



THREL: Management Discussion and Analysis for year 2023 ended Dec 31, 2023

20 February 2024

Subject: Management Discussion and Analysis for year 2023 ended Dec 31, 2023

To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited (“the Company”) would like to explain the operating performances for year 2023 in which the equity method presented in the audited financial statements as follows:

Overview of the Company's Operations

In 2023, despite the reopening of the country and the implementation of economic stimulus measures following the resolution of the COVID-19 pandemic, several factors continued to exert pressure on the economy. The Russia-Ukraine conflict led to trade sanctions that caused oil prices to rise, resulting in severe inflation. Additionally, China's economic slowdown, combined with high-interest rate policies in 2022-2023 aimed at controlling inflation, affected the costs and debt burdens of both the public and private sectors, ultimately contributing to economic stagnation.

In the life insurance sector, the public is becoming increasingly aware of the importance of life insurance and the growing significance of additional health insurance contracts or critical illness insurance policies. This awareness is driven by rising healthcare costs, uncertainties surrounding the spread of new epidemics such as COVID-19, and industry initiatives to introduce and enforce new standards for health insurance policies (New Health Standard). These standards aim to facilitate quicker and more convenient comparisons of products and coverage options for consumers. Meanwhile, people are becoming more aware of pension insurance as Thailand has entered an aging society. As a result, in 2023, the Company has life insurance proportions as follows:

Reinsurance Premium	2023	2022 (Decrease)	Increase
Personal Accident	164.2	166.0	(1.8)
Credit Life	367.5	450.0	(82.5)
Ordinary Life	478.8	489.1	(10.4)
Individual Health & Group Life	2,444.8	1,859.4	585.4
	3,455.3	2,964.5	490.8

The Company continues to emphasize prudent management of insurance underwriting processes and risk management both before and after issuing insurance policies. This is coupled with maintaining financial stability, liquidity, and strong fund reserves to preserve financial stability. Additionally, there is a focus on studying the market and developing products both domestically and internationally. The Company has established partnerships with business allies and is consistently expanding its business into new regions to align with sustainable long-term growth policies.

Moreover, the Company is in the process of developing digital infrastructure for its business to accommodate changes in accounting practices following the release of Thai Financial Reporting Standards No. 17 (Insurance Contracts), which will be effective in 2025. Substantial investments have been allocated to the enhancement of the actuarial work system and insurance underwriting system. These developments will help enhance the ability to provide services efficiently, reduce costs, and increase convenience for customers.

And this year, the Company received the SET Award 2023 in the "Best Company Performance Awards" and the "Best CEO Awards" under the Business Excellence group. These awards were presented at the SET Award 2023 event organized by the Stock Exchange of Thailand in collaboration with Money & Banking Magazine on November 21, 2023. The Business Excellence awards are given to companies that demonstrate outstanding operational performance, good corporate governance, and compliance with securities market regulations. These awards aim to recognize individuals and organizations that excel in the capital market sector, serving as a model for inspiring other organizations associated with the Thai capital market, including executives and employees who collectively contribute to the organization's development.

Operating performances for 2023

The Company's financial statements in which the equity method presented a net profit for year 2023 at Baht 62 million, decreased by Baht 91 million or 59% from the previous year mainly due to:

(Unit Million baht)

Description	4Q/2023	4Q/2022	YoY	YE/2023	YE/2022	YoY
Reinsurance premium written	809	698	16%	3,455	2,965	17%
Earned Premium	931	754	23%	3,301	2,908	14%
Long-term Reserve Inc(Dec) from prior year	5	(6)	182%	(6)	(9)	31%
Net Benefits and Claims Expense	673	574	17%	2,386	2,016	18%
Net Commission Expense	191	156	23%	753	642	17%
Underwriting & Operating Expenses	46	37	23%	171	154	11%
Reinsurance expense	915	760	20%	3,305	2,803	18%
Earnings (Loss) on Underwriting	16	(6)	373%	(4)	105	-103%
Net Investment Income and Other Income	15	18	-21%	75	77	-3%
Profit before Income Tax expenses	31	12	149%	71	182	-61%
Income Tax Expenses	17	0	100%	9	28	-67%
Net Profit	14	12	15%	62	153	-59%
COMBINED RATIO	99.0%	101.4%		99.9%	96.4%	

1. **Earning on Underwriting** the Company had Loss on Underwriting amounted to Baht 4 million, decreased by Baht 109 million or 103% from the previous year comprises:



- A. The Company had reinsurance premiums written amounted to Baht 3,455 million, increased by Baht 490 million from the previous year or 17% with earned premiums amounted to Baht 3,301 million, increased by Baht 393 million or 14% from the previous year, mainly from the growth of both individual and group health insurance products.
- B. Reinsurance expenses amounted to Baht 3,305 million, increased by Baht 502 million or 18% from the previous year mainly from:
- Total claim expense increased by Baht 370 million due to the accumulative number of medical treatments and increase in medical cost inflation in the 1Q/2023. This increase is in line with the growth of premiums.
 - Commission expenses increased by Baht 111 million due to a higher profit commission for the credit life product, which resulted from lower claims and increased in line with the growth of premiums.

As a result, the combined ratio for the year 2023 was 99.9%, reflecting an increase of 3.5 percentage points from the previous year. This rise was primarily attributed to an unusually high number of medical admissions at the end of 2022, which persisted into the beginning of 2023. However, these ratios gradually declined in the subsequent half-year period.

In response to the upward adjustment in medical treatment costs, the Company has conducted a review of health insurance premium rates upon contract renewal to ensure appropriateness. This is aimed at aligning the loss ratio and combined ratio back to the target range.

2. Investment Income and Other Income

In 2023, the Company had net investment income of Baht 75 million, which is close to the previous year. Despite changes in the investment accounting policy this year, leading to no revenue recognition from the sale of investments through the profit and loss statement, there was an increase in income from the interest received. This increase was attributed to the rising interest rates in the debt securities market.

Please be informed accordingly.

Yours sincerely

-Signed-

(Sutti Rajitragson)
Chief Executive Officer