

**THREL: Management Discussion and Analysis for 3Q/2021 ending Sep 30, 2021**

10 November 2021

Subject: Management Discussion and Analysis for 3Q/2021 ended Sep 30, 2021

To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited would like to explain the operating performances for 3Q/2021 in which the equity method presented that had been reviewed by auditor as follows:

(Unit Million baht)

Description	3Q/2021	3Q/2020	YoY	9M/2021	9M/2020	YoY
Reinsurance premium written	842	581	45%	2,292	1,826	26%
Earned Premium	777	593	31%	2,014	1,702	18%
Long-term Reserve Inc/(Dec) from prior period	(4)	7	-168%	0	33	-99%
Unexpired risk reserves Inc/(dec) from prior period	12	0	100%	12	(10)	226%
Net Benefits and Claims Expense	* 552	384	44%	1,403	1,111	26%
Net Commission Expense	167	146	15%	446	433	3%
Underwriting & Operating Expenses	37	33	12%	109	97	12%
Earnings (Loss) on Underwriting	13	24	-45%	44	37	18%
Net Investment Income and Other Income	** 11	20	-46%	55	45	22%
Profit before Income Tax expenses	24	44	-45%	99	82	20%
Income Tax Expenses	3	6	-48%	13	10	33%
Net Profit	21	38	-45%	86	73	18%
COMBINED RATIO	97.9%	96.1%		97.2%	97.4%	

* There is a claim reserve for 3Q/2021 amount of Baht 100 million was incurred as a result of the Covid-19 situation.

** There was recognition of impairment of investment assets of Baht 15 million.

Operating performances for 3Q/2021

The Company's financial statements in which the equity method presented a net profit for 3Q/2021 at Baht 21 million, decreased by Baht 17 million or 45% from the previous year mainly due to:

1. **Earning on Underwriting** amounted to Baht 13 million, decreased by Baht 11 million or 45% from the previous year comprises :
 - A. The Company has gross premiums amounted to Baht 842 million, increased by Baht 261 million or 45% from the previous year with earn premiums amounted to Baht 777 million, increased by Baht 184 million or 31% from the previous year, mainly from the growth of Non-conventional business that increased by Baht 94 million or 46%, which increased from the expansion of health insurance product Baht 50 million and from new contracts of health and group accident insurance product Baht 46 million.

Gross premium of Conventional business increased by Baht 167 million or 44%, resulting from new contracts of health insurance product Baht 123 million and from growth of group life and group accident insurance product Baht 64 million, while credit life insurance product declined due to the impact of the COVID-19 situation.

- B. Reinsurance expenses amounted to Baht 764 million, increased by Baht 195 million or 34% from the previous year, mainly from the provision of Baht 100 million for the Covid-19 situation, mainly from:
- I. Non-conventional business, reinsurance expenses increased by Baht 81 million from the previous year mainly from:
- Total claim expenses increased by Baht 66 million, due to claim and provisions from the Covid-19 situation for group life and health insurance product increased by Baht 64 million.
 - Commission expenses increased by Baht 22 million which related to the growth of premium.
- II. Conventional business, reinsurance expenses increased by Baht 113 million from the previous year mainly from:
- Total claim expenses increased by Baht 102 million due to the following factors:
 - Positive factor resulting from the termination of the health insurance contract at the end of 2019 with reducing claim by Baht 20 million.
 - A significant major loss from life insurance product increased by Baht 30 million.
 - Claim and provisions for group life and health insurance products increased by Baht 70 million as a result from the Covid-19 situation.
 - Commission expenses decreased by Baht 1 million due to the following factors:
 - Commission expenses from credit life insurance product decreased by Baht 12 million due to an adjustment of profit commission according to performance with higher claims in the first half of 2021.
 - Commission expenses increased by Baht 10 million which related to the growth of premium.
 - Unexpired risk reserves increased by Baht 12 million for group life insurance and health insurance to be sufficient for the COVID-19 situation, while there is no such item in 2020.

As a result, the combined ratio of 3Q/2021 was 97.9%, an increase of 1.8 percentage point from the previous year, and if excluding the COVID-19 situation, the combined ratio of 3Q/2021 would be 84.9%.

2. Investment Income and Other Income

In 3Q/2021, the Company has net investment income of Baht 11 million, decreased by Baht 9 million or 46% from the previous year. This was a result of gain from sales of securities increased by Baht 10 million, while the previous year was loss due to the contraction of the stock market from the spread of the COVID-19 virus. And there was an impairment of investment assets amount of Baht 15 million.



Operating performances for 9M/2021

The Company's financial statements in which the equity method presented a net profit of 9M/2021 at Baht 86 million, increased by Baht 13 million or 18% from the previous year mainly due to:

1. **Earning on Underwriting** amounted to Baht 44 million, increased by Baht 7 million or 18% from the previous year comprises:

- A. The Company has gross premiums amounted to Baht 2,292 million, increased by Baht 466 million or 26% from the previous year with earn premiums amounted to Baht 2,014 million, increased by Baht 312 million or 18% from the previous year.
- B. Reinsurance expenses amounted to Baht 1,970 million, increased by Baht 305 million or 18% from the previous year mainly from:
 - Long-term insurance policy reserves decreased by Baht 33 million from the end of special reserve at the mid-year 2020.
 - Unexpired risk reserves increased by Baht 22 million for group life insurance and health insurance to be sufficient for the COVID-19 situation, while there was Baht 10 million reversal of such reserve in 1Q/2020.
 - Total claim expenses increased by Baht 292 million, from the provision of Baht 100 million for the COVID-19 situation and increased in line with the growth of premiums.
 - Commission expenses increased by Baht 13 million which related to the growth of premiums.

As a result, the combined ratio of 9M/2021 was 97.2%. However, the effective management in accordance with the reinsurance policy, the Company is able to control claims in accordance with the reinsurance policy. If excluding the COVID-19 situation, the combined ratio of 9M/2021 would be 92.2%.

2. **Investment Income and Other Income**

In 9M/2021, the Company had net investment income of Baht 55 million increased by Baht 10 million or 22% from the previous year, this was a result of gain from sales of securities increased by Baht 24 million, while the previous year was loss due to the contraction of the stock market from the spread of the COVID-19 virus. And there was an impairment of investment assets amount of Baht 13 million.

Please be informed accordingly.

Yours sincerely

-Signed-

(Sutti Rajitragson)

President