

A large, abstract blue circular graphic with multiple overlapping layers and varying shades of blue, creating a sense of motion and depth. It frames the central text.

ANNUAL REPORT | 2018

THAI REINSURANCE PUBLIC COMPANY LIMITED

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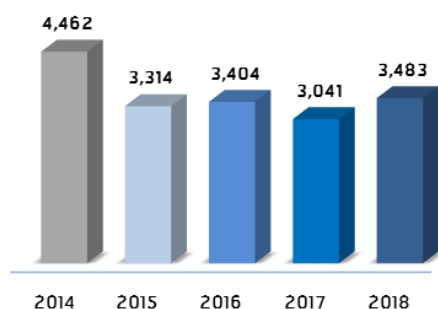
Financial Highlights

(Unit: THB Million)

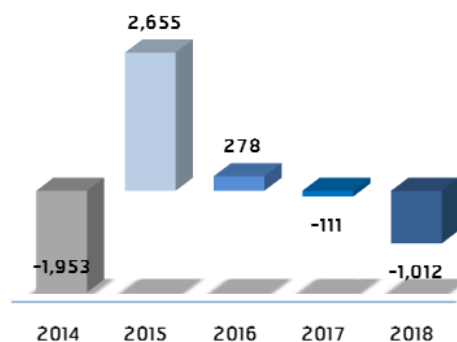
Operating Results				Growth (Percent)	
	2018	2017	2016	2018/2017	2017/2016
Gross Written Premium	4,849	4,903	5,183	(1.1)	(5.4)
Net Written Premium	3,483	3,041	3,404	14.5	(10.7)
Profit (Loss) before Income Tax **	(688)	257	347	(367.7)	(25.9)
Net Profit (Loss)	(1,012)	(111)	278	(810.3)	(140.0)
Net Profit (Loss) per Share (THB)	(0.24)	(0.03)	0.07	(700.0)	(142.9)

** Less profit of non-controlling interest of the subsidiaries

Net Written Premium (THB Million)



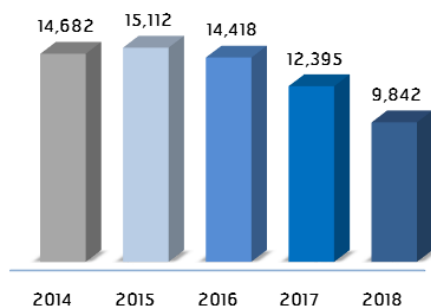
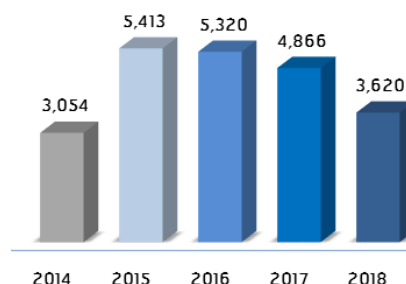
Net Profit (THB Million)



(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2018	2017	2016	2018/2017	2017/2016
Total Assets	9,842	12,395	14,418	(20.6)	(14.0)
Total Liabilities	6,222	7,529	9,038	(17.4)	(16.7)
Share Capital Issued and Paid-up	4,215	4,215	4,215	-	-
Capital Funds or Shareholders' Equity	3,620	4,866	5,320	(25.6)	(8.5)
Book Value per Share (THB)	0.86	1.15	1.26	(25.2)	(8.7)
Dividend per Share (THB)	-	0.10	0.15	-	(33.3)

Total Assets (THB Million)

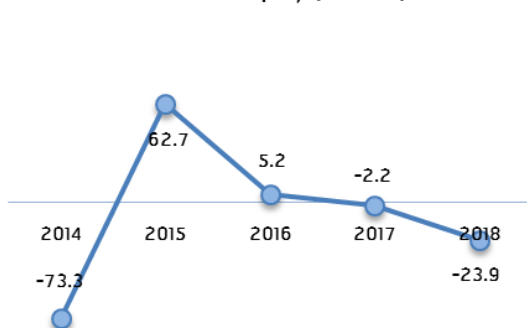
Capital Funds or Shareholders' Equity
(THB Million)

(Unit: Percent)

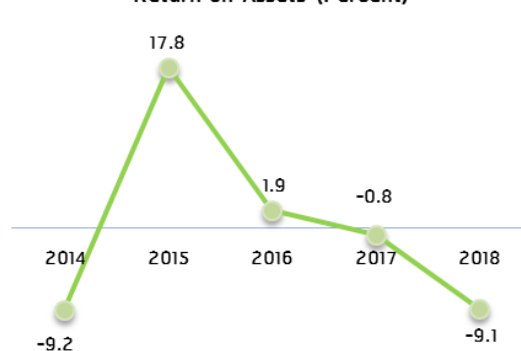
Financial Ratios			
	2018	2017	2016
Return on Revenue*	(26.0)	(3.1)	7.4
Return on Net Written Premium	(29.1)	(3.7)	8.2
Return on Equity	(23.9)	(2.2)	5.2
Return on Assets	(9.1)	(0.8)	1.9
Return on Investments	(4.7)	4.7	0.5
Combined Ratio	113.1	105.5	92.5

* Total revenues consists of net written premium, investment income and profit, service income and other income.

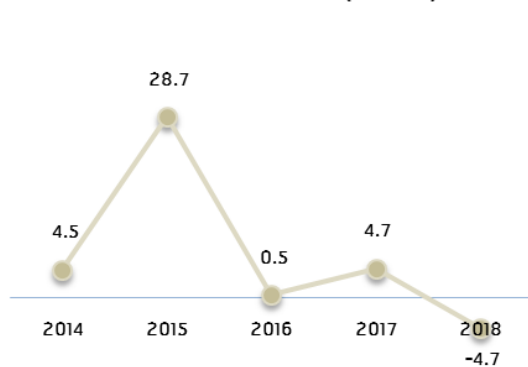
Return on Equity (Percent)



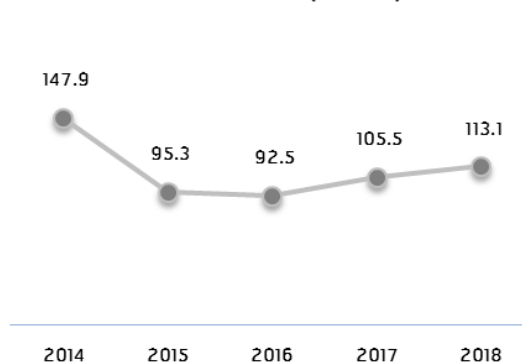
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



Thai Reinsurance PCL.

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Letter to Shareholders

Dear Fellow Shareholders,

The Company consolidated financial results for the year 2018 presented a net loss of Baht 1,012 million mainly due to One-Time Off transactions included mark-to-market loss from Trading Investment, impairment losses from Available-for-sale Investment and deferred tax assets. After such provisions, the Company's results for the future shall be less fluctuated.

The operating results of each unit are as described below:

Reinsurance Performance

Gross Written Premium of Baht 4,849 million decreased slightly 1.1% from prior year due to long term reinsurance projects which started since year 2009 were gradually expiry from year 2018 to 2022. Net Written Premium in contrast was increased by 14.5% comparing to prior year to Baht 3,483 million. Combined ratio increased from last year at 105.5% to 113.1% due mainly to the long term projects with significant higher loss ratio and the Company also fully booked profit commission reduction of this long term projects completely within this year approximately Baht 159 million. Without this profit commission reduction, the combined ratio would be 108.3%. Also, overall reinsurance performance without this long term projects would be a profit of Baht 118 million.

Investment Income

Before mark-to-market impact of Trading investment and an impairment loss from 'Available-for-sale' investment of Baht 531 million, net investment income would be THB 234 million with return on investment of 4.2% (increased 1.3 ppt.).

Income Tax

The Company fully recognized an impairment of deferred tax assets in relation to unutilized tax loss carry forward of THB 491 million.

Income from Service Businesses

With a larger customer base and new services, the Company's service income in 2018 grew by 5.1 percent and made up 9.1 percent of total revenues.

Moving Forward

2019 will be the final year of the three-year strategic plan under which the Company has implemented and succeeded in, among others, the penetration of the CLMV market where it could gradually earn premium with this portfolio likely to be expanding, the increase of sales channels for InsurTech, the new product innovations, and so forth.

Under the three-year strategic plan for 2017-2019, the Company in 2018 remained committed to and confident in implementing such plan, the progress of which was follows:

1. Reinsurance activities continued to focus on commercial lines with low catastrophe risk exposures, and personal lines. The proportion of personal lines business expanded from 69 percent in 2011 to 80 percent in 2018.

2. A focus was also placed on product modification and development according to the established goals. This was to ensure that products would meet customer expectations given the ever-changing customer needs. An array of new products launched by the Company in 2018 included pet insurance, accident and health insurance provided in the CLMV market, etc.

3. The Company deployed new technology in its service business in order to enhance the competitiveness in the future. During the year, the Company also provided knowledge and experience in technological change to internal staffs and clients to keep up with changes, which would lead to effective business development in the future. New distribution channels have been developed, including InsurTech which offers services and cooperation in innovating and developing sales channels as well as processes for utmost efficiency in line with the ways of “increasing income and reducing cost” with insurers.

4. From the diversification into the Southeast Asian (SEA) reinsurance markets, the Company already signed an MOU with partners in Vietnam, Cambodia and Laos and, in 2018, began to generate revenue from overseas. The Company has also provided insurance-related services in those countries and planned to sign an MOU on service business with partners in Cambodia in early 2019. The business expansion in SEA is set to benefit future growth of the Company.

Following through with the Company’s strategic plan and seizing on new initiatives together with the priority given to investments, stakeholder interests, sound corporate governance and sustainability, the Company will be in a strong position to obtain results in both growth and profitability that will bring benefits to all stakeholders in the years ahead.



(Oran Vongsuraphichet)
Chief Executive Officer

Report of the Audit Committee

Dear Shareholders,

The Audit Committee is composed of three independent directors, Mr. Aswin Kongsiri as a Chairman of the Audit Committee, Mr. Chanin Roonsamrarn, and Ms. Potjanee Thanavararit. All three members are knowledgeable and experienced in reviewing the reliability of financial statements required by the Office of the Securities and Exchange Commission.

In the year 2018, the Audit Committee performed their duties completely in accordance with the Audit Committee Charter as assigned by the Board of Directors. There were five meetings which were held in the year and the Management, independent auditor, head of Compliance and Enterprise Risk Management Department and head of Internal Audit Department were also invited to join the meetings on the relevant agenda in which they were concerned. The main duties performed by the Audit Committee can be summarized as follows:

1. Approved quarterly financial statements and reviewed annual financial statements of the Company before disclosing to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
2. Nominated and recommended the appointment of an auditor and determined the auditor's remuneration, whereby EY Office Limited, by its certified public accountants, Ms. Rachada Yongsawadvanich and/or Ms. Ratana Jala and/or Ms. Nonglak Pumnoi and/or Ms. Somjai Khunapasut, was nominated for appointment as the Company's auditor for 2018.
3. Attended three meetings with the auditor (one of which was an independent meeting without participation of the Management) to consider the guideline and scope of auditing and reviewed the audit plan, audit results and recommendations to ensure that the audit of financial statements has been completed in accordance with the Thai Standards on Auditing.
4. Reviewed the report of related party transactions on a quarterly basis to ensure that the transactions that may have a conflicts of interest were conducted in compliance with the laws and maintain the maximum benefits of the Company.
5. Reviewed the Enterprise Risk Management system to ensure the appropriateness, effectiveness and conciseness according to the framework which is accepted by international standards.
6. Reviewed the report on compliance in accordance with relevant laws and regulations on a quarterly basis.
7. Reviewed the execution report on anti-corruption measures and the complaints or clues channel for misconduct and protection of information providers of the Company.
8. Supervised the Internal Audit department in order to perform duties independently and fairly. Approved the annual internal audit plan based on significant risks of the Company. Reviewed the internal audit report to ensure that the internal audit procedures have been performed completely and appropriately in accordance with International Standards for the Professional Practice of Internal Auditing. Including follow-up the results of the improvement as suggested to make the internal control systems are more effective and efficient.

9. Arranged for the annual evaluation of internal control adequacy, rendered opinion thereon, and proposed the Form for Evaluation of Internal Control Adequacy for the Year 2018 to the Board of Directors for consideration and approval.
10. Reviewed and recommended an update of the Audit Committee Charter to cover the current duties, responsibilities and align with the corporate governance practices.
11. Evaluated the annual performance of the Audit Committee as a group assessment and discussed results of the assessment in the Audit Committee meeting.

The Audit Committee's opinions are as follows:

1. According to the review of significant accounting policies of the Company, enquiry and get the explanation from the Management regarding significant items in the statements of financial position and performance, and the independent meeting with the auditor to discussed about observations in the financial reporting, the Audit Committee has not found any material misstatements. It is reasonably confident that the Company's financial statements are reliable and accurate in accordance with the Thai Financial Reporting Standards.
2. The auditor appointed by the Company has been approved by the Office of the Securities and Exchange Commission (SEC), is independent, and does not have any relationship or provide any other services that may cause a conflict of interest in performing the audit for the Company. The auditor has experience in auditing several insurance companies and is attached to the auditing firm which has a well-recognized local and global network, thus ensuring that the audit will be conducted in an efficient and transparent manner and meet international standards.
3. All related party transactions or transactions that may have a conflict of interest were done in conformity with the laws and regulations of the Stock Exchange of Thailand and were reasonable to maintain the maximum benefits of the Company. There was no indication or observation that indicate any irregularity.
4. The Company emphasizes on compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, and other laws relevant to the business of the Company. Including the compliance with anti-corruption measures in all forms. In the year 2018, there were no complaints or clues of misconduct through the channel which defined by the Company.
5. The Company has an internal control system, risk management system, internal audit system and monitoring system that are effective and adequate.
6. The Audit Committee has the number of members, composition and qualifications suitable for an efficient discharge of duties under the Audit Committee Charter. The Audit Committee has performed their duties in accordance with the scope of responsibilities correctly and completely in all respects with good collaboration and support from all related parties.



(Aswin Kongsiri)

Chairman of the Audit Committee



Thai Reinsurance PCL.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 4 directors and be responsible for recruiting and overseeing the structure, size, composition and qualifications of the board of directors to suit the Company's strategy and business. The Committees' duties and responsibilities are to consider and nominate the director, sub-committee member and Chief Executive Officer in case of vacancy due to retiring by rotation, resignation or any other cases and propose to the board of directors for consideration. For compensation responsibilities are to set policy & remuneration structure and other benefits paid to the board of directors, sub-committees and senior executives to be align with its performance and Company's results with the clear criteria, transparency and suiting the accountability.

In the year 2018, the Nomination and Remuneration Committee held three meetings to nominate the directors to (1) replace the resigned directors (2) nominating qualified candidates as sub committees' members and reviewing their suitability and (3) considered the annual salary increase of Company's staff and senior executives and consequently proposed to the board of directors for consideration. The Committee has performed its duty carefully as described in the charter by aiming to the maximum benefit of the company and all stakeholders.

(Mr.Chandran Ratnaswami)

Chairman of the Nomination and Remuneration Committee

Thai Reinsurance PCL.

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Report of the Investment Committee

The Investment Committee comprises 4 directors who are responsible for the investment policy framework & plan, overseeing investments and other business operations of the Company whilst ensuring they are in accordance with all relevant laws and the Company's risk management policy. Additionally, ensuring full compliance with agreed standards of transparency and avoidance of conflicts of interest.

In 2018 the Investment Committee held three meetings to review and amend the investment policy framework. The purpose of this was to explore new opportunities to generate better returns suited to the current economic environment proposing the findings to the board of directors for their consideration.

The Committee has undertaken its responsibilities with due care and attention as described in the Company's charter by aiming for appropriate benefit for the company and all its stakeholders.



(Mr.Chandran Ratnaswami)

Chairman of Investment Committee

Board of Directors and Executives

BOARD OF DIRECTORS

1. Mr.Chai Sophonpanich

Chairman, Director of the Investment Committee and Director of the Nomination and Remuneration Committee

Age 75

Experience:

Date of Appointment: August 2018

Listed Company

Shareholding: 0.09 percent

Nov 2018 - present

Chairman, Director of the Investment Committee and Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Education:

Bachelor of Science, University of Colorado, U.S.A.

Aug 2018 - Nov 2018

Director, Thai Reinsurance PCL.

Feb 2016 - Jun 2017

Chairman, Chairman of the Nomination and Remuneration Committee and Chairman of the Investment Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

Jun 1978 - Feb 2016

Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee, Thai Reinsurance PCL.

- Director Certification Program (DCP)/2002

- Chairman 2000/2004

Nov 2018 - present

Chairman, Bangkok Insurance PCL.

1978 - Jun 2017

Chairman, Bangkok Insurance PCL.

2010 - 2015

Chairman and Chairman of Executive Board, Bangkok Insurance PCL.

1976 - 2009

President, Bangkok Insurance PCL.

Aug 2018 - present

Chairman, Bumrungrad Hospital PCL.

2009 - Jun 2017

Chairman, Bumrungrad Hospital PCL.

Nov 2018 - present

Chairman, Furukawa Metal (Thailand) PCL.

Aug 2018 - Nov 2018

Director, Furukawa Metal (Thailand) PCL.

1988 - Jun 2017

Chairman, Furukawa Metal (Thailand) PCL.

Sep 2018 - present

Chairman, Charoong Thai Wire & Cable PCL.

1986 - Jun 2017

Chairman, Charoong Thai Wire & Cable PCL.

Aug 2011 - Jul 2013

Vice Chairman, Thaire Life Assurance PCL.

Non-Listed Company

-

Director, Chainart Co., Ltd.

-

Director, Chaiwat Co., Ltd.

2. Mr.Surachai Sirivallop

Vice Chairman, Director of the Investment Committee, Director of the Nomination and Remuneration Committee

Age 77

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: - None -

Nov 2018 - present

Vice Chairman, Thai Reinsurance PCL.

Aug 2017 - present

Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Education:

Bachelor of Laws, Thammasart University

May 2016 - present

Director of the Investment Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

Director Certification Program (DCP)/2002

Aug 2017 - Nov 2018

Chairman, Thai Reinsurance PCL.

Jan 2016 - Dec 2017

Director and Chairman of the Executive Board, Thai Reinsurance PCL.

May 2016 - Aug 2017

Vice Chairman, Thai Reinsurance PCL.

Jan 2008 - Dec 2015

Director, Chief Executive Officer and Chairman of Risk Management Committee, Thai Reinsurance PCL.

Jan 1991 – Dec 2007

President, Thai Reinsurance PCL.

2010 - present

Independent Director, Charoong Thai Wire & Cable PCL.

2007 - present

Independent Director and Director of the Audit Committee, OHTL PCL.

2014 - 2016

Director of the Investment Committee, Thaire Life Assurance PCL.

2012 - 2016

Director, Chairman of the Executive Board, Chairman of the Enterprise Risk Management Committee, Thaire Life Assurance PCL.

1999 - 2012

Director and Chief Executive Officer, Thaire Life Assurance PCL.

Non-Listed Company

2011 - present

Chairman, Thaire Actuarial Consulting Co., Ltd.

2006 - present

Chairman, Thaire Services Co., Ltd.

2001 - present

Chairman, EMCS Thai Co., Ltd.

2015 - 2016

Director, Per Asia Co., Ltd.

2004 - 2016

Chairman, Thaire Training Co., Ltd.

1992 - 2015

Vice Chairman, Thai Insurer Datanet Co., Ltd.

3. Mr.Chandran Ratnaswami

Vice Chairman, Chairman of the Nomination and Remuneration Committee
and Chairman of the Investment Committee

Age 69

Experience:

Date of Appointment: February 2012

Listed Company

Shareholding: - None -

Nov 2018 - present

Chairman of the Investment Committee,
Thai Reinsurance PCL.

Education:

Aug 2017 - present

Vice Chairman, Thai Reinsurance PCL.

M.B.A., University of Toronto, Canada

Nov 2017 - present

Chairman of the Nomination and Remuneration
Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

Feb 2012 - Nov 2018

Director of the Investment Committee,
Thai Reinsurance PCL.

- None -

Feb 2012 - Aug 2017

Director, Thai Reinsurance PCL.

May 2014 - Nov 2017

Director of the Nomination and Remuneration
Committee, Thai Reinsurance PCL.

Overseas Listed Company

Jan 2016 - present

Director and Director of the Audit Committee,
Director of the Nomination and Remuneration
Committee, Qess Corp. Ltd.

2014 - present

Director, Fairfax India Holdings Corporation

2012 - present

Director, IIFL Holdings Ltd.

2012 - present

Director and Director of the Audit Committee,
Director of the Nomination and Remuneration
Committee, Thomas Cook (India) Ltd.

2010 - present

Director, Zoomer Media Limited

Non-Listed Company

2017 - present

Director, Chairman of the Investment Committee,
Chairman of the Enterprise Risk Management
Committee, Chairman of the Policyholder Protection
Committee, Director of the Nomination and
Remuneration Committee and Director of the Audit
Committee, Go Digit General Insurance Limited

2017 - present

Director, Go Digit Infoworks Services Private Limited

2017 - present

Director, Darwin CX Inc.

2017 - present

Director, Bangalore International Airport Ltd.

2016 - present

Director and Chairman of the Investment Committee,
Fairfirst Insurance Ltd.

2016 - present

Director, Sanmar Engineering Services Ltd.

2015 - present	Nominee Director, Chairman of the Nomination and Remuneration Committee, National Collateral Management Services
2015 - present	Director, HW Private Investments Ltd.
2015 - present	Director, I Investments Ltd.
2014 - present	Director, H Investments Ltd.
2014 - present	Director, FIH Mauritius Investments Ltd.
2014 - present	Director, FIH Private Investments Ltd.
2011 - present	Director, Fairbridge Investments(Mauritius) Ltd.
2011 - present	Director, Fairbridge Capital Private Ltd.
2011 - present	Director, Fairbridge Capital (Mauritius)
2008 - present	Director and Advisory Committee Director, Primary Real Estate Investments
2004 - present	Director, FAL Corporation
2004 - present	Director, ORE Holdings Ltd.
2004 - present	Director, Cheran Enterprise Private Ltd.
2000 - present	Director, HWIC Asia Fund
2002 - 2017	Director and Chairman of the Investment Committee, ICICI Lombard General Insurance Co., Ltd.
2002 - 2017	Director, First Capital Insurance Ltd.
2011 – 2014	Director, Gulf Insurance
2008 - 2015	Director, Ridley Inc.

4. Mr.Aswin Kongsiri

Independent Director and Chairman of the Audit Committee

Age 73

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: - None -

May 2014 - present

Independent Director, Chairman of the Audit Committee, Thai Reinsurance PCL.

Education:

1993 - May 2014

Independent Director, Director of the Audit Committee, Thai Reinsurance PCL.

B.S. Honor (Philosophy, Politics and Economics), Oxford University, U.K.

2007 - present

Chairman, Ch. Karnchang PCL.

1994 - present

Director, Ch. Karnchang PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

2005 - present

Director and Chairman of Risk Management Committee, Bangkok Aviation Fuel Services PCL.

- Directors Certification Program (DCP)/2001

1999 - present

Director and Chairman of the Audit Committee, OHTL PCL.

- The Role of Chairman (RCM)/2001

- Chairman 2000/2001	1981 - present	Director, Director of the Audit Committee and
- Chairman Forum 1/2016 "Corporate Governance VS Corporate Performance: Duty or Choice?" Seminar	2010 - 2012	Director of Nomination Committee, Padang Industries PCL.
- Audit Committee Forum 1/2017	2005 - 2010	Chairman, Thoresen Thai Agencies PCL.
- Nomination Director Event 1/2017		Director, Executive Director and Chairman of Risk Management Committee, Krung Thai Bank PCL.
- Fellow Member Group Meeting 1/2017	2003 - 2006	Chairman of Executive Board,
- Director Luncheon Briefing 2/2017		Electricity Generating PCL.
- Chairman Forum 1/2018	2001 - 2012	Vice Chairman, Electricity Generating PCL.
- Board Matters and Trends 6/2018	Non-Listed Company	
- Collective Action Against Corruption Conference 1/2018	2010 - present	Chairman, Thai ORIX Leasing Co., Ltd.
- ID Forum 1/2018	2003 - present	Chairman, AK Place Co., Ltd.
	Present	Managing Partner, Khomapastr Partnership Ltd.
Others Training Courses:	2007 - 2018	Chairman, Ton Poh Thailand Fund
- Seminar on the Audit Committee of Insurance Company, No.1/2015 "Role of the Audit Committee" by OIC	2011 - 2014	Director, The Monetary Policy Committee, Bank of Thailand
- Seminar on the Audit Committee of Insurance Company, No.2/2015 "IT Governance" by OIC	2010 - 2012	Director, the Stock Exchange of Thailand
- National Defence College, The Joint State-Private Sector Course Class 366	2010 - 2011	Chairman, Krungthai-AXA Life Insurance PCL.
- CG Forum1/2016 Ethics: Corporate Governance Principle by SET		

5. Mr.Kerati Panichewa

Independent Director

Age 59

Date of Appointment: October 1993

Shareholding: 0.24 percent

Education:

M.B.A., College of Notre Dame, U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):

Director Certification Program (DCP)/2000

Experience:

Listed Company

May 2016 - present

1993 - May 2016

1993 - present

Non-Listed Company

2009 - present

1995 - 2009

Present

Independent Director, Thai Reinsurance PCL.

Director, Thai Reinsurance PCL.

Director, TTL Industries PCL.

Chief Executive Officer,

Krung Thai Panich Insurance PCL.

Managing Director,

Krung Thai Panich Insurance PCL.

Director, TWWC Co., Ltd.

6. Mr.Jiraphant Asvatanakul

Director and Director of the Nomination and Remuneration Committee

Age 59

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: 0.018 percent

Jun 2012 - present

Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Education:

Master of Accountancy, University of Texas at Austin, U.S.A.

1993 - present

Director, Thai Reinsurance PCL.

2017 - present

Chief Executive Officer & Managing Director Thaivivat Insurance PCL.

2012 - 2016

President & Chief Executive Officer, Thaivivat Insurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP)/2004

2016 - present

Director of the Investment Committee, Thaivivat Insurance PCL.

2016 - present

Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee, Vichitbhan Palm oil PCL. Director, Thaire Life Assurance PCL.

Others Training Courses:

- Thailand Insurance Leadership Program by OIC Advanced Insurance Institute

2014 - 2016

- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015

Present

Director, M.A. International Co., Ltd.

Present

Director, Tang Jai Man Co., Ltd.

- Certificate of Top Executive Program by Capital Market Academy/2016

2017 - present

Secretary General, the Thai Chamber of Commerce and Board of Trade of Thailand

2013 - Mar 2017

Treasurer , the Thai Chamber of Commerce and Board of Trade of Thailand

2017 - present

President, Thai General Insurance Association

2010 - 2016

Director, Thai General Insurance Association

2013 - present

Director, The Federation of Thai Insurance Organizations

2010 - present

Director, T.I.I. Co., Ltd.

2000 - present

Vice Chairman, Chairman of the Investment Committee, Road Accident Victims Protection Co.,Ltd.

7. Mr.Chanin Roonsamrarn

Independent Director and Director of the Audit Committee

Age 71

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: - None -

1999 - present

Independent Director and Director of the Audit Committee, Thai Reinsurance PCL.

Education:

1993 - 1999

Director, Thai Reinsurance PCL.

M.B.A., Fort Hays State University, U.S.A.

2007 - present

Director of the Remuneration and Nomination Committee, Home Product Center PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

2005 - present

Independent Director, Director of the Audit Committee, Home Product Center PCL.

- Director Certification Program (DCP)/2002

2010 - 2013

Chairman of the Risk Management Committee, Samaggi Insurance PCL.

- The Role of Chairman (RCM)/2002

2006 - 2013

Director of the Audit Committee,

- Chairman 2000/2002

Samaggi Insurance PCL.

- Audit Committee Program (ACP)/2005

2003 - 2013

Director, Samaggi Insurance PCL.

- DCP Refresher/2006

Non-Listed Company

2010 - present

Chairman of Executive Board, SBL Leasing Co., Ltd.

2002 - 2009

Director and Chairman of Executive Board, SICCO Advisory Co., Ltd.

2001 - 2009

Chairman, Chairman of Executive Board, Director of the Remuneration Committee, CIMB Securities (Thailand) Co., Ltd.

1996 - 2009

Chief Executive Officer and Managing Director, The Siam Industrial Credit PCL.

8. Ms.Potjanee Thanavaranit

Independent Director and Director of the Audit Committee

Age 72

Experience:

Date of Appointment: April 2007

Listed Company

Shareholding: 0.005 percent

Apr 2014 – present

Director of the Audit Committee, Thai Reinsurance PCL.

Education:

2007 – present

Independent Director, Thai Reinsurance PCL.

M.B.A., Syracuse University, U.S.A.

2012 - Apr 2014

Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

Nov 2017 - present

Independent Director, Chairman of Risk Management Committee, Berli Jucker PCL.

2009 - 2016

Independent Director, Berli Jucker PCL.

- Directors Certification Program (DCP) 17/2002	2014 - present	Chairman of the Remuneration Committee and Chairman of Good Corporate Governance Committee, Oishi Group PCL
- The Role of Chairman Program (RCP) 13/2006	2009 - present	Independent Director and Director of Audit Committee, Oishi Group PCL.
- Role of the Compensation Committee (RCC) 4/2007	2012 – present	Chairman of the Audit Committee, Bank of Ayudhya PCL.
- Audit Committee Program (ACP) 32/2010		
- Financial Institution Governance Program (FGP) 2/2011	2010 - present	Independent Director, Director of the Audit Committee, Bank of Ayudhya PCL.
- Advanced Audit Committee Program (AAP) 10/2013	2007 - present	Chairman, Independent Director, Chairman of the Nomination and Remuneration Committee and Director of the Audit Committee, Univentures PCL.
- Anti-Corruption for Executive Program (ACEP) 7/2013	2007 - present	Independent Director and Director of Audit Committee, Bangkok Insurance PCL.
- Director Certification Program Update (DCPU) 1/2014	May 2016-Nov 2017	Chairman of the Audit Committee, Big C Supercenter PCL.
- Driving Company Success with IT Governance (ITG)/2016	Apr 2016-Nov 2017	Independent Director, Big C Supercenter PCL.

Overseas Listed Company

Others Training Courses:	Jan 2018 - present	Independent Director, Thai Beverage PCL. (Listed in Singapore)
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Non-Listed Company

- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland	Feb 2018 - present	Honorary Member, University Council, Mae Fah Luang University
- Certificate of Advanced Management Program, Australian Management College, Australia	Aug 2017 - present	Chairman of the Audit Committee, Thai Institute of Directors Association
- Certificate of Executive Development Program Class 18 by Office of the Civil Service Commission	Jun 2017 - present	Vice Chairman, Thai Institute of Directors Association
	May 2017 - Jun 2017	Director, Thai Institute of Directors Association
- Thailand National Defence College Class 42	Mar 2017 - present	Director, Thai Investors Association
	2007 - present	Honorary Member , The Federation of Thai Insurance Organizations
- Certificate of Top Executive Program Class 8 by Capital Market Academy	2006 - present	Director, The Council of State
- Certificate of Top Executive Program in Commerce and Trade Class 3 by Commerce Academy	2014 - 2015	Councilor, National Reform Council
	2010 - 2013	Director, BJC Logistics and Warehouse Co., Ltd.
	2008 - 2013	Chairman of the Public Sector Audit and Evaluation Committee for Ministry of Commerce
- Advance Security Management Program Class 2 by Thailand National Defence College of Thailand		

9. Mr.Sara Lamsam

Independent Director

Age 48

Date of Appointment: April 2009

Shareholding: 0.08 percent

Education:

M.B.A., Boston University, U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):

- Directors Certification Program (DCP)/2000

Others Training Courses:

- Executive Course in Applied Psychology Administration /2005
- Top Executive Program by Capital Market Academy /2007
- Thailand Insurance Leadership Program /2011 by OIC Advanced Insurance Institute
- Metropolitan Development Training Course for the Top Executives
- The Program of Senior Executive on Justice Administration/ 2012
- Industrial and Investment Development for Executive (IBID)/2013
- Global Business Leaders Program LEAD Business Institute, a partner of Cornell University, USA
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015
- Harvard Business School Advanced Management Program 186, Boston, USA

Experience:

Listed Company

- May 2016 - present Independent Director, Thai Reinsurance PCL.
- 2009 - 2016 Director, Thai Reinsurance PCL.
- 2016 - present Director, Kasikorn Bank PCL.
- 2018 - present Director of the Corporate Governance Committee, Kasikorn Bank PCL.
- 2016 - 2018 Director of Risk Management Committee, Kasikorn Bank PCL.
- 2009 - present Advisor to Managing Director, Muang Thai Insurance PCL.
- 2008 - present Director and Executive Board, Muang Thai Insurance PCL.

2009 - present

Director of Risk Management Committee, Phatra Leasing PCL.

2007 - present

Chairman of the Executive Committee and Director of the Remuneration and Nomination Committee, Phatra Leasing PCL.

2004 - present

Director, Phatra Leasing PCL.

Overseas Listed Company

- 2015 - present Vice Chairman, Sovannaphum Life Assurance PLC. (Cambodia)

Non-Listed Company

- 2010 - present Chief Executive Officer and Managing Director, Muang Thai Life Assurance PCL.
- 2004 - 2010 Managing Director, Muang Thai Life Assurance PCL.
- 2003 - present Director, Muang Thai Life Assurance PCL.
- 2017 - present Director, Fuchsia Venture Capital Co., Ltd.
- 2017 - present Advisor to Board of Directors and Risk Management Committee -The Thai Chamber of Commerce
- 2017 - present Director, The Federation of Thai Insurance Organizations
- 2015 - 2016 Chairman, The Federation of Thai Insurance Organizations
- 2009 - 2013 Chairman, Federation of Thai Insurance Organizations
- 2016 - present Vice President (Marketing), The Thai Life Assurance Association

- Advanced Master of Management	2012 - 2016	President, The Thai Life Assurance Association.
Program /2, AMM, Graduate School of	2010 - 2012	Vice President (Management)
Public Administration ,National Institute		The Thai Life Assurance Association
of Development Administration (NIDA)	2006 - 2010	President, Thai Life Assurance Association.
- Business Revolution and Innovation	2016 - present	President, Thai Financial Planners Association
Network /2 (BRAIN), The Federation of	2015 - 2016	Director, Thai Financial Planners Association
Thai Industries	2007 - 2012	Director, Thai Financial Planners Association
	2015 - present	Advisor, The Society of Actuaries of Thailand
	2009 - present	Director and Chief Executive Officer, Muang Thai Group Holding Co., Ltd., and Muang Thai Holding Co., Ltd.
	2009 - present	Director, Muang Thai Asset Co., Ltd.
	2008 - present	Director, Muang Thai Group Service Co., Ltd.
	2008 - present	Director, Muang Thai Real Estate PCL.
	2007 - present	Director, T.I.I. Co., Ltd.
	2012 - present	Director, Yuphayong Co., Ltd.
	2012 - present	Director, Yupong Co., Ltd.
	2015 - 2016	Director, Group of Finance/Investment and Insurance, Board of Trade of Thailand
	2013 - 2014	Director, Group of Finance and Investment, Board of Trade of Thailand
	2007 - 2012	Chairman, Group of Finance and Investment, Board of Trade of Thailand
	2015 - 2016	Advisor, Board of Trade of Thailand
	2009 - 2015	Director, Board of Trade of Thailand
	2009 - 2013	Director, Thai Listed Companies Association
	2005 - 2013	Advisor, Market for Alternative Investment

10. Mr. Gobinath Arvind Athappan

Director

Age 47

Date of Appointment: April 2012

Shareholding: - None -

Experience:

Listed Company

Apr 2012 - present Director, Thai Reinsurance PCL.

Overseas Listed Company

Jan 2016 - present Director, BIDV Insurance Corporation, Vietnam

Non-Listed Company

Dec 2017 - present Regional Director – MS First Capital Insurance Ltd.,

Education:

M.B.A., MIT Sloan School of Management

U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):	Feb 2015 - present	Vice Chairman, Falcon Insurance Company (Hong Kong) Ltd.,
- None -	2008 - Feb 2015	Chief Executive Officer, Falcon Insurance Company (Hong Kong) Ltd.
	Feb 2015 - present	Vice Chairman, Fairfax Asia Limited
	2012 - Feb 2015	Chief Operating Officer, Fairfax Asia Limited
	2015 - 2017	Regional Director, First Capital Insurance Ltd.,
	2006 - 2015	Chief Operating Officer, First Capital Insurance Ltd.

11. Mr.Oran Vongsuraphichet

Director, Director of the Investment Committee, and Chief Executive Officer

Age 49

Experience:

Date of Appointment: April 2013

Listed Company

Shareholding: 0.70 percent

Aug 2017 - present Director of the Investment Committee, Thai Reinsurance PCL.

Education:

Ph.D. (International Business),

Jan 2016 - present Director, Chief Executive Officer, Thai Reinsurance PCL.

Asian Institute of Technology

2013 - 2015 Director, President and Chief Operating Officer, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP)/2016

2012 - 2013 President, Thai Reinsurance PCL.
Oct 2017 - present Independent Director, Director of the Investment Committee, Eastern Water Resources Development and Management PCL.

Others Training Courses:

- Thailand Insurance Leadership Program (Class 3)

2014 - 2016 Director, Thaire Life Assurance PCL.

- Top Executive Program, Capital Market Academy

Non-Listed Company

2018 - present Deputy Secretary General, Thai General Insurance Association

2013 - present Director, Thaire Services Co., Ltd.

2013 - present Director, Thaire Actuarial Consulting Co., Ltd.

2012 - present Director, EMCS Thai Co., Ltd.

2012 - present Director, Falcon Insurance PCL.

2006 - 2012 Director and Chief Executive Officer, Falcon Insurance PCL.

2010 - present Director, Thong Thai Textile Co., Ltd.

2010 - Jan 2018 Director, V.A.S Garment (Thailand) Co., Ltd.

2010 - Jan 2018 Director, Titan Sport Wear Co., Ltd.

2013 - 2016 Director, Thaire Training Co., Ltd.

Executives

1. Mrs.Nantinee Chinwanno

Executive Vice President

Age 55

Shareholding: - None –

Education:

M.B.A., University of Missouri, U.S.A.

Experience:

Listed Company

2011 - present Executive Vice President, Thai Reinsurance PCL.

2008 - 2011 Senior Vice President, Thai Reinsurance PCL.

1994 - 2007 Vice President, Thai Reinsurance PCL.

Non-Listed Company

2011 - 2017 Director, Thaire Life Assurance Broker Co., Ltd.

2. Ms.Pojaman Fuangaromya

Executive Vice President

Age 45

Shareholding: 0.004 percent

Education:

M.B.A., Seattle University, U.S.A.

Experience:

Listed Company

2017 - present Executive Vice President, Thai Reinsurance PCL.

2012 - 2016 Senior Vice President, Thai Reinsurance PCL.

2007 - 2012 Vice President, Thai Reinsurance PCL.

3. Mr.Chamroen Phusit

Senior Vice President

Age 56

Shareholding: 0.000002 percent

Education:

B.B.A., Dhurakij Pundit University

Experience:

Listed Company

2011 - present Senior Vice President, Thai Reinsurance PCL.

2003 - 2010 Vice President, Thai Reinsurance PCL.

1986 - 2002 Assistant Vice President, Thai Reinsurance PCL.

4. Dr.Piyawadee Khovidhunkit

Senior Vice President

Age 48

Shareholding: - None -

Education:

Ph.D. - Risk, Insurance and Healthcare
Temple University, U.S.A.

Experience:

Listed Company

Jan 2018 - present Senior Vice President - Enterprise Risk Management and Compliance, Thai Reinsurance PCL.

2011 - Dec 2017 Senior Vice President - Enterprise Risk Management, Thai Reinsurance PCL.

5. Mr.Wichai Chaochaicharoenkul

Senior Vice President

Age 44

Shareholding: - None -

Education:

Master of Arts-Industrial – Organizational Psychology, Minnesota State University, U.S.A.

Experience:

Listed Company

2017 - present	Senior Vice President - Administration, Thai Reinsurance PCL.
2015 - present	Senior Vice President – Human Capital Management & Development, Thai Reinsurance PCL.

Non-Listed Company

2011 - 2015	Management, PTT Green Energy Pte. Ltd.
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6. Mr.Chatchai Payakarintarangkura

Senior Vice President

Age 46

Shareholding: - None -

Education:

Master of Arts, Chulalongkorn University

Experience:

Listed Company

Jan 2018 - present	Senior Vice President - Accounting, Finance, Operations Control & Budgeting and Process Improvement, Thai Reinsurance PCL.
Nov 2017 - Dec 2017	Senior Vice President - Accounting, Finance, and Operations Control & Budgeting, Thai Reinsurance PCL.

Non-Listed Company

2004 - present	Director, M to M Consulting Co., Ltd.
2013 - 2017	Director, Burda Holdings (Thailand) Co., Ltd.
2003 - 2017	Director, Burda (Thailand) Co., Ltd.

Company Secretary

Ms. Waraporn Lertrungrueng

Company Secretary

Age 53

Shareholding: - None -

Education:

Bachelor of Arts., Thammasart University

Experience:

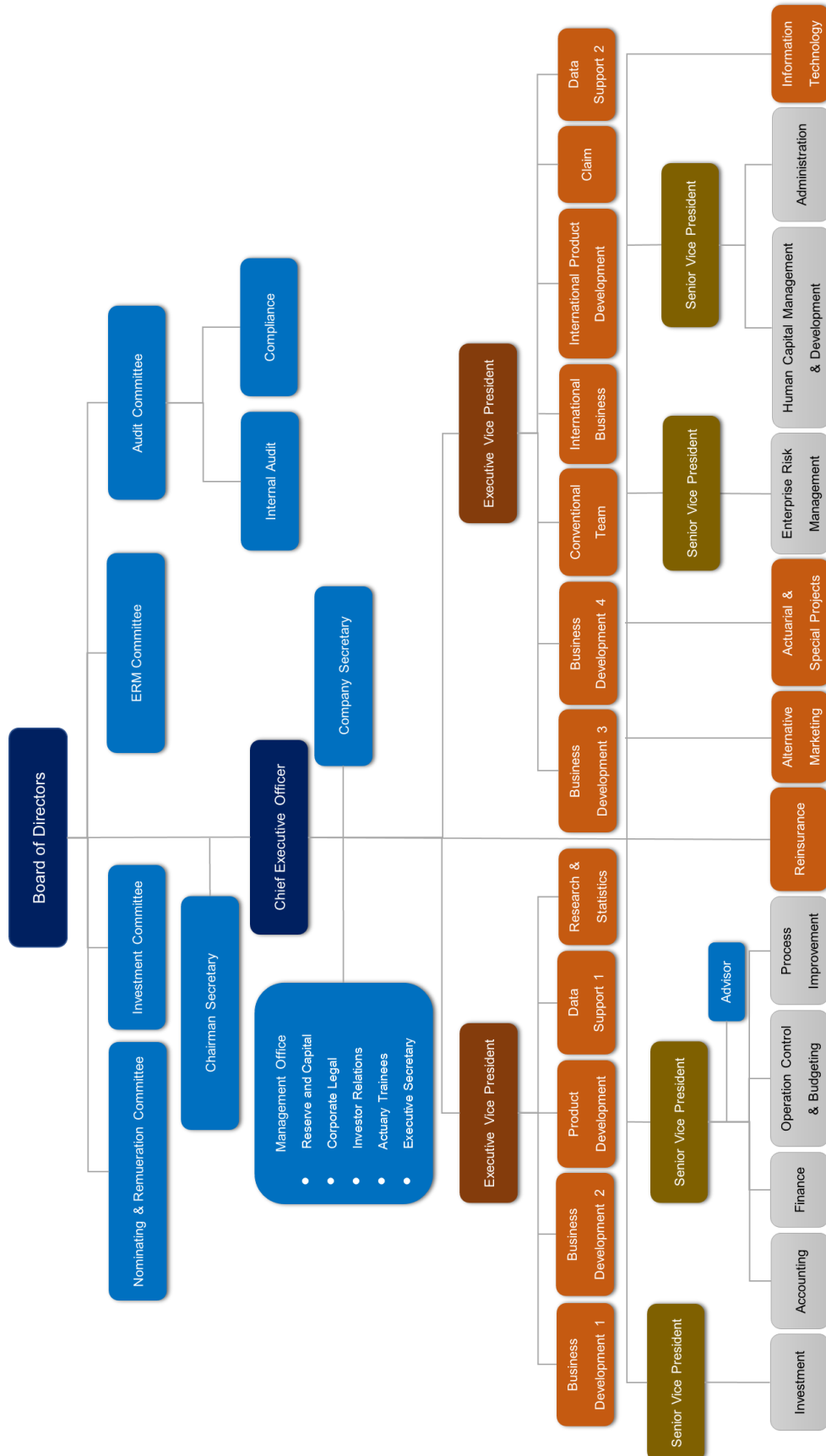
Listed Company

Jun 2018 - present	Company Secretary, Thai Reinsurance PCL.
Oct 1994 - present	Executive Secretary, Thai Reinsurance PCL.

7

Thai Reinsurance PCL.

Organization Chart as of December 31, 2018



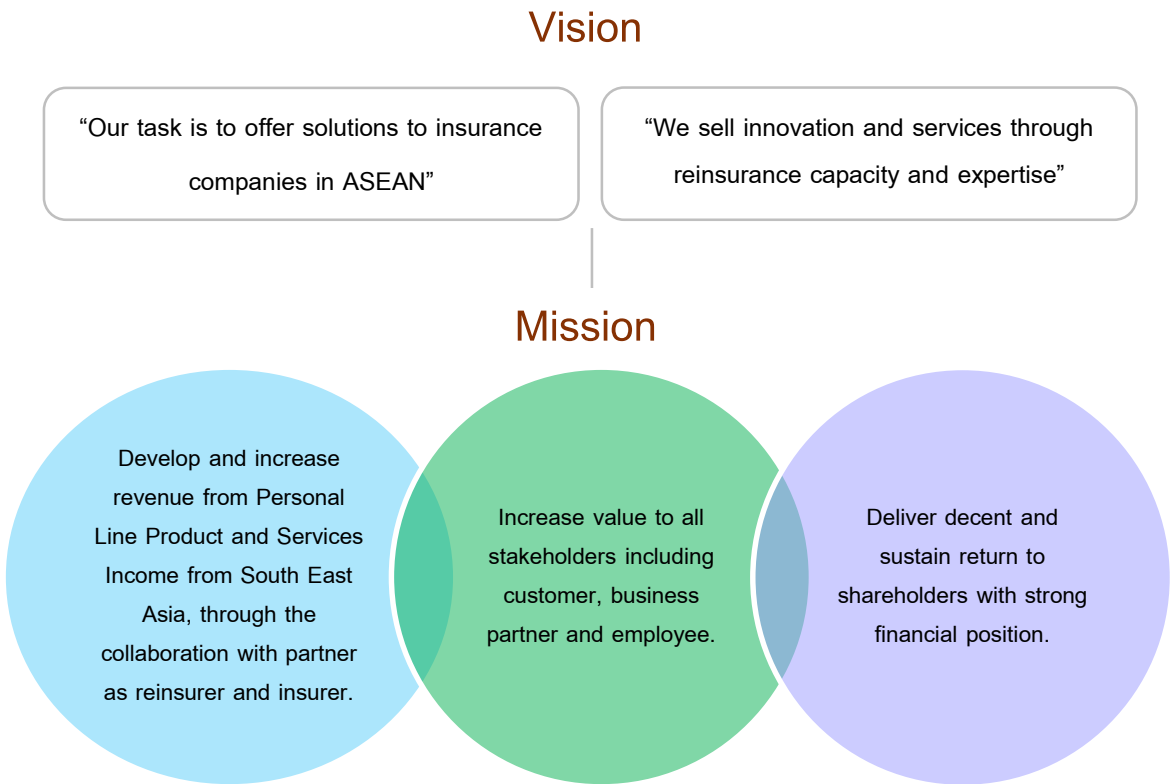


Thai Reinsurance PCL.

Policy and Overview of Business Operation

Thai Reinsurance Public Company Limited (“the Company” or “THRE”) was established on 18 July 1978, it’s creation was enabled by the cooperative effort of many insurance industry participants at both a government and private sector level. The registered name was “Thai Reinsurance Company Limited” with an initial capital of THB 30 million. The Ministry of Commerce granted a reinsurance operating license and the allocation of shares in the company was spread among insurance companies conducting business Thailand at that time. The Company’s principal objective was to provide reinsurance capacity and related services to support the Thai insurance sector and benefit the country’s economic progress. The Company was registered as a Public Company Limited on 30 December 1993, with registered capital of THB 90 million. As at 31st December 2018 the Company has registered and paid-up capital of THB 4,215 million.

Corporate Vision-Mission



Recognising the pace of change in both the business environment and in consumer expectations, the Company continually reviews its business strategies and ensures that it able to provide needed capacity and meet the new competitive challenges that emerge.

The Company's sustainable growth will progress through four key strategies which are:

1. Developing current products to suit the changing market conditions and designing new products for the market in response to consumers and business partners' needs whilst simultaneously managing expenses at a level where the Company can realise the status of a valued business partner.
2. Implementing a two- fold growth strategy for the Company one in reinsurance and the other in insurance industry consultancy & services. The purpose being to add value to the core business, minimize fluctuations in business performance, diversify business risk, and identify opportunities for expansion into new markets, principally in Southeast Asia. All ultimately leading to the Company's long-term growth prospects.
3. Exercising prudent and consistent underwriting standards when providing reinsurance based on risk exposure thereby limiting the possibility of an undesirable impact on results. Managing business expansion under capital adequacy regulations thus maintaining financial stability and providing positive returns for shareholders.
4. Applying technology to increase efficiency and create innovations in the insurance value chain and provide business opportunities for customers and business partners through joint product development in new and existing distribution channels.

Significant Changes and Developments (over the past 5 years)

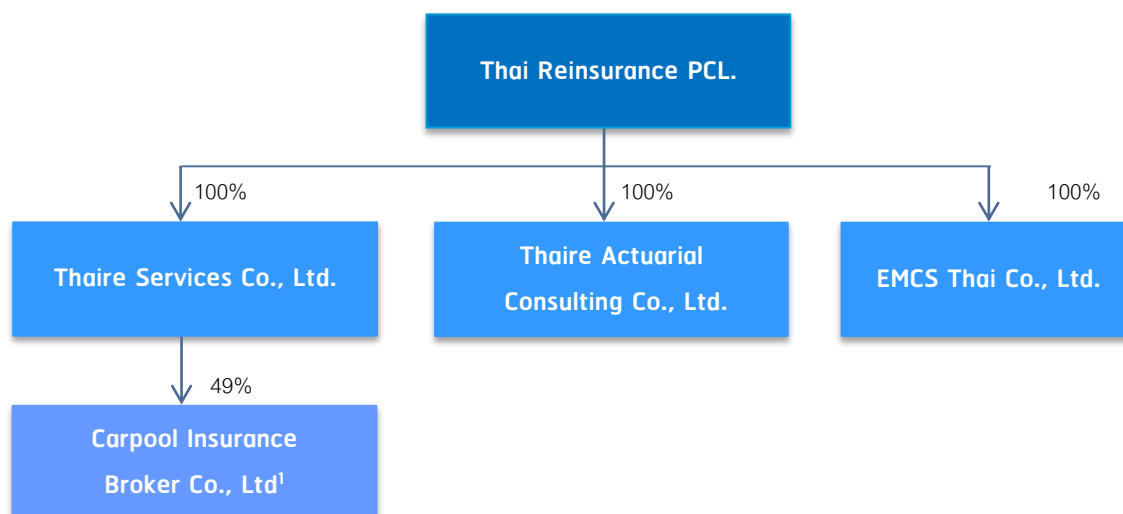
December 2018	The Company reduced its investment in THREL to 11.1 ¹ percent and reclassified all investment in THREL from "trading" investment to "available-for-sale" investment.
October 2018	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2018, published by the Thai Institute of Directors (IOD).
December 2017	Thaire Life Assurance Broker Co., Ltd., a subsidiary that the Company indirectly held 100 percent through Thaire Services Co., Ltd., was dissolved and registered its liquidation.
November 2017	The Company acquired all the ordinary shares in EMCS Thai Co., Ltd. ("EMCS") from existing shareholders and now holds 100 percent equity in EMCS.
October 2017	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2017, published by the Thai Institute of Directors (IOD).
September 2017	The Company reduced its investment in THREL to 15.5 percent and reclassified all investment in THREL from "available-for-sale" investment to "trading" investment.
October 2016	The Company was rated "Very Good" by the Corporate Governance Report of Thai Listed Companies (CGR) in 2016 published by the Thai Institute of Directors (IOD).

July 2016	Thaire Training Co., Ltd., a subsidiary of the Company, became a unit under direct supervision of Thaire Services Co., Ltd.
June 2016	The Company purchased common shares of Thaire Actuarial Consulting Co., Ltd. ("THREA") from Thaire Services Co., Ltd. equivalent to 100 percent of the total amount of shares already paid and issued, rendering the Company a 100 percent shareholder of THREA.
May 2016	The Company's remaining shareholding ratio in THREL 17.5 percent therefore, the Company has transferred and adjusted its THREL's investment capital from investment in the associated company to become other investments.
October 2015	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2015 published by the Thai Institute of Directors (IOD).
September 2015	The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Stable)
March 2015	The Company diluted its investment in Thaire Life Assurance PCL. from 41.5 percent to 24.8 percent
November 2014	The Company sold its entire investment (ownership of 24.5 percent) in an associated company, Thai Insurers Datanet Co., Ltd.
November 2014	The Company reduced its investment in Thaire Life Assurance PCL. from 50.8 percent to 41.5 percent
September 2014	The Company completed the capital increase. The gross proceeds of this transaction amounted to THB 2,107.5 million.
August 2014	At the Extraordinary General Meeting of Shareholders No. 1/2014 on 4 August, 2 items were approved <ul style="list-style-type: none"> ● It resolved to approve an increase in the Company's registered capital of THB 702.5 million from THB 3,512.5 million to THB 4,215.0 million. The newly issued shares were allocated partly for a rights offering to existing shareholders at a ratio of 10 existing shares to 1 new share at a price of THB 3 per share and partly for offering to specific investors on a private placement basis at a price of THB 3 per share. ● It resolved to approve the amendment of Clause 10 of the Articles of Association to "Clause 10. the Company's shares can be transferred without any restriction", in order to comply with the Office of Insurance Commission (OIC) letter No. 4220/2385 dated August 15, 2013, stated that foreigners can hold more than 49 percent of the total voting and paid-up shares of the company.

¹ The Board of Directors meeting on December 25, 2018 had resolved to approve the disposal of Thaire Life Assurance Public Company Limited ("THREL") shares and the Company sold (1) 22.3 million shares on December 26, 2018, THRE's ownership decreased to 11.10% at the end of 2018, (2) 3 million shares on January 22, 2019 and 3 million shares on February 18, 2019. THRE's currently hold 10.10% THREL's shares.

Thai Re Group Structure

As of December 31, 2018



General Information of Our Group of Companies

Company	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thaire Services Co., Ltd.	Health Claims management and operation support services for insurance business	100/100	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial services	50/50	100.0
EMCS Thai Co., Ltd.	Provision of computer service in relation to motor insurance claims and related statistics	30/30	100.0
Indirectly shareholding by Thaire Services Co., Ltd.			
Carpool Insurance Broker Co., Ltd. ¹	Provision of non-life insurance broker ²	37.5/37.5	49.0
Other Entities in Which the Company Holds Shares More Than 10 Percent			
T.I.I. Co., Ltd. (Thailand Insurance Institute)	Provision of insurance training	21.5/21.5	20.3
Thaire Life Assurance PCL.	Provision of life reinsurance business	600/600	11.1 ³

¹ Registered renaming to "Thaire Innovation Co., Ltd." on 4 February 2019.

² Registered changing business objective to "e-Commerce system service to non-insurance sector" on 4 February 2019 and returned the Insurance Broker License to the Office of Insurance Commission by the official letter dated 5 February 2019

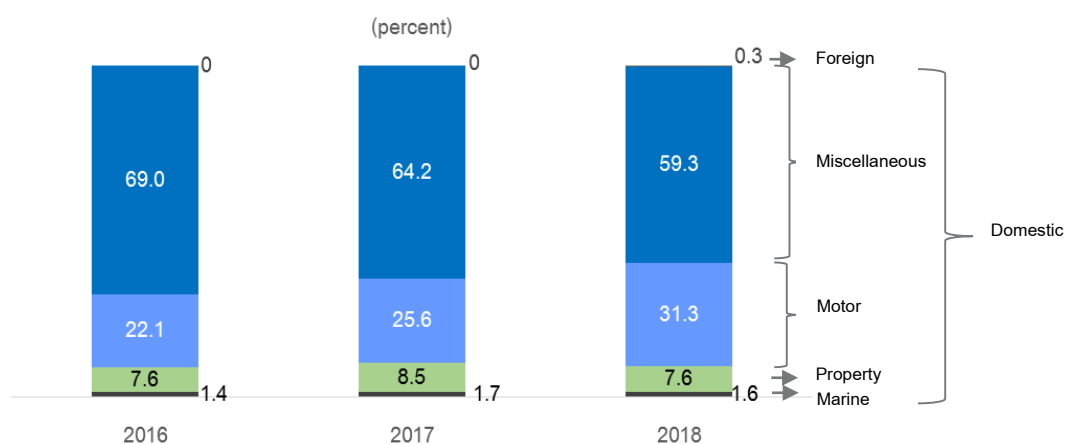
³ The Board of Directors meeting on December 25, 2018 had resolved to approve the disposal of Thaire Life Assurance Public Company Limited ("THREL") shares and the Company sold (1) 22.3 million shares on December 26, 2018, THRE's ownership decreased to 11.10% at the end of 2018, (2) 3 million shares on January 22, 2019 and 3 million shares on February 18, 2019. THRE's currently hold 10.10% THREL's shares.

Nature of Business

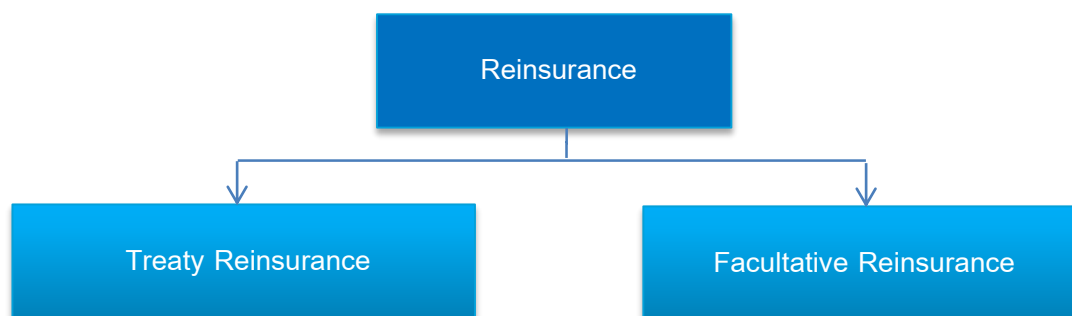
Core Business

The Company offers variety of general reinsurance service to all local and international insurers. A three-year comparison of the proportion of net reinsurance premium by business classes is shown below: -

Proportion of net reinsurance premium: year 2016 - 2018



The Company provides two main types of reinsurance contracts: facultative reinsurance and treaty reinsurance.



1. Treaty Reinsurance (TTY)

Treaty reinsurance is a treaty arrangement under which the terms and conditions of reinsurance are pre-negotiated with either local or international insurance companies, stipulating the scope of exclusions and the maximum coverage for risks to be reinsured. Treaty contracts are executed according to the type of reinsurance, e.g., Fire, Marine, Miscellaneous, Motor, etc.

Under the treaty contract made in the form of "Market Agreement," the members agree to a retrocessional arrangement that provides for a partial allocation back to all participants in a definite ratio as

specified in the treaty arrangement. In other treaty reinsurance agreements, risk is entirely retained by the Company. The Company also has a policy to make only partial retrocessions for insurance policies that provide protection for more than one year.

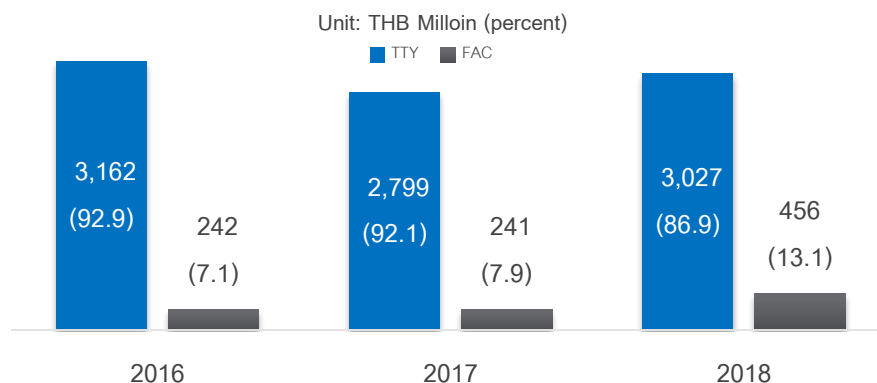
In 2018, the net reinsurance premium under TTY agreements was 86.9 percent of the total, decreasing from 92.1 percent in 2017.

2. Facultative Reinsurance (FAC)

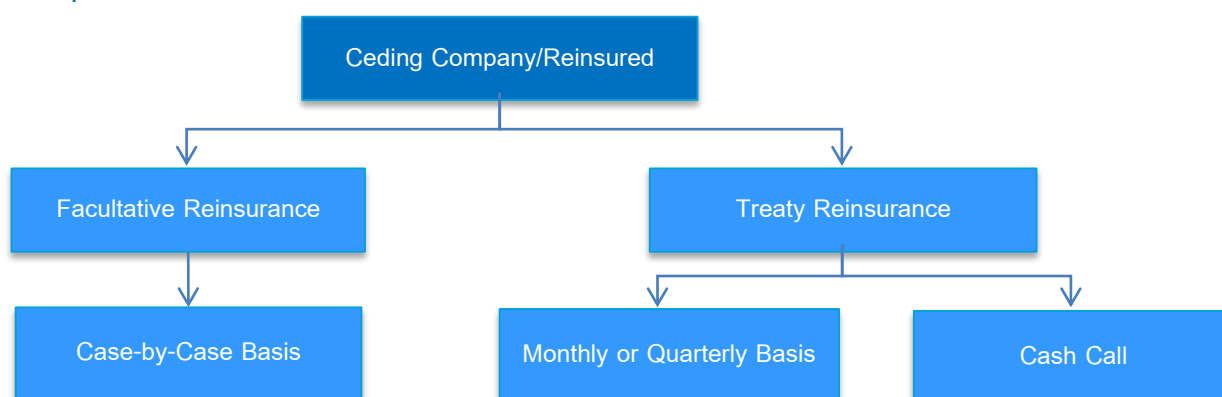
Facultative reinsurance is a type of reinsurance contract underwritten for a single risk or an individual policy. The Company has an option to accept or decline to provide reinsurance for any such risk based on its underwriting criteria and limits.

In 2018, the net reinsurance premium under facultative reinsurance contracts was 13.1 percent of the total, increasing from 7.9 percent in 2017.

Net reinsurance premium: Year 2016 - 2018



Compensation



When loss is incurred, the cedant will so notify the Company, as its reinsurer, in order to set aside a loss reserve pro rata to the amount reinsured. The Company may or may not participate in a risk survey, but will be provided with a survey report in case of major loss.

Claim settlement:

- For treaty reinsurance, a cash call limit is provided in the agreement. For large claims where they exceed the cash call limit, the Company will pay the amount of claim promptly. Claims that are below the cash call limit will be settled on a regular accounting basis.
- For facultative reinsurance, claims are settled on a case-by-case basis as agreed upon between the insurance company and the insured.

Revenue Structure

Revenue structure of the Company and its subsidiaries consists of three major revenue streams;

- (1) Underwriting Income
- (2) Investment Income
- (3) Service Income

(Unit: THB Million)

Business Group	Generated by	2018		2017		2016	
		Amount	Percent	Amount	Percent	Amount	Percent
1. Underwriting Income							
- Net Earned Premium	Thai Re & Subsidiaries	3,359.4	97.6	3,171.4	78.1	3,349.3	78.2
	Thai Re	3,359.4		3,171.4		3,349.3	
- Fee and Commission	Thai Re & Subsidiaries	309.3	9.0	435.0	10.7	813.7	19.0
Income	Thai Re	309.3		435.0		813.7	
2. Net Investment	Thai Re & Subsidiaries	-291.6	-8.5	381.1	9.4	64.4	1.5
Income ^{/1}	Thai Re ^{/2}	-259.7		1,363.8		806.1	
3. Service Income	Thai Re & Subsidiaries	64.8	1.9	71.4	1.8	57.9	1.4
Total		3,441.9	100.0	4,058.9	100.0	4,285.3	100.0

Note: ^{/1} Included others income. ^{/2} Included dividend income from subsidiaries.

Investment

Sources of Funds

The Company strictly raises funds via two sources, shareholders' equity and cash flow from operation, without relying on borrowing and any other sources. However, just like any other financial institutions, insurance business must have an adequate capital base to support business growth. As such, it might be necessary to raise funds by way of capital increase or other methods from time to time to accommodate business expansion.

Investment Policy

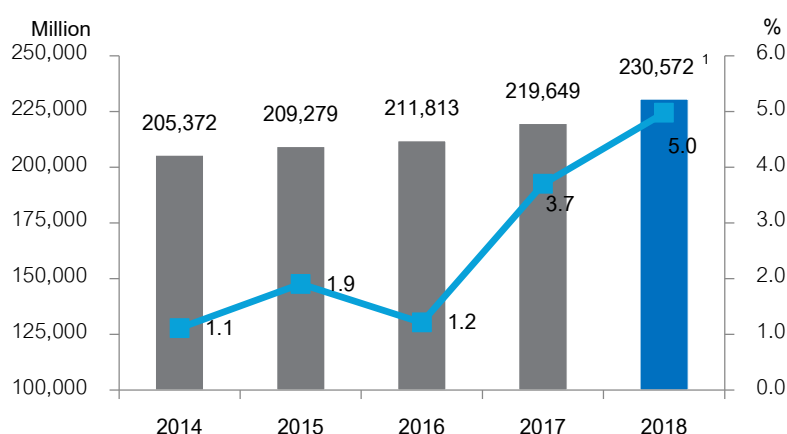
The Company adopts a conservative investment policy by strongly emphasizing on risk management and rate of return. Rather than expecting solely on maximum benefit, the Company aims to achieve a stable long-term return and maintain appropriate liquidity in tune with cash receivable, at present and in the future, while controlling risks at an acceptable low level and adhering strictly to the OIC's regulations. Our investment policy is reviewed regularly in order to correspond with the fast changing financial and investment market landscapes.

Current Non-Life Insurance Business Condition

The Office of the National Economic and Social Development Board (NESDB) has predicted a Thai GDP growth rate of 4.2 percent for 2018, steadily recovering from 3.9 percent in 2017 and 3.3 percent in 2016. The main engines of such growth are export, tourism, private consumption, and public and private investments.

The non-life insurance business tends to improve from the previous year in tandem with the country's economic expansion. Encouraging factors include 1) an improvement in income base and employment in the economic system which generated more consumer spending on durable goods, as evident from number of newly registered vehicles (all categories except motorcycles) in 2018 of over 1 million units, representing an increase of as high as 10 percent from 985,173 units in 2017; 2) an expansion of private and public investments, especially the government sector's key infrastructure projects which have continually entered into the construction phase; 3) the government's policy to support and promote insurance among the public through various schemes such as rice crop insurance, insurance for low-income earners and the underprivileged, granting of income tax deduction for health insurance premiums, etc.; and 4) an awareness of the significance of insurance for the public, which has relatively driven robust growth in personal insurance. In view of these positive factors, the non-life insurance sector in 2018 is predicted to expand by at least 5.0 percent with direct written premium increasing to approximately THB 230.6 billion from THB 219.7 billion recorded in 2017. The classes of business anticipated to grow are 1) motor insurance which has the largest business size and is expected to expand by a healthy 6.7 percent as spurred by an increase in number of newly registered vehicles, but with risk likely posed from the current stiff competition in premium rates; 2) accident and health insurance which is forecast to grow by at least 6.0 percent, boosted by factors such as an awareness of the importance of health insurance, an offer of a broad variety of products, and affordable prices; 3) fire insurance with a growth forecast of 2.9 percent; and 4) marine and transport insurance which will grow by about 0.5 percent. The classes of business likely to follow a downward trend in 2018 are property insurance and engineering insurance. Albeit a boost from the government sector's communication infrastructure projects which have continually made headway and an increase in the private investment in Thailand as propelled by the EEC scheme, the effects of changes in premium rates coupled with the soft market condition due to fierce competition lead to a decline in premium rates of those classes of business and, hence, a material adverse impact on their growth.

Direct Premium and Growth Rate: During 2014-2018

Source: OIC and ¹Estimated by Thai Re

At during the 9-month period of Jan-Sep, 2018, there were 59 licensed non-life insurance companies. The top seven companies wrote 53.6 percent of the total market. Distribution channels were insurance brokers 58.2 percent, banks 13.5 percent, and agencies 13.4 percent respectively.

Competitive pressures intensified during 2018 especially in the motor, personal accident/health and property classes. The market has developed through competition as insurers offer enhanced and new products at pricing levels to suit consumer's needs. Technology has also allowed the development of new distribution opportunities and this is expected continue to gain momentum in the coming years. Insurers need to adapt and respond to these innovations otherwise they will be left behind in the race to succeed in the new operating environments.

Non-Life Reinsurance Market

There has been little change over 3 years in the proportion of reinsurance premiums ceded being 29.0 percent of direct written premiums. In 2018, total reinsurance premium was THB 66.4 billion 5.9 percent above the previous year. Of the total, 21.2 percent is reinsurance ceded by Thai domestic insurers. Reinsurance written by Thai Re was THB 4.8 billion or 7.3 percent, while the remaining proportion of 78.8 is reinsurance ceded to overseas reinsurers.

	2018 Non-Life Reinsurance Premiums ¹		
	THB Million	Proportion (Percent of Direct Premium)	Proportion (Percent of Reinsurance Premium)
Direct written premiums	230,572	100.0	
Reinsurance ceded premiums	66,410	28.8	100.0
- Domestic	14,099	6.1	
Thai Re	4,840	2.1	7.3
Other companies	9,259	4.0	13.9
- Foreign	52,312	22.7	78.8

Source: ¹Estimated by Thai Re

With its high level of expertise and professional standards combined with its strong financial position and market knowledge the Company is well placed to exploit market opportunities in the coming years.

Industry Outlook

A stable political climate with strong economic forecasts will provide the platform for continuing insurance sector expansion. Insurers are responding to changing market conditions, particularly embracing new technologies in the push to spread insurance penetration to a much greater proportion of the Thai population. This also includes product innovation and premium levels that offer real value for money.

In 2019 the non-life insurance sector is predicted to expand by over 5.6 percent with total premiums reaching THB 243.5 billion.

The growing intensity of VUCA in the business environment is creating a whole new world of risks that are more volatile, uncertain, complex, and ambiguous than the Company could have imagined. The Company, therefore, needs effective and efficient enterprise risk management that enables the Company to take advantage of VUCA environment and helps the Company achieve its mission and fulfill its vision.

As a result, a comprehensive risk appetite framework is embedded in the Company strategy and risk culture to ensure that the Company's strategies, operations, and decision making processes are in line with its risk appetite. Key risks that could affect the Company's capital, financial stability, and reputation are identified, assessed, managed, and controlled. Key Risk Indicators and relative benchmarks are set and monitored whereas risk management execution and the effectiveness of risk management measures are assessed and reported to the Enterprise Risk Management Committee and the Board of Directors every quarter. Learning from past loss events are considered when the Company revises its risk management measures whilst key risk indicators and benchmarks are revised in response to changes in the business environment.

The Risk and capital management policy is embedded in and applied to all the Company's core activities. In addition, risk and capital management is incorporated into the Company's budget planning, capital allocation, and performance management where risk capital charge is considered along with operating costs, expenses, claims, underwriting results, and investment returns. The overall aim is to ensure an appropriate risk-reward balance throughout the Company's undertakings.

Key risks affecting the Company and their risk management measures are as follows:

1. Strategic Risk

Strategic risk is the risk arising from the formulation of business policy, strategic plans, operation plans, and their executions that are inappropriate or not responsive to changes in the Company's internal and external environments.

The Company's strategic plans which align the Company's mission with its vision are continuously monitored and revised to ensure that they keep up with the changing market conditions. Business process improvements are regularly conducted to efficiently help the Company meet its goals and objectives.

The Company emphasizes on expanding its range of personal lines which covers more diversified and low sum insured risk. This will minimize the adverse effects on the operating results and enable the Company to have more sustainable performance. The Company also focuses on developing new distribution channels, products, and services and improving its business process and IT system so that it can operate at a lower cost

than its rivals. The Company is also committed to employee development as they become the driving force that helps the Company achieve its business objectives and long term sustainable growth.

Product and Channel Innovation Risk

Product and channel innovation risk is the risk arising from the Company's inability to develop innovative products and distribution channels.

The Company has a multi-faceted approach to manage product and channel innovation risk. Customer behavior data for niche customer segments are captured, analyzed, and utilized so that the Company would be able to better develop products and channels that match consumers' expectations within each segment and connect online with potential customers.

Strong Balance Sheet Risk

Strong balance sheet risk is the risk arising from income fluctuation, liquidity problems, or insufficient capital to cope with unexpected events often resulting in financial distress.

The Company is well aware of the potential causes of capital deficiency and has implemented risk management measures to address these issues. Factors affecting capital adequacy are examined thoroughly and addressed. The Company has integrated the risk and capital management concept into its business strategies and core business activities to ensure that the Company is financially secure and has sufficient capital to cover both current growth and unexpected future exposures. The Company has a conservative and actuarially sound loss reserve calculation, establishes an effective account receivable management, and continuously monitors its customer's financial condition.

Customer Concentration Risk

Customer concentration risk is the risk arising from too much reliance on income or profit from a company or group of companies where the loss of one or a few may have a disproportionate effect on the Company.

The Company has a policy of expansion into new business with several different non-life insurance companies to diversify income sources and reduce any risk of over-dependence from any single insurer. The Company continues to improve service quality in a variety of ways to ensure high levels of customer satisfaction and customer retention.

Reputation Risk

Reputation risk is a risk of negative publicity resulting from the Company's business practices, below standard service, lost revenue, or violation of minimum capital adequacy requirements, which would ultimately affect the trust placed in the Company by its key stakeholders.

The Company is committed to achieve stable and sustainable growth and safeguard its reputation through compliance with applicable laws, regulations, and international standards. The Company regularly conducts a customer satisfaction survey and uses it as an imperative tool for improving weak areas of operation and increasing levels of customer loyalty and satisfaction. In addition, the Company consistently promotes professional development and employee engagement activities, constantly creates a happy workplace environment, and offers competitive compensation and benefits.

Competitive Advantage Risk

Competitive advantage risk is the risk of losing the Company's competitive edge i.e. professional domestic reinsurance company that provides a full spectrum of insurance-related services for the Thai insurance market.

The Company has maintained its competitive advantage through constant development of insurance products, innovative distribution channels, and insurance-related service as well as a strong capital position and a capital adequacy ratio of at least 300 percent.

2. Operational Risk

Operational risk is the risk arising from inadequate or lack of control over internal processes, people, systems, or external events.

Human Capital Risk

Human capital risk is the risk arising from the inability for the workforce to achieve business goals and objectives, insufficient talent, inability to develop talent in accordance with their expectations and the Company's plans, or lack of mechanism that foster innovative behavior and innovation within the Company.

The Company's recruitment and selection process has been constantly improved to secure the best talent in the market. Individual development plans have been used as a tool to assist employees in career and personal development. A talent development program for middle management and a succession plan for senior management have also been deployed. Training programs and company activities have been set up to increase level of employee innovative behavior.

Business Process Risk

Business process risk is the risk arising from erroneous or ineffective business processes. The Company manages its business process risk by developing and implementing control measures and revising its operational manuals periodically to ensure that they are complete, accurate, and up to date. Internal operations are continuously monitored and improved by the process improvement department to ensure the efficient conduct of all operations and audited by the internal audit department. Information technology systems that integrate business functions across the enterprise have been used to support business operations throughout the Company.

Information Technology Risk

Information technology risk is the risk arising from the Company's inability to utilize its information technology to effectively support its operations, inability to use IT system to enable or enhance business, or inability to prevent threats to IT systems, data, and infrastructure.

Since data and information plays a vital role in business operations, the Company has IT policies and procedures in place which include system security, data security, and backup systems to ensure operational continuity, protection against data loss, and prevention of data breaches. Through Business Continuity Management a Business Continuity Plan is in place to ensure that the Company is prepared and able to manage unexpected situations that might affect its business operations. The Company-wide BCP drills are revised and conducted twice a year. In addition, the Company has adopted and implemented a new core reinsurance system that promotes operational efficiency throughout the Company.

3. Insurance Risk

Insurance risk is the risk arising from fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the Company at the time of product development, ratemaking, underwriting or fluctuations in the timing and amount of loss reserves and claim settlements.

Underwriting guidelines are developed based on technical knowledge and updated statistics and revised periodically to keep up with changes in market conditions. The Company places a strong emphasis on underwriting discipline of individuals. Underwriting audit is in place to assure that underwriting guidelines are strictly followed. Statistical data and insights are incorporated into marketing plans to help the Company developing new profitable products with long-term growth potential. The Company has established the policy that requires all products to be reviewed every 2 years.

The Company constantly monitors claim aging to ensure that suspended claims are not left untouched and puts in place claim monitoring and claim management system to ensure prompt payment. Simulation models for flood and earthquake are already in place as well as the Company's excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience.

4. Market Risk

Market risk is the risk arising from changes in market variables such as interest rates, exchange rates, equity prices, and real estate prices.

The Company's investment policy has been established in accordance with the Non-Life Insurance Acts B.E. 2551, with clear guidelines to provide direction for investment and portfolio management. Changes in the economic, political, and regulatory environment are taken into consideration as part of the Company's ongoing monitoring process and incorporated into the Company's investment strategy and portfolio management.

The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardize its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns. Major losses on the Company's investment portfolio are not considered likely. Since investment income is the major source of income for the Company, investment activities are closely monitored by the Board of Directors and the Company's Executives.

5. Credit Risk

Credit risk is the risk arising from possible default by the Company's counterparties or from changes in the credit quality of issuers of securities or the Company's retrocessionaires.

The Company regularly analyzes and evaluates its retrocessionaires and issuers of securities' credit quality and monitors their financial stability. The Company has a strict policy to retrocede its business to retrocessionaires and buy the securities from the issuers that have credit ratings of at least "A-."

6. Liquidity Risk

Liquidity risk is the risk arising from the Company's inability to meet its debt obligations as they become due, caused by the lack of marketability of an investment, sales of its illiquid assets at less than their fair value, or settlement of financial obligations with costs that are significantly higher than expected.

The Company has established procedures to measure, monitor, and manage its liquid assets and cash flow. Matching assets are held in relation to liabilities incurred. The Company also manages its liquidity position through prudent investment decisions and diversification of assets and liabilities to ensure that sufficient cash is available when needed. The Company's liquidity position is set to be higher than the level of liquidity required by the Office of Insurance Commission.

7. Emerging Risk

Emerging risk is the risk that does not currently exist but might emerge at some point in the future due to changes in the social, technological, economic, environmental, and political developments.

The Company continually gathers and analyses all relevant information as it arises to understand which emerging risks are most likely to materialize, and develop sound practices to manage them. The Company periodically revises its policy terms and conditions to ensure that emerging risks are considered in all core activities, especially product design and development, pricing, and underwriting, so that the Company's adverse impacts from emerging risks are limited.

Structure of Shareholders and Management

Shareholders

1. Ten major shareholders as of August 16, 2018 are as follows:

	Shareholders	No. of Shares	Percentage (Percent)
1	HWIC ASIA FUND A/C CLASS C ¹	1,987,104,436	47.14
2	Thai NVDR Co., Ltd. ²	147,244,195	3.49
3	Viriyah Insurance PCL.	145,925,835	3.46
4	Aberdeen Long Term Equity Fund	110,992,092	2.63
5	Aberdeen Small Cap Fund	99,232,870	2.35
6	Aberdeen Growth Fund	95,449,610	2.26
7	Bangkok Insurance PCL.	79,452,896	1.89
8	The Navakij Insurance PCL.	63,141,919	1.50
9	Dr.Kanokkaew Weerawan	54,319,700	1.29
10	Mr.Wachira Tayanaraporn	50,000,000	1.19
	Total	2,832,863,553	67.20
11	Other shareholders	1,382,130,279	32.80
	Grand Total	4,214,993,832	100.00

¹Has a status as a foreign financial institution or the custodian, acting as the securities holder. The company has confirmed with the Thailand Securities Depository Co., Ltd. (TSD) that it is unable to disclose the names of the shareholders.

²Thai NVDR Company Limited, the issuer of NVDRs, do not exercise voting rights at the shareholders' meeting. Investors can check the latest number of shares of the company held by Thai NVDR Co., Ltd. at the website of the Stock Exchange of Thailand (www.set.or.th)

2. The group of major shareholders who, by actions, has a significant influence over the determination of policy or the management or control of operations of the Company.

HWIC Asia Fund, a major shareholder of the Company, owns 47.14 percent of total shares as of the registration book closing date of August 16, 2018.

For the latest update on the top ten major shareholders, please visit website of the Company at <https://investor.thaire.co.th/shareholdings.html> and the Stock Exchange of Thailand at www.set.or.th after the closing of the shareholders registration book.

Shareholders' agreement

The Company has entered a written agreement with Fairfax, major shareholder as follows:

Fairfax has no ultimate control over the company and has the right to nominate maximum 40 percent of the total number of Company' Board of Directors.

Issue of Other Securities

The Company has not issued any preferred shares, debt securities or convertible securities that may affect rights of the shareholders.

Dividend Policy

Under a current policy, the minimum dividend payout is 40 percent of net profit from separate financial statements after the deductions to all reserves. For subsidiaries' share, the payout is in correspondence to business outcomes.

Dividend Information

Year	2014	2015	2016	2017	2018
Earnings per share (THB)	-0.37	0.36	0.21	0.15	-0.24
Dividend per share (THB)	0	0	0.15	0.10	0
Payout Ratio (percent)	0	0	72.23	66.67	0

Shareholding of Director and Management

Shareholding of Directors and Board of Directors, included those related to section 258 of the Securities and Exchange of B.E. 2535 Act (as amended), are as follows.

No.	Name	No. of Shares as of Dec 31, 2017 ¹	No. of Shares as of Dec 31, 2018 ¹	Change Increase (Decrease) in 2018	Percentage
Director					
1	Mr. Chai Sophonpanich	3,739,104	3,739,104	-	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
2	Mr. Surachai Sirivallop	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Chandran Ratnaswami	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
4	Mr. Aswin Kongsiri	200,000	-	(200,000)	-
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2017 ¹	No. of Shares as of Dec 31, 2018 ¹	Change Increase (Decrease) in 2018	Percentage
5	Mr. Kerati Panichewa	3,984,582	10,091,582	6,107,000	0.24
	Their spouses and children who have not reached maturity	-	-	-	-
6	Mr. Jiraphant Asvatanakul	770,616	770,616	-	0.018
	Their spouses and children who have not reached maturity	-	-	-	-
7	Mr. Chanin Roonsamram	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
8	Ms. Potjaneer Thanavarant	204,820	204,820	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-
9	Mr. Sara Lamsam	3,500,000	3,500,000	-	0.08
	Their spouses and children who have not reached maturity	-	-	-	-
10	Mr. Gobinath Arvind Athappan	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
11	Mr. Oran Vongsuraphichet	-	29,545,600	29,545,600	0.70
	Their spouses and children who have not reached maturity	-	-	-	-

Management

1	Mrs. Nantinee Chinwanno	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
2	Ms. Pojaman Fuangaromya	155,832	155,832	-	0.0004
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Chamroen Phusit	90	90	-	0.000002
	Their spouses and children who have not reached maturity	-	-	-	-
4	Dr. Piyawadee Khovidhunkit	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
5	Mr. Wichai Chaochaicharoenkul	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
6	Mr. Chatchai Payakarintarangkura	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-

Remark: ¹ Number of common stock issued and Paid-up 4,214,993,832 shares

Board of Directors Structure

The Company's Board of Directors comprises of 11 individuals. There are the independent directors, complying with Securities and Exchange Commission rules. A director's term is three years with no limit to the number of terms an individual can serve. A biography of each director is in *Directors and Executive Officers of the registrant*. The directors elect the Board chairman. The Chairman, Vice-Chairman, and Secretary are elected annually at the first Board meeting following the Annual General Shareholders Meeting. To separate the role of policy setting, auditing, and management, the Chairman and Chief Executive Officer (CEO) are required to be different persons.

Therefore, The Board of Directors' Meeting No. 4/2018 on November 29, 2018 resolved to appoint Mr. Chai Sophonpanich, to be Chairman of the Board of Directors. The Company clearly segregates the roles and responsibilities of the Board of Directors from the management of the business.

Board of Directors

The Board of Directors of the Company consists of 11 members, ten members are non-executive directors, one members from the management, and five members are independent directors. Nine members hold the Thai Institute of Directors (IOD) qualifications for public company board service.

The Board of Directors is responsible for ensuring that the business is expertly managed and that shareholders' interests are protected at all times through the setting of clear visions and strategies to achieve business objectives and financial success.

As of December 31, 2018, members of the Board of Directors are listed as below:

Board of Directors	Position
1. Mr. Chai Sophonpanich	Chairman, Director of Investment Committee and Director of Nomination and Remuneration Committee
2. Mr. Surachai Sirivallop	Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee
3. Mr. Chandran Ratnaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Chairman of Investment Committee
4. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee
5. Ms. Potjanee Thanavarani	Independent Director and Director of Audit Committee
6. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee
7. Mr. Kerati Panichewa	Independent Director
8. Mr. Sara Lamsam	Independent Director
9. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee
10. Mr. Gobinath Arvind Athappan	Director
11. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer, Director of Investment Committee and Chairman of Enterprise Risk Management Committee

The directors authorized to sign on behalf of the Company are Mr.Surachai Sirivallop, Mr.Jiraphant Asvatanakul and Mr. Oran Vongsuraphichet Any two shall co-sign with the Company's seal affixed.

Scope of Duties, Authorities and Responsibilities of the Board of Directors

1. Supervising and managing the Company so that it is in accordance with the law, Company's objectives, the Articles of Association and the resolutions of shareholders' meetings by aiming at the appropriate benefit of the Company.
2. Reviewing and approving Company's policy and business plan as follows:
 - Approval of important issues in Company's business, i.e. structure, management, vision, mission, objectives, plan, strategy, policy, risk management, long-term business plan, financial goal and annual budget.
 - Approval of hiring or termination of the Company's top management, approval of salary and employee benefits and annual performance evaluation of top management.
 - Approval of annual salary increase rate for employees and regulations on the welfare of employees.
 - Assigning the responsibility and authority to management and their subordinates.
 - Following up and evaluating the Company's performance compared to the plan and budget.
3. Put in place a robust financial reporting and auditing system and efficient internal control and risk management process.
4. Ensuring that the Company follows good corporate governance practices, business ethics and corporate social responsibilities.
5. Consideration and approval all connected transactions, acquisition and disposal of assets, and any other acts as required by law or supervising authority to avoid all conflicts of interest.
6. Consideration the appointment of sub-committees where issues require such consideration.

Moreover the Board of Directors have delegated management authority to the Chief Executive Officer and Chief Executive Officer may delegate to its subordinates as appropriate. Responsibilities for all management activities is granted except for authority to approve any transaction where there may be a conflict of interest involving the Company or its subsidiaries.

Scope of Duties, Authorities and Responsibilities of the Chairman

1. The Board Chairman or person designated by the Board Chairman has a duty to call for a meeting of Board of Directors by submitting an invitation letter at least 14 days before the meeting date allowing the directors adequate time to fully consider the matters.
2. Determining the meeting agenda with the Chief Executive Officer.

3. Encouraging the director to attend the meeting and ensuring that the meetings run effectively with sufficient time for the presentation of information and questions and opinions from the directors. Controlling the discussions and summation of the meeting's resolutions.

4. Promoting corporate governance principles among directors.

5. Communicating all essential information to directors.

6. Encouraging the directors' participation in shareholders' meetings and acts as Chairman of the meeting. Control and ensure that the meeting is efficient and respond to all questions raised by shareholders.

7. Supervising and follow up the directors to perform their duty in the scope of authorities and responsibilities to meet the Company's objectives and plans and compliance with the laws and the corporate governance principles of the Company.

8. Promoting good relationship between executive directors and non-executive directors including the directors and management.

Board of Directors and Subcommittee's meeting

Board of Directors meeting

The Board of Directors holds a quarterly meeting according to an annual schedule. Special sessions can be called if needed. In 2018, the Board of Directors held five meetings. The Chairman and Chief Executive Officer together determine the meeting's agenda. Each member can raise any issues to be put in the agenda. The secretary will send a notification letter that includes the meeting agenda and related documents at least 14 days prior to the meeting. During the meeting, high-level management staff attend some sessions for briefing and instructions for future action. Where voting is necessary a simple majority prevails. Where a Director declares conflict of interest he or she may not participate in that item. Meetings usually last two hours. Draft minutes of the meeting are sent to directors to ensure check for accuracy within 14 days of the meeting. The Board-approved minutes are then retained at the head office and remain available for inspection by interested parties.

The Board also conducts an annual meeting of non-executive directors only, on November 29, 2018, to evaluate job performance, adjust remuneration, and discuss any issues relating to senior executives. The Chairman will notify the outcome of the evaluations to the Chief Executive Officer.

Audit Committee meeting

In 2018, the Audit committee members held five meetings; their main duties can be summarized as follows:

1. Reviewing of the financial statements of the Company prior to submission to the Stock Exchange of Thailand and the Securities Exchange Commission.

2. Nomination of auditors and their remuneration. In 2018, EY Office Limited was nominated and appointed as auditors of the Company for a further year.

3. Holding of joint meetings with the external auditors three sessions took place in 2018. At one meeting without the attendance of management a review of guidelines and the scope of audit performance was conducted. A review of audit plans, results, and recommendations has been undertaken to ensure that all audit processes are done in a manner consistent with auditing standards.

4. Directing, supervising and approving internal annual audit plans based on the Company's risks in order of their significance. The inspection reports are audited to ensure that the investigation has been completed in accordance with auditing standards. This includes monitoring of the proposed revisions to the internal controls system to improve efficiency and effectiveness.

5. Reviewing of transaction reports relating to the parties every quarter.

6. Directing and supervising the Enterprise Risk Management Committee. The ERM review the Company's risk management policies, policy implementation and guidelines for effective risk management. Their reports on risk management are provided to the board and they provide useful feedback on a regular basis.

7. Reviewing to ensure compliance with laws and regulations every quarter.

8. Reviewing to ensure the Company has appropriately and adequately implemented the anti-fraud /corruption measures and the whistleblowing /protection system.

9. Reviewing to ensure the Audit Committee Charter covers the duties and responsibilities of the Audit Committee under the principles of good corporate governance.

10. Conducting an annual Audit Committee self-evaluation for review and self-improvement.

11. Provision of an annual internal control evaluation and propose evaluation results to the Board of Directors.

Nomination and Remuneration Committee meeting

In 2018, the Nomination and Remuneration committee held three meetings to appoint qualified persons to replace outgoing members and determine remuneration for the Committee and the Board of Directors. They also ensure the progress of the newly elected committees and make sure that they perform their assigned duties effectively.

Investment Committee meeting

In 2018, the investment Committee held three meetings to revise the Company's investment policy and investment categories to allow alignment with capital market conditions and future capital adequacy regulations.

Enterprise Risk Management Committee meeting

In 2018, The Enterprise Risk Management Committee held four meetings. The committee reported risk management progress to the Board of Directors.

The names of the Board of Directors, including their meeting attendance in 2018 are given below.

Board of Directors	Position	No. of meetings attended / No. of meetings held			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee
1. Mr. Chai Sophonpanich	Chairman, Director of Investment Committee and Director of Nomination and Remuneration Committee	1/5 ¹	-	0/3 ²	1/3 ²
2. Mr. Surachai Sirivallop	Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee	5/5	-	3/3	3/3
3. Mr. Chandran Ratnaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Chairman of Investment Committee	5/5	-	3/3	3/3
4. Mr. Kerati Panichewa	Independent Director	3/5 ³	-	-	-
5. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee	4/5 ³	-	3/3	-
6. Mr. Chanin Roonsamram	Independent Director and Director of Audit Committee	5/5	5/5	-	-
7. Mr. Sara Lamsam	Independent Director	4/5 ³	-	-	-
8. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee	4/5 ³	5/5	-	-
9. Ms. Potjaneer Thanavarant	Independent Director and Director of Audit Committee	5/5	5/5	-	-
10. Mr. Gobinath Arvind Athappan	Director	4/5 ³	-	-	-
11. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer, Director of Investment Committee	5/5	-	-	3/3

Remark: ¹ Appointed as the Board of Director in August, 2018.

² Appointed as Director of Nomination and Remuneration Committee and Director of Investment Committee in November, 2018.

³ The director was absence due to prior engagement and conflict of interests

Management

At December 31, 2018, the management of the Company according to definition of the Securities & Exchange Commission was:

Name	Position
1. Mr. Oran Vongsuraphichet	Director & Chief Executive Officer
2. Mrs. Nantinee Chinwanno	Executive Vice President
3. Ms. Pojaman Fuangaromya	Executive Vice President
4. Mr. Wichai Chaochaichaoenkul	Senior Vice President
5. Mr. Chamroen Phusit	Senior Vice President
6. Dr. Piyawadee Khovidhunkit	Senior Vice President
7. Mr. Chatchai Payakarintarangkura	Senior Vice President (Head of Accounting and Finance)

The scope of duties, authorities and responsibilities of the CEO

1. To follow all legal and regulatory principles and undertake management of the company in accordance with the expectations of the board of directors.

2. To recruit and develop employees of the Company and follow all disciplinary procedures as may be necessary. These authorities do not extend to employees directly employed by the Board.

3. Establish working regulations, job descriptions and manage the Company in accordance with the Company's regulations.

4. Manage business consistent with the Company's regulations and set authority levels for all employees.

5. Act as legal representative of the Company in all business transactions except where the CEO may have a conflict of interest with the Company or its subsidiaries. For business transactions that involve conflicts of interest, the consent of the Board of Directors will be required. The CEO may also appoint a representative to handle any specific transaction. The Company will not be involved in any act which is undertaken by the CEO in violation of the Company's regulations or consent of the Board of Directors unless the Board of Directors later ratifies such act.

6. When CEOs are unavailable, the Executive Vice President may temporarily take over responsibilities to continue routine activities reporting later to the CEO. The Chairman will be advised when the CEO is unavailable or when the position of CEO is vacant, the Board of Directors has responsibility to select a new CEO. In the meantime, the Board of Directors may select a temporary replacement from the executives to undertake CEO's responsibilities.

Company Secretary

The Board of Directors appointed Ms. Waraporn Lertrungrueng as Company secretary from June 1, 2018. The qualifications of the company secretary can be found in the report 56-1 (Attachment 1) and the roles of the company secretary can read via the Company's website at <https://investor.thaire.co.th/directors.html>.

Remunerations for the Directors and Executives

The Nomination and Remuneration Committee is responsible for submitting the remuneration plan to the Board and senior management of the Company. It is important to note that the remuneration plan for the Board of Directors is an agenda item at the Annual Shareholders Meeting. The remuneration plan for the Directors and senior management of the company is in line with industry peers. Incentive pay is offered to those persons in the Company whose standards of performance are considered vital for the Company. Directors who are members of subcommittees are also rewarded. Each executive's annual performance evaluation is a consideration in his or her remuneration plan.

Monetary Remuneration

a) Remunerations for the Directors

The remunerations in 2018 as the resolution of the Annual General Meeting of Shareholders No. 25 on April 24, 2018 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly per person)		Conference fee*		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	20,000	15,000	35,000	25,000	Not exceeding 4.2 THB million by allocating to Chairman 2 parts, Vice Chairman 1.5 parts, Director and CEO 1 part each
Audit Committee	-	-	50,000	35,000	-
Nomination and Remuneration Committee	-	-	25,000	25,000	-
Investment Committee	-	-	25,000	25,000	-
Enterprise Risk Committee	-	-	-	-	-

Remark * Meeting allowance per person was paid to only the attendees of the meeting.

b) Directors' remuneration received from being a Board of Directors in the subsidiary company.

In 2018, Mr. Surachai Sirivallop, the Chairman of the subsidiary company, received a compensation from 2 subsidiaries, namely Thaire Services Co., Ltd. and EMC Co., Ltd., from January - July 2018, totaling Baht 280,000 and the remuneration was end in August 2018.

The remunerations¹ in 2018 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly)	Gratuity	Remunerations				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Total
1. Mr. Chai Sophonpanich ²	40,500	-	-	-	-	-	40,500
2. Mr. Surachai Sirivallop ³	169,000	730,438	140,000	-	75,000	50,000	1,164,438
3. Mr. Chandran Ratnaswami	140,250	547,826	100,000	-	75,000	50,000	913,076
4. Mr. Kerati Panichewa	148,500	365,217	75,000	-	-	-	588,717
5. Mr. Jiraphant Asvatanakul	148,500	365,217	100,000	-	75,000	-	688,717
6. Mr. Chanin Roonsamram	148,500	365,217	100,000	175,000	-	-	788,717
7. Mr. Sara Lamsam	148,500	365,217	75,000	-	-	-	588,717
8. Mr. Aswin Kongsiri	143,250	365,217	75,000	250,000	-	-	833,467
9. Ms. Potjanee Thanavarani	148,500	365,217	100,000	175,000	-	-	788,717
10. Mr. Gobinath Arvind Athappan	140,250	365,217	75,000	-	-	-	580,467
11. Mr. Oran Vongsuraphichet	107,250	365,217	100,000	-	-	50,000	622,467
Total	1,483,000	4,200,000	940,000	600,000	225,000	150,000	7,598,000

Remark: 1. The committee's remuneration did not include the remuneration as Company's management. There was no remuneration for Risk Management Committee.

2. Mr. Chai Sophonpanich was appointed as Board director In August 2018 and was appointed as the Chairman of the Board of Directors, Director of Investment Committee, Director of Nomination and Remuneration Committee In November 2018

3. Mr. Surachai Sirivallop was appointed as Vice Chairman in November, 2018.

c) Monetary remuneration for executives

In 2018, the Company paid salaries and bonus to seven executives, according to the list in the 'Management' Section, the total amount was THB 38.1 million.

Other Remunerations

a) Other remunerations for directors

-None-

b) Other remunerations for executives

The Company also offers provident fund and employee retirement fund to executives. In 2018, contribution to such funds was provided for seven executives, according to the list in the 'Management' Section as follows:

- Contribution to the provident fund at a rate of 5 -10 percent of salary, totaling THB 2.9 million.
- Contribution to post-employment benefits totaling THB 6.5 million.

Human Resources

As of December 31, 2018, Thai Re Group had total workforce of 388 people. The number of employees working on each core business line is listed below:

Department	Employees
Reinsurance	
Executive	7
Business Development	23
Business Support	39
Organization Support	50
Total	119
Service Providers	269
Grand Total	388

Remunerations for Employees

The employees are considered as the important resources to bring the company to achieve its vision and goal. Therefore, the Company determines the appropriate organizational structure and manpower, with an effective recruitment process to identify employees who have the knowledge, skills, experience and abilities to drive the company towards the goals. In addition, the company is confident that all selected employees are not involved in corruption.

The Company provides all its employees with fair and reasonable remuneration, based on qualifications, knowledge, ability and work experience. Annual salaries are determined through a clear, fair and transparent process on a pay-for-performance basis. Individual employees' performance is measured by a combination of assessment of key performance indicators (KPIs), which are cascaded from the top down to groups, departments, divisions and staff members respectively, and assessment of competency that aligns with the organizational culture. For the long-term the Company measures the employees' capability by their competency, which is used to determine their career advancement. Moreover, the Company periodically conducts a survey on compensation offered by its peers with a view to maintaining and enhancing its competitiveness in human capital management.

Apart from salaries, the remuneration package includes bonuses, financial aids, employee provident fund to which the Company contributes five to ten percent of the individual employees' salary depending on years of service, healthcare, social security fund, defined benefit plan, life, accident & health insurance, and human resource development. In 2018, Thai Re Group paid THB 346 million for employee remuneration, details of which are as follows:

(Unit: THB Million)

Employees expenses	Thai Reinsurance	Service Provider	Total
Salaries and wages	128	179	307
Social security fund	1	2	4
Contribution to provident fund	9	9	18
Defined benefit plans	5	3	6
Other benefits	5	7	12
Total	148	200	346

* Excluding related party transactions with the subsidiaries from the consolidated financial statements.

Human Resource Development Policy

The Company attaches a high level of importance to human resource development and has conducted training needs surveys of all employees to enable them to develop essential skills that are appropriate to their role and career advancement. Under the individual development plan, an employee, in conjunction with his/her supervisor and the Human Capital Management & Development Department, will devise an appropriate plan for his/her development through both domestic and overseas training and for other non-training development such as project origination. The Company also grants its employees scholarships for master's degree programs in essential fields.

In 2018, the Company assigned 97 employees to attend 100 training courses in and outside the country, with total training period of 2,744 hours or an average of 28 training hours per person trained.

Course	Number of Courses	Number of Participants
Insurance	72	71
Non-Insurance	28	69
Total	100	97

In addition to the human resource development plans mentioned above, the company continued to be a Learning Organization as a part of the 3D&I strategies that enhances the corporate culture to the organization of having sustainable innovation by initiating the Knowledge Management (KM) project, conducting a book exchange for reading program, introduction of Electronics Library and Coaching Library as well as continuing the Creative Day and Knowledge Sharing activities at least once a month so that employees can exchange idea from employees and external speakers in a creative atmosphere by not limiting the knowledge that only related to their work, such as the introduction of savings for retirement, Knowledge of Artificial Intelligence (AI), Disease Prevention, Office Syndromes etc.

Internal Control and Risk Management

1. Summary of the Board of Directors' Opinion Regarding Internal Control Systems

At the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, which was attended by all members of the Audit Committee, the Board of Directors examined the Company's internal control systems for the year 2018. The audit committee presented a report covering five aspects: organization and environment, risk management, executive performance control, information technology and communication system, and follow-up system. The Board of Directors believed the Company and its subsidiaries have in place appropriate and adequate components of an internal control system, and have established, maintained and reviewed financial control, operational control and monitoring control systems on a regular basis. The Company has separated duties and responsibilities between the operating staff and the control and evaluation staff to ensure proper checks and balances exist. Authority of the executives and operating officials at all levels are clearly defined in writing, covering any transactions that may involve a conflict of interest. Risks are identified and assessed and risk prevention and management measures are clearly devised. Regulatory compliance is monitored through a quarterly compliance report that is submitted to the Audit Committee. The Company also monitors and makes sure that all significant information is disclosed in an accurate, complete and timely manner in accordance with the regulations of the SET and the SEC.

2. Opinion of the Audit Committee that Is Different from the Board of Directors or the Auditor's Observation Regarding Internal Control

The Audit Committee provided opinions consistent with the Board of Directors and auditors.

3. Head of Internal Audit Unit

The Company has established a Department of Internal Audit which is under the direct supervision of the Audit Committee who have full authority to appoint, dismiss and transfer the Head of Internal Audit Department.

The Audit Committee monitors the operational activities of the Head of the Internal Audit Department. The Committee supports training programme for the Department's Head to ensure that he or she obtains skills and knowledge appropriate for the role of internal auditor.

4. Head of Compliance Unit

The Company set up a Compliance Department as approved by the resolution of the Board of Directors' meeting, special session held on October 10, 2014. The Compliance Department is under supervision of the Audit Committee.

During the year, the Compliance Department audits on compliance of all relevant regulations and laws and submits a quarterly compliance report to the Audit Committee for further review.

Corporate Governance Policies of Thai Re Group

Board of Directors of Thai Re and its subsidiaries is committed to conduct business in accordance with good corporate governance principles. The company promotes innovation that adds value to shareholders, employees, customers, partners and all stakeholders to ensure that stakeholders are confident that the company has competitiveness and can adapt to various change factors. The Company also takes into account the ethics in business and the impact on society and the environment in the long term for sustainable value creation for the organization

The Board of Directors has set the policy on Corporate Governance for directors, management and employee and has disclosed such policy in the 2018 Sustainable Development Report which interested persons can download via the Company's website at <https://investor.thaire.co.th/download.html>.

Subcommittees

For compliance in all aspects of the business the Board of Directors appoints three committees to oversee, monitor and resolve or recommend action. Those committees are Audit Committee, the Nomination and Remuneration Committee, the Investment Committee and one management committee level namely the Enterprise Risk Management Committee. The structures and accountabilities are as follows:

a. Audit Committee

Audit Committee was established on February 24, 1999 being three independent non-executive directors acting for a three-year term. Current committee members are:

Name	Position
1. Mr. Aswin Kongsiri	Chairman of Audit Committee
2. Mr. Chanin Roonsamrarn	Director of Audit Committee
3. Ms. Potjaneer Thanavarant	Director of Audit Committee

All Committee members have a strong accounting and financial background. Their main role is to ensure that Company's business operations, financial reporting disciplines and internal control systems function in the manner intended and that all matters raised by the internal auditors are fully investigated and solutions applied. The committee also recommends the appointment of the external auditor and also deals with issues involving conflicts of interest.

Scope of Duties and Authority

1. To review and ensure the Company's financial reporting is accurate, adequate, and in accordance with generally accepted accounting principles.
2. To review and ensure the Company's internal control and internal audit system are appropriate and effective.
3. To consider the charter of the internal audit unit and ensure the unit is independent. Also, to approve the appointment, performance evaluation, promotion, transfer and termination of the head of the internal audit unit or any other unit in charge of an internal audit.
4. To review and ensure the Company's practices comply with the laws and regulations specified by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and others related to the Company's business.

In the case where the Audit Committee found a violation of the non-life insurance law and the Board of Directors does not take any remedy within the time deemed appropriate. The Audit Committee shall report to the Office of Insurance Commission (OIC) without delay.

5. To consider, select, nominate, and terminate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.
6. To consider connected transactions or transactions where there may be a conflict of interest and ensure that they conform to the laws and regulations of The Stock Exchange of Thailand (SET) and are reasonable and in the best interests of the Company.
7. To review and ensure the Company's risk management system is appropriate, effective and discreet according to the internationally accepted framework.
8. To review and ensure the Company has appropriately and adequately implemented the anti-fraud /corruption measures and the whistleblowing /protection system.
9. To give an opinion on the Company's overall internal control assessment report submitted to the Board of Directors.
10. To review and ensure the Audit Committee Charter covers the duties and responsibilities of the Audit Committee under the principles of good corporate governance and the laws and regulations relating to the Company's business at least once a year.
11. To prepare an Audit Committee's report, signed by the Audit Committee Chairman, which must contain at least information as required by The Stock Exchange of Thailand (SET) for publication in the Company's annual report.
12. To perform any other duties assigned by the Board of Directors with the consent of the Audit Committee.
13. In cases where an internal audit or other work of the Audit Committee requires specialized expertise, the Audit Committee shall consider hiring the consultants or external professional experts with the Company's expenses, for giving opinion or recommendation.

b. Nomination and Remuneration Committee

Nomination and Remuneration Committee was established on February 20, 2009 being four members acting for a three-year term. The current members are:

Name	Position
1. Mr. Chandran Ratnaswami	Chairman of the Nomination and Remuneration Committee
2. Mr. Chai Sophonpanich	Director of the Nomination and Remuneration Committee
3. Mr. Jiraphant Asvatanakul	Director of the Nomination and Remuneration Committee
4. Mr. Surachai Sirivallop	Director of the Nomination and Remuneration Committee

Scope of Duties and Authority

Nomination Responsibilities

1. To determine and recommend structure, size and composition and qualifications of the Board of Directors and sub-committee.
2. To determine policy, criteria, qualifications and nominating procedures for the appointment of directors and sub-committee members to replace those who completing their terms.
3. To recommend and nominate directors and sub-committee members from qualified candidates and propose to the Board of Directors for consideration and/or Shareholders' Meeting for approval, as the case may be.
4. To select, screen and propose a qualified person for the position of Chief Executive Officer (CEO) whenever this is vacant including to propose the criteria and succession plan for key management for Board of Director's consideration.

Key management mentioned above are Chief Executive Officer and the first two key executives from Chief Executive Officer.

Remuneration Responsibilities

1. To determine a policy and structure for remuneration and other benefits for directors, board advisor and sub-committee members of the Company based on transparent criteria and reasonable with the duties, responsibilities, related risks and also focus on increasing shareholder value.
2. To determine the remuneration policy of senior executives which will be in line with the Company's and their performance.
3. To determine the annual remuneration of the Board of Directors and sub-committee members before proposing to Shareholder's Meeting for approval.
4. To determine the annual remuneration of senior management before proposing to the Board of Directors for approval.

Other Responsibilities

To perform any other duties as assigned by the Board of Directors with the consent of the Nomination and Remuneration Committee.

c. Investment Committee

Investment Committee was established on February 28, 1994 being four members. The Investment Committee is responsible for recommending an investment policy and for providing advice on all investment matters to management. The current members are:

Name	Position
1. Mr. Chandran Ratnaswami	Chairman of Investment Committee
2. Mr. Chai Sophonpanich	Director of Investment Committee
3. Mr. Surachai Sirivallop	Director of Investment Committee
4. Mr. Oran Vongsuraphichet	Director of Investment Committee

Scope of Duties and Authority

1. To consider the investment policy framework and other business investment for approval from the Board of Directors.
2. To approve the Company's investment plan to be in line with the investment policy framework and risk management policy.
3. To supervise the investment of the Company to comply with the investment policy framework, other business investment, risk management policy, investment methodology and the relevant legal requirements.
4. To regulate the Company's investment transaction to be transparent and prevent the conflict of interest.
5. To supervise and ensure the system, staff and the information used for the investment be sufficient.
6. To report regularly the investment performance to Board of Directors.
7. To perform any other duties as assigned by the Board of Directors.

d. Enterprise Risk Management Committee

Enterprise Risk Management Committee was established on February 25, 2010 with the CEO as the Committee Chairman, and senior executives from various departments as members.

Name	Position
1. Mr.Oran Vongsuraphichet	Chairman of Enterprise Risk Management Committee
2. Mrs.Nantinee Chinwanno	Director of Enterprise Risk Management Committee
3. Ms.Pojaman Fuangaromya	Director of Enterprise Risk Management Committee
4. Mr.Chamroen Phusit	Director of Enterprise Risk Management Committee
5. Mr.Chatchai Payakarintarangkura	Director of Enterprise Risk Management Committee
6. Mr.Wichai Chaochaichaoenkul	Director of Enterprise Risk Management Committee
7. Dr.Piyawadee Khovidhunkit	Director and Secretary of Enterprise Risk Management Committee
8. Mrs.Thitaporn Tarakit	Advisor

Scope of Authority:

1. Seek any information it requires from employees who are directed to cooperate with the Committee's requests, or from external parties.
2. Take additional actions on any matters within its scope of responsibility, as necessary, to perform its duties and responsibilities.

Scope of Duties and Responsibilities:

1. Oversee the Company's risk management policy which covers strategic risk, operational risk, insurance risk, market risk, credit risk, liquidity risk, and other risks as deemed appropriated, and submit to the Board of Directors for approval.
2. Assess the overall effectiveness of current risk measures and the Company's Enterprise Risk Management framework and policy.
3. Meet at least quarterly to monitor the Company's risk status and the effectiveness of risk measures and provide ongoing guidance and support for the refinement of the overall risk management framework.
4. Report to the Board of Directors at least quarterly on the Company's risk status and the effectiveness of risk measures used to control the exposures, as well as significant incidents and proposed risk mitigation measures to ensure that the Company's risk profile stays within its risk appetite.
5. Review the effectiveness of the Company's Enterprise Risk Management Policy and Framework at least annually and update it as needed to respond to any event that might have a significant or material effect on the Company's financial position.
6. Ensure that the Company's Enterprise Risk Management complies with relevant regulatory requirements.
7. Perform other duties and responsibilities delegated by the Board of Directors.

In addition, the Board of Directors may appoint other subcommittees to help dealing with other special or important tasks occasionally.

Nomination and Appointment of Directors and Top Management

Nomination and Appointment of Independent Directors

The Company sets out the criteria for the selection process of independent directors. A candidate must meet the qualifications for director nomination of the Company as well as the qualifications of 'Independent Director' as defined by the Securities and Exchange Commission (SEC), which are:

Qualifications of Independent Director

"Independent Director" is a person who meets all qualifications and has the minimum independency as required under the Notification of the SEC and the Notification of the Stock Exchange of Thailand as follows:

1. An independent director must not hold more than 1 percent of the total number of shares with voting rights of the Company, parent company, subsidiaries, associated companies or any other juristic persons who may have a conflict of interest, inclusive of number of shares held by his/her related persons.

2. An independent director must not be a director who takes part in management, an employee, a staff member or an advisor who receives a regular salary, or a controlling person of the Company, parent company, subsidiaries, associated companies or subsidiaries of the same rank or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

3. An independent director must not have relationship, whether by blood or by legal registration, in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse of the executives, major shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.

4. An independent director must not have existing or previous business relationship with the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest in a manner that may obstruct the exercise of his/her independent judgment, and must not be the existing or former major shareholder, non-independent director, or executive of those who have business relationship with the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

The term "business relationship" in the first paragraph includes any normal business transaction, rent or rent out of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, in the amount of 3 percent or more of the net tangible assets of the applicant or THB 20 million or more, whichever is lower.

5. An independent director must not be or have been an auditor of the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, and must not be a major shareholder, non-independent director, executive or managing partner of an audit firm which employs auditors of the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

6. An independent director must not be or have been a professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding THB 2 million from the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, and, in case the professional advisor is a juristic person, must not be or have been a major shareholder, non-independent director, executive or managing partner of the professional advisor, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

7. An independent director must not be appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.

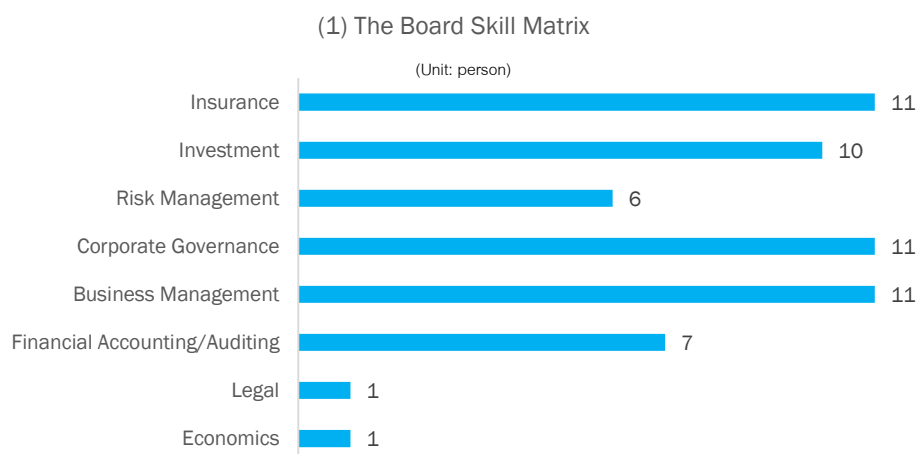
8. An independent director must not have any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

The Board of Directors has considered, with due care, that all independent directors fully meet the qualifications set forth by the Company and their resuming in such position for several consecutive terms does not have any impact on the discharge of their duty and provision of independent opinions.

Nomination of Directors and Senior Executives

Criteria for Director Nomination

For the process of director nomination and selection the Nomination and Remuneration Committee ensure that the qualifications required for each director's position meet the Company's operational and strategic needs. To ensure diversity among the directors, experience, professional skills, specialized knowledge and expertise of nominees is also considered. The Board Skill Matrix, as shown in Figure (1), is used as a basis for reviewing board composition and director nominations to ensure that selected board members views and opinions are in alignment with the Company's strategy and future progress.



To be appointed as a director or senior executive, nominees will have to have demonstrated that their expertise, professionalism and business acumen will bring added value to the Company and that they meet all the legal and regulatory requirements of the Public Companies Act, the SEC Act and any other legislative or regulatory requirements.

The existing Board of Directors is composed of 11 members, the number of which is compatible with the Company's business operation. All of them have had working experience or used to assume top-ranking positions in the business and government sectors. Most of the directors finished their studies in the field of business administration and economics and some of them graduated in accounting and law. Apparently, the current board structure consists of members from various professions with diversity of ability, experience and expertise covering all required fields.

Nomination and Appointment Process for Directors

Candidates for director position are to pass the nomination process of the Nomination and Remuneration Committee and require an approval of Board of Directors or the shareholders' meeting. There is no limit to number of director seats that the individual or group of shareholders can nominate according to their shareholding percentage. The Committee offers an equal opportunity to all individual to propose suitable candidates through the Company's website prior to the Annual General Meeting of Shareholders, or usually during three months before the end of fiscal year. The candidates must be competent and have a specialized professional background from various fields. Also, they must have leadership skills, vision, virtue, ethics and good track records and must be able to express opinion freely. The shareholders may cast their votes for each individual and group of shareholders candidate in accordance with the rules and regulations of the Company as follows:

- 1) Each shareholder is entitled to one vote per share.
- 2) Each shareholder may exercise all of his/her votes as stated in rule number 1) to elect either one or several candidates. However, his/her votes must be evenly split among all candidates. The Company does not apply cumulative voting due to its shareholders structure under which there is not any absolute major shareholder who has a controlling influence over the Company and over the decision on director election.
- 3) Those who receive the highest votes cast by shareholders shall be elected as directors in descending order until all of the required director positions are filled. In the event of a tied vote on the last in the order of director positions to be filled, the Chairman of the meeting shall have the deciding vote.

At present there are 2 directors appointed by major shareholders who are Mr. Chandran Ratnaswami and Mr. Gobinath Arvind Athappan

Criteria for Executive Recruitment

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, considers an appointment of top management at an executive vice president level and higher to be responsible for business operations, based on both the candidate's qualifications for an executive position and the Company's succession plan.

Nomination and Appointment Process for Executives

The Nomination and Remuneration Committee is responsible for nominating a qualified candidate for the executive chairman and the chief executive officer (CEO) position. CEO and the Nomination and Remuneration Committee are jointly responsible for nominating senior executives in the first and second layers below the CEO, i.e., the president and executive vice president levels. Qualified candidates are considered based on their knowledge, competence, skill and experience that will be useful for the Company's business operation, as well as their profound understanding of the Company's business and administrative ability to achieve the Company's goals and objectives. After completion of the selection and nomination process, names of the qualified persons will be proposed to the Board of Directors for approval.

The Nomination and Remuneration Committee is also responsible for the Company's management succession plan.

Monitoring of Subsidiaries and Associated Companies

Under the Company's mechanism for monitoring of its subsidiaries and associated companies, the Board of Directors and/or the management are responsible for nominating and voting on appointment of the Company's directors and/or executives to serve as directors of the subsidiaries and associated companies. The appointed persons shall be obligated to perform duties in the best interest of the subsidiaries or associated companies that they serve.

In the case of subsidiary companies, the Company has stipulated that its representatives appointed as the subsidiaries' directors must ensure that the subsidiaries have completely and accurately drawn up a guideline on connected transactions, acquisition/disposal of assets or any other crucial transactions, and have adhered to the disclosure rules and rules for the said transactions similar to the rules observed by the Company. They must also supervise and ensure that the subsidiaries keep data files and account books available for the Company to examine and submit them in time for preparation of the group's consolidated financial statements.

However, there has been no agreement between the Company and other shareholders with respect to the management of the subsidiaries and associated companies.

Internal Information Use Policy

Internal information refers to information that has not yet been disclosed to the public or information that is used for the sole purpose of internal use in the Company (not for personal use), such as financial statements that have not yet been submitted to the SET, dividend payment, M&A and important commercial contracts, etc.

The Company has a policy to prohibit executives and employees at all levels from using internal information for personal benefit. Apart from the data security measures that limits the number of personnel who could access confidential information and the requirement for directors and executives to comply with the SEC regulations, the Company has incorporated best practices into its code of business ethics and clearly stipulated disciplines and disciplinary actions in the Company's work regulations. In this respect, all employees are to sign the data security policy compliance agreement in a bid to prevent them from using the Company's information for personal benefit or to prevent unauthorized use of such information. Moreover, the Company adopts the following policies and measures to monitor the executives' use of internal information for personal interest and for securities trading:

1. The directors, executives and employees who work in the unit that can access or use internal information and their spouse and minor children/adopted children shall be prohibited from selling or buying the Company's securities during a 30-day period before disclosure of material internal information to the public and

until one day after the disclosure date. The responsible unit shall notify such timeframe to the concerned persons in advance from time to time.

2. Regarding control over the use of internal information, the Company has personnel who are specifically responsible for the task, and reminds its operating staffs to exercise due care in keeping all information. Where it is necessary to disclose any information, it shall be disclosed only by the person/s designated by the Company.

3. The directors, executives and employees shall be informed of their duty to report securities holding by each of them and their spouse and minor children to the SEC pursuant to Section 59 and penalty clauses under Section 275 of the Securities and Exchange Act B.E. 2535 (and as amended), and duty to report acquisition or disposal of securities by each of them and their spouse and minor children to the SEC pursuant to Section 246 and penalty clauses under Section 298 of the Securities and Exchange Act B.E. 2535 (and as amended).

4. The directors and executives and auditors shall prepare and submit a report on securities holding by each of them and their spouse and minor children in a form specified under the regulations for securities holding, and shall submit a copy of such report to the Company on the same day that the report is sent to the SEC and the SET. The report thereof shall be prepared and submitted to the Board of Directors on a quarterly basis.

The Company ensures safe-keeping of data on its financial statements and information memorandum before submission to the SET. Its executives and concerned staffs shall strictly keep the Company's confidential information.

Auditors' Remuneration

1. Audit Fee

Remuneration for the Company's external auditors includes fees for the annual audit, review of quarterly financial statements, audit and review of the risk-based capital report, review of insurance contracts under TFRS 4, and review of annual report.

In 2018, the Company and its subsidiaries paid total audit fees of THB 4,256,000 to EY Office Ltd., consisting of audit fees for the Company of THB 2,600,000 and audit fees for three subsidiaries of THB 1,656,000.

2. Non-Audit Fee

In 2018, the Company and its subsidiaries did not pay any other non-audit fee to EY Limited and the auditor.

Compliance with Good Corporate Governance Principles by the Company in 2018

The Company is committed to embracing the principles of good corporate governance and management and creating value for shareholders, employees, customers, business partners and all groups of stakeholders. The Board of Directors' meeting held on 28 February 2018 considered the key appropriateness of the Company's CG Code to be applied in the business operations as follows.

(1) The company establishes a sufficient, appropriate and well-appointed good corporate governance policy.

(2) The company is in process of applying CG Code to improve the Company's initial good corporate governance guidelines in accordance with the CG Code, 2017 edition.

The Company applies the CG Code for Listed Companies that matches the context within which its business operates to ensure transparency, efficiency and sustainability. The Company's corporate governance principles under the CG Code are as follows:

Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

- All the directors and executives accept their roles as leaders of the organization and perform their duties responsibly, carefully and with integrity and act as role models all executives and employees. The compliance unit monitors and ensures that the laws, regulations and resolutions of the shareholders' meetings are strictly complied with.

- The Company segregates the roles, duties and responsibilities of the Board of Directors, the Board Chairman, Chief Executive Officer and the management and discloses these on the Company's website.

- The Board of Directors approves all matters of significance relating to corporate strategy, policy, objectives, goals, risk management, business plans, financial targets and yearly budgets. Additionally, overseeing efficient allocation and use of resources, performance assessment, monitoring and reporting helping ensure corporate goals are achieved.

- The Board of Directors defines, and monitors compliance of all Designated Authorities required for the business operations. This is communicated to all executives and employees requiring their acceptance and adherence.

- The Board of Directors is kept informed of the Company's operating results by the Chief Executive Officer on a quarterly basis.

- The Board of Directors is firm in its belief that business should be conducted under strict rules of corporate governance and sustainable development by publishing its corporate governance policy, sustainability policy, codes of conduct and ethics, anti-corruption policies and measures, and other CG-related policies. All these standards of corporate behavior are communicated to all executives, employees and stakeholders requiring their acceptance and adherence and monitored through an annual compliance audit.

- The Board of Directors is aware of the importance of operating the business ethically and in a socially and environmentally responsible manner whilst seeking favorable returns and sustainable growth. The

Company also seeks innovative ideas to create added value for all stakeholders and is always ready to adapt to change and compete successfully.

Principle 2: Define Objectives that Promote Sustainable Value Creation

- The Company clearly defines and communicates its corporate goals and objectives to all employees, and these become the foundation for business plans and budgets.
- The Company promotes innovation and technology-based functions to control costs, increase distribution channels, develop products, deliver services through subsidiaries utilising reinsurance systems, accounting and financial Systems, and the THRE Portal. These all contribute to a competitive and consumer orientated business achieving profitable and sustainable growth.
- The Company places importance on sound corporate governance within its corporate culture. Its corporate governance policy encompasses six key principles, details of which are provided in the Sustainable Development Report available on the Company's website under the topic of "Investor Kit" (<https://investor.thaire.co.th/download.html>).
- The Board of Directors monitors and ensures compliance of resource management and that business operations are in alignment with established strategic plans.

Principle 3: Strengthen Board Effectiveness

1. Structures, roles and duties of the Board of Directors and sub-committees
 - The Board of Directors monitors and ensures diversity among the board members. This is to provide the Company with a wide range of skills, ability, experience, knowledge, gender and age essential for the establishment and achievement of the corporate strategies and objectives. A Board Skill Matrix is used to appoint suitably qualified members of the Board of Directors.
 - All board members have work experience or held senior positions in either business or government sectors. Many of the directors hold business administration and economics degrees, and some have accounting or law degrees. The board members have a broad range the necessary expertise and experience to conduct their roles with sound judgment and competence. The director nomination and appointment criteria and procedures ensure that the desired qualifications are held by board member candidates.
 - The Board of Directors comprises 11 members considered appropriate for the size of the Company. The balance between executive and non-executive directors is also considered appropriate and the number and qualifications of independent directors are complied with the SEC's requirements.
 - The Board Chairman and the Chief Executive Officer are not the same person and their roles and duties are clearly divided to ensure a balance of responsibility between them.
 - The Board of Directors has appointed sub-committees to assist in enhancing its efficiency and overseeing the Company's operation, consisting of three sub-committees, which are the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee, and one management-level

committee, the Enterprise Risk Management Committee. Their duties and responsibilities are clearly defined, as described in the “sub committees” Section on Page 52.

- The Nomination and Remuneration Committee holds a meeting to set out the criteria and process of director nomination and appointment to ensure the candidates have the required qualifications, knowledge and expertise, and then recommends the candidates to the Board of Directors for appointment or approval, as the case may be, before proposing to the shareholders’ meeting for further consideration on the director appointment.
- All directors understand their role and duty to report their holding of other positions and shall report to the Company at the end of each year and/or when there is any change during the year.

2. Self-assessment by the Board of Directors

The Board of Directors regularly conducts a board performance evaluation on a yearly basis to jointly consider and review its working performance, problems and obstacles arising over the past year. The evaluation results are then proposed to the Board of Directors’ meeting for improvement of the Board of Directors’ working efficiency and effectiveness. Like previous years, the board performance evaluation for 2018 was carried out using the assessment form issued by the Stock Exchange of Thailand’s Corporate Governance Center. The form was filled out by all directors, asking for their opinion on six key issues as follows:

1. Board structure and qualifications
2. Roles, duties and responsibilities of the board
3. The board meeting
4. Duties of directors
5. Relationship with the management
6. Director’s self-improvement and management training

The overall assessment scores show that the Board of Directors strongly agreed or opined that the above issues were excellently conducted. The average assessment score for 2018 was 3.83 points out of the total 4 points, increasing from 2017’s total score of 3.82 points. In addition, the Board of Directors also arranged for a self-assessment of all sub-committees, namely the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee. The assessment results reveal that all sub committees performed the assigned duties completely and in line with the charters and that they strongly agreed or opined that the assessed issues were excellently conducted.

3. Director improvement

The Board of Directors supports the training and provision of knowledge for directors so that they can continuously develop and improve their work. The Company Secretary will from time to time provide them with details of the training courses that are useful for performing their duties. The Company will arrange an orientation program for new directors. To ensure that the newly elected directors can perform their duties efficiently, the Board Chairman and Chief Executive Officer will brief the new directors on information essential for performing their duties such as business status, roles, duties and responsibilities of the Board of Directors.

Principle 4: Ensure Effective CEO and People Management

1. Nomination of senior executives

The Board of Directors attaches importance to the nomination and development of senior executives to ensure they have the knowledge and competency to be effective managers. The Company has appropriate criteria for executive selection.

2. Succession plan

The Company has a succession plan for senior management at the Executive Vice President level and above. The Nomination and Remuneration Committee and Chief Executive Officer are jointly responsible for the succession plan preparation and the identification of qualified candidates within the plan. An annual progress report on the planned development is submitted to the Board of Directors.

3. Development of senior executives and employees

The Board of Directors encourages the development of senior executives and employees through skills enhancement for current roles and career advancement. Employees are provided with both in-house and external training designed to expand their knowledge and experience relevant to their roles and operational efficiency. The Human Capital Management & Development Department provides all employees with details of the training courses that are appropriate, as described in the “Human Resources” Section on Page 49.

4. Performance evaluation of senior executives

The Board of Directors annually conducts a performance evaluation of the Chief Executive Officer and other senior executives as a basis for their remuneration. The Nomination and Remuneration Committee draws up the criteria for performance evaluation, conducts the performance assessment, and determines the remuneration of Chief Executive Officer and the remuneration of other senior executives as evaluated by Chief Executive Officer before proposing to the Board of Directors’ meeting for consideration and approval.

5. Remuneration of directors, committee members and executives

The Board of Directors plays a key role in outlining policies and overseeing the Company’s operation and compliance with the best practices. As such, the remuneration of directors and other committee members should be appropriate and consistent with the long-term goals and objectives of the Company and also commensurate with their duties and responsibilities based on the individual directors’ role and participation and should be competitive with other comparable businesses.

The Nomination and Remuneration Committee determines the remuneration of directors and senior management at the Executive Vice President level and higher. The remuneration of directors is subject to the approval of the shareholders’ meeting and the remuneration of each sub-committee also proposed separately for approval. The remuneration of Chief Executive Officer and other senior executives is subject to the approval of the Board of Directors’ meeting and, according to the remuneration criteria, is competitive with other comparable businesses, commensurate with their duties and responsibilities, and enough to motivate and retain

the qualified personnel. The remuneration of each senior executive is determined based on his or her annual performance evaluation.

Principle 5: Nurture Innovation and Responsible Business

1. Promotion of innovation

- The Company encourages innovation in all of its work units with respect to product development, marketing, distribution channel, business process and technology so as to ensure more efficient and more effective results and enable the Company to create and maintain a sustainable competitive advantage.

- As regards organizational management and sustainability, the Company attaches importance to efficient management of both internal and external resources. The Board of Directors considers and approves plans and budgets for all resources required by the Company to enable the Company to achieve the corporate goals and objectives on a sustainable basis, and also oversees and ensures that the IT risk management and the policy and measures for IT system security are in place.

2. Responsible business operation

Although its reinsurance business has no direct impact on the environment, the Company still advocates a business operation that is socially and environmentally responsible and does not infringe upon stakeholders' rights in seeking sustainable achievement of objectives.

2.1 Non-violation of human rights

The Company recognizes its responsibility to all groups of stakeholders such as shareholders, investors, employees, customers, business partners, competitors, creditors and others including communities, society and the environment in a bid to retain their sustainable mutual interests by paying attention to rights of those stakeholders according with the laws and obligations of the Company. The Company will not perform any act that infringes upon rights of stakeholders. The Board of Directors has a policy on human rights for adherence by all executives and employees. The Company's code of conduct and ethics sets out the standards of behavior to ensure that stakeholders rights are fully observed. Any stakeholder damaged by a failure of the Company to observe such rights can expect fair and proper compensation for any damage suffered. More details of the policy on human rights are available at the Company's website at www.thaire.co.th under the topic of "Corporate Governance."

2.2 Treatment of stakeholders

The Company has formulated a guideline on treatment of each group of stakeholders for all directors, executives and employees to adhere to, the details of which are as follows:

Treatment of shareholders

Apart from the basic shareholder rights established by law and the Company's Articles of Association such as a right to attend the shareholders' meeting, right to vote, right to express opinion freely at

the shareholders' meeting, and right to earn a fair return, the Company also provides additional protection to shareholders rights as follows:

- Ensure that the shareholders are provided with full disclosure of all information both financial and non-financial accurately, correctly and simultaneously through the Stock Exchange of Thailand's electronic media, the Company's website, and all other forms of media.
- Encourage shareholders to exercise their right to attend shareholders meetings, their right to vote and other rights to which they are entitled, and not perform any act that violates or prejudices shareholders' rights.
- Permits shareholders the right to make suggestions or lodge a complaint regarding the Company's business operation through channels indicated on the Company's website. The company will ensure that all suggestions or complaints are screened and considered by the Board of Directors or the concerned parties and the outcome of such advised to shareholders. In 2018, there were no suggestions or complaints filed. Telephone calls were made to Investor Relations asking for information about the Company's business operations.

Treatment of employees

Employees hold the key to a successful reinsurance and insurance-based enterprise. The Company seeks to encourage its employees to have pride in their work and be keen to advance their careers. The Company therefore attaches priority to staff development, fair treatment of all employees and provision of compensation compares favorably within the insurance industry. The Company also ensures employees' well-being through a modern and comfortable workplace environment. Employees are also provided with health benefits and recreational activities. The details are as follows:

- All employees are accorded treatment following human rights principles with dignity, equality and without violation or infringement of any other rights.
- Employees at all levels are properly selected through a fair and transparent recruitment process, based on the required qualifications for each position, educational background, work experience and other requirements without discrimination based on sex, age, nationality, religious or any other status unrelated to job requirements.
- The Company considers health and safety at work to be an essential part of employee treatment. A safety, occupational health and workplace environment committee ensures that all aspects of workplace health and safety are properly considered. The Company also fosters a pleasant work environment for employees and provides safety and convenience for customers, business partners and stakeholders when visiting the Company. A disaster recovery plan has been formulated in the event of fire or another emergency and the plan execution is practiced annually. All equipment is inspected, maintained and repaired to always remain functional. In 2018, there was no report of any employee accident or sickness at work. The Company has incorporated the best practice for safety into its code of conduct and ethics.

- A welfare committee has been set up as an employee representative to work with the management in improving employee welfare and to arrange activities for employee participation such as New Year's activities and other off-premises events.

- The Company provides its employees with pre-employment checkups and annual health checkups according to age groups. For health promotion among employees, the Company makes available standard and comfortable fitness rooms with complete workout equipment. Employees are encouraged to participate in sports activities organized by the insurance sector to promote exercise by employees and give them an opportunity to socialize with their peers in the same business. It is believed that having healthy staff members is a way to reduce sickness and improve efficiency.

- Under the Company's policy and procedure for remuneration and welfare, employee compensation is set out at an appropriate level that is commensurate with their duties and responsibilities and competitive with the comparable positions in similar businesses. The employee compensation is decided based on salary and compensation surveys in insurance business and other industries derived from various sources together with the individual employees' yearly performance evaluation. The Company has also established an employee provident fund which gives employees the rights to receive employer's contribution and benefit thereof from the Company based on the required years of service specified by the Company so that they will have accumulated savings for their future needs. Details of employee compensation (including contributions to the provident fund) are presented on Page 49.

- The Company has established a human resource development policy, encouraging consistent employee training and competency development to enhance skills and helping employees advance their careers. Recognizing that employees are the most valued asset of the organization, the Company makes certain that all employees are developed according to their career path and career development plan created for each of them.

- Employees are encouraged to access information through channels such as the Company's Intranet, internal announcements or e-mails promoting clear and open communication between the Company and employees enhancing efficiency and developing good team work.

- The Company conducts an annual employee attitude and satisfaction survey and uses the comments and suggestions collected from the survey as a basis for improving work related issues. Responses to comments or suggestions are communicated to all employees via the Company's Intranet.

- Channels are made available for employees to make comments, lodge complaints and raise any other work-related issues, all of which will be considered in a fair and transparent manner and be treated in accordance with the policy on complaints/whistleblowing and whistleblower protection.

Treatment of customers

The Company attaches considerable importance to customer satisfaction. It has developed a code of best practice in customer relations including fair and non-discriminatory treatment of customers, building of good and sustainable customer relations:

- The Company treats customers on a fair and non-discriminatory basis and avoids any unethical acts or using the customers' confidential information for the benefit of third party.
- The Company strictly honors the contractual conditions made with customers and delivers quality and reliable services in accordance with its business standards.
- The Company provides services in a polite and respectful manner and promotes a good and sustainable relationship with customers to ensure friendliness and satisfaction for all parties, thereby resulting in services rendered with quality, accuracy, rapidity and responsiveness to customer needs.
- The Company will not disclose customers' information which is derived from its business operations unless otherwise permitted by the customers or where it has the duty or is required by law to make such disclosure or where the disclosure will benefit insurance business or the public as a whole.
- The Company gives advice on and assistance in matters relevant to its business or matters that are not beyond its ability.
- The Company improves and maintains its service standards to ensure timely and genuine responsiveness to customers' requirements and arranges for a work unit to closely take care of the individual customers. It also conducts study, research and co-development of products and services that meet customers' demand, additionally preparing analytical and research papers and arranging seminars that are useful for customers and business partners.

Treatment of business partners, competitors and creditors

The Company is committed to treating business partners, competitors and creditors under the rules for ethical, free and fair trade competition and within the purview of the laws and their mutual obligations. This has been incorporated into the code of conduct and ethics in order for all parties to abide by, as follows:

- The Company sets out rules for evaluation and selection of business partners and counterparties and opts to do business with those who conduct business with accountability, ethics and integrity and are not involved in any forms of fraud.
- The Company treats all business partners and counterparties on an equitable and non-discriminatory basis and does not take advantage of them.
- The Company puts in place a management and follow-up system to ensure the agreement conditions are completely fulfilled, together with an anti-corruption process at all steps of its operation.

- The Company will not perform any act that will tarnish its competitors' reputation through any allegation that may cause reputational damage.
- The Company will not seek to obtain confidential information of its competitors by any unethical or improper method.
- The Company will not perform any act that will infringe upon intellectual property and invention under the patent of its competitors or other parties.
- The Company complies with all conditions under agreements made with creditors in a strict, correct, complete and punctual manner with respect to guarantee, fund management, payment and any other matters agreed upon with the creditors. In the event of failure to fulfill the conditions, the Company will promptly notify the creditors and provide reasons and remedial measures for such failure in order to jointly seek solutions to the problems.
- The Company abides by the anti-corruption policy and measures and the principle of integrity, and neither gives nor receives any bribe whether in form of a gift or any other benefit. It shall not perform any act that is conducive to fraud and bribery, and shall not perform any act or assist in or support any act that is deemed as a misconduct according to the relevant laws and notifications, nor perform any act relating to property in bad faith or any act that is detrimental to the national economy or security, nor conceal or take part in embezzlement or sale of property obtained from such act. The Company communicates the said policy to outsiders and its employees for acknowledgement and adherence to. More details can be found in the Company's 2018 Sustainable Development Report under the topic of "Anti-Corruption."
- The Company abides by the laws governing intellectual property or copyright and will not infringe on intellectual property or copyright. Besides, before using any invention or information belonging to a third party, the Company shall examine and make certain that it is not an infringement on intellectual property or copyright of other party.

In the past year, the Company had no disputes or complaints with its customers, business partners, competitors and creditors which could cause a material impact.

Treatment of society and the environment

In conducting its business, the Company pays attention to all groups of stakeholders and acts as a good corporate citizen contributing positively to communities, society and the environment. The Company has incorporated into the code of conduct and ethics, to which all staff members must adhere, the best practices towards society and the environment including the promotion of an efficient use of resources, as follows:

- The Company encourages all employees to join in CSR activities and community development, and operates business without causing any impact on society and the environment. In 2018, the Company made contributions to communities, society and the environment as follows: (1) creation of a pleasant workplace surrounding; (2) granting of scholarships to children in remote areas in Sakon Nakhon and Mukdahan Provinces;

and (3) reduction of energy consumption. All members of the organization have cooperated in conducting business without posing any impact on society, the environment and all groups of stakeholders.

- The Company is determined to operate business with fairness and display responsibility to society, the environment and all groups of stakeholders in its core business processes. The Company assesses the impact of its activities on the economy, society and the environment and also pinpoints the issues that significantly affect its business operation or have an influence on stakeholders' decision-making so that it could identify operational goals that cause no impact on society and the environment and could disclose the operational information that is particularly important to the organization and its stakeholders.

- The Company educates its employees on conservation of natural resources and the environment. It encourages all employees to most efficiently use natural resources by, for example, using the computerized data filing technology so as to reduce paper consumption, ensuring that both sides of the paper are used, using energy-saving electrical appliances, setting the turn-on/off times for air-conditioners, switching off air-conditioners and lightings during lunch break or when they are not needed in order to save energy, recycling used items, etc.

- Workplace environment is improved and maintained to be in a tidy, pleasant and healthy condition up to safety standard to ensure employees' security while at work.

- The Company is aware of the importance of society and communities. As part of Thai society, the Company deems that it has duty and responsibility to support and operate CSR activities, which is in line with the main objective of its establishment to operate business for the utmost benefit of insurance business and national economy as a whole. Further details can be found in the Company's 2018 Sustainable Development Report under the topic of "Corporate Social Responsibility Activities."

Treatment of regulatory bodies and government agencies

- The Company complies with all laws, notifications, rules and regulations stipulated by the concerned regulatory bodies and government agencies. Including corporate governance and anti-corruption cooperation. On November 5, 2018, the Company was granted a renewal of its membership of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC"). Such CAC recertification is valid for three years from the date of approval by CAC Committee.

Principle 6: Strengthen Effective Risk Management and Internal Control

1. Risk management and internal control

- The Company has in place efficient and effective risk management and internal control systems which enable it to achieve the main corporate goals and objectives and attain the established target, thereby leading to financial security, competitive advantage, prevention of legal offence, and sustainable growth.

- The Company gives importance to risk management that emphasizes learning from the past loss events and refines the risk management measures and key risk indicators that are appropriate and compatible

with the changing business environment. Risk impact and possibility are evaluated so as to prioritize risks and apply a suitable risk management approach. The Board of Directors has considered and approved a policy on risk management that is in line with the Company's main goals and objectives, strategy and risk appetite and regularly reviews the policy at least once a year. The Company has established the Enterprise Risk Management Committee to be responsible for monitoring its risk-based performance and submitting a report thereon to the Board of Directors on a quarterly basis.

- Recognizing the significance of internal control, the Company has put in place an efficient enterprise-wide internal control system to mitigate corruption risk, prevent legal offence, and promote and instill in all employees the norm of compliance with the laws and the Company's regulations. A legal compliance unit has been set up to ensure the Company operates business in conformity with the laws and relevant standards.

2. Whistleblowing or complaints

The Company provides secure and easily accessible complaint channel and a complaint management process for employees or outsiders or stakeholders to report complaints about damages occurring to them or voice their concerns or report any suspicious incidents or clues to possible misconduct concerned with the Company, as well as to seek advice on compliance with the code of ethics and the related policies. The reported information shall be treated as confidential and the informants or whistleblowers shall be protected and shall neither be punished nor be adversely affected from their reporting such complaints or whistleblowing. The Company communicates the said policy to employees and outsiders for acknowledgement and adherence to. The policy on complaints/whistleblowing and whistleblower protection can be found on the Company's website at <https://investor.thaire.co.th/misc/cg/20180627-thre-policy-complaint-en.pdf> under the topic of "Corporate Governance."

Principle 7: Ensure Disclosure and Financial Integrity

1. Information disclosure

The Company attaches importance to maintaining of financial reliability and disclosing of material information. The Board of Directors is responsible for overseeing and ensuring that the Company's financial reporting and information disclosure are carried out in an accurate, adequate, timely and equitable manner and that the disclosure through various channels strictly complies with the legal or regulatory requirements. The Company has disclosed information to demonstrate its good corporate governance and business transparency as follows:

- The Company prepares, communicates and posts the corporate governance policy, anti-fraud policy, anti-corruption policy and measures, and all other CG-related policies on the Company's Intranet and website (https://investor.thaire.co.th/cg_principle.html) for the directors, executives, employees and all groups of stakeholders to acknowledge and abide by, with a policy review conducted on a yearly basis.

- The Company's information, both financial and non-financial, is disclosed. The financial information, especially financial statements, are to be audited/reviewed by the auditors and approved by the Audit

Committee and the Board of Directors before submission to the SET, the SEC, shareholders, investors and concerned agencies.

- Essential information is made available on the Company's website in both Thai and English languages, including information such as nature of business, list of the Board of Directors and management team, financial statements, Form 56-1, annual report (Form 56-2), important news and business activities, which are useful to shareholders, investors, analysts and the general public. The Company also discloses the roles and duties of the Board of Directors and sub-committees, meeting frequency and meeting attendance of each director in the past year, details of which can be found in the "Management Structure" Section on Page 38.

- The Company publishes a report on the Board of Directors' responsibility for financial report in its annual report (Form 56-2).

- The Company discloses information on remuneration of directors and management in the Form 56-1 and the annual report (Form 56-2) and also discloses the policy on remuneration of the individual directors for serving as director and senior management, including type, nature and amount of remuneration received by each director for serving on the sub-committees and as director in subsidiaries, details of which can be found in the "Management Structure" Section on Page 38.

- The Company sets a requirement to report all trading transactions/securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information for reporting to the Board of Directors' meeting on a quarterly basis.

- The Company discloses Investment Governance Code: I Code and Investment Governance Policy Principle on the Company's website (https://investor.thaire.co.th/cg_principle.html)

2. Investor relations

The Company gives importance to investor relations management and remains committed to performing duties with accountability and integrity and providing accurate, adequate and reliable information to ensure that the investors, analysts and interested parties could receive the information in a correct, sufficient, complete, transparent and equitable manner. The Company has assigned Mr. Oran Vongsuraphichet, Director & Chief Executive Officer, and Mr. Bheerawas Bhunakh to be in charge of "Investor Relations." For contact, please call 02-290-3111 or e-mail to address: ir@thaire.co.th. In 2018, there were 16 meetings held with members of the media, stock analysts, investors and fund managers.

3. Report on interests

The Company has established rules and procedures for reporting interests of directors, executives and their related persons, which were duly approved by the Board of Directors, as a guideline for all concerned parties to abide by. Such report will be useful for complying with the regulations for connected transactions and monitoring the interests of directors, executives and their related persons with the Company's business as follows:

- The Company has a policy for the directors and executives to disclose their interests and their related persons in a form designated by the Company on a yearly basis and when there is a change in such

information during the year. The directors and executives who have interests in any transactions of the Company shall not participate in decision-making, and the transactions shall be processed according to the Company's measures or procedures for approval of related party transactions.

- The Company has a policy on trading of the Company's securities and procedures for reporting of securities holding in order for the directors, executives and employees who can access and benefit from such information to abide by, and requires that the directors and executives have duty to report their securities holding in accordance with the SEC's regulations.

Principle 8: Ensure Engagement and Communication with Shareholders

1. Rights of shareholders

The Company gives importance to and respects rights to which the shareholders are entitled in their capacity as both investors and owners of the Company, and accordingly provides the shareholders with an opportunity to exercise their basic rights under the laws, comprising right to sell, buy or transfer shares held by them, right to receive a share of profit from the Company, right to attend a shareholders' meeting, right to cast votes at the meeting, right to express an opinion, right to receive equal treatment with respect to share repurchase by the Company, right to jointly decide on crucial issues of the Company such as appointment or removal of directors, appointment of an auditor, amendment to the Articles of Association or the Memorandum of Association, etc.

In addition, the Company pays higher regard to the shareholders' rights than to such basic rights, including right to have access to crucial information sufficiently and timely via the Company's website, right to communicate with the Board of Directors through the channels designated by the Company, etc.

The Company communicates with the shareholders, discloses crucial information and discloses its shareholding structure in subsidiaries and associated companies clearly in the annual report and on its website in order for the shareholders to rest assured that the Company has an efficient, transparent and examinable management structure which could deliver a reasonable shareholder return and lead to sustainable growth.

2. Shareholders' meeting

The Company sets out that an annual general meeting of shareholders is held within the first four months after the end of an accounting year and that, where there is an urgent need to consider any matter which could affect or is related to the shareholders' interest and is subject to the shareholders' approval, the Board of Directors may then convene an extraordinary general meeting of shareholders case by case. In 2018, the Company held one shareholders' meeting, i.e. the Annual General Meeting of Shareholders No. 25 on April 24, 2018, which was attended by eight out of the total 11 directors, representing 73% of the total. The absent directors could not attend the meeting because they were engaged in other business. However, the Board Chairman and the Audit Committee Chairman were present at such meeting.

For every shareholders' meeting, the Company adopts the best practices in accordance with the AGM checklist guideline provided by the Thai Investors Association, which are:

2.1 Treatment of shareholders before the meeting date

- The Company provided the shareholders with an opportunity to propose meeting agenda or submit questions about the Company and to nominate qualified persons for election as the Company's directors at the 2018 Annual General Meeting of Shareholders (AGM) in advance during the period from September 27, 2017 to December 31, 2017 through e-mails or letters sent directly to the Company Secretary. At the end of such period, none of the shareholders proposed the meeting agenda or nominated any qualified persons as the Company's directors for the Board of Directors' consideration.

- The notice of the meeting, meeting agenda with the Board of Directors' opinion, proxy forms prescribed by Ministry of Commerce comprising Proxy Form A, Form B and Form C (applicable to only shareholders who are registered as foreign investors and have appointed a custodian in Thailand to take care of their shares), documents or evidence showing identification of the shareholders or proxies entitled to attend the meeting, and documents for all agenda items are publicized via the Company's website in both Thai and English languages at least 30 days ahead of the meeting date. In 2018, the Company posted the notice of the shareholders' meeting on its website 34 days prior to the meeting date.

- The Company encourages the shareholders who are unable to attend the meeting to assign other person or any of the independent directors as their proxy to attend and vote at the meeting on their behalf by using the proxy form in which they could determine their voting direction. The Company publicizes the proxy forms and all details and procedures on its website at least 30 days in advance. For the AGM held in April 2018, there were a total of 178 shareholders present at the meeting, with 81 of them attending in person and 97 by proxy.

- The Company delivers notice of the shareholders' meeting, clearly giving details of the meeting date, time and venue, meeting agenda, objectives and reasons, opinion of the Board of Directors, minutes of the previous meeting, annual report, proxy forms prescribed by Ministry of Commerce with proxy-granting instructions that are clear and easy for the shareholders to follow, list of independent directors whom the shareholders can select and assign as their proxy to attend the meeting on their behalf, details of documents that the shareholders must bring on the meeting date, the Company's Articles of Association pertinent to the shareholders' meeting and method of vote casting, and all other documents to preserve shareholders' right to attend the meeting. The Company submits the notice of the meeting and all relevant documents to the shareholders at least 21 days ahead of the meeting date so that the shareholders could obtain sufficient, accurate and complete information and have sufficient time to study the meeting agenda in advance. Moreover, the notice of the meeting is published in local newspapers for three consecutive days at least three days before the meeting date so that the shareholders would be informed of the meeting notice in advance and could prepare for their meeting participation. In 2018, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 21 days in advance.

- The Company facilitates and encourages all shareholder groups, whether individual or juristic persons and institutional investors, to participate in a shareholders' meeting in order to allow for all shareholders to equally exercise their rights at the meeting, by setting the suitable meeting time and date and arranging the meeting venue that is conveniently accessible by all shareholders. The Company also provides proxy forms, i.e. Proxy Form A, Form B and Form C, for all shareholder groups who are unable to attend the meeting to assign a proxy to attend the meeting on their behalf. In addition, the Company contacts institutional investors such as asset management companies or custodians to dispatch their representatives to attend the meeting and assists in screening all documents for meeting attendance in advance.

2.2 Treatment of shareholders on the meeting date

- The Company provides convenience for all shareholders and proxies, whether they are individual, juristic or institutional investors, on the meeting date on an equitable basis. The Company arranges for a sufficient number of reception staff, document screening staff and computer equipment to facilitate the registration, the meeting and the vote counting in an efficient manner. English language interpreters are available for foreign investors who wish to attend the meeting.

- Registration begins one hour and 30 minutes before the start of the meeting. The Company will not perform any act in such a way that will restrict rights of the shareholders to attend the meeting and all shareholders are entitled to register for attending the meeting at any time throughout the meeting.

- The barcode system is used for meeting registration and vote counting to ensure accuracy, convenience, and rapidity.

- Before the start of the meeting, the Chairman will introduce to the shareholders the Board of Directors, the management, the auditors and the legal advisor who has been assigned to inspect the casting and counting of votes, and will inform the meeting of the number and percentage of shareholders attending the meeting in person and by proxy and also explain to the shareholders about how to cast votes and use voting ballots for each agenda item. The voting ballots for director election will be separated from other agenda items. The shareholders and proxies attending the meeting have the right to cast votes equal to the number of shares they hold. One ordinary share is equal to one vote. The Company has only one type of shares, i.e. ordinary shares, and does not have any preferred shares and any other types of securities.

- The Company's legal advisor is assigned to serve as inspector of vote casting and vote counting in order to monitor and ensure that the registration, the meeting and the vote counting are conducted transparently and accurately at every step in accordance with the laws and the Company's Articles of Association, while the shareholders are given an opportunity to volunteer to witness the vote counting and to raise any questions regarding the vote counting.

- The Company conducts the meeting according to the agenda and has no policy to add any new agenda items or change material information without notifying the shareholders in advance. During the meeting, the Chairman gives the opportunity to the shareholders to raise questions and express opinions on

each agenda item and provides clarifications to all queries to the shareholders' satisfaction. At the previous meeting of shareholders, the Board Chairman, the Audit Committee Chairman, Director&CEO, senior management, the auditors and the legal advisor participated in the meeting to answer the questions raised by the shareholders.

- The shareholders are instructed to use voting ballots for all agenda items. Voting ballots are provided for each agenda item. Separate ballots are used for each director election to enable the shareholders to vote as they deem appropriate. Voting ballots are collected in the meeting room and the results of such vote counting will be combined with the votes indicated in advance in the proxy forms before announcing the final voting results to the meeting.

- The shareholders who join the meeting after the meeting already started have the right to cast votes on the agenda item that is still under consideration and has not yet been voted on.

2.3 Treatment of shareholders after the meeting date

- Resolutions of the shareholders' meeting will be disclosed together with voting results by the next business day immediately after the meeting date through a news release to the SET. For the 2018 shareholders' meeting, the Company could disclose the meeting's resolutions and voting results on the day of the meeting.

- The Company prepares Minutes of the Shareholders' Meeting by containing therein all material information such as explanations, questions, comments, voting procedures, voting results, and so on. For the 2018 Annual General Meeting, the Company completed the Minutes within 14 days after the meeting and submitted to the SET in accordance with the SET's requirements. The Minutes were also available on the Company's website for the shareholders who were or were not at the meeting to view.

- Visual records of the meeting were also made available for shareholders who did not attend the meeting or any interested persons to view on the Company's website at www.thaire.co.th.

3. Equitable treatment of shareholders

All groups of shareholders, whether major shareholders, minority shareholders, institutional investors or foreign investors, are treated on a fair and non-discriminatory basis with their rights being equally protected. The Company abides by the following best practices:

- All shareholders are given an equal right, regardless of the percentage and period of their shareholding, to propose meeting agenda in advance and to nominate persons for director election. The Company has disclosed this information via the SET and posted the clearly-defined relevant process on the Company's website. For the recent 2018 Annual General Meeting, the shareholders were allowed a period of time from September 27, 2017 to December 31, 2017, or more than three months before the end of the accounting year, to propose director nomination and meeting agenda through e-mails or letters sent directly to the Company Secretary for compilation and submission to the Nomination and Remuneration Committee and/or

the Board of Directors for further consideration. In the event that the Board of Directors resolves to reject the agenda items proposed by the shareholders, the Company will notify the shareholders of reasons for such rejection at the shareholders' meeting. Besides, the shareholders who attend the annual general meeting are also granted the right to additionally nominate persons for director election directly to the meeting. At the recent 2018 Annual General Meeting, none of the shareholders nominated any qualified persons for election as directors or proposed any additional agenda items.

- The shareholders are able to forward their questions, comments or suggestions in advance through e-mails or letters directly to the Company Secretary prior to the meeting date so that all questions could be gathered for further clarification at the meeting. In 2018, none of the shareholders submitted any questions, comments or suggestions in advance through the aforementioned channels.

- In order to protect the interest of and facilitate communication with all groups of shareholders, the notice of the meeting, meeting materials, Minutes of the previous meeting, and any related information are posted on the Company's website and available in both Thai and English. The Company also assigns its staff members proficient in English language to serve as interpreters for the foreign shareholders who attend the meeting.

- The meeting is conducted according to the agenda indicated in the meeting notice. The Company adheres to the policy and does not add any new agenda items at the meeting without notifying the shareholders in advance.

- All shareholders have an equal access to the Company's information. Up-to-date information is disclosed through the Company's website, the SET's information disclosure system as well as the Company's investor relations unit.

- The Company has devised measures against misuse of internal information by its directors, executives and employees, as described in "Internal Information Disclosure Policy." Information regarding interests of the directors, executives and their related persons is reported to the Board of Directors. The directors or executives who have a conflict of interest in or are connected with any transactions shall be prohibited from involving in the approval process for any such transactions. The Audit Committee is assigned to follow up on this matter and report to the Board of Directors on a quarterly basis.

The principles not yet applicable to the organization

The Board of Directors attaches importance to the principles of good corporate governance and applies the Principles of Good Corporate Governance for Listed Companies 2012 set out by the Stock Exchange of Thailand and the CG Code for Listed Companies 2017 that fit with the context within which the Company operates business in order to create sustainable value, improve its corporate governance standard, and ensure transparent and efficient business operation with sustainable growth. However, in 2018, total compliance with the Principles of Good Corporate Governance for Listed Companies 2012 and the CG Code was not possible, details of which are as follows:

1. The Chairman of the Board should be an independent director.

The Company's practice: The current Board Chairman is not an independent director. This is because the Company needs to rely on a person who has in-depth knowledge, understanding and experience of the insurance business, its core activity, which are crucial to decision-making to ensure the best interests of the Company, its shareholders and stakeholders as a whole and to achieve the established goals and sustainable growth.

2. A policy should be set to limit the number of companies in which each director can hold a position simultaneously.

The Company's practice: The Company has no such policy in place since it needs directors with knowledge and skills in insurance sector where there is a shortage of qualified candidates. Most of the directors have expertise in the business and the required fields and their other business positions do not influence their ability to perform their duty as a director of the Company.

3. A policy should be stated regarding board positions in other firms held by the Company's Chief Executive Officer.

The Company's practice: The Company has not formulated such a policy. However, its Chief Executive Officer has the required knowledge, competence and experience in the insurance business and is fully able to discharge his responsibilities.

4. A policy should be set to limit the term of office of an independent director.

The Company's practice: The Company has not set a limit on the maximum term of office for directors, independent directors, and committee members because it needs persons with knowledge and skills in insurance sector where there is a shortage of qualified candidates. However, the Company's Board of Directors has considered and concluded that all independent directors are able to perform their duty independently.

5. There should be a consultant firm or director database for new director nomination.

The Company's practice: The Company adopts the criteria for director nomination and selection based on the nature of business and strategy and accordingly defines qualifications of the nominated directors that are suitable and compatible with its business strategy, especially focusing on the necessary skills it still lacks. The Company also uses a policy on diversity in board composition in terms of professional skills, specialized expertise, knowledge and competence, and work experience in order to nominate qualified persons as its directors or executives who have the required experience, knowledge and capability that are useful to the Company. The Board Skill Matrix is used as a basis for director nomination to ensure that the selected board members have suitable qualifications that align with the Company's business direction.

6. A policy should be set on the required meeting quorum at the time the board of directors will cast votes, whereby there must be at least two-thirds of the total number of directors present at such meeting.

The Company's practice: Pursuant to Section 80 of the Public Limited Companies Act 1992 and Article 25 of the Company's Articles of Association, in a meeting of the Board of Directors, the presence of not less than one half of the total number of directors is required to constitute a quorum. In 2018, a quorum as required by law was constituted at all meetings of the Company's Board of Directors and any director who had conflict of interest in any transaction was not entitled to vote on such issue.

7. There should be an assessment of the individual directors' performance.

The Company's practice: The Company evaluates the performance of the whole Board of Directors. Such evaluation can reflect the overall board performance and the individual directors can well improve the discharge of their duties based on such evaluation results.

8. A corporate governance committee should be set up.

The Company's practice: Recognizing the significance of good corporate governance, the Board of Directors plays a crucial role in corporate governance in the best interest of the Company and has established the corporate governance policy, the anti-fraud policy, the policy on complaints/whistleblowing and whistleblower protection, and other CG-related policies. The Company ensures that all directors, executives and employees comply with these policies and follows up on such policy compliance.

9. The Nomination and Remuneration Committee should be comprised entirely of independent directors.

The Company's practice: The Nomination and Remuneration Committee members are not independent directors. However, they are fully qualified to discharge their responsibilities without hindrance. When deemed appropriate members with conflict of interests will abstain from voting.

Sustainability Policy

Thai Reinsurance Public Company Limited and its subsidiaries have the main objectives to generate good returns, create value for the insurance business along with social and environmental development according to the guidelines for sustainable development to strengthen social security and sustainable growth. Company's sustainability policy are as follows:

1. Utilise the recognised practices of good governance in operating the business for the overall benefit of all stakeholders.
2. Establish strategic and business practices for sustainability through fully considering the operating environment, change factors, opportunities and risks that could affect the achievement of key objectives of the organisation, and all issues that may affect stakeholders.
3. Encourage innovative ideas especially in the field of new technology to build business value, strengthen competitiveness and respond to stakeholder expectations, whilst also ensuring ethical business practices are maintained to further secure sustainable growth.
4. Ensure efficient and effective utilisation of all resources by recognising the use and development of resources across the value chain and changes in any internal or external factors.
5. Disclosure of data regarding the Thai Re Groups sustainability performance, ensuring reliable financial and non-financial information.

The Thai Re Groups commitment to sustainability leads to the enhancement of social stability and sustainable business development illustrated as follows:

- To enhance the stability of the insurance sector for public benefit by identifying consumer needs and developing products and services to fulfill those needs. This allows insurance businesses to provide products and services that meet customer expectations and the opportunity for the generation of profitable growth for the Thai Re Group and its partners in the insurance sector through offering a comprehensive range of products and services.
- To enhance the experience of customers, business partners, shareholders, employees and all parties concerned directly or indirectly with the Thai Re Group and the insurance sector overall through the application of innovative ideas and state of the art technology within all business areas so that the Company can deliver more efficient and effective services supporting sustainable development.
- To enhance a stable society and environment by adhering to sound corporate governance principles and recognising of the effect on stakeholders of all business activities.

CSR Activities and Reports

Study and find ways to expand into Southeast Asia markets. To increase income from insurance and income from insurance related services

In 2018, the focus was on joint market developments with business partners, offering new types of insurance products and distribution channels tailored to meet their customer requirements. The Company has also completed its business expansion into Southeast Asia where opportunities arise for both premium and services income exist. Innovations and new technologies have been introduced throughout the company, including product development, marketing, distribution channels and business processes, resulted in greater efficiency and improved business performance supporting sustainability for the Company's development. The report is available in Thai and English and can be downloaded from the Company's website at <https://investor.thaire.co.th/download.html>

Business Operation with Impacts on CSR

In 2018, Thai Re conducted its business for the best interests of the Company and the insurance industry, while paying attention primarily to society's needs without harming society and the environment and violating the rights of stakeholders.

Social and Environmental Contribution Activities

Apart from its core business processes where impacts on society, the environment and stakeholders are taken into account, the Company, with an awareness of the importance of society and communities, has sponsored and launched social and community development activities on a continuous basis. Details of the Company's CSR activities in 2018 are presented in the Sustainability Report 2018, which is downloadable from the Company's website at <https://investor.thaire.co.th/download.html>

Anti-Corruption Activities

Since 2000 the Company has seriously adopted a policy to act against corruption and bribery for commercial benefit. The policy is a part of the Company's business ethics code in respect of best practices towards customers, competitors, and state agencies. Details about Thai Re's CSR activities in 2018 are provided in the Sustainable Development Report 2018, which can be downloaded from the Company's website at <https://investor.thaire.co.th/download.html>

CSR Plan

The Company commits to operate in a safe, fair, and socially and environmentally responsible manner towards society, the environment and all groups of stakeholders involved in the core business processes of the Company.

Related Party Transactions

The Company group has had related party transactions with related companies (in terms of shareholder and/or co-committees) and within the company group in specific case required by normal operation according to the agreed conditions. The operation should be managed with faithfulness, reasonable and independency with the same price and conditions as general individuals. It also should have a summary report to the Audit Committees to review and issue quarterly report to the Board of Directors. In the 2018 report, the Audit Committees also agreed that transactions and related activities were disclosed completely and righteously. The related party transactions are summarized as shown below.

Reinsurance

(Unit: THB Million)

Company Involved	Gross reinsurance premium written		Premium ceded to reinsurers		Amounts due from (to) reinsurers		Amounts deposited (withheld) on reinsurance		Name of Directors
	2018	2017	2018	2017	2018	2017	2018	2017	
Krungthai Panich Insurance PCL.	8.69	2.99	0.05	0.05	1.64	3.14	(0.03)	(0.03)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	200.78	152.49	0.03	0.04	(0.71)	24.71	25.74	34.53	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	134.05	188.93	17.72	19.57	9.11	-	43.20	-	Mr. Chai Sophonpanich
Falcon Insurance PCL.	138.79	91.04	4.18	3.94	5.44	9.57	12.54	12.12	Mr. Oran Vongsuraphichet
Muang Thai Insurance. PCL.	697.49	620.22	0.08	0.09	40.47	(5.58)	134.86	131.72	Mr. Sara Lamsam
Total	1,179.80	1,055.67	22.06	23.69	55.95	31.84	216.31	178.34	

(Unit: THB Million)

Company Involved	Commission & Brokerage Income		Commission & Brokerage Expenses		Claims Recovery		Claims Expenses		Name of Director
	2018	2017	2018	2017	2018	2017	2018	2017	
Krungthai Panich Insurance PCL.	0.01	0.02	2.40	1.11	(0.13)	(1.02)	2.74	(1.52)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	0.01	0.03	27.90	33.54	(0.09)	(0.52)	135.67	36.21	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	9.77	7.67	54.48	81.43	5.19	15.46	90.34	77.50	Mr. Chai Sophonpanich
Falcon Insurance PCL.	1.07	1.76	35.23	19.78	1.56	2.08	43.90	18.17	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	0.01	0.03	262.91	239.79	(0.38)	(3.08)	394.79	425.26	Mr. Sara Lamsam
Total	10.87	9.51	382.92	375.65	6.15	12.92	667.44	555.62	

Other Services (Performed by Subsidiary Companies)

(Unit: THB Million)

Company Involved	Service Income		Account Receivable		Accrued Revenue		Name of Director
	2018	2017	2018	2017	2018	2017	
Krungthai Panich Insurance PCL.	0.74	0.96	0.02	0.02	0.01	0.07	Mr. Kerati Panichewa
Road Accident Victims PCL.	-	0.51	-	0.01	-	0.01	Mr. Jiraphant Asavatanakul
Thaivivat Insurance PCL.	0.26	0.34	-	0.01	-	-	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	1.90	3.25	0.46	-	0.01	-	Mr. Chai Sophonpanich
Falcon Insurance PCL.	1.20	0.70	0.11	0.01	-	-	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	13.09	21.34	0.88	1.02	-	0.01	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	0.01	1.94	-	-	-	-	Mr. Sara Lamsam
Total	17.20	29.04	1.47	1.07	0.02	0.09	

Investment in Securities

(Unit: THB Million)

Company Involved	Type of Investment	Investment Fund (Market Value)		Dividend / Interest		Shareholding THAIRE		Name of Director
		2018	2017	2018	2017	No. of shares	%	
Krungthai Panich Insurance PCL.	Common Stock	-	-	-	-	33.07	0.78	Mr. Kerati Panichewa
Thaivivat Insurance PCL.		-	-	-	-	3.67	0.09	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.		404.21	-	3.70	9.85	79.45	1.89	Mr. Chai Sophonpanich
Falcon Insurance PCL.		-	-	-	-	25.36	0.60	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.		-	-	-	0.81	-	-	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.		-	-	-	-	30.80	0.73	Mr. Sara Lamsam
Total		404.21	-	3.70	10.66	172.35	4.09	

All of the investments mentioned above were traded in the Stock Exchange of Thailand as long-term investments. It is necessary to disclose that the company has an investment policy not to do "Cross Holding."

In addition, the Company also has transactions with our subsidiaries as shown in the following table:

(Unit: THB Million)

Company Involved	Service income		Service expenses		Dividend income		Additions assets		Disposals assets		Name of Director
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Thaire Services Co., Ltd.	0.30	0.06	7.10	12.40	-	-	0.03	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Actuarial Consulting Co., Ltd.	0.15	0.04	-	-	-	-	0.02	-	0.02	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
EMCS Thai Co., Ltd.	-	-	-	-	33.00	24.30	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Total	0.45	0.10	7.10	12.40	33.0	24.3	0.05	-	0.02	-	

Necessity and Validity of the Related Party Transactions

The related party transactions that insurance companies have with the company are considered to be beneficial to the business development and will enhance the business and create stability for the company. The transactions with subsidiaries and associate are also considered a maximization of the existing resources together with the company and also a cutting down on the expenses.

Policy on Interest and Conflict of Interest

The Board of Directors recognizes the importance of prevention of interest and conflict of interest and has established a policy on interest and conflict of interest as follows:

1. The directors and executives must disclose their interests and their related persons as follows:
 - 1.1 First disclosure : within 7 days after the appointment
 - 1.2 Annual disclosure : report as of 31 December of every year
 - 1.3 Report any change on their interest : within 3 days

In order for the company to have the information for the connected transactions process which may cause conflict of interest and may lead to the transfer of benefits of the company and its subsidiaries.

2. The Board of Directors shall prudently control and monitor any transactions that are prone to a conflict of interest by determining approval procedures for connected transactions in writing.
3. The directors must not approve any matters in which they have interests or have conflicts of interest both directly and indirectly.
4. The Audit Committee shall report transactions with a possible conflict of interest and connected transactions to the Board of Directors on a quarterly basis.
5. If there are any connected transactions that are subject to disclosure rules or approval from the shareholders pursuant to the SET's requirements, the company shall, before entering into the transactions, clearly disclose to shareholders the information regarding relationship of the connected persons, policy on determination of transaction value, reasons for entry into the transactions, and opinion of the Board of Directors on the transactions.
6. The Board of Directors sets out that materials on related party transactions shall be disclosed in the annual registration statement (Form 56-1) and annual report of the company, with details about names of persons who may have a conflict of interest, relationship, nature of the transactions, conditions, policy on price determination and value of the transactions, reasons and necessity of the transactions.

Guidelines on Consideration of Transactions that Have/May Have a Conflict of Interest

Consideration of transactions that have/may have a conflict of interest shall comply with the rules set forth by the SEC and the SET. The Audit Committee has duty to monitor and ensure that the rules are strictly adhered to, as well as duty to compile and report transactions with related parties that may lead to transactions with a possible conflict of interest to the Board of Directors on a quarterly basis.

The Standardization and Authorization of the Related Party Transactions

Due to the company's listing on the Stock Exchange of Thailand (SET), the related party transactions are subject to rule and regulate the SET. The related party transactions are also required to be monitored and supervised closely by executives. In addition, directors who have no conflict of interest to the related transaction will manage the process of related party transaction as mentioned in the previous chapter. However, this does not include routine transactions of the company such as purchasing. It is necessary for the company to publish information about the types and values of the related party transactions and also to provide reasons why they choose to do related party transactions in the annual shareholders meeting. Prior to any related party transactions by the company, permission from the Stock Exchange of Thailand is required.

For all existing transactions that are comparable with market price and have been ongoing for many years, usually automatically acquire the authorization from the auditor. Summary report on the related party transactions will be submitted to the Audit Committee quarterly.

Therefore, the company did not have related party transactions business that may have a conflict of interest.

Trend of the Related Party Transactions in the Future

The company still has a policy to continue the related party transactions with the conditions according to the marketing mechanism and normal trade regulation with the comparative price for clients as usual.

Management's Discussion and Analysis of Financial Conditions and Operating Results

Overall Performance

Consolidated net loss of THB 1,012 million was higher than last year 955.2 percent mainly due to several factors as follows:

1. Underwriting loss of THB 459 million: an increase of 164.8 percent from last year came from (a) a reduction of reinsurance profit commission of long term projects of THB 159 million, (b) a higher loss reserve for claims incurred but not report (IBNR) from last year of THB 172 million due to higher claims particularly from long term projects, and (c) a doubtful debt from an insurer whose insurance was revoked from the Office of Insurance Commission ("OIC") of THB 20 million.

2. Investment loss of THB 297 million, a reduction of 179.9 percent from last year, came from highly volatile in the Stock Exchange of Thailand causing a mark-to-market loss from Trading Investment of THB 416 million and an impairment of Available for Sales Investment of THB 115 million.

(Unit: THB Million)

	2018	2017	Growth (Percent)
Gross Written Premium	4,849	4,903	(1.1)
Underwriting Profit (Loss)	(459)	(174)	(164.8)
Net Investment Income (Loss)	(297)	371	(179.9)
Profit (Loss) Before Tax	(688)	272	(352.7)
Income Tax	(324)	(368)	12.0
Net Profit (Loss)	(1,012)	(96)	(955.2)

Note: ¹ Excluded operating expenses

Analysis of Non-Conventional and Conventional business

Non-Conventional

(Unit: THB Million)

	2018	2017	Growth (Percent)
Gross Written Premium	2,887	3,105	(7.0)
Net Written Premium	1,682	1,691	(0.5)
Underwriting Profit (Loss) ¹	(263)	(112)	(135.5)
Loss Ratio (Percent)	50.8	45.8	5.0 ppt.
Combined Loss and Commission Ratio (Percent)	115.4	106.3	9.1 ppt.

Note: ¹ Excluded operating expenses

Gross written premium decreased by 7.0 percent due to some long term projects gradually expiring from year 2018 until entirely end in year 2022. Underwriting loss of THB 263 million was also higher than prior year approximately THB 151 million due to the reduction of profit commission of long term projects of THB 159 million. Thus its combined loss and commission ratio was higher from 106.3 percent to 115.4 percent.

Conventional

(Unit: THB Million)

	2018	2017	Growth (Percent)
Gross Written Premium	1,963	1,799	9.1
Net Written Premium	1,801	1,349	33.4
Underwriting Profit ¹	143	275	(48.1)
Loss Ratio (Percent)	59.0	48.1	10.9 ppt.
Combined Loss and Commission Ratio (Percent)	91.4	80.4	11.0 ppt.

Note: ¹ Excluded operating expenses

Gross written premium increased by 9.1 percent and net written premium increased by 33.4 percent because the Company retained more risks particularly from Motor insurance together with a commutation of outward reinsurance contracts in relation to a revoked insurance license of an insurer from the OIC. Underwriting profit of THB 143 million decreased from last year 48.1 percent due to higher loss ratio from several fire cases such as a Poultry Factory, a Department Store, and a Vegetable Oil Factory but in contrast there was a one-off loss reduction from terrorism cases in year 2017. Loss ratio was therefore higher from 48.1 percent to 59.0 percent.

Results of Domestic Non-Life Reinsurance Classified by Products

(Unit: THB Million)

	2018	2017	Growth (Percent)
Gross Written Premium			
Property	321	315	2.1
Marine	69	64	7.1
Motor	993	1,006	(1.3)
Miscellaneous	3,456	3,518	(1.7)
Total	4,840	4,903	(1.3)
Net Written Premium			
Property	263	259	1.4
Marine	56	51	8.6
Motor	1,090	777	40.2
Miscellaneous	2,065	1,953	5.8
Total	3,474	3,404	14.3
Underwriting Profit (Loss) ¹			
Property	9	153	(94.0)
Marine	33	19	77.7
Motor	62	73	(14.6)
Miscellaneous	(223)	(84)	(165.5)
Total	(119)	161	(174.0)
Loss Ratio (Percent)			
Property	52.0	(1.4)	53.4 ppt.
Marine	(16.4)	15.5	(31.9 ppt.)
Motor	63.8	62.0	1.8 ppt.
Miscellaneous	52.6	47.8	4.8 ppt.
Total	54.8	46.9	7.9 ppt.
Combined Loss and Commission Ratio (Percent)			
Property	96.4	41.6	54.8 ppt.
Marine	39.3	62.5	(23.2 ppt.)
Motor	93.9	91.3	2.6 ppt.
Miscellaneous	111.0	104.2	6.8 ppt.
Total	103.5	94.9	8.6 ppt.

Note: ¹ Excluded operating expenses

- **Property**

Gross written premium of THB 321 million increased 2.1 percent and net written premium of THB 263 million increased 1.4 percent. Underwriting profit of THB 9 million decreased 94.0 percent and combined ratio 96.4 percent (up 54.8 ppt.) was mainly due to major fire claims such as a Poultry Factory, a Department Store, a Vegetable Oil Factory, etc.

- **Marine**

Gross written premium of THB 69 million increased 7.1 percent and net written premium of THB 56 million increased 8.6 percent with an underwriting profit of THB 33 million (increased 77.7 percent) and combined ratio 39.3 percent (down 23.2 ppt.) was mainly due to a loss adjustment of prior years from claim surveyor report.

- **Motor**

Gross written premium of THB 993 million decreased 1.3 percent and net written premium of THB 1,090 million increased 40.2 percent with an underwriting profit of THB 62 million (decreased 14.6 percent) and combined ratio 93.9 percent (up 2.6 ppt.) was mainly due to the Company's higher risk retention and a commutation of outward reinsurance contracts in relation to a revoked insurance license of an insurer from the OIC.

- **Miscellaneous**

Gross written premium of THB 3,456 million decreased 1.7 percent and net written premium of THB 2,065 million increased 5.8 percent with an underwriting loss of THB 223 million (increased 165.5 percent) and combined ratio 111.0 percent (up 6.8 ppt.) was mainly due to the reduction of profit commission of long term projects of THB 159 million which resulted from a higher than expected claims.

Results of Overseas Non-Life Reinsurance

(Unit: THB Million)

	2018	2017	Growth (Percent)
Gross Written Premium	9.4	0.4	2,250.0
Net Written Premium	9.4	0.4	2,250.0
Underwriting Profit (Loss) ¹	(1.9)	2.0	(195.0)
Loss Ratio (Percent)	69.0	(615.0)	684.0 ppt.
Combined Loss and Commission Ratio	139.3	(396.9)	536.2 ppt.

Note: ¹ Excluded operating expenses

Following the Company's expansion into ASEAN Economic Community (AEC) which was planned since 2017, the Company received more gross written premium by THB 9 million in year 2018 from Vietnam, Cambodia and Singapore. However, with its high investment during initial stage, combined ratio was as high as 139.3 percent. An underwriting profit in year 2017 came from positive loss adjustment.

Investment

(Unit: THB Million)

	2018	2017	Growth (Percent)
Net investments revenue	202	244	(17.3)
Gain (loss) on investments	(129)	(54)	(137.3)
Fair value gain (loss) on investments	(358)	204	(274.8)
Shares of loss from investment in associates	(7)	(7)	7.2
Investment expenses	(5)	(16)	70.2
Total	(297)	371	(179.9)

Net investment revenue of THB 202 million decreased 17.3 percent due to lower dividend and interest income from decreasing investment assets which spent more in its normal operations and dividend payment to shareholders during the year.

Loss on investments of THB 129 million increased from last year THB 75 million due to an impairment of available-for-sale investment of THB 115 million together with a mark-to-market loss when removed investment in Thaire Life PLC from 'trading' to 'available-for-sale' investment of THB 27 million.

Fair value loss of THB 358 million came from mark-to-market adjustment of overall 'trading' investment portfolio following the high volatile of share prices in the Stock Exchange of Thailand in the past year.

Service Business

(Unit: THB Million)

Company name	Nature of business	Income		percent	Profit (loss)*		percent
		2018	2017		2018	2017	
EMCS Thai Co., Ltd. (EMCS)	Provision of computer service in relation to motor insurance claims and related statistics	143	127	12.6	49	44	11.4
Thaire Services Co., Ltd.	Provision of computer service, health insurance claims and supporting services.	200	203	(1.5)	6	24	(75.0)
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	10	10	-	(15)	1	(1,600)

* Income and Profit (Loss) before deduction of related party transactions

EMCS's revenue and profit increased by 12.6 percent and 11.4 percent orderly due to a growth of clients base and more service transactions.

Thaire Services had revenue slightly dropped 1.5 percent while profit dropped THB 18 million or 75 percent mainly due to an impairment adjustment of its investment in associate of THB 18 million.

Thaire Actuarial had stable revenue but a net loss of THB 15 million due to an impairment of investment in actuaries of THB 10 million and deferred tax assets of THB 2 million.

Financial Position

Assets

Total assets of THB 9,842 million decreased from last year THB 2,553 million or 20.6 percent mainly due to (a) a reduction of investments in securities which came from both mark-to-market fair value adjustment of 'trading' investment portfolio and an impairment of 'available-for-sales' investment following highly volatile in the Stock Exchange of Thailand in the past year and (b) a decrease in deferred tax assets as a result of non-reimbursement of a huge tax loss brought forward since Thai Flood crisis which will be expired in year 2019.

Liabilities

Total liabilities of THB 6,222 million decreased 1,306 million (or 17.4 percent) mainly due to (a) premium received in advance had been realised to revenue during the year of THB 866 million and (b) cash received to place as collateral down THB 223 million following the court case and therefore the collateral had been released.

Equity

Shareholders' equity of THB 3,620 million decreased of THB 1,246 million or 25.6 percent due to both loss of the year of THB 1,012 million and 2017 dividends payment of THB 211 million.

Key Accounting Policies

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance, and the accounting of reporting guidelines prescribed by the Office of Insurance Commission ("the OIC"). The presentation of the financial statements has been made in compliance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016. Details of the accounting policies of the Company and its subsidiaries can be viewed through the annual report (form 56-2) at www.thaire.co.th or www.set.or.th

Source of fund

The Company strictly raises funds via two sources, shareholders' equity and cash flows from operation, without relying on borrowing and any other sources except for a subsidiary with long-term loans from a local bank. The last repayment installment will be ended in 2019. As at 31 December 2018 and 2017, such bank loan outstanding was THB 4 million and THB 9 million respectively.

Contingencies and off-balance sheet arrangements

The Company has certain contingencies as follows:

1. Operating lease of THB 4 million related to office rental and vehicles.
2. Service contracts of THB 3 million related to maintenance of reinsurance software computers.
3. Capital expenditures of THB 2.2 million related to the development of software computer and building improvement.

Factors affecting future performance

External factors

- Property insurance premium rate has decreased continuously by the impact of the world reinsurance market still under severe price competition from Alternative Capital entering the market.
- Intervention from supervisory authorities in order to reduce insurance premiums for various types such as compensation during car repairment, reduction of premiums from the government's major rice insurance program.
- Farmers' purchasing power is still low due to the continued decline in agricultural product prices Including drought and floods that occur periodically throughout the year.
- The fast innovation of communication technology causes sharing economy to allow private property owners to take advantage of their property commercially such as cars, housing, etc., resulting in an increased risk from the property usage.

Internal factors

- Long term insurance projects with extra high combined ratio and poor results in the past : after fully booked a reduction of reinsurance profit commission of THB 159 million in year 2018 and these long term insurance project would gradually expire from year 2019 until 2022, the Company's results would turn around expectedly.
- Following the fluctuation of Thailand Stock Market in the past year, the Company already transferred substantial amount of investment from 'Trading Investment' to 'Available-for-Sale Investment' by end of 2018. Therefore, such fluctuation from mark-to-market would no long impact the Company's results in the future.
- Subsequent to fully booked an impairment of deferred income tax in relation to loss carry forward in year 2018, such income tax expenses will have no negative impact to the Company's results going forward.

Insurance Risk Management

The company still has a policy to not focus on commercial property insurance but more in personal line in order to better manage risks and to limit the amount of damages that may impact the company's financial position. The Company also entered into Excess of Loss Protection in 2018 as follows: (THB million)

Type	Limit of liability	Excess coverage	Total
Fire & Misc.	90	1,410	1,500
Marine	30	220	250

The company strongly believes that the damage that will affect the company's position as severe as it had occurred from the severe flooding at the end of 2011 will not repeat again because the company has reduced the amount of reinsurance for the insured premises. Furthermore, there is a policy to control the amount of insurance against the industrial estate, Bangkok and its suburbs, per province, per region and per basin according to the nature of each natural disaster risk with a follow-up on a monthly basis.

Financial Highlights (Ten Year Record)

(Unit: THB Million)

Consolidated financial statements	2018	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)	2009
Gross Written Premium	4,849	4,903	5,183	5,262	4,714	6,338	5,918	6,261	7,416	5,168	5,116
Net Written Premium	3,483	3,041	3,404	3,314	4,462	6,069	5,550	5,357	5,757	3,700	3,546
Net Underwriting Profit (Loss) ¹	(459)	(174)	264	276	(2,150)	(1,812)	(4,320)	(6,093)	(2,352)	267	569
Net Investment Income	(297)	371	45	2,914	590	590	742	728	272	440	145
Net Income (Loss) from Services	65	71	58	63	49	49	62	45	21	(15)	(1)
Profit (Loss) before Income Tax	(688)	257	347	3,202	(1,339)	(1,339)	(3,529)	(5,346)	(2,052)	684	703
Net Profit (Loss)	(1,012)	(111)	278	2,655	(1,953)	(1,953)	(2,799)	(4,349)	(1,660)	580	524
Total Assets	9,842	12,395	14,418	15,112	14,682	14,682	27,910	33,433	25,720	9,176	7,577
Total Liabilities	6,222	7,529	9,038	9,656	10,899	10,899	25,082	30,154	24,978	6,195	4,824
Share capital paid up	4,215	4,215	4,215	4,215	4,215	4,215	3,512	3,512	1,187	1,187	1,187
Capital Funds (Shareholders' Equity)	3,620	4,866	5,320	5,413	3,054	3,054	2,273	3,476	728	2,965	2,733
Book Value per share (Baht)	0.86	1.15	1.26	1.28	0.72	0.72	0.65	0.99	0.61	2.5	2.04
Dividend Per Share (Baht)	-	0.1	0.15	-	-	-	-	-	0.2	0.41	0.4

Consolidated financial statements	2018	2017	2016	2015	2014** (Restated)	2013	2012	2011	2010* (Restated)	2009
Ratio (Percent)										
Return on Revenue	(26.0)	(3.1)	7.4	40.8	(28.2)	(42.7)	(69.1)	(26.8)	13.6	13.7
Return on Net Written Premium	(29.1)	(3.7)	8.2	80.1	(43.8)	(50.4)	(81.2)	(28.8)	15.7	14.7
Return on Equity	(23.9)	(2.2)	5.2	62.7	(73.3)	(97.4)	(206.9)	(89.9)	20.4	23.2
Return on Assets	(9.1)	(0.8)	1.9	17.8	(9.2)	(9.1)	(14.7)	(9.5)	6.9	10.1
Return on Investment	(4.7)	4.7	0.5	28.7	4.5	4.4	4.9	3.4	9.3	3.8
Loss Ratio ²	54.8	46.8	43.6	43.6	101.2	136.1	169.9	103.7	48.9	40.8
Acquisition Ratio ³	58.3	58.7	48.9	50.3	46.7	42.4	44.1	43.7	45.0	44.1
Combined Ratio	113.1	105.5	92.5	93.9	147.9	178.5	214.0	147.4	93.9	84.9
Solvency Ratio	121.8	167.5	157.7	127.7	59.7	51.8	39.2	32.1	77.0	63.2
Current Ratio (times)	1.1	1.2	1.2	1.1	1.1	1.0	1.1	1.1	1.1	0.5
Reserve Ratio ⁴	170.6	234.5	249.8	227.2	151.3	218.7	272.2	120.3	144.3	132.5

Description:

1. Since 2007, the Company has prepared separate financial statements disclosing the investments in subsidiaries and affiliates by using the cost price method which is in accordance with TAS 27 Consolidated and Separate Financial Statements (revised 2007)

2. Capital Fund (shareholder's equity) in 2008 was down from the prior year identifying by unrealized loss in investments in available for sale securities (ordinary shares and unit trusts) that are affected by the financial crisis occurred in the United States.

3. Since 2011, the Company has changed in accounting policy of commission and brokerage income from reinsurance ("Income") and commission and brokerage expense from reinsurance ("Expense") are deferred and realised as income and expenses on a monthly basis over the term of policy coverage, in proportion to the amount of unearned premium.

* 2010 and 2009 were restated according to the change in accounting policy as above.

4. Since 2015, the Company has changed in percentage of shareholding in Thaire Life Assurance Public Company Limited and changed the status of the investment in Thaire Life Assurance Public Company Limited from investments in subsidiary to investments in associated company.

** 2014 were restated, the operating results of Thaire Life Assurance Public Company Limited were presented separately as "Profit of the former subsidiary before the change of status to associated company".

5. The Company has changed Acquisition Ratio formula from "acquisition cost to net written premiums" to "acquisition cost to earned premium" that caused to change in combined ratio which were presented in 2009 - 2018 in this report.

Note:

1. Net of other operating expenses, bad debts and doubtful accounts

2. Loss incurred expressed as a percentage of earned premiums

3. A ratio of total commission to earned premium plus total incurred expenses to earned premium

4. Aggregation of Unpaid losses, Unearned premium reserve and Life policy reserve

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

The Board of Directors has the duties and responsibilities to supervise the business undertaking by the Company in compliance with the good corporate governance principles. The Board of Directors is accountable for the financial statements of the Company and its subsidiaries. The financial statements ended 31 December 2018 are prepared in accordance with Thai Accounting Standard Act B.E. 2547 and other related regulations of The Office of Insurance Commission. Appropriate accounting policies are cautiously utilized. Sufficient important information is disclosed in the footnotes of the financial statements which have been audited by the auditors.

The Board of Directors has provided and maintained the effectiveness of risk management, internal control, internal audit and supervision, to be assured that the financial records are accurate, complete and adequate to protect the Company's assets and to prevent any significant operational risk. The Board of Directors has appointed an Audit Committee comprised of independent directors and non-management members of the Company as regulators in this matter. The opinion of the Audit Committee with regard to these matters appear in the report of the Audit Committee in this Annual Report.

The Board of Directors is of the view that the Company has maintained an effective internal control system at an adequate and appropriate level of protection to assure the credibility of the financial statements presenting the correct financial positions, financial performance and cash flow of Thai Reinsurance Public Co., Ltd. and its subsidiaries.



(Chai Sophonpanich)

Chairman



(Oran Vongsuraphichet)

Chief Executive Officer



Thai Reinsurance PCL.

Independent Auditor's Report

To the shareholders of Thai Reinsurance Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thai Reinsurance Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Reinsurance Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Reinsurance Public Company Limited and its subsidiaries and of Thai Reinsurance Public Company Limited as at 31 December 2018, their 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the

financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Recognition of reinsurance premiums

The majority of the Company's revenues was net earned reinsurance premium. In 2018, the Company incurred net earned reinsurance premium of Baht 3,358 million, representing 90 percent of total revenues of the Group. For the reinsurance business, the Company has entered into both facultative reinsurance and treaty reinsurance contracts with customers that are non-life insurance companies whereby the contracts contain various conditions relating to type of insurance, percentage of reinsurance and coverage periods, among others. In addition, for reinsurance premiums under these reinsurance contracts to be recognised, the reinsurance contracts have to meet the criteria and definition of insurance contracts under Thai Financial Reporting Standards. The Company's management is therefore required to exercise judgment in considering and reviewing classification of insurance contracts. Therefore, I focused on examining that net earned reinsurance premium was correctly recognised and actually incurred.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to the recognition of revenue from each type of reinsurance contracts, to assess the methodology and assumptions used in the tests of insurance contract classification, to test accuracy and completeness of data used by the Company for the tests of classification and to examine, on a sampling basis, the amounts of reinsurance premium that occurred during the year and near the period-end against the statements of accounts received from reinsurers. In addition, I performed analytical procedures of gross premium written, disaggregated by type of reinsurance.

Loss reserves

As discussed in Note 16 to the financial statements, as at 31 December 2018 the Company had loss reserves (included as a part of insurance contract liabilities) of Baht 1,792 million, representing 29 percent of total liabilities of the Group. Loss reserves are estimates of losses from both claims incurred and reported and claims incurred but not reported. In such estimation, major assumptions used were determined with reference to historical data. These assumptions require management to exercise substantial judgment and are highly uncertain. Such estimates are also dependent on the accuracy of the data related to the number, amounts and pattern of both current and historical claims incurred. I therefore focused on the adequacy of the Company's loss reserves.

I performed audit procedures by assessing and testing, on a sampling basis, the Company's internal controls relevant to recording of claims, assessing the appropriateness of methodology and assumptions used in estimating loss reserves, testing, on a sampling basis, the data used in estimation against the Company's current and historical claims data, and examining documents and loss reports from reinsurers for major claims files against accounting records of such losses.

Deferred tax assets

As discussed in Note 15.1 to the financial statements, as at 31 December 2018, the Company had deferred tax assets of Baht 81 million on brought forward tax losses. According to the Company's management, it is highly probable that the Company's future taxable profit will be sufficient to allow the utilisation of such deferred tax assets within the allowed period. In determining whether there will be sufficient future taxable profit to utilise tax losses, significant management judgment is required with respect to the preparation of projections of future taxable profit. Therefore, I focused on the audit of the value of deferred tax assets.

I gained an understanding of the process by which the Company forecast the utilisation of the brought forward tax losses, which was approved by the Company's Board of Directors. I assessed the future taxable profit projections by checking, on a sampling basis, the required information and key assumptions used in the projections against information obtained from both internal and external sources. I also tested the calculation of estimated future taxable profits based on the above information and assumptions, and reviewed the disclosures made in relation to deferred tax assets.

Profit commission reserves on a reinsurance contract

As discussed in Note 8 to the financial statements, as at 31 December 2018 the Company had profit commission reserves of Baht 283 million on a reinsurance contract, which were liabilities as a result of the Company entering into a long-term reinsurance contract with a reinsurance company in 2015 and receiving profit commission in advance and recording it as liabilities. According to the contract, the Company will be entitled to share profit at a percentage of cumulative reinsurance profit over the reinsurance contract period. Such share of profit will be adjusted every year. Cumulative reinsurance profit is determined from cumulative reinsurance premium, which is deducted by cumulative claim and other expenses as specified in the contract. The Company uses estimated cumulative reinsurance profit over the contract period as a base in determination of the amounts of profit commission to be recognised in each period over the contract period. Hence, the Company's management is required to exercise judgement in estimating the loss ratios that are expected to be incurred over the contract period. I therefore focused on the audit of these profit commission reserves on a reinsurance contract.

I gained an understanding of the process by which profit commissions from reinsurance contract are estimated, assessed such estimates by checking the required information and key assumptions used in the estimation process, performed comparative analysis of key assumptions used and the Company's historical claims development data, and tested the calculation of the estimates on the basis of the above information and assumptions.

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

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



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 26 February 2019



Thai Reinsurance PCL.

Financial Statements and Notes to Financial Statements

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	6	446,268,704	394,500,020	367,087,755	312,605,223
Accrued investment income		2,924,382	12,472,194	2,891,052	12,341,986
Reinsurance assets	7	1,447,314,521	1,611,294,596	1,447,314,521	1,611,294,596
Receivables from reinsurance contracts	8, 21.3	1,289,467,042	1,354,411,990	1,289,467,042	1,354,411,990
Investment assets					
Investments in securities	9, 30	5,185,301,798	6,954,205,014	5,078,695,124	6,885,075,771
Loans	10	25,120,088	35,749,422	25,120,088	35,749,422
Investments in subsidiaries	11	-	-	307,699,320	317,699,320
Investments in an associate	12	-	7,487,568	-	-
Premises and equipment	13	251,863,512	264,134,661	145,340,844	151,235,194
Intangible assets	14	114,468,418	129,212,601	69,576,402	83,306,170
Deferred tax assets	15.1	208,537,880	508,979,671	199,866,833	503,776,557
Other assets					
Deferred commissions and brokerages expenses	21.3	742,751,077	800,527,632	742,751,077	800,527,632
Cash placed as collateral securities		1,211,673	48,340,795	1,211,673	48,340,795
Corporate income tax awaiting refund		31,950,724	31,121,399	30,820,992	25,589,730
Deferred excess of loss		-	6,333,335	-	6,333,335
Others	21.3	95,064,333	236,306,524	46,998,816	180,011,658
Total assets		9,842,244,152	12,395,077,422	9,754,841,539	12,328,299,379

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

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and owners' equity					
Liabilities					
Long-term loans	20	3,641,000	8,549,000	-	-
Insurance contract liabilities	16, 21.3	3,610,775,078	3,617,982,304	3,610,775,078	3,617,982,304
Due to reinsurers	17, 21.3	1,299,965,862	1,413,081,011	1,299,965,862	1,413,081,011
Income tax payables		4,963,703	6,602,765	-	-
Employee benefit obligations and payables	18	48,675,110	37,883,364	33,494,087	24,141,338
Other liabilities					
Premium received in advance - net	21.3	694,964,699	1,560,576,907	694,964,699	1,560,576,907
Deferred commissions and brokerages income	21.3	205,792,838	291,711,766	205,792,838	291,711,766
Cash received to place as collateral		340,458	223,717,026	340,458	223,717,026
Profit commission reserves on a reinsurance contract	8	283,446,322	251,212,134	283,446,322	251,212,134
Claim recovery received in advance		-	33,894,420	-	33,894,420
Dividend payables		2,692,950	2,938,915	2,692,950	2,938,915
Others	21.3	67,139,837	80,621,358	27,097,677	44,103,260
Total liabilities		6,222,397,857	7,528,770,970	6,158,569,971	7,463,359,081
Owners' equity					
Share capital	22				
Registered, issued and paid-up					
4,214,993,832 ordinary shares of Baht 1 each		4,214,993,832	4,214,993,832	4,214,993,832	4,214,993,832
Retained earnings					
Appropriated					
Statutory reserve	23	85,400,000	84,400,000	77,200,000	77,200,000
Unappropriated		(527,704,160)	701,424,801	(637,145,104)	613,379,668
Other components of owners' equity		(152,843,377)	(134,512,181)	(58,777,160)	(40,633,202)
Equity attributable to shareholders of the Company		3,619,846,295	4,866,306,452	3,596,271,568	4,864,940,298
Non-controlling interests of the subsidiaries		-	-	-	-
Total owners' equity		3,619,846,295	4,866,306,452	3,596,271,568	4,864,940,298
Total liabilities and owners' equity		9,842,244,152	12,395,077,422	9,754,841,539	12,328,299,379

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

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of income

For the years ended 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Gross reinsurance premium written	21.2	4,849,173,498	4,903,170,033	4,849,173,498	4,903,170,033
Less: Premium ceded to reinsurers	21.2	(1,366,384,462)	(1,862,522,320)	(1,366,384,462)	(1,862,522,320)
Net reinsurance premium written		3,482,789,036	3,040,647,713	3,482,789,036	3,040,647,713
Add (less): Unearned premium reserves (increased) decreased from prior year		(123,382,481)	130,792,657	(123,382,481)	130,792,657
Net earned reinsurance premium		3,359,406,555	3,171,440,370	3,359,406,555	3,171,440,370
Commissions and brokerage income	21.2	309,332,640	434,993,429	309,332,640	434,993,429
Net investment revenue	21.2	201,948,938	244,232,138	233,366,190	267,008,856
Gains (losses) on investments		(129,262,770)	(54,465,165)	(134,480,571)	899,115,824
Fair value gains (losses) on investments		(357,903,498)	204,748,757	(357,903,498)	204,748,757
Shares of loss from investments in an associate	12.2	(6,380,369)	(6,875,688)	-	-
Service income	21.2	337,988,521	321,612,646	-	-
Other income		4,923,164	10,001,161	4,268,155	9,383,979
Total revenues		3,720,053,181	4,325,687,648	3,413,989,471	4,986,691,215
Expenses					
Gross claims	21.2	3,513,932,344	2,286,875,249	3,513,980,344	2,286,875,249
Less: claim recovery from reinsurers	21.2	(1,672,012,178)	(801,702,042)	(1,672,012,178)	(801,702,042)
Commissions and brokerage expenses	21.2	1,946,965,031	1,958,073,673	1,946,965,031	1,958,073,673
Other underwriting expenses		139,465,492	138,177,622	139,537,492	138,393,622
Operating expenses	24	199,804,903	198,524,329	207,700,275	211,140,912
Investment expenses		4,921,712	16,506,996	4,921,712	16,506,996
Service expenses	21.2	273,159,900	250,213,251	-	-
Finance costs		475,093	838,581	-	-
Other expenses		1,391,429	5,897,792	199,238	5,204,099
Total expenses	25	4,408,103,726	4,053,405,451	4,141,291,914	3,814,492,509
Profit (loss) before income tax expenses		(688,050,545)	272,282,197	(727,302,443)	1,172,198,706
Income tax expenses	15.2	(323,791,863)	(368,204,450)	(309,404,322)	(540,812,755)
Profit (loss) for the years		(1,011,842,408)	(95,922,253)	(1,036,706,765)	631,385,951
Profit (loss) for the years					
Shareholders of the Company		(1,011,842,408)	(111,151,428)	(1,036,706,765)	631,385,951
Non-controlling interests of the subsidiaries		-	15,229,175		
		(1,011,842,408)	(95,922,253)		
Earnings per share	27				
Basic earnings per share					
Profit (loss) for the years attributable to shareholders of the Company		(0.24)	(0.03)	(0.25)	0.15

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

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of comprehensive income

For the years ended 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the years		(1,011,842,408)	(95,922,253)	(1,036,706,765)	631,385,951
Other comprehensive income (loss)					
Items to be recognised in statements of income					
for subsequent periods	15.2				
Gain (loss) on revaluation of available-for-sale investments		(22,913,995)	216,857,533	(22,679,947)	(737,109,061)
Add (less): Income taxes		4,582,799	(43,371,507)	4,535,989	147,421,812
Items to be recognised in statements of income					
for subsequent periods - net of income taxes		(18,331,196)	173,486,026	(18,143,958)	(589,687,249)
Items not to be recognised in statements of income					
for subsequent periods	15.2				
Actuarial losses		(7,878,726)	(1,252,709)	(4,793,044)	(2,638,723)
Add: Income taxes		1,575,745	250,542	958,609	527,745
Items not to be recognised in statements of income					
for subsequent periods - net of income taxes		(6,302,981)	(1,002,167)	(3,834,435)	(2,110,978)
Other comprehensive income (loss) for the years		(24,634,177)	172,483,859	(21,978,393)	(591,798,227)
Total comprehensive income (loss) for the years		(1,036,476,585)	76,561,606	(1,058,685,158)	39,587,724
Total comprehensive income (loss) for the years attributable to:					
Shareholders of the Company		(1,036,476,585)	61,192,543	(1,058,685,158)	39,587,724
Non-controlling interest of the subsidiaries		-	15,369,063		
		(1,036,476,585)	76,561,606		

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statement of changes in owners' equity
For the years ended 31 December 2018 and 2017

Consolidated financial statements												(Unit: Baht)
Equity attributable to shareholders of the Company												
Issued and paid-up share capital	Retained earnings		Other components of owners' equity				Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total owners' equity			
	Appropriated -	Unappropriated	Revaluation deficit on available-for-sale investments - net of income taxes	Diluit as a result of changes in shareholding percentage in the subsidiaries	Total other components of owners' equity							
Balance as at 1 January 2017	4,214,993,832	52,000,000	1,267,427,399	(213,995,624)	-	(213,995,624)	5,320,425,607	59,871,175	5,380,296,782			
Change in shareholding percentage in a subsidiary	-	-	-	(128,462)	(93,821,601)	(93,950,063)	(93,950,063)	(62,388,119)	(156,338,182)			
Appropriated retained earnings to be statutory reserve	23	-	32,400,000	(32,400,000)	-	-	-	-	-			
Reversal of dividend payable that was expired	28	-	-	137,749	-	-	137,749	-	137,749			
Dividend paid	29	-	-	(421,499,384)	-	-	(421,499,384)	(12,852,119)	(434,351,503)			
Profit (loss) for the year		-	-	(111,151,428)	-	-	(111,151,428)	15,229,175	(95,922,253)			
Other comprehensive income (loss) for the year		-	-	(1,089,535)	-	-	172,343,971	139,888	172,483,859			
Total comprehensive income for the year		-	-	(112,240,963)	173,433,506	-	173,433,506	15,369,063	76,561,606			
Balance as at 31 December 2017	4,214,993,832	84,400,000	701,424,801	(40,690,580)	(93,821,601)	(134,512,181)	4,866,306,452	-	4,866,306,452			
Balance as at 1 January 2018	4,214,993,832	84,400,000	701,424,801	(40,690,580)	(93,821,601)	(134,512,181)	4,866,306,452	-	4,866,306,452			
Appropriated retained earnings to be statutory reserve	23	-	1,000,000	(1,000,000)	-	-	-	-	-			
Reversal of dividend payable that was expired	28	-	-	766,120	-	-	766,120	-	766,120			
Dividend paid	29	-	-	(210,749,692)	-	-	(210,749,692)	-	(210,749,692)			
Loss for the year		-	-	(1,011,842,408)	-	-	(1,011,842,408)	-	(1,011,842,408)			
Other comprehensive loss for the year		-	-	(6,302,981)	(18,331,196)	-	(24,634,177)	-	(24,634,177)			
Total comprehensive loss for the year		-	-	(1,018,145,389)	(18,331,196)	-	(1,036,476,585)	-	(1,036,476,585)			
Balance as at 31 December 2018	4,214,993,832	85,400,000	(527,704,160)	(59,021,776)	(93,821,601)	(152,843,377)	3,619,846,295	-	3,619,846,295			

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statement of changes in owners' equity (continued)
For the years ended 31 December 2018 and 2017

(Unit: Baht)

	Note	Separate financial statements				
		Issued and paid-up share capital	Retained earnings		Unappropriated	Other components of equity
			Appropriated - Statutory reserve	Revaluation deficit on available-for-sale investments		
						Revaluation deficit on available-for-sale investments - net incomes taxes
						Total owners' equity
Balance as at 1 January 2017		4,214,993,832	45,500,000	437,166,329	549,054,047	5,246,714,208
Appropriated retained earnings to be statutory reserve	23	-	31,700,000	(31,700,000)	-	-
Reversal of dividend payable that was expired	28	-	-	137,749	-	137,749
Dividend paid	29	-	-	(421,499,383)	-	(421,499,383)
Profit for the year		-	-	631,385,951	-	631,385,951
Other comprehensive loss for the year		-	-	(2,110,978)	(589,687,249)	(591,798,227)
Total comprehensive income (loss) for the year		-	-	629,274,973	(589,687,249)	39,587,724
Balance as at 31 December 2017		4,214,993,832	77,200,000	613,379,668	(40,633,202)	4,864,940,298
Balance as at 1 January 2018		4,214,993,832	77,200,000	613,379,668	(40,633,202)	4,864,940,298
Reversal of dividend payable that was expired	28	-	-	766,120	-	766,120
Dividend paid	29	-	-	(210,749,692)	-	(210,749,692)
Loss for the year		-	-	(1,036,706,765)	-	(1,036,706,765)
Other comprehensive loss for the year		-	-	(3,834,435)	(18,143,958)	(21,978,393)
Total comprehensive loss for the year		-	-	(1,040,541,200)	(18,143,958)	(1,058,685,158)
Balance as at 31 December 2018		4,214,993,832	77,200,000	(637,145,104)	(58,777,160)	3,596,271,568
		-	-	-	-	-

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

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of cash flows

For the years ended 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from operating activities					
Cash paid for reinsurance		(221,868,490)	(627,989,035)	(221,916,490)	(627,989,035)
Interest income		36,051,934	63,904,472	34,372,319	62,243,244
Dividends received from subsidiaries		-	-	32,999,989	24,347,996
Dividend income from other companies		175,858,821	184,530,411	175,858,821	184,530,411
Revenues from other investments		15,926,427	10,664,538	15,926,426	10,664,539
Other income		352,401,285	311,495,050	3,167,760	9,317,662
Commission and brokerage expenses		(874,998,284)	(604,270,595)	(874,998,284)	(604,270,595)
Other underwriting expenses		(142,985,566)	(150,317,144)	(143,057,566)	(150,533,144)
Operating expenses		(179,448,058)	(223,729,672)	(183,857,295)	(237,026,367)
Other expenses		(239,367,423)	(220,321,867)	(198,066)	(4,685,554)
Income tax expenses		(20,772,013)	(18,904,271)	(5,241,689)	(3,164,606)
Investments in securities		1,380,803,409	1,483,407,832	1,418,514,890	1,481,938,320
Loans		10,629,333	1,999,628	10,629,333	1,999,628
Investment in subsidiaries		-	(152,999,900)	-	(152,999,900)
Investments in an associates		(3,675,000)	(11,025,025)	-	-
Net cash provided by (used in) operating activities		288,556,375	46,444,422	262,200,148	(5,627,401)
Cash flows from investing activities					
Disposals of equipment and intangible assets		1,641,006	290,149	8,561,148	9,746,279
Purchases of premises, equipment and intangible assets		(22,295,912)	(39,727,603)	(5,529,072)	(15,559,810)
Net cash provided by (used in) investing activities		(20,654,906)	(39,437,454)	3,032,076	(5,813,531)
Cash flows from financing activities					
Dividends paid	29	(210,749,692)	(434,351,498)	(210,749,692)	(421,499,383)
Repayments on long-term loans		(5,383,093)	(5,746,581)	-	-
Net cash used in financing activities		(216,132,785)	(440,098,079)	(210,749,692)	(421,499,383)
Net increase (decrease) in cash and cash equivalents		51,768,684	(433,091,111)	54,482,532	(432,940,315)
Cash and cash equivalents at beginning of the years		394,500,020	833,694,269	312,605,223	745,545,538
Less: Cash and cash equivalents held by a subsidiary whose status was changed to an associate		-	(6,103,138)	-	-
Cash and cash equivalents at end of the years		446,268,704	394,500,020	367,087,755	312,605,223

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

Thai Reinsurance Public Company Limited and its subsidiaries

Notes to financial statements

For the years ended 31 December 2018 and 2017

1. Corporate information

Thai Reinsurance Public Company Limited (“the Company”) is a public company, incorporated and domiciled in Thailand. As at 31 December 2018 and 2017, its major shareholder is HWIC ASIA FUND, which held 47% and 35%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life reinsurance and its registered address is located at 48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis of preparation of financial statements

2.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance, and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“the OIC”). The presentation of the financial statements has been made in compliance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding summary of significant accounting policies.

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

2.2. Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Thai Reinsurance Public Company Limited and its subsidiaries (hereinafter collectively called “the Group”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor claim management	Thailand	100.0	100.0
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	100.0	100.0

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Basis of separate financial statements preparation

The Company has prepared its separate financial statements, which have presented investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group adopted the revised financial reporting standards and interpretations (revised 2017), which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. 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. However, the new standards that involved changes to key principles, were summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group's management already assessed and believe that this standard will not have any significant impact on the financial statements when it is initially applied.

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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
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Financial Reporting Standard Interpretations:

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

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

The Group's management already assessed that there would be no significant impact to the Company's financial statements in the year when it is adopted.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an option to the qualifying insurers under such standard to use a temporary exemption from adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures and to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business (when issued) instead for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

The management of the Company is currently determining an option which may impact on the financial statements in the year when it is adopted.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Reinsurance income

Reinsurance premium consists of reinsurance premium less premium of the cancelled policy and premium refunded to the policyholders.

Reinsurance premium income is recognised as income when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts and adjusts with unearned premium reserve.

For long-term insurance policies which coverage periods of longer than 1 year, related revenues are recorded as advance received for premium, and recognised as income over the coverage period.

(b) Commission and brokerage income

Commission and brokerage income include profit commission from reinsurance contracts.

Commission and brokerage income

Commission and brokerage income consist of commission and brokerage fees received based on a percentage of premium ceded and other commissions income.

Commission and brokerage income are recorded as deferred revenue and will gradually be amortised as revenue on a monthly basis proportionately according to the ceded premium that is recognised as expense.

For long-term insurance policies which coverage periods of longer than 1 year, related commission and brokerage fees are recorded as commission received in advance, and will gradually be amortised as revenue over the annual coverage periods.

Profit commission from reinsurance contract

Profit commission from reinsurance contract is recognised as revenues on an accrual basis, based on an estimate of reinsurance profits over the term of a reinsurance contract calculated in accordance with the method and profit commission rate stipulated in the reinsurance contract.

At the end of each reporting period, the Company calculates profit commission from reinsurance contract based on its portion of estimated cumulative reinsurance profits from the effective date to the end of the reinsurance contract term. If the Company incurs more or less profit commission as compared to the prior period's estimate, the Company will record it as "Amount due from reinsurers" which are presented as assets in the statements of financial position or "Profit commission reserves from reinsurance contract", which are presented as liabilities in the

statements of financial position, as the case may be, and recognises against commission and brokerage income in the statements of income.

(c) Investment revenues

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

Gain (loss) on investments are recognised as revenue or expense on the transaction dates.

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

(d) Service income

Service income is recognised as revenue when services have been rendered taking into account the stage of completion.

(e) Claim recovery from reinsurers

Claim recovery from reinsurers is recognised proportionately to the ceded portion of claims and loss adjustment expenses recognised as expenses in the statement of income, which is estimated with reference to conditions in the ceded reinsurance contracts. The Company presents the amount of claim recovery from reinsurers as a deduction from gross claims in the statement of income.

4.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurer.

For long-term insurance policies with coverage periods of longer than 1 year, related cede premium is recorded as premium ceded in advance, and gradually recognised as expenses over the annual coverage period.

(b) Gross claims

Gross claims consist claims and loss adjustment expenses on reinsurance, which present the amounts of claims, related expenses, and loss adjustments of current and prior period claims incurred during the years, deducted by the residual value and others recoveries (if any) and claims recovery from reinsurers.

Gross claims are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company and estimates made by the Company's management. However, the maximum value of claims estimated does not exceed the sum-insured under the relevant policy.

(c) Commission and brokerage expenses

Commission and brokerage expenses are recorded as deferred expenses and will be gradually amortised as expenses on a basis proportionately to the amount of ceded premium earned.

For commissions and brokerage expenses of reinsurance with coverage periods of longer than 1 year, related commission and brokerage expenses are recorded as deduction from premium received in advance and recognised as expenses over the annual coverage periods.

4.3 Reinsurance contracts classification

The Company classifies reinsurance and retrocession contracts (hereinafter referred to as “reinsurance contracts”) based on the characteristics of the contract. Reinsurance contracts are contracts whereby the reinsurer accepts significant insurance risk from the reinsured and agrees to compensate the reinsured if specified uncertain future events (the insured event) adversely affect the reinsured. To determine whether a significant insurance risk has been accepted, the insurer compares the amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the reinsurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the reinsurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or financial instrument price risk.

The Company classifies its contracts by assessing the significant of each contract’s reinsurance risk. If any contract has been classified as reinsurance contracts, it will continue its status until all rights and obligations are cancelled or terminated. Any contract which had been initially classified as investment contracts, will be classified as a reinsurance contract in the later time if the Company has been found exposed to reinsurance risk significantly from such contracts.

4.4 Cash and cash equivalents

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

4.5 Reinsurance assets and allowance for impairment

Reinsurance assets are presented at an amount equal to the recoverable portion of reserves from reinsurance, which is estimated with reference to the reinsurance contracts related to unearned premium reserves, claims reserves and outstanding claims, in accordance with the law regarding insurance reserve calculation.

At the end of the reporting period, the Company performs impairment reviews in respect of the reinsurance assets. Reinsurance assets are considered to be impaired whenever there are object evidences as a result of the events, that occurred after the initial recognition of reinsurance assets, and the Company may not receive whole of reinsurance recoverable amount according to reinsurance

conditions and the effects of such amount can be measured with reliability. An impairment loss is recognised in the statement of income.

4.6 Receivables from reinsurance contracts and due to reinsurers

(a) Receivables from reinsurance contracts

Receivables from reinsurance contracts are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims receivable and various other items receivable from reinsurers, 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 to reinsurers

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

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

The Company presents net receivables from/amount due to of reinsurance to the same entity when the following criteria for offsetting are met.

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

4.7 Investment assets

(a) Investment in securities

Investments in trading securities are stated at fair value. Changes in fair value of these securities are recorded in the statements of income. Investments are classified as investments in trading securities if the Company intends to sell them in the near future.

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

Held-to-maturity investments are recorded at the 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. The debt securities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.

Investments in non-marketable equity securities are classified as general investments and stated at cost net of allowance for impairment (if any).

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

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

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

(b) Loans and allowance for doubtful accounts

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

(c) Investments in subsidiaries and associates

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expense in the statements of income.

4.8 Premises and equipment and depreciation

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

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

Buildings	- 20 years
Leasehold improvement	- 3 years, 10 years (over the lease periods)
Motor vehicles	- 5 years
Office equipment and furniture	- 5 years
Computers	- 3 years and 5 years

Depreciation is recognized as expense in statements of income.

No depreciation is provided on land and buildings in progress.

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

4.9 Intangible assets

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

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

The intangible assets with finite useful lives are deferred technical knowledge acquisition cost and computer softwares, which are expected to generate economic benefit within 5 years and 10 years.

No amortisation is provided on computer softwares under development.

4.10 Impairment of assets

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

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

4.11 Related party transactions

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

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

4.12 Insurance contract liabilities

Insurance contract liabilities consist of loss reserves and premium reserves.

(a) Loss reserves

Loss reserves include outstanding claims and loss reserves whereby outstanding claims are recorded at the amounts to be actually paid while loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of loss reserves does not exceed the sum-insured under the relevant policy.

Estimation of loss reserves are calculated using an actuarial method based on the best estimate of claims, including loss adjustment expenses, expected to be paid in respect of losses occurring before or as at the end of the reporting periods for both reported and not reported losses. The higher of the loss reserves estimated and those already recognised in the accounts will then be recognised as claims incurred but not yet reported (IBNR).

(b) Premium reserves

At the end of each reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserves are presented in the financial statements.

Unearned premium reserves

Unearned premium reserves are calculated based on direct premium before deducting premium ceded as follows:

Fire, motor and miscellaneous insurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Fire, motor and miscellaneous insurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)
Hull insurance	- Monthly average basis (the one-twenty fourth basis)

Cargo insurance - Treaty	- Net reinsurance premium written for the last three months
Cargo insurance - Facultative and travelling accident with coverage period of not over six-month	- 100% of reinsurance premium as from the date policy is effective

Unexpired risk reserves

Unexpired risk reserves are the reserves for the claims and relevant expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is calculated using an actuarial method based on a best estimate of the claims that are expected be incurred during the remaining period of coverage, with reference to historical claims data.

4.13 Long-term leases

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

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

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period. Gains and losses on exchange are included in the statement of income.

4.15 Employee benefit obligations

(a) Short-term employee benefits

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

(b) Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plan and other long-term employee benefits plan

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in statements of comprehensive income and those arising from other long-term employee benefit plan are recognised immediately in statements of income.

4.16 Provisions

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

4.17 Income taxes

Income tax expenses represent the sum of current income taxes and deferred income taxes.

(a) Current income taxes

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

(b) Deferred income taxes

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

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward 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 utilised.

At the end of each reporting period, the Group 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 assets to be utilised.

The Group records deferred tax directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

4.18 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 Group 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. In case where there is no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

At the end of each reporting period, the Group 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.

5. Significant accounting judgments and estimates

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

5.1 Classification of reinsurance contracts

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

5.2 Recognition and derecognition of assets and liabilities

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

5.3 Lease

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

5.4 Allowance for impairment on reinsurance assets

In determining allowance for impairment on reinsurance assets, the management needs to exercise judgement and estimate losses on reinsurance assets based on conditions in contracts and occurred events that may result in the Company being unable to receive the entire amount under the terms of the contracts.

5.5 Allowance for doubtful accounts on receivables on reinsurance contracts and loans

In determining the allowance for doubtful accounts on receivables from reinsurance contracts and loans, the management needs to exercise judgement and estimate loss for each debtor based upon past collection history, the aging profile of the outstanding debts and the prevailing economic conditions.

5.6 Allowance for impairment on investments in securities

The Group sets aside allowance for impairment when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

5.7 Premises and equipment impairment

In calculating depreciation of buildings and equipment, the management is required to estimate of the useful lives and salvage values of the Group’s building and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses in the period 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.

5.8 Intangible assets

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

5.9 Deferred tax assets

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

5.10 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves, taking into accounts two parts, which are the claims incurred and reported, and the claims incurred but not yet reported (IBNR). The actuarial method is used in calculation whereby the main assumptions consist of historical experience data, which are ultimate loss ratio and unallocated loss adjustment expense ratio. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.11 Unexpired risk reserves

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims and relevant expenses 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.

5.12 Profit commission from reinsurance contracts

Profit commission from reinsurance contracts is estimated at a percentage of cumulative reinsurance profit over the term of the reinsurance contract. Cumulative profit is calculated by deducting the best estimates of the cumulative claims and relevant expenses over the term of the reinsurance contract from the cumulative insurance premiums. The management is required to exercise judgement, with reference to historical claims data and the best estimates available at the time.

5.13 Employee benefit obligations and payables

Employee benefit obligations and payables are provision for liabilities under the defined benefit plan and other long-term employee benefit plan, which are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.14 Litigation

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

5.15 Fair value of financial instruments

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

6. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2018	2017	2018	2017
Cash on hand	96,000	95,025	35,000	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	180,223,610	153,615,112	116,388,943	99,914,173
Investment in money market funds	15,285,282	229,789,883	-	212,656,050
Deposits at banks with fixed maturity date and certificate of deposit	-	11,000,000	-	-
Government bonds with maturity periods of less than 3 months	250,663,812	-	250,663,812	-
Total cash and cash equivalents	446,268,704	394,500,020	367,087,755	312,605,223

As at 31 December 2018 and 2017, saving accounts, fixed deposits and short-term investments carried interest between 0.10% to 1.54% per annum and 0.10% to 1.35% per annum, respectively.

7. Reinsurance assets

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2018	2017
Insurance reserves refundable from reinsurers		
Loss reserves	768,456,785	685,133,253
Unearned premium reserves	678,857,736	926,161,343
Total reinsurance assets	1,447,314,521	1,611,294,596

8. Receivables from reinsurance contracts

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2018	2017
Amounts deposited on reinsurance	697,619,034	989,504,245
Amounts due from reinsurers	615,335,346	368,996,545
Total	1,312,954,380	1,358,500,790
Less: Allowance for doubtful accounts	(23,487,338)	(4,088,800)
Receivables from reinsurance contracts - net	1,289,467,042	1,354,411,990

As at 31 December 2018 and 2017, the outstanding balances of amounts due from reinsurers were classified by overdue periods as follows:

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2018	2017
Not yet due	304,781,216	293,197,524
Not over 12 months	303,820,788	66,632,382
Over 1 year to 2 years	1,010,437	2,931,308
Over 2 years	5,722,905	6,235,331
Total amounts due from reinsurers	615,335,346	368,996,545

In 2015, the Company entered into a long-term ceded reinsurance contract with a reinsurer whereby the contract specified sharing of profit commission to the Company based on a percentage of the cumulative reinsurance profit earned over the term of the contract, which will be adjusted every year. The cumulative reinsurance profit is calculated by deducting the amount of cumulative claims and other expenses as specified in the contract from the amount of cumulative reinsurance premium. The Company uses the cumulative reinsurance profits estimated over the term of the contract as the base in estimating its relative share of profit commission recognised in each period over the term of the contract.

As at 31 December 2018 and 2017, the Company had the amounts of cash received under the contract (net of the amounts already paid back to the reinsurer) of Baht 283 million and Baht 251 million, respectively, recorded as “Profit commission reserves on a reinsurance contract”, which were presented as liabilities in the statements of financial position.

9. Investments in securities

9.1 Classified by type of investments

As at 31 December 2018 and 2017, carrying values of investments in securities were classified by type of investments as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2018	2017	2018	2017
Trading investments	492	1,505	490	1,505
Available-for-sale investments	2,979	2,765	2,976	2,762
Held-to-maturity investments	1,709	2,679	1,607	2,613
General investments	5	5	5	5
Total investments in securities	5,185	6,954	5,078	6,885

9.2 Classifieds by type of securities

Consolidated financial statements

(Unit: Baht)

	31 December 2018		31 December 2017	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
Trading investments				
Equity securities	487,785,810	442,907,848	1,260,320,514	1,454,918,463
Unit trusts	48,980,960	49,307,575	47,000,000	50,278,313
Total	536,766,770	492,215,423	1,307,320,514	1,505,196,776
Add (less): Unrealised gain (loss)	(44,551,347)	-	197,876,262	-
Trading investments - net	492,215,423	492,215,423	1,505,196,776	1,505,196,776
Available-for-sale investments				
Equity securities	1,505,246,440	1,386,381,173	1,040,482,563	939,317,600
Unit trusts	1,663,030,809	1,708,118,856	1,775,508,975	1,825,810,713
Total	3,168,277,249	3,094,500,029	2,815,991,538	2,765,128,313
Less: Unrealised loss	(73,777,220)	-	(50,863,225)	-
Less: Allowance for impairment	(115,450,966)	(115,450,966)	(6,966)	(6,966)
Available-for-sale investments - net	2,979,049,063	2,979,049,063	2,765,121,347	2,765,121,347
Held-to-maturity investments				
Government and state enterprise bonds	1,072,666,922		1,608,516,501	
Private enterprise debt securities	115,000,000		40,000,000	
Deposits at banks	521,000,000		1,030,000,000	
Total held-to-maturity investments	1,708,666,922		2,678,516,501	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	5,370,390		5,370,390	

Separate financial statements

(Unit: Baht)

	31 December 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	487,785,810	442,907,848	1,260,320,514	1,454,918,463
Unit trusts	47,000,000	47,315,538	47,000,000	50,278,313
Total	534,785,810	490,223,386	1,307,320,514	1,505,196,776
Add (less): Unrealised gain (loss)	(44,562,424)	-	197,876,262	-
Trading investments - net	490,223,386	490,223,386	1,505,196,776	1,505,196,776
Available-for-sale investments				
Equity securities	1,505,246,440	1,386,381,173	1,040,482,563	939,317,600
Unit trusts	1,650,030,809	1,705,424,626	1,772,508,975	1,822,882,435
Total	3,165,277,249	3,091,805,799	2,812,991,538	2,762,200,035
Less: Unrealised loss	(73,471,450)	-	(50,791,503)	-
Less: Allowance for impairment	(115,450,966)	(115,450,966)	(6,966)	(6,966)
Available-for-sale investments - net	2,976,354,833	2,976,354,833	2,762,193,069	2,762,193,069
Held-to-maturity investments				
Government and state enterprise bonds	1,038,746,515		1,582,315,536	
Private enterprise debt securities	115,000,000		40,000,000	
Deposits at banks	453,000,000		990,000,000	
Total held-to-maturity investments	1,606,746,515		2,612,315,536	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	5,370,390		5,370,390	

In 2017, the Company sold 11,600,000 ordinary shares of Thaire Life Assurance Public Company Limited for Baht 98.9 million and recognised gain on sale of the investment of Baht 5.0 million in the consolidated and separate financial statements. Following the sale, the Company's shareholding decreased from 17.47% to 15.53%.

In 2018, the Company sold 26,593,200 ordinary shares of Thaire Life Assurance Public Company Limited for Baht 208.1 million and recognised loss on sale of the investment of Baht 27.4 million in the consolidated and separate financial statements. Following the sale the Company's shareholding decreased from 15.53% to 11.00%.

9.3 Classified by remaining periods of debt securities

As at 31 December 2018 and 2017, investments in debt securities were classified by remaining periods to maturity as follows:

Consolidated financial statements

(Unit: Baht)

	31 December 2018			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	912,507,850	160,159,072	-	1,072,666,922
Private enterprise debt securities	40,000,000	75,000,000	-	115,000,000
Deposits at banks	521,000,000	-	-	521,000,000
Total held-to-maturity investments	1,473,507,850	235,159,072	-	1,708,666,922

(Unit: Baht)

	31 December 2017			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,252,797,625	355,718,876	-	1,608,516,501
Private enterprise debt securities	-	40,000,000	-	40,000,000
Deposits at banks	797,000,000	233,000,000	-	1,030,000,000
Total held-to-maturity investments	2,049,797,625	628,718,876	-	2,678,516,501

Separate financial statements

(Unit: Baht)

	31 December 2018			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	878,798,885	159,947,630	-	1,038,746,515
Private enterprise debt securities	40,000,000	75,000,000	-	115,000,000
Deposits at banks	453,000,000	-	-	453,000,000
Total held-to-maturity investments	1,371,798,885	234,947,630	-	1,606,746,515

(Unit: Baht)

	31 December 2017			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,226,671,956	355,643,580	-	1,582,315,536
Private enterprise debt securities	-	40,000,000	-	40,000,000
Deposits at banks	757,000,000	233,000,000	-	990,000,000
Total held-to-maturity investments	1,983,671,956	628,643,580	-	2,612,315,536

9.4 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
Revaluation surplus (deficit) on available-for-sale investments - beginning of the years	(50,863,225)	(267,494,529)	(50,791,503)	686,317,559
Gains (losses) on revaluation during years	(91,160,196)	69,472,573	(90,926,148)	69,326,940
Impairment losses recognised in statements of income	115,444,000	-	115,444,000	-
Transfer of (gains) losses from reclassification of investment type during the years to be recognised in statements of income	-	65,610,827	-	(887,983,906)
Transfer of (gains) losses on sales of available-for-sale investments during the years to be recognised in statements of income	(47,197,799)	81,547,904	(47,197,799)	81,547,904
Revaluation deficit on available-for-sale investments - end of the years	(73,777,220)	(50,863,225)	(73,471,450)	(50,791,503)
Add: Income taxes	14,755,444	10,172,645	14,694,290	10,158,301
Revaluation deficit on available-for-sale investments - net of income taxes	(59,021,776)	(40,690,580)	(58,777,160)	(40,633,202)

9.5 Reclassification of investment type

On 31 May 2017 and 26 September 2017, the Company transferred its investments in equity securities previously classified as “Available-for-sale investments” to “Trading investments” in accordance with the resolution of Investment Committee Meeting of the Company held on 16 May 2014 for the purpose of investment management under the Company’s investments policies. The cost, fair value and gains on investments as a result of such transfer on the transfer dates were summarised as follows.

(Unit: Baht)

	For the year ended 31 December 2017	
	Consolidated financial statements	Separate financial statements
Cost	1,209,970,485	256,375,752
Fair value	1,144,359,658	1,144,359,658
Gains (losses) on reclassification of investment type recognised in statement of income	(65,610,827)	887,983,906

On 28 December 2018, the Company transferred its investments in equity securities previously classified as “Trading investments” to “Available-for-sale investments” in accordance with the resolution of the Company’s Board of Directors Meeting held on 25 December 2018. The cost, fair value and losses on investments as a result of such transfer on the transfer date were summarised as follows.

(Unit: Baht)

	For the year ended 31 December 2018
	Consolidated and Separate financial statements
Cost	421,152,139
Fair value	390,853,424
Losses on reclassification of investment type recognised in statement of income	(30,298,715)

10. Loans and interest receivables

The ending balances of loans and interest receivables as at 31 December 2018 and 2017 consisted of loans provided to employees in accordance with employee welfare plans. Interest is charged on the loans at rates between 0.01% to MLR-3% per annum, with reference to the MLR rate announced by commercial banks, depending on the type of loans. The outstanding loan balance was not yet due and there was no outstanding balance of interest receivable at the end the reporting periods.

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2018	2017
Mortgaged loans		
Principal	24,816,490	35,705,672
Personal guarantee loans		
Principal	303,598	43,750
Total loans	25,120,088	35,749,422

11. Investments in subsidiaries

11.1 Share capital of subsidiaries and shareholding percentage in subsidiaries

Company's Name	Nature of Business	Country of Incorporation	Paid-up Capital		Percentage Holding	
			31 December		31 December	
			2018	2017	2018	2017
			Thousand Baht	Thousand Baht	%	%
Investments in subsidiaries directly held by the Company						
EMCS Thai Co., Ltd.	Provision of computer services in relation to Motor claim management	Thailand	30,000	30,000	100	100
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100,000	100,000	100	100
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	50,000	50,000	100	100

11.2 Investments in subsidiaries presented under the cost method

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment		Carrying values under the cost method		Dividend received during the years ended	
	31 December		31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
Subsidiaries								
EMCS Thai Co., Ltd.	167,700	167,700	-	-	167,700	167,700	33,000	24,348
Thaire Services Co., Ltd.	100,000	100,000	-	-	100,000	100,000	-	-
Thaire Actuarial Consulting Co., Ltd.	50,000	50,000	(10,000)	-	40,000	50,000	-	-
	317,700	317,700	(10,000)	-	307,700	317,700	33,000	24,348

11.3 Significant events related to investments in companies within the Group

(a) Purchases of shares in EMCS Thai Co., Ltd.

The Company (as the buyer) entered into the Share Sale and Purchase Agreements to purchase ordinary shares of EMCS Thai Co., Ltd., which is the subsidiary the Company held 49% of the issued and paid-up share capital of the subsidiary with other minor shareholders (as the sellers) for the total number of 3,060,000 shares, which account for 51% of the issued and paid-up share capital of such company as summarised below.

- On 25 June 2017, the Company entered into the agreements to purchase ordinary shares of EMCS Thai Co., Ltd. from Bangkok Insurance Plc. and other two minor shareholders whereby the Company will purchase from them the total number of 1,860,000 shares for the price of Baht 50 per share. The two parties are required to fulfill the precedent conditions stipulated in the agreements in order to have the sale and purchase transactions completed by 30 September 2017. The acquisition of such investments was approved by the Office of Insurance Commission (OIC) according to the letter dated 5 July 2017.

On 7 August 2017, the Company and its counter-parties fulfilled all precedent conditions that made the share sale and purchase transactions completed.

- On 26 July 2017, the Company entered into the Share Sale and Purchase Agreement to purchase ordinary shares of EMCS Thai Co., Ltd. from Thaire Life Assurance Plc. whereby the Company will purchase 1,200,000 ordinary shares of such company for the price of Baht 50 per share. On 22 September 2017, the Extraordinary General Meeting of Shareholders of Thaire Life Assurance Plc. passed a resolution to approve the sale of ordinary shares of EMCS Thai Co., Ltd. whereby both parties are required to fulfill the precedent conditions stipulated in the agreement in order to have the sale and purchase transactions completed.

The acquisition of such investments was approved by the Office of Insurance Commission (OIC) according to the letter dated 6 November 2017.

On 16 November 2017, the Company and its counter-parties fulfilled all precedent conditions that made the share sale and purchase transactions completed.

Following the above purchases, the shareholding percentage in this subsidiary increased from 49% to 100%.

(b) Dissolution of Thaire Life Assurance Broker Co., Ltd.

Thaire Services Co., Ltd. restructured claim management and marketing service businesses within its group. As a result, Thaire Life Assurance Broker Co., Ltd., a 100% subsidiary held by Thaire Services Co., Ltd., stopped accepting customers from 1 April 2017 onwards. Later On 27 July 2017, the Extraordinary General Meeting of Shareholders of Thaire Life Assurance Broker Co., Ltd. passed a resolution to dissolve its company and registered for its dissolution on 26 December 2017.

12. Investments in an associate

12.1 Details of investments in an associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying values under the equity method	
			31 December		31 December		31 December	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
An associate held by Thaire Services Co., Ltd.								
Carpool Insurance Broker Co., Ltd. ⁽¹⁾	Non-life insurance broker	Thailand	49	49	18,375	14,700	4,783	7,488
Total					18,375	14,700	4,783	7,488
Less: Allowance for impairment loss							(4,783)	-
Investments in an associate - net							-	7,488

⁽¹⁾ Registered to renamed as Thaire Innovation Co., Ltd. on 4 February 2019

On 27 January 2017, the Board of Directors' Meeting of Carpool Insurance Broker Co., Ltd. passed a resolution to call up for the second payment of its share capital at Baht 50 per share whereby Thaire Services Co., Ltd. already paid for its respective shareholding, after disposal of certain shares in such company, for Baht 7.4 million on 7 March 2017.

On 1 February 2017, Thaire Services Co., Ltd. sold its 6,000 ordinary shares at a par value of Baht 100 per share, 25% paid-up, it held in Carpool Insurance Broker Co., Ltd. to a former shareholder for the price

of Baht 25 per share totaling Baht 150,000. After the disposal, the Company's shareholding percentage in that company decreased from 51% to 49% of the issued and paid-up share capital. The Company therefore assessed its control over Carpool Insurance Broker Co., Ltd. and concluded that it lost control over such company. Hence, Carpool Insurance Broker Co., Ltd. has changed its status from being a subsidiary to an associate to the Group since then.

On 22 May 2018, a meeting of the Board of Directors of Thaire Service Co., Ltd. passed a resolution approving an investment in newly issued shares of Carpool Insurance Broker Co., Ltd., according to the existing shareholding percentage, of 36,750 shares at a par value of Baht 100 each amounting to Baht 3,675,000, which was paid on 30 May 2018.

On 30 January 2019, a 1/2019 Extraordinary Shareholder Meeting of Carpool Insurance Broker Co., Ltd. passed a resolution to additional register with had proceeded to the Department of Business Development on 4 February 2019 as follows

- (a) Renamed from "Carpool Insurance Broker Co., Ltd." to "Thaire Innovation Co., Ltd.".
- (b) Changed business objective from "Insurance Broker" to "e-Commerce system service to non-insurance sector". And having returned the Insurance Broker License to the Office of Insurance Commission by the official letter dated 5 February 2019.

12.2 Share of profit or loss and comprehensive income or loss/dividend income

During the years, the Company recognised its shares of profits (losses) from investments in an associate in the consolidated financial statements and recognised dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Shares of losses from		Dividend received	
	investments in an associate			
	during the years ended 31 December		during the years ended 31 December	
	2018	2017	2018	2017
Carpool Insurance Broker Co., Ltd. ⁽¹⁾	6,380	6,876	-	-
Total	6,380	6,876	-	-

⁽¹⁾ Registered to renamed as Thaire Innovation Co., Ltd. on 4 February 2019

12.3 Financial information of the associates

Summarised information from statement of financial position of Carpool Insurance Broker Co., Ltd.⁽¹⁾

(Unit: Million Baht)

	2018	2017
Total assets	11.6	17.4
Total liabilities	1.8	2.1
Net assets	9.8	15.3
Shareholding percentage (%)	49.0	49.0
Share of the associate's net assets	4.8	7.5
Carrying value under the equity method of the associate	-	7.5

⁽¹⁾ Registered to renamed as Thaire Innovation Co., Ltd. on 4 February 2019

Summarised information from statement of income of Carpool Insurance Broker Co., Ltd.⁽¹⁾

(Unit: Million Baht)

	For the year ended 31 December 2018	For the period as from 1 February 2017 to 31 December 2017
Total revenues	2.2	0.9
Loss for the periods	(12.3)	(14.0)

⁽¹⁾ Registered to renamed as Thaire Innovation Co., Ltd. on 4 February 2019

Financial information of the associate was derived from financial statements, which were prepared by management of the associate.

13. Premises and equipment

Consolidated financial statements

(Unit: Baht)

	Land	Buildings	Leasehold improvement	Motor vehicles	Office equipment and furniture	Computers	Building under improvement	Total
Cost								
1 January 2017	99,739,416	77,528,710	520,057	10,656,828	57,546,865	70,878,833	90,074,331	406,945,040
Additions	-	2,723,386	9,866	-	7,077,018	4,002,066	4,604,670	18,417,006
Disposals	-	-	-	(46,636)	(2,690,811)	(4,342,789)	-	(7,080,236)
Transfer in (out)	-	82,573,915	(146,100)	-	12,251,186	-	(94,679,001)	-
Decrease in subsidiary's asset due to the loss of control	-	-	(137,784)	-	(124,251)	(27,841)	-	(289,876)
31 December 2017	99,739,416	162,826,011	246,039	10,610,192	74,060,007	70,510,269	-	417,991,934
Additions	-	865,364	-	1,748,000	2,480,405	5,448,717	946,766	11,489,252
Disposals	-	(12,000)	(246,039)	(3,858,060)	(2,095,649)	(1,717,635)	-	(7,929,383)
Transfer in (out)	-	946,766	-	-	-	-	(946,766)	-
Adjustment	-	-	-	-	-	(282,000)	-	(282,000)
31 December 2018	99,739,416	164,626,141	-	8,500,132	74,444,763	73,959,351	-	421,269,803
Accumulated depreciation								
1 January 2017	-	20,910,099	42,064	9,166,993	48,360,000	47,234,264	-	125,713,420
Depreciation for the year	-	7,642,135	26,206	510,914	9,746,655	8,503,083	-	26,428,993
Accumulated depreciation on disposals	-	-	-	(30,051)	(2,596,323)	(4,333,320)	-	(6,959,694)
Decrease in subsidiary's asset due to the loss of control	-	-	(1,677)	-	(1,695)	(280)	-	(3,652)
31 December 2017	-	28,552,234	66,593	9,647,856	55,508,637	51,403,747	-	145,179,067
Depreciation for the year	-	8,228,834	(21,200)	502,787	5,074,201	9,197,762	-	22,982,384
Accumulated depreciation on disposals	-	(746)	(45,393)	(3,858,057)	(1,896,804)	(1,632,366)	-	(7,433,366)
31 December 2018	-	36,780,322	-	6,292,586	58,686,034	58,969,143	-	160,728,085
Allowance for impairment								
31 December 2017	-	8,678,206	-	-	-	-	-	8,678,206
31 December 2018	-	8,678,206	-	-	-	-	-	8,678,206
Net book value								
31 December 2017	99,739,416	125,595,571	179,446	962,336	18,551,370	19,106,522	-	264,134,661
31 December 2018	99,739,416	119,167,613	-	2,207,546	15,758,729	14,990,208	-	251,863,512
Depreciation for the year								
2017								26,428,993
2018								22,982,384

As at 31 December 2018 and 2017, land and buildings thereon of a subsidiary with net carrying values totaling Baht 78.8 million and 90.7 million, respectively, were mortgaged with a financial institution to secure against credit facilities and long-term loans granted by such financial institution, as described in Notes 19 and 20 to the financial statements.

Separate financial statements

	(Unit: Baht)						
	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Building under improvement	Total
Cost							
1 January 2017	63,664,000	51,392,317	8,312,996	47,079,032	22,725,946	44,844,257	238,018,548
Additions	-	324,800	-	3,081,691	854,941	1,530,157	5,791,589
Disposals	-	-	-	(319,504)	(1,142,062)	-	(1,461,566)
Transfer in (out)	-	34,123,228	-	12,251,186	-	(46,374,414)	-
31 December 2017	63,664,000	85,840,345	8,312,996	62,092,405	22,438,825	-	242,348,571
Additions	-	108,900	1,748,000	1,266,733	533,940	-	3,657,573
Disposals	-	(12,000)	(3,858,060)	(745,732)	(641,644)	-	(5,257,436)
31 December 2018	63,664,000	85,937,245	6,202,936	62,613,406	22,331,121	-	240,748,708
Accumulated depreciation							
1 January 2017	-	10,543,643	7,114,923	39,435,316	21,382,685	-	78,476,567
Depreciation for the year	-	4,120,696	280,187	8,695,783	992,728	-	14,089,394
Accumulated depreciation on disposals	-	-	-	(319,164)	(1,133,420)	-	(1,452,584)
31 December 2017	-	14,664,339	7,395,110	47,811,935	21,241,993	-	91,113,377
Depreciation for the year	-	4,294,882	458,339	3,848,115	797,840	-	9,399,176
Accumulated depreciation on disposals	-	(746)	(3,858,057)	(604,299)	(641,587)	-	(5,104,689)
31 December 2018	-	18,958,475	3,995,392	51,055,751	21,398,246	-	95,407,864
Net book value							
31 December 2017	63,664,000	71,176,006	917,886	14,280,470	1,196,832	-	151,235,194
31 December 2018	63,664,000	66,978,770	2,207,544	11,557,655	932,875	-	145,340,844
Depreciation for the year:							
2017							14,089,394
2018							9,399,176

As at 31 December 2018 and 2017, the Group had certain equipment items, which had been fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets amounted to Baht 94.3 million and Baht 92.8 million, respectively (the Company only: Baht 66.9 million and 67.4 million, respectively).

14. Intangible asset

Consolidated financial statements

(Unit: Baht)

	Computer softwares		Computer Softwares	Deferred technical knowledge acquisition cost	Total
	In-house development	Purchase/acquisition	under development		
Cost					
1 January 2017	101,921	143,331,967	16,485,658	32,496,293	192,415,839
Additions	-	3,388,341	15,003,076	2,919,180	21,310,597
Disposals	-	(7,383,350)	(50,296)	-	(7,433,646)
Transfer in (out)	-	21,682,570	(21,682,570)	-	-
Decrease in subsidiary's asset due to the loss of control	-	(19,421)	-	-	(19,421)
31 December 2017	101,921	161,000,107	9,755,868	35,415,473	206,273,369
Additions	-	2,791,674	6,179,362	1,577,488	10,548,524
Disposals	-	-	(216,000)	-	(216,000)
Transfer in (out)	-	5,488,739	(5,488,739)	-	-
Adjustment	-	-	282,000	-	282,000
31 December 2018	101,921	169,280,520	10,512,491	36,992,961	216,887,893
Accumulated amortisation					
1 January 2017	14,628	69,900,556	-	177,851	70,093,035
Amortisation for the year	10,192	10,459,103	-	2,407,285	12,876,580
Accumulated amortisation on disposals	-	(5,908,804)	-	-	(5,908,804)
Decrease in subsidiary's asset due to the loss of control	-	(43)	-	-	(43)
31 December 2017	24,820	74,450,812	-	2,585,136	77,060,768
Amortisation for the year	10,192	12,458,506	-	2,890,009	15,358,707
31 December 2018	35,012	86,909,318	-	5,475,145	92,419,475
Allowance for impairment					
1 January 2017	-	-	-	-	-
Impairment during the year	-	-	-	-	-
31 December 2017	-	-	-	-	-
Impairment during the year	-	-	-	10,000,000	10,000,000
31 December 2018	-	-	-	10,000,000	10,000,000
Net book value					
31 December 2017	77,101	86,549,295	9,755,868	32,830,337	129,212,601
31 December 2018	66,909	82,371,202	10,512,491	21,517,816	114,468,418
Amortisation for the year					
2017					12,876,580
2018					15,358,707

Separate financial statements

(Unit: Baht)

	Computer softwares	Computer softwares under development	Deferred technical knowledge acquisition cost	Total
Cost				
1 January 2017	112,528,340	1,526,000	25,420,931	139,475,271
Additions	1,024,300	5,824,740	2,919,181	9,768,221
Disposals	-	-	(9,670,981)	(9,670,981)
Transfer in/(out)	4,842,000	(4,842,000)	-	-
31 December 2017	118,394,640	2,508,740	18,669,131	139,572,511
Additions	146,500	147,512	1,575,263	1,869,275
Write-off	-	-	(8,121,309)	(8,121,309)
Transfer in/(out)	2,195,539	(2,195,539)	-	-
31 December 2018	120,736,679	460,713	12,123,085	133,320,477
Accumulated amortisation				
1 January 2017	47,413,898	-	-	47,413,898
Amortisation for the year	7,558,080	-	1,294,363	8,852,443
31 December 2017	54,971,978	-	1,294,363	56,266,341
Amortisation for the year	7,807,634	-	484,457	8,292,091
Accumulated amortisation on write-off	-	-	(814,357)	(814,357)
31 December 2018	62,779,612	-	964,463	63,744,075
Net book value				
31 December 2017	63,422,662	2,508,740	17,374,768	83,306,170
31 December 2018	57,957,067	460,713	11,158,622	69,576,402
Amortisation for the year				
2017				8,852,443
2018				8,292,091

As at 31 December 2018 and 2017, the Group had certain computer softwares, which had have been fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets amounted to Baht 56.9 million and 54.9 million, respectively (the Company only: Baht 41.1 million and 40.3 million, respectively).

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets

The components of deferred tax assets are the tax effects arose from the following transactions:

					(Unit: Thousand Baht)			
					Consolidated financial statements		Separate financial statements	
					Changes in deferred tax assets or liabilities for the years ended 31 December		Changes in deferred tax assets or liabilities for the years ended 31 December	
					2018	2017	2018	2017
					2018	2017	2018	2017
Deferred tax assets								
(liabilities) arose from:								
Loss reserves	204,737	197,873	204,737	197,873	6,864	(19,830)	6,864	(19,830)
Commission payable from reinsurance	51,144	31,812	51,144	31,812	19,332	(18,213)	19,332	(18,213)
Deferred commission and brokerage income	41,159	58,342	41,159	58,342	(17,183)	3,891	(17,183)	3,891
Not-yet utilised brought forward tax losses	80,313	545,849	80,313	545,009	(465,536)	(313,430)	(464,696)	(313,123)
Revaluation deficit on available-for-sale investments	14,755	10,172	14,694	10,158	4,583	(43,372)	4,536	147,422
Allowance for doubtful accounts	4,902	983	4,697	818	3,919	(37)	3,879	(55)
Unrealised gains as a result of reclassification of investment types	(90,178)	(161,125)	(90,178)	(161,125)	70,947	29,594	70,947	(161,125)
Deferred commission and brokerage expenses	(148,550)	(160,105)	(148,550)	(160,105)	11,555	8,369	11,555	8,369
Others	50,256	(14,821)	41,851	(19,005)	65,077	(38,363)	60,856	(40,199)
Deferred tax assets	208,538	508,980	199,867	503,777				
Total changes					(300,442)	(391,391)	(303,910)	(392,863)
Recognition of changes in:								
- Statements of income					(306,600)	(348,270)	(309,404)	(540,813)
- Statements of comprehensive income					6,158	(43,121)	5,494	147,950
					(300,442)	(391,391)	(303,910)	(392,863)

As at 31 December 2018 and 2017, the Company had deferred tax assets amounting to Baht 79 million and 545 million, respectively, which were recognised on unused tax losses amounting to Baht 397 million and 2,725 million that will gradually expire by 2023.

As at 31 December 2018 and 2017, the Company had unused tax losses of approximately Baht 8,571 million and 6,116 million, respectively, for which deferred tax assets had not been recognised, because the Company believes that future taxable profits may not be sufficient to allow utilisation of these unused tax losses that will expire in 2019.

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2018 and 2017 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge for the years	(17,192)	(20,106)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(306,600)	(348,270)	(309,404)	(540,813)
Relating to origination and reversal of temporary differences of the subsidiary whose status was changed to an associate	-	172	-	-
Income tax expenses reported in statements income	(323,792)	(368,204)	(309,404)	(540,813)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2018 and 2017 and the applicable tax rates were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Accounting profit before income tax expenses	(688,051)	272,282	(727,302)	1,172,199
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rates	137,610	(54,535)	145,460	(234,440)
Tax effects of:				
Tax losses expected not to be able to utilise	(491,000)	(340,000)	(491,000)	(340,000)
Tax-exempted revenues	36,893	36,069	36,893	36,059
Non-tax deductible expenses	(1,673)	(8,434)	(1,180)	(5,004)
Others	(5,622)	(1,304)	423	2,572
Total	(461,402)	(313,669)	(454,864)	(306,373)
Income tax expenses reported in statements of income	(323,792)	(368,204)	(309,404)	(540,813)

The amounts of income taxes relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

Consolidated financial statements

	(Unit: Baht)					
	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Amounts	Income tax	Amounts net	Amounts	Income tax	Amounts net
	before	benefit	of income	before	benefit	of income
	income taxes	(expense)	taxes	income taxes	(expense)	taxes
Gains (losses) on revaluation of available-for-sale investments	(22,913,995)	4,582,799	(18,331,196)	216,857,533	(43,371,507)	173,486,026
Actuarial losses	(7,878,726)	1,575,745	(6,302,981)	(1,252,709)	250,542	(1,002,167)
Total	(30,792,721)	6,158,544	(24,634,177)	215,604,824	(43,120,965)	172,483,859

Separate financial statements

(Unit: Baht)

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Amounts before income taxes	Income tax benefit (expense)	Amounts net of income taxes	Amounts before income taxes	Income tax benefit (expense)	Amounts net of income taxes
Losses on revaluation of available-for-sale investments	(22,679,947)	4,535,989	(18,143,958)	(737,109,061)	147,421,812	(589,687,249)
Actuarial losses	(4,793,044)	958,609	(3,834,435)	(2,638,723)	527,745	(2,110,978)
Total	(27,472,991)	5,494,598	(21,978,393)	(739,747,784)	147,949,557	(591,798,227)

16. Insurance contract liabilities

(Unit: Baht)

	Consolidated and separate financial statements					
	31 December 2018			31 December 2017		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Loss reserves						
- For reported claims	748,484,176	(227,930,933)	520,553,243	1,042,090,089	(383,965,799)	658,124,290
- For claims incurred but not reported	1,043,659,469	(540,525,852)	503,133,617	632,409,060	(301,167,453)	331,241,607
Premium reserves						
- Unearned premium reserves	1,812,732,291	(678,857,736)	1,133,874,555	1,936,739,683	(926,161,344)	1,010,578,339
Other insurance liabilities	5,899,142	-	5,899,142	6,743,472	-	6,743,472
Total	3,610,775,078	(1,447,314,521)	2,163,460,557	3,617,982,304	(1,611,294,596)	2,006,687,708

16.1 Loss reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Beginning balances	1,674,499,149	2,143,699,346
Claims incurred during the current years	3,573,588,015	2,927,178,965
Changes in loss reserves of prior years'		
incurred claims	(65,469,556)	(646,271,847)
Claims paid during the years	(3,390,473,963)	(2,750,107,315)
Ending balances	1,792,143,645	1,674,499,149

16.2 Unearned premium reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Beginning balances	1,936,739,683	2,032,261,525
Premium written for the years	4,849,173,498	4,903,170,033
Premium earned the during years	(4,973,180,890)	(4,998,691,875)
Ending balances	1,812,732,291	1,936,739,683

16.3 Claims development table

(a) Gross claims table

(Unit: Million Baht)

		31 December 2018									
Reporting year/ year	Underwriting	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimates of cumulative ultimate claims incurred:											
- End of the reporting year		956	15,618	670	684	630	705	950	1,029	1,168	22,410
- Next one year		3,323	23,501	1,219	1,085	1,045	1,177	1,468	1,628	-	34,446
- Next two years		4,428	30,878	1,377	1,065	1,037	1,202	1,510	-	-	41,497
- Next three years		4,728	34,891	1,574	1,058	1,033	1,202	-	-	-	44,486
- Next four years		5,780	35,097	1,672	1,056	1,026	-	-	-	-	44,631
- Next five years		6,666	35,213	1,741	1,054	-	-	-	-	-	44,674
- Next six years		7,085	35,443	1,847	-	-	-	-	-	-	44,375
- Next seven years		8,461	35,669	-	-	-	-	-	-	-	44,130
Estimates of cumulative ultimate claims incurred											
		8,461	35,669	1,847	1,054	1,026	1,202	1,510	1,628	1,168	53,565
Cumulative payments to date		7,802	35,489	1,786	1,041	1,012	1,190	1,461	1,481	511	51,773
Total gross claims		659	180	61	13	14	12	49	147	657	1,792

(Unit: Million Baht)

		31 December 2017								
Reporting year/ year	Underwriting	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	Total
Estimates of cumulative ultimate claims incurred:										
- End of the reporting year		956	15,618	670	684	630	705	950	1,029	21,242
- Next one year		3,323	23,501	1,219	1,085	1,045	1,177	1,468	-	32,818
- Next two years		4,428	30,878	1,377	1,065	1,037	1,202	-	-	39,987
- Next three years		4,728	34,891	1,574	1,058	1,033	-	-	-	43,284
- Next four years		5,780	35,097	1,672	1,056	-	-	-	-	43,605
- Next five years		6,666	35,213	1,741	-	-	-	-	-	43,620
- Next six years		7,085	35,443	-	-	-	-	-	-	42,528
Estimates of cumulative ultimate claims incurred										
		7,085	35,443	1,741	1,056	1,033	1,202	1,468	1,029	50,057
Cumulative payments to date		6,473	35,287	1,694	1,036	1,006	1,168	1,258	461	48,383
Total gross claims		612	156	47	20	27	34	210	568	1,674

(b) Net claims table

(Unit: Million Baht)

		31 December 2018								
	Prior to									
Reporting year/ Underwriting year	2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimates of cumulative ultimate										
claims incurred:										
- End of the reporting year	658	4,594	626	632	584	668	893	829	1,034	10,518
- Next one year	2,432	10,157	1,155	1,026	996	1,133	1,407	1,411	-	19,717
- Next two years	3,280	15,153	1,317	1,008	988	1,159	1,448	-	-	24,353
- Next three years	3,688	18,079	1,461	1,002	984	1,159	-	-	-	26,373
- Next four years	4,210	18,138	1,495	1,001	978	-	-	-	-	25,822
- Next five years	4,388	18,033	1,534	999	-	-	-	-	-	24,954
- Next six years	4,464	18,037	1,555	-	-	-	-	-	-	24,056
- Next seven years	4,638	18,030	-	-	-	-	-	-	-	22,668
Estimates of cumulative ultimate										
claims incurred	4,638	18,030	1,555	999	978	1,159	1,448	1,411	1,034	31,252
Cumulative payments to date	4,498	17,981	1,542	987	964	1,146	1,402	1,268	440	30,228
Total net claims	140	49	13	12	14	13	46	143	594	1,024

(Unit: Million Baht)

		31 December 2017								
Reporting year/ Underwriting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	Total	
	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	Total	
Estimates of cumulative ultimate										
claims incurred:										
- End of the reporting year	658	4,594	626	632	584	668	893	829	9,485	
- Next one year	2,432	10,157	1,155	1,026	996	1,133	1,407	-	18,306	
- Next two years	3,280	15,153	1,317	1,008	988	1,159	-	-	22,905	
- Next three years	3,688	18,079	1,461	1,002	984	-	-	-	25,214	
- Next four years	4,210	18,138	1,495	1,001	-	-	-	-	24,844	
- Next five years	4,388	18,033	1,534	-	-	-	-	-	23,955	
- Next six years	4,464	18,037	-	-	-	-	-	-	22,501	
Estimates of cumulative ultimate										
claims incurred	4,464	18,037	1,534	1,001	984	1,159	1,407	829	29,415	
Cumulative payments to date	4,282	17,981	1,499	981	958	1,125	1,202	398	28,426	
Total net claims	182	56	35	20	26	34	205	431	989	

Key assumptions and the methods, which were used in determining assumptions in estimation of loss for reserves, were described in Note 34.1 to the financial statements.

17. Due to reinsurers

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2018	2017
Amounts withheld on reinsurance	600,586,695	838,046,346
Other reinsurance payables	699,379,167	575,034,665
Total due to reinsurers	1,299,965,862	1,413,081,011

18. Employee benefit obligations and payables

The movements of employee benefit obligations and payables for the years ended 31 December 2018 and 2017 were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Employee benefit obligations and payables at beginning of the years	37,883	71,963	24,141	58,087
Included in statements of income:				
- Current service cost	6,228	2,609	3,983	1,298
- Interest cost	845	954	577	539
- Other long-term employee benefit expenses	-	1,938	-	1,938
	7,073	5,501	4,560	3,775
Additional benefits	-	2,862	-	-
Included in statements of comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	2,734	(17,065)	1,849	(10,372)
- Financial assumptions changes	(774)	3,631	(453)	2,425
- Experience adjustments	5,919	14,687	3,397	10,586
Total actuarial losses	7,879	1,253	4,793	2,639
Paid during the years	(4,160)	(43,696)	-	(40,360)
Employee benefit obligations and payables at end of the years	48,675	37,883	33,494	24,141

Long-term employee benefit expenses included in statements of income for the years ended 31 December 2018 and 2017 were separately shown as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2018	2017	2018	2017
Loss adjustment expenses	115	91	115	91
Other underwriting expenses	395	508	395	508
Investments expenses	137	102	137	102
Management fee on National Catastrophe Insurance Fund	-	24	-	24
Operating expenses	3,913	3,050	3,913	3,050
Service expenses	2,513	4,588	-	-
Total expenses recognised in statements of income	7,073	8,363	4,560	3,775

As at 31 December 2018 and 2017, the Group expected that the amounts of Baht 15.0 million and 4.2 million, respectively, on long-term employee benefits would be paid during the next 1-year period (The Company only: No long-term employee benefit was payable during the next 1-year period).

As at 31 December 2018 and 2017, the weighted average durations of the liabilities for long-term employee benefits were 11 years and 11 years, respectively (The Company only: 9 years and 9 years, respectively).

Principal actuarial assumptions at the valuation dates were as follows:

	(Unit: Percent per annum)			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rates	2.50 - 3.54	2.71	2.50	2.39
Salary incremental rate	6.50	6.50	6.50	6.50
Staff turnover rates	10.00 - 22.50	11.50 - 20.00	10.00 - 22.50	11.50 - 20.00

The result of sensitivity analysis for principal assumptions that affect the present value of employee benefit obligations and payables as at 31 December 2018 and 2017 were summarised below.

Consolidated financial statements

31 December 2018				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption decrease
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(3.5)	1.0	4.1
Salary increase rate	1.0	4.4	1.0	(3.9)
Staff turnover rate	2.0	(1.8)	2.0	2.1

31 December 2017				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption decrease
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(2.6)	1.0	3.0
Salary increase rate	1.0	3.2	1.0	(2.8)
Staff turnover rate	2.0	(1.6)	2.0	2.0

Separate financial statements

31 December 2018				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption decrease
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(2.0)	1.0	2.3
Salary increase rate	1.0	2.5	1.0	(2.2)
Staff turnover rate	2.0	(1.5)	2.0	1.7

31 December 2017

	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase		Assumption decrease	
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(1.6)	1.0	1.8
Salary increase rate	1.0	1.9	1.0	(1.7)
Staff turnover rate	2.0	(1.4)	2.0	1.6

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process of being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefit plan amendment and resulted in the Group having additional employee benefit obligations and payables of Baht 8.2 million (The Company only: Baht 6.3 million). The Group will recognise such past services costs as expenses in the statement of income for the period in which the law becomes effective.

19. Bank overdrafts with a financial institution

A subsidiary was granted an overdraft facility by a financial institution with interest at the rate of MOR, which is secured by the mortgage of the land and buildings of the subsidiary, as described in Note 13 to the financial statements.

20. Long-term loans

	(Unit: Baht)	
	Consolidated financial statements	
	2018	2017
Current portion	3,641,000	4,908,000
Long-term loans, net of current portion	-	3,641,000
Total long-term loans	3,641,000	8,549,000

A subsidiary obtained a long-term loan amounting to Baht 24.5 million from a commercial bank, which carried interest at the rate of MLR+1.25% per annum. The repayment is to be made in 60 monthly installments, starting from October 2014.

The loan is secured by the subsidiary's mortgage of land and construction thereon as described in Note 13 to the financial statements. Under the loan agreement, the subsidiary is required to comply with certain financial covenants as specified in the agreement, including the maintenance of debt to equity and debt service coverage ratios according to the agreement, among other things.

21. Related party transactions

21.1 Nature of relationship

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

The relationships between the Group and its related parties are summarized below:

Name of related parties	Relationship with the Company
Bangkok Insurance Plc.	Related by way of having a common director and shareholding
Thaivivat Insurance Plc.	Related by way of having a common director and shareholding
Krungthai Panich Insurance Plc.	Related by way of having a common director and shareholding
The Falcon Insurance Plc.	Related by way of having a common director and shareholding
Muang Thai Insurance Plc.	Related by way of having a common director
Muang Thai Life Assurance Plc.	Related by way of having a common director
Kasikornbank Plc.	Related by way of having a common director

21.2 Significant related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions, which were summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the years ended 31 December		For the years ended 31 December		Pricing policy
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues					
Dividend income	-	-	33	24	As declared
Expenses					
Service expenses	-	-	7	12	At cost
<u>Transactions with related parties</u>					
Revenues					
Reinsurance premium written	1,180	1,056	1,180	1,056	Ceded rates depending on type of insurance as specified in the reinsurance contracts
Commission income	11	10	11	10	Contracted rates or as mutually agreed
Dividend income	4	11	4	11	As declared
Service income	17	29	-	-	Contracted rates or as mutually agreed
Claim recovery from reinsurers	6	13	6	13	At the ratios as specified in the reinsurance contracts
Expenses					
Premium ceded	22	24	22	24	Ceded rates depending on type of insurance as specified in the reinsurance contracts
Gross claims	667	556	667	556	At loss rates as specified in the reinsurance contracts
Commission expenses	383	376	383	376	Contracted rates or as mutually agreed

21.3 Outstanding balances

As at 31 December 2018 and 2017, the Group had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Receivables from reinsurance contracts				
Amounts deposited on reinsurance	216,444	178,465	216,444	178,465
Amounts due from reinsurers	107,536	56,755	107,536	56,755
Other assets				
Deferred commissions and brokerage expenses	143,067	82,373	143,067	82,373
Trade receivables	1,464	1,066	-	-
Insurance contract liabilities				
Loss reserves	514,005	193,925	514,005	193,925
Due to reinsurers				
Amounts withheld on reinsurance	122	122	122	122
Other reinsurance payables	51,598	24,919	51,598	24,919
Other liabilities				
Premium received in advance - net	56,482	83,412	56,482	83,412
Deferred commissions and brokerage income	6,325	15,381	6,325	15,381
Unearned revenues	23	84	-	-

21.4 Directors and management personnel's remuneration

During the years ended 31 December 2018 and 2017, the Group incurred employee benefit expenses on their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Short-term benefits	71,728	104,420	49,209	84,056
Long-term benefits	8,383	9,458	6,453	6,376
Total	80,111	113,878	55,662	90,432

22. Share capital

As at 31 December 2018 and 2017, the Company had the registered, issued and paid-up share capital of Baht 4,215 million, consisting of 4,214,993,832 ordinary shares at a par value of Baht 1 each.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

According to the Civil and Commercial Code, the subsidiary is required to set aside a statutory reserve an amount equal to at least 5% of its net income each time the subsidiary pay out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used for dividend payment.

During the years ended 31 December 2018 and 2017, the Group set aside Baht 1.0 million and 32.4 million, respectively, from net profit (The Company only: There was no appropriation for 2018 and Baht 31.7 million was appropriated from 2017 net profit), to be statutory reserve.

24. Operating expenses

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2018	2017	2018	2017
Personnel expenses	103,598,576	116,431,475	103,706,076	116,570,975
Premises and equipment expenses, which were not expenses for underwriting	26,702,057	30,256,715	34,224,205	42,587,692
Taxes and duties	3,009,281	182,232	3,009,281	182,232
Bad debts and doubtful accounts	20,538,992	235,730	20,538,992	235,730
Other operating expenses	45,955,997	51,418,177	46,221,721	51,564,283
Total operating expenses	199,804,903	198,524,329	207,700,275	211,140,912

25. Expenses by nature

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Gross claims	3,508,070,458	2,280,907,118	3,508,118,458	2,280,907,118
Claim recovery from reinsurers	(1,672,012,178)	(801,702,042)	(1,672,012,178)	(801,702,042)
Commissions and brokerage expenses	1,946,965,031	1,958,289,125	1,946,965,031	1,958,073,673
Other underwriting expenses	106,124,564	98,064,612	106,196,564	98,280,612
Personnel expenses	297,796,066	367,166,265	147,830,602	182,708,311
Premises and equipment expenses	110,353,835	63,865,353	34,224,205	43,475,724
Bad debts and doubtful accounts	20,538,992	235,730	20,538,992	235,730
Other expenses	90,266,958	86,579,290	49,430,240	52,513,383
Total expenses	4,408,103,726	4,053,405,451	4,141,291,914	3,814,492,509

26. Provident Fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Group on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Ayudhya Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years ended 31 December 2018 and 2017, the Group contributed Baht 17 million and 17 million, respectively, to the fund (the Company only: Baht 8 million and 9 million, respectively).

27. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the years attributable to shareholders of the Company (excluding other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the years.

28. Reversal of expired dividend payable

During the years ended 31 December 2018 and 2017, the Company reversed expired dividend payable amounting to Baht 0.77 million and Baht 0.14 million, respectively, for which the legal period per Civil and Commercial Code expired, against retained earnings.

29. Dividends paid

During the years ended 31 December 2018 and 2017, the Company declared dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividend from 2017 net profit	Annual General Meeting of the Company's shareholders held on 24 April 2018	210.7	0.05
Total dividend paid during 2018		210.7	0.05
Final dividend from 2016 net profit	Annual General Meeting of the Company's shareholders held on 21 April 2017	210.7	0.05
Interim dividend from operating results for the six-month period ended 30 June 2017	Board of Directors Meeting held on 31 August 2017	210.7	0.05
Total dividends paid during 2017		421.4	0.10

30. Assets subject to commitment

As at 31 December 2018 and 2017, the following assets were placed with the Registrar in accordance with the Non-Life Insurance Act and placed with the Court.

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Placed within the Registrar:				
As securities				
Government bonds	14	14	14	15
As insurance reserves				
Government and state enterprise bonds	161	161	160	161
	175	175	174	176
Placed with the Court:				
As guarantee				
Government bonds	-	-	280	290

31. Commitments and contingent liabilities

31.1 Operating lease commitments

The Group entered into several lease agreements for office building spaces, motor vehicles and services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2018 and 2017, the Group had future minimum lease payments required under these non-cancellable operating lease contracts as follows:

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2018	2017	2018	2017
Within 1 year	1.9	2.8	1.9	2.8
Over 1 year and not over 5 years	1.9	-	1.9	-

31.2 Service commitments

As at 31 December 2018 and 2017, the Group had outstanding service commitment and future minimum service fees amounting to Baht 3 million and 8 million, respectively (The Company only Baht 4 million and 7 million, respectively).

31.3 Capital commitments

As at 31 December 2018 and 2017, the Group had capital commitments of Baht 2 million and 3 million, respectively (The Company only: Baht 1 million and 1 million, respectively), relating to the development of computer softwares and improvement of building.

32. Litigations

As at 31 December 2018 and 2017, the Company had litigation cases being sued as an insurer for claims totaling approximately Baht 19 million and 306 million, respectively (amounts claimed and interest thereon) whereby as at 31 December 2018, the Company had no government bonds placed as guarantee to the Court since the cases had been finalised during the year and as at 31 December 2017, the Company had placed government bonds of Baht 280 million, respectively, as guarantee to the Court as described in Note 30 to the financial statements and set aside reserves for contingent losses of approximately Baht 14 million and Baht 309 million, respectively, in the financial statements. As at 31 December 2018, there was no balance of claim recovery from reinsurers since the case had been finalised during the year and as at 31 December 2017, the Company had the balance of claim recovery from reinsurers amounting to Baht 215 million. The management believed that such reserves were adequate.

33. Segment information and major customer information

33.1 Operating segment information

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

For management purposes, the Group is organised into business units based on its business types; reinsurance business and other service business. The reinsurance divides by types of products and services and have two reportable segments are “conventional products” and “non-conventional products”. Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market and a new type of product in expectation of market demand and the Group can continuously service.

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

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

As at 31 December 2018 and 2017, assets and liabilities can be classified by operating segment as follows:

(Unit: Baht)

	31 December 2018			31 December 2017		
	Non-life insurance	Other	Total	Non-life insurance	Other	Total
Total assets	9,438,754,326	403,489,826	9,842,244,152	12,001,256,637	393,820,785	12,395,077,422
Total liabilities	6,158,497,211	63,900,646	6,222,397,857	7,463,348,382	65,422,588	7,528,770,970

Operating segment information can be classified by type of insurance products as follows:

(Unit: Baht)

	For the year ended 31 December 2018		
	Conventional products	Non-conventional products	Total
Underwriting income			
Gross reinsurance premium written	1,962,587,329	2,886,586,169	4,849,173,498
Less: Premium ceded to reinsurers	(161,895,156)	(1,204,489,306)	(1,366,384,462)
Net reinsurance premium written	1,800,692,173	1,682,096,863	3,482,789,036
Add (less): Unearned premium reserves (increased) decrease from prior year	(150,077,867)	26,695,385	(123,382,481)
Net earned reinsurance premium	1,650,614,306	1,708,792,248	3,359,406,555
Underwriting expenses			
Net claims	974,544,452	867,375,714	1,841,920,166
Commissions and brokerage expenses - net	533,494,494	1,104,137,897	1,637,632,391
Other underwriting expenses	31,629,602	107,835,890	139,465,492
Total underwriting expenses	1,539,668,548	2,079,349,501	3,619,018,149
Profit (loss) from underwriting	110,945,758	(370,557,252)	(259,611,494)
Operating expenses			(179,265,911)
Loss from operation			(438,877,405)
Bad debts and doubtful accounts			(20,538,992)
Loss before service and investment revenues			(459,416,397)
Net service revenue			64,828,621
Net investment revenue			(290,139,042)
Share of loss from investments in an associate			(6,380,369)
Other income			3,056,642
Loss before income tax expenses			(688,050,545)
Income tax expenses			(323,791,863)
Loss for the year			(1,011,842,408)

(Unit: Baht)

		For the year ended 31 December 2017		
		Conventional	Non-conventional	
		products	products	Total
Underwriting income				
Gross reinsurance premium written		1,798,561,402	3,104,608,632	4,903,170,034
Less: Premium ceded to reinsurers		(449,211,305)	(1,413,311,016)	(1,862,522,321)
Net reinsurance premium written		1,349,350,097	1,691,297,616	3,040,647,713
Add: Unearned premium reserves decreased	fro			
prior year		53,829,541	76,963,116	130,792,657
Net earned reinsurance premium		1,403,179,638	1,768,260,732	3,171,440,370
Underwriting expenses				
Net claims		674,494,660	810,678,547	1,485,173,207
Commissions and brokerage expenses - net		453,860,318	1,069,219,926	1,523,080,244
Other underwriting expenses		27,082,643	111,094,979	138,177,622
Total underwriting expenses		1,155,437,621	1,990,993,452	3,146,431,073
Profit (loss) from underwriting		247,742,017	(222,732,720)	25,009,297
Operating expenses				(198,288,599)
Loss from operation				(173,279,302)
Bad debts and doubtful accounts				(235,730)
Loss before service and investment revenues				(173,515,032)
Net service revenue				71,399,395
Net investment revenue				378,008,734
Share of loss from investments in an associate				(6,875,688)
Other income				3,264,788
Profit before income tax expenses				272,282,197
Income tax expenses				(368,204,450)
Loss for the year				(95,922,253)

33.2 Geographic information

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

33.3 Major customers

During the years ended 31 December 2018 and 2017, the Group recognised net reinsurance premium written from major reinsurers totaling Baht 2,070 million (4 reinsurers) and Baht 2,164 million (4 reinsurers), respectively, out of total net reinsurance premium written.

34. Risks and risk management policies

34.1 Reinsurance risks

Reinsurance risk is the risk arising from the Company's reinsurance activities that might experience significant fluctuations in the timing, frequency, and severity of insured events, relative to the Company's expectations.

Statistical data and insights are incorporated into marketing plans and ratemaking process to help the Company develop new profitable products with long-term growth potential. The Company's actuarial Fellow performs risk transfer tests on all new products and approves their pricing. The product review policy that is well established requires all products to be reviewed every 2 years.

Geographical areas and its related risks are diversified and taken into account in the underwriting process. Risk accumulation is closely and timely monitored on a monthly basis. Simulation models for flood and earthquake are already in place as well as the Company's excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience. The Company has a strict policy to retrocede its business to retrocessionaires that have credit ratings of at least "A-." The Company's retrocessionaires' credit quality are regularly analyzed and evaluated whereas their financial stability are constantly monitored.

The Company continuously monitors claim aging to ensure that suspended claims are not left untouched. The Company also puts in place claim monitoring and claim management system to ensure prompt payment. The Company's loss reserve policy emphasizes the adequacy and soundness of technical provisions calculation. Factors that might significantly affect the Company's loss reserve are examined and analyzed thoroughly. The Company has adopted the conservative methods and assumptions for the calculation of its technical provisions. Loss reserve estimates are actuarially sound and signed off by the Company's actuarial Fellow.

As at 31 December 2018 and 2017, reinsurance contract liabilities were classified by type insurance as follows.

(Unit: Million Baht)

	31 December 2018			31 December 2017		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	102	(11)	91	93	(9)	84
Marine	4	(1)	3	4	(1)	3
Motor	300	-	300	312	(91)	221
Personal accident	389	(16)	373	367	(20)	347
Miscellaneous	1,018	(651)	367	1,161	(805)	356
Total	1,813	(679)	1,134	1,937	(926)	1,011

(Unit: Million Baht)

	31 December 2018			31 December 2017		
	Loss reserves			Loss reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	303	(78)	225	519	(283)	236
Marine	13	(1)	12	54	(4)	50
Motor	342	-	342	396	(81)	315
Personal accident	139	(9)	130	152	(11)	141
Miscellaneous	995	(680)	315	553	(306)	247
Total	1,792	(768)	1,024	1,674	(685)	989

Key assumptions and the method used in determining assumptions for estimation of loss reserves were as follows.

(a) Ultimate loss ratio

The Company adopts the Chain Ladder method, which takes into accounts historical reported claims development patterns and premium written, to determine assumptions used in calculation of the Ultimate Loss Ratio, using the Expected Loss Ratio method. Such method is an actuarial method that brings the results of the multiplication of the Ultimate Loss Ratio and the earned premiums to arrive at the value of loss reserves.

(b) Unallocated loss adjustment expense ratio (ULAE), which is categorised into 2 types as follows.

- The average of ULAE per claim

The Company uses the total ULAE and the total number of claims in the last fiscal year to calculate the average ULAE per claim. Such average value is used to estimate ULAE reserves for claims that have been reported but not yet closed.

- ULAE to total paid claim ratio

The Company uses ULAE and the value of paid claims in the current fiscal year to calculate the ratio of ULAE to total paid claims. Such ULAE ratio will be used to estimate ULAE reserves for claims that have been incurred but not yet reported.

The result of sensitivity analysis from key assumptions that affect the value of loss reserves and other relevant accounts as at 31 December 2018 and 2017 were summarised below.

		31 December 2018			
		Loss reserves		Decrease in	Decrease in
Assumption		Increase in	Increase in	profit before	owners'
increase		gross claim	net claim	income tax	equity
(Percent)		reserves	reserves	expenses	
		Million	Million	Million	Million
		Baht	Baht	Baht	Baht
Ultimate Loss Ratio					
(Loss reserves for underwriting years from 2017 to 2018)	5.0	256	234	(234)	(187)
Changes in loss reserves					
(Loss reserves for underwriting years before 2017)	5.0	48	14	(14)	(11)
Unallocated Loss Adjustment					
Expense Ratio	5.0	0.2	0.2	(0.2)	(0.2)

		31 December 2018			
		Loss reserves		Decrease in	Decrease in
Assumption		Increase in	Increase in	profit before	owners'
decrease		gross claim	net claim	income tax	equity
(Percent)		reserves	reserves	expenses	
		Million	Million	Million	Million
		Baht	Baht	Baht	Baht
Ultimate Loss Ratio					
(Loss reserves for underwriting years from 2017 to 2018)	5.0	(102)	(85)	85	68
Changes in loss reserves					
(Loss reserves for underwriting years before 2017)	5.0	(48)	(14)	14	11
Unallocated Loss Adjustment					
Expense Ratio	5.0	(0.2)	(0.2)	0.2	0.2

31 December 2017				
	Assumption	Loss reserves		
		Increase in gross claim reserves	Increase in net claim reserves	Decrease in
				profit before
				income tax expenses
	increase			Decrease in owners' equity
	(Percent)	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio				
(Loss reserves for underwriting years from 2016 to 2017)	5.0	240	214	(214)
Changes in loss reserves				
(Loss reserves for underwriting years before 2016)	5.0	43	27	(27)
Unallocated Loss Adjustment				
Expense Ratio	5.0	0.2	0.2	(0.2)

31 December 2017				
	Assumption	Loss reserves		
		Increase in gross claim reserves	Increase in net claim reserves	Decrease in
				profit before
				income tax expenses
	decrease			Decrease in owners' equity
	(Percent)	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio				
(Loss reserves for underwriting years from 2016 to 2017)	5.0	(126)	(111)	111
Changes in loss reserves				
(Loss reserves for underwriting years before 2016)	5.0	(42)	(27)	27
Unallocated Loss Adjustment				
Expense Ratio	5.0	(0.2)	(0.2)	0.2

34.2 Financial risks

(a) Financial instruments

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, amounts due from/to reinsurers, investments in securities, loans to and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Credit risk is the risk of default by the Group's counterparties unable to execute the contract's liabilities or possibilities that such counterparties being downgraded its credit rating.

The Group manages credit risk by analyze debtors' payment capability together with regularly monitoring their financial position. The Group also established policies and procedures to control credit limits and set up a strict policy to retrocede its business to retrocessionaires that have credit ratings of at least "A-".

Risks related to the concentration of loans to are not substantial since the Company provides loans only to its employees and the loan collateral provided is adequate to cover the loan amount. The ratio of loans to collateral values is in accordance with the requirements set by the Office of Insurance Commission.

Market risk

Market risk is the risk that changes in interest rate, exchange rate, and equity prices could lead to volatility in the financial position of the Group.

The Company has an investment policy and clear guidelines to provide direction for investment and portfolio management. These have been established in accordance with the Non-Life Insurance Acts. Changes in the economic, political, and regulatory environment are taken into consideration as part of the Company's ongoing monitoring process and incorporated into The Company's investment strategy and portfolio management.

The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardize its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns. Major losses on the Company's investment portfolio are not considered likely. Since investment income is the major source of income for the Company, investment activities are closely monitored by the Board of Directors and the Company's Executives.

- Interest rate risk

Interest rate risk is the risk that the value of the Group's financial instruments will change due to movements in interest rates

The Group manages its interest rate risk by taking into account its finance costs, expected returns on investment, and possible interest rate movements before making investment decisions. Changes in interest rates are closely monitored whereas the effects on the Group's exposure are periodically analysed.

As at 31 December 2018 and 2017, significant assets and liabilities classified by type of interest rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the pricing date (if this occurs before the maturity date).

Consolidated financial statements

(Unit: Million Baht)

	31 December 2018						
	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2018						
	Within 1 year	1 - 5 years	Longer than 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	251	-	-	195	-	446	0.97
Receivables on reinsurance contracts	-	-	-	-	1,274	1,274	-
Investments in securities							
Government and state enterprise securities	913	160	-	-	-	1,073	1.62
Private enterprise debt securities	40	75	-	-	-	115	2.15
Deposits at banks	521	-	-	-	-	521	1.63
Loans	-	-	-	25	-	25	3.27
Total	1,725	235	-	220	1,274	3,454	
Financial Liabilities							
Long-term loans	-	-	-	4	-	4	
Due to reinsurers	-	-	-	-	1,300	1,300	
Total	-	-	-	4	1,300	1,304	

(Unit: Million Baht)

31 December 2017

	Fixed interest rates						
	Based on repricing date or maturity date from						
	31 December 2017						
	Longer			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	than 5 years				
Financial Assets							
Cash and cash equivalents	11	-	-	383	-	394	0.37
Receivables on reinsurance contracts	-	-	-	-	1,354	1,354	-
Investments in securities							
Government and state enterprise securities	1,253	356	-	-	-	1,609	1.24
Private enterprise debt securities	-	40	-	-	-	40	1.70
Deposits at banks	797	233	-	-	-	1,030	1.54
Loans	-	-	-	-	36	36	2.76
Total	2,061	629	-	383	1,390	4,463	
Financial Liabilities							
Long-term loans	-	-	-	8	-	8	
Due to reinsurers	-	-	-	-	1,413	1,413	
Total	-	-	-	8	1,413	1,421	

Separate financial statements

(Unit: Million Baht)

31 December 2018

	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2018						
	Longer			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	than 5 years				
							(% per annum)
Financial Assets							
Cash and cash equivalents	251	-	-	116	-	367	1.11
Receivables on reinsurance contracts	-	-	-	-	1,274	1,274	-
Investments in securities							
Government and state enterprise securities	879	160	-	-	-	1,039	1.62
Private enterprise debt securities	40	75	-	-	-	115	2.15
Deposits at banks	453	-	-	-	-	453	1.67
Loans	-	-	-	25	-	25	3.27
Total	1,623	235	-	141	1,274	3,273	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,300	1,300	
Total	-	-	-	-	1,300	1,300	

(Unit: Million Baht)

31 December 2017

	Fixed interest rates						
	Based on repricing date or maturity date from						
	31 December 2017						
	Within 1	1 - 5	Longer	Floating	Non-interest	Total	Effective
	year	years	than 5 years	interest rate	bearing		interest rate
							(% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	313	-	313	0.35
Receivables on reinsurance contracts	-	-	-	-	1,354	1,354	-
Investments in securities							
Government and state enterprise securities	1,227	355	-	-	-	1,582	1.24
Private enterprise debt securities	-	40	-	-	-	40	1.70
Deposits at banks	757	233	-	-	-	990	1.54
Loans	-	-	-	36	-	36	2.76
Total	1,984	628	-	349	1,354	4,315	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,413	1,413	
Total	-	-	-	-	1,413	1,413	

- Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from underwriting and reinsurance transactions that are denominated in foreign currencies.

The Group has assessed the potential impact against the cost of such risk management and considered not enter into any forward foreign currency contracts due to the amount of foreign currency transactions doesn't have significant effect to the financial statements and some currencies are not available in the forward currency market.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies were summarised belows.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017
	(Million units)	(Million units)	(Million units)	(Million units)	(Baht per 1 foreign currency unit)	
US Dollar	0.12	0.01	0.01	-	32.4036	32.6407
South Korean Won	0.09	0.25	0.09	5.35	0.0290	0.0306
Hong Kong Dollar	-	0.05	-	-	4.1347	4.1739
Laotian Kip	9.46	-	-	-	0.0038	0.0039

- Equity risk

Equity risk is the risk involved in holding equity which may lead to fluctuations in the market value of the Group's earnings or financial assets.

The Group has adopted a prudent investment policy and procedures. Changes in economic environments are taken into consideration as part of the Group's ongoing monitoring process and incorporated into the Group's investment strategy and portfolio management. The Group avoids speculative investments that would jeopardize its capital and invests in high quality securities that are expected to generate reasonable and consistent returns.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet commitments at maturity dates due to inability to liquidate its financial assets and/or procure sufficient funds and/or fund with unacceptable cost. to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss

The Group manages its liquidity position through monthly monitoring liquidity's assets, prudent investment decisions and diversification of assets and liabilities to ensure that sufficient cash is available when needed. The Group's liquid assets are measured and monitored every month whereas its liquidity position is set to be higher than the level of liquidity required by the Office of Insurance Commission.

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2018 and 2017 were as follows:

Consolidated financial statements

(Unit: Million Baht)

	31 December 2018					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	195	251	-	-	-	446
Receivables on						
reinsurance contracts	-	1,279	8	2	-	1,289
Investments in securities						
Equity securities	1,714	-	-	-	5	1,719
Investment units	1,757	-	-	-	-	1,757
Government and state						
enterprise securities	-	913	160	-	-	1,073
Private enterprise debt						
securities	-	40	75	-	-	115
Deposits at banks	-	521	-	-	-	521
Loans	-	4	9	12	-	25
Total	3,666	3,008	252	14	5	6,945
Financial liabilities						
Long-term loans	-	4	-	-	-	4
Due to reinsurers	-	1,286	10	4	-	1,300
Total	-	1,290	10	4	-	1,304

(Unit: Million Baht)

	31 December 2017					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	384	11	-	-	-	395
Receivables on						
reinsurance contracts	-	1,346	6	2	-	1,354
Investments in securities						
Equity securities	2,395	-	-	-	5	2,400
Investment units	1,876	-	-	-	-	1,876
Government and state						
enterprise securities	-	1,252	356	-	-	1,608
Private enterprise debt						
securities	-	-	40	-	-	40
Deposits at banks	-	797	233	-	-	1,030
Loans		4	12	20	-	36
Total	4,655	3,410	647	22	5	8,739
Financial liabilities						
Long-term loans	-	5	4	-	-	9
Due to reinsurers	-	1,390	19	4	-	1,413
Total	-	1,395	23	4	-	1,422

Separate financial statements

(Unit: Million Baht)

31 December 2018						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	117	250	-	-	-	367
Receivables on reinsurance contracts	-	1,279	8	2	-	1,279
Investments in securities						
Equity securities	1,714	-	-	-	5	1,719
Investment units	1,753	-	-	-	-	1,753
Government and state enterprise securities	-	879	160	-	-	1,039
Private enterprise debt securities	-	40	75	-	-	115
Deposits at banks	-	453	-	-	-	453
Loans	-	4	9	12	-	25
Total	3,584	2,905	252	14	5	6,760
Financial liabilities						
Due to reinsurers	-	1,286	10	4	-	1,300
Total	-	1,286	10	4	-	1,300

(Unit: Million Baht)

31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	313	-	-	-	-	313
Receivables on reinsurance contracts	-	1,346	6	2	-	1,354
Investments in securities						
Equity securities	2,395	-	-	-	5	2,400
Investment units	1,873	-	-	-	-	1,873
Government and state enterprise securities	-	1,226	356	-	-	1,582
Private enterprise debt securities	-	-	40	-	-	40
Deposits at banks	-	757	233	-	-	990
Loans	-	4	12	20	-	36
Total	4,581	3,333	647	22	5	8,588
Financial liabilities						
Due to reinsurers	-	1,390	19	4	-	1,413
Total	-	1,390	19	4	-	1,413

Counting from the financial position date, the periods to maturity of assets and liabilities from insurance contracts held as at 31 December 2018 and 2017 were as follows:

Consolidated and separate financial statements

(Unit: Million Baht)

31 December 2018						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	724	39	5	-	768
Total	-	724	39	5	-	768
Liabilities from insurance contracts						
Loss reserves	-	1,670	88	34	-	1,792
Other insurance liabilities	-	-	6	-	-	6
Total	-	1,670	94	34	-	1,798

(Unit: Million Baht)

31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	639	44	2	-	685
Total	-	639	44	2	-	685
Liabilities from insurance contracts						
Loss reserves	-	1,509	133	32	-	1,674
Other insurance liabilities	-	-	7	-	-	7
Total	-	1,509	140	32	-	1,681

(b) Fair values of financial instruments

As of 31 December 2018 and 2017, the Group had the following assets and liabilities that were measured at fair value and assets and liabilities for which fair values were disclosed by fair value levels as follows:

Consolidated financial statements

(Unit: Million Baht)

	31 December 2018				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Equity securities	443	443	-	-	443
Investment units	49	-	49	-	49
Available-for-sale investments					
Equity securities	1,271	1,271	-	-	1,271
Investment units	1,708	937	771	-	1,708
Assets for which fair value were disclosed					
Cash and cash equivalents					
Investment in money market funds	15	-	15	-	15
Government bonds with maturity periods of less than 3 months	251	-	251	-	251
Held-to-maturity investments					
Government and state enterprise securities	1,073	-	1,076	-	1,076
Private enterprise debt securities	115	-	115	-	115
Deposits at banks with maturity periods of over 3 months	521	-	521	-	521
General investments	5	-	-	20	20
Loans	25	-	-	25	25
Liabilities for which fair values were disclosed					
Long-term loans	4	4	-	-	4

(Unit: Million Baht)

	31 December 2017				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Equity securities	1,455	1,455	-	-	1,455
Investment units	50	-	50	-	50
Available-for-sale investments					
Equity securities	939	939	-	-	939
Investment units	1,826	1,054	772	-	1,826
Assets for which fair value were disclosed					
Cash and cash equivalents					
Investment in money market funds	230	-	230	-	230
Held-to-maturity investments					
Government and state enterprise securities	1,609	-	1,620	-	1,620
Private sector debt securities	40	-	40	-	40
Deposits at banks with maturity periods					
of over 3 months	1,030	-	1,030	-	1,030
General investments	5	-	-	20	20
Loans	36	-	-	36	36
Liabilities for which fair values were disclosed					
Long-term loans	9	9	-	-	9

Separate financial statements

(Unit: Million Baht)

	31 December 2018				
	Carrying values	Fair values			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Trading investments					
Equity securities	443	443	-	-	443
Investment units	47	-	47	-	47
Available-for-sale investments					
Equity securities	1,271	1,271	-	-	1,271
Investment units	1,705	936	769	-	1,705
Assets for which fair value were disclosed					
Cash and cash equivalents					
Government bonds with maturity periods of less than 3 months	251	-	251	-	251
Held-to-maturity investments					
Government and state enterprise securities	1,039	-	1,042	-	1,042
Private enterprise debt securities	115	-	115	-	115
Deposits at banks with maturity periods of over 3 months	453	-	453	-	453
General investments	5	-	-	20	20
Loans	25	-	-	25	25

(Unit: Million Baht)

	31 December 2017				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Equity securities	1,455	1,455	-	-	1,455
Investment units	50	-	50	-	50
Available-for-sale investments					
Equity securities	939	939	-	-	939
Investment units	-	1,054	769	-	1,823
Assets for which fair value were disclosed					
Cash and cash equivalents					
Investment in money market funds	213	-	213	-	213
Held-to-maturity investments					
Government and state enterprise securities	1,582	-	1,594	-	1,594
Private enterprise debt securities	40	-	40	-	40
Deposits at banks with maturity periods					
of over 3 months	990	-	990	-	990
General investments	5	-	-	20	20
Loans	36	-	-	36	36

The fair value hierarchy of financial assets and liability was in accordance with those described in Note 4.18 to the financial statements. The methods and assumptions used by the Group in estimating the fair values of financial instruments were as follows:

- (a) Financial assets and liabilities maturing in short-term periods, which consisted of cash and cash equivalents, and bank overdraft, their fair values were approximated to their carrying values in the statement of financial position.
- (b) The fair value of investments in debts securities was estimated based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.
- (c) The fair value of investments in equity securities, which are marketable securities, was estimated based on the last bid price of the last working day of the year. The fair value of unlisted investment units was determined by using the net asset value per unit as announced by the fund managers. In case of non-marketable securities, the fair value determined approximately using the price per book value ratio.
- (d) The fair value of loans were estimated to be the present value of cashflows expected from the loans, discounted by the current market interest rate.
- (e) The fair value of receivables on reinsurance contracts were estimated to approximate their carrying values in the statement of financial position.

- (f) The fair value of long-term loans that were charged at the approximate market rate were approximated to their carrying values in the statement of financial position.

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

35. [Capital management](#)

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure in order to continue its business as a going concern, to provide a return to its shareholders and other related parties, and to maintain risk-based capital in accordance with Declaration of the OIC.

36. [Approval of financial statements](#)

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2019.

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General Information

Company Name

Thai Reinsurance PCL

Location

48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Phone

0-2660-6111 0-2290-3111

Fax:

0-2660-6100 0-2290-3100

Nature of Business

Provision of reinsurance (non-life insurance business)

Registered Number

0107536001729

Home Page

www.thaire.co.th

No. of Issued/Paid-up Shares

Registered Capital of THB 4,214,993,832 with

Registered Capital

a paid-up capital of THB 4,214,993,832

Other Entities in which the Company holds shares more than 10 percent

Direct Shareholding

1. Company Name

Thaire Services Co., Ltd.

Location

48/16 Rajchadapisek Soi 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Phone

0-2660-1234

Fax:

0-2276-8715

Nature of Business

Health Claim management and operation support
for insurance business

Registered Number

0105549052511

Website

<https://www.thaireservices.com>

No. of Issued/Paid-up Shares

10,000,000 ordinary shares of THB 10 each,

Registered Capital

Total THB 100,000,000

Percentage Owned

100.00 percent

2. **Company Name** **EMCS Thai Co., Ltd.**

Location 48/21 Rajchadapisek Soi 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Phone 0-2011-8600

Fax: 0-2011-8610

Nature of Business Provision of computer services in relation to
motor insurance claims

Registered Number 0105543108248

Website <http://www.emcsthai.com>

No. of Issued/Paid-up Shares 6,000,000 ordinary shares of THB 5 each,
Registered Capital Total THB 30,000,000

Percentage Owned 100.00 percent

3. **Company Name** **Thaire Actuarial Consulting Co., Ltd.**

Location 48/22, 5th Floor, Soi Rungruang, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Phone 0-2167-3011-4

Fax: 0-2167-3014

Nature of Business Actuarial consulting services

Registered Number 0105554004694

Website <http://www.thaireactuarial.co.th>

No. of Issued/Paid-up Shares 500,000 ordinary shares of THB 100 each,
Registered Capital Total THB 50,000,000

Percentage Owned 100.00 percent

4. **Company Name** **T.I.I. Co., Ltd. (Thailand Insurance Institute)**

Location 3354/32 Manorum Building, 10th Floor, Rama IV Road,
Klongtoey, Bangkok 10110

Phone 0-2671-7440

Fax: 0-2671-7427

Nature of Business Provision of insurance training

Registered Number 0105531078233

Website <http://www.tiins.com>

No. of Issued/Paid-up Shares 215,000 ordinary shares of THB 100 each,
Registered Capital Total THB 21,500,000

Percentage Owned 20.33 percent

5. Company Name	Thaire Life Assurance PCL.
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310
Phone	0-2666-9000
Fax:	0-2277-6227
Nature of Business	Provision of reinsurance (life insurance business)
Registered Number	0107554000241
Website	http://www.thairelife.co.th
No. of Issued/Paid-up Shares	600,000,000 ordinary shares of THB 1 each,
Registered Capital	Total THB 600,000,000
Percentage Owned	11.10 percent ¹

Indirect Shareholding by Thaire Services Co., Ltd.

Company Name	Carpool Insurance Broker Co., Ltd.²
Location	3 Promphan 3 Building, Unit no. 505, 506, 507 Soi Ladprao 3, Chompon, Jatujak, Bangkok ³
Phone	0-2024-6649-50
Fax:	-
Nature of Business	Provision of non-life insurance broker ⁴
Website	https://www.carpool.co.th
Registered Number	0105559189374
No. of Issued/Paid-up Shares	375,000 ordinary shares of THB 100 each,
Registered Capital	Total THB 37,500,000
Percentage Owned	49.00 percent

¹ The Board of Directors meeting on December 25, 2018 had resolved to approve the disposal of Thaire Life Assurance Public Company Limited ("THREL") shares and the Company sold (1) 22.3 million shares on December 26, 2018, THRE's ownership decreased to 11.10% at the end of 2018, (2) 3 million shares on January 22, 2019 and 3 million shares on February 18, 2019. THRE's currently hold 10.10% THREL's shares.

² Registered renaming to "Thaire Innovation Co., Ltd." on 4 February 2019.

³ Registered changing address to 48/16, 1st floor, Soi Rungruang, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok, on 4 February 2019.

⁴ Registered changing business objective to "e-Commerce system service to non-insurance sector" on 4 February 2019 and returned the Insurance Broker License to the Office of Insurance Commission by the official letter dated 5 February 2019

Other References

Share Registrar/Transfer Agent

Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Phone: 0-2009-9388 Fax: 0-2009-9476

Auditor

Rachada Yongsawadvanich No. 4951

EY Office Limited
193/136-137, 33rd Floor, Lake Rajchada Office Complex,
New Rajchadapisek Road, Bangkok 10110
Phone: 0-2264-0777 Fax: 0-2264-0789-90

Thai Reinsurance Public Company Limited

48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Tel : 0-2660-6111, 0-2666-8088 Fax : 0-2660-6100, 0-2666-8080