

Management Discussion and Analysis on the performance for the three-months period ended 30 September 2021

The Company's overall performance

Total Gross Written Premium for the three-months period ended 30 September 2021 was Baht 151.2 million, increased by 13 percent from the same period of the prior year. However, the Net Earned Premium for the three-months period ended 30 September 2021 was amounted to Baht 84.2 million, decreased by 24 percent. Total revenue was recorded at Baht 114.9, decreased by Baht 56.7 million or equivalent to 33 percent. The decreasing in total revenue mainly from the recognition of reversal of allowance for doubtful debts against premium due and its related transactions amounted to Baht 24.0 million in the third quarter of 2020. There are no any such transactions recognized in 2021.

Gross Claim Incurred increased from Baht 85.9 million to Baht 106.3 million in the current quarter, the increasing in Gross Claim Incurred was the recognition of a few major claims of IAR policies amounted Baht 17.1 million. However, the Net Claim Incurred was a bit increased by Baht 1.3 million, since the claim recovery from reinsurers was recorded in the same period. Brokerage fee and other underwriting expenses increased in line with the increasing in Gross Written Premium. Operating expenses decreased by 31 percent due to the Company stopped to pay marketing services in 2021, whereby there is Baht 10.0 million of marketing service paid in 2020.

The Company's net loss for 3 months period ended 30 September 2021 was Baht 21.1 million compared with the net profit of Baht 23.4 million for the three-months period ended 30 September 2020. The net loss is mainly derived from the decreasing in revenue, resulted from a slowdown of the market, industry as well as an economic while expenses decreased in the less proportion than revenue.

Capital Adequacy Ratio (CAR) as of 30 September 2021 is 437 percent.

Underwriting income

Underwriting income for three-months period ended 30 September 2021 was Baht 157.3 million, consists of direct premium of Baht 139.2 million, or 92 percent and re-inward premium of Baht 12.1 million, or equivalent to 8 percent. Motor premium insurance represents 74 percent of total Gross Written Premium, motor premium increased by Baht 6.6 million or 6 percent compare with the prior year. Compulsory motor policy increased by Baht 14.0 million whereby the Voluntary motor policy decreased by Baht 7.4 million, or 11 percent. Non-motor premium increased by Baht 7.4 million or 34 percent compared to the prior year. The highly increased in Non-motor premium is in Industrial All Risk policy amounted to Baht 3.5 million.

Ceded premium decreased by Baht 2.9 million even though Gross Written Premium increased due to the increased portion is Compulsory premium which the retention rate higher than other type of premium. Brokerage income is in line with the proportionate of ceded premium.

Underwriting expenses

Commission and brokerage expenses increased in line with an increasing Gross Written Premium at the rate of 11-12 percent.

Gross Claim Incurred increased from Baht 85.9 million to Baht 106.3 million. Claim ratio before reinsurance was increased from 77 percent to 126 percent, according to claim incurred from IAR policy amounted to Baht 17.1 million. Net Claim incurred increased by Baht 1.3 million, or increased by 1 percent from a claim recovery from reinsurers under the reinsurance agreement. Net claim ratio to Earned premium is uplifted from 46 percent to 62 percent in the third quarter of the current year. The other underwriting expenses increased in line with the growth of premium during the quarter.

Other operating expenses

Other operating expenses for the three-months period ended 30 September 2021 decreased by Baht 13.2 million, or decreased by 31 percent. The decreasing is due to the fact that there is no marketing service paid in 2021.

Financial position as of 30 September 2021

Total assets decreased Baht 21.5 million, or 2 percent derived from the decreasing in premium due of Baht 6.8 million as the speed of collection and settlement. The cash and cash equivalent increased by Baht 10.2 million however, financial assets decreased from the lower of market value of financial assets both debts and equity security decreased by Baht 59.6 million. Reinsurance receivable increased by Baht 23.8 million from the recovery of claim from reinsurer.

Insurance liabilities increased by Baht 26.7 million from the claim reserve of Baht 28.0 million which mainly is claim reserve of non-motor amounted to Baht 17.1 million. Other liabilities increased by Baht 5.4 million from an adoption of rights of use and liabilities against rental and service agreements of UPC offices according to TFRS 16.