

THREL: Management Discussion and Analysis for 2Q/2024 ending Jun 30, 2024

14 August 2024

Subject: Management Discussion and Analysis for 2Q/2024 ended Jun 30, 2024

To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited would like to explain the operating performances for 2Q/2024 in which the equity method presented that had been reviewed by auditor as follows:

(Unit Million baht)

Description	2Q/2024	1Q/2024	QoQ	2Q/2023	YoY	6M/2024	6M/2023	YoY
Reinsurance premium written	1,082	788	37%	998	8%	1,870	1,666	12%
Earned Premium	894	879	2%	787	14%	1,772	1,499	18%
Reinsurance expense	868	973	-11%	736	18%	1,841	1,475	25%
Earnings (Loss) on Underwriting	26	(95)	127%	51	-49%	(69)	24	-387%
Net Investment Income and Other Income	24	16	48%	24	-1%	40	39	4%
Operating Expenses	35	31	13%	31	15%	67	59	13%
Profit (Loss) before Income Tax expenses	15	(110)	113%	45	-67%	(95)	4	-2309%
Net Profit (Loss)	13	(87)	115%	32	-59%	(74)	18	-519%
COMBINED RATIO	100.5%	115.2%		96.3%		107.3%	101.8%	

Operating performances for 2Q/2024

The Company's financial statements in which the equity method presented a net profit for 2Q/2024 at Baht 13 million, decreased by Baht 19 million or 59% from the previous year mainly due to:

1. **Earning on Underwriting** amounted to Baht 26 million, decreased by Baht 25 million or 49% from the previous year comprises:
 - A. The Company has reinsurance premiums written amounting to Baht 1,082 million, increased by Baht 84 million or 8% from the previous year with the earned premiums amounted to Baht 894 million, increased by Baht 107 million or 14% which is related to the growth of the health insurance market and increased due to the adjustment in group health insurance premium rates.
 - B. Reinsurance expenses amounted to Baht 868 million, increased by Baht 132 million or 18% from the previous year and decreased 11% compared to the previous quarter, mainly from claim expense increased by Baht 203 million. Meanwhile, long-term insurance policy reserves decreased by Baht 78 million due to a reduction in future reserve estimates based on actuarial calculations.

The company's combined ratio for Q2/2024 is 100.5%, increased by 4.2 percentage points from the previous year and decreased by 14.7 percentage points from the previous quarter.

2. Investment Income and Other Income

In 2Q/2024, the Company has a net investment income of Baht 24 million, which is close to the previous year. This was due to an increase in interest income from higher investments in bonds, while dividends decreased compared to the previous year.

Operating performances for 1H/2024

The Company's financial statements in which the equity method presented a net loss for the first half year 2024 at Baht 74 million, decreased by Baht 92 million from the previous year mainly due to:

1. **Loss on Underwriting:** The company has incurred a loss of Baht 69 million from reinsurance activities, which includes
 - A. The Company has reinsurance premiums written amounted to Baht 1,870 million, increased by Baht 204 million from the previous year or 12% with earned premiums amounted to Baht 1,772 million, increased by Baht 273 million or 18% from the previous year, driven by the growth in the group health insurance market and the expansion of individual health insurance policies.
 - B. Reinsurance expenses amounted to Baht 1,841 million, increased by Baht 366 million or 25% from the previous year mainly from:
 - Total claim expenses increased by Baht 390 million which is related to the growth of premiums and following the industry's situation where medical cost inflation has risen higher than the adjusted insurance premium rates.
 - Commission expenses increased by Baht 47 million from the previous year mainly due to the increase in line with the growth of premiums.
 - Long-term insurance policy reserves from actuarial method provision decreased by Baht 73 million due to a reduction in future reserve estimates based on actuarial calculations.

As a result, the combined ratio of 1H/2024 was 107.3% increased by 5.5 percentage point from the previous year.

In 2024, the company conducted a review and adjusted the pricing for some health insurance contracts, especially those for contract renewals. Additionally, they are in the process of refining contracts that impact on performance, aiming to bring the loss ratio and combined ratio back to target levels in the future.

2. Investment Income and Other Income

In 1H/2024, the Company had net investment income of Baht 40 million, which is close to the previous year. This was due to an increase in interest income from higher investments in bonds.

Please be informed accordingly.

Yours sincerely

-Signed-

(Mr. Vipon Vorasowharid)

President