

ANNUAL REPORT | 2019

THAI REINSURANCE PUBLIC COMPANY LIMITED



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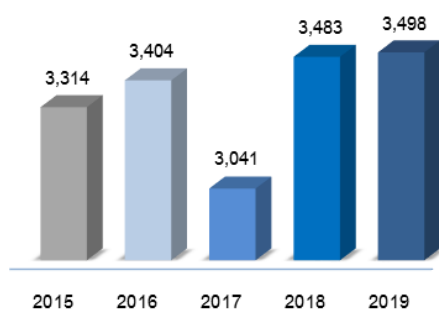
Financial Highlights

(Unit: THB Million)

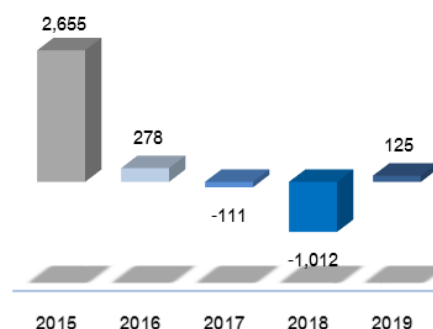
Operating Results				Growth (Percent)	
	2019	2018	2017	2019/2018	2018/2017
Gross Written Premium	4,455	4,849	4,903	(8.1)	(1.1)
Net Written Premium	3,498	3,483	3,041	0.4	14.5
Profit (Loss) before Income Tax **	164	(688)	257	123.8	(367.7)
Net Profit (Loss)	125	(1,012)	(111)	112.4	(810.3)
Net Profit (Loss) per Share (THB)	0.03	(0.24)	(0.03)	112.5	(700.0)

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

Net Written Premium (THB Million)



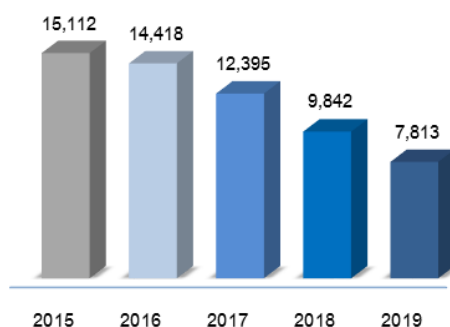
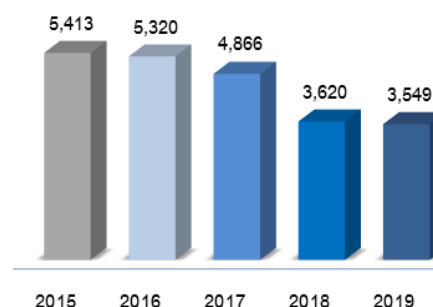
Net Profit (THB Million)



(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2019	2018	2017	2019/2018	2018/2017
Total Assets	7,813	9,842	12,395	(20.6)	(20.6)
Total Liabilities	4,263	6,222	7,529	(31.5)	(17.4)
Share Capital Issued and Paid-up	4,215	4,215	4,215	-	-
Capital Funds or Shareholders' Equity	3,549	3,620	4,866	(2.0)	(25.6)
Book Value per Share (THB)	0.84	0.86	1.15	(2.3)	(25.2)
Dividend per Share (THB)	-	-	0.10	-	-

Total Assets (THB Million)

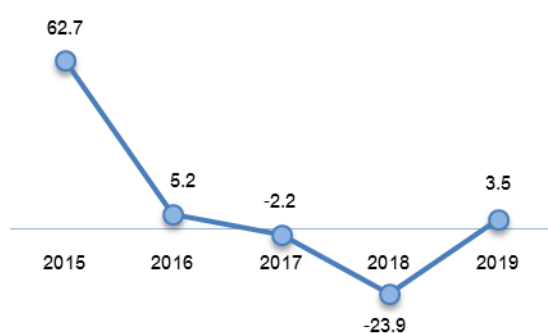
Capital Funds or Shareholders' Equity
(THB Million)

(Unit: Percent)

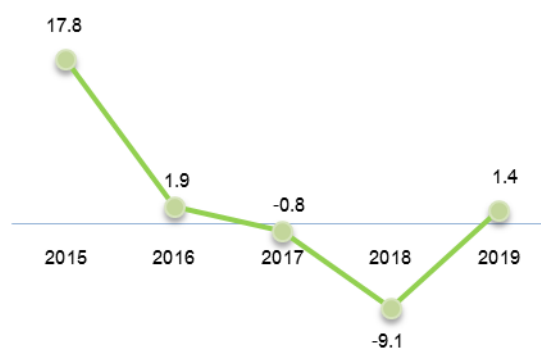
Financial Ratios	2019	2018	2017
Return on Revenue*	3.0	(25.1)	(2.9)
Return on Net Written Premium	3.6	(29.1)	(3.7)
Return on Equity	3.5	(23.9)	(2.2)
Return on Assets	1.4	(9.1)	(0.8)
Return on Investments	6.0	(4.7)	4.7
Combined Ratio	106.2	113.1	105.5

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

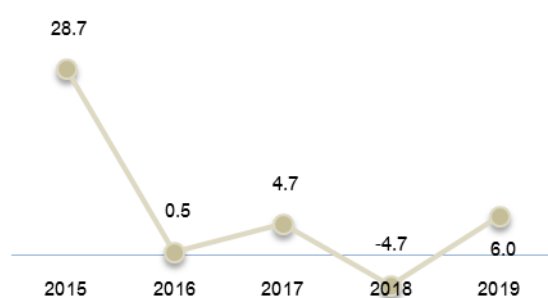
Return on Equity (Percent)



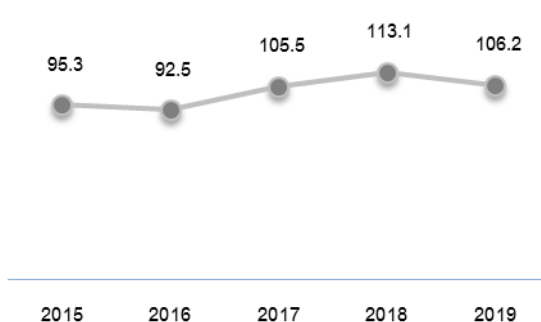
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



Thai Reinsurance PCL.

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Letter to Shareholders

Dear Fellow Shareholders,

While I am writing this letter, many countries around the world including Thailand, are facing the pandemic of the corona virus (Covid-19) that affects people's life and causes the economy slowdown. THRE Group, of course, is inevitably affected by this pandemic which we are in the midst to assess the impact. The management team have increased the utmost precautionary measures under the worst scenario assumptions, though we also believe that the new opportunities shall arise in the midst of changing environment and THRE Group is capable of steering business with sustainability.

In this letter, I will report the performance of 2019 including our future plans which might be adjusted to reflect any changing situations accordingly while we maintain fundamental structure of our key strategies.

2019 witnessed a turnaround in THRE Group's performance in line with the plan we have consistently communicated to the shareholders. We further project that our performance will likely revive with quality and sustainability into the future.

Looking back at 2018, to cope with performance fluctuations plaguing us over the past years and prevent their recurrence in the future, we decided to write off one-time transactions such as deferred tax assets, impairment losses from investments, and expenses on long-term projects. By so doing, THRE Group could in overall bring in a net profit of THB 125 million in 2019, marking a turnaround from the 2018 loss of THB 1,012 million, with an ROE of 3.5 percent, which was in line with the Company's plan and expectation. I hereby would like to thank all parties, the shareholders, the Board of Directors, our business partners, customers and employees for their continued support.

For 2020, we aspire to reach the ROE target of 5-7 percent, as propelled by growth in all our business units, including reinsurance, investment and service businesses. The key encouraging factor is our earning a high international credit rating of "A-" or "Strong" with "Stable" outlook from Fitch Rating, which helps to ensure THRE Group's strong financial health and enhance confidence among our domestic and international business partners, thus paving the way for our overseas business expansion.

Please, moreover, be advised that our adoption of TFRS9 as from the beginning of 2020 will by no means have any impact on THRE Group's business plan.

In view of the aforementioned positive factors and the more stable future performance potential of THRE Group, we would like to propose a reduction of the Company's par value in order to clean off the accumulated

loss for approval from the 2020 Annual General Meeting of Shareholders (scheduled for April 28, 2020). If such approval is given by the AGM, THRE Group will then be able to pay dividends again in the not too distant future.

The operating results in 2019 of each unit are as described below:

Reinsurance Performance

Gross written premium amounted to THB 4,455 million, dropping by 8.1 percent from the previous year due to a gradual decrease in premium from long-term reinsurance projects in line with expiry of contracts. Meanwhile, net written premium increased 0.4 percent year-on-year to THB 3,498 million and combined ratio edged down from 113.1 percent in 2018 to 106.2 percent in 2019.

The decline in gross written premium and minimal increase in net written premium were ascribed to the cancellation or non-renewal of poor performance contracts and the decrease in long-term projects, amounting to as much as THB 715 million, thus apparently suggesting the Company's future growth potential. Based on the reasons described above, reinsurance performance could improve by almost 7.0 pp.. Taking no account of the decrease in long-term projects and the rejected contracts, the Company could grow favorably, as evident from the robust 24.4 percent increase in non-conventional business.

Moreover, we earned gross written premium and net written premium from foreign reinsurance in a total amount of THB 21 million in 2019, jumping 125.5 percent from the preceding year.

Investment Income

In 2019, THRE Group recorded net investment income of THB 301 million with ROI of 6.4 percent (including tax benefits), increasing by 10.6 pp.. It could be broken down into gain on investment of THB 112 million, interest and dividend income of THB 170 million, and gain on fair value adjustment and others of THB 19 million.

Income from Service Businesses

With a larger customer base and new services, service income in 2019 grew remarkably by 11.1 percent and made up 8.0 percent of THRE Group's total revenues. Such service income growth was attributable to the rendering of various services by THRE Group members, including 1) Thaire Services Co., Ltd., a provider of Third Party Administrative (TPA) services; 2) EMCS Thai Co., Ltd., a provider of computer service for motor insurance claims and related statistics; and 3) Thaire Actuarial Consulting Co., Ltd., a provider of actuarial services. In addition, Thaire Innovation Co., Ltd. joined as a new THRE Group member in 2019 to play a role in providing digital technology development services specifically for insurance business. As a consequence, service businesses could fetch a profit of THB 80 million, a year-on-year surge of 23.4 percent.

Moving Forward

The next three-year period of 2020-2022 will mark a new phase of our strategic plan which will become more aggressive when compared with the previous plan (2017-2019). It contains our newly defined vision, “To be the most valuable Personal Line Insurance Partner in Thailand and South East Asia,” meaning that the Company will accentuate the expansion of both reinsurance and services related to personal line insurance with a view to enabling THRE Group to regain a high rate of revenues growth of 15-20 percent with ROE of 8-10 percent over the next three years. The details of our strategic plan are as follows:

1. Emphasize the expansion of personal line business, particularly accident and health insurance, and the development of new products and channels in collaboration with customers and business partners, at home and overseas.
2. Apply technology, such as AI, Block Chain, Robotic, etc., to enhance operational efficiency and develop products or services for insurance business on a fully-integrated basis in a bid to grow reinsurance premium and service income.
3. Concentrate on fully-fledged expansion of reinsurance and service businesses into South East Asia (SEA) market. Between 2018 and 2019, THRE Group brought in premium income from foreign reinsurance of THB 29 million and, for service business, had entered into a memorandum of understanding (MOU) to set up an entity in Cambodia. For the time being, we are in the process of conducting a study and concluding a business plan with our strategic partner for business expansion to Vietnam. We further aim for 2021-2022 to gain a foothold in both reinsurance and service businesses in the Philippines, Indonesia and Malaysia.
4. Broaden business cooperation with Fairfax Financial Holding Group and National Reinsurer in each ASEAN member country to develop and build upon businesses in these countries to a greater extent.

As mentioned above, the 4 strategic plans shall be adapted to suit with the changing circumstances.

Lastly, please assure that the management teams will carefully conduct the business with utmost effort and we shall pass this situation together.



(Oran Vongsuraphichet)

Chief Executive Officer

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Thai Reinsurance PCL.

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 Thanavarant. 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 2019, 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:

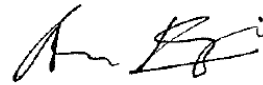
1. Approved quarterly financial statements and reviewed annual financial statements of the Company before disclosing to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
2. Nominated and recommended the appointment of the auditor and determined its remuneration, whereby EY Office Limited, by its certified public accountants, Ms. Rachada Yongsawadvanich and/or Ms. Ratana Jala and/or Ms. Nonglak Phumnoi and/or Ms. Somjai Kunapasut, and/or Ms. Sarunya Pradsri and/or Ms. Bongkot Kriengpanamorn were nominated as the Company's auditor for 2019.
3. Attended two 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 Auditing Standards.
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 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 the annual evaluation of internal control adequacy, rendered opinion thereon, and proposed the Form for Evaluation of Internal Control Adequacy for the year 2019 to the Board of Directors for consideration and approval.
10. Reviewed and updated 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 2019, there was no complaint or clue 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 and governance system that are effective and adequate.
6. The number, composition and qualifications of Audit Committee are suitable to perform efficient duties under the Audit Committee Charter and the 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, senior executives and staff to be align with the performance and Company's operating results with the clear criteria, transparency and suiting the accountability.

In the year 2019 the Nomination and Remuneration Committee held two meetings to (1) nominated the directors to replace the directors retiring by rotation and (2) considered the compensation paid to the board of directors, sub-committees including the annual salary increase of senior executives and staff and 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 2019 the Investment Committee had the meeting to review the investment policy & framework including the revision of investment portfolio to suite the business trend and reduce the investment concentration to propose to the board of directors for their approval. 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



Thai Reinsurance PCL.

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 76

Date of Appointment: August 2018

Shareholding: 0.09 percent

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

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

- Director Certification Program (DCP) 18/2002
- Chairman 2000/2004

Training Courses/Seminar (Others)

- Course Lecturer "Investment Management" Insurance Management Development Program no.25 by Thai General Insurance Association (TGIA)

Experience:

Listed Company

Nov 2018 – present	Chairman, Director of the Nomination and Remuneration Committee and Director of the Investment Committee	Thai Reinsurance PCL.
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.
Jun 1978 – Feb 2016	Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee	Thai Reinsurance PCL.
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.
1979 – 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.

2011 – 2013	Vice Chairman	Thaire Life Assurance PCL.
Non-Listed Company		
present	Director	Chainart Co., Ltd.
present	Director	Chaiwat Co., Ltd.

2. Mr.Surachai Sirivallop

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

Age 78 Date of Appointment: October 1993

Shareholding: - None -

Education: Bachelor of Laws, Thammasart University

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

- Director Certification Program (DCP) 18/2002

Experience:

Listed Company

Nov 2018 – present	Vice Chairman	Thai Reinsurance PCL.
Aug 2017 – present	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
May 2016 – present	Director of the Investment Committee	Thai Reinsurance PCL.
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 70

Date of Appointment: February 2012

Shareholding: - None -

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

Training Courses by the Thai Institute of Directors Association (IOD): - None-

Experience:

Listed Company

Nov 2018 – present	Chairman of the Investment Committee	Thai Reinsurance PCL.
Aug 2017 – present	Vice Chairman	Thai Reinsurance PCL.
Nov 2017 – present	Chairman of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
Feb 2012 – Nov 2018	Director of the Investment Committee	Thai Reinsurance PCL.
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

2016 – present	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 Finance Ltd.
2012 – present	Director of the Audit Committee, Director of the Nomination and Remuneration Committee and Director of the Enterprise Risk Management Committee	Thomas Cook (India) Ltd.
2010 – present	Director of the Audit Committee	Zoomer Media Limited

Non-Listed Company

2017 – present	Chairman of the Investment Committee, Chairman of the Enterprise Risk Management Committee, Director of the Audit Committee, Chairman of the Policyholder Protection Committee, Director of the Nomination and Remuneration Committee and Director of Corporate Social Responsibility Committee and Director of Share Allotment Committee	Go Digit General Insurance Limited
2017 – present	Director of Corporate Social Responsibility Committee	Go Digit Infoworks Services Private Limited
2017 – present	Director	Bangalore International Airport Ltd.

2016 – present	Chairman of the Investment Committee and Director of Nomination Committee	Fairfirst Insurance Ltd.
2016 – present	Director	Sanmar Engineering Services Ltd.
2015 – present	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) Ltd.
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.
2017 – 2019	Director	Darwin CX
2011 – 2019	Director	Larchmont Developers Private 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 74

Date of Appointment: October 1993

Shareholding: - None -

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

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

- Directors Certification Program (DCP) / 2001
- The Role of Chairman (RCM) / 2001
- Chairman 2000, 5/2001

Training Courses/Seminar (Others)

- “Role of the Audit Committee” by OIC No. 1/2015
- “IT Governance” by OIC No. 2/2015
- CG Forum1/2016 Ethics: Corporate Governance Principle by SET
- Chairman Forum 1/2016 “Corporate Governance VS Corporate Performance: Duty or Choice?”
- Audit Committee Forum No. 1/2017

- Nomination Director Event No. 1/2017
- Fellow Member Group Meeting No.1/2017
- Director Luncheon Briefing No.2/2017
- Chairman Forum No.1/2018
- Board Matters and Trends No. 6/2018
- Collective Action Against Corruption Conference No. 1/2018
- ID Forum No. 1/2018
- Certificate, National Defence College, The National Defence Course for the Joint State-Private Sectors, Class 6

Experience:

Listed Company

May 2014 – present	Independent Director, Chairman of the Audit Committee	Thai Reinsurance PCL.
1993 – May 2014	Independent Director, Director of the Audit Committee	Thai Reinsurance PCL.
2007 – present	Chairman	Ch. Karnchang PCL.
1994 – present	Director	Ch. Karnchang PCL.
2005 – present	Director and Chairman of Risk Management Committee	Bangkok Aviation Fuel Services PCL.
1999 – present	Director and Chairman of the Audit Committee	OHTL PCL.
1981 – present	Director, Director of the Audit Committee and Director of Nomination Committee	Padang Industries PCL.
2010 – 2012	Chairman	Thoresen Thai Agencies PCL.
2005 – 2010	Director, Executive Director and Chairman of Risk Management Committee	Krung Thai Bank PCL.
2003 – 2006	Chairman of Executive Board	Electricity Generating PCL.
2001 – 2012	Vice Chairman	Electricity Generating PCL.

Non-Listed Company

2010 – present	Chairman	Thai ORIX Leasing Co., Ltd.
2003 – present	Chairman	AK Place Co., Ltd.
present	Managing Partner	Khomapastr Partnership Ltd.
2007 – 2018	Chairman	Ton Poh Thailand Fund
2011 – 2014	Director	The Monetary Policy Committee, Bank of Thailand
2010 – 2012	Director	The Stock Exchange of Thailand
2010 – 2011	Chairman	Krungthai-AXA Life Insurance PCL.

5. Mr.Kerati Panichewa

Independent Director¹

Age 60

Date of Appointment: October 1993

Shareholding: 0.83 percent²

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

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

- Directors Certification Program (DCP) 1/2000

Experience:

Listed Company

2016 – present	Independent Director	Thai Reinsurance PCL.
1993 – 2016	Director	Thai Reinsurance PCL.
1993 – present	Director	TTL Industries PCL.

Non-Listed Company

2019 – present	Director and Executive Director	Krung Thai Panich Insurance PCL.
2009 – 2019	Chief Executive Officer	Krung Thai Panich Insurance PCL.
1995 – 2009	Managing Director	Krung Thai Panich Insurance PCL.
present	Director	TWWC Co., Ltd.

¹ Left the position of independent director on 10 January 2020

² Shareholding as at 31 December 2019

6. Mr.Jiraphant Asvatanakul

Director and Director of the Nomination and Remuneration Committee

Age 60

Date of Appointment: October 1993

Shareholding: 0.018 percent

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

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

- Director Accreditation Program (DAP) / 2004

Training Courses/Seminar (Others)

- Thailand Insurance Leadership Program by OIC Advanced Insurance Institute
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce, 8/ 2015
- Certificate of Top Executive Program by Capital Market Academy, 22 / 2016

Course Lecturer

- “How can non-life insurance manage risk for you and your business?” by TGIA
- “Insurance Ratings Outlook 2020” by Tris และ S&P

Experience:

Listed Company

Jun 2012 – present	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
1993 – present	Director	Thai Reinsurance PCL.
2017 – present	Chief Executive Officer & Managing Director	Thaivivat Insurance PCL.

2012 – 2016	President and Chief Executive Officer	Thaivivat Insurance PCL.
2016 – present	Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee	Vichitbhan Palm oil PCL.
2014 – 2016	Director	Thaire Life Assurance PCL.
Non-Listed Company		
present	Director	M.A. International Co., Ltd.
present	Director	Tang Jai Man Co., Ltd.
2017 – present	Director	General Insurance Fund
2019 – present	Vice Chairman	The Thai Chamber of Commerce and Board of Trade of Thailand
2017 – Mar 2019	Secretary General	The Thai Chamber of Commerce and Board of Trade of Thailand
2015 – Mar 2017	Treasurer	The Thai Chamber of Commerce and Board of Trade of Thailand
2019 – present	Director and Advisory Director of Account, Finance and Investment Committee	Thai General Insurance Association
2017 – 2019	President	Thai General Insurance Association
2013 – present	Director	The Federation of Thai Insurance Organizations
2001 – present	Vice Chairman, Chairman of the Investment Committee	Road Accident Victims Protection Co., Ltd.
2009 – Apr 2019	Director	T.I.I. Co., Ltd.

7. Mr.Chanin Roonsamrarn

Independent Director and Director of the Audit Committee

Age 72

Date of Appointment: October 1993

Shareholding: - None -

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

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

- Director Certification Program (DCP) 15/2002
- The Role of Chairman (RCM) /2002
- Chairman 2000, 6/2002
- Audit Committee Program (ACP) 9/2005
- DCP Refresher 2006

Experience:

Listed Company

1999 – present	Independent Director and Director of the Audit Committee	Thai Reinsurance PCL.
1993 – 1999	Director	Thai Reinsurance PCL.

2007 – present	Director of the Remuneration and Nomination Committee	Home Product Center PCL.
2005 – present	Independent Director, Director of the Audit Committee	Home Product Center PCL.
2010 – 2013	Chairman of the Risk Management Committee	Samaggi Insurance PCL.
2006 – 2013	Director of the Audit Committee	Samaggi Insurance PCL.
2003 – 2013	Director	Samaggi Insurance PCL.
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 73 Date of Appointment: April 2007

Shareholding: 0.005 percent

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

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

- Directors Certification Program (DCP) 17/2002
- The Role of Chairman (RCM) 13/2006
- The Role of the Compensation Committee (RCC) 4/2007
- Audit Committee Program (ACP) 32/2010
- Financial Institution Governance Program (FGP) 2/2011
- Advanced Audit Committee Program (AACP) 10/2013
- Anti-Corruption for Executive Program (ACEP) 7/2013
- Director Certification Program Update (DCPU) 1/2014
- Driving Company Success with IT Governance (ITG) 2/2016

Training Courses/Seminar (Others)

- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland
- Certificate of Advanced Management Program, Australian Management College, Australia
- Certificate of Executive Development Program Class 18 by Office of the Civil Service Commission
- Thailand National Defence College Class 42
- Certificate of Top Executive Program Class 8 by Capital Market Academy
- Certificate of Top Executive Program in Commerce and Trade Class 3 by Commerce Academy
- Advance Security Management Program Class 2 by Thailand National Defence College of Thailand

Experience:

Listed Company

Apr 2014 – present	Director of the Audit Committee	Thai Reinsurance PCL.
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2007 – present	Independent Director	Thai Reinsurance PCL.
2012 – 2014	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
Nov 2017 – present	Independent Director, Chairman of Risk Management Committee	Berli Jucker PCL.
2009 – 2016	Independent Director	Berli Jucker PCL.
2014 – present	Chairman of the Remuneration Committee and Chairman of Good Corporate Governance Committee	Oishi Group PCL.
2009 – present	Independent Director and Director of Audit Committee	Oishi Group PCL.
2012 – present	Chairman of the Audit Committee	Bank of Ayudhya PCL.
2010 – present	Independent Director, Director of the Audit Committee	Bank of Ayudhya PCL.
2007 – present	Chairman, Independent Director, Chairman of the Nomination and Remuneration Committee and Director of the Audit Committee	Univentures PCL.
2007 – present	Independent Director and Director of Audit Committee	Bangkok Insurance PCL.
May 2016 – Nov 2017	Chairman of the Audit Committee	Big C Supercenter PCL.
Apr 2016 – Nov 2017	Independent Director	Big C Supercenter PCL.
Oversea Listed Company		
Feb 2019 – present	Director of the Audit Committee	Thai Beverage PCL. (Listed in Singapore)
Jan 2018 – present	Independent Director	Thai Beverage PCL. (Listed in Singapore)
Non-Listed Company		
Feb 2018 – present	Honorary Member, University Council	Mae Fah Luang University
Aug 2017 – present	Chairman of the Audit Committee	Thai Institute of Directors Association
Jun 2017 – present	Vice Chairman	Thai Institute of Directors Association
May 2017 – Jun 2017	Director	Thai Institute of Directors Association
Mar 2017 – present	Director	Thai Investors Association
2007 – present	Honorary Member	The Federation of Thai Insurance Organizations
2006 – present	Director	The Council of State
2014 – 2015	Councilor	National Reform Council
2010 – 2013	Chairman of the Audit Committee	BJC Logistics and Warehouse Co., Ltd.
2008 – 2013	Chairman of the Public Sector Audit and Evaluation Committee	Ministry of Commerce

9. Mr.Sara Lamsam

Independent Director

Age 49

Date of Appointment: Apr 2009

Shareholding: 0.08 percent

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

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

- Director Certification Program (DCP) 4/2000

Training Courses (Others)

- Executive Course in Applied Psychology Administration no. 97/2005 by Institute of Security Psychology National Defence Studies Institute
- Top Executive Program by Capital Market Academy no. 4/2007
- Thailand Insurance Leadership Program no.1/2011 by OIC Advanced Insurance Institute
- Metropolitan Development Training Course for the Top Executives no.1 by Urban Green Development Institute Bangkok
- The Program of Senior Executive on Justice Administration/ 2012 no. 17 by Judicial Training Institute
- Industrial and Investment Development for Executive (IBID)/2013 no. 1 by Institute of Business and Industrial Development
- Global Business Leaders Program/1, 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
- Advanced Master of Management Program /2, AMM, Graduate School of Public Administration ,National Institute of Development Administration (NIDA)
- Business Revolution and Innovation Network /2 (BRAIN) by The Federation of Thai Industries
- Certificate of Executive Development Program 2019, Loyal Thai Police
- Seminar “Synchronize the Future” by MDRT Thailand
- Seminar “InsurTech” by OIC
- Seminar “The future of health insurance in the digital age” by TGIA and OIC
- Seminar “Communicate and Exchange Information between OIC and Insurance Business Sector” by OIC.

Course Lecturer

- “How insurance can promote the health” by Chulabhorn Royal Academy
- “CEO Branding” by Kasetsart University
- “Mindset adjustment, not a secret in the era of change” by OIC
- “CEO vision: Making international success in the organization, Strategic Guidelines, Organization Change and Innovation” by Thammasat Business School
- “Digital Innovation in Health and Wellness” by Boston University Alumni Association in Thailand
- “Transformation Business and Organization in a VUCA World” by Institute of HR Professional Development (IHPD), Personal Management Association of Thailand
- “Challenges of life insurance business” by OIC
- “Transformation Brain” by NeuroGenius Institute
- “Technique for work and people management” by The Federation of Thai Industries
- “Leaping into a new future “InsureTech” by Institute of Strategic and Appreciative Business

Experience:**Listed Company**

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	Phatra Leasing PCL.
2004 – present	Director	Phatra Leasing PCL.

Oversea Listed Company

2015 – present	Vice Chairman	Sovannaphum Life Assurance PLC. (Cambodia)
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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
2016 – present	Director and Chairman of Risk Management Committee	MB Ageas Life Insurance
2017 – present	Director	The Federation of Thai Insurance Organizations
2015 – 2017 / 2009 – 2013	Chairman	The Federation of Thai Insurance Organizations
2016 – present	Vice President (Marketing)	The Thai Life Assurance Association
2012 – 2016 / 2006 – 2010	President	The Thai Life Assurance Association
2010 – 2012	Vice President (Management)	The Thai Life Assurance Association
2016 – present	President	Thai Financial Planners Association
2007 – 2012 / 2015 – present	Director	Thai Financial Planners Association
2015 – present	Advisor	The Society of Actuaries of Thailand
2012 – present	Director	Yupong Co., Ltd.
2009 – present	Director and Chief Executive Officer	Muang Thai Group Holding Co., Ltd.
2009 – present	Director and Chief Executive Officer	and Muang Thai Holding Co., Ltd.
2009 – present	Director	Muang Thai Real Estate PCL.
2008 – present	Director	Muang Thai Group Service Co., Ltd.

2007 – present	Director	Muang Thai Asset Co., Ltd.
2007 – present	Director	T.I.I. Co., Ltd.
2012 – present	Director	Yuphayong Co., Ltd.
2015 – 2016	Advisor	Board of Trade of Thailand
2009 – 2015	Director	Board of Trade of Thailand
2015 – 2016	Director	Group of Finance/Investment and Insurance, Board of Trade of Thailand

10. Mr.Gobinath Arvind Athappan

Director

Age 48 Date of Appointment: April 2012

Shareholding: - None -

Education: M.B.A., MIT Sloan School of Management U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD): - None -

Experience:

Listed Company

Apr 2012 – present Director Thai Reinsurance PCL.

Oversea Listed Company

Jan 2016 – present Director BIDV Insurance Corporation, Vietnam

Non-Listed Company

Dec 2017 – present	Regional Director	MS First Capital Insurance Ltd., Singapore
2015 – present	Vice Chairman	Falcon Insurance Co., Ltd., Hong Kong
2008 – 2015	Chief Executive Officer	Falcon Insurance Co., Ltd., Hong Kong
2015 – present	Vice Chairman	Fairfax Asia Limited
2012 – 2015	Chief Operating Officer	Fairfax Asia Limited
2015 – 2017	Regional Director	First Capital Insurance Ltd., Singapore
2006 – 2015	Chief Operating Officer	First Capital Insurance Ltd., Singapore

11. Mr.Oran Vongsuraphichet

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

Age 50 Date of Appointment: April 2013

Shareholding: 0.87 percent

Education: Ph.D. (International Business), Asian Institute of Technology

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

- Director Certification Program (DCP) 230/2016

Training Courses (Others)

- Thailand Insurance Leadership Program (Class 3)
- Top Executive Program, Capital Market Academy no. 22

Course Lecturer

- “International Training Course on Advance Insurance Policy Management and Practice” by Asian Institute of Technology

Experience:**Listed Company**

2017 – present	Director of the Investment Committee	Thai Reinsurance PCL.
2016 – present	Director and Chief Executive Officer	Thai Reinsurance PCL.
2013 – 2015	Director, President and Chief Operating Officer	Thai Reinsurance PCL.
2012 – 2013	President	Thai Reinsurance PCL.
2019 – present	Director	Thaire Life Assurance PCL.
2014 - 2016	Director	Thaire Life Assurance PCL.
Oct 2017 – Apr 2019	Independent Director, Director of the Investment Committee	Eastern Water Resources Development and Management PCL.

Non-Listed Company

Feb 2020 – present	Director	Cho Heng Rice Vermicelli Factory Co., Ltd. ¹
Jun 2019 – present	Chief Executive Officer	Thaire Innovation Co., Ltd.
Mar 2019 – present	Director	Thaire Innovation Co., Ltd.
2017 – present	Deputy Secretary General	Thai General Insurance Association
2013 – present	Director	Thaire Services Co., Ltd.
2017 – present	Chief Executive Officer	Thaire Actuarial Consulting Co., Ltd.
2013 – present	Director	Thaire Actuarial Consulting Co., Ltd.
2012 – present	Director	EMCS Thai Co., Ltd.
2010 – present	Director	Thong Thai Textile Co., Ltd.
2012 – present	Director	Falcon Insurance PCL.
2006 – 2012	Director and Chief Executive Officer	Falcon Insurance PCL.
2013 – 2016	Director	Thaire Training Co., Ltd.
2010 – 2018	Director	V.A.S Garment (Thailand) Co., Ltd.
2010 – 2018	Director	Titan Sport Wear Co., Ltd.

¹ Appointed on 25 February 2020

Management Team

1. Mrs.Nantinee Chinwanno

Executive Vice President, Business Development & Customer Support

Age 56 Shareholding: - None -

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

Training/Seminar Courses

Course Lecturer

- " Underwriting and Premium Calculation for PA Insurance" Thai General Insurance Association

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.
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2. Ms.Pojaman Fuangaromya

Executive Vice President, Business Development, Claim & International Business

Age 46 Shareholding: 0.004 percent

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

Training/Seminar Courses

- Greater Mekong Subregion Program (CMA-GMS) no. 4 by Capital Market Academy

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

Non-Listed Company

June 2019 – present	General Manager	Thaire Innovation Co.,Ltd.
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3. Mr.Chamroen Phusit

Senior Vice President, Investment

Age 57 Shareholding: 0.000002 percent

Education: B.B.A., Dhurakij Pundit University

Training/Seminar Courses: - None -

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, Compliance and Enterprise Risk Management

Age 49

Shareholding: - None -

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

Training/Seminar Courses:

Course Lecturer

- “Supervision and Enterprise Risk Management for Insurance Companies” by OIC
- “Cyber Risk Management” by The Securities and Exchange Commission, Thailand
- “Risk management & Risk Assessment and Financial Stability” by TGIA / The Falcon Insurance PCL./ AIG Insurance (Thailand) PCL.
- “Risk Management and Social Crisis” by Bangkok University
- “Risk Management for Underwriters” by TGIA
- “Enterprise Risk Management and Insurance for Tourism Business” by Phuket Tourist Association
- “Insurance Management Development Program” by TGIA
- “Basic of Insurance and Risk Management” by TGIA
- “Risk & Happy Management in Digital Age” by OIC
- “Risk Management in Digital Age” by The Thai Chamber of Commerce and Board of Trade of Thailand.
- “How insurance can promote the health” by Chulabhorn Royal Academy
- “Principles of Insurance Supervision in accordance with the IAIS Framework and Financial Sector Assessment Program” by TGIA

Experience:

Listed Company

2018 – present	Senior Vice President – Compliance and Enterprise Risk Management	Thai Reinsurance PCL.
2011 – 2017	Senior Vice President - Enterprise Risk Management	Thai Reinsurance PCL.

5. Mr.Wichai Chaochaicharoenkul

Senior Vice President, Human Capital Management & Development and Administration

Age 45

Shareholding: - None -

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

Training/Seminar Courses:

- Aon Best Employers 2018 by Aon
- Business Discovery Day by Microsoft Thailand
- Techsauce Culture Summit 2019 by Techsauce Media
- Strategic & Implementation Plan Workshop by Cadis Management Consulting
- “To be Ready for the Personal Data Protection Act 2019” by Destination One

Experience:

Listed Company

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

2011 – 2015	Manager –Human Capital Management & Development	PTT Green Energy Pte. Ltd.
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6. Mr.Chatchai Payakarintarangkura

Senior Vice President, Accounting, Finance, Financial Analysis & Budget Control and Process Improvement

Age 47 Shareholding: - None -

Education: Master of Arts, Chulalongkorn University

Training/Seminar Courses:

- Strategic CFO in Capital Market by SET

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

Mar 2019 – present	Director	Thaire Innovation Co., Ltd.
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 54 Shareholding: - None -

Education: Bachelor of Arts., Thammasart University

Training/Seminar Courses:

- Board Reporting Program 19/2016
- Company Reporting Program 17/2017
- Company Secretary Program (CSP) 83/2017

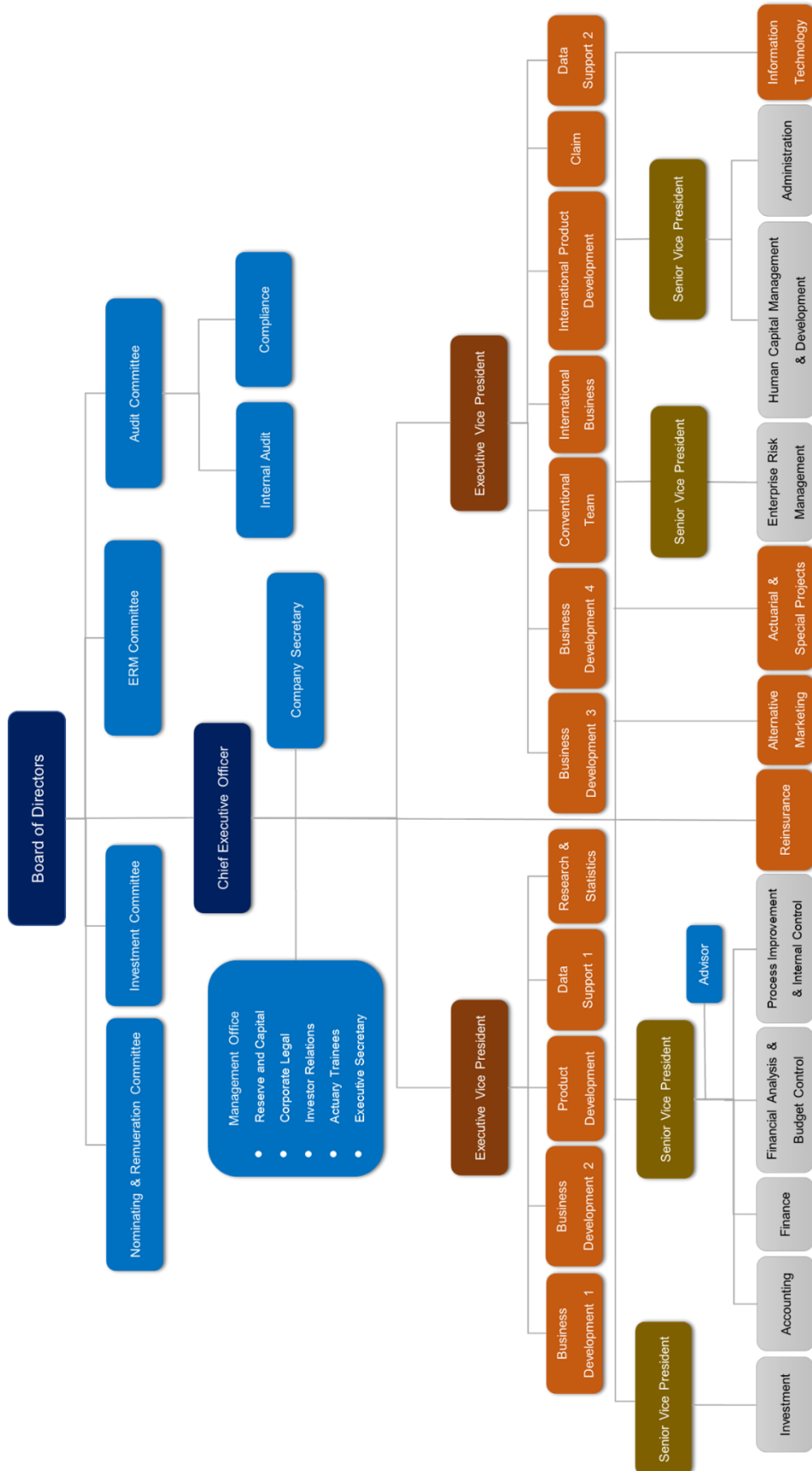
Experience:

Listed Company

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

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Organization Chart as of December 31, 2019



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Thai Reinsurance PCL.

Policy and Overview of Business Operation

Thai Reinsurance Public Company Limited (“the Company/Thai Re” or “THRE”) was established on 18 July 1978, its 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 31 December 2018 the Company has registered and paid-up capital of THB 4,215 million.

Corporate Vision-Mission

Vision

“Our task is to offer solutions to insurance companies in ASEAN”

“We sell innovation and services through reinsurance capacity and expertise”

Mission

Develop and increase revenue from Personal Line Product and Services Income from South East Asia, through the collaboration with partner as reinsurer and insurer.

Increase value to all stakeholders including customer, business partner and employee.

Deliver decent and sustain return to shareholders with strong financial position.

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's 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.

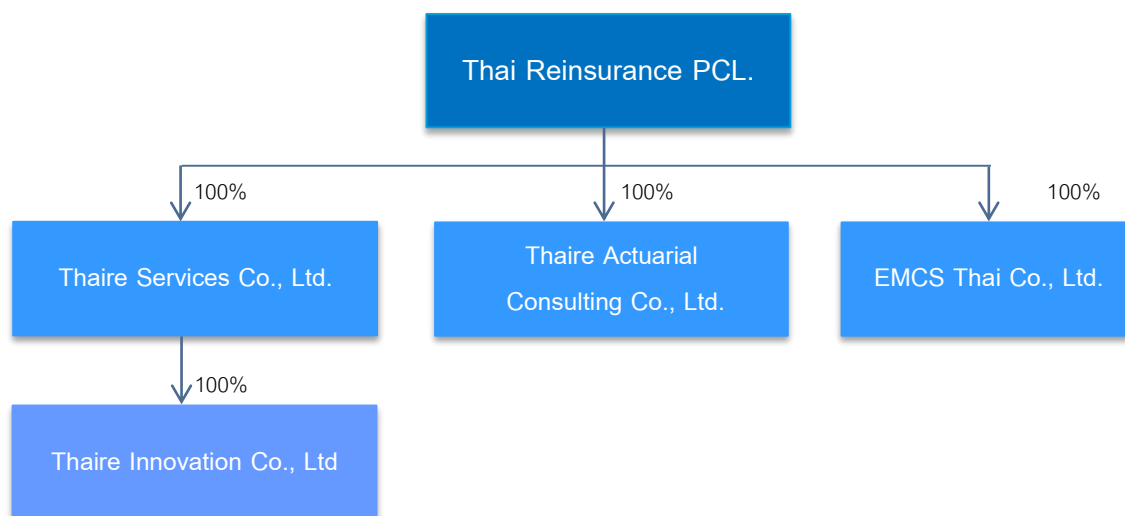
Significant Changes and Developments (over the past 5 years)

November 2019	The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Strong), with Stable outlook.
October 2019	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2019, published by the Thai Institute of Directors (IOD).
October 2019	In 2019 the Company received the certificate "Gold Level" from the Happy Provident Fund Company Award jointly organized by the Securities and Exchange Commission, The Stock Exchange of Thailand, the Association of Investment Management Companies, and the Association of Provident Funds since the Company has promoted and educated the employee regarding the financial and saving for retirement plan.
March 2019	Thaire Services Co., Ltd. (THRES), the subsidiary of the Company, purchased shares of THREI representing 51.0 percent of the total paid-up shares resulting in indirect shareholding in THREI of the Company increased to 100 percent.
February 2019	The Company reduced its investment in THREL to 10.1 percent.

December 2018	The Company reduced its investment in THREL to 11.1 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

Thai Re Group Structure

As of December 31, 2019



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 services in relation to motor insurance claims and related statistics	30/30	100.0
Indirectly shareholding by Thaire Services Co., Ltd.			
Thaire Innovation Co., Ltd.	E-commerce services	37.5/37.5	100.0
Other entities in which the Company holds more than 10 Percent of shares			
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	10.1

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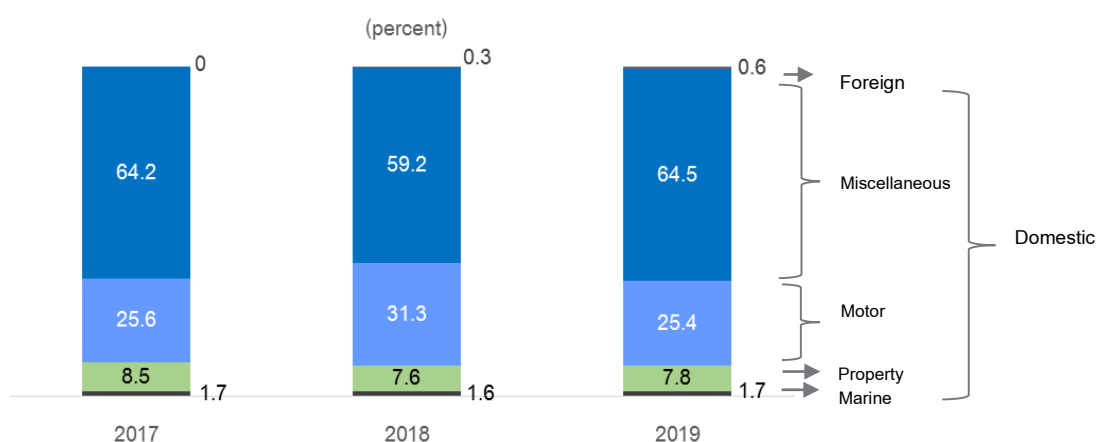
Thai Reinsurance PCL.

Nature of Business

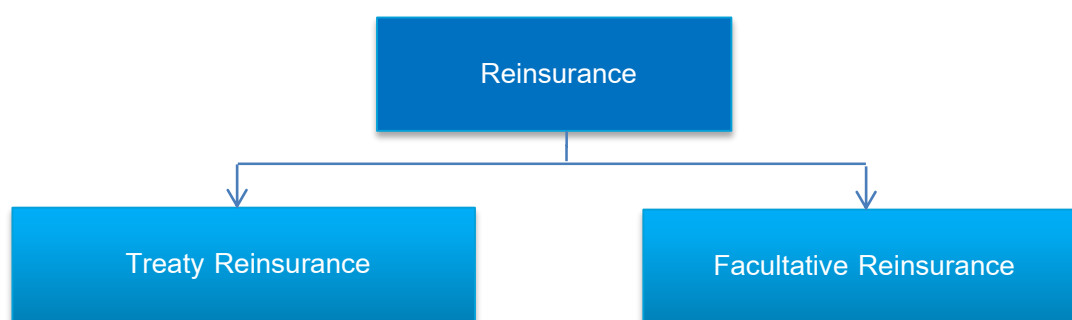
Core Business

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 2017 - 2019



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

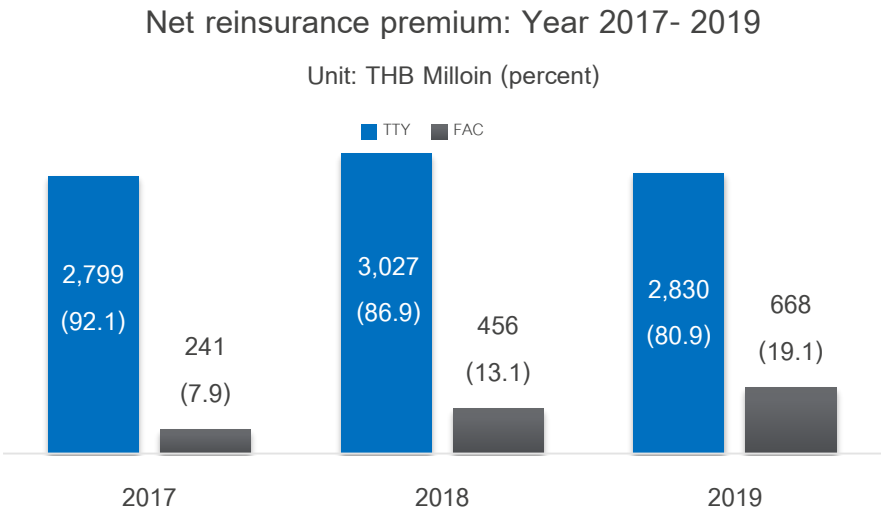
specified in the treaty arrangement. In other treaty reinsurance agreements, risk is entirely retained by the Company. The Company also has a policy to make only partial retrocessions for insurance policies that provide protection for more than one year.

In 2019, the net reinsurance premium under TTY agreements was 80.9 percent of the total, decreasing from 86.9 percent in 2018.

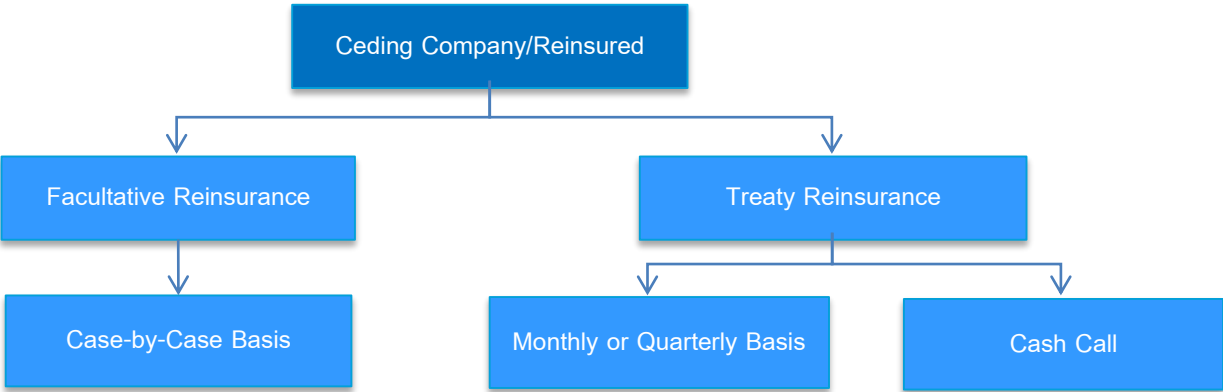
2. Facultative Reinsurance (FAC)

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 2019, the net reinsurance premium under facultative reinsurance contracts was 19.1 percent of the total, increasing from 13.1 percent in 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	2019		2018		2017	
		Amount	Percent	Amount	Percent	Amount	Percent
1. Underwriting Income							
- Net Earned Premium	Thai Re & Subsidiaries	3,608.8	82.1	3,359.4	97.6	3,171.4	78.1
	Thai Re	3,608.8		3,359.4		3,171.4	
- Fee and Commission	Thai Re & Subsidiaries	394.4	9.0	309.3	9.0	435.0	10.7
Income	Thai Re	394.4		309.3		435.0	
2. Net Investment							
	Thai Re & Subsidiaries	311.0	7.1	-291.6	-8.5	381.1	9.4
Income ^{/1}	Thai Re ^{/2}	349.2		-259.7		1,363.8	
3. Service Income							
	Thai Re & Subsidiaries	80.0	1.8	64.8	1.9	71.4	1.8
Total		4,394.2	100.0	3,441.9	100.0	4,058.9	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 in financial and investment market landscapes.

Current Non-Life Insurance Business Condition

As forecast by the Office of the National Economic and Social Development Council (NESDC), Thai GDP will grow by around 2.4 percent in 2019 compare to a robust growth rate of 4.1 percent in the prior year. Such growth deceleration is primarily ascribed to slowing overseas demand amid the shrinkage of trading partners' economies and global trade as triggered by the US-China trade war, coupled with the strengthening baht which has relatively led to a 2.5 percent contraction in the export value. For the overall non-life insurance sector, however, there are still a number of factors helping to prop up growth in several classes of business in 2019, as follows:

1) The domestic private consumption has improved, as evident from car sales of as high as 1 million units in 2019 (2018: 1.04 million units), albeit a slight decline from 2018. Motor insurance premiums increase by a healthy 5.8 percent on rising car prices and upward revision of premium rates for motor insurance to align with the ever-increasing rate of claims.

2) The acceleration and expansion of mega-investment projects by both government and private sectors such as high-speed train project, electric train system in Bangkok and its vicinities, dual-track rail project and other infrastructure development projects remain a catalyst for distinct growth in all classes of business, notably engineering insurance and property insurance. Such growth will likely continue for years head due to the lengthy construction process of those projects.

3) The entry into an ageing society and the increasing medical expenses have been evident in a yearly rise in medical inflation, along with an awareness of the significance of personal accident/health insurance and travel insurance. At the same time, insurance companies are seeking to customize their products for each target group, as well as offer a broader and longer coverage and a more convenient technology-aided customer service. It is therefore anticipated that the personal accident/health insurance market will become robust and more competitive. However, the direct written premiums for health insurance in 2019 will grow dramatically when compared with the previous year.

4) Another encouraging factor is the continuous government support through insurance for rice crop and other cash crops such as maize for animal feed.

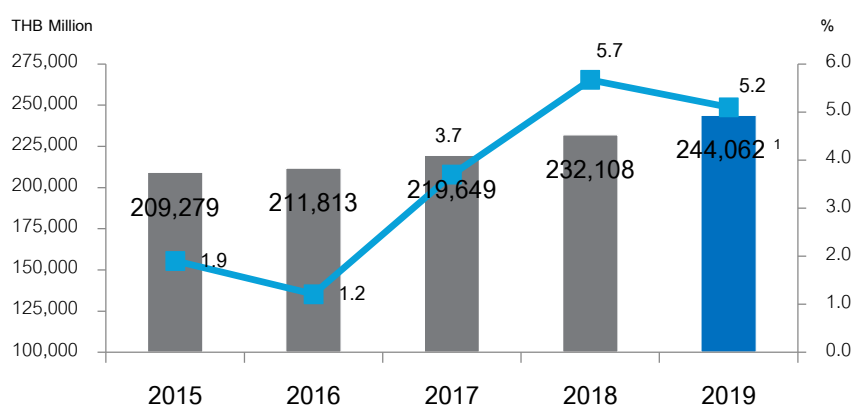
Thus, the miscellaneous insurance business, which has the second-highest proportion of insurance premiums, grows by 5.4 percent. Miscellaneous insurance business includes personal accident/health insurance, property insurance, engineering insurance, public liability and other classes of insurance.

The class of business that declined in 2019 are marine and transport and fire insurance, with a slightly decrease compare to the previous year. Marine and transport insurance premiums decreased by 0.8 percent due to an economic slowdown of Thailand's trading partners. However, the US's cancellation of GSP trade

privileges for Thailand, to take effect as from April 25, 2020, is predicted by FPO and EXIM Bank to have an insignificant impact on the overall Thai export to the US. For fire insurance, its direct premiums is relatively stable, with only 0.1 percent dropped year-on-year in 2019, despite the amount of ownership transfers has increased by 2.7 percent in terms of number of units and 4.3 percent in terms of value .as most home insurance is done through the bank, In 2019, the new mortgage loans for individuals nationwide dropped by 8.9%, with a value of 640 billion baht, which is a result of the use of home loan control measures or the minimum down payment or the loan to value collateral ratio (Loan to Value (LTV). However, the government has launched real estate stimulus measures to alleviate the effects of LTV measures.

In view of all above mentioned factors, the non-life insurance business expand by 5.2 percent in 2019 (or in a range of 4.6-5.6 percent) with direct written premiums of approximately THB 244,062 million, moving up from THB 232,108 million recorded in 2018.

Direct Premium and Growth Rate: 2015 - 2019



Source: OIC¹ and estimated by Thai Re

On the side of market share, during the nine-month period of Jan-Sep 2019, there were 59 licensed non-life insurance companies. The top seven companies wrote 51.2 percent of the total market. The major distribution channels were insurance brokers 58.8 percent, agencies 13.8 percent, and banks 12.6 percent, respectively.

Competitive pressures intensified in 2019, especially in the motor, personal accident/health and property classes. Insurers have turned to compete in pricing, protection plans and servicing and to emphasize and prioritize innovation of new products and a wide variety of coverage that can flexibly suit consumers' needs, along with development of new distribution channels and services through the use of technology and online social media. This is another crucial factor that will create a tougher competitive environment at present and in the not too distant future.

Non-Life Reinsurance Market

The total reinsurance premiums ceded in 2019 account for THB 67,925 million, representing 27.8 percent of direct written premiums. Of such total reinsurance premiums, 15.0 percent is reinsurance ceded by Thai domestic insurers. Reinsurance written by Thai Re amounts to THB 4,455 million or around 6.6 percent, while the remaining 85.0 percent is reinsurance ceded to overseas reinsurers.

	2019 Non-Life Reinsurance Premiums ¹		
	THB Million	Proportion (Percent of Direct Premium)	Proportion (Percent of Reinsurance Premium)
Direct written premiums	244,062	100.0	
Reinsurance ceded premiums	67,925	27.8	100.0
- Domestic	10,145	4.2	
Thai Re	4,455	1.8	6.6
Other companies	5,690	2.3	8.4
- Foreign	57,780	23.7	85.0

Source: ¹ Estimated by Thai Re

Competitive edges in Thai reinsurance market lie in expertise and professionalism, ability to take risk, financial stability, customer relations management, and pricing. The Company is confident that it will be able to impressively expand the business opportunity.

Industry Outlook

There are a number of encouraging factors that have prevailed from 2019 including, among others, public and private sector spending, promotion/stimulation of sales of residential properties or automobiles, mega-project investments of the government and private sectors, the government's support or policy on tax incentives for health insurance and insurance for rice crop and other cash crops. As a result, it is anticipated that many classes of business will witness growth in 2020.

From the outbreak of Covid-19 in almost every country including Thailand since December 2019, the insurance companies have focused on developing products to meet the requirement of consumers in mitigating the effects of Covid-19 such as expanding their online sales channels, either through their own channels or with business partners such as brokers and banks. This will facilitate the customers to purchase the insurance more easy, convenient and quickly. Other factors of growth are the fully entry into ageing society in the next two years, increase of medical expenses, awareness of the importance of health care, concern about expensive medical expenses, and the government's tax policy to favor the purchase of health insurance. Moreover new products and services are explored to response the needs of different consumer groups, i.e. health insurance for high-net-worth individuals, elderly, children and disease-based health insurance. With all these factors, it is expected that accident and health insurance will continue to increase dramatically compared to other types of insurance.

However the Covid-19 pandemic has widely impacted and disrupted many industries such as retail and tourism. Therefore it shall have the negative impact on travel insurance, marine and transportation insurance.

The Company expects that the overall non-life insurance sector will grow by 5.6 percent (or in a predicted range of 5.3-6.3 percent) and achieve total premiums of around THB 250 billion (as forecasted before the Covid-19 epidemic crisis).

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 ever before. The Company, therefore, needs effective and efficient enterprise risk management that enables the Company to take advantage of VUCA environment and helps the Company accomplish its mission, fulfill its vision, achieve its strategic goals, and thrive in the future.

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 innovative products and channels that match potential consumers' expectations within each segment.

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. In case there is some potential new sizable projects that might affect the Company's performance, projected Capital Adequacy Ratio will be calculated and used in the decision making process. The Company has a conservative and actuarially sound loss reserve calculation. Reserve adequacy must be evaluated at least once a year whereas the Company's actuarial report must be signed off by the Fellow actuary. The Company also 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.

New Competitor Risk

New competitor risk is the risk relating to the Company's ability to compete with new competitors from overseas.

The Company manages new competitor risk by exploring new opportunities from local retention policy for each type of products and analyzing the Company's capacity to expand its business into the new territory.

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, lack of mechanism that foster innovative behavior and innovation within the Company, or low engagement from employees that might lead to high turnover ratio and below-target performance.

A talent development program for middle management and a succession plan for senior management have also been deployed. Competency-based training programs have been in place whereas internal regulations and welfare have been revised. Various company activities have been deployed to increase employee engagement.

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. Information technology systems that integrate business functions across the enterprise have been used to support business operations throughout the Company. 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 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 cyber threats to IT systems, data, and infrastructure.

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 well 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 IT team is encouraged

to develop new innovative ideas and explore new opportunities with existing business partners and various startups.

Compliance Risk

Compliance risk is the risk arising from the Company's inability to act in accordance with industry laws and regulations as well as its internal policies.

The Company regularly informs all of its employees of the new regulations. The Company always participates in public hearing and provides constructive comments to the regulators. Warning system has been put in place together with legal search system. Compliance status is reported to senior executives every month and to the Enterprise Risk Management Committee every quarter. Inter-departmental meeting is called upon to prevent or solve some special issues if needed

Fraud Risk.

Fraud risk is the risk arising from wrongful or criminal deception as well as violation of internal or external regulations, intended to result in financial or personal gain.

The Company manages fraud risk by having various policies in place as well as the internal control and audit systems to prevent, detect, and deter fraud in 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 OIC's requirements, 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 September 30, 2019 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	140,560,314	3.33
3	Viriyah Insurance PCL.	133,658,535	3.17
4	Mr.Wachira Tayanaraporn	108,020,000	2.56
5	Bangkok Insurance PCL.	84,953,096	2.02
6	Aberdeen Long Term Equity Fund	82,896,592	1.97
7	Aberdeen Small Cap Fund	74,047,970	1.76
8	The Navakij Insurance PCL.	63,141,919	1.50
9	Mr.Nathapol Jurangkool	60,237,500	1.43
10	Aberdeen Growth Fund	60,127,310	1.43
	Total	2,794,747,672	66.31
11	Other shareholders	1,420,246,160	33.69
	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 September 30, 2019.

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	2015	2016	2017	2018	2019
Earnings per share (THB)	0.36	0.21	0.15	-0.24	0.03
Dividend per share (THB)	0	0.15	0.10	0	0
Payout Ratio (percent)	0	72.23	66.67	0	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, 2018 ¹	No. of Shares as of Dec 31, 2019 ¹	Change Increase (Decrease) in 2019	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	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2018 ¹	No. of Shares as of Dec 31, 2019 ¹	Change Increase (Decrease) in 2019	Percentage
5	Mr. Kerati Panichewa	10,091,582	35,091,582	25,000,000	0.83
	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	36,548,300	7,002,700	0.87
	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	-	0.004
	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 Board of Directors and Executives section.

The Board chairman, Vice-Chairman, and Board Secretary shall be 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 not to be the same persons.

Board of Directors

The Board of Directors of the Company consists of 11 members, ten members are non-executive directors, one member 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, 2019, 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 Thanavarant	Independent Director and Director of Audit Committee
6. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee
7. Mr. Kerati Panichewa ¹	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

¹ Left the position of independent director on 10 January 2020

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, related party 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.

Approval authority of the Board of Directors

The Board of Directors has the authority to approve important matters of the Company as stipulated by law. The board also has authority to approve the operational authority to the Chief Executive Officer and senior management in various matters within the specified authority or credit limit. In case the authority or credit limit is exceeded to proposed matters, the Board of Directors has to approve before any further actions.

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 2019, the Board of Directors held four 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 on November 26, 2019, to evaluate the annual performance, adjust remuneration, and discuss any other issues if any.

Audit Committee meeting

In 2019, 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 2019, EY Office Limited was nominated and appointed as auditors of the Company for another year.

3. Holding two meetings with the external auditors. A meeting without the attendance of management to review the guidelines and the scope of audit performance. And another meeting to review the audit plans, its results, and recommendations has been undertaken to ensure that all audit processes are done in a manner with auditing standards.

4. Supervising and approving internal annual audit plans based on the Company's risk status. 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 the related party transaction reports every quarter.

6. Reviewing the Company's risk management policies, policy implementation and guidelines for effective risk management.

7. Reviewing the compliance with laws and regulations every quarter.

8. Reviewing the Company for appropriate and adequate implementation on anti-fraud /corruption measures and the whistleblowing /protection system.

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

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

11. Conducting the annual internal control adequacy to propose the evaluation results to the Board of Directors for approval.

Nomination and Remuneration Committee meeting

In 2019, the Nomination and Remuneration committee held two 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 2019, the investment Committee held one 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

The Enterprise Risk Management Committee had met five times in 2019 to revise the Company's risk appetite and identify the Company's top risks. Risk register has been prepared whereas risk owner, risk tolerance, key risk indicators, and risk management measures have been revised to ensure that the Company's

enterprise risk management that has been put in place is efficient and effective, and enable the Company to manage its risks within the Company's risk appetite. The Enterprise Risk Management Committee has continuously monitored the Company's risk profile, key risk status, and Capital Adequacy Ratio and report the results to the Board of Directors every quarter.

The names of the Board of Directors, including their meeting attendance in 2019 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	4/4	-	2/2	1/1
2. Mr. Surachai Sirivallop	Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee	4/4	-	2/2	1/1
3. Mr. Chandran Ratnaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Chairman of Investment Committee	4/4	-	2/2	1/1
4. Mr. Kerati Panichewa ¹	Independent Director	4/4	-	-	-
5. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee	4/4	-	1/2 ²	-
6. Mr. Chanin Roonsamram	Independent Director and Director of Audit Committee	4/4	5/5	-	-
7. Mr. Sara Lamsam	Independent Director	1/4 ²	-	-	-
8. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee	4/4	5/5	-	-
9. Ms. Potjaneer Thanavarant	Independent Director and Director of Audit Committee	4/4	5/5	-	-
10. Mr. Gobinath Arvind Athappan	Director	4/4	-	-	-
11. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer, Director of Investment Committee	4/4	-	-	1/1

Remark: ¹ Left the position of independent director on 10 January 2020

² The director was absence due to prior engagement.

Management

At December 31, 2019, the management of the Company according to definition of the Securities & Exchange Commission were:

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 ¹	Senior Vice President (Head of Accounting and Finance)

Remark¹ Mr. Chatchai Payakarintarangkura held the position of Head of Accounting and Finance and responsible for overseeing accounting by registering as an accountant for the Company since January 1, 2018. In 2019, Mr. Chatchai has received continuous training for accounting knowledge in the amount of 12 hours.

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 CEO is 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

Remuneration Policies 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 2019 as the resolution of the Annual General Meeting of Shareholders No. 26 on April 23, 2019 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	-
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.

Directors did not receive gratuity from being a Board of Directors in the subsidiary company

The remunerations¹ in 2019 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly)	Gratuity ²	Remunerations				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Total
1. Mr. Chai Sophonpanich ²	240,000	-	140,000	-	50,000	25,000	455,000
2. Mr. Surachai Sirivallop ³	180,000	-	100,000	-	50,000	25,000	355,000
3. Mr. Chandran Ratnaswami	180,000	-	100,000	-	50,000	25,000	355,000
4. Mr. Kerati Panichewa	180,000	-	100,000	-	-	-	280,000
5. Mr. Jiraphant Asvatanakul	180,000	-	100,000	-	25,000	-	305,000
6. Mr. Chanin Roonsamram	180,000	-	100,000	175,000	-	-	455,000
7. Mr. Sara Lamsam	180,000	-	50,000	-	-	-	230,000
8. Mr. Aswin Kongsiri	180,000	-	100,000	250,000	-	-	530,000
9. Ms. Potjanee Thanavarani	180,000	-	100,000	175,000	-	-	455,000
10. Mr. Gobinath Arvind Athappan	180,000	-	100,000	-	-	-	280,000
11. Mr. Oran Vongsuraphichet	180,000	-	100,000	-	-	25,000	305,000
Total	2,040,000	-	1,090,000	600,000	175,000	100,000	4,005,000

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

2. There was no gratuity for directors in 2019

c) Monetary remuneration for executives

In 2019, the Company paid salaries and bonus to seven executives, according to the list in the 'Management' Section, the total amount was THB 39.6 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 2019, 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 3.1 million.
- Contribution to post-employment benefits totaling THB 12.7 million.

Human Resources

As of December 31, 2019, Thai Re Group had total workforce of 401 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	51
Total	120
Service Providers	281
Grand Total	401

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 2019 the Company received the certificate "Gold Level" from the Happy Provident Fund Company Award jointly organized by the Securities and Exchange Commission, The Stock Exchange of Thailand, the Association of Investment Management Companies, and the Association of Provident Funds since the Company has promoted and educated the employee on saving and financial plan for their retirements.

In 2019, Thai Re Group paid THB 353 million for employee remuneration, details of which are as follows:

(Unit: THB Million)

Employees expenses	Thai Reinsurance	Service Provider	Total*
Salaries and wages	148	142	290
Social security fund	1	2	3
Contribution to provident fund	9	8	17
Defined benefit plans	16	9	23
Other benefits	10	11	20
Total	184	172	353

* 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 2019, the Company assigned 146 employees to attend 99 training courses in and outside the country, with total training period of 2,928 hours or an average of 20 training hours per person trained.

Course	Number of Courses	Number of Participants
Insurance	75	105
Non-Insurance	24	41
Total	99	146

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. 1/2020 held on February 25, 2020, which was attended by all members of the Audit Committee, the Board of Directors granted the Company's internal control systems for the year 2019. 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 agreed that 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.



Thai Reinsurance PCL.

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Corporate Governance

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 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 organization.

The Board of Directors has set the policy on Corporate Governance for directors, management and employee and has disclosed such policy in the 2019 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 comprising of three independent 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 comprising of 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 comprising of 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 SEC and OIC, 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, SET and OIC 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 undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

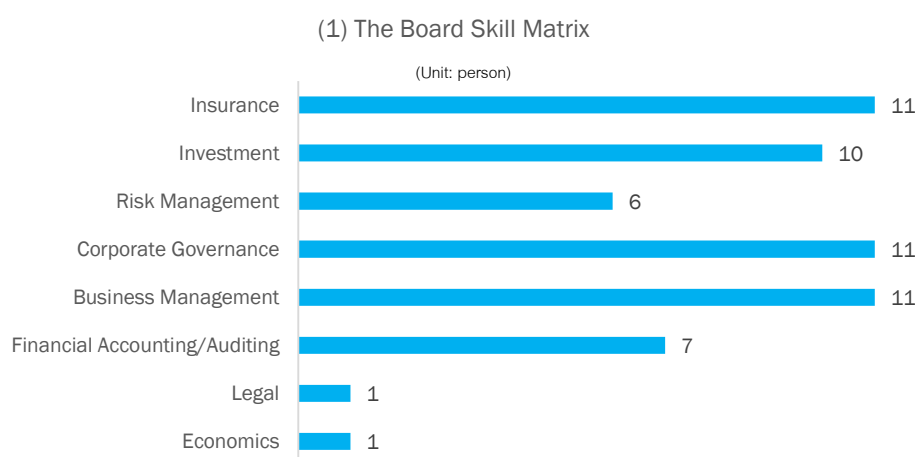
9. An independent director must not have any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

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. They must also completely meet the qualifications specified in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Notification of the SEC and must not possess any prohibited characteristics under the SEC Act (and as amended) and other applicable laws and regulations.

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 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 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 including of their spouse and minor children to the SEC pursuant to Section 59¹ 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 246² 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. The report thereof shall be prepared and submitted to the Board of Directors on a quarterly basis.

¹ Notification of the Office of the Securities and Exchange Commission No. Sor Jor. 38/2561 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator dated 16 July 2018

² Notification of the Capital Market Supervisory Board No. ThorChor. 28/2554 Re: Rules on Report of the Acquisition or Disposition of Securities dated 12 September 2011,

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.

In 2019, the Company and its subsidiaries paid total audit fees of THB 4,766,000 to EY Office Ltd., consisting of audit fees for the Company of THB 2,700,000 and audit fees for three subsidiaries of THB 2,066,000

2. Non-Audit Fee

In 2019, 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 2019

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 4 March 2019 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 are informed of the Company's operating results by the Chief Executive Officer on a quarterly basis.

- The Board of Directors believe 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 working 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 and OIC'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 48.

- 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 2019 was carried out (as a whole and individual basis) 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 2019 was 3.86 points out of the total 4 points, increasing from 2018’s total score of 3.83 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 their duties completely and in line with the charters.

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.

In 2019, there are 4 directors attending the training / seminar / as a speaker, as follows:

1.	Mr.Chai Sophonpanich	Chairman, Director of the Investment Committee and Director of the Nomination and Remuneration Committee
Course Lecturer		
- “Investment Management” Insurance Management Development Program no.25 by TGIA		
2.	Mr.Jiraphant Asvatanakul	Director and Director of the Nomination and Remuneration Committee
Course Lecturer		
- “How can non-life insurance manage risk for you and your business?” by TGIA		
- “Insurance Ratings Outlook 2020” by Tris และ S&P		
3.	Mr.Sara Lamsam	Independent Director
- Certificate of Executive Development Program 2019, Loyal Thai Police		
- Seminar “Synchronize the Future” by MDRT Thailand		
- Seminar “InsurTech” by OIC		
- Seminar “The future of health insurance in the digital age” by TGIA and OIC		
- Seminar “Communicate and Exchange Information between OIC and Insurance Business Sector” by OIC.		
Course Lecturer		
- “How insurance can promote the health” by Chulabhorn Royal Academy		
- “CEO Branding” by Kasetsart University		
- “Mindset adjustment, not a secret in the era of change” by OIC		
- “CEO vision: Making international success in the organization, Strategic Guidelines, Organization Change and Innovation” by Thammasat Business School		
- “Digital Innovation in Health and Wellness” by Boston University Alumni Association in Thailand		
- “Transformation Business and Organization in a VUCA World” by Institute of HR Professional Development (IHPD), Personal Management Association of Thailand		
- “Challenges of life insurance business” by OIC		
- “Transformation Brain” by NeuroGenius Institute		
- “Technique for work and people management” by The Federation of Thai Industries		
- “Leaping into a new future “InsureTech” by Institute of Strategic and Appreciative Business		
4.	Mr. Oran Vongsuraphichet	Director, Director of the Investment Committee, and Chief Executive Officer Chairman of Enterprise Risk Management Committee
Course Lecturer		
- “International Training Course on Advance Insurance Policy Management and Practice” by Asian Institute of Technology		

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 54.

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 stakeholder's 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 2019, 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 2019, 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 54.

- 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 2019 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 2019, 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. In 2019, the company has provided knowledge to employees regarding environmental matters.

- 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 2019 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. The Company was granted a renewal of its membership of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC") since 2018. 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 "Board of Directors Structure" Section.
- 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 “Board of Directors Structure” Section.

- 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 02-660-6111 or e-mail to address: ir@thaire.co.th. In 2019, there were 28 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 2019, the Company held one shareholders' meeting, i.e. the Annual General Meeting of Shareholders No. 26 on April 23, 2019, which was attended by seven out of the total 11 directors, representing 63.6 percent 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 2019 Annual General Meeting of Shareholders (AGM) in advance during the period from September 18, 2018 to December 31, 2018 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 2019, the Company posted the notice of the shareholders' meeting on its website 35 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 2019, there were a total of 166 shareholders present at the meeting, with 85 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 2019, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 22 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 Company Secretary 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 2019 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 2019 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 2019 Annual General Meeting, the shareholders were allowed a period of time from September 27, 2018 to December 31, 2018, 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 2019 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 2019, 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 2019, 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 and raise the opinions 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 2019, 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. 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.

8. 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.

Thai Re Group 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

In 2019, the Company focused 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 2019, 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 2019 are presented in the Sustainability Report 2019, 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 2019 are provided in the Sustainable Development Report 2019, 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.

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 2019 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
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Krungthai Panich Insurance PCL.	10.01	8.69	2.99	0.02	0.05	0.05	2.15	1.64	3.14	0.84	(0.03)	(0.03)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	208.77	200.78	152.49	0.01	0.03	0.04	(7.20)	(0.71)	24.71	67.59	25.74	34.53	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	490.15	134.05	188.93	75.68	17.72	19.57	15.92	9.11	-	46.07	43.20	-	Mr. Chai Sophonpanich
Falcon Insurance PCL.	195.30	138.79	91.04	4.83	4.18	3.94	18.56	5.44	9.57	16.06	12.54	12.12	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	698.50	697.49	620.22	0.03	0.08	0.09	37.91	40.47	(5.58)	164.97	134.86	131.72	Mr. Sara Lamsam
ST-Muang Thai Insurance Co., Ltd.	0.20	-	-	-	-	-	-	-	-	-	-	-	Mr. Sara Lamsam is a director of Muang Thai Life Assurance PCL. and Muang Thai Insurance PCL. who are the shareholders of ST-Muang Thai Insurance Co., Ltd.
Total	1,602.93	1,179.80	1,055.67	80.57	22.06	23.69	67.34	55.95	31.84	295.53	216.31	178.34	

(Unit: THB Million)

Company Involved	Commission & Brokerage Income			Commission & Brokerage Expenses			Claims Recovery			Claims Expenses			Name of Director
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Krungthai Panich Insurance PCL.	0.01	0.01	0.02	2.33	2.40	1.11	0.80	(0.13)	(1.02)	3.17	2.74	(1.52)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	0.01	0.01	0.03	22.21	27.90	33.54	0.51	(0.09)	(0.52)	209.52	135.67	36.21	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	34.03	9.77	7.67	195.26	54.48	81.43	34.05	5.19	15.46	183.04	90.34	77.50	Mr. Chai Sophonpanich
Falcon Insurance PCL.	2.31	1.07	1.76	54.65	35.23	19.78	2.09	1.56	2.08	72.98	43.90	18.17	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	0.07	0.01	0.03	265.46	262.91	239.79	2.62	(0.38)	(3.08)	434.18	394.79	425.26	Mr. Sara Lamsam
ST-Muang Thai Insurance Co., Ltd.	-	-	-	0.05	-	-	-	-	-	-	-	-	Mr. Sara Lamsam is a director of Muang Thai Life Assurance PCL. and Muang Thai Insurance PCL. who are the shareholders of ST-Muang Thai Insurance Co., Ltd.
Total	36.43	10.87	9.51	539.96	382.92	375.65	40.07	6.15	12.92	902.89	667.44	555.62	

Other Services (Performed by Subsidiary Companies)

(Unit: THB Million)

Company Involved	Service Income			Account Receivable			Accrued Revenue			Name of Director
	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Krungthai Panich Insurance PCL.	0.46	0.74	0.96	0.05	0.02	0.02	0.01	0.01	0.07	Mr. Kerati Panichewa
Road Accident Victims PCL.	-	-	0.51	-	-	0.01	-	-	0.01	Mr. Jiraphant Asavatanakul
Thaivivat Insurance PCL.	0.23	0.26	0.34	0.02	-	0.01	-	-	-	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	7.92	1.90	3.25	2.03	0.46	-	0.01	0.01	-	Mr. Chai Sophonpanich
Falcon Insurance PCL.	2.87	1.20	0.70	0.35	0.11	0.01	-	-	-	Mr. Oran Vongsuraphichet
Thaire Life Assurance PCL.	4.81	-	-	-	-	-	-	-	-	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	17.76	13.09	21.34	1.56	0.88	1.02	-	-	0.01	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	-	0.01	1.94	-	-	-	-	-	-	Mr. Sara Lamsam
Total	34.05	17.20	29.04	4.01	1.47	1.07	0.02	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
		2019	2018	2017	2019	2018	2017	No. of shares	Percent	
Krungthai Panich Insurance PCL.		-	-	-	-	-	-	-	-	Mr. Kerati Panichewa
Thaivivat Insurance PCL.		-	-	-	-	-	-	3.67	0.09	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.		362.31	404.21	-	17.25	3.70	9.85	84.95	2.02	Mr. Chai Sophonpanich
Falcon Insurance PCL.	Common	-	-	-	-	-	-	25.36	0.60	Mr. Oran Vongsuraphichet
Thaire Life Assurance PCL.	Stock	218.15	-	-	16.97	-	-	-	-	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.		-	-	-	-	-	0.81	-	-	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.		-	-	-	-	-	-	30.80	0.73	Mr. Sara Lamsam
HWIC Asia Fun								1,987.10	47.14	Mr. Chandran Ratnaswami
Total		580.46	404.21	-	34.22	3.70	10.66	2,131.88	50.58	

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
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Thaire Services Co., Ltd.	0.40	0.30	0.06	8.40	7.10	12.40	4.50	-	-	-	0.03	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Actuarial Consulting Co., Ltd.	0.20	0.15	0.04	-	-	-	-	-	-	-	0.02	-	-	0.02	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
EMCS Thai Co., Ltd.	-	-	-	-	-	-	36.00	33.00	24.30	-	-	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Innovation Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Mr. Oran Vongsuraphichet Mr. Chatchai Payakarintarangkura
Total	0.60	0.45	0.10	8.40	7.10	12.40	40.50	33.00	24.30	-	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.

Overall Performance

Net profit of THB 125 million was significantly improved from last year a net loss of THB 1,012 million, or increasing 112.3 percent caused by several factors as follows:

1. Gross written premium THB 4,455 million decreased 8.1 percent due to long-term reinsurance projects gradually decline. It decreased THB 649 million from last year. In addition, the Company decided not to renew loss insurance contracts which was equivalent to gross written premium of THB 66 million.

2. Underwriting loss of THB 225 million improved 51 percent equivalent to THB 234 million due to an improve in operating results from reducing loss insurance contracts and cost of long-term projects gradually decline in proportion to the premium reduction which will continue to decline until expiry in year 2022. Besides, this year was not affected by the recording of profit commission from the long-term insurance contracts of THB 159 million, which was a one-off transaction of last year.

3. Net investment income THB 301 million impressively improved from last year a loss of THB 297 million due to a one-off negative mark-to-market impact from trading investment and impairment of available - for-sale investment totally THB 531 million hit in the last year. The Company didn't have significant mark-to - market impact this year.

(Unit: THB Million)

	2019	2018	Growth (Percent)
Gross Written Premium	4,455	4,849	(8.1)
Underwriting Profit (Loss)	(225)	(459)	51.0
Net Investment Income (Loss)	301	(297)	201.3
Profit (Loss) Before Tax	164	(688)	123.8
Income Tax	(39)	(324)	88.0
Net Profit (Loss)	125	(1,012)	112.3

Analysis of Non-Conventional and Conventional business

Non-Conventional

(Unit: THB Million)

	2019	2018	Growth (Percent)
Gross Written Premium	2,602	2,887	(9.8)
Net Written Premium	1,958	1,682	16.4
Underwriting Profit (Loss) ¹	(15)	(263)	94.4
Loss Ratio (Percent)	48.4	50.8	(2.4 pp.)
Combined Loss and Commission Ratio (Percent)	100.7	115.4	(14.7 pp.)

Note: ¹ Excluded operating expenses

Gross written premium decreased by 9.8 percent due to the long-term reinsurance projects gradually decline. It decreased THB 649 million from last year. Whilst net written premium increased 16.4 percent because the Company can produce additional insurance premiums to compensate for the long-term project. The underwriting results was still a loss of THB 15 million decreased significantly from last year THB 248 million or improved 94.4 percent due to cost of the long-term reinsurance project gradually decreasing in proportion to the premium. Furthermore, this year was not affected by the recording of profit commission from the long-term insurance contract of 159 million THB, which was a one-off transaction last year. It resulted in the combined ratio decreased by 2.4 pp. and 14.7 pp. respectively.

Conventional

(Unit: THB Million)

	2019	2018	Growth (Percent)
Gross Written Premium	1,853	1,963	(5.6)
Net Written Premium	1,540	1,801	(14.5)
Underwriting Profit ¹	121	143	(14.9)
Loss Ratio (Percent)	62.7	59.0	3.7 pp.
Combined Loss and Commission Ratio (Percent)	92.5	91.4	1.1 pp.

Note: ¹ Excluded operating expenses

Gross written premium decreased by 5.6 percent and net written premium decreased by 14.5 percent because the Company decided not to renew loss insurance contracts for the amount of THB 66 million. However, underwriting profit THB 121 million that decreased from last year 14.9 percent and combined ratio up 3.7 pp. due to higher claim expense from several property cases and the government crop insurance program which suffered drought and flooding from natural disaster.

Results of Domestic Non-Life Reinsurance Classified by Products

(Unit: THB Million)

	2019	2018	Growth (Percent)
Gross Written Premium			
Property	330	321	2.7
Marine	71	69	2.8
Motor	888	993	(10.6)
Miscellaneous	3,145	3,457	(9.0)
Total	4,434	4,840	(8.4)
Net Written Premium			
Property	272	263	3.3
Marine	58	56	4.1
Motor	888	1,090	(18.5)
Miscellaneous	2,259	2,065	9.4
Total	3,477	3,474	0.1
Underwriting Profit (Loss) ¹			
Property	(19)	9	(306.5)
Marine	10	33	(71.3)
Motor	84	62	36.0
Miscellaneous	31	(223)	113.8
Total	106	(119)	188.6
Loss Ratio (Percent)			
Property	67.5	52.0	15.5 pp.
Marine	35.4	(16.4)	51.8 pp.
Motor	61.8	63.8	(2.0 pp.)
Miscellaneous	51.0	52.6	(1.6 pp.)
Total	54.7	54.8	(0.1 pp.)
Combined Loss and Commission Ratio (Percent)			
Property	107.1	96.4	10.7 pp.
Marine	83.8	39.3	44.5 pp.
Motor	90.8	93.9	(3.1 pp.)
Miscellaneous	98.7	111.0	(12.3 pp.)
Total	97.1	103.5	(6.4 pp.)

Note: ¹ Excluded operating expenses

- **Property**

Gross written premium THB 330 million increased 2.7 percent and net written premium of THB 272 million increased 3.3 percent. Underwriting loss THB 19 million decreased 306.5 percent and combined ratio 107.1 percent (up 10.7 pp.) was mainly due to major property claims together with the government crop insurance program which suffered drought and flooding from natural disaster.

- **Marine**

Gross written premium THB 71 million increased 2.8 percent and net written premium THB 58 million increased 4.1 percent with an underwriting profit THB 10 million (decreased 71.3 percent) and combined ratio 83.8 percent (up 44.5 pp.) was mainly due to a one-off loss adjustment from claim surveyor report posted in the year 2018.

- **Motor**

Gross and net written premium THB 888 million decreased 10.6 percent and 18.5 percent orderly. Underwriting profit THB 84 million increased 36 percent and combined ratio 90.8 percent (down 3.1 pp.) was mainly due to the Company's decision not to renew loss insurance contracts and therefore improved overall profitability and combined ratio.

- **Miscellaneous**

Gross written premium of THB 3,145 million decreased 9.0 percent due to the long-term reinsurance projects gradually decline. It decreased THB 649 million from last year. Whilst net written premium THB 2,259 million increased 9.4 percent because the company can produce additional insurance premiums to compensate for the declining long-term project. The underwriting results turned to a profit of THB 31 million improved by 113.8 percent and combined ratio improved to stand at 98.7 percent (down 12.3 pp.) due to cost of the long-term reinsurance project gradually decreasing in proportion to the premium. Furthermore, this year was not affected by the recording of profit commission from the long-term insurance contract of THB 159 million, which was a one-off transaction last year.

Results of Foreign Non-Life Reinsurance

(Unit: THB Million)

	2019	2018	Growth (Percent)
Gross Written Premium	21.2	9.4	125.5
Net Written Premium	21.2	9.4	125.5
Underwriting Profit (Loss) ¹	1.3	(1.9)	168.4
Loss Ratio (Percent)	64.8	69.0	(4.2 pp.)
Combined Loss and Commission Ratio	92.5	139.3	(46.8 pp.)

Note: ¹ Excluded operating expenses

Following the Company's expansion into ASEAN Economic Community (AEC), the Company received more gross written premium by THB 21.2 million or increased 125.5 percent from Vietnam, Cambodia and Singapore. The underwriting results also turned positive with a profit of THB 1.3 million (up 168.4 percent) with a combined ratio 92.5 percent (down 46.8 pp.).

Investment

	(Unit: THB Million)		
	2019	2018	Growth (Percent)
Net investments revenue	170	202	(15.8)
Gain (loss) on investments	112	(129)	186.8
Fair value gain (loss) on investments	26	(358)	107.3
Shares of loss from investment in associates	-	(7)	100
Investment expenses	(7)	(5)	(40.0)
Total	301	(297)	201.3

Net investment revenue THB 170 million being interest and dividend income decreased 15.8 percent due to lower dividend and interest income from decreasing investment assets which spent more in its normal operations.

Gain on investment THB 112 million increased from last year which presented a loss of THB 129 million due to gain from sale of investment units while last year incurred a one-off impairment of available-for-sale investment of THB 115 million and a mark-to-market loss when transfer investment in Thaire Life PLC. from 'trading' to 'available-for-sale' investment of THB 27 million.

Fair value gain (mark-to-market) of THB 26 million also impressively increased from last year which presented a loss of THB 358 million because there was a one-off mark-to-market adjustment of overall 'trading' investment portfolio following the high volatile of share prices in the Stock Exchange of Thailand. However, after the Company transferred key 'trading' investment to 'available-for-sale', there were no material mark-to-market impact to the operating results.

Service Business

(Unit: THB Million)

Company name	Nature of business	Income		percent	Profit (loss)*		percent
		2019	2018		2019	2018	
EMCS Thai Co., Ltd. (EMCS)	Provision of computer service in relation to motor insurance claims and related statistics	159	143	11.2	52	49	6.1
Thaire Services Co., Ltd.	Provision of computer service, health insurance claims and supporting services.	219	200	9.5	21	6	250.0
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	14	10	40.0	(1)	(15)	93.3
Thaire Innovation Co., Ltd.	E-commerce services	-	-	-	(5)	-	(100.0)

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

EMCS's revenue of THB 159 million and profit of THB 52 million increased by 11.2 percent and 6.1 percent orderly due to a growth of clients base and more service transactions.

Thaire Services' revenue of THB 219 million increased by 9.5 percent due to a growth of clients base and more service transactions and a profit of 21 million increased by 250 percent due to higher revenue together with expenses reduction.

Thaire Actuarial's revenue of THB 14 million increased by 40.0 percent due to a growth of client's base and more employee benefit service and therefore improved the operating results by reducing loss by THB 14 million. In addition, last year has a one-off impairment of investment in actuaries and deferred tax assets totally THB 12 million.

Thaire Innovation, the subsidiary of Thaire Services, was not operated during 2019 since it's been on the business improvement process. Thaire Innovation has registered to change its objectives from "Non-life insurance broker" to "E-commerce services" and returned its broker certificate to the Office of Insurance Commission (OIC) on 5 February 2019.

Financial Position

Assets

Total assets of THB 7,813 million decreased from last year THB 2,030 million or 20.6 percent mainly due to the redemption and sale of the investment for use in operations in the past year.

Liabilities

Total liabilities of THB 4,263 million decreased 1,959 million (or 31.5 percent) mainly due to (a) insurance contract liabilities decreased THB 749 million from normal operations, (b) due to reinsurers decreased THB 368 million from reinsurers settlement in the past year and (c) premium received in advance had been realised to revenue during the year of THB 460 million.

Equity

Shareholders' equity of THB 3,549 million decreased of THB 71 million or 2.0 percent due to a profit of THB 125 million and other components of owners' equity decreased THB 191 million and statutory reserve THB 5 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 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.

New financial reporting standards which are effective for fiscal years beginning on or after 1 January 2020 were summarised below.

- **Financial reporting standards related to financial instruments**

Financial instruments consist of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
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TFRS 9	Financial Instruments
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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
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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The early adoption of the above financial reporting standards before applying IFRS 17 (Insurance Contracts) would create significant effects to insurance companies by the complexity of the information reported in the financial statements (accounting mismatch). Thai General Insurance Association has proposed an alternative to apply "Guidance TFRS 9" to the Federation of Accounting Professions. As a result, insurance companies can choose to comply with this standard in 2 options:

1. Fully Adoption
2. Guidance TFRS9

The company has considered the impact of compliance with both options through intensive study and as a result decided to apply "Fully Adoption" which would not have any material impact to the company's future operating results and financial status.

- **Thai Financial Reporting Standard No. 16 (TFRS16) Leases**

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

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 ended in 2019.

Contingencies and off-balance sheet arrangements

The Company has certain contingencies as follows:

1. Operating lease of THB 2.0 million related to office rental and vehicles.
2. Service contracts of THB 2.1 million related to maintenance of reinsurance software computers.
3. Capital expenditures of THB 2.6 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.
- Interest rates and dividends which are affected by the economic conditions both domestically and internationally which are in a downtrend. It may affect the rate of return on investment in the short term.

Internal factors

- Long term insurance projects with extra high combined ratio and poor results in the past. However, these long term insurance projects would gradually expire from year 2019 until 2022. The Company's results would turn around expectedly.
- Since the International Financial Report Standard No. 17 is under consideration to apply to all insurance companies internationally with effective 1 January 2023. For Thailand, it's still under consideration of the Federation of Accounting Professions, however expected to be effective on 1 January 2024. We expect that the new accounting standards would make vast impact to the company's overall financial statements and operating results. Thus, the company has started an intensive study and analyse the impact and will inform to the shareholders accordingly.

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 2019 as follows:

(THB million)

Type	Limit of liability	Excess coverage	Total
Non-Marine	90	1,160	1,250
Marine	30	70	100

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 according to the nature of each natural disaster risk with a follow-up on a quarterly basis.

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Thai Reinsurance PCL.

Financial Highlights (Ten-Year Record)

(Unit: THB Million)

Consolidated financial statements	2019	2018	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)
Gross Written Premium	4,455	4,849	4,903	5,183	5,262	4,714	6,338	5,918	6,261	7,416	5,168
Net Written Premium	3,498	3,483	3,041	3,404	3,314	4,462	6,069	5,550	5,357	5,757	3,700
Net Underwriting Profit (Loss) ¹	(225)	(459)	(174)	264	276	(2,150)	(1,812)	(4,320)	(6,093)	(2,352)	267
Net Investment Income	301	(297)	371	45	2,914	590	590	742	728	272	440
Net Income (Loss) from Services	80	65	71	58	63	49	49	62	45	21	(15)
Profit (Loss) before Income Tax	164	(688)	257	347	3,202	(1,339)	(1,339)	(3,529)	(5,346)	(2,052)	684
Net Profit (Loss)	125	(1,012)	(111)	278	2,655	(1,953)	(1,953)	(2,799)	(4,349)	(1,660)	580
Total Assets	7,813	9,842	12,395	14,418	15,112	14,682	14,682	27,910	33,433	25,720	9,176
Total Liabilities	4,263	6,222	7,529	9,038	9,656	10,899	10,899	25,082	30,154	24,978	6,195
Share capital paid up	4,215	4,215	4,215	4,215	4,215	4,215	4,215	3,512	3,512	1,187	1,187
Capital Funds (Shareholders' Equity)	3,549	3,620	4,866	5,320	5,413	3,054	3,054	2,273	3,476	728	2,965
Book Value per share (Baht)	0	0.86	1.15	1.26	1.28	0.72	0.72	0.65	0.99	0.61	2.5
Dividend Per Share (Baht)	-	-	0.1	0.15	-	-	-	-	-	0.2	0.41

Consolidated financial statements	2019	2018	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)
Ratio (Percent)											
Return on Revenue	3.0	(25.1)	(2.9)	6.9	40.8	(28.2)	(28.2)	(42.7)	(69.1)	(26.8)	13.6
Return on Net Written Premium	3.6	(29.1)	(3.7)	8.2	80.1	(43.8)	(32.2)	(50.4)	(81.2)	(28.8)	15.7
Return on Equity	3.5	(23.9)	(2.2)	5.2	62.7	(73.3)	(73.3)	(97.4)	(206.9)	(89.9)	20.4
Return on Assets	1.4	(9.1)	(0.8)	1.9	17.8	(9.2)	(9.2)	(9.1)	(14.7)	(9.5)	6.9
Return on Investment	6.0	(4.7)	4.7	0.5	28.7	4.5	4.5	4.4	4.9	3.4	9.3
Loss Ratio ²	54.8	54.8	46.8	43.6	43.6	101.2	85.3	136.1	169.9	103.7	48.9
Acquisition Ratio ³	51.5	58.3	58.7	48.9	50.3	46.7	44.5	42.4	44.1	43.7	45.0
Combined Ratio	106.2	113.1	105.5	92.5	93.9	147.9	129.8	178.5	214.0	147.4	93.9
Solvency Ratio	102.5	121.8	167.5	157.7	127.7	59.7	43.9	51.8	39.2	32.1	77.0
Current Ratio (times)	1.2	1.1	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1
Reserve Ratio ⁴	139.6	170.6	234.5	249.8	227.2	151.3	111.2	218.7	272.2	120.3	144.3

Description:

1. 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 were restated according to the change in accounting policy as above.

2. 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.

3. 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 2010 - 2019 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

Thai Reinsurance PCL.

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

The Board of Directors are responsible for the Company and its subsidiaries' financial statements including the financial information shown in the annual report. The Company's financial statements ended 31 December 2019 are prepared in accordance with the Thai Accounting Standard. The appropriate accounting policies are constantly implemented. Sufficient important information are disclosed in the footnotes of the financial statements which have been audited by the auditors.

The Board of Directors have 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 have 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 regards to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors are of the view that the Company has maintained an effective internal control system at an adequate and appropriate level to assure the credibility of the financial statements. The financial positions, operating performance and cash flows of Thai Reinsurance Public Co., Ltd. and its subsidiaries are presented correctly and completely in accordance with the accounting standard.



(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 2019, 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 2019, 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 to each matter were described below.

Reinsurance premiums written

Revenues from the Company's core business are reinsurance premiums written whereby in 2019, the Company had reinsurance premium written of Baht 4,455 million. In doing 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, recognition of earned reinsurance premiums under these reinsurance contracts, the reinsurance contracts have to meet the criteria and definition of insurance contracts under Thai Financial Reporting Standards, which involve the judgement exercised by the Company's management in considering and reviewing classification of insurance contracts. Therefore, I focused on examining that reinsurance premiums were actually earned and correctly recognised.

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 and tested, on a sampling basis, significant adjustments made by journal vouchers.

Loss reserves

As described in Note 15 to the financial statements, as at 31 December 2019 the Company had loss reserves (included as a part of insurance contract liabilities) of Baht 1,578 million. 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.

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: 25 February 2020

Financial Statements and Notes to Financial Statements

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019 and 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Cash and cash equivalents	6	184,603,593	446,268,704	105,346,768	367,087,755
Accrued investment income		6,231,515	2,924,382	6,083,871	2,891,052
Reinsurance assets	7	769,340,554	1,447,314,521	769,340,554	1,447,314,521
Reinsurance receivables	8, 20.3	1,528,510,979	1,289,467,042	1,528,510,979	1,289,467,042
Investment assets					
Investments in securities	9, 29	4,046,119,055	5,185,301,798	3,909,142,622	5,078,695,124
Loans	10	21,441,043	25,120,088	21,285,480	25,120,088
Investments in subsidiaries	11	-	-	307,699,320	307,699,320
Premises and equipment	12	248,744,382	251,863,512	139,590,861	145,340,844
Intangible assets	13	114,164,750	114,468,418	63,866,299	69,576,402
Deferred tax assets	14.1	240,688,983	208,537,880	229,378,293	199,866,833
Other assets					
Deferred commissions and brokerages expenses	20.3	510,475,858	742,751,077	510,475,858	742,751,077
Cash placed as collateral securities		-	1,211,673	-	1,211,673
Corporate income tax awaiting refund		33,713,300	31,950,724	31,975,631	30,820,992
Others	20.3	108,573,124	95,064,333	44,802,943	46,998,816
Total assets		7,812,607,136	9,842,244,152	7,667,499,479	9,754,841,539

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 2019 and 2018

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and owners' equity					
Liabilities					
Long-term loans	19	-	3,641,000	-	-
Insurance contract liabilities	15, 20.3	2,862,390,705	3,610,775,078	2,862,390,705	3,610,775,078
Due to reinsurers	16, 20.3	932,087,671	1,299,965,862	932,087,671	1,299,965,862
Income tax payables		5,488,933	4,963,703	-	-
Employee benefit obligations	17	64,135,113	48,675,110	38,600,646	33,494,087
Other liabilities					
Premium received in advance - net	20.3	235,192,586	694,964,699	235,192,586	694,964,699
Deferred commissions and brokerages income	20.3	78,465,646	205,792,838	78,465,646	205,792,838
Cash received to place as collateral		-	340,458	-	340,458
Profit commission reserves on a reinsurance contract	8	-	283,446,322	-	283,446,322
Dividend payables		1,625,419	2,692,950	1,625,419	2,692,950
Financial lease		4,080,315	-	1,376,704	-
Others	20.3	79,850,006	67,139,837	23,334,789	27,097,677
Total liabilities		4,263,316,394	6,222,397,857	4,173,074,166	6,158,569,971
Owners' equity					
Share capital	21				
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	22	90,400,000	85,400,000	77,200,000	77,200,000
Unappropriated		(412,784,888)	(527,704,160)	(544,358,341)	(637,145,104)
Other components of owners' equity		(343,318,202)	(152,843,377)	(253,410,178)	(58,777,160)
Equity attributable to shareholders of the Company		3,549,290,742	3,619,846,295	3,494,425,313	3,596,271,568
Non-controlling interests of the subsidiaries		-	-	-	-
Total owners' equity		3,549,290,742	3,619,846,295	3,494,425,313	3,596,271,568
Total liabilities and owners' equity		7,812,607,136	9,842,244,152	7,667,499,479	9,754,841,539

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 2019 and 2018

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Revenues					
Reinsurance premium written	20.2	4,455,274,300	4,849,173,498	4,455,274,300	4,849,173,498
Less: Premium ceded to reinsurers	20.2	(957,596,603)	(1,366,384,462)	(957,596,603)	(1,366,384,462)
Net reinsurance premium written		3,497,677,697	3,482,789,036	3,497,677,697	3,482,789,036
Add (less): Unearned premium reserves (increased) decreased from prior year		111,147,290	(123,382,481)	111,147,290	(123,382,481)
Earned reinsurance premium		3,608,824,987	3,359,406,555	3,608,824,987	3,359,406,555
Commissions and brokerage income	20.2	394,391,956	309,332,640	394,391,956	309,332,640
Net investment revenue	20.2	170,332,919	201,948,938	208,662,478	233,366,190
Gains (losses) on investments		111,921,054	(129,262,770)	111,620,726	(134,480,571)
Fair value gains (losses) on investments		25,843,060	(357,903,498)	25,853,521	(357,903,498)
Shares of loss from investments in an associate		(327,038)	(6,380,369)	-	-
Service income	20.2	375,668,883	337,988,521	-	-
Other income		9,985,982	4,923,164	9,793,372	4,268,155
Total revenues		4,696,641,803	3,720,053,181	4,359,147,040	3,413,989,471
Expenses					
Gross claims	20.2	3,117,631,889	3,513,932,344	3,117,634,889	3,513,980,344
Less: claim recovery from reinsurers	20.2	(1,140,528,943)	(1,672,012,178)	(1,140,528,943)	(1,672,012,178)
Commissions and brokerage expenses	20.2	1,919,380,233	1,946,965,031	1,919,380,233	1,946,965,031
Other underwriting expenses		144,304,748	139,465,492	144,392,901	139,537,492
Operating expenses	23	187,465,058	199,804,903	196,664,299	207,700,275
Investment expenses		6,758,063	4,921,712	6,758,063	4,921,712
Service expenses	20.2	295,647,357	273,159,900	-	-
Finance costs		187,775	475,093	11,225	-
Other expenses		2,244,086	1,391,429	219,658	199,238
Total expenses	24	4,533,090,266	4,408,103,726	4,244,532,325	4,141,291,914
Profit (loss) before income tax expenses		163,551,537	(688,050,545)	114,614,715	(727,302,443)
Income tax expenses	14.2	(38,755,044)	(323,791,863)	(19,895,881)	(309,404,322)
Profit (loss) for the years		124,796,493	(1,011,842,408)	94,718,834	(1,036,706,765)
Profit (loss) for the years attributable to:					
Shareholders of the Company		125,128,553	(1,011,842,408)	94,718,834	(1,036,706,765)
Non-controlling interests of the subsidiaries		(332,060)	-		
		124,796,493	(1,011,842,408)		
Earnings per share	26				
Basic earnings per share					
Profit (loss) for the years attributable to shareholders of the Company		0.03	(0.24)	0.02	(0.25)

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 2019 and 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit (loss) for the years		124,796,493	(1,011,842,408)	94,718,834	(1,036,706,765)
Other comprehensive income (loss)					
Items to be recognised in statements of income					
for subsequent periods	14.2				
Loss on revaluation of available-for-sale investments		(242,985,502)	(22,913,995)	(243,291,272)	(22,679,947)
Add: Income taxes		48,597,100	4,582,799	48,658,254	4,535,989
Items to be recognised in statements of income					
for subsequent periods - net of income taxes		(194,388,402)	(18,331,196)	(194,633,018)	(18,143,958)
Items not to be recognised in statements of income					
for subsequent periods	14.2				
Actuarial losses		(7,841,948)	(7,878,726)	(3,745,435)	(4,793,044)
Add: Income taxes		1,568,390	1,575,745	749,087	958,609
Items not to be recognised in statements of income					
for subsequent periods - net of income taxes		(6,273,558)	(6,302,981)	(2,996,348)	(3,834,435)
Other comprehensive loss for the years		(200,661,960)	(24,634,177)	(197,629,366)	(21,978,393)
Total comprehensive loss for the years		(75,865,467)	(1,036,476,585)	(102,910,532)	(1,058,685,158)
Total comprehensive loss for the years attributable to:					
Shareholders of the Company		(75,533,407)	(1,036,476,585)	(102,910,532)	(1,058,685,158)
Non-controlling interest of the subsidiaries		(332,060)	-		
		(75,865,467)	(1,036,476,585)		

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

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

Thai Reinsurance Public Company Limited and its subsidiaries
 Statements of changes in owners' equity (continued)
 For the years ended 31 December 2019 and 2018

Separate financial statements							(Unit: Baht)
	Note	Issued and paid-up share capital	Retained earnings		Other component of equity		Total owners' equity
			Appropriated - Statutory reserve	Unappropriated	Revaluation deficit on available-for-sale investments	- net incomes taxes	
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 expired dividend payable	27	-	-	766,120	-		766,120
Dividend paid	28	-	-	(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
Balance as at 1 January 2019		4,214,993,832	77,200,000	(637,145,104)	(58,777,160)		3,596,271,568
Reversal of expired dividend payable	27	-	-	1,064,277	-		1,064,277
Profit for the year		-	-	94,718,834	-		94,718,834
Other comprehensive loss for the year		-	-	(2,996,348)	(194,633,018)		(197,629,366)
Total comprehensive income (loss) for the year		-	-	91,722,486	(194,633,018)		(102,910,532)
Balance as at 31 December 2019		4,214,993,832	77,200,000	(544,358,341)	(253,410,178)		3,494,425,313

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 2019 and 2018

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Cash flows from operating activities					
Cash paid for reinsurance		(179,410,926)	(221,868,490)	(179,413,926)	(221,916,490)
Interest income		32,179,276	36,051,934	30,123,173	34,372,319
Dividends received from subsidiaries		-	-	40,499,975	32,999,989
Dividend income from other companies		135,411,168	175,858,821	135,411,168	175,858,821
Revenues from other investments		9,530,272	15,926,427	9,556,982	15,926,426
Other income		371,735,712	352,401,285	9,370,146	3,167,760
Commission and brokerage expenses		(1,026,159,024)	(874,998,284)	(1,026,159,024)	(874,998,284)
Other underwriting expenses		(147,470,452)	(142,985,566)	(147,558,605)	(143,057,566)
Operating expenses		(171,614,017)	(179,448,058)	(176,708,424)	(183,857,295)
Other expenses		(247,081,088)	(239,367,423)	(218,632)	(198,066)
Income tax expenses		(21,514,489)	(20,772,013)	(760,411)	(5,241,689)
Investments in securities		1,017,389,640	1,380,803,409	1,046,855,774	1,418,514,890
Loans		2,023,708	10,629,333	2,179,272	10,629,333
Investments in a subsidiary/an associate		(4,846,528)	(3,675,000)	-	-
Net cash provided by (used in) operating activities		(229,826,748)	288,556,375	(256,822,532)	262,200,148
Cash flows from investing activities					
Disposals of equipment and intangible assets		944,038	1,641,006	715,660	8,561,148
Purchases of premises, equipment and intangible assets		(30,354,348)	(22,295,912)	(5,634,115)	(5,529,072)
Net cash provided by (used in) investing activities		(29,410,310)	(20,654,906)	(4,918,455)	3,032,076
Cash flows from financing activities					
Dividends paid	28	-	(210,749,692)	-	(210,749,692)
Repayments on long-term loans		(3,753,052)	(5,383,093)	-	-
Net cash used in financing activities		(3,753,052)	(216,132,785)	-	(210,749,692)
Net increase (decrease) in cash and cash equivalents		(262,990,110)	51,768,684	(261,740,987)	54,482,532
Cash and cash equivalents at beginning of the years		446,268,704	394,500,020	367,087,755	312,605,223
Add: Cash and cash equivalents held by an associate					
whose status was changed to a subsidiary		1,324,999	-	-	-
Cash and cash equivalents at end of the years		184,603,593	446,268,704	105,346,768	367,087,755

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 2019 and 2018

1. Corporate information

Thai Reinsurance Public Company Limited (“the Company”) is a public company, incorporated and domiciled in Thailand. As at 31 December 2019 and 2018, its major shareholder is HWIC ASIA FUND, which held 47% and 47%, 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	
			2019	2018
			%	%
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
Thaire Innovation Co., Ltd ⁽¹⁾	Provision of develop electronic commerce services	Thailand	100.0	49.0

⁽¹⁾ It has been a subsidiary since 28 March 2019.

- (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 associate 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 has adopted the revised (revised 2018) and new financial reporting standards and interpretations, which were 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. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which 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 recognised 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.

This standard does not have any significant impact on these financial statements.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an additional option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on these financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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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

This set of TFRSs related to financial instruments makes 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.

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

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

This accounting guidance has differences in certain topics from TFRS 9, with the significant differences being described as below.

- Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are to be recognised in profit or loss.
- The derivatives embedded in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance has certain differences from TFRS 7 with respect to disclosures.

The Company's management considered to adopt this set of TFRSs related to financial instruments and expected the impacts to the Group's financial statements in the following significant area and is currently evaluating the impact of such set of TFRSs to the financial statements in the year when they are adopted.

- Classification and measurement of financial assets

Investments, which were previously classified as general investments, will be classified as financial assets measured at fair value through other comprehensive income.

Certain investments, which were previously classified as available-for-sale investments will be classified as financial assets measured at fair value through profit or loss based on the characteristics of their contractual cash flows.

- Recognition of credit losses

The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred.

TFRS 16 Leases

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

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

The Company's management is currently evaluating the impact from this standard to these financial statements in the year when it is adopted.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Reinsurance premium written

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

Reinsurance premium written is recognised when the Company receives the reinsurance application or the statement of accounts and confirms the coverage under the reinsurance contracts.

For long-term insurance policies with coverage periods of longer than 1 year, they are recorded as premium received in advance and will be gradually recognised as earned over the annual coverage periods.

(b) Commission and brokerage income

Commission and brokerage income include profit commission from retrocession contracts.

Commission and brokerage income

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

Commission and brokerage income are recorded as deferred revenues and will gradually be amortised as revenues proportionately to the retroceded premiums that are recognised as expenses.

For long-term insurance policies with 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 retrocession contracts

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

At the end of each reporting period, the Company calculates profit commission from retrocession contract based on its portion of estimated cumulative retrocession profits from the effective date to the end of the retrocession 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 retrocession contracts", 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 revenues or expenses 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) Premium ceded to reinsurances

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 proportionately to the earned premium.

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 Reinsurance receivables and due to reinsurers

(a) Reinsurance receivables

Reinsurance receivables are stated at the outstanding balance of amount due from reinsurers and amounts deposited 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 reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the difference is recognised and the unexpired risk reserves are presented in the financial statements. The increase or decrease in unearned premium reserves from prior year will be recognised in statements of income.

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 financial statements		Separate financial statements	
	31 December		31 December	
	2019	2018	2019	2018
Cash on hand	106,000	96,000	35,000	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	184,497,593	180,223,610	105,311,768	116,388,943
Money market funds	-	15,285,282	-	-
Government bonds with maturity periods				
of less than 3 months	-	250,663,812	-	250,663,812
Total cash and cash equivalents	184,603,593	446,268,704	105,346,768	367,087,755

As at 31 December 2019 and 2018, saving accounts, money market funds and government bonds carried interest between 0.10% to 0.38% per annum and 0.10% to 1.54% per annum, respectively.

7. Reinsurance assets

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2019	2018
Insurance reserves refundable from reinsurers		
Loss reserves	516,301,342	768,456,785
Unearned premium reserves	253,039,212	678,857,736
Total reinsurance assets	769,340,554	1,447,314,521

8. Reinsurance receivables

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2019	2018
Amounts deposited on reinsurance	813,170,691	697,619,034
Amounts due from reinsurers	738,555,161	615,335,346
Total	1,551,725,852	1,312,954,380
Less: Allowance for doubtful accounts	(23,214,873)	(23,487,338)
Reinsurance receivables - net	1,528,510,979	1,289,467,042

As at 31 December 2019 and 2018, the outstanding balances of amounts due from reinsurers were classified by overdue periods as follows:

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December	
	2019	2018
Not yet due	670,381,698	304,781,216
Not over 12 months	42,318,927	303,820,788
Over 1 year to 2 years	20,287,833	1,010,437
Over 2 years	5,566,703	5,722,905
Total amounts due from reinsurers	738,555,161	615,335,346

In 2015, the Company entered into a long-term retrocession 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 was adjusted every year. The cumulative reinsurance profit was 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 used 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, the Company had the amounts of cash received from sharing of profit commissions not yet recognised as revenue (net of the amounts already paid back to the reinsurer) of Baht 283 million, as “Profit commission reserves on a retrocession contract”, which were presented as liabilities in the statements of financial position. However, during the year the Company already agreed to settle the amount of profit commission reserves on a retrocession contract to its counter party, the Company therefore transferred such reserves to be presented as “Due to reinsurers” awaiting payment. Up to the date of the approval of these financial statements, such amount is still outstanding.

9. Investments in securities

9.1 Classified by type of investments

As at 31 December 2019 and 2018, carrying values of investments in securities were classified by type of investments as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2019	2018	2019	2018
Trading investments	288	492	266	490
Available-for-sale investments	1,941	2,979	1,941	2,976
Held-to-maturity investments	1,812	1,709	1,697	1,607
General investments	5	5	5	5
Total investments in securities	4,046	5,185	3,909	5,078

9.2 Classifieds by type of securities

Consolidated financial statements

(Unit: Baht)

	31 December 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	-	-	487,785,810	442,907,848
Unit trusts	275,278,457	287,255,453	48,980,960	49,307,575
Total	275,278,457	287,255,453	536,766,770	492,215,423
Add (less): Unrealised gain (loss)	11,976,996	-	(44,551,347)	-
Trading investments - net	<u>287,255,453</u>	<u>287,255,453</u>	<u>492,215,423</u>	<u>492,215,423</u>
Available-for-sale investments				
Equity securities	1,414,765,708	1,087,588,852	1,505,246,440	1,386,381,173
Unit trusts	867,673,036	878,087,170	1,663,030,809	1,708,118,856
Total	2,282,438,744	1,965,676,022	3,168,277,249	3,094,500,029
Less: Unrealised loss	(316,762,722)	-	(73,777,220)	-
Less: Allowance for impairment	(24,406,966)	(24,406,966)	(115,450,966)	(115,450,966)
Available-for-sale investments - net	<u>1,941,269,056</u>	<u>1,941,269,056</u>	<u>2,979,049,063</u>	<u>2,979,049,063</u>
Held-to-maturity investments				
Government and state enterprise bonds	514,813,464		1,072,666,922	
Private enterprise debt securities	356,000,000		115,000,000	
Deposits at banks	941,410,692		521,000,000	
Total held-to-maturity investments	<u>1,812,224,156</u>		<u>1,708,666,922</u>	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	<u>5,370,390</u>		<u>5,370,390</u>	

Separate financial statements

(Unit: Baht)

	31 December 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	-	-	487,785,810	442,907,848
Unit trusts	254,000,000	265,736,414	47,000,000	47,315,538
Total	254,000,000	265,736,414	534,785,810	490,223,386
Add (less): Unrealised gain (loss)	11,736,414	-	(44,562,424)	-
Trading investments - net	<u>265,736,414</u>	<u>265,736,414</u>	<u>490,223,386</u>	<u>490,223,386</u>
Available-for-sale investments				
Equity securities	1,414,765,708	1,087,588,852	1,505,246,440	1,386,381,173
Unit trusts	867,673,036	878,087,170	1,650,030,809	1,705,424,626
Total	2,282,438,744	1,965,676,022	3,165,277,249	3,091,805,799
Less: Unrealised loss	(316,762,722)	-	(73,471,450)	-
Less: Allowance for impairment	(24,406,966)	(24,406,966)	(115,450,966)	(115,450,966)
Available-for-sale investments - net	<u>1,941,269,056</u>	<u>1,941,269,056</u>	<u>2,976,354,833</u>	<u>2,976,354,833</u>
Held-to-maturity investments				
Government and state enterprise bonds	487,766,762		1,038,746,515	
Private enterprise debt securities	356,000,000		115,000,000	
Deposits at banks	853,000,000		453,000,000	
Total held-to-maturity investments	<u>1,696,766,762</u>		<u>1,606,746,515</u>	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	<u>5,370,390</u>		<u>5,370,390</u>	

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.

9.3 Classified by remaining periods of debt securities

As at 31 December 2019 and 2018, investments in debt securities were classified by remaining periods to maturity as follows:

Consolidated financial statements

(Unit: Baht)

	31 December 2019			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	499,404,009	15,409,455	-	514,813,464
Private enterprise debt securities	25,000,000	331,000,000	-	356,000,000
Deposits at banks	941,000,000	410,692	-	941,410,692
Total held-to-maturity investments	1,465,404,009	346,820,147	-	1,812,224,156

(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

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(Unit: Baht)

	31 December 2019			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	472,564,308	15,202,454	-	487,766,762
Private enterprise debt securities	25,000,000	331,000,000	-	356,000,000
Deposits at banks	853,000,000	-	-	853,000,000
Total held-to-maturity investments	1,350,564,308	346,202,454	-	1,696,766,762

(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

9.4 Revaluation deficit on available-for-sale investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31		For the years ended 31	
	December		December	
	2019	2018	2019	2018
Revaluation deficit on available-for-sale investments - beginning of the years	(73,777,220)	(50,863,225)	(73,471,450)	(50,791,503)
Losses on revaluation during years	(306,864,669)	(91,160,196)	(306,864,669)	(90,926,148)
Impairment losses recognised in statements of income	24,400,000	115,444,000	24,400,000	115,444,000
Transfer of (gains) losses on sales of available-for-sale investments during the years to be recognised in statements of income	39,479,167	(47,197,799)	39,173,397	(47,197,799)
Revaluation deficit on available-for-sale investments - end of the years	(316,762,722)	(73,777,220)	(316,762,722)	(73,471,450)
Add: Income taxes	63,352,544	14,755,444	63,352,544	14,694,290
Revaluation deficit on available-for-sale investments - net of income taxes	(253,410,178)	(59,021,776)	(253,410,178)	(58,777,160)

9.5 Investments subject to restriction

As at 31 December 2019 and 31 December 2018, the Company placed certain investments as securities and insurance reserves as described in Note 29 to the financial statements.

9.6 Reclassification of investment type

The Company transferred its investments in equity securities previously classified as “Trading investments” to “Available-for-sale investments” in accordance with the resolution of Investment Committee Meeting of the Company held on 26 February 2019. The cost, fair value and gain on investments as a result of such transfer on the transfer date were summarised as follows.

	(Unit: Baht)
	For the year ended 31 December 2019
	Consolidated and Separate financial statements
Cost	404,207,848
Fair value	407,904,871
Gains on reclassification of investment type recognised in statement of income	3,697,023

10. Loans and interest receivables

The ending balances of loans and interest receivables as at 31 December 2019 and 2018 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 financial statements		Separate financial statements	
	31 December		31 December	
	2019	2018	2019	2018
Mortgaged loans				
Principal	21,086,613	24,816,490	21,086,613	24,816,490
Personal guarantee loans				
Principal	354,430	303,598	198,867	303,598
Total loans	21,441,043	25,120,088	21,285,480	25,120,088

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	
			2019	2018	2019	2018
			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
Investments in a subsidiary held by another subsidiary						
Thaire Innovation Co., Ltd. ⁽¹⁾	Provision of develop electronic commerce service	Thailand	37,500	37,500	100	49

⁽¹⁾ It had been an associate until 27 March 2019.

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	
	2019	2018	2019	2018	2019	2018	2019	2018
Subsidiaries								
EMCS Thai Co., Ltd.	167,700	167,700	-	-	167,700	167,700	36,000	33,000
Thaire Services Co., Ltd.	100,000	100,000	-	-	100,000	100,000	4,500	-
Thaire Actuarial Consulting Co., Ltd.	50,000	50,000	(10,000)	(10,000)	40,000	40,000	-	-
	<u>317,700</u>	<u>317,700</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>307,700</u>	<u>307,700</u>	<u>40,500</u>	<u>33,000</u>
Subsidiary held by another subsidiary								
Thaire Innovation Co., Ltd. ⁽¹⁾	23,222	18,375	(20,666)	(18,375)	2,556	-	-	-

⁽¹⁾ It had been an associate until 27 March 2019.

12. 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 2018	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
Additions	-	331,345	-	4,296,595	3,272,999	3,995,771	7,716,790	19,613,500
Increase due to the acquisition of control over a subsidiary	-	-	207,395	-	457,030	938,968	-	1,603,393
Disposals	-	-	(207,395)	(3,054,000)	(1,240,886)	(665,278)	-	(5,167,559)
Transfer in (out)	-	241,000	-	7,490	48,300	-	(296,790)	-
31 December 2019	99,739,416	165,198,486	-	9,750,217	76,982,206	78,228,812	7,420,000	437,319,137
Accumulated depreciation								
1 January 2018	-	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
Increase due to the acquisition of control over a subsidiary	-	-	207,395	-	151,232	625,494	-	984,121
Depreciation for the year	-	8,251,814	-	863,358	5,270,291	8,264,710	-	22,650,173
Accumulated depreciation on disposals	-	-	(207,395)	(3,053,998)	(698,088)	(519,349)	-	(4,478,830)
31 December 2019	-	45,032,136	-	4,101,946	63,409,469	67,339,998	-	179,883,549
Allowance for impairment								
1 January 2018	-	8,678,206	-	-	-	-	-	8,678,206
Impairment during the year	-	-	-	-	-	-	-	-
31 December 2018	-	8,678,206	-	-	-	-	-	8,678,206
Impairment during the year	-	-	-	-	11,101	1,899	-	13,000
31 December 2019	-	8,678,206	-	-	11,101	1,899	-	8,691,206
Net book value								
31 December 2018	99,739,416	119,167,613	-	2,207,546	15,758,729	14,990,208	-	251,863,512
31 December 2019	99,739,416	111,488,144	-	5,648,271	13,561,636	10,886,915	7,420,000	248,744,382
Depreciation for the year								
2018								22,982,384
2019								22,650,173

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(Unit: Baht)

	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Total
Cost						
1 January 2018	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
Additions	-	272,495	1,431,070	1,308,358	1,100,862	4,112,785
Disposals	-	-	(3,054,000)	(745,628)	-	(3,799,628)
31 December 2019	63,664,000	86,209,740	4,580,006	63,176,136	23,431,983	241,061,865
Accumulated depreciation						
1 January 2018	-	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
Depreciation for the year	-	4,303,647	683,893	3,767,024	814,744	9,569,308
Accumulated depreciation on disposals	-	-	(3,053,998)	(452,170)	-	(3,506,168)
31 December 2019	-	23,262,122	1,625,287	54,370,605	22,212,990	101,471,004
Net book value						
31 December 2018	63,664,000	66,978,770	2,207,544	11,557,655	932,875	145,340,844
31 December 2019	63,664,000	62,947,618	2,954,719	8,805,531	1,218,993	139,590,861
Depreciation for the year:						
2018						9,399,176
2019						9,569,308

As at 31 December 2019 and 2018, 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 104.2 million and Baht 94.3 million, respectively (the Company only: Baht 65.1 million and 66.9 million, respectively).

As at 31 December 2019, land and buildings thereon of a subsidiary with net carrying values totaling Baht 29.7 million were mortgaged with a financial institution to secure against credit facilities and long-term loans granted by such financial institution, as described in Note 18 to the financial statements and as at 31 December 2018, land and building thereon with net carry value totaling Baht 78.8 million were mortgaged with a financial institution to secure against credit facilities and long-term loan granted by such financial institution, as describe in Notes 18 and 19 to the financial statements.

13. Intangible asset

Consolidated financial statements

(Unit: Baht)

	Computer softwares		Computer Softwares	Deferred technical knowledge acquisition	
	In-house development	Purchase/ acquisition	under development	cost	Total
Cost					
1 January 2018	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
Additions	-	4,160,775	9,044,667	1,540,000	14,745,442
Increase due to acquisition of control over a subsidiary	-	8,220,867	-	-	8,220,867
Transfer in (out)	2,456,739	4,996,786	(7,453,525)	-	-
Adjustment	-	-	(310,960)	-	(310,960)
31 December 2019	2,558,660	186,658,948	11,792,673	38,532,961	239,543,242
Accumulated amortisation					
1 January 2018	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
Increase due to acquisition of control over a subsidiary	-	1,556,963	-	-	1,556,963
Amortisation for the year	10,192	14,124,077	-	2,887,785	17,022,054
31 December 2019	45,204	102,590,358	-	8,362,930	110,998,492
Allowance for impairment					
1 January 2018	-	-	-	-	-
Impairment during the year	-	-	-	10,000,000	10,000,000
31 December 2018	-	-	-	10,000,000	10,000,000
Impairment during the year	-	2,780,000	-	1,600,000	4,380,000
31 December 2019	-	2,780,000	-	11,600,000	14,380,000
Net book value					
31 December 2018	66,909	82,371,202	10,512,491	21,517,816	114,468,418
31 December 2019	2,513,456	81,288,590	11,792,673	18,570,031	114,164,750
Amortisation for the year					
2018					15,358,707
2019					17,022,054

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(Unit: Baht)

	Computer softwares	Computer softwares under development	Deferred technical knowledge acquisition cost	Total
Cost				
1 January 2018	118,394,640	2,508,740	18,669,131	139,572,511
Additions	146,500	147,512	1,575,263	1,869,275
Disposals	-	-	(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
Additions	312,755	1,034,054	1,540,000	2,886,809
Transfer in/(out)	322,448	(322,448)	-	-
31 December 2019	121,371,882	1,172,319	13,663,085	136,207,286
Accumulated amortisation				
1 January 2018	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-offs	-	-	(814,357)	(814,357)
31 December 2018	62,779,612	-	964,463	63,744,075
Amortisation for the year	8,114,680	-	482,232	8,596,912
31 December 2019	70,894,292	-	1,446,695	72,340,987
Net book value				
31 December 2018	57,957,067	460,713	11,158,622	69,576,402
31 December 2019	50,477,590	1,172,319	12,216,390	63,866,299
Amortisation for the year				
2018				8,292,091
2019				8,596,912

As at 31 December 2019 and 2018, 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 61 million and 56.9 million, respectively (the Company only: Baht 41.5 million and 41.1 million, respectively).

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		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	
	31	31	31	31				
	December 2019	December 2018	December 2019	December 2018	2019	2018	2019	2018
Deferred tax assets (liabilities)								
arose from:								
Loss reserves	212,316	204,737	212,316	204,737	7,579	6,864	7,579	6,864
Commission payable from reinsurance	34,202	51,144	34,202	51,144	(16,942)	19,332	(16,942)	19,332
Deferred commission and brokerage income	15,693	41,159	15,693	41,159	(25,466)	(17,183)	(25,466)	(17,183)
Unused tax losses	53,720	80,313	53,720	80,313	(26,593)	(465,536)	(26,593)	(464,696)
Revaluation deficit on available-for-sale investments	63,353	14,755	63,353	14,694	48,598	4,583	48,659	4,536
Allowance for doubtful accounts	4,776	4,902	4,643	4,697	(126)	3,919	(54)	3,879
Unrealised gains as a result of reclassification of investment types	(75,401)	(90,178)	(75,401)	(90,178)	14,777	70,947	14,777	70,947
Deferred commission and brokerage expenses	(102,095)	(148,550)	(102,095)	(148,550)	46,455	11,555	46,455	11,555
Others	34,125	50,256	22,947	41,851	(16,131)	65,077	(18,904)	60,856
Deferred tax assets	240,689	208,538	229,378	199,867				
Total changes					32,151	(300,442)	29,511	(303,910)
Recognition of changes in:								
- Statements of income					(18,343)	(306,600)	(19,896)	(309,404)
- Statements of comprehensive income					50,494	6,158	49,407	5,494
					32,151	(300,442)	29,511	(303,910)

As at 31 December 2019 and 2018, the Company had deferred tax assets amounting to Baht 54 million and 80 million, respectively, which were recognised on unused tax losses amounting to Baht 269 million and 402 million that will gradually expire by 2023.

As at 31 December 2019 and 2018, the Company had unused tax losses of approximately Baht 7,258 million and 8,571 million, respectively, for which deferred tax assets had not been recognised, because

the Company's management expected that future taxable profits would not be sufficient to allow utilisation of these unused tax losses that expired in 2019.

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2019 and 2018 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge for the years	(20,412)	(17,192)	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(18,343)	(306,600)	(19,896)	(309,404)
Income tax expenses reported in statements				
income	(38,755)	(323,792)	(19,896)	(309,404)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2019 and 2018 and the applicable tax rates were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2019	2018	2019	2018
Accounting profit (loss) before income taxes	163,552	(688,051)	114,615	(727,302)
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rates	(32,710)	137,610	(22,923)	145,460
Tax effects of:				
Tax losses expected not to be able to utilise	(26,484)	(491,000)	(26,484)	(491,000)
Tax-exempted revenues	29,705	36,893	29,705	36,893
Non-tax deductible expenses	(1,062)	(1,673)	(623)	(1,180)
Others	(8,204)	(5,622)	429	423
Total	(6,045)	(461,402)	3,027	(454,864)
Income tax expenses reported in statements				
of income	(38,755)	(323,792)	(19,896)	(309,404)

The amounts of income taxes relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 were as follows:

Consolidated financial statements

(Unit: Baht)

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	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	(242,985,502)	48,597,100	(194,388,402)	(22,913,995)	4,582,799	(18,331,196)
Actuarial losses	(7,841,948)	1,568,390	(6,273,558)	(7,878,726)	1,575,745	(6,302,981)
Total	(250,827,450)	50,165,490	(200,661,960)	(30,792,721)	6,158,544	(24,634,177)

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(Unit: Baht)

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	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	(243,291,272)	48,658,254	(194,633,018)	(22,679,947)	4,535,989	(18,143,958)
Actuarial losses	(3,745,435)	749,087	(2,996,348)	(4,793,044)	958,609	(3,834,435)
Total	(247,036,707)	49,407,341	(197,629,366)	(27,472,991)	5,494,598	(21,978,393)

15. Insurance contract liabilities

(Unit: Baht)

	Consolidated and separate financial statements					
	31 December 2019			31 December 2018		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Loss reserves						
- For reported claims	712,398,207	(130,828,980)	581,569,227	748,484,176	(227,930,933)	520,553,243
- For claims incurred but not reported	865,481,323	(385,472,362)	480,008,961	1,043,659,469	(540,525,852)	503,133,617
Premium reserves						
- Unearned premium reserves	1,275,476,487	(253,039,212)	1,022,437,275	1,812,732,291	(678,857,736)	1,133,874,555
Other insurance liabilities	9,034,688	-	9,034,688	5,899,142	-	5,899,142
Total	2,862,390,705	(769,340,554)	2,093,050,151	3,610,775,078	(1,447,314,521)	2,163,460,557

15.1 Loss reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	1,792,143,645	1,674,499,149
Claims incurred during the current years	2,995,362,964	3,573,588,015
Changes in loss reserves of prior years' incurred claims	113,888,582	(65,469,556)
Claims paid during the years	(3,323,515,661)	(3,390,473,963)
Ending balances	1,577,879,530	1,792,143,645

15.2 Unearned premium reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	1,812,732,291	1,936,739,683
Premium written for the years	4,455,274,300	4,849,173,498
Premium earned during the years	(4,992,530,104)	(4,973,180,890)
Ending balances	1,275,476,487	1,812,732,291

15.3 Claims development table

(a) Gross claims table

(Unit: Million Baht)

	31 December 2019										
	Prior to										
Reporting year/Underwriting year	2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimates of cumulative ultimate claims:											
- End of the reporting year	956	15,618	670	684	630	705	950	1,029	1,168	1,371	23,781
- Next one year	3,323	23,501	1,219	1,085	1,045	1,177	1,468	1,628	1,844	-	36,290
- Next two years	4,428	30,878	1,377	1,065	1,037	1,202	1,510	1,651	-	-	43,148
- Next three years	4,728	34,891	1,574	1,058	1,033	1,202	1,501	-	-	-	45,987
- Next four years	5,780	35,097	1,672	1,056	1,026	1,206	-	-	-	-	45,837
- Next five years	6,666	35,213	1,741	1,054	1,022	-	-	-	-	-	45,696
- Next six years	7,085	35,443	1,847	1,054	-	-	-	-	-	-	45,429
- Next seven years	8,461	35,669	1,873	-	-	-	-	-	-	-	46,003
- Next eight years	9,388	35,765	-	-	-	-	-	-	-	-	45,153
Estimates of cumulative ultimate											
claims incurred	9,388	35,765	1,873	1,054	1,022	1,206	1,501	1,651	1,844	1,371	56,675
Cumulative payments to date	8,976	35,669	1,847	1,044	1,017	1,201	1,482	1,605	1,553	703	55,097
Total gross claims	412	96	26	10	5	5	19	46	291	668	1,578

(Unit: Million Baht)

31 December 2018

Reporting year/ Underwriting year	Prior to									
	2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimates of cumulative ultimate claims:										
- 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

(b) Net claims table

(Unit: Million Baht)

31 December 2019

	Prior to										
Reporting year/ Underwriting year	2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimates of cumulative ultimate claims:											
- End of the reporting year	658	4,594	626	632	584	668	893	829	1,034	1,118	11,636
- Next one year	2,432	10,157	1,155	1,026	996	1,133	1,407	1,411	1,692	-	21,409
- Next two years	3,280	15,153	1,317	1,008	988	1,159	1,448	1,435	-	-	25,788
- Next three years	3,688	18,079	1,461	1,002	984	1,159	1,440	-	-	-	27,813
- Next four years	4,210	18,138	1,495	1,001	978	1,163	-	-	-	-	26,985
- Next five years	4,388	18,033	1,534	999	974	-	-	-	-	-	25,928
- Next six years	4,464	18,037	1,555	999	-	-	-	-	-	-	25,055
- Next seven years	4,638	18,030	1,582	-	-	-	-	-	-	-	24,250
- Next eight years	4,796	18,046	-	-	-	-	-	-	-	-	22,842
Estimates of cumulative ultimate claims incurred	4,796	18,046	1,582	999	974	1,163	1,440	1,435	1,692	1,118	33,245
Cumulative payments to date	4,720	18,019	1,573	989	970	1,157	1,422	1,389	1,409	535	32,183
Total net claims	76	27	9	10	4	6	18	46	283	583	1,062

(Unit: Million Baht)

31 December 2018

Reporting year/ Underwriting year	31 December 2018									
	Prior to									
	2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimates of cumulative ultimate claims:										
- 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

Key assumptions and the methods, which were used in determining assumptions in estimation of loss reserves, were described in Note 33.1 to the financial statements.

16. Due to reinsurers

(Unit: Baht)

Consolidated and separate financial statements

	31 December	
	2019	2018
Amounts withheld on reinsurance	406,243,701	600,586,695
Other reinsurance payables	525,843,970	699,379,167
Total due to reinsurers	932,087,671	1,299,965,862

17. Employee benefit obligations

The movements of employee benefit obligations for the years ended 31 December 2019 and 2018 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2019	2018	2019	2018
Employee benefit obligations at beginning of the years	48,675	37,883	33,494	24,141
Included in statements of income:				
- Current service cost	10,942	6,228	7,682	3,983
- Interest cost	1,510	845	1,003	577
- Past service cost	10,166	-	7,676	-
	22,618	7,073	16,361	4,560
Included in statements of comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	-	2,734	-	1,849
- Financial assumptions changes	6,472	(774)	3,115	(453)
- Experience adjustments	1,370	5,919	631	3,397
Total actuarial losses	7,842	7,879	3,746	4,793
Payments during the years	(15,000)	(4,160)	(15,000)	-
Employee benefit obligations at end of the years	64,135	48,675	38,601	33,494

Long-term employee benefit expenses included in statements of income for the years ended 31 December 2019 and 2018 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	
	2019	2018	2019	2018
Loss adjustment expenses	1,079	115	1,079	115
Other underwriting expenses	2,289	395	2,289	395
Investments expenses	1,427	137	1,427	137
Operating expenses	11,566	3,913	11,566	3,913
Service expenses	6,257	2,513	-	-
Total expenses recognised in statements of income	22,618	7,073	16,361	4,560

As at 31 December 2019, the Group expected that no long-term employee benefits were to be paid during the next 1-year period and as at 31 December 2018, the Group expected to pay Baht 15.0 million over the next 1-year period.

As at 31 December 2019 and 2018, the weighted average durations of the liabilities for long-term employee benefits were 13 years and 11 years, respectively (The Company only: 11 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			
	2019	2018	2019	2018
Discount rates	1.61 - 2.16	2.50 - 3.54	1.61	2.50
Salary incremental rate	6.50	6.50	6.50	6.50
Staff turnover rates	0.00 - 22.50	0.00 - 22.50	10.00 - 22.50	10.00 - 22.50

The impact from sensitivity analysis on principal actuarial assumptions to the present value of employee benefit obligations as at 31 December 2019 and 2018 were summarised below.

Consolidated financial statements

31 December 2019				
	Increase (decrease)		Increase (decrease)	
	Assumption	in employee benefit	Assumption	in employee benefit
	increase	obligations	decrease	obligations
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(5.7)	1.0	6.6
Salary increase rate	1.0	7.1	1.0	(6.2)
Staff turnover rate	2.0 ⁽¹⁾	(4.2)	2.0 ⁽¹⁾	5.3

⁽¹⁾ 2% of staff turnover rate assumptions applied.

31 December 2018				
	Increase (decrease)		Increase (decrease)	
	Assumption	in employee benefit	Assumption	in employee benefit
	increase	obligations	decrease	obligations
	(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⁾	(1.8)	2.0 ⁽¹⁾	2.1

⁽¹⁾ 2% of staff turnover rate assumptions applied.

Separate financial statements

31 December 2019

	Assumption increase (Percent per annum)	Increase (decrease) in employee benefit obligations Million Baht	Assumption decrease (Percent per annum)	Increase (decrease) in employee benefit obligations Million Baht
Discount rate	1.0	(3.0)	1.0	3.4
Salary increase rate	1.0	3.7	1.0	(3.3)
Staff turnover rate	2.0 ⁽¹⁾	(1.9)	2.0 ⁽¹⁾	2.2

⁽¹⁾ 2% of staff turnover rate assumptions applied.

31 December 2018

	Assumption increase (Percent per annum)	Increase (decrease) in employee benefit obligations Million Baht	Assumption decrease (Percent per annum)	Increase (decrease) in employee benefit obligations 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⁾	(1.5)	2.0 ⁽¹⁾	1.7

⁽¹⁾ 2% of staff turnover rate assumptions applied.

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette, which stipulates additional legal severance pay rates for employees, who have worked for an uninterrupted period of twenty years or more, with such employees being entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefit plan amendment, resulted in the Group having additional employee benefit obligations of Baht 10.2 million (The Company only: Baht 7.7 million) whereby the Group already recognised the past service costs as expenses in the statement of income.

18. 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 12 to the financial statements.

19. Long-term loans

(Unit: Baht)

	Consolidated financial statements	
	31 December	
	2019	2018
Current portion	-	3,641,000
Total long-term loans	-	3,641,000

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 repayments were made in 60 monthly installments, starting from October 2014 and ending in 2019.

The loan was secured by the mortgage of the subsidiary's land and constructions thereon as described in Note 12 to the financial statements and under the loan agreement, the subsidiary was 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.

20. Related party transactions

20.1 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
EMCS Thai Co., Ltd.	Subsidiary
Thaire Services Co., Ltd.	Subsidiary
Thaire Actuarial Consultation Co., Ltd.	Subsidiary
Thaire Innovation Co., Ltd.	Subsidiary
Thaire Life Assurance Plc. ⁽¹⁾	Related by way of having common directors and shareholding
Bangkok Insurance Plc.	Related by way of having common directors and shareholding
Thaivivat Insurance Plc.	Related by way of having common directors and shareholding
Krunghai Panich Insurance Plc.	Related by way of having common directors and shareholding
The Falcon Insurance Plc.	Related by way of having common directors and shareholding
HWIC ASIA FUND	Related by way of having common directors and shareholding
Muang Thai Insurance Plc.	Related by way of having common directors
Muang Thai Life Assurance Plc. ⁽²⁾	Related by way of having common directors
ST-Muang Thai Insurance Co., Ltd.	Related by way of having common directors
Kasikornbank Plc.	Related by way of having common directors

⁽¹⁾ This entity has been considered as a related party since 23 April 2019, which was the date that both parties have common director.

⁽²⁾ This entity has been considered as a related party during the third quarter of 2019, the period during which both parties have common director.

20.2 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
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues					
Dividend income	-	-	41	33	As declared
Expenses					
Service expenses	-	-	7	7	At cost
<u>Transactions with related parties</u>					
Revenues					
Reinsurance premium written	1,603	1,180	1,603	1,180	Ceded rates depending on type of insurance as specified in the reinsurance contracts
Commission income	36	11	36	11	Contracted rates or as mutually agreed
Dividend income	34	4	34	4	As declared
Service income	34	17	-	-	Contracted rates or as mutually agreed
Claim recovery from reinsurers	40	6	40	6	At the ratios as specified in the retrocession contracts
Expenses					
Premium ceded to reinsurers	81	22	81	22	Ceded rates depending on type of insurance as specified in the retrocession contracts
Gross claims	903	667	903	667	At loss rates as specified in the reinsurance contracts
Commission expenses	540	383	540	383	Contracted rates or as mutually agreed

20.3 Outstanding balances

As at 31 December 2019 and 2018, the Group had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Reinsurance receivables				
Amounts deposited on reinsurance	295,568	216,444	295,568	216,444
Amounts due from reinsurers	133,364	107,536	133,364	107,536
Other assets				
Deferred commissions and brokerage expenses	165,257	143,067	165,257	143,067
Trade receivables	4,011	1,464	-	-
Insurance contract liabilities				
Loss reserves	511,112	514,005	511,112	514,005
Due to reinsurers				
Amounts withheld on reinsurance	28	122	28	122
Other reinsurance payables	66,018	51,598	66,018	51,598
Other liabilities				
Premium received in advance - net	56,171	56,482	56,171	56,482
Deferred commissions and brokerage income	8,827	6,325	8,827	6,325
Unearned revenues	23	23	-	-

20.4 Directors and management personnel's remuneration

During the years ended 31 December 2019 and 2018, 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	
	2019	2018	2019	2018
Short-term benefits	69,136	71,728	45,648	49,209
Long-term benefits	14,876	8,383	12,668	6,453
Total	84,012	80,111	58,316	55,662

21. Share capital

As at 31 December 2019 and 2018, 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.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net 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 2019 and 2018, the subsidiaries appropriated a total of Baht 5.0 million and Baht 1.0 million, respectively, from their net profit to be statutory reserve.

23. Operating expenses

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Personnel expenses	123,236,916	103,598,576	123,370,795	103,706,076
Premises and equipment expenses, which were not expenses for underwriting	26,574,868	26,702,057	35,445,015	34,224,205
Taxes and duties	550,675	3,009,281	550,675	3,009,281
Bad debts and doubtful accounts	15,945	20,538,992	15,945	20,538,992
Other operating expenses	37,086,654	45,955,997	37,281,869	46,221,721
Total operating expenses	187,465,058	199,804,903	196,664,299	207,700,275

24. Expenses by nature

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Gross claims	3,109,248,546	3,508,070,458	3,109,251,546	3,508,118,458
Claim recovery from reinsurers	(1,140,528,943)	(1,672,012,178)	(1,140,528,943)	(1,672,012,178)
Commissions and brokerage expenses	1,919,380,233	1,946,965,031	1,919,380,233	1,946,965,031
Other underwriting expenses	106,352,123	106,124,564	106,440,275	106,196,564
Personnel expenses	345,893,440	297,796,066	176,464,826	147,830,602
Premises and equipment expenses	127,366,323	110,353,835	35,445,014	34,224,205
Bad debts and doubtful accounts	15,945	20,538,992	15,945	20,538,992
Other expenses	65,362,599	90,266,958	38,063,429	49,430,240
Total expenses	4,533,090,266	4,408,103,726	4,244,532,325	4,141,291,914

25. 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 2019 and 2018, the Group contributed Baht 19 million and 17 million, respectively, to the fund (the Company only: Baht 9 million and 8 million, respectively).

26. 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.

27. Reversal of expired dividend payable

During the years ended 31 December 2019 and 2018, the Company reversed expired dividend payable amounting to Baht 1.06 million and Baht 0.77 million, respectively, for which the legal period per Civil and Commercial Code expired, against retained earnings.

28. Dividends paid

During the years ended 31 December 2018, the Company declared dividend payments as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(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

29. Assets subject to commitment

As at 31 December 2019 and 2018, 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 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
Placed within the Registrar:				
As securities				
Government bonds	15	15	14	14
As insurance reserves				
Government and state enterprise bonds	170	170	161	161
	185	185	175	175

30. Commitments and contingent liabilities

30.1 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 2019 and 2018, the Group had future minimum lease payments required under these non-cancellable operating lease contracts as follows:

Payable	(Unit: Million Baht)			
	Consolidated	financial	Separate	financial
	statements		statements	
	31 December		31 December	
	2019	2018	2019	2018
Within 1 year	1.0	1.9	1.0	1.9
Over 1 year and not over 5 years	1.0	1.9	1.0	1.9

30.2 Service commitments

As at 31 December 2019 and 2018, the Group had outstanding service commitment and future minimum service fees amounting to Baht 2.1 million and Baht 3 million, respectively (The Company only Baht 1.5 million and Baht 4 million, respectively).

30.3 Capital commitments

As at 31 December 2019 and 2018, the Group had capital commitments of Baht 2.6 million and Baht 2 million, respectively (The Company only: As at 31 December 2019, the Company had no capital commitments and as at 31 December 2018, it had capital commitment of Baht 1 million), relating to the development of computer softwares and improvement of building.

31. Litigations

As at 31 December 2019 and 2018, the Company had litigation cases being sued as an insurer for claims totaling approximately Baht 19 million and 19 million, respectively (amounts claimed and interest thereon) and set aside reserves for contingent losses of approximately Baht 12 million and Baht 14 million, respectively. The management believed that such reserves were adequate.

32. Segment information and major customer information

32.1 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 2019 and 2018, assets and liabilities can be classified by operating segment as follows:

(Unit: Baht)

	31 December 2019			31 December 2018		
	Non-life insurance	Other	Total	Non-life insurance	Other	Total
Total assets	7,352,312,654	460,294,482	7,812,607,136	9,438,754,326	403,489,826	9,842,244,152
Total liabilities	4,173,074,166	90,242,228	4,263,316,394	6,158,497,211	63,900,646	6,222,397,857

Operating segment information can be classified by type of insurance products as follows:

(Unit: Baht)

	For the year ended 31 December 2019		
	Conventional products	Non-conventional products	Total
Underwriting income			
Gross reinsurance premium written	1,853,022,736	2,602,251,564	4,455,274,300
Less: Premium ceded to reinsurers	(313,397,233)	(644,199,370)	(957,596,603)
Net reinsurance premium written	1,539,625,503	1,958,052,194	3,497,677,697
Add: Unearned premium reserves decreased from prior year	74,542,617	36,604,673	111,147,290
Net earned reinsurance premium	1,614,168,120	1,994,656,867	3,608,824,987
Underwriting expenses			
Net claims	1,012,638,023	964,464,923	1,977,102,946
Commissions and brokerage expenses - net	480,109,979	1,044,878,298	1,524,988,277
Other underwriting expenses	35,708,153	108,596,595	144,304,748
Total underwriting expenses	1,528,456,155	2,117,939,816	3,646,395,971
Profit (loss) from underwriting	85,711,965	(123,282,949)	(37,570,984)
Operating expenses			(187,449,113)
Loss from operation			(225,020,097)
Bad debts and doubtful accounts			(15,945)
Loss before service and investment revenues			(225,036,042)
Net service revenue			80,021,526
Net investment revenue			301,338,970
Share of loss from investments in an associate			(327,038)
Other income			7,554,121
Profit before income tax expenses			163,551,537
Income tax expenses			(38,755,044)
Profit for the year			124,796,493

(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) decreased 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)

32.2 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.

32.3 Major customers

During the years ended 31 December 2019 and 2018, the Group recognised reinsurance premium written from major insurers totaling Baht 2,815 million (3 insurers) and Baht 2,664 million (2 insurers), respectively.

33. Risks and risk management policies

33.1 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. Customer surveys are periodically conducted to make sure that new products are able to meet customer expectations. 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 that might affect the Company's strength. 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 2019 and 2018, reinsurance contract liabilities were classified by type insurance as follows.

(Unit: Million Baht)

	31 December 2019			31 December 2018		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	107	(13)	94	102	(11)	91
Marine	3	(1)	2	4	(1)	3
Motor	274	-	274	300	-	300
Personal accident	362	(20)	342	389	(16)	373
Miscellaneous	529	(219)	310	1,018	(651)	367
Total	1,275	(253)	1,022	1,813	(679)	1,134

(Unit: Million Baht)

	31 December 2019			31 December 2018		
	Loss reserves			Loss reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	210	(34)	176	303	(78)	225
Marine	20	(2)	18	13	(1)	12
Motor	389	-	389	342	-	342
Personal accident	161	(9)	152	139	(9)	130
Miscellaneous	798	(471)	327	995	(680)	315
Total	1,578	(516)	1,062	1,792	(768)	1,024

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 impact from sensitivity analysis on key assumptions to the value of loss reserves and other relevant accounts as at 31 December 2019 and 2018 were summarised below.

31 December 2019					
	Assumption increase (Percent)	Loss reserves		Decrease in profit before income tax expenses Million Baht	Decrease in owners' equity Million Baht
		Increase in gross claim reserves Million Baht	Increase in net claim reserves Million Baht		
Ultimate Loss Ratio					
(Loss reserves for underwriting years from 2018 to 2019)	5.0	214	200	(200)	(160)
Changes in loss reserves					
(Loss reserves for underwriting years before 2018)	5.0	30	9	(9)	(7)
Unallocated Loss Adjustment Expense					
Ratio	5.0	0.2	0.2	(0.2)	(0.1)

31 December 2019					
	Assumption decrease (Percent)	Loss reserves		Increase in profit before income tax expenses	Increase in owners' equity
		Decrease in gross claim reserves	Decrease in net claim reserves		
		Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio					
(Loss reserves for underwriting years from 2018 to 2019)	5.0	(157)	(145)	145	116
Changes in loss reserves					
(Loss reserves for underwriting years before 2018)	5.0	(30)	(9)	9	7
Unallocated Loss Adjustment Expense Ratio	5.0	(0.2)	(0.2)	0.2	0.1

31 December 2018					
	Assumption increase (Percent)	Loss reserves		Decrease in profit before income tax expenses	Decrease in owners' equity
		Increase in gross claim reserves	Increase in net claim reserves		
		Million Baht	Million Baht	Million Baht	Million 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				
Assumption decrease (Percent)	Loss reserves		Increase in profit before income tax expenses	Increase in owners' equity
	Decrease in gross claim reserves	Decrease in net claim reserves		
	Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio				
(Loss reserves for underwriting years from 2017 to 2018)	5.0	(102)	85	68
Changes in loss reserves				
(Loss reserves for underwriting years before 2017)	5.0	(48)	14	11
Unallocated Loss Adjustment Expense Ratio	5.0	(0.2)	0.2	0.2

33.2 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 2019 and 2018, 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).

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(Unit: Million Baht)

31 December 2019

	Fixed interest rates						
	Based on repricing date or maturity date from						
	31 December 2019						
	Within 1	1 - 5	Longer than	Floating	Non-interest	Total	Effective
	year	years	5 years	interest rate	bearing		interest rate
							(% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	185	-	185	0.24
Reinsurance receivables	-	-	-	-	1,529	1,529	-
Investments in securities							
Government and state enterprise securities	499	16	-	-	-	515	1.17
Private enterprise debt securities	25	331	-	-	-	356	1.79
Deposits at banks	941	-	-	-	-	941	1.64
Loans	-	-	-	21	-	21	3.25
Total	1,465	347	-	206	1,529	3,547	
Financial Liabilities							
Due to reinsurers	-	-	-	-	932	932	-
Total	-	-	-	-	932	932	

(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 (% per annum)
	Within 1 year	1 - 5 years	than 5 years				
Financial Assets							
Cash and cash equivalents	251	-	-	195	-	446	0.97
Reinsurance receivables	-	-	-	-	1,289	1,289	-
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	1,289	3,469	
Financial Liabilities							
Long-term loans	-	-	-	4	-	4	-
Due to reinsurers	-	-	-	-	1,300	1,300	-
Total	-	-	-	4	1,300	1,304	

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(Unit: Million Baht)

31 December 2019

	Fixed interest rates						
	Based on repricing date or maturity date from						
	31 December 2019						
	Within 1	1 - 5	Longer than 5	Floating	Non-interest	Total	Effective
	year	years	years	interest rate	bearing		interest rate
							(% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	105	-	105	0.29
Reinsurance receivables	-	-	-	-	1,529	1,529	-
Investments in securities							
Government and state enterprise securities	473	15	-	-	-	488	1.16
Private enterprise debt securities	25	331	-	-	-	356	1.79
Deposits at banks	853	-	-	-	-	853	1.66
Loans	-	-	-	21	-	21	3.25
Total	1,351	346	-	126	1,529	3,352	
Financial Liabilities							
Due to reinsurers	-	-	-	-	932	932	-
Total	-	-	-	-	932	932	

(Unit: Million Baht)

31 December 2018

	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2018						
	Longer						
	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	-	-	116	-	367	1.11
Reinsurance receivables	-	-	-	-	1,289	1,289	-
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	1,289	3,288	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,300	1,300	-
Total	-	-	-	-	1,300	1,300	

- 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 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018
	(Million units)	(Million units)	(Million units)	(Million units)	(Baht per 1 foreign currency unit)	
US Dollar	0.35	0.12	0.03	0.01	30.1084	32.4036
South Korea Won	0.13	0.09	0.19	0.09	0.0260	0.0290
Lao Kip	60.71	9.46	1.57	-	0.0034	0.0038
Myanmar Kyat	7.50	-	0.75	-	0.0203	-
Vietnam Dong	227.48	-	0.09	-	0.0013	-

- 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 2019 and 2018 were as follows:

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(Unit: Million Baht)

	31 December 2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	185	-	-	-	-	185
Reinsurance receivables	-	1,504	23	2	-	1,529
Investments in securities						
Equity securities	1,064	-	-	-	5	1,069
Investment units	1,165	-	-	-	-	1,165
Government and state enterprise securities	-	499	16	-	-	515
Private enterprise debt securities	-	25	331	-	-	356
Deposits at banks	-	941	-	-	-	941
Loans	-	3	8	10		21
Total	2,414	2,972	378	12	5	5,781
Financial liabilities						
Due to reinsurers	-	895	34	3	-	932
Total	-	895	34	3	-	932

(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	195	251	-	-	-	446
Reinsurance receivables	-	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

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(Unit: Million Baht)

31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	105	-	-	-	-	105
Reinsurance receivables	-	1,504	23	2	-	1,529
Investments in securities						
Equity securities	1,064	-	-	-	5	1,069
Investment units	1,144	-	-	-	-	1,144
Government and state enterprise securities	-	473	15	-	-	488
Private enterprise debt securities	-	25	331	-	-	356
Deposits at banks	-	853	-	-	-	853
Loans	-	3	8	10	-	21
Total	2,313	2,858	377	12	5	5,565
Financial liabilities						
Due to reinsurers	-	895	34	3	-	932
Total	-	895	34	3	-	932

(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
Reinsurance receivables	-	1,279	8	2	-	1,289
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

Counting from the financial position date, the periods to maturity of assets and liabilities from insurance contracts held as at 31 December 2019 and 2018 were as follows:

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(Unit: Million Baht)

31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	513	-	3	-	516
Total	-	513	-	3	-	516
Liabilities from insurance contracts						
Loss reserves	-	1,554	13	11	-	1,578
Other insurance liabilities	-	-	9	-	-	9
Total	-	1,554	22	11	-	1,587

(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

(b) Fair values of financial instruments

As of 31 December 2019 and 2018, 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 2019				
	Carrying values	Fair values			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Investment units	287	-	287	-	287
Available-for-sale investments					
Equity securities	1,063	1,063	-	-	1,063
Investment units	878	388	490	-	878
Assets for which fair value were disclosed					
Held-to-maturity investments					
Government and state enterprise securities	515	-	516	-	516
Private enterprise debt securities	356	-	360	-	360
Deposits at banks with maturity periods of over 3 months	941	-	941	-	941
General investments	5	-	-	21	21
Loans	21	-	-	21	21

(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					
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

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(Unit: Million Baht)

	31 December 2019				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Investment units	266	-	266	-	266
Available-for-sale investments					
Equity securities	1,064	1,064	-	-	1,064
Investment units	878	388	490	-	878
Assets for which fair value were disclosed					
Cash and cash equivalents					
Government and state enterprise securities	488	-	490	-	490
Private enterprise debt securities	356	-	360	-	360
Deposits at banks with maturity periods					
of over 3 months	853	-	853	-	853
General investments	5	-	-	21	21
Loans	21	-	-	21	21

(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	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

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) 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.
- (b) The fair value of investments in equity securities, which were 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.
- (c) 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.

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

34. 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.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.



Thai Reinsurance PCL.

General Information

Company Name

Thai Reinsurance PCL

Location

48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310

Phone

0-2660-6111 0-2666-8088

Fax:

0-2660-6100 0-2666-8080

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	10.10 percent

Indirect Shareholding by Thaire Services Co., Ltd.

Company Name	Thaire Innovation Co., Ltd.
Location	48/16, 1 st Floor, Soi Rungruang, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310
Phone	0-2024-6649-50
Fax:	-
Nature of Business	E-commerce services
Website	-
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	100.00 percent

Other References

Share Registrar/Transfer Agent

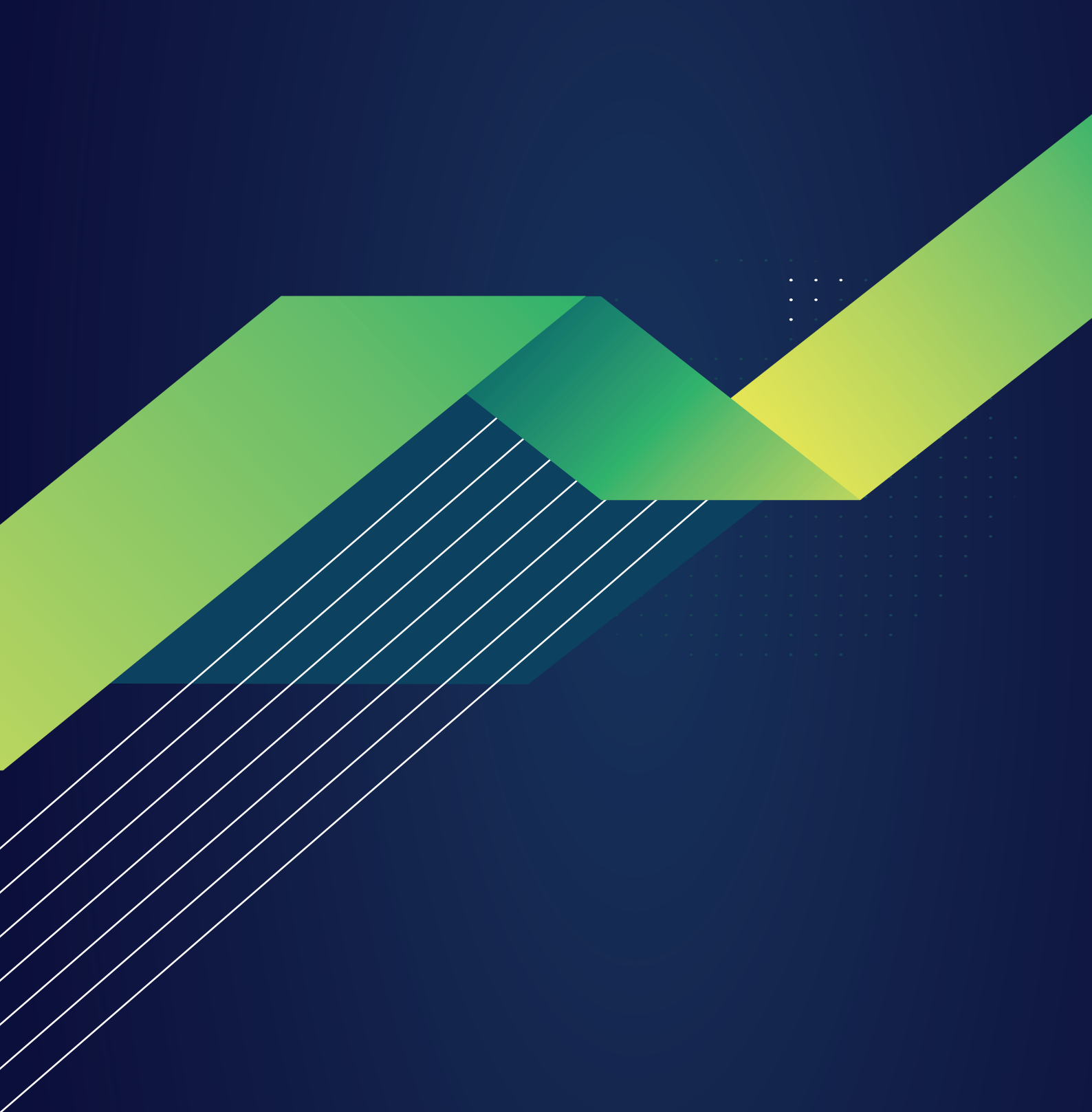
Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Phone: 0-2009-9388 Fax: 0-2009-9476

Auditor

Rachada Yongsawadvanich

CPA Registration 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



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48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road,
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