

**THREL: Management Discussion and Analysis for 2Q/2023 ending Jun 30, 2023**

8 August 2023

Subject: Management Discussion and Analysis for 2Q/2023 ended Jun 30, 2023

To President  
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited would like to explain the operating performances for 2Q/2023 in which the equity method presented that had been reviewed by auditor as follows:

(Unit Million baht)

Description	2Q/2023	1Q/2023	QoQ	2Q/2022	YoY	1H/2023	1H/2022	YoY
Reinsurance premium written	998	668	50%	813	23%	1,666	1,483	12%
Earned Premium	787	712	11%	700	12%	1,499	1,393	8%
Long-term Reserve Inc/(Dec) from prior period	5	7	-35%	2	183%	12	(15)	182%
Net Benefits and Claims Expense	540	545	-1%	461	17%	1,085	928	17%
Net Commission Expense	180	174	3%	175	3%	354	303	17%
Underwriting & Operating Expenses	42	40	5%	38	12%	82	80	2%
Reinsurance expense	767	767	0%	675	14%	1,534	1,297	18%
Earnings (Loss) on Underwriting	20	(55)	137%	25	-20%	(35)	96	-136%
Net Investment Income and Other Income	24	15	68%	22	13%	39	38	3%
Profit (Loss) before Income Tax expenses	45	(40)	211%	47	-5%	4	133	-97%
Income Tax Expenses	(12)	26	-148%	(7)	-80%	13	(23)	158%
Net Profit (Loss)	32	(15)	320%	40	-20%	18	110	-84%
<b>COMBINED RATIO</b>	<b>96.3%</b>	108.2%		95.6%		<b>101.8%</b>	93.0%	

**Operating performances for 2Q/2023**

The Company's financial statements in which the equity method presented a net profit for 2Q/2023 at Baht 32 million, decreased by Baht 8 million or 20% from the previous year mainly due to:

1. **Earning on Underwriting** amounted to Baht 20 million, decreased by Baht 5 million or 20% from the previous year consists of:
  - A. The Company has reinsurance premiums written amounted to Baht 998 million, increased by Baht 185 million or 23% from the previous year with earned premiums amounted to Baht 787 million, increased by Baht 87 million or 12% from the previous year, mainly from the growth of both individual and group health insurance products.
  - B. Reinsurance expenses amounted to Baht 767 million, increased by Baht 92 million or 14% from the previous year mainly from claim expense increased by Baht 79 million, which is related to the growth of premiums.

As a result, the combined ratio of 2Q/2023 was 96.3%, increased by 0.7 percentage point from the previous year.

## 2. Investment Income and Other Income

In 2Q/2023, the Company has net investment income of Baht 24 million, which is close to the previous year. This was a result of higher interest income from the previous year.

### Operating performances for 1H/2023

The Company's financial statements in which the equity method presented a net profit for the first half year 2023 at Baht 18 million, decreased by Baht 92 million or 84% from the previous year mainly due to:

1. **Earning on Underwriting** the Company has Loss on Underwriting amounted to Baht 35 million, decreased by Baht 131 million or 136% from the previous year comprises:

- A. The Company has reinsurance premiums written amounted to Baht 1,666 million, increased by Baht 183 million from the previous year or 12% with earned premiums amounted to Baht 1,499 million, increased by Baht 106 million or 8% from the previous year, mainly from the growth of both individual and group health insurance products.
- B. Reinsurance expenses amounted to Baht 1,534 million, increased by Baht 237 million or 18% from the previous year mainly from:
  - Long-term insurance policy reserves from actuarial method provision increased by Baht 27 million.
  - Total claim expense increased by Baht 157 million due to the accumulative number of medical treatments and increase in medical cost inflation in the 1Q/2023 and increased in line with the growth of premiums.
  - Commission expenses increased by Baht 51 million due to higher profit commission of credit life product which was the result of lower claims and increased in line with the growth of premiums.

As a result, the combined ratio of 1H/2023 was 101.8% increased by 8.8 percentage point from the previous year. This increase was mainly due to one-time temporary factors and the implication number of medical treatments in Q1/2023, which has returned to normal in this quarter.

However, with regards to the medical inflation, the Company is currently revisiting the price of health insurance product for the next annual renewal terms and conditions to ensure their profitability. As a result, the company aims to improve the Loss Ratio and Combined Ratio to be within the target range.



THAIRE LIFE ASSURANCE PUBLIC COMPANY LIMITED

## 2. Investment Income and Other Income

In 1H/2023, the Company had net investment income of Baht 39 million, which is close to the previous year. Despite there being changes in the investment accounting policy this year, which resulted in no revenue recognition from the sale of investments through the profit and loss statement, there was an increase in income from the interest received due to the rising interest rates in the debt securities market.

Please be informed accordingly.

Yours sincerely

*-Signed-*

(Sutti Rajitragson)  
Chief Executive Officer