

THREL: Management Discussion and Analysis for 3Q/2023 ending Sep 30, 2023

7 November 2023

Subject: Management Discussion and Analysis for 3Q/2023 ended Sep 30, 2023

To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited would like to explain the operating performances for 3Q/2023 in which the equity method presented that had been reviewed by auditor as follows:

(Unit Million baht)

Description	3Q/2023	3Q/2022	YoY	9M/2023	9M/2022	YoY
Reinsurance premium written	981	784	25%	2,647	2,267	17%
Earned Premium	871	761	15%	2,370	2,152	10%
Long-term Reserve Inc/(Dec) from prior period	(23)	11	-304%	(11)	(3)	-214%
Net Benefits and Claims Expense	628	514	22%	1,714	1,442	19%
Net Commission Expense	208	182	14%	562	486	16%
Underwriting & Operating Expenses	43	37	19%	125	117	7%
Reinsurance expense	857	746	15%	2,390	2,042	17%
Earnings (Loss) on Underwriting	15	15	-2%	(20)	111	-118%
Net Investment Income and Other Income	21	21	3%	60	58	3%
Profit before Income Tax expenses	36	36	1%	40	169	-76%
Income Tax Expenses	(6)	(5)	-9%	7	(28)	126%
Net Profit	30	30	0%	48	141	-66%
COMBINED RATIO	98%	98%		100%	95%	

Operating performances for 3Q/2023

The Company's financial statements in which the equity method presented a net profit for 3Q/2023 at Baht 30 million, which is close to the previous year mainly due to:

1. **Earning on Underwriting** amounted to Baht 15 million, which is close to the previous year consists of:
 - A. The Company has reinsurance premiums written amounted to Baht 981 million, increased by Baht 196 million or 25% from the previous year with earned premiums amounted to Baht 871 million, increased by Baht 111 million or 15% from the previous year, mainly from the growth of both individual and group health insurance products.
 - B. Reinsurance expenses amounted to Baht 857 million, increased by Baht 112 million or 15% from the previous year mainly from claim expense increased by Baht 114 million, which is related to the growth of premiums.

As a result, the combined ratio of 3Q/2023 was 98%, close to the previous year.



2. Investment Income and Other Income

In 3Q/2023, the Company has net investment income of Baht 21 million, which is close to the previous year. This was a result of higher interest income from the previous year.

Operating performances for 9M/2023

The Company's financial statements in which the equity method presented a net profit for the 9 months of the year 2023 at Baht 48 million, decreased by Baht 93 million or 66% from the previous year mainly due to:

1. **Earning on Underwriting** the Company has Loss on Underwriting amounted to Baht 20 million, decreased by Baht 131 million or 118% from the previous year comprises:

- A. The Company has reinsurance premiums written amounted to Baht 2,647 million, increased by Baht 380 million from the previous year or 17% with earned premiums amounted to Baht 2,370 million, increased by Baht 218 million or 10% from the previous year, mainly from the growth of both individual and group health insurance products.
- B. Reinsurance expenses amounted to Baht 2,390 million, increased by Baht 348 million or 17% from the previous year mainly from:
 - Total claim expense increased by Baht 272 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 76 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 for 9M/2023 was 100%, an increase of 5 percentage points from the previous year. This increase was primarily due to an unusually high number of medical admissions at the end of 2022, which persisted into the beginning of 2023 before gradually decreasing in the second half of the year.

Regarding medical inflation, the Company has reviewed the pricing of health insurance premiums for contract renewals to ensure their appropriateness in relation to medical inflation. This review aims to realign the Loss ratio and Combined ratio within the target range.

2. Investment Income and Other Income

In 9M/2023, the Company had net investment income of Baht 60 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.



THREL

THAIRE LIFE ASSURANCE PUBLIC COMPANY LIMITED

Please be informed accordingly.

Yours sincerely

-Signed-

(Sutti Rajitrangson)
Chief Executive Officer