



บริษัท ไทยเซตาวิญประกันภัย จำกัด (มหาชน)

THE THAI SETAKIJ INSURANCE PUBLIC COMPANY LIMITED

87 อาคารเอ็ม.ไทย ทาวเวอร์ ออล ซีซั่นส เพลส ชั้นที่ 15 ห้องเลขที่ 1 และ 4-6 ถนนวิสุทธิ แขวงจตุรมิตร เขตปทุมวัน กรุงเทพมหานคร 10330
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เลขประจำตัวผู้เสียภาษี / TAX ID: 010753600200

HOTLINE 1352 02-853-8888 02-853-8889

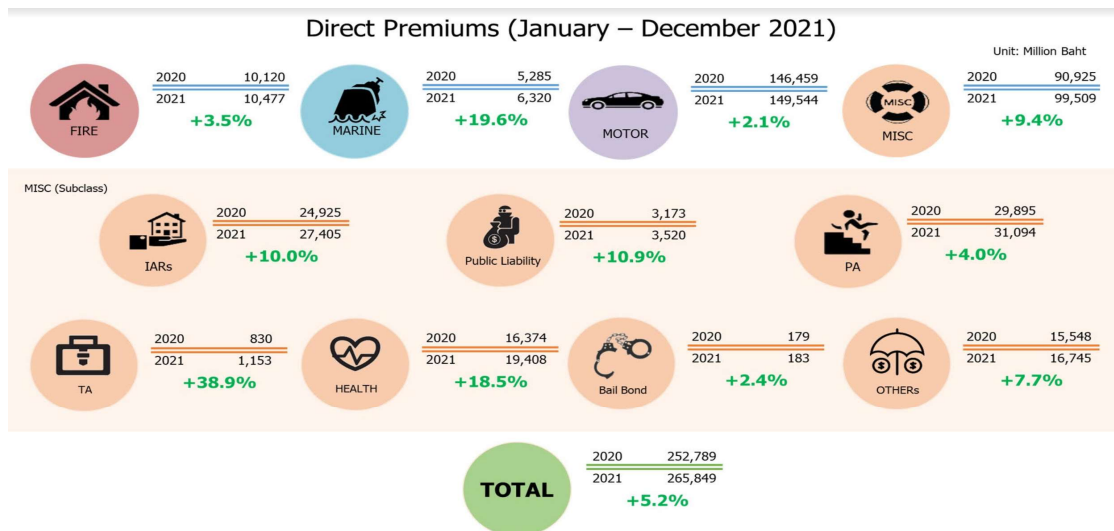
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Management Discussions and Analysis

Overview Performance of insurance industry

Insurance industry in 2020-2021 was affected from Covid-19 pandemic, especially in the third and fourth quarter of 2021. A few companies were suffering from an effect of the certain situation and finally were ordered to close by OIC in the third and fourth quarter of 2021, continuing to first quarter of 2022. Not even the small size of insurance company effect from the pandemic but the large size of insurance company, as a result, the consumers presently may not be confident in insurance industry therefore the regulator (OIC) has to enhance the customers' confidence by aggressively control and monitor, risk management and financial security of insurance company in order to increase a confidence of the customers and purchase of policies.

According to statistics from Insurance Premium Rating Bureau (IPRB) - Thailand General Insurance Association (TGIA) as of 31 December 2021, overall Growth Premium Written was Baht 265,849 million, growth rate at 5.2 percent compared with 2021. It was shown positively performed during the Covid-19 pandemic, of which motor insurance premium was Baht 149,544 million, or equivalent to 56.2 percent. Non-motor premium growth rate was higher than motor premium, of which the growth rate is 2.1 percent. The growth rate of motor insurance was reduced, assuming an affect of Covid-19 and a change in customers' behavior such as no travel, work from home etc. These factors may reduce customers' needs in motor insurance policies while increase in insurance related to online activates or businesses such as Marine Cargo, Accidental and Health (A&H).





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Performance for the year 2021 of the Company

Million Baht	2021	2020	Change (%)
Revenue			
Gross Written Premium	673.1	665.5	1%
Net Earned Premium	333.8	375.1	-11%
Investment income	16.3	5.5	196%
Total revenue	470.6	585.0	-20%
Expenses			
Commission and Brokerage	100.4	100.6	0%
Net Claim Incurred	157.7	204.1	-23%
Underwriting expenses	137.2	131.4	4%
Operating expenses	126.1	223.4	-44%
Corporate income tax	9.0	27.9	-68%
Total expenses	530.4	687.4	-23%
Net loss	(59.8)	(102.4)	-42%
Comprehensive income (loss)	15.4	(27.0)	-157%
Total comprehensive income	(44.4)	(129.4)	-66%
Loss per share (Baht)	(0.03)	(0.05)	0.02



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Underwriting revenue

The Company's Gross Written Premium grows in the same trend of industry at 1 percent, separated to premium from Bangkok at 38 percent and Upcountry at 62 percent. The growth in Non-Motor premium was 99 percent, or equivalent to Baht 75 million in line with the Company's business plan to grow and expand the Non-Motor premium. The Motor premium for the year 2021 decreased by 11 percent. The proportionate of premium therefore consists of Motor premium and Non-Motor premium at 78 percent and 22 percent, respectively, almost achieved the Company's target placed at the beginning of the year.

An increase in Non-Motor premium derived from Line Of Business – Marine Cargo, Industrial All Risks and Miscellaneous, at approximately 80-90 percent in every line both direct and reinward premium. The increased in premium is according to an increased in the Company's capacity in underwriting line. The increased in Personal Accident (PA) is not related to Covid-19 insurance policies.

The details of premium separated by line of business for the year 2020 and 2021, and the percentage of changes were shown as followings

Gross Written Premium (Million Baht)	Fire	Marine	Compulsory Motor	Voluntary Motor	IAR	PA	Engineer	Misc
2021	21.6	11.2	280.4	242.3	91.1	6.2	11.5	8.6
2020	11.4	4.2	306.8	283.2	46.2	3.2	8.1	2.3
Change (%)	89%	167%	-9%	-14%	97%	94%	42%	274%

Commission and Brokerage income decreased by 21 percent or decreased by Baht 27.6 million even though the premium increased due to ceded premium reduced by Baht 45.2 million as the Company retained low risk premium and policies at the higher level than the past year, the percentage of ceded out therefore decreased especially Compulsory Motor policy of which decreased by 9 percent, since the brokerage fee of this line is higher than other lines.



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Investment income

The Company's invested assets comprised of cash and deposits at bank, marketable securities, local and foreign unit trust as well as corporate debentures. The invested assets as of 31 December 2021 was Baht 574.4 million, and the Company diversified investments portfolio along with the expected rate of return and comply with the regulatory. Investment income and gain from investment for the year 2021 was Baht 16.3 million, compared with Baht 5.5 million recognized in 2020 which is 196.4 percent increased. Income and gain from investments for the year 2021 derived from interest income of Baht 4.7 million dividend income of Baht 1.8 million and unrealized gain from valuation of investments at Baht 9.8 million.

Underwriting Expenses

There is no significant change in commission expenses according to no change in Gross Written Premium. The Compulsory motor which the commission is lower than other types of insurance decreased by 9 percent while the other types increased by 80-90 percent resulted the overall commission expenses was no change.

Net Claim Reserve decreased by 23 percent, from the policy to limit risk appetite by selecting the high loss vehicles. The Gross claim reserve for the year 2021 was reduced by Baht 31.3 million, claim recovery from reinsurer increased by Baht 15.2 million resulted the Net Claim incurred decreased by Baht 5 million. The Company loss ratio as of 31 December 2021 was 48 percent, whereby PA loss ratio decreased according to the higher premium of individual loss ratio with the lower loss than group premium.

Loss ratio of other Non-motor lines increased such as IAR and Miscellaneous increased from a few flood claims incurred during 2021. Underwriting expenses was a little bit increased by 4 percent while Gross premium increased by 1 percent.



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Other income and expenses

Other income decreased from Baht 68.8 million in 2020 to Baht 12.4 million in 2021, or decreasing by Baht 56.4 million. The decreasing in other income due to there was a reversal of commission payable to a broker of Baht 25 million which the litigation case was settled without any obligation to pay by the Company. The operating expenses was shown decreasing by Baht 97 million derived from the decreasing in allowance for doubtful debts of Baht 27 million and service fee for marketing campaigns of Baht 30 million which no such expenses in 2021. Besides the mentioned expenses, no any significant changes in operating expenses from the year 2020.

Significant Financial Ratios

Financial Ratio	2021	2020	Change
Liquidity ratio	210%	210%	0%
Loss ratio	48%	54%	-7%
Invested assets ratio	219%	229%	-10%
Expenses ratio	75%	83%	-9%
Collection ratio	95%	92%	3%
Return On Equity	(14%)	(23%)	8%
Combined ratio	122%	138%	-15%

Financial ratios as of 31 December 2021 mostly improved according to the performance of the Company such as return on equity (ROE), claim ratio, expenses ratio and combined ratio. The collection ratio is increased from 92 percent to 95 percent.



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Financial position

Million Baht	2021	2020
Cash and cash equivalents	187.6	177.8
Premium due	80.9	84.8
Reinsurance assets	334.2	340.4
Investments in financial assets	407.1	444.1
Premises and equipment	89.1	90.8
Right Of Use	35.8	7.5
Intangible assets	6.5	9.0
Deferred income tax assets	75.0	83.6
Other assets	52.0	60.7
Total assets	1,268.2	1,298.7
Insurance liabilities	573.0	594.9
Reinsurance payables	210.1	215.2
Commission payable	15.0	14.2
Employee benefits	5.7	6.4
Deferred tax liabilities	21.1	16.8
Other liabilities	72.3	35.8
Total liabilities	897.2	883.3



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Million Baht	2021	2020
Registered share capital	951.5	951.5
Deficits	(688.1)	(627.7)
Other components to equity - net	82.8	66.8
Total shareholders' equity	371.0	415.4
Total liabilities and shareholders' equity	1,268.2	1,298.7

Total assets as of 31 December 2021 decreased from Baht 1,298.7 million to Baht 1,268.2 million, decreased by Baht 30.5 million. The mainly decreased is decreased in cash and investment in financial assets amounted of Baht 27.2 million. During the year, the Company partially disposed investments to recognize gain from investments and partially effected from the valuation of investment to fair value at the end of year. The balance of Right Of Uses increased by Baht 28.3 million, resulted from the recognition of service agreements of office building as part of ROU in 2021, other assets decreased by Baht 31.6 million.

Total liabilities decreased by Baht 13.9 million, mostly from the decreasing in insurance liabilities amount of Baht 21.9 million compared with 2020. The claim reserve balance decreased by Baht 35.8 million while UPR increased by Baht 13.9 million. The liabilities under leasing agreements increased from a recognition office service agreements according to IFRS 16 at Baht 28.3 million. Other liabilities decreased by Baht 0.7 million.



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Financial position (continued)

Total shareholders' equity as of 31 December 2021 decreased by Baht 44.4 million, from deficit of Baht 60.4 million and comprehensive income from other components of equity of Baht 16.4 million.

To be informed accordingly

.....
(Mr. Tanaphol Bunwarut)

(Miss Alada Phaovibul)

Director

The Thai Setakij Insurance Public Company Limited