (1992).

## 32. ASSETS RESERVE PLEDGED WITH REGISTRAR

As at December 31, 2020 and 2019, bank deposit amount of Baht 30.00 million and Baht 55.00 million respectively used as collateral against premium reserve with the registrar.

### 33.Net investment revenues

As at December 31, 2020 and 2019, the Company had revenues relating to investment as follows.

(Unit: Baht)

	For the years ended December 31	
	2020	2020
Interest income	11,944,222.46	13,110,204.07
Dividend	5,576,889.87	6,993,223.15
Total	17,521,112.333	20,103,427.22

### 34.PROVIDENT FUND

The Company and its employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. (1987). The fund is contributed to by the Company and its employees at the equal monthly rate of 3 percent of the employees' basic salary, based on the length of employment and will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Management Company Limited. For year ended December 31, 2020 and 2019, the Company contributed to Fund approximately Baht 0.42 million and Baht 0.42 million respectively.

### 35.LEGAL RESERVE

Under the Section 116 of the Public Companies Act B.E. 2535 (1992), the Company is required to set aside a legal reserve at least 5% of annual net profit until the cumulative reserve reaches an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

### 36.EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income)

(Unit: Baht)

	December 31, 2020	December 31, 2019
Profit for the year	51,224,526.64	(31,050,936.76)
Weighted average number of ordinary shares	12,000,000	12,000,000
Earnings per share	4.27	(2.59)

### 37.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 Company's operations involve the single business segment of non-life insurance, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in



### 37.FINANCIAL INFORMATION BY SEGMENT (Cont.)

these financial statements pertain to the aforementioned business segment and geographical area. And for the purposes of administration. The Company reported operating segments. Divided into categories of products include fire insurance, marine and transport insurance, personal accident insurance and miscellaneous insurance.

The following tables present revenue and profit information regarding the Company's operating segments for the years ended December 31, 2020 and 2019, respectively.

(Unit: Baht)

	For year ended December 31, 2020					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
Premium written	36,469,859.76	7,599,497.48	123,131,088.21	1,131,649.53	30,223,843.11	198,555,938.09
Less: Premium ceded	9,368,808.29	3,471,122.35	6,364,642.04	431,486.91	14,830,342.84	34,466,402.43
Net premium written	27,101,051.47	4,128,375.13	116,766,446.17	700,162.62	15,393,500.27	164,089,535.66
Add/Less: Unearned premium reserves	1,174,194.41	401,946.70	109,048,113.67	3,015.33	584,552.28	111,211,822.39
Earned premium written	28,275,245.88	4,530,321.83	225,814,559.84	703,177.95	15,978,052.55	275,301,358.05
Fee and commissions income	4,299,322.13	1,565,620.53	1,070,509.10	153,560.47	5,869,793.26	12,958,805.49
Total underwriting income	32,574,568.01	6,095,942.36	226,885,068.94	856,738.42	21,847,845.81	288,260,163.54
<u>Underwriting expenses</u>						
Claims and losses adjustment	2,687,633.19	(557,451.19)	103,457,348.67	321,814.78	1,769,034.13	107,678,379.58
Commissions and brokerages	8,527,629.81	1,094,046.87	15,568,857.29	201,508.49	5,189,103.61	30,581,146.07
Other underwriting expenses	2,689,551.14	1,853,530.10	46,359,555.47	6,000.72	730,423.03	51,639,060.46
<b>Total underwriting expenses before operating expenses</b>	<b>13,904,814.14</b>	<b>2,390,125.78</b>	<b>165,385,761.43</b>	<b>529,323.99</b>	<b>7,688,560.77</b>	<b>189,898,586.11</b>
Operating expenses						39,103,195.32
Net impairment losses on financial assets						23,090,479.95
<b>Total underwriting expenses</b>						<b>252,092,261.38</b>
Profit from underwriting						36,167,902.16
Net investment income						17,521,112.33
Other income						6,193,405.29
Loss before income tax expenses						59,882,419.78
Income tax (expenses) income						(8,657,893.14)
Loss for the year						51,224,526.64

## 37.FINANCIAL INFORMATION BY SEGMENT (Cont.)

(Unit: Baht)

	For year ended December 31, 2020					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
Premium written	37,706,880.30	8,760,900.31	319,704,057.58	1,172,949.33	47,511,378.82	414,856,166.34
Less: Premium ceded	8,637,585.17	3,354,258.18	16,171,236.53	498,351.11	30,767,531.35	59,428,962.34
Net premium written	29,069,295.13	5,406,642.13	303,532,821.05	674,597.22	16,743,847.47	355,427,204.00
Add/Less: Unearned premium reserves	764,005.56	331,665.06	(84,76,247.03)	622,027.97	(33,003.67)	(82,691,552.11)
Earned premium written	29,833,300.69	5,738,307.19	219,156,574.02	1,296,626.19	16,710,843.80	272,735,651.89
Fee and commissions income	6,062,755.62	1,205,240.82	2,544,508.19	176,859.33	6,979,391.39	16,968,755.35
Total underwriting income	35,896,056.31	6,943,548.01	221,701,082.21	1,473,485.52	23,690,235.19	289,704,407.24
<u>Underwriting expenses</u>						
Claims and losses adjustment	16,258,631.48	3,489,648.06	91,168,663.96	668,100.24	10,678,735.58	122,263,779.32
Commissions and brokerages	8,869,617.22	1,285,870.63	39,190,766.09	175,116.57	4,664,236.94	54,185,607.45
Other underwriting expenses	3,327,470.86	1,937,929.49	150,829,342.82	6,687.82	2,575,582.15	158,677,013.14
Total underwriting expenses before operating expenses	28,455,719.56	6,713,448.18	281,188,772.87	849,904.63	17,918,544.67	335,126,399.91
Operating expenses						46,227,005.95
Total underwriting expenses						381,353,405.86
Loss from underwriting						(91,648,998.62)
Net investment income						20,103,427.22
Gain on investment						17,204,980.00
Other income						16,655,732.69
Loss before income tax expenses						(37,684,858.71)
Income tax (expenses) income						6,633,921.95
Loss for the year						(31,050,936.76)

### 37. FINANCIAL INFORMATION BY SEGMENT (Count.)

The following table presents segment assets and liabilities of the Company's operating segments as at December 31, 2020 and 2019, are as follows:

							(Unit: Baht)
	Fire	Marine transportation	Motor	Personal accident	Miscellaneous	Unallocated assets	Total
<b>Assets</b>							
As at December 31, 2020	23,663,222.45	4,228,079.16	13,226,601.24	395,540.93	12,640,418.99	733,086,308.35	787,240,171.12
As at December 31, 2019	26,201,916.22	5,520,159.35	33,505,304.37	658,396.05	36,177,533.29	798,287,040.45	900,350,349.73
<b>Liabilities</b>							
As at December 31, 2020	46,985,934.23	8,987,757.89	114,433,222.93	677,570.39	19,389,764.23	39,505,152.22	229,979,401.89
As at December 31, 2019	47,626,427.34	10,306,664.74	219,200,972.59	859,757.16	36,096,572.10	57,698,030.60	371,788,424.53

#### Mayor customers

For the years 2020 and 2019, the Company has no major policyholder with revenue of 10 percent or more of the Company's gross premium.

### 38. RESTRICTED ASSETS WITH COMMITMENT

As at December 31, 2020 and 2019, the Company pledged bank deposit of Baht 64.93 million and Baht 89.93 million respectively as collaterals follows:

			(Unit: Baht)
	December 31, 2020	December 31, 2019	
Bank deposit as collateral for :			
Bank overdraft	200,000,000.00	20,000,000.00	
Assets pledged with registrar	14,000,000.00	14,000,000.00	
Assets reserve pledged with registrar	30,000,000.00	55,000,000.00	
Credit card usage	500,000.00	500,000.00	
Electricity usage	430,000.00	430,000.00	
<b>Total</b>	<b>64,930,000.00</b>	<b>89,930,000.00</b>	

### 39. CONTINGENT LIABILITIES AND COMMITMENT

#### **Litigation**

As at December 31, 2020 and 2019, the Company was sued from act as insurer with the prosecution value of Baht 3.53 million and Baht 0.18 million, respectively. However, the Company's contingent liabilities from prosecution cases in the value not more than the policy custody amount of Baht 1.49 million and Baht 0.18 million, respectively. Those prosecution cases have been incompletely considered and the Company expects to win the mostly cases. Nevertheless, the Company recorded the provision for contingent loss amount of Baht 1.49 million and Baht 0.19 million respectively in the financial statements.

## Guarantees

As at December 31, 2020 and 2019, the Company has the unused letter of guarantee issued by bank in the name of the Company for the amount of Baht 0.93 million relating to guarantee for electricity usage.

## Operating lease commitments

As at December 31, 2020 and 2019, the Company has commitments to pay under the rental and service agreement as follows:

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Due within 1 year	1,765,984.11	2,464,236.00
<b>Total</b>	<b><u>1,765,984.11</u></b>	<b><u>2,464,236.00</u></b>

## 40.EVENTS AFTER THE REPORTING PERIOD

According to the Board of Director meeting held on February 24, 2021, the Company passes resolution to pay dividend to shareholders from, operating performance of the year 2020 at the rate Baht 2.60 per share total amount of Baht 31.20 million.

## 41.Reclassification

The financial position as at December 31, 2019 has been reclassified in accordance with presentation statement of financial position as at December 30, 2020.

	(Unit: Baht)		
	December 31, 2019		
	As Previously report	Reclassification	As reclassified

### **STATEMENT OF FINANCIAL POSITION**

Due to reinsurers:

Due to reinsurers	20,985,069.98	688,443.93	21,673,513.91
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Others liabilities:

Other	40,230,786.39	(688,443.93)	39,542,342.46
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<b>Total</b>	<b><u>61,215,856.37</u></b>	<b>-</b>	<b><u>61,215,856.37</u></b>
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## 42.APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements have been approved to be issued by authorized directors on February 24, 2021.

## ▲ BRANCH DIRECTORY

1. Head Office	
Address	408/1 Rachadapisek Road, Samsen-Nok, Huaykwang, Bangkok 10310
Telephone	02 – 276-1024
Fax	02 – 275-4919
Email	<a href="mailto:charanins@charaninsurance.co.th">charanins@charaninsurance.co.th</a>
2. Chiang Mai Branch	
Address	280 – 280/1 Moo 6, Chiangmai-Hangdong Road, Tambon Mae-Hia, Amphur Muang, Chiang Mai
Telephone	0-5380-6616-8
Fax	0-5380-6620
Email	<a href="mailto:cm@charaninsurance.co.th">cm@charaninsurance.co.th</a>
3. Khon Kaen Branch	
Address	377/1-3 Tambon Muang-Kao, Amphur Muang, Khon Kaen 40000
Telephone	0-4347-2295
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Email	<a href="mailto:kk@charaninsurance.co.th">kk@charaninsurance.co.th</a>
4. Krabi Branch	
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