



# Bangkok Union Insurance

รายงานประจำปี | 2562  
Annual Report | 2019



# Content

CONTENT	I
REPORT OF THE BOARD OF DIRECTOR	1
REPORT FROM THE AUDIT COMMITTEE	3
GENERAL INFORMATION	5
POLICY AND OVERALL BUSINESS	7
NATURE OF BUSINESS	9
RISK FACTORS	16
THE SHAREHOLDERS	22
MANAGEMENT STRUCTURE	24
GOOD CORPORATE GOVERNANCE	44
INTERNAL CONTROL AND RISK MANAGEMENT	51
CORPORATE SOCIAL RESPONSIBILITIES	55
RELATED PARTY TRANSACTIONS	58
FINANCIAL INFORMATION	62
EXPLANATION AND ANALYSIS OF FINANCIAL STATUS AND PERFORMANCE	63
REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	70
FINANCIAL STATEMENTS	76

# Report of the Board of Director

According to Office of the National Economic and Social Development Board (NESDB), the economy of Thailand in year 2019 has grown 2.4 percent which is less than the growth in year 2018 due to 1) The decrease of exportation due to recession of the trading countries 2) The contraction of the consumption and the investment from the government due to delayed approval of the budget 3) the consumption of the private sector which expands from expansionary policy but the growth from both internal and external agricultural sector has been decelerated 4) The continuing decrease of consumer confidence 5) The expansion of the economy which is considered to be low due to inconsistency of the direction of trade barriers and the appreciation of baht currency and 6) The impact of drought and temporary factors in manufacturing

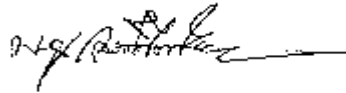
In 2019, according to Business Analysis and Statistics Division of the Office of Insurance Commission, direct premiums of non-life insurance from January - November 2019 increases 5.54 percent compared to the same period of last year which are premiums from fire insurance 10,177 million baht, marine and transportation insurance 5,486 million baht, car insurance 144,577 million baht, and miscellaneous insurance 85,209 million baht totaling 53,561,818 policies for the year. The average of capital adequacy ratio (CAR) of Non-life insurance in 2019 is 471.30 percent.

According to Thai General Insurance Association, premiums of non-life insurance will grow 4-5 percent in 2020; however, the growth is not from the economy, it is from that every non-life insurance company increases their motor insurance premiums after three consecutive losses along with the additional protection to third parties that results in increase of loss ratio. The challenge of the industry in 2020 will be the trade war, low interest rate, politics, and negative export rate, decrease of car sales, and merger and acquisition from Chinese investors in Thai insurance companies.

The performance of company in 2019 has improved from an increase of direct insurance premium by 10.04%, which was better than the industry. The company has adjusted its management strategies using a variety of strategies, price and coverage condition that responds the need of customer and market. Besides, the company aims to select the insurance with higher quality to stay in competitive level to increase the income and market share as well as to create more revenues to company to support the challenges and factors that have impact to the growth of company. The company develops the strategy including the creation of market growth and financial strength, improvement of service and value for customer as well as focusing in life quality development and personnel efficiency to make the reliability to customers who purchase the insurance from the company and based on social responsibility. The company adheres that the company will provide the protection for all assured who holding the insurance policy with the faithfulness. Moreover, the loss ratio of this year decreases from last year. It suggests that the company has improved the operation and hence generates more income than last year.

The company strongly believes that with the commitment of the management and the unity of employees, the company will be able to make a higher profit for higher profits and is confident that the company will continue for the upcoming years. The company will maintain the highest service quality, social responsibility and return on shareholders' equity.

On behalf of the Bangkok Union Insurance Public Company Limited's Board of Directors, we would like to express our sincere gratitude to all stakeholders; the management and all employees of the company who have remain firmly stood and support the company.



(Mr. Manu Leopaibote)  
Chairman of the Board of Director

# Report from the Audit Committee

To: The shareholders

The Audit Committee appointed by the Board of Directors of the Company held on May 30, 2016 and it is composed of four members, all of them are independent directors in accordance with the requirements and best practices of the Audit Committee of the Stock Exchange of Thailand. All of them are capable, experience in accounting and finance, and personnel management, including

- |                       |                |                                 |
|-----------------------|----------------|---------------------------------|
| 1. Mr. Pichit         | Sinpatanasakul | Chairman of the Audit Committee |
| 2. Asso. Prof. Pramom | Kowinwipat     | Audit Committee                 |
| 3. Mr. Thavich        | Taechanavakul  | Audit Committee                 |
| 4. Mr. Soontorn       | Konantakiat    | Audit Committee                 |

The Audit Committee performs the duty according to the charter approved by the Board of Directors and the Stock Exchange of Thailand (SET) regulations. During 2019, the Audit Committee held 4 meetings with management, external and internal auditors. The main issues are as following:

## **Review Financial Statements**

The Audit Committee reviewed company's 2019 quarterly, annual financial statements and notes to financial statements audited by the auditor of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. a CPA who get approval from The Securities and Exchange Commission (SEC.) by inviting Accounting and Finance manager to confer, discuss and answer questions on the preparation of financial statement. This would ensure the completeness and correctness before endorsement on the financial statements and notes to financial statements.

## **Review of Internal Control**

The company has effective internal control which specific scopes and objectives both in management and operational level. In order to control and make use of assets, the company has segregation and internal control system to ensure that the operating business is in accordance to the company directives.

## **Review of the Compliance with rules relation to the Stock Exchange of Thailand, non-life insurance business and corporate good governance.**

The Audit Committee reviewed and evaluated the operation in order to be in accordance with the Stock Exchange of Thailand and non-life insurance regulations. This will ensure that the company has sufficient corporate good governance.

## **Review of Internal audit**

The Audit Committee examined and reviewed internal audit plan to be in accordance with Professional Practice of Internal Auditing. Reviewed the company's 2019 internal audit result to ensure appropriateness and efficiency of the audit plan. The Audit Committee's meetings were held four times on a quarterly basis. The Audit Committee had the opinions about the operation plan and the manpower of the internal control department for the year 2019. They suggested the improvement to ensure the better control in order to cover all important points of operation.

## **Review of the External Auditor**

The Audit Committee recommended to the Company's Board of Directors to appoint the CPA from Deloitte Touche Tohmatsu Jaiyos Audit co., Ltd. as the company's auditor in 2019 in order to audit the financial statements and the Risk-Based Capital report submitted to the Office of Insurance Commission.

## **Opinion on conflict of interest transaction**

The Audit Committee has reviewed the related transactions between the company along with the related companies and legal entities whether there were conflicts of interest in the present or in the future according to the notification of the Securities and Exchange Commission (SEC) regarding the related transaction with the related companies. The purpose was to support the operation of the company and consider the maximum profit of the company. This allowed to maintain and extend a customer base of the company, to ensure there was no significant influence from the related companies, to show reasonableness and fairness under normal trade terms, and also to comply with the regulations of the Office of Insurance Commission in order to treat those related the same as those who were not related or to ensure there was no benefit transfer between the related companies.

For the transaction with major shareholders, the company starts underwriting policies directly, not via the related broker since April 2019.

The Audit Committee opined that the company observed good governance in providing accuracy and credibility of financial statements and accountancy in compliance to the 2004 regulations which related to the business. The company also has proper internal control system and complies with the regulations. Additionally, the risk management of the company was evaluated to be systematic and efficient.



Mr. Pichit Sinpatanasakul  
Chairman of the Audit Committee



# General Information

<b>Name</b>	Bangkok Union Insurance Public Company Limited
<b>Initial</b>	BUI
<b>Registered Number</b>	PCL 451
<b>Type of business</b>	Non-Life Insurance
<b>Share Capital</b>	Baht 300,000,000 (Three hundred Million Baht)
<b>Paid Capital</b>	Baht 299,997,900
<b>Type of Shares</b>	Common Shares: 29,999,790, Valued at Baht 10 per share
<b>Ordinary Shares Registrar</b>	Securities Depository (Thailand) Co.,Ltd. 62 Rachadapisek Road, Klongton, Klongtoey, Bangkok 10110 Tel: 0-2359-1200-01 Fax: 0-2359-1259
<b>Head Office</b>	175 – 177 Bangkok Union Insurance Building, Surawongse, Bangrak, Bangkok 10500 Tel: 0-2233-6920-9, 0-2238-4111 Fax: 0-2237-1856 Website <a href="http://www.bui.co.th/">http://www.bui.co.th/</a> E-mail: <a href="mailto:bui@bui.co.th">bui @ bui.co.th</a>
<b>Branch Offices:</b>	
1. <u>Nakornsawan</u>	36/13-14 Kositai Road, Tumbol Paknampo Amphur Muang, Nakorsawan 60000 Tel: 0-5633-1885-7 Fax: 0-5622-7098
2. <u>Amphur Klongluang</u>	25-27 Moo 12, Phaholyothin Road, Tumbol Kolngneung, Amphur Klongluang, Phatumthani 12120 Tel: 0-2529-0963, 0-2529-1615 Fax: 0-2529-3082
3. <u>Chonburi</u>	192/3 Moo 1 Sukhumvit Road, Tumbol Klongtumru Amphur muang, Chonburi 20000 Tel: 0-3827-8440, 0-3827-8441 Fax: 0-3827-8441
4. <u>Suratthani</u>	123/77, 123/78 Moo 1 Watpo-Bangyai Road, Tumbol Makhamtia Amphur Muang, Suratthani 84000

**Sub branch:**

1. Lampang 199/2 Moo 13 Lampang-Ngao Road, Tumbol Pichai,  
Amphur Muang, Lampang 52000  
Tel. 0-5438-2847
2. Trang 2/11 Lak-Jan Road, Tumbol Thap Thiang, Amphur Muang,  
Trang 92000  
Tel. 0-7521-7770-1
3. Ko Yo 618/2 Moo2 Tumbol pavong, Amphur Muang, Songkhla  
90100  
Tel 0-7433-4128-9

**Auditor 2016-2018**

Mr. Chavala Tienpasertkij  
Certified Public Account (Thailand) No. 4301  
Deloitte Touche Tohmatsu Jaiyos Audit co., ltd.  
AIA Sathorn Tower 23<sup>rd</sup> -27<sup>th</sup> Floor,  
11/1 South Sathorn Road, Yannawa, Sathorn,  
Bangkok, 10120, Thailand  
Tel: (66) 0-2034-0000  
Fax: (66) 0-2034-0100

**Auditor 2019**

Mr. Nantawat Sumraunhant  
Certified Public Account (Thailand) No. 7731  
Deloitte Touche Tohmatsu Jaiyos Audit co., ltd.  
AIA Sathorn Tower 23<sup>rd</sup> -27<sup>th</sup> Floor,  
11/1 South Sathorn Road, Yannawa, Sathorn,  
Bangkok, 10120, Thailand  
Tel: (66) 0-2034-0000  
Fax: (66) 0-2034-0100



# Policy and Overall Business

Bangkok Union Insurance Public Company Limited is the first Thai non-life insurance company in Thailand. It was established on 5 February, 1929 serving all classes of underwriting, i.e., fire, marine and transportation, motor and miscellaneous. The company underwrites both direct insurance and reinsurance from domestic and foreign non-life insurance. In addition, the company also diversified the risk and reinsured with the top notch reinsurer both domestic and foreign reinsurer.

The company also spent its income in investment which is in compliance with the Office of Insurance Commission (OIC) regulations A.D. 1992 and notification of Ministry of Commerce regarding the investment guideline for non-life insurance. The company will only invest in strong and reliable business to ensure sustainable return.

## Vision and Company Objectives

Over more than 92 years in non-life insurance business, the company has strong determination to serve with honest, fair and maximize clients' satisfaction including fast and fair service with high quality as per the company vision "Up-to-date, Efficient, care, Trust".

Company objectives are

1. To provide good, fast and fair service for customer with maximum satisfactory.
2. To provide sustainable return to shareholders. Have transparent management with good corporate governance
3. To provide customer with best products by continuing development in services and products.
4. To provide appropriated benefit, retain and improve knowledge and operation skills of employee.
5. To maintain company reputation, adhere to social responsibilities, support and contribute to social activities i.e., donation.

The company aims that in 3-5 years the company will increase total premium written by growing in personal line, and commercial line and use new technology to improve its operation.

## Other significant development

The company recognizes the essence of continuous improvement in various areas such as;

1. Efficiency in Operation – The Company creates the internal control system in the important assignments to ensure that the company can achieve their goals.

The company also develops the evaluation system by indicating key risk indicators (KPI) to align with goals and makes every function interrelated and go to the same direction

2. Management and Monitoring System –The company monitors the operation via War Room system to control performance of operation and adjust plans to align and support the rapidly changed economy
3. Motor Claim Program – The company has tools to review incurred claims to detect types of damages, or damage from which parts of car, which car code has high loss to use in premium rating to be close to the real cost of insurance for fairness towards customer and still be competitive in the industry
4. Technology – The company develops their own website: <http://www.bui.co.th/> where customers can visit to make a research about the company

# Nature of Business

## Product Characteristics

The company is a non-life insurance company who provides the service of accepting risks from a policyholder such as fire insurance, marine insurance, automobile insurance and miscellaneous insurance. The policyholders can select any insurance appropriated to their assets. There are four types of insurance product the company offers.

### 1. Fire Insurance

The insurance covers damages caused to insured assets such as properties, inventories and furniture due to standard perils such as fire, lightening or gas explosion that uses for light or living (but not including damage from gas explosion caused by earthquake) or loss from any additional peril included in the policy.

Besides the standard perils in the fire insurance contract, policyholder can purchase more protections for additional perils according to their risks; for example, damages from storm, hail, explosion, aircraft, vehicles, smog, earthquake, flood, strike, riots, malicious damages or electric damages by paying more premiums.

Accordingly, the company provides following types of fire insurance;

- 1.1. Fire Insurance Policy: The insurance protects against losses from fire or additional perils to insured assets which can be applied to buildings, hotels, or stores except for the household since there is a different policy available
- 1.2. Household Insurance Policy: The insurance separated from the fire insurance has an objective to provide the insurance for household which is different from another peril such as factories, hotels, or offices. The insurance also provides the long-term protection for 2 years or 3 years. The policyholders can have a discount from purchasing the long-term insurance
- 1.3. Stock Declaration Insurance Policy: The insurance protects policyholders' inventories. The policyholders must declare the amount of inventories on a monthly or quarterly basis. The policyholders must pay some premiums in advance and the premiums will be adjusted to the actual amount of inventories at the end of year

### 2. Marine and Cargo Insurance

The insurance covers damages or losses caused to insured cargo in marine, air, or inland transportation or even include carrier's liability. The company provides following types of marine and cargo insurance;

- 2.1 Marine Cargo Insurance Policy: The insurance protects against damages or losses of insured cargo in marine, air, or in-land transportation according to the terms and conditions in the policy based on Institute Cargo Clause (A), (B), (C) between the policyholder and insurer
- 2.2 Inland Cargo Insurance Policy: The insurance protects against damages or losses of insured cargo from one place to another by which vehicles in transportation are trucks, trailers, trains, ox ships, pontoons, and commercial plan which the policyholders can purchase the policy for only single trip or annual trip. There are two types of protection;
  - 2.2.1 Named Peril – protection against only perils in the policy such as fire, lightening, car crashes, stranded boats, plane crashes, and derailment.
  - 2.2.2 All risks – protection for all risks that are not in the exception
- 2.3 Carrier’s Liability Insurance Policy: The insurance protects against damages or losses of cargo for policyholders who are carriers transport. The policyholders are liable according to the Act of Transportation or terms and agreements. The protection can start from loading cargo to vehicles to loading cargo off the vehicles at the destination. There are two types of protection: single trip or annual trip.
- 2.4 Marine Hull and Machinery Insurance Policy: The insurance protects hull and machinery at the insured marine transports that are damaged or lost such as transport collision, transports that hit rock, fire, lightening, sinking ship, salvaging shipwreck, or cost for salvaging according to terms and conditions in the policies (and exceptions) either any part of transports for any material which are;
  - 2.4.1 Hull – the structure of transports made by wood, steel, or any material including pulley, tool, article, luggage, boat, crane, steering wheel, etc.
  - 2.4.2 Machinery – the part that provides energies to drive transports and light, heat, chill such as boiler, machine, freezer, generator, and other related machinery

### 3. Motor Insurance

The insurance covers damages due to road accidents. The protection includes for the property, life, bodily injury, or third party’s asset. The company provides following types of insurance;

- 3.1 Compulsory Motor Insurance: The insurance from Protection For Motor Vehicle Victims Act B.E.2535 assigns that car owners or car users must purchase this insurance and keep the evidence of having this insurance readily

to present to the authorities except that the car is already registered or paid for tax for the year

3.2 Voluntary Motor Insurance: The insurance that the car owners are willing to transfer risks to insurers. There are five types of this insurance;

3.2.1 Policy Type 1: The policy with the most comprehensive protections which are life, bodily, sanitary injuries of third party, theft and fire liability, and the damages to partly or a whole part of insured car

3.2.2 Policy Type 2: The protection is the same as type 1 except the damages to an insured car

3.2.3 Policy Type 3: The protection is only provided to life, bodily, sanitary injuries and properties of third party

3.2.4 Policy Type 4: The protection is only provided to properties of third party up to 10000 baht per accident

3.2.5 Policy Type 5: There are two types of protection;

Form 1 (2+) – the protection is provided to life, bodily, sanitary injuries and properties of third party, the damages to partly or a whole part of insured car in case of theft and fire, and crash into other in-land vehicles

Form 2 (3+) – the protection is provided to life, bodily, sanitary injuries and properties of third party, the damages to partly or a whole part of insured car in case crash into other in-land vehicles

Besides these five types of insurance, the policyholders can extend their protections to personal accidents, hospital indemnity, and bail bond cover.

#### 4. Miscellaneous Insurance

The insurance covers damages beyond the extent of fire insurance, marine and cargo insurance and motor insurance. The insurance protects against losses to individuals, properties, liabilities, and engineering. The company provides following types of insurance;

4.1 Property All Risks Insurance Policy : The protection is provided to insured properties that are lost or damaged from accidents or any unexpected event which is not indicated in the exception of the policy such as fire, lightening, explosion, windstorm, earthquake, inundation, water damage, aircraft, smoke, vehicles, strikes, riots or vandalism (except for political, religious, or cult purpose), burglary with evidence of forcible for entry or exist the insured premise, and other perils not included in the exception of the policy

4.2 Health Insurance Policy

- 4.3 Personal Accident Insurance Policy: The policy protects against death, loss of body, disability from accidents 24/7. These following are types of the insurance;
- 4.3.1 Individual Plan – This protects individuals against what mentioned above and can extend to medical fee and driving or riding a motorcycle
  - 4.3.2 Group Plan – This protects employees of the corporation, stores, factories with the same protection as an individual plan
  - 4.3.3 Student Plan – This protects school, university students against accidents 24/7 or while traveling to and from a school or during a school
  - 4.3.4 Travel Accident Plan – This is a short-term protection in either domestic or foreign countries
- 4.4 Public Liability Insurance Policy : The insurance protects for public liability in case of death, bodily injuries and properties from accidents from carelessness of the corporation or policyholders or policyholders’ workers related to the operation of policyholders
- 4.5 Plat Glass Insurance Policy: The insurance protects plat glasses installed in the building, stores from accidents or third parties.
- 4.6 Golfer’s Indemnity Insurance Policy : The insurance protects third parties, bodily injuries of policyholders or golf equipment and special bonus for “Hole-in-One”
- 4.7 Burglary Insurance Policy: The insurance protects against losses or damages of insured properties such as office supplies, domestic applications caused by burglary and robbery with the evidence of forcible for entry. The owner of the insured properties, partners or workers of the policyholder must not collude
- 4.8 Money Insurance Policy : The insurance protects against losses or damages or cash, coins, or bank notes from burglary or robbery or any attempt either those are kept at the office, a safe deposit vault, or in transit
- 4.9 Fidelity Guarantee Insurance Policy : The insurance protects against embezzlement or fraud from policyholders’ workers or bill documents that belongs to the policyholders and liable to the policyholders
- 4.10 Engineer Liability Policy : The insurance protects as following;
- 4.10.1 Contract Work Insurance: The insurance protects against losses and damages properties from accidents at the construction site or installation work. The protection extends to the liability of contractors, sub-contractors, and project owners to third parties due to accident at the construction site or installation work

- A. For civil engineering work and construction with material and machinery that is damaged from fire, lightning, collapse, explosion, earthquake, theft and another accidents at the site
  - B. For machinery for installation is protected similar to A. including damages from its breakdown or from trial-run when installed. The insurance protects only for newly-installed machinery not longer than 4 weeks
  - C. For liability to third parties from the error of policyholders' own operations or of their workers that results in injuries of third parties or damages to third parties' properties
- 4.10.2 Machinery Insurance: The insurance protects the machinery after complete installation; the company will pay benefits when the machinery is broken without expectation of repairmen, error in design, defect from factories or installation caused by unskillfulness, carelessness, spite, electrical short, physical explosion, etc.
- 4.10.3 Boiler Insurance : The insurance protects against losses or damages to boiler, pressure tank (besides from fire) and liability to third parties from explosion or collapse
- 4.10.4 Contractor's Equipment Insurance : The insurance protects against losses or damages of contractors' equipment from fire, lightning, windstorm, collision, derailment of the carrier while transporting properties
- 4.10.5 Electronic Equipment Insurance : The insurance protects against losses or damages caused by what is not in the exception of the policy such as fire, lightning, inundation, water damage, dampness, fire extinguishment

### **Strategies and Marketing Policies**

The company aims to develop quality and efficiency of the product for customer's satisfaction. The strategies that the company adapts to support our objectives are as following;

1. To improve current products and develop new products that the company has expertise and opportunity in the market
2. To maintain existent customers and extend new market by adding more distribution channels and qualified sellers
3. To respond to meet the need of customer, vendors and shareholders that is quickly changed sustainably
4. To focus on providing services that is up-to-date, quick, efficient to make customers satisfied and to enhance our competitiveness efficiently



## Target Customers

Target Customers of the company can be categorized by two groups as following;

1. Corporate customers such as industrial factories, companies, or business
2. Retail customers

## Non-life Insurance Market Share

In 2019, according to Business Analysis and Statistics Division of the Office of Insurance Commission, direct premiums of non-life insurance from January - November 2019 increases 5.54 percent compared to the same period of last year which are premiums from fire insurance 10,177 million baht, marine and transportation insurance 5,486 million baht, car insurance 144,577 million baht, and miscellaneous insurance 85,209 million baht totaling 53,561,818 policies for the year. The average of capital adequacy ratio (CAR) of Non-life insurance in 2019 is 471.30 percent.

According to Thai General Insurance Association, premiums of non-life insurance will grow 4-5 percent in 2020; however, the growth is not from the economy, it is from that every non-life insurance company increases their motor insurance premiums after three consecutive losses along with the additional protection to third parties that results in increase of loss ratio. The challenge of the industry in 2020 will be the trade war, low interest rate, politics, and negative export rate, decrease of car sales, and merger and acquisition from Chinese investors in Thai insurance companies.

During January - November 2019, the company recorded 61,602 policies, an increase of 14.8% from the same period of 2018, with direct premiums written of 1,182.59 million baht, an increase of 2.46% over the same period last year with the market share of 0.50%.

Lines of Business	2019*		2018	
	Market share	Ranked	Market share	Ranked
Fire	0.84 %	18 / 46	0.94 %	16 / 46
Marine & Transportation	0.39 %	26 / 45	0.44 %	25 / 45
Automobile - Compulsory	0.13 %	36 / 44	0.12 %	39 / 45
- Voluntary	0.19 %	33 / 43	0.21 %	35 / 44
Miscellaneous - Public Liability	0.24 %	28 / 40	0.24 %	32 / 44
- Personal Accident	0.29 %	28 / 50	0.39 %	27 / 50
- Health Insurance	3.47 %	9 / 38	3.48 %	9 / 38
- IARs	1.04 %	19 / 45	0.90 %	24 / 46
- etc.	0.37 %	29 / 45	0.53 %	27 / 45
Total	0.48 %	34 / 54	0.50 %	34 / 57

Ranked: Rank of the company in the industry / the number of insurance companies that underwrite that business

Source: Market Analysis and Statistic Department Dept. OIC

\* Statistics from January to October 2019

\*\* Statistics from January to December 2018

## Distribution Channel

Over 92 year the customer base is from agents, brokers, bank assurance, and direct sales; however, the competitiveness of the industry is more intense and customers have more knowledge and realize the importance of insurance. Moreover, entrepreneurs or business owners from any size want insurance that is most advantageous to their risks. Accordingly, agents play the important roles to propose insurance products appropriate to their risks.

The company considers the change of customer base and extends the underwriting process to brokers and bank assurance. Besides the direct sales, agents still the main channel. In conclusion, the customer base can be divided into two groups as following;

1. Commercial line via brokers and bank assurance
2. Personal line via agents and direct sales

The products are approved by OIC – both standard and specific products to customers. The company trains personnel, develops tools and operations continuously and invests not only for maximum profit but also to maintain their liquidity

## Income Structure

The amount and premium of premium value for the last three year period ended 31 December 2019, 2018, and 2017 is as following;

Unit: Baht

Source of Income	2019			2018			2017		
	Amount	Proportion	%Inc. (Dec.)	Amount	Proportion	%Inc. (Dec.)	Amount	Proportion	%Inc. (Dec.)
<b>Premium Written</b>									
Fire Insurance	95,194,212	6.79	(2.60)	97,736,564	7.71	(0.50)	98,226,630	8.59	(5.11)
Marine and Cargo Insurance	21,730,287	1.55	(3.12)	22,429,620	1.77	(8.85)	24,606,537	2.15	0.71
Motor Insurance	307,730,471	21.96	15.97	265,357,863	20.94	5.79	250,828,556	21.94	15.40
Miscellaneous Insurance	888,248,023	63.38	11.47	796,848,715	62.87	16.26	685,387,669	59.96	7.38
<b>Total Premium Written</b>	<b>1,312,902,993</b>	<b>93.68</b>	<b>11.04</b>	<b>1,182,372,762</b>	<b>93.29</b>	<b>11.64</b>	<b>1,059,049,392</b>	<b>92.65</b>	<b>7.67</b>
Other Income*	88,510,670	6.32	4.06	85,054,952	6.71	1.17	84,070,451	7.35	(2.12)
<b>Total Income</b>	<b>1,401,413,663</b>	<b>100.00</b>	<b>10.57</b>	<b>1,267,427,714</b>	<b>100.00</b>	<b>10.87</b>	<b>1,143,119,843</b>	<b>100.00</b>	<b>6.88</b>

\*Other income such as income from rental and services, and investment income from dividends or profit from selling securities

The company has improved strategies and plan based on the year 2018 and implements those in the management and the operation. The strategies include products, price, and coverage conditions to satisfy needs of customers and the market. Moreover, the company improves the underwriting process to be more competitive in the industry in order to increase income and market shares. The company also develops quality and efficiency in the process, product, and personnel to maximize their competitive level and create values to the business by adapting digital technology into the business to match the government policy of Thailand 4.0.

# Risk Factors

For the efficiency of the company's business operation and achieving the company's objectives, we have emphasized the importance of development and improvement of risk management. The company is also committed to promoting such awareness to its staff in all levels so that the risks could be controlled and limited to the acceptable level.

The company has set the board of risk management to control and manage risk management of the company according to the risk management policy that has been defined suitably with sub-board including board of insurance consideration, board of compensation, board of investment consideration and board of management to follow up and manage the risk related to the assigned task of each board to let the risk management going on effectively. Furthermore, the company has improved and revised the policy and risk management in each category to correspond to the regulations and related laws.

For the risk management process, the company has set the key method as 4 steps including risk identification, risk assessment, risk response and risk monitoring and review as per integrated risk management policy. For the risk identification, the company has considered the coverage of risk in various fields such as the strategy risk, insurance risk, marketing risk, concentration risk, credit risk, fluidity risk, operation risk and legal-respect risk.

**1. Strategic Risk** – The risk arises from setting policies, strategies, plans, and implementing those inappropriately or not aligning with internal and external environment including change of society and technology

## **Strategic Risk Management**

The company considers the strategic risk in order to set strategic plans such as failure in operational plan, inappropriately implementing plan in the management, expanding distribution channels such as branch offices, agents/brokers, or website, the intensity of the competitiveness in the industry, changing of rules and regulations from regulators, the growth of the economy, or catastrophes. All of these factors impact the operation of the business directly and indirectly.

The company has the risk management that considers the strategic goals and the direction of the operation including monitoring and reporting all operational plans every month to ensure that the company operates according to their goals and objectives to increase their competitiveness and manages risks that covers all activities of the company as well as set the acceptable risk level and reviews the strategic plans every year to align with the fluctuating economy and competition especially those of non-life insurance industry. Nowadays, the company integrates the strategic planning with the risk management planning to ensure that the company operates as planned.

**2. Insurance Risk** – The risk arises from the volatility of the frequency, the severity and the time that losses deviate from the assumptions used in premium rating, reserving and underwriting.

### **Insurance Risk Factors**

Inappropriate premium rating, actual expenses higher than the assumptions, premium and claim reserving, the change of policyholder behaviors, the new product development that impacts the amount of claims and the cash flow expected in the future.

### **Insurance Risk Management**

The company considers the insurance risk management as following;

1. The company establishes the Underwriting Committee in order to develop new products and rate premiums to satisfy customer's needs and increase their competitiveness.
2. The company sets policies and underwriting standards including publishes guidelines and authorization for underwriting process and managing the risks under the acceptable levels.
3. The company sets the reinsurance management by setting policies and operating the reinsurance process to align with their underwriting policies.
4. The company evaluates and allocates sufficient premium and claim reserves.

**3. Liquidity Risk** – The risk is caused by that the company cannot pay their due debts or meet their obligations because the company is unable to convert their assets into cash or cannot fund sufficiently or is able to meet their obligations but at the expense higher than acceptable value which affects the capital of the company to be insufficient to meet both short-term and long-term obligations in the future.

### **Liquidity Risk Management**

The company invests in the highly-liquid assets with the efficient management that can maintain their amount of cash at hand appropriately to make sure that the liquidity risk is in the controllable level. Moreover, the company has sufficient capital to support risks in the future.

**4. Operational Risk** – The risk arises from losses caused by the lack of good internal control, corporate governance that involves internal process, people, system, technology, data security or external environment.

## Operational Risk Factors

- 4.1 The risk factors from product design and development, and premium rating;
  - 4.1.1 The risk from insufficient data to rate premiums or not suitable to the risks
  - 4.1.2 The risk from product design and development that is not as designed/planned
- 4.2 The risk factors from the distribution channels and collects premiums;
  - 4.2.1 The risks from selling the insurance via electronic platforms, phone direct, agents/brokers or bank assurance
  - 4.2.2 The person who pays premiums in the name of the company does not pay or transfers the premiums to the company on time
  - 4.2.3 The person who offers for sale is not designated to be a non-life insurance agents or does not authorize to employees or agents appropriately
  - 4.2.4 Make records of premium collection not completely nor on time
- 4.3 The risk factors from underwriting process;
  - 4.3.1 Accepting risks beyond the company's limit
  - 4.3.2 The condition of protection is not appropriate to the risks
  - 4.3.3 The concentration of accepted risks
- 4.4 The risk factors from reserving such as reserving too low to support the actual loss
- 4.5 The risk factors from claim management;
  - 4.5.1 The inaccuracy of loss reserving
  - 4.5.2 Loss ratio is higher than expected
  - 4.5.3 Use the wrong report for loss reserving
- 4.6 The risk factors from reinsurance;
  - 4.6.1 The selection of reinsurers
  - 4.6.2 The concentration of reinsurers
  - 4.6.3 Unable to claim for losses from reinsurers
  - 4.6.4 No good insurance accounting system
- 4.7 The risk factors from investment;
  - 4.7.1 The investment income such as incomplete receipts of interest from bonds or dividend from stocks

- 4.7.2 Security register book is incomplete which causes incorrect records of income and expense and also cost of investment, also the investment in securities exceeds the limit
- 4.7.3 The volatility of security trade
- 4.8 The risks factors from revaluation of assets and liabilities such as the risks from incorrect revaluation according to OIC
- 4.9 The outsourcing such as risk survey

### **Operational Risk Management**

The company sets goals, plans, and management structure to manage operational risks to be aligned with policies of the company, also communicates to employees and departments to follow. The company also reviews those to be appropriate to the present situation and mandates the responsibilities to manage the operational risks

The company has the appropriate internal control and can be used to support in decision making regarding operational risks in order to prevent the loss affecting the capital, and reputation of the company

The company has a high regards on the operational risk management by making a report and evaluating risks and presents to the Board of Directors and the Audit Committee. The company evaluates risks with risk owners and set the practice to response their risks. The risk owners must report the progress and performance to the risk department every month. The operation and control are under the control of the Audit Committee to mitigate the fraud risks and to limit the risks under acceptable level.

**5. Market Risk** – The risks from the change of interest rate, exchange rate, equity price, and commodity price

### **Market Risk Management**

The company establishes the Investment Committee to set the investment policies and control the investment to be aligned with the policies by emphasizing on investing in low-risk securities with appropriate and consistent return including setting guidelines for investment in each year and setting the return target according to the current environment and the current risk-based capital and acceptable level of risks of the company. The proportion of investment must be approved by OIC.

**6. Credit Risk** – The risks that counterparties cannot meet their obligations to the insurance company, also the probability that the counterparties' credit rating is mitigated which will affect the company's credit rating negatively – or CAR Ratio reduces or insolvent or defaulted.

## **Credit Risk Management**

The company has a debt collection system according to OIC and reports the status of outstanding premium receivables in every month. The company sets the standards and prevents the risks by setting the policies of selection of reinsurers or agents/brokers such as the business history, the ability to pay premium on time, or having collateral for each credit limit.

The company has a policy and the reinsurance risk management by only ceding the risks to the reinsurer with credit limit beyond B+ approved by the Underwriting Committee. The company has the control over the investment of the company and reviews the appropriateness of the proportion of the investment aligned with the credibility of source of investment funds.

**7. Concentration Risk** – The risks from excessive investment in debt instruments or equity instruments issued by any one particular instrument issuer, or from excessive provision of loan to any one particular customer, or from excessive possession of immovable property and operating asset, or from excessive investment in investment assets in foreign currency, or from excessive reinsurance ceded to any one particular company with low credit rating.

### **Concentration Risk Management**

In underwriting process, the company sets the limit of taking risks and diversifies different types of risks appropriately including monitors and follows results via Block Management System.

To mitigate concentration risk from single reinsurers, the company has a process to select qualified reinsurers by considering the credit rating of the reinsures and has a process of monitoring and following the solvency and diversification of reinsurers.

**8. Compliance Risk** – The risk from not complying rules and regulations of the business

### **Compliance Risk Management**

The company has the compliance department to follow up the change of rules, notifications, and regulations from regulators that affect operation of the company and communicate the related department to adjust the process and practice to align with the change promptly

Moreover, the company has a KRI: Key Risk Indicator and set risk appetite to comply with the standards.

**9. Information Technology Risk** – The risks related to the database in the information system and communication system that is damaged because the data is destroyed, lost, or damaged by hacking, or changing the data without permission, or from power surge,



computer crashes that cannot work normally, connecting with unauthorized devices, or insufficient technical persons. All of these will affect the credibility and reputation of the company

### **Information Technology Risk Management**

The company has a policy regarding the authorization into the operation system to prevent data breaches, and prohibits employees to bring outside laptops to work except it is necessary and authorized by the management and reports to the IT department. The company also has backup data to prevent data damage or loss. In case there are technology incidents, in order to operate continually, the company has a BCP plan and provides generators and UPS to prevent unstable voltage.

**10. Catastrophe Risk** – The risks from the abrupt change of natural disasters, social events, economy and politics. The natural disaster plays an important role to the business which different products have different protections.

### **Catastrophe Risk Management**

The company sets the cost of insurance at the highest to accept risks and monitors the insurance value for each exposure every month. Besides, the company has an early warning system and follows the news to analyze the probability that natural disasters occur from reinsurers and brokers. The company estimates the severity of accumulation control by actuarial methodologies. The company also has a process to adjust the protection and the premium rate to be appropriate to the factors and probability that the natural disasters occur.

**11. Emerging Risk** – The emerging risk is the loss that is likely to occur but never occurred in the past or with no experience at present but in the future, there will be change from politics, law, society, technology, physical environment, or natural changes. Some of occurrence cannot be evaluated by their impact or identified properly such as the risk from nanotechnology, genetic modification, or climate change.

### **Emerging Risk Management**

The company gathers all related information about emerging risks and analyses continuously to understand and find the way to limit its impact to the company. The company reviews the policy wording, the process, premium rating and new product development to sure that emerging risks are considered.

Moreover, the company reviews the risk factors and evaluates the risks continually by the specified timeframe and also consider events and major changes that impacts the company to have proper procedure to the risks and improve the management to take care those risks in order to achieve the company's goals.

## The Shareholders

The company has registered capital of 300 million baht and Paid capital of BHT 299,997,900 divided into 29,999,790 ordinary shares, baht 10 par value shares.

The company does not share in other category, in addition to the ordinary shares.

The top-ten major shareholders as at 12 March 2019, are as following :- (Report from Securities Depository (Thailand) Co., Ltd.)

No.	Name of Shareholders	Amount	Percentage
1	Liewpairat Enterprises Co., Ltd.	4,620,105	15.4
2	Liewpairat Enterprises Co., Ltd.	4,151,250	13.84
3	BUI Life Insurance Co., Ltd.	2,756,250	9.19
4	Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,598,220	5.33
5	Mr. Sukit Kamolsiriwat	1,233,100	4.11
6	Mr. Prachai Leophairatana	1,215,000	4.05
7	Ms. Tanyaratt Iamsopana	857,365	2.86
8	Ms. Maneeratt Iamsopana	824,952	2.75
9	Ms. Malinee Leopairat	763,052	2.54
10	Dr. Chavin Iamsopana	708,975	2.36

Name of Shareholders	Relationship
Liewpairat Enterprises Co., Ltd.	Partial co-directors and shareholder holding at 29.24% of shares.
BUI Life Insurance Co., Ltd.	Partial co-directors and holding at 9.60% of shares in that company and shareholder holding at 9.19% of shares.
Hong Yiah Seng Real Estates and Investment Co., Ltd.	Partial co-directors and shareholder holding at 5.33 % of shares.

### The Structure of Group Company

The company holds shares in BUI Life Insurance Co., Ltd. as the associated company with registered capital 500 million baht with paid capital 500 million baht. The company holds 9.60% of shares but there is no necessity to rely on or support each other financially and the nature of major shareholders has no significant competitiveness.

## Dividend policy

The company dividend policy is 60% of the net profit but also depends on the business competition, economic and strategic plan. Dividends are paid once a year in May.

year	2015	2016	2017	2018	2019
Net Profit per Share (baht)	0.72	0.37	1.17	0.13	0.41
Dividend per Share (baht)	6.00	Omission	0.50	Omission	
Dividend Payout Ratio (%)	559.17		42.67		

In 2015, the company declared dividends from retained earnings at the rate of 6 baht per share, by a cash rate of 1 baht per share, and stock dividend rate of 5 baht per, at the rate of 2 old ordinary shares for 1 new ordinary share.

# Management Structure

The management structure as at 31 December 2019 consists of three committees – the Board of Directors, the Executive Directors, and the Audit Committee – totally 11 people, five of them are independent directors which are more than one-third of the committee

## The Board of Directors

A list of the member is following;

Name	Title
1. Mr. Manu Leopairote	Chairman of Board of Directors / Independent Director
2. Mr. Pichit Sinpatanasakul	Chairman of Audit Committee / Nomination and Remuneration Committee / Risk Management Committee / Independent Director
3. Assoc. Prof. Pranom Kowinwipat	Chairman of Nomination and Remuneration Committee / Audit Committee / Independent Director
4. Mr. Soonthorn Konuntakiet	Chairman of Risk Management Committee / Audit Committee / Nomination and Remuneration Committee / Independent Director
5. Mr. Tavich Taychanavakul	Audit Committee / Independent Director
6. Ms. Malinee Leophairatana	Chairman of Executive Director / Risk Management Committee
7. Dr. Chavin Iamsopana	Executive Director
8. Mr. Prachai Leophairatana	Executive Director
9. Ms. Tanyaratt Iamsopana	Managing Director / Executive Director
10. Ms. Sujintana Champeesri	Executive Director / Secretary
11. Mr. Pakorn Leophairatana*	Director

\* Mr. Pakorn Leophairatana becomes a member on 13 September 2019

## **Leadership and Vision**

The Board of Directors, consisting of directors who have expertise and strong experience in business operation, has participated in establishing policy, strategies, operating goals as a framework for the business operation. This is to ensure that management team can implement the company's policy effectively and efficiently to create the economic values for the company and its shareholders.

As the Board of Directors has realized the importance of the Good Corporate Governance, then the internal control system are established for the internal audit supervised by the Audit Committee to ensure the appropriation and the effectiveness of the system. There is a continuous monitor on this issue in the Board of Directors' Meeting.

### **Balance of Power from Non-Management Directors**

Board of Directors consists of 11 directors

Directors with management position	5	directors
Directors with non-management positions	6	directors

Among the six non-management directors, five of them are independent directors which are one-third of the Board. The five independent directors are the Chairman of Board of Directors and four independent directors who act as the Audit Committee and three of them are the Nomination and Remuneration Committee.

### **Unification and Separation of the Significant Official Position**

Chairman of the Board of Directors is the independent director.

Chairman of the Board of Directors and Chief Executive Officer must not be the same person in order to separate the duties of directing and managing. Recruitment and nomination of persons to be directors of the company must go through the nomination process of the board and must be approved by the shareholders' meeting of the company.

### **Board of Directors' Meeting**

The Board of Directors must meet at least once in three months period where meeting dates must be on the second Thursday of the month. The ad-hoc meetings are called if necessary. Invitations to attend the Board of Directors' Meeting must be delivered at least seven days prior to the meeting date together with adequate supporting information for the meeting. Generally, the meeting lasts for two hours. In addition, the minutes of the meeting with all significant information are prepared and the previous minutes of meeting, approved by all of the directors, are also kept systematically for reference.

In 2019 The Board of Directors holds 5 meetings. The attendance of these meetings by each of Directors can be summarized as following:

Name	Title	The Amount of Attendance
1. Mr. Manu Leopairote	Chairman of Board of Directors / Independent Director	5 / 5
2. Mr. Prateep Leophairatana*	Vice Chairman of Board of Directors / Independent Director	2 / 2
3. Mr. Pichit Sinpatanasakul	Chairman of Audit Committee / Nomination and Remuneration Committee / Risk Management Committee / Independent Director	5 / 5
4. Assoc. Prof. Pranom Kowinwipat	Chairman of Nomination and Remuneration Committee / Audit Committee / Independent Director	5 / 5
5. Mr. Soonthorn Konuntakiet	Chairman of Risk Management Committee / Audit Committee / Nomination and Remuneration Committee / Independent Director	5 / 5
6. Mr. Tavich Taychanavakul	Audit Committee / Independent Director	4 / 5
7. Ms. Malinee Leophairatana	Chairman of Executive Director / Risk Management Committee	4 / 5
8. Dr. Chavin Iamsopana	Executive Director	5 / 5
9. Mr. Prachai Leophairatana	Executive Director	5 / 5
10. Ms. Tanyaratt Iamsopana	Managing Director / Executive Director	5 / 5
11. Ms. Sujintana Champeesri	Executive Director / Secretary	5 / 5
12. Mr. Pakorn Leophairatana**	Director	-

\* Mr. Prateep Leophairatana resigned on 27 May 2019

\* Mr. Pakorn Leophairatana becomes a member on 13 September 2019

### Board of Directors' Reports

The Board of Director is responsible for the financial statement and financial information, which published, in the annual report. The company's financial report has been prepared in accordance with the standard of general accepted accounting principles in Thailand. The Board also considers the appropriation of accounting policy to apply and ensure the consistent implementation of that policy. Moreover, the Board also uses the thorough judgment and good estimation in preparing such financial statement. The Board also provides adequate notes to financial statement.

The Board of Directors has the authority as following;

1. To control and manage the company to be conformed to the laws, the objectives, regulation and consensus of shareholder's meeting
2. To have the power to appoint one committee to be the chairman and appoint another committee or many committees to be vice chairman upon the situation
3. To appoint the administrative committee to conduct the business according to the committee's determination
4. To determine and make amendment for the persons who can have the authorized signature on behalf of company
5. To fix the dividend for shareholders during the period of time
6. To appoint or demote the company's employee; this power can be assigned to any directors or many directors of company
7. To fix the date to pay bonus, reward to company's employees, workers or job-holders to the company and they can be permanent or temporary
8. To have the duty as company's regulation which includes to control and operate the business in conformity with the law, the objectives and the company's regulation and also the consensus of shareholder's meeting
9. To view as proper for the policy, vision, mission, expected value and ethic in conducting the business
10. To consider and approve the strategies, business plan and annual budget and to follow up the operation and the execution of top management to run business in line with business plan and set budget in effectiveness
11. To determine the internal control system to continue effectively and arrange the risk management appropriately
12. To control the check-up from both internal auditors and external auditors to carry out their duty in effective manner
13. The committee has to hold 3 times of meeting per month
14. The committee has to arrange the meeting for shareholders. It is the ordinary meeting and it should be held within 4 months counting from the last day of company's fiscal year. The other shareholder's meeting is considered extraordinary or uncommon and it can be held at any time or upon the situation
15. The committee has to arrange the balanced sheet and Profit & Loss statement on the last day of company's fiscal year in order to propose such information in the annual ordinary meeting of shareholders for their approval. The committee has to provide CPA auditors to conduct the audit before proposing to the meeting of shareholder
16. To pay the dividend at intervals to shareholders when the company can make the profit in a level. The paid dividend should be reported in the next meeting of shareholder

### **The Managing Directors**

The company appoints five directors for juristic act are Ms. Malinee Leophairatana, Mr. Prachai Leophairatana, Dr. Chavin Iamsopana, Ms. Tanyaratt Iamsopana, Ms.



Sujintana Champeesri. Two of these five directors must co-sign and seal of the company.

The obligation in insurance policies must be signed and sealed by one of the directors.

### **Audit Committee**

The company appoints the Audit Committee consisting of all independent directors in year 2019. The meetings are held four times.

<b>Name</b>	<b>Title</b>	<b>The Amount of Attendance</b>
1. Mr. Pichit Sinpatanasakul	Chairman of Audit Committee	4 / 4
2. Assoc. Prof. Pranom Kowinwipat	Audit Committee Member	4 / 4
3. Mr. Tavich Taychanavakul	Audit Committee Member	4 / 4
4. Mr. Soonthorn Konuntakiet	Audit Committee Member	4 / 4

**Remark:** Audit Committee Member who has knowledge and experience in auditing the financial statement is Assoc. Prof. Pranom Kowinwipat.

### **Roles and Responsibilities of Audit Committee**

1. To control and review that the financial report is reliable and accurate by coordinating with auditors and related directors in preparing process
2. To review the related transactions that may have conflicts of interest or the transactions that may be suspicious and make a disclosure in the financial report.
3. To ensure that there is the appropriate internal control system and test if it is efficient for operation
4. To ensure that the company operates under the regulation of SEC or related business regulations
5. To publish and review the Committee charter respect to roles and responsibilities of the Audit Committee by whose contents in the charter must be precise about their different roles of the Committee
6. To ensure that the internal audit department is independent and there is internal control system to monitor the activities and the structure effectively and to approve the charter of internal audit.
7. To nominate a person who is independent in order to audit the financial statement of the company and compensate fairly based on their trustworthiness and their performance in past years, to remove an auditor by the agreement of Board of Directors and also to participate in the auditor's meeting without organizer at least once a year

8. To publish the report of the performance of Audit Committee to the meeting of Board of Directors for acknowledgement and disclose in the annual report with the signature of the Chairman of Audit Committee
9. To ensure that the company has a good governance, make recommendations and encourage the Board of Directors to apply as well
10. To ensure that the company has an efficient risk management in compliance with the risk policy by coordinating with Risk Management Committee about the opinion in Risk Management
11. To direct and encourage employee to make an incident report about fraudulent activities or violations against rules and regulations of the company or related parties
12. To evaluate their own performance at least once a year and summarize the result to Board of Directors for acknowledgement
13. To perform ad-hoc assignments from the Board of Directors with the approval of Audit Committee
14. Audit Committee Member who has knowledge and experience in auditing the financial statement is Assoc. Prof. Pranom Kowinwipat

## **Sub-Committee**

### **The Structure of the Sub-Committee**

Besides the Board of Directors and the Audit Committee, the Board of Directors appoints the sub-committee to analyze and propose solutions to support the Board of Directors which helps the Board of Directors to operate more smoothly. There are five sub-committees;

1. The Risk Management Committee
2. The Remuneration and Nomination Committee
3. The Underwriting Committee
4. The Claim Committee
5. The Investment Committee

#### **1. The Risk Management Committee**

The Risk Management Committee consists of three directors and employees of the company from different departments who are experienced in order to manage risks more efficiently

The company appoints the Risk Management Committee to direct and manage the enterprise-wide risks of the company to operate according to policies appropriately. The meeting must be held at least once in three months. There are four meetings in year 2019

Name	Title	The Amount of Attendance
1. Mr. Soonthorn Konuntakiet	Chairman of Risk Management Committee	4 / 4
2. Mr. Pichit Sinpatanasakul	Risk Management Committee Member	4 / 4
3. Ms. Malinee Leophairatana	Risk Management Committee Member	1 / 4
4. Mr. Suthee Chauypitak	Risk Management Committee Member	4 / 4
5. Ms. Pornyupa Chomkamsingh	Risk Management Committee Member	4 / 4

### Roles and Responsibilities of Risk Management Committee

- To set the risk management policy
- To evaluate sufficiency of strategies and efficiency of the risk management of the company
- To hold meetings at least once a quarter to monitor risks, progress of risk management, improve and report to the Board of Committee once a quarter

### 2. The Remuneration and Nomination Committee

The company appoints the committee that consists of all independent members. There is one meeting in year 2019

Name	Title	The Amount of Attendance
1. Assoc. Prof. Pranom Kowinwipat	Chairman of Remuneration and Nomination Committee	1 / 1
2. Mr. Pichit Sinpatanasakul	Remuneration and Nomination Committee Member	1 / 1
3. Mr. Soonthorn Konuntakiet	Remuneration and Nomination Committee Member	1 / 1

### Roles and Responsibilities of Remuneration and Nomination Committee

- To set criteria and policy to nominate directors and executives
- To set methods of nomination to comply with rules and regulations of the company
- To select and nominate qualified people to act as directors and executives

4. To supervise the Board of Director to have a proper amount of people and also adjust according to the changed environment. The Board of Directors must be composed of people who are skilled, expertise, and experienced
5. To Remunerate director appropriately compared to another company with the same industry, similar size and also consider the company's performance before proposing to the Shareholders

### **3. The Underwriting Committee**

#### **Roles and Responsibilities of Underwriting Committee**

1. To set policies regarding underwriting and reinsurance flexible to the changed environment considered risks and related regulations
2. To consider regulations and practices regarding underwriting and reinsurance of the company
3. To consider and set the power of authorization in underwriting and present to the Board of Directors
4. To ensure that the company operates the underwriting process that is complied with the policy approved by the Board of Directors
5. To control the underwriting process under rules and regulations
6. To consider and approve the premium rating
7. To consider and approve authorized list of reinsurers and loss adjusters
8. To consider new policies
9. To plan and set the sufficient human resources to be support the product development
10. To consider and give an opinion regarding high-risk underwriting
11. To propose the way to solve underwriting problems
12. To review and revise policies of underwriting and reinsurance appropriate to the changed environment

### **4. The Claim Committee**

#### **Roles and Responsibilities of Claim Committee**

##### Claim Management

1. To set policies regarding claim management and to manage the claim process when large amount of claims occurs
2. To set policies regarding estimated claim and claim reserve
3. To consider an approval of strategies, practices, and regulations regarding claim management and reopened claims
4. To consider and set levels of authorization to approve claims
5. To monitor claim status and to ensure that the company makes a sufficient claim reserve

6. To settle the claim complaint and rectify when fraud claims occur
7. To review complaints and propose solutions

#### AVL

1. To set the area of service, criteria in selection, rules and regulations in operation and contracts for sellers / contractors
2. To evaluate performance of sellers / contractors regularly also set the contingency plan to support when sellers / contractors cannot perform services
3. To consider and authorize spare part store, survey, forklift, plat glass and sellers / contractors
4. To consider and authorize the purchase and hire properties, or services when those costs are more than 1 million baht
5. To publish CM Code for new cars, car part code also provide prices of spare parts, repairmen cost

#### Salvage and Properties

1. To set directions and goals in selling salvage and properties
2. To direct and manage the selling of salvage and properties and make a registered book and report to the Board of Directors
3. To provide and maintain the location for storage of salvage
4. To provide a price list of new brand cars that will be launched three months in advance

### **5. The Investment Committee**

#### **Roles and Responsibilities of Investment Committee**

##### Investment Management

1. To set policies, criteria, and investment plans complied with the rule and regulations from the government and/or the related regulators and also appropriate to risks of the company
2. To consider the rules and regulations of the investment of the company
3. To consider and approve the limitation of investment in each type of asset and allocate appropriately
4. To consider and approve the investment by the levels of authorized persons (in case that the investment exceeds the authorization of the management)
5. To direct, control and monitor the investment management complied with the policy approved by the Board of Directors
6. To direct, control and monitor the status of the investment of the company and report to the Board of Directors

7. To review the performance and revise the investment policy every year appropriate to the changed environment

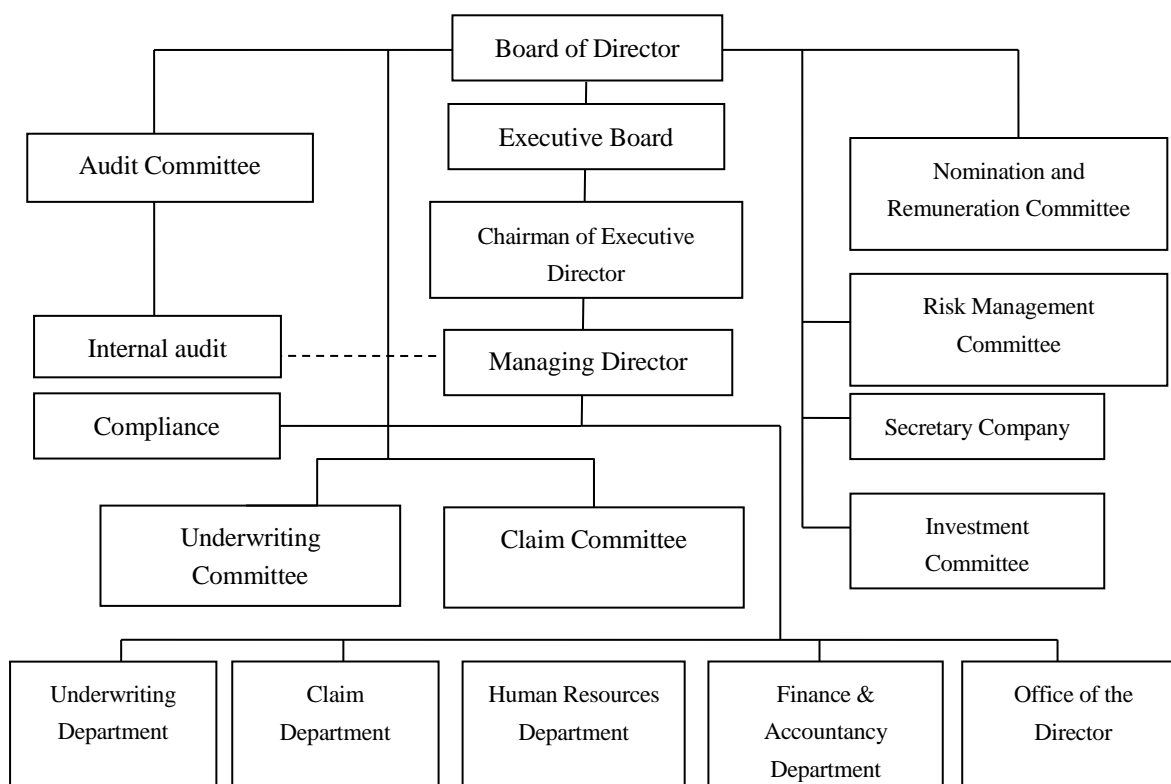
#### Debt Collection Management

1. To participate the consideration of drafting contract with agents / brokers
2. To set practices in accepting new agents, underwriting, debt collecting and agent code opening
3. To set criteria to consider agent's debt / evaluate agents, review the regulations from the government and report the process of debt collection on basis of Cash Before Cover
4. To monitor and report the outstanding debt and payable from underwriting, reinsurance and claim and present to the Board of Directors
5. To consider and analyze the outstanding debt and sue accordingly
6. To monitor and report the security management that company uses for pledge and securities that agents / customers uses for pledge
7. To set the policy of doubtful accounts and reviewed the life of premiums receivable every month
8. To set the policy of estimation and records of premiums receivable
9. To set the policy of accrual expenses without delay
10. To set the policy and regulations regarding the consideration of loans by indicating the minimum of collateral

#### **The Management Team**

##### **Management Team, as of December 31, 2019**

1. Ms. Malinee Leopairat	Chairman of Executive Director
2. Ms. Tanyaratt Iamsopana	Executive Director /Managing Director
3. Dr. Chavin Iamsopana	Executive Director /Senior Manager , Claim Department
4. Ms. Sujintana Champeesri	Executive Director / Secretary Company / Manager, Finance & Accountancy Department
5. Mrs. Kobkul Wongsantimeth	Manager, Underwriting Department
6. Mr. Sutee Sirivorathum	Manager , Claim Department
7. Ms. Sunee Khunavorathum	Manager, Human Resources Department / Acting Manger of Managing Directors



For the years ended December 31, 2019, the Company has significant remuneration for directors and key management personnel as follows:

Short-term benefits	21,051,173	baht
Post-employment benefits	378,132	baht
Directors' remuneration	<u>1,596,000</u>	baht
Total	<u>23,025,305</u>	baht

In 2019, the company paid a meeting allowance Committee to the Directors amount 1,596,000 baht.

This remuneration paid to the Directors of the company pursuant to section 90 of the public limited companies act, it's not including salaries and related benefits paid to the Executive Committee.



## Directors and Management Team

<b>Name – Surname</b>	<b>Mr. Manu Leopairote</b>
Position	Chairman, Independent Director
Nationality	Thai
Age	76
Qualification	<ul style="list-style-type: none"> <li>❖ Honorary Doctorate, Business Administration, Thammasat University</li> <li>❖ M.Sc. (Economics) University of Kentucky, U.S.A.</li> <li>❖ B.S.C Economics (Honour) Thammasat University</li> <li>❖ Certificate, Industrial Development, “Nagoya, Japan”</li> <li>❖ National Defense College class 34</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DCP Class 30/2003</li> <li>➤ Role of Chairman –RCM Class 3/2001</li> </ul> </li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Member of the Council of State, group 5 (Trade and Industrial), The Council of State.</li> <li>❖ Chairman, ARIP Plc.</li> <li>❖ Chairman, Khon Kaen Sugar Industry Plc.</li> <li>❖ Chairman, Polyplex (Thailand) Plc.</li> <li>❖ Chairman of the Audit Committee, Siam Steel International Plc.</li> <li>❖ Chairman/ Audit Committee, Asia Precision Plc.</li> <li>❖ Chairman, Jubilee Enterprise Plc.</li> <li>❖ Chairman/ Audit Committee Director, T.M.C. Industrial Plc.</li> <li>❖ Director, Kang Yong Electric Plc.</li> <li>❖ Chairman/ Audit Committee Director, SVOA Plc.</li> <li>❖ Chairman of the Audit committee, TPI Polene Power Plc.</li> <li>❖ Director/ Audit Committee Director, Thai Beverage Plc. (Singapore Stock Exchange: SGX)</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Permanent Secretary, Ministry of Industry</li> <li>❖ Chairman, Small and Medium Enterprise Development Bank of Thailand</li> <li>❖ Chairman of the Executive Director, Neighboring Countries Economic Development Cooperation Agency (Public Organization) : NEDA</li> <li>❖ Chairman , Asian Productivity Organization (APO), Tokyo, Japan</li> </ul>

	<ul style="list-style-type: none"> <li>❖ Chairman of the Executive Committee, Technonet Asia (Singapore)</li> <li>❖ Chairman of the Cane and Sugar Board, Office of the Cane and Sugar Board, London, England</li> </ul>
<b>Name - Surname</b>	<b>Mr. Pichit Sinpatanasakul</b>
Position	Chairman of the Audit committee, Nomination and Remuneration Committee Member, Risk Management Committee, Independent Director
Nationality	Thai
Age	63
Qualification	<ul style="list-style-type: none"> <li>❖ Master of Business Administration “Sasin College, Chulalongkorn University”</li> <li>❖ Bachelor of Business Administration “Boston University Massachusetts U.S.A.”</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Accreditation Program – DAP Class 6/2003</li> <li>➤ Directors Certification Program – DCP Class 46/2004</li> <li>➤ Audit Committee Program - ACP Class 15/2006</li> <li>➤ Monitoring Fraud Risk Management</li> <li>➤ Role of the Compensation Committee (RCC) Class 11/2010</li> </ul> </li> </ul>
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> <li>❖ Director Bangkok Cotton Factory Co., Ltd.</li> </ul>
<b>Name - Surname</b>	<b>Assoc. Professor Pranom Kowinwipat</b>
Position	Chairman of the Nomination and Remuneration Committee, Audit Committee Member, Independent Director
Nationality	Thai
Age	77
Qualification	<ul style="list-style-type: none"> <li>❖ Master of Business Administration (Accounting) Georgia State University, Atlanta, Georgia. U.S.A.</li> <li>❖ Bachelor of Commercial and Accounting Thammasat University</li> <li>❖ Audit Committees in a New ERA of Government, Harvard Business School, U.S.A.</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DCP Class 12/2001</li> <li>➤ Role of Chairman Program –RCP Class 10/2004</li> <li>➤ Corporate Fraud Detection and Prevention</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>➤ Audit Committee Program -ACP Class 15/2006</li> <li>➤ Role of Compensation Committee –RCC Class 11/2010</li> <li>➤ What the Board Should Do in a Downturn Situation</li> <li>➤ Monitoring Fraud Risk Management</li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Director, Chairman of Audit Committee, Thai Industrial Coating Plc.</li> <li>❖ Advisory Committee, Birthday merit making with Thammasat, Thammasat Relations Office, Thammasat University</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Director, Chairman of Audit Committee, the Bangchak Petroleum Plc.</li> <li>❖ Director The Office of National Education Standard and Quality Assessment (Public Organization) ONESQA</li> <li>❖ Director, Faculty of Commerce and Accountancy, Thammasat University</li> <li>❖ Director /Chairman of Audit Committee, Metropolitan Electricity Authority</li> <li>❖ Tax Auditor Test Committee, Revenue Department, Ministry of Finance</li> <li>❖ Luminaries Director, Faculty of Commerce and Accountancy, Thammasat University</li> </ul>
<b>Name - Surname</b>	<b>Mr. Soonthon Konantakiat</b>
Position	Chairman of Risk Management Committee, Audit Committee Member, Nomination and Remuneration Committee Member, Independent Director,
Nationality	Thai
Age	62
Qualification	<ul style="list-style-type: none"> <li>❖ Business Administration University of Detroit, Michigan, U.S.A.</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Accreditation Program – DAP Class 6/2003</li> <li>➤ Finance for Non Finance Directors - FND Class 12/2004</li> <li>➤ Understanding the Fundamental Statements –UFS Class 2/2006</li> <li>➤ Role of the Compensation Committee (RCC) Class 11/2010</li> </ul> </li> </ul>
Working Profile	<p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Assistant, Marketing Manager Good World Intertrade Co.,Ltd.</li> <li>❖ Manager Sea Value Co.,Ltd.</li> </ul>

<b>Name - Surname</b>	<b>Mr. Tavich Taychanavakul</b>
Position	Audit Committee Member, Independent Director
Nationality	Thai
Age	70
Qualification	<ul style="list-style-type: none"> <li>❖ Bachelor of Business Administration Kinki University Osaka Japan</li> <li>❖ National Defense College Government and Private Class 366</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Accreditation Program – DAP Class 27/2004</li> <li>➤ Finance for Non Finance Directors - FND Class 30/2006</li> </ul> </li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Chairman of the Board of University Affairs, Mae Fah Luang University</li> <li>❖ Honorary Advisory, Thai Industrial Estate and Strategic Partner</li> <li>❖ Chairman of Executive Board Hi-Tech Nissu Logistics Co., Ltd</li> <li>❖ Chairman of Executive Board Ayudhaya Technical Training Center</li> <li>❖ Managing Director Thai Industrial Estates Co., Ltd.</li> <li>❖ Director/ Audit Committee Member, TPI Polene PLC.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Secretary-General Thai Industrial Estates Association</li> <li>❖ Chairman of the Audit committee, Bangkok Union Insurance PLC.</li> </ul>
<b>Name - Surname</b>	<b>Ms. Malinee Leopairat</b>
Position	Chairman of Executive Director, Risk Management Committee member
Nationality	Thai
Age	76
Qualification	<ul style="list-style-type: none"> <li>❖ Master Degree in Actuarial Science, “Georgia University, U.S.A.”</li> <li>❖ Bachelor of Commerce and Accounting Major in Statistics (Second Honour), Chulalongkorn University</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DCP Class 22/2002</li> </ul> </li> <li>❖ Actuary License, under section 78/2 of the Non-Life Insurance ACT B.E.2535. As amended by the Non-Life Insurance ACT (No.2) B.E.2551.</li> <li>❖ Actuary License, under section 83/2 of the Life Insurance ACT B.E.2535. As amended by Life Insurance ACT (No.2) B.E.2551.</li> </ul>

Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Director, Bangkok Union Life Insurance PCL.</li> <li>❖ Director, TPI Polene PCL.</li> <li>❖ Director, TPI Polene Power Co., Ltd.</li> <li>❖ Director, Liewpariat Enterprises Co., Ltd.</li> <li>❖ Director, Union Grains Industry Co., Ltd.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ President of Thai General Insurance Association</li> <li>❖ Managing Director, Bangkok Union Insurance PCL.</li> </ul>
<b>Name - Surname</b>	<b>Ms. Tanyaratt Iamsopana</b>
Position	Executive Director, Managing Director
Nationality	Thai
Age	42
Qualification	<ul style="list-style-type: none"> <li>❖ Master of Science, Technical University Berlin, Germany.</li> <li>❖ Bachelor of Engineering, Thammasat University</li> <li>❖ The Executive Program for Young Professionals (EYP) 2/2559 by Ministry of Finance</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DAP Class 58/2006</li> </ul> </li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Managing Director Bangkok Union Insurance Public Co., Ltd.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Assistant, Managing Director Bangkok Union Insurance PCL</li> <li>❖ Manager, Marketing Department Bangkok Union Insurance PCL.</li> <li>❖ Director, Young Insurer Club (YIC), Thai General Insurance Association</li> <li>❖ Director, Property Insurance committee, Thai General Insurance Association</li> </ul>
<b>Name - Surname</b>	<b>Dr. Chavin Iamsopana</b>
Position	Director, Executive Director
Nationality	Thai
Age	77
Qualification	<ul style="list-style-type: none"> <li>❖ Doctor of Engineering, OSAKA CITY University, Japan.</li> <li>❖ Master of Engineering and Bachelor of Engineering, Doshesa University, Tokyo, Japan.</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DAP Class 28/2004</li> </ul> </li> </ul>

Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> <li>❖ Managing Director, BUI Life Co., Ltd</li> <li>❖ Director, Union Grains Industry Co., Ltd.</li> <li>❖ Director, Thai Plastic Product Co., Ltd.</li> <li>❖ Director, Thai Plastic Film Co., Ltd.</li> <li>❖ Director TPI Polene Public Co., Ltd.</li> </ul>
<b>Name - Surname</b>	<b>Mr. Prachai Leopairat</b>
Position	Director, Executive Director
Nationality	Thai
Age	74
Qualification	<ul style="list-style-type: none"> <li>❖ Honorary Doctorate, engineering and industrial science, Rajamangala University of Technology Krungthep</li> <li>❖ Master of Engineering University of California (Berkeley), U.S.A.</li> <li>❖ Bachelor of Engineering (First Honor) University of Canterbury, New Zealand.</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DAP Class 35/2005</li> </ul> </li> </ul>
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> <li>❖ Chief Executive Officer, TPI Polene PCL.</li> <li>❖ Chief Executive Officer, TPI Polene Power PCL.</li> <li>❖ Chairman, Thai Nitrate Co.,Ltd</li> <li>❖ Chairman, Union Grains Woven Bag Industry Co., Ltd.</li> <li>❖ Chairman Thai Plastic Film Co.,Ltd</li> <li>❖ Chairman Thai Plastic Product Co.,Ltd</li> <li>❖ Chairman Leopirat Enterprises Co.,Ltd</li> </ul> <u>Past Position</u> <ul style="list-style-type: none"> <li>❖ Chief Executive Officer, Thai Petrochemical Industry Co., Ltd.</li> <li>❖ Chairman of Executive Director, Bangkok Union Insurance PCL.</li> <li>❖ Chairman, Cathay Finance and Securities PCL.</li> </ul>
<b>Name - Surname</b>	<b>Mr. Pakorn Leopairat</b>
Position	Director
Nationality	Thai
Age	40
Qualification	<ul style="list-style-type: none"> <li>❖ Master Degree of Public and Private Management NIDA</li> <li>❖ CEDI-BABSON ENTREPRENEURIAL LEADERSHIP PROGRAM Class 1/2013</li> <li>❖ Young F.T.I Elite Class 1, the Federation of Thai Industries</li> </ul>

	<ul style="list-style-type: none"> <li>❖ Executive Development Program Class 10, the Ministry of Finance</li> <li>❖ Energy Executive Program Class 3, the Federation of Thai Industries</li> <li>❖ Directors Accreditation Program (DAP) Class 132/2019, Thai Institute of Directors</li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Director - TPI Polene Power PCL</li> <li>❖ Managing Director - TPI Polene Power PCL</li> <li>❖ Senior Manager - TPI Polene Power PCL</li> <li>❖ Assistance of Vice President- TPI Polene</li> <li>❖ Director - Polene Plastic Co., Ltd.</li> <li>❖ Director - TPI Polene Bio Organics Co., Ltd.</li> <li>❖ Director - TPI All Seasons Co., Ltd.</li> <li>❖ Director - TPI Commercial Co., Ltd.</li> <li>❖ Director - TPI Service Co., Ltd.</li> <li>❖ Director - Thai Nitrate Co., Ltd.</li> <li>❖ Director - Thai Nitrate Co., Ltd.</li> <li>❖ Director - TPI Bio Pharmaceuticals Co., Ltd.</li> <li>❖ Director - Zenith International Trading Co., Ltd.</li> <li>❖ Director - TPI Healthcare Co., Ltd.</li> <li>❖ Director - TPI Refinery (1997) Co., Ltd.</li> <li>❖ Director - Thai Propoxide Co., Ltd.</li> </ul> <p><u>Experience</u></p> <ul style="list-style-type: none"> <li>❖ Investment Analyst – Asset Management MFC PCL</li> <li>❖ Supervisor – Thailand’s Petrochemical Industry</li> </ul>
<b>Name - Surname</b>	<b>Ms. Sujintana Champeesri</b>
Position	Executive Director, Secretary Company , Manager, Finance & Accountancy Department
Nationality	Thai
Age	60
Qualification	<ul style="list-style-type: none"> <li>❖ Master of Arts (Business Economics), Thammasat University</li> <li>❖ Bachelor of Accounting, Ramkhamhang University</li> <li>❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> <li>➤ Directors Certification Program – DAP Class 60/2006</li> <li>➤ Company Secretary Program – CSP Class 20/2006</li> </ul> </li> </ul>

	❖ Certificate of “Corporate Secretary Development Program” Class 2/1994, Chulalongkorn University
Working Profile	<u>Current Position</u> ❖ Executive Director, Bangkok Union Insurance PCL. ❖ Manager, Finance & Accountancy Department, Bangkok Union Insurance PCL. ❖ Company Secretary, Bangkok Union Insurance PCL.
<b>Name - Surname</b>	<b>Mrs. Kobkul Wongsantimeth</b>
Position	Manager, Underwriting Department
Nationality	Thai
Age	65
Qualification	❖ Bachelor of Business Administration (International Business Management), University of the Thai Chamber of Commerce
Working Profile	<u>Current Position</u> ❖ Manager, Underwriting Department, Bangkok Union Insurance PCL. <u>Past Experience</u> ❖ Assistant Manager, Underwriting Department Bangkok Union Insurance PCL. ❖ Manager, International Division Bangkok Union Insurance PCL.
<b>Name - Surname</b>	<b>Ms. Sutee Sirtvoratham</b>
Position	Manager ,Claim Department
Nationality	Thai
Age	68
Qualification	❖ Bachelor of Business Administration, Ramkhamhang University
Working Profile	<u>Current Position</u> ❖ Manager, Claim Department, Bangkok Union Insurance PCL. <u>Past Experience</u> ❖ Company Advisor, AXA Insurance PCL ❖ Senior Director Car Claims Department, MSIG Insurance (Thailand) PCL.
<b>Name - Surname</b>	<b>Ms. Sunee Khunvoratham</b>
Position	Manager ,Human Resources Department
Nationality	Thai
Age	56
Qualification	❖ Bachelor of Business Administration, Sukhothai Thammathirat Open University



	<ul style="list-style-type: none"> <li>❖ Certificate of “Financial Management” Class 5/1994, Chulalongkorn University</li> <li>❖ Certificate of “Insurance Management Development Program (IMDP)” Class 14/2006, Chulalongkorn University</li> <li>❖ Certificate of “Human Resource and Organization Development ” Class 11/2010, National Institute Development Administration</li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Manager, Human Resources Department Bangkok Union Insurance PCL.</li> <li>❖ Acting Manager, Office of Director, Bangkok Union Insurance PCL.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Finance Manager Department Bangkok Union Insurance PCL.</li> </ul>

## Employees

In 2019, the company has a total staff 191 people and paid compensation to employees amount 105.09 million baht, include salary, overtime, pay for cost of living, bonus, social insurance funds and provident Fund, etc.

Unit	The number of employees
Business and marketing	
• Underwriting Department	36
• Marketing Department	37
• Claim Department	47
Operating	49
Account and Finance	22
Total	191

The company has a policy to develop employees at all levels of quality and standards in higher work. There is a continuous development. There are plans for training inside and outside all year round. On the job training is done consistently and with measurement and follow up regularly to achieve knowledge and understanding of both the company's system. In addition, there is a rotation works.

The company has not changed significantly, the number of employees in around 3 years

# Good Corporate Governance

To achieve the constant and sustainable growth in the insurance industry, the company determines to provide services with integrity and honesty to for the maximum satisfaction to customers. The company provides services with convenience, agility, quality and fairness as the motto says “Up-to-date, Efficient, Care and Trust”. The company considers the internal control system and good internal control and has a systematic enterprise risk management because the good internal control can be used as a tool to mitigate business risk and to review that the company operates according to the rule and regulations. Also, the company develops an efficient, effective, and up-to-date risk management and encourages directors and employees to act with integrity.

## The Policy of Corporate Governance

The Board of Director has knowledgeable and strongest determination to perform according to the company’s principle and policies. The company realizes the significance of good corporate governance and as important factors in enhancing company’s performance and business growth. This will lead to generate the greatest benefit to shareholders. The committee has performed according to the principle of good corporate governance as in the following:

### 1. Equality of Shareholders/Equal Treatment towards Shareholders

The company considers the importance of the right of shareholders. The company determines to operate with excellence continuously with utmost transparency and fairness in order to create values to Shareholders and protects the company’s properties and reputation.

- 1.1 Shareholders have equal rights to participate. The company will notify them about rules in the meeting and of voting
- 1.2 The company must hold the annual Shareholder’s Meeting within four months from the last day of fiscal year period
- 1.3 The company must send the invitation with the detail of each agenda along with handout for the meeting no less than seven days prior to the meeting. The company must publish the notification of the Shareholder’s Meeting no less than three consecutive days and no less than three days prior to the meeting and disclose via Security Exchange of Thailand System
- 1.4 The consideration of agenda in the meeting must be processed from the end of January of every year and propose to the Chairman of Executive Directors before proposing to the Board of Directors for approval including the invitation. The document must be complete and sufficient for shareholder’s decision in voting
- 1.5 The company has a policy that the directors must attend at the Shareholder’s Meeting and the Shareholders can ask any question to the Chairman of each Sub-Committee freely

- 1.6 The company provide convenience to the Shareholders so that the Shareholders can attend the meeting for equality such as
  - 1.6.1 The meeting takes place at the head office of the company in Bangkok with proper space, and available equipment such as microphone, speaker or utensils
  - 1.6.2 The meeting is scheduled at the proper time such as not on official days or long holiday
  - 1.6.3 The company let voting agenda by agenda, and item by item in case agenda has multiple items such as selection of directors
- 1.7 The Shareholder has following rights at the meeting as following
  - 1.7.1 The right to propose agenda and names of qualified persons for the director position. The company gives opportunity to propose via directly to the secretary or website before the Board of Directors' meeting in advance
  - 1.7.2 The right to participate and vote in every meeting
  - 1.7.3 The right to authorize to any person as legal representative to attend the meeting. The company will provide the proxy attached with the invitation. The Shareholders can give the proxy to participate and vote. The company appoints independent directors to take care of Shareholders and give the right for Shareholder to select those directors as legal representatives
  - 1.7.4 The right to appoint the individual directors
  - 1.7.5 The right to appoint the auditor and audit fee
  - 1.7.6 The right to approve the dividend payout from the company's performance and equally receiving the dividend profit
  - 1.7.7 The Chairman of the meeting gives opportunity to Shareholders to express their opinions, advices, and questions according to the agenda
  - 1.7.8 The Shareholders can check the information of their shares at the record date and book closing at the Thailand Securities Depository Co., Ltd.
- 1.8 Besides the regular annual meeting, if necessary to propose special agenda that impact the benefits of the Stakeholders or forced by the Government or regulators that must need approval from the Stakeholders. The company will call for the extraordinary meeting
- 1.9 The company must reveals the resolution and results of voting in each agenda of the meeting at the following day via SET System
- 1.10 The company publishes the report of the meeting within 14 days
  - 1.10.1 Record of the participation of the Shareholders both by themselves or proxies including amount of shares and proportion of shares for individuals

1.10.2 Record of the participation of directors both available or not available at the meeting, record of the explanation of voting process before start of meeting, the record of issues or questions by Shareholders, the reply of the directors, resolutions or opinions of shareholders and voting results for each agenda

1.10.3 The company publishes the report on the website of the company and via SET System

1.11 Apart from what mentions above, the Shareholders have other rights according to laws

## **2. Code of Conduct**

The company believes in good doing in order to operate the business. The directors, the management, and employees have mutual missions to act with integrity and honesty under law and responsibility and with prudence to prevent risks that could damage the company and society. The code of conduct is available on the policy, rules and regulations for underwriting claim process. The company appoints the internal control department to review the operation of employee and monitor if such code of conduct is followed and punishment will be in place if any violation.

## **3. Vision and Leadership**

The Board of Directors, consisting of directors who have expertise and strong experience in business operation, has participated in establishing policy, strategies, operating goals as a framework for the business operation. This is to ensure that management team can implement the company's policy effectively and efficiently to create the economic values for the company and its shareholders.

As the Board of Directors has realized the importance of the Good Corporate Governance, then the internal control system are established for the internal audit supervised by the Audit Committee to ensure the appropriation and the effectiveness of the system. There is a continuous monitor on this issue in the Board of Directors' Meeting.

## **4. Board of Directors**

The Board of Directors plays important roles in corporate governance and ensures that the company has good internal control that can support the company to achieve their goals and creates the maximum values to shareholders.

The Board of Directors consists of no less than 9 people and more than half of the Board must reside in Thailand. More than 3 / 4 of directors must hold Thai nationality and comply with related rules and regulations

### Qualification of the Board of Directors

1. Leadership with vision, integrity, ethics, knowledge and experience that is beneficial to the operations of the company.
2. Have an interest in the Affairs of the company can devote and dedicate time to the company.

3. According to section 68 of the public limited company in which the Director in public companies must be a natural person and
  - Age of majority
  - Do not become insolvent, incompetent or incompetent
  - Never be imprisoned for the crime of corruption acts
  - Never be punished or dismissed or laid off from government organization or dishonest Government duties

## **5. Other Principles regarding Corporate Governance**

The company appoints the secretary and assistant secretary to coordinate with the Board of Directors and the Sub-Committees including setting meetings to consider activities of the company to be complied with rules and regulations, and also keep the documentation in the meetings of the Board of Directors and Shareholders in the safe place, or provide the information and consultation to the Board of Directors.

The company sets the risk management policies and ensures that every function is complied with the policies approved by the Board of Directors and reports to the Board of Director regularly to review and evaluate the efficiency of the risk management at least once a year.

In year 2019, the company set the Shareholder's Meeting No.90/2019 on 25 April 2019 at the Meeting Room 8<sup>th</sup> Floor BUI Life PCL, BUI2 Buildings, Surawongse Road, Bangkok. The Chairman of the Board of Directors is the chairman of the meeting. The Chairman of Executive Director, the Managing Director, the Chairman of the Audit Committee, and the Chairman of Remuneration and Nomination also reports the performance of the company for the year 2018. Other nine directors also attend the meeting.

Besides the regular annual Shareholder's Meeting, If there is special agenda which is urgent to the benefit of Shareholders or related to rules and regulations from the government or regulators that needs the approval from the Shareholders. The company will hold the extraordinary meeting for those matters.

The company considers the importance of the right of shareholders. The company determines to operate with excellence continuously with utmost transparency and fairness in order to create values to Shareholders and protects the company's properties and reputation.

### **Nomination of Board of Directors and Executive Officers Independent Directors**

Independent Director means the Director with all qualification and has the independence to express their idea pertaining to the business direction, business operation in order to improve and develop the administration of organization in good corporate governance. There should have following qualifications;

1. To hold the shares not over 1 percent out of all shares that can vote for the whole of company, affiliates, joint ventures, or other juristic persons that are relative or have the conflicts and it also includes the shares held by the related persons

2. No involvement in the management of company, affiliates, joint ventures, or other related juristic persons, including not being employees, staffs, auditors, lawyers or advisors who obtain the salary from the company or being the authorized person or being a person to have any conflicts

3. Not being the person who has the same blood lineage or do legal registration with the executives, major shareholders, persons in authority or persons who are expected to be executives or authorized persons

4. No gain and loss from the company's benefit for both direct or indirect ways in part of Finance and the management of affiliates, joint ventures, or other juristic persons that might have the conflict

5. No business relation with the company or being the person who might have the conflict in the manner of opposing the discretion

6. To express their idea independently concerning the work operation of company and their expression should not be under the control of executives or company's major shareholders including other related persons or relatives. Besides, there should not have any influencing situation on their opinion.

Bangkok Union Insurance Public Company Limited has definition of Independent Directors which is equal to those defined by Securities and Exchange Commission and the Stock Exchange of Thailand.

Chairman of the Board of Directors is the independent director.

Chairman of the Board of Directors and Chief Executive Officer must not be the same person in order to separate the duties of directing and managing.

### **Selection of Directors**

1. The voting approach in shareholders' meeting

- (1) Each shareholder shall have one vote for each share held
- (2) The shareholder will determine the number of director to be appointed, which could be one director or more than one of the directors. However, the shareholders must cast all their votes under (1) and may not divide their votes among other more than one of the candidates.
- (3) The election of candidates is decided by a majority vote, and in the event of tie votes, the Chairman of the meeting shall be entitled to a casting vote.

2. In case of vacancy due to the reason other than retirement, the Board of Directors selects a person who is qualified or not prohibited by law to be an acting director in the Board of Directors' meeting except that the vacancy is less than two months; the acting director will be in the position by the remaining time. The Board's resolution according to the first paragraph must not be less than three quarter votes of the existing directors.

## **Resignation of Directors**

1. At every annual general meeting of shareholders, one-third of all directors shall retire by rotation. If the number of directors is not a multiple of three, the number nearest to one-third shall retire. The directors retired by rotation shall be re-elected.
2. In addition to retirement by rotation, the directors shall retire when
  - a. Deceased
  - b. Resign
  - c. Disqualified
  - d. The shareholders' resolution of not less than three quarters of quorum,
  - e. Court dispel

## **Internal Data Management**

The information yet to be disclosed to the public such as the financial statements, the change of shareholders' structure, or dividend payment must be confidential that can be known to responsible persons who use for operation for the company only to prevent that none can be used for personal gain. The company orders the executive to report the change of investment structure to Securities and Exchange Commission (SEC). Rules and regulations item 5 Awards by Discipline and Disciplinary Punishment indicate that the following actions is the violation of rules and regulations

1. Keep the confidentiality of the employer and do not reveal to external parties or unrelated person
2. Do not be an agent of other individuals or entities that has conflicts of interest against the employer which may harm the employer

## **Disciplinary Punishment**

The punishment is based on the severity of the violation with the following criteria;

1. Notice by letters
2. Cut salary
3. Termination

## **Auditor's Compensation**

1. Audit fee

The auditor for the company is Deloitte Touche Tohmatsu Jaiyos Audit co., ltd who is in the list of auditors approved by the Office of the Securities and Exchange Commission (sec). Audit fee for review/audit financial statement in fiscal year 2019 is baht 2,450,000.

2. Non-audit fee

Service fee for review/audit RBC reports for the Office of Insurance Committee (OIC.) 550,000. Baht

## **Other Principles regarding Corporate Governance**

1. The company appoints the secretary and assistant secretary to coordinate with the Board of Directors and the Sub-Committees including setting meetings to consider activities of the company to be complied with rules and regulations, and also keep the documentation in the meetings of the Board of Directors and Shareholders in the safe place, or provide the information and consultation to the Board of Directors

2. The company sets the risk management policies and ensures that every function is complied with the policies approved by the Board of Directors and reports to the Board of Director regularly to review and evaluate the efficiency of the risk management at least once a year

3. The company has a policy regarding related transactions approved by the Board of Directors to practice and comply with rules and regulations. The significant related transactions with shareholders and/or directors must not contain any significant influence and process under normal trade terms only for the maximum profit for the company

4. The company has an anti-corruption policies approved by the Board of Directors to be aligned with Collective Action Coalition (CAC) of the public sector of Thailand to act against the corruption



# Internal Control and Risk Management

The Board of Director appoints the Audit Committee to supervise the process of preparing the financial statement to comply with the accounting standard, including the related regulations. The responsibility of the Audit Committee also includes the review of the operation to comply with the corporate governance by considering the appropriateness, efficiency and effectiveness of the internal control, the audit control, the selection of the auditor and also the opinion of the Auditor's and ad-hoc assignment from the Board of Director.

The company establishes the internal audit department with the responsibility of review of the sufficiency of the internal control and report incidents to the Audit Committee directly. The Audit Committee will review the report on a regular basis to ensure that the company has a good internal control that is efficient, appropriate and sufficient and to assure that the company can achieve their goals. The review of the sufficiency of the internal control of the company that is complied with the evaluation of the sufficiency of the internal control by the Securities and Exchange Commission is as following

## The Internal Control

The company sets visions and missions by communicating to employees to be the guideline to them to achieve goals and objectives together as a whole.

The company sets the goals and objectives to every department on a yearly basis and has the process to monitor their achievement including reviewing regularly. The company encourages the team work and believes in the efficiency of the team work.

The company also sets the good organization structure that indicates roles and responsibilities to individuals. The internal audit department reported directly to the Audit Committee. The organization chart indicates the structure, the report that directly to the Audit Committee, the adequate training which maneuvers as tools to improve the knowledge, skills and capabilities to the employees. The company has policies to recruit the Management to take over the important roles. The company also has the Code of Conduct for the Committee, the Management and every employee. The Code of Conduct is declared and signed by every employee for the acknowledgement. The Code of Conduct is included in the first orientation of new employees.

## Risk Assessment

The Company has the Risk Management Committee to monitor and manage the enterprise risk management for the company to align with the policy of the risk management appropriately. The sub-committees are included the Underwriting Committee, the Claim Management Committee, the Investment Committee, and the Management Committee to

monitor and manage the risks related to their responsibilities regularly. The risk management process contains four steps, i.e. 1. Risk Identification 2. Risk Assessment 3. Risk Response 4. Risk Monitoring and Review according to the Enterprise Risk Management Framework

The company considers various risks such as strategic risks, insurance risks, market risks, concentration risks, credit risks, liquidity risks, operational risks and compliance risks. The company encourages the employees in every level to consider the importance of the risk control to be in the acceptable limit. The company has the preventive protocol and control to mitigate all potential risks. The policies and framework of the risk management are approved by the Audit Committee and the Board of Directors. The company provides the report of the risk management, impacts and guidelines to mitigate the risks which is reviewed by the Audit Committee in every quarter.

### The Control Activities

The company has policies and guidelines that indicate the roles and responsibilities, the approval of credit lines of each level of management clearly and has the internal control to comply with rules and regulations very strictly. Such policies and guidelines are reviewed by the law department and internal control department to ensure that the operation can achieve goals efficiently and effectively by what are written by the management.

The company has policies that clearly mentions about the related transactions with the related persons or entities also including the policies and the protocols about the related transactions to comply with SET / SEC. The related transactions are presented to the Audit Committee and the Board of Directors. The related transactions help drive the business and the person who can authorize the transaction has no conflicts of interest in those transactions. The company accompanied with the Board of Directors has recognized the rules and regulations by Set / SEC and the internal control guidelines to handle such cases. Every related transaction besides those indicated in the policies must be authorized by the Board of Directors. The first thing to be considered for the authorization is the reason of making such transactions, the benefits to the company and mechanism to drive price. The company is confident that the company is complied with rules and regulations by SET / SEC regarding the related transactions with fairness.

The policies about the related transactions are reviewed regularly by the Board of Directors and the Audit Committee to ensure that the company is complied with rules and overall objectives of the company.

### The Information Technology System and the Communication

The company has the information technology system to support the operation sufficiently to the need of employees. The accounting records and information are complete and accurate for making the decision on both financial and operational information which are monitored by the internal control regularly. The company improves the IT system to be more efficient by using new technology to support new business that grows continuously to cover

all needs of customers and to provide services based on those needs.

The company and the Management are confident about the efficiency and sufficiency of the information prepared to the Board of Directors. The minutes of Board of Directors' meeting are prepared by the team of the Secretary. The minutes cover all exchanges of ideas of the Directors in the meeting and reviewed by the Committee and signed-off by the Chairman, the Secretary of the company and the Secretary of the Audit Committee who follows / provides data / help by the request of the Board of Directors. The company has a policy regarding reporting incidents to those who want to complain from various sources.

#### Monitor Process

The company monitors and evaluates the internal control and the quality of the operation continuously and the process is one of the operating processes to monitor and evaluates the performance of the Management, the Supervisor, and the responsible ones according to the plan for every department. The Management will report the performance of the operation in every quarter.

The Audit Committee reviews the internal control system in every activities based on the organization structure, the review of auditors, the selection of auditors and compensation, the review for the operation, the fraud detection, the compliance with rules, regulations, policies of the company or the government and then reports to the Board of Directors to consider and acknowledge.

The quarterly consolidated financial statements is reviewed and approved by the Audit Committee in every quarterly meeting. The Audit Committee also reviews the last-year's annual financial report audited by the external auditors in order to give the opinion and present to the Board of Directors to approve. The internal audit department also reviews the internal control system of the company to align with annual review approved by the Audit Committee. The internal audit department reviews the operation system of the company and emphasis on the sufficiency and efficiency of the internal control. Moreover, in the quarterly meeting, the Audit Committee considers the point of improvement about the internal control from every department proposed by the external auditors based on the organization chart. The internal audit department reports directly to the Audit Committee. The Audit Committee approves the annual review. The internal auditors reports the issues found in the audited department including the Management in those departments and presents the complete report to the audited department and the Management as well. The Audit Committee reviews the results of the report that are significant regularly. Besides the regular quarterly meeting, the Audit Committee may arrange the extra meeting in case of significant and urgent agenda.

The internal control system and the efficiency of the enterprise-wide process indicate the limit, the responsibility, the objective and all the plans for the executive line and the operation line. There is the control regarding property use of the company for the maximum benefits. There is a segregation of duties so as to make a balance and a reciprocal review appropriately. Besides, the internal control assures that the main operation and financial

activities of the company remains in line with the company's policy. Moreover, the company considers the adjustment/enhancement on the operation for each function to support sufficient and adequate internal control. The Audit Committee has an opinion on the internal control for the year 2018 and 2019 on 23 January 2019 that the internal control of the company is adequate and sufficient as well as adjusts and closes all the issues raised by both internal auditors and external auditors.

Internal control committee consists of the members who are experienced and independent, prepared and understand their responsibilities completely so as to monitor the operation of every department and to advise the best solutions for any incident. They can work as planned, make consistency in working and help the operation run as planned. There are three members in the committee at the present: Internal audit manager, senior internal audit officer and internal audit officer who can support the operation efficiently and meet the target. The Audit Committee has an opinion on 23 January 2020 that three officers in the internal audit are sufficient that can encourage the good internal control that helps operation run as planned accordingly.

At the meeting of the Board of Director on 21 February 2020, the Board of Director considers the opinion of The Audit Committee on internal control in the company and has an opinion that the internal control of the company is sufficient and adequate and three officers of the internal audit function are independent and experienced in insurance industry as stated from the Audit Committee. In conclusion, the Board of Director agrees that there are sufficient internal audit officers compared to the size of the company which is medium-size in the insurance company.

# Corporate Social Responsibilities

The company realizes its responsibilities to society and to the preservation of the environment. Management and employee are aware of good governance and contribute to corporate social responsibilities (CSR). The good corporate governance included of the reporting of financial statement according to GAPP and the disclosure of financial data which defined by the Security and Exchange Commission – SEC. The activities during 2019 are as followings

- **The fair business operation:** the company has recognized the importance of the fair business operation which will benefit not only the customers and the company itself. To implement such idea with efficiency, two specific committees have been established: the committee on standardization of garages, spare parts suppliers, surveyor companies, companies providing car lift and tow services, and mirror suppliers; and the committee on auction of car wrecks and remains of spare parts responsible for controlling such operation to meet the standard and fairness to all stakeholders and interested persons.

The company has also regulated its activities to be in accordance with such principle such as: to treat all shareholders and business partners with equality and fairness on the ethical basis, to receive only fair remuneration in business operation without unfair benefits and with regards to equality, fairness, and ethics in business, to promote satisfaction for the shareholders under the good governance principles, to cooperate with the controlling agencies both in public and private sectors including Office of Insurance Committee, Office of Securities and Exchange Commission, Stock Exchange of Thailand, and General Insurance Association in all aspects which benefit the insurance business operation in order to efficiently achieve stability, quality development, and standard of the company's operation.

Additional, with the fair competition taken into account, the company aims to compete under the rules without any prevention from the fair business operation or any attempt to cause damage to competitors' reputations or any other unfair practices.

- **Respect for human rights:** the company has emphasized to the human right respect, the respect of basic right of all stakeholders without discrimination of race, religion, sex, age and any status regarded as human right.

The company opens the chance for the employees to share the opinion evidently and equally. Additional, the company also realize to the equality of the disabled, support and promote the income making for the disabled by coordinating with Department of Empowerment of the Person with Disabilities to set the place inside the company for the disabled development center of Nonthaburi Province to sell the product of the disabled as another channel of product distribution more and more annually.

- **Treating employee fairly:** The Company provides a welfare committee which comprising of representatives from employer and employee to oversee the employee benefit, welfare and suitable working environment.

As for the employment, the company has treated its employees and job candidates with fairness and without gender, race and religion discrimination. All candidates are equally considered for employment through the standard testing. Moreover, the training programs on insurances will also be provided for development of skills and capability of employees.

- **Customer responsibility:** the company aim to create the satisfaction toward the insured by developing the product to satisfy the need, the elevation of service to be qualified and fast, the setting of customer relationship management: CRM to do the satisfaction survey and receive the dissatisfaction from customers to improve the service quality and serve the satisfaction to customer.

In 2018, the company has participated in the rice insurance program agricultural year 2018, Its Established by the cooperation of the Fiscal Policy Office, the Department of Agriculture Extension, and the Bank for Agriculture and Agricultural Co-operatives the Office of Insurance Commission and the General Insurance Association of Thailand. The company as a member of the General Insurance Association of Thailand recognizes the importance of this project that will help farmers grow rice during this project can manage risks from natural disasters. The company has engaged this program for three consecutive years.

- **Protection of Environment:** the company has emphasized to energy conservation and supported the worth resource usage. Therefore it has set the policy in energy conservation obviously by announcing in organization's database to communicate to the employee throughout the firm and be acknowledged as well as support the employee learned and realized to the importance of energy conservation. The company cooperate with Department of Alternative Energy Development and Efficiency (DEDE) in performing the energy conservation annually and set the board of energy management to run as the energy conservative plan strictly as well as to revise, analyze and improve the defection of energy management regularly and result of the company has been awarded Mea Energy Saving Building from MEA.

The company held a rally to support the charity project "love the earth rally" – Chanthaburi 22 times between the dates 23-24 November 2019. The objective is to awaken consciousness in environment and natural resource conservation and promoting domestic tourism. Revenue grants scholarships to students' province that learn better, but a lack of funding.

For waste management and wastewater treatment, waste segregation and wastewater treatment system are provided. Some of such waste will be recycled and hazardous waste will be taken care by the state agencies in the appropriate manner. The wastewater treatment system of the company is strictly established in compliance with regulations stipulated by

Ministry of Natural Resources and Environment. The company has also coordinated with Environment and Sanitation Section of Bangrak District Office in order to closely monitor and fix the wastewater treatment system. The summary report of the performance of the wastewater treatment system must be submitted to the state agencies monthly.

- **Community and Social Development:** the company realizes that all persons should have an equal right to receive quality education; therefore, then awards the scholarship to underprivileged students in every year. In 2019, the company gave scholarships to schools in the primary education area in Ayudhaya Province, Krabi Province, and Lampang Province, totaling 32 schools, totaling 32 grants on 20 January 2019 and granted the scholarship to the Charity of Srinakharinwirot University for Society on 7 September 2019.

The company also contributed to the Red Cross Fund Raising for the year 2019.

The company was a host to the royal Kathin ceremony and participates in the Kathin Samaggi in every year. In 2019, the company was a host to the royal Kathin ceremony at Wat Pikunthong Tombol Pikunthong Amphor Tha Chang Singhburi Province and participated as a committee at Wat Banghinsup Tombol Muaklek Amphor Muaklek Sarabuti Province, at Wat Sri Dongmuang Tombol Chompoo Amphor Sarapee Chiang Main Province, and at Wat Tumsarika Tombol Sarika Amphor Muang Nakornnayok Province.

- **Anti-corruption:** the company intends to conduct the business with transparency and fairness and is against all kinds of corruption of state agencies or within private sectors including but not limited to conflict of interest, embezzlement, money laundering or support for the terrorist. The practices for control, prevention and monitoring of the risks of corruption are regulated. The employees will be provided with needed knowledge and training in order to be aware of this kind of risk and the aim of the company to comply with the good governance principles.

The company announced its intention to join the project Thailand's Private Sector Collective Action Coalition against Corruption: CAC, supported by the Government and the Office of the National Anti-Corruption Commission (NCC) since 2010. It is established by the cooperation of 8 leading organizations in the Thai private sector, namely the Thai Institute of Directors (IOD), the Thai Chamber of Commerce, the International Chamber of Commerce, the Thai Listed Companies Association, the Thai Bankers Association, the Federation of Thai Capital Market organizations, the Federation of Thai Industries and the Tourism Council of Thailand. IOD serves as project secretary, and this project is funded by the Center for International Private Enterprise (CIPE) located in the United States.



# Related Party Transactions

## Characteristics of Related Transactions

In year 2019, the company has significant related transactions with the related parties by sharing shareholders or directors; however, there is no significant influence between the related parties and does business under the normal condition that considers the maximum benefits to the company and complies with the related rules and regulations.

The company sets policies regarding related transactions approved by the Audit Committee and the Board of Directors.

## Necessity and Reasonability of the Transactions

The company has related transactions to support the operation and to maintain and extend the customer base. The related transactions have no significant influence to the related parties and under the normal business condition with the consideration of the maximum benefits to the company.

## Standard of Related Transactions between the Company and the Related Parties

For the transactions with the related parties, other associated companies (if any) or individuals who have conflicts of interest with the company in the future such as major shareholders, directors, management, controller, or related individuals, it must be for the purpose of normal operation that align with the core business and must comply with the agreement in the contract and be beneficial to both parties without any intention to transfer interest to each other or any special transactions. The transaction must be strictly aligned with the regulations. The individuals who have conflicts of interest must not participate in authorization to the transactions.

For selling insurance to major shareholders, the company must sell to them directly, not via agent/broker with agreements and trade terms and conditions as following;

1. The transaction under the normal trade terms and conditions: Those transactions must be approved by principles from the Board of Directors to authorize those transactions. If those transactions is the same with which any reasonable man would do with trading partners under the same circumstance with bargaining power that has no significant influence as a director, a management, or a related person (in any case) under the reliability, verifiable, and not for transfer of interest with the necessity to do the business and for maximum benefit for the company

2. The transaction not under the normal trade terms and conditions : Those must be reviewed and opined by the Audit Committee about the necessity and reasonability of price by considering whether those conditions are under the normal trade in the market which can be comparable to external parties and with fair price, reasonability before presenting to the Board of Directors subsequently



In such case that the Audit Committee has no sufficient knowledge, the company will appoint an independent expert or auditor to give an opinion about those transactions for the Audit Committee and the Board of Directors to consider and make a decision if those transactions are necessary and reasonable, regards the benefit to the company. The individuals that may have conflicts of interest are unable to vote for authorization for the transactions.

The company makes a report about the related transactions to present to the Audit Committee and the Board of Directors every quarter. The internal audit department has responsibility to review information and makes a report to the Audit Committee to consider and to give opinions about the necessity and reasonability regarding those transactions.

The company discloses the transactions in the financial statements and the disclosure that is audited by the external auditor.

### **Policy of Related Transactions in the Future**

The company has a policy of related transaction in the future if necessary and reasonable in order to protect the benefit of the company. The related transactions must be comply with the standard between the company and the related parties as mentioned and also comply with the Security and Exchange Commission including rules, notifications, and order of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the accounting standard from Federations of Accounting Profession of Thailand

### **Significant Related Transactions**

The company discloses the transactions in the disclosure of the financial statements under item 26 for the year 2019 (Related Transactions)

The related transactions for the year 2019 are as following;

Legal entities or individuals that may have conflicts of interest	Value (Million Baht)	Transaction / Necessities and Reasonableness
<p>1. Bangkok Union Broker Co., Ltd</p> <p>Related Transactions : Expense: Commission Fee</p>	25.33	<p>Bangkok Union Broker Co., Ltd. is a life, non-life and reinsurance broker who is an intermediary who sells the insurance. The commission fee is paid as predetermined by the Office of Insurance Commission (OIC)</p> <p>Related transaction for commission fee is appropriate according to the standard from OIC regarding the commission fee which is not as high as to another broker and not much different from other parties.</p>
<p>Related Transactions : Expense: Rental Fee for Land (3.00 MB each year)</p>	3.00	<p>The company rents the land owned by Bangkok Union Broker Co., Ltd. for 1 rai 29.9 square meters. The rental term starts from 6 July 1992 to 5 July 2022. The rental fee is 3 million baht per year. The purpose is to be the site of home office building at 175 – 177 Bangkok Union Insurance Building, Surawongse, Bangrak, Bangkok.</p>
<p>2. Patjakij Paisan Underwriting Co., Ltd</p> <p>Related Transactions : Expense: Commission Fee</p>	13.38	<p>Patjakij Paisan Underwriting Co., Ltd is a non-life insurance broker who is an intermediary who sells the insurance to general customers not much or shareholders. The commission fee is paid as predetermined by the Office of Insurance Commission (OIC)</p> <p>Related transaction for commission fee is appropriate according to the standard from OIC regarding the commission fee which is not as high as to another broker and not much different from other parties.</p>
<p>3. BUI Life Insurance Public Company Limited</p> <p>Related Transactions : Rental Income and Service</p>	5.20	<p>The company sublets BUI Life Insurance Public Company Limited for its office for 1,184.28 square meters. The rental term starts from 1 June 2019 to 28 February 2022. The rental fee is 414,498 baht per year.</p> <p>Related transaction for rental income and service is appropriate because it is the same rate as to another customer and does not intend to favor BUI Life Insurance Public Company Limited)</p>

The Audit Committee considers the related transactions between the company and related parties as well as related entities that may have conflicts of interest in the future as announced by Securities and Exchange Commission (SEC), their opinion states that related transaction is made in order to support the operation of business with consideration of company's benefits. It is to maintain and extend a customer base and has no significant influence in the related parties. It is also reasonable and in accordance with term and agreement for ordinary operation in general. Premium and other conditions are suitable to risks. There are risk surveys before underwriting policies. The process is authorized according the underwriting policy of the company and the regulation from OIC. The related parties are treated as the same as another customer or unrelated customer and there is no interest transfer between the companies

# Financial Information

	2019	2018	2017
<b><u>Operation Results</u></b> Unit: million Baht			
Premium Written	1,312.90	1,182.37	1,059.05
Net Premium Written	961.49	834.54	736.73
Total Underwriting Income	957.57	861.18	785.32
Insurance Claims and Loss adjustment expenses – net	453.44	427.35	343.89
Profit (loss) from Underwriting	58.44	36.82	100.17
Net Investments Income	13.76	13.94	11.62
Gains on Rental	22.82	18.45	15.12
Net Profit (Loss)	12.33	3.77	35.15
<b><u>Financial Status</u></b>			
Total Assets	1,973.71	1,956.38	2,053.31
Total Liabilities	1,280.97	1,254.40	1,351.90
Shareholder's Equity	692.74	701.98	701.41
<b><u>Liquidity Ratio</u></b>			
Liquidity Ratio (Times)	0.95	0.99	1.24
Premium Receivable Turnover (Days)	41.96	46.39	46.09
<b><u>Profitability Ratio</u></b>			
Retention Rate (%)	73.23	70.58	69.57
Loss Ratio (%)	49.29	53.14	46.81
Gross Profit Margin (%)	6.08	4.41	13.60
Underwriting Expenses Ratio (%)	48.44	49.36	46.45
Return on Investment (%)	1.85	2.14	1.68
Net Premium Written to Equity Ratio (%)	137.88	118.93	108.26
Net Profit Margin (%)	1.18	0.40	4.04
Return on Equity (%)	1.77	0.54	5.16
<b><u>Efficiency Ratio</u></b>			
Return on Assets (%)	0.63	0.19	1.97
Asset Turnover (Times)	0.53	0.47	0.49
<b><u>Leverage Ratio</u></b>			
Debt to Equity Ratio (Times)	1.85	1.79	1.93
Policy Liability to Capital Fund (Times)	1.55	1.53	1.63
Unearned Premium Reserve to Equity (Times)	0.57	0.51	0.47
Unearned Premium Reserve to Assets (%)	20.16	18.27	16.05
Dividends Payout Ratio (%)		omission	42.67

# Explanation and Analysis of Financial Status and Performance

## Summary of the report of the Independent Certified Public Accountant for the past three years

Mr. Chavala Tienpasertkij, CPA No. 4301, the Independent Auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for the year 2017 and 2018 showed an Unqualified Opinion for the Financial Statements of the year 2017 and 2018.

Mr. Nantawat Sumraunhant, CPA No. 7731, the Independent Auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for the year 2019 showed an Unqualified Opinion for the Financial Statements of the year 2019.

## Explanation and Analysis of Financial Status and Performance

### Operating performance for 2019

In 2019, the income from the total written premium was 1,312.90 million baht, increased by 130.53 million baht or 11.04 percent, due to growth in Automobile insurance and Miscellaneous insurance, but Fire insurance and Marine & Transportation have no growth rate. The company has continuously monitored the situation of the market and industry competition which the strategy has been revised and adapted as a response to the changes including the better underwriting process and cost control. The profit from underwriting in an amount of 58.44 million baht representing an increase of 21.62 million baht or 58.70 percent compared to the previous year, since loss ratio decreased from 53.14 percent in 2018 to 49.29 percent in 2019. Additional, the revenue from other income was 37.16 million baht increased 13.50 percent from the previous year, which was the income from rent and services of real properties, net investment and investment in securities. When less operating expenses, the amount was 76.33 million baht, an increase of 10.11 million baht or 15.27 percent from the previous year, the company has then earnings before income tax equal to 19.27 million baht, an increase of 15.92 million baht or 475.41 percent from the previous year. The company has income tax of 6.95 million baht, resulting that the only parent company's operating performance for net profit was 12.33 million baht, increasing 8.56 million baht or 227.36 percent from the previous year - equivalent to 0.41 baht per share.

However, the company had an investment in associates in 2019 which yielded the net loss and shared those losses to the parent company of 3.76 million baht – the loss increased 3.68 million baht from the previous year. In total, the company has the net profit on the basis of the equity method equal to 8.57 million baht increasing 4.88 million year or 132.46 percent from the previous year – equivalent to 0.41 baht per share.

## Overall underwriting

In 2019, the company had underwriting profit at the amount of 58.44 million baht from the gross written premium of 1,312.90 million baht, equivalent to the underwriting profit margin per gross written premium of 4.45 percent, when deducting the premiums ceded to reinsurers of 351.41 million baht, representing a net premium written of 961.49 million baht, equivalent to the underwriting profit margin per net written premium 6.08 percent, an increase from the previous year. For the year 2018, the company had a profit from underwriting of 36.82 million baht from gross written premium of 1,182.37 million baht, equivalent to the underwriting profit margin per gross written premium 3.11 percent, the net premium written was 834.54 million baht, representing the underwriting profit margin from net premium written was 4.41 percent, proportion are as followed;

Unit: Baht

Lines of Business	2019		2018		% Increased (decreased)
	Gross Written Premium (baht)	Proportion (%)	Gross Written Premium (baht)	Proportion (%)	
Fire	95,194,212	7.25	97,736,564	8.27	(2.60)
Marine & Transportation	21,730,287	1.66	22,429,620	1.90	(3.12)
Automobile	307,730,471	23.44	265,357,863	22.44	15.97
Miscellaneous	888,248,023	67.66	796,848,715	67.39	11.47
Total	1,312,902,993	100.00	1,182,372,762	100.00	11.04
Underwriting expenses	899,127,931	68.48	824,352,975	69.72	9.07
Profit from underwriting	58,439,319	4.45	36,822,737	3.11	58.70

The company had accepted the risk without reinsurance at the rate of 73.23 percent of 1,312.90 million baht which was increased slightly from the previous year which was 70.58 percent. Therefore, the company had the net written premium of 961.49 million baht increasing by 15.21 percent. The cost of insurance has increased by 9.07 percent from the previous year caused by the increasing premium. Loss ratio was 49.29 percent reduced from the last year of 53.14 percent. Insurance costs, which consist of commissions and brokerages and other underwriting expenses also decreased to 48.44 percent from 49.39 percent. The profit from underwriting was 58.44 million baht; the company had profits from all types of insurance except from automobile insurance with a profit margin of 6.08 percent of the net premium written, while 2018 was at 4.41 percent

## Fire underwriting

As for the operating performance of fire insurance in 2019, the company received the gross premium of 95.19 million baht decreasing by 2.60 percent compared to the previous year. The amount of insurances from direct sales did not increase however such previous

insurances were renewed so there was just minor change. For fire insurance in 2019, the company accepted the risk without reinsurance increasing 52.95 percent from 49.29 percent. The underwriting cost had amount of 49.98 million baht increasing by 4.98 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. The most impact on the total cost was insurance claims and loss adjustment expenses increasing by loss ratio was 31.04 percent from 26.24 percent in 2018. In 2019, although the gross premium did not grow but loss ratio was lower than the previous year, resulting in a fire insurance operation having a profit of 10.11 million baht, while the year 2018 had a profit of 20.56 million baht, with a profit margin of 21.97 percent of the net premium written, while the year 2018 is at the rate of 46.29 percent.

### **Marine and transportation underwriting**

As for the operating performance of marine and transportation insurance in year 2019, the company received the gross premium of 21.73 million baht decreasing by 3.12 percent. The company accepted the risk without reinsurance up to 82.48 percent which was the previous year at 77.02 percent. The total cost was 7.59 million baht decreasing by 35 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses, especially loss ratio decreasing from the previous 33.54 percent to 5.39 percent. Due to the fact that the gross premium decreased and loss ratio decreased, the marine and transportation insurance operations increased from the previous year with a profit of 6.51 million baht, a decrease of 5.60 million baht or 16.23 percent from the previous year, with a profit margin of 46.64 percent of the net premium written, while the year 2018 is at the rate of 32.79 percent.

### **Motor insurance**

The operating performance of motor insurance in year 2019 showed that the company received the gross premium of 307.73 million baht increasing by 15.97 percent, by the increase of sales of motor voluntary insurance and motor compulsory insurance under the Third-Party Insurance Act B.E. 2535. Motor insurance policies of the company can be divided into 2 types: the compulsory insurance and the voluntary insurance both could be sold by brokers or direct sales. The gross premium of voluntary insurance was 282.28 million baht increasing from the previous year by 16.11 percent. While the premium from compulsory insurance was 25.45 million baht increasing from the previous year by 14.40 percent. The strategy for underwriting of compulsory insurance has been revised to be more cautious. The company accepted all risk in the motor insurance without reinsurance 93.39 percent. The total cost was 259.71 million baht increasing by 4.27 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio was high by 78.87 percent compared to 77.32 percent of the previous year. Although the gross premium of motor insurance is higher than the previous year, loss ratio is also higher than the previous year; as a result, the operation of the motor insurance has a loss of 6.23 million baht, while the previous year has a profit of 2.66 million baht.

## **Miscellaneous insurance**

Miscellaneous insurance covers all other kinds of risks such as accidents, travelling, health, liability and others. In addition, the company has received the project of erection of the natural gas platform which is the national mega project funded by Thai and Malaysian governments under the supervision of Thai and Malaysian governmental organizations. The site was situated in the area of Thai Gulf between the territory of Thailand and Malaysia with approximate area of 7,000 square kilometers. Previously, the Malaysian insurance company has provided the insurance to cover the whole projects which is worth 57 thousand million baht. Now there are 8 companies providing insurance for this projects which the company has gained the total insured share of 20 percent of the whole project. Most of the risks from this project have been reinsured with only 0.4 percent of the insured sum was accepted by the company. The company gets involved in this project since 2008.

The company has participated in the rice insurance program agricultural year 2018, Its Established by the cooperation of the Fiscal Policy Office, the Department of Agriculture Extension, and the Bank for Agriculture and Agricultural Co-operatives the Office of Insurance Commission and the General Insurance Association of Thailand. The company as a member of the General Insurance Association of Thailand recognizes the importance of this project that will help farmers grow rice during this project can manage risks from natural disasters. The company gets involved in this project since 2017.

The operating performance for 2019 showed that the company received the premium of 888.25 million baht increasing by 11.47 percent by the increase of sales of accidents insurance, health insurance, and all risk insurance, the company accepted the risk without reinsurance 68.20 percent, which increases from 2018, which the company accepts its own risk 64.85 percent. The total cost was 581.85 million baht increasing by 12.76 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio decreased by 39.36 percent comparing to 43.89 percent of the previous year. As a result, the operation of the miscellaneous insurance business has increased from the previous year, with a profit from the miscellaneous insurance of 48.05 million baht, an increase of 7.99 million baht or 501.10 percent from the previous year, with a profit margin of 7.91 percent of the net premium written, while the year 2018 is at the rate of 1.63 percent.

## **Investment Asset**

As of 31 December 2019, the company has the investment asset at the amount of 675.26 million baht decreasing from 2018 by 6.68 million baht or 0.98 percent. The company invested some assets deposited with financial institute which shall be used as asset-pledged in accordance with the regulation of the Insurance Committee.

In 2019, the income from investment was 13.76 million baht decreasing from 2018 by 1.31 percent, by consisting of bank deposit interest, dividend payment and net profit (loss) from trading of stocks. The return yield was 1.85 percent.



## **Investment Property**

Investment assets totaled 675.26 million baht with investment properties worth 55.95 million baht. The company has received some income from rent and services of the office workspace situated at BUI Building 1 (7 story building) and BUI Building 2 (20 story building). The net income from rent and services was 18.45 million baht. The real properties' value was 22.25 million baht increased from the previous year of 23.69 percent. The return yield was 37.15 percent

### **Assets**

(1) **Contents of assets** as of 31 December 2019 comprised of cash and cash equivalents 6.39 percent, premium receivable 7.77 percent, accrued investment income 0.08 percent, reinsurance assets 27.47 percent, amount due from reinsurers 1.98 percent, investment assets 34.29 percent, investment in an associate 2.16 percent, property, plant and equipment 15.69 percent, intangible assets 0.56 percent, deferred tax assets 1.06 percent, and other assets 2.56 percent.

As of 31 December 2019, the company's total assets amount Baht 1.6949 million, increased from 2018 of Baht 13.21 million or 0.68 percent.

### (2) **Quality of assets**

**Cash and cash equivalents** as of 31 December 2019 the company had Baht 125.79 million in cash and cash equivalents, increased of Baht 88.70 million or 233.44 percent include cash on hand , cheque on hand and deposits at bank (at call).

**Investment assets** as of 31 December 2019, the company has invested in securities, such as bonds, common stocks, unit trusts, bill of exchange and cash at financial institutions due over 3 months amounting to Baht 675.26 million, which was the fair value. The company pledged bonds with a face value of Baht 15.00 million as collateral with the Registrar in accordance with Non-life Insurance Act of 1992.

**Investment Property** as of 31 December 2019, the company had a net value on Investment Property of Baht 55.95 million which is Buildings (BUI2) for rental and services business. The company measures the value by historical cost deducted with the accumulated depreciation and accumulated loss on impairment (if any) and calculates the depreciation cost via straight line method with useful life of 27 years.

**Property, Plant and Equipment** as of 31 December 2019, the company had a net value on premises and equipment of Baht 308.95 million, as the Office of the company and subsidiaries and part rent under operating leases. In year 2018, the Company revalued land by using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Sale Price Approach according to the appraisal. The Company has a policy to reappraise the value of land every period approximate of 3 years.

**Reinsurance assets** as of 31 December 2019, the company had a reinsurance assets Baht 541.1 million decreased by Baht 31.67 million or 5.53 percent.

**Premiums receivable** as of 31 December 2019, the company had a total of Baht 153.03 million in net uncollected premiums, increased of Baht 0.66 million or 0.43 percent. Premium receivables are classified by aging as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>From direct insurance</b>			
Within credit terms	100,029,908	94,436,168	88,543,798
Less than 30 days	33,988,484	35,207,287	33,301,949
31 - 60 days	8,128,480	11,658,227	5,385,150
61 - 90 days	4,055,406	2,285,552	2,623,879
Over 90 days	11,810,522	14,537,977	9,100,845
Total premium receivable	158,012,800	158,125,211	138,955,621
<u>Less</u> Allowance for doubtful accounts	(4,985,696)	(5,754,940)	(3,436,750)
Premium receivable - net	153,027,104	152,370,271	135,518,871
<b>Receivable under lawsuit</b>			
Over 1 years	63,357,185	72,626,889	81,089,655
<u>Less</u> Allowance for doubtful accounts	(63,357,185)	(72,626,889)	(81,089,655)
Receivable under lawsuit - net	-	-	-
Premium receivable - net	153,027,104	152,370,271	135,518,871

The uncollected premium was 153.03 million baht. The premium which is not due and uncollected less than 60 days was 142.15 million baht or 92.89 percent of all uncollected premiums. The policies of the allowance for doubtful accounts are based on the expectation of uncollected premiums from premium receivables which exist, include with the experience of the past and the collection according to the current state. The company has improved and developed the debt collection system periodically to be more efficient.

### **Liquidity**

**Cash flow** as of 31 December 2019 the company had Baht 125.79 million in cash and cash equivalents, increased from 2018 of Baht 88.07 million or 203.44 percent.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows (used) operating activities	95.85	(21.60)	(35.35)
Cash flows (used) investing activities	(7.78)	(4.77)	(11.62)
Cash flows (used) financing activities	<u>0.00</u>	<u>(15.00)</u>	<u>0.00</u>
Net (decrease) in cash and cash equivalents	<u>88.07</u>	<u>(41.37)</u>	<u>(46.97)</u>

Cash flow used from the operating activities at the amount of 95.85 million baht has been received/used from the underwriting activities such as collecting premium, claim paid

and has been paid for underwriting cost, total received of 160.94 million baht, received from income on investment and other income 14.23 million baht, received from investment asset 10.34 million baht, paid for operating expenses 62.42 million baht, and paid for corporate taxes 27.24 million baht.

The cash flow used in investment was 7.94 million baht consisting of sale and purchase of the operating assets.

There is no cash flow used in financing activities in this year 2019

**Liquidity ratio** Liquidity Ratio - As of 31 December 2019, the financial status of the company has the liquidity ratio of 0.95 times, which differs slightly from the previous year, but still considered that the company has sufficient liquidity. The premium receivable turnover at 41.87 days, which has a faster rotation than the previous year, shows that the company can collect money from sales faster.

### **Sources of funds**

The company's sources of funds were underwriting revenue, rent and services of buildings and fund. No loan is made from any financial institute. All of these funds will be invested for increasing return.

About the reserve fund, the company has enough reserve in accordance with the regulation of Office of Insurance Committee with sufficient liquidity and capacity to pay debt in the good level. For the efficiency of financial management, the capital adequacy ratio of the company according to the Office of Insurance Commission's criteria is 264.42 percent, which is higher than the standard set by the Office of Insurance Commission (OIC), which is 140 percent.

### **Maintaining various ratios according to the regulations of the relevant agencies and other important ratios specific to the industry**

The company has allocated Baht 20.22 million as reserve fund or 6.74 percent of the company's registered capital in accordance with the Public Company Limited Act of 1992, which the company was required to appropriate at least 5 percent of net income after deduction of the deficit brought forward (if any) until this reserve reaches at least 10% of the registered capital.

The company has allocated reserve fund according the Ministry of Commerce's Notice regarding Reserve funds for Unearned Premiums Income and for Insurance Claims for Non-life Insurance Companies. As at 31 December 2019, the Company had Unearned premium reserve amount 397.8 million baht and Loss reserve and outstanding claims amount 678.06 million baht, total liabilities from insurance contracts 1,075.86 million baht. The Company had Insurance reserve refundable from reinsurer amount 541.1 million baht, insurance liability net amount 534.77 million baht. The company put securities amount baht 651.44 million including government bonds, bank statement and stock which was free from encumbrances to the OIC and some placed with a financial institution to the requirements of the asset-backed security.

# Report of the Independent Certified Public Accountants

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**

## **Opinion**

We have audited the financial statements in which the equity method is applied and the separate financial statements of Bangkok Union Insurance Public Company Limited (the “Company”), which comprise the statement of financial position in which the equity method is applied and the separate statement of financial position as at December 31, 2019, and the related statements of profit or loss and other comprehensive income in which the equity method is applied and the separate statement of profit or loss and other comprehensive income, the statement of changes in equity in which the equity method is applied and the separate statement of changes in equity and the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Bangkok Union Insurance Public Company Limited as at December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

## **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements in which the equity method is applied and Separate Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements in which the equity method is applied and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements in which the equity method is applied and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p><b>Recognition of premiums written</b></p> <p>Recognition of premiums written is a significant risk of material misstatement because the Company had a large number of policies which were derived from direct insurance, insurance brokers and reinsurers caused a variety of supporting documents. This may results that the Company records premium written in an inappropriate accounting period in which the transaction occurred. Key audit matter is whether the Company recognizes premiums written in a correct accounting period in which the transactions occurred in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for revenue recognition is disclosed in Note 3.2 to the financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> <li>• Understanding operating procedures and internal control related to recognition of premiums written.</li> <li>• Performing the design and implementation of internal controls procedures related to written premiums recognition.</li> <li>• Performing the operating effectiveness testing over the internal control procedures around revenue recognition of premiums written.</li> <li>• Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Examining the documents for the recognition of premiums written before and after the reporting period by consideration the policies effective date that has been recognized in an appropriate accounting period.</li> <li>- Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of written premiums.</li> <li>- Performing analytical procedures on financial information relating premiums written.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Loss reserves</b></p> <p>Loss reserves consist of liabilities from estimated loss incurred and reported and loss incurred but not reported (“IBNR”). Loss reserves are estimated based on the management’s judgment and an actuary using actuarial method which requires a number of key assumptions for estimation. Key audit matter is whether the measurement and recognition of loss reserves is in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for loss reserves and details of loss reserves were disclosed in Notes 3.13.2 and note 15.1.1 to the financial statements, respectively.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> <li>• Understanding the operating procedures and internal control related to recognition of loss reserves.</li> <li>• Performing the design and implementation of internal controls procedures related to loss reserves recognition.</li> <li>• Performing the operating effectiveness testing over the internal control procedures around the recognition of loss reserves.</li> <li>• Performing substantive audit procedures as follows: <ul style="list-style-type: none"> <li>- Examining the loss reserves by considering the process of transaction approval and other significant supporting documents to determine whether loss reserves are recognized an appropriate value.</li> <li>- The auditor’s actuary expert assessed measurement criteria and key assumptions used in the estimation by actuary to assess an appropriateness of the calculation method and the key assumptions applied by the management in assessing reserve for loss incurred and reported and loss incurred but not reported (“IBNR”), including evaluation of the reasonableness of key assumptions used together with evaluation of the actuary’s competency and independency.</li> <li>- Performing analytical procedures on financial information relating to loss reserves.</li> </ul> </li> </ul>

## **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements in which the equity method is applied and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the equity method is applied and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in which the equity method is applied and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements in which the equity method is applied and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements in which the equity method is applied and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these the financial statements in which the equity method is applied and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the statement of financial position in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Nantawat Sumraunhant  
Certified Public Accountant (Thailand)  
Registration No. 7731

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO.,LTD.**

**BANGKOK**

February 21, 2020

# Financial Statements

## BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
<b>ASSETS</b>					
Cash and cash equivalents	4	125,791,893	37,725,418	125,791,893	37,725,418
Premium receivable - net	5	153,027,104	152,370,271	153,027,104	152,370,271
Accrued investment income		1,481,712	1,068,002	1,481,712	1,068,002
Reinsurance assets	6 and 15	541,096,431	572,762,088	541,096,431	572,762,088
Amounts due from reinsurers - net	7	38,925,838	93,485,601	38,925,838	93,485,601
Investments					
Investments in securities	8	619,310,312	615,037,930	619,310,312	615,037,930
Investment property - net	9	55,951,755	66,906,391	55,951,755	66,906,391
Investment in an associate	10	42,603,881	46,720,921	46,815,756	46,815,756
Property, plant and equipment - net	11	308,952,689	305,366,377	308,952,689	305,366,377
Intangible assets - net	12	10,989,111	10,207,578	10,989,111	10,207,578
Deferred tax assets	13	20,951,850	21,353,953	20,951,850	21,353,953
Other assets	14	50,411,218	33,276,544	50,411,218	33,276,544
<b>TOTAL ASSETS</b>		<b>1,969,493,794</b>	<b>1,956,281,074</b>	<b>1,973,705,669</b>	<b>1,956,375,909</b>

Notes to financial statements form an integral part of these statements.

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2019**

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>LIABILITIES AND EQUITY</b>					
Insurance liabilities	15	1,075,864,001	1,072,032,574	1,075,864,001	1,072,032,574
Amounts due to reinsurers	16	83,088,377	81,010,397	83,088,377	81,010,397
Employee benefit obligations	17	14,649,560	11,051,601	14,649,560	11,051,601
Commission and brokerages payable		30,905,460	30,172,751	30,905,460	30,172,751
Accrued expenses		48,124,026	32,941,212	48,124,026	32,941,212
Other liabilities	18	28,336,682	27,191,418	28,336,682	27,191,418
<b>TOTAL LIABILITIES</b>		<b>1,280,968,106</b>	<b>1,254,399,953</b>	<b>1,280,968,106</b>	<b>1,254,399,953</b>
<b>EQUITY</b>					
Share capital					
Authorized share capital					
30,000,000 ordinary shares of Baht 10.00 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital					
29,999,790 ordinary shares of Baht 10.00 each		299,997,900	299,997,900	299,997,900	299,997,900
Premium on share capital		86,593,183	86,593,183	86,593,183	86,593,183
Retained earnings					
Appropriated					
Legal reserve	19	20,222,803	19,606,453	20,222,803	19,606,453
Unappropriated		34,739,669	26,790,416	38,858,441	27,147,786
Other components of equity					
Surplus on revaluation of lands		230,912,000	230,912,000	230,912,000	230,912,000
Change in fair value of available-for-sale securities		16,153,236	37,718,634	16,153,236	37,718,634
Share of other comprehensive income of an associate		(93,103)	262,535	-	-
<b>TOTAL EQUITY</b>		<b>688,525,688</b>	<b>701,881,121</b>	<b>692,737,563</b>	<b>701,975,956</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,969,493,794</b>	<b>1,956,281,074</b>	<b>1,973,705,669</b>	<b>1,956,375,909</b>

Notes to financial statements form an integral part of these statements.

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019**

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>REVENUES</b>					
Gross written premiums	20	1,312,902,993	1,182,372,762	1,312,902,993	1,182,372,762
<u>Less</u> Premiums ceded to reinsures	20	(351,408,710)	(347,832,108)	(351,408,710)	(347,832,108)
Net premiums written		961,494,283	834,540,654	961,494,283	834,540,654
<u>Less</u> Unearned premium reserve increase					
from previous year	20	(41,515,924)	(30,269,530)	(41,515,924)	(30,269,530)
Net premium earned		919,978,359	804,271,124	919,978,359	804,271,124
Fee and commission income	20	37,588,891	56,904,588	37,588,891	56,904,588
Net investment income	20	13,762,284	13,848,981	13,762,284	13,848,981
Gain (loss) on investment	20 and 24	(714)	95,924	(714)	95,924
Share of loss from investment in					
an associate	10 and 20	(3,761,402)	(80,832)	-	-
Other income	20	581,364	349,070	581,364	349,070
Income from rental	20	74,749,100	70,760,977	74,749,100	70,760,977
Total revenues		1,042,897,882	946,149,832	1,046,659,284	946,230,664
<b>EXPENSES</b>					
Gross claim	20	569,820,851	601,933,038	569,820,851	601,933,038
<u>Less</u> Claim recovered from reinsurers	20	(116,376,262)	(174,580,986)	(116,376,262)	(174,580,986)
Commissions and brokerages	20	173,919,979	164,459,742	173,919,979	164,459,742
Other underwriting expenses	20	271,763,363	232,541,181	271,763,363	232,541,181
Operating expenses	20 and 21	76,330,764	66,218,260	76,330,764	66,218,260
Other expenses - expenses for rental	20	51,927,999	52,310,037	51,927,999	52,310,037
Total expenses		1,027,386,694	942,881,272	1,027,386,694	942,881,272
Profit before income tax expense		15,511,188	3,268,560	19,272,590	3,349,392
Income tax expense (income)	13	6,945,585	(416,147)	6,945,585	(416,147)
<b>Net profit</b>		8,565,603	3,684,707	12,327,005	3,765,539

Notes to financial statements form an integral part of these statements

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**(CONT.)**

**FOR THE YEARS ENDED DECEMBER 31, 2019**

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE		
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS		
		2019	2018	2019	2018	
Other comprehensive income						
Items that will not be reclassified						
subsequently to profit or loss						
Surplus on revaluation of land	11	-	32,960,000	-	32,960,000	
Actuarial gain (loss) in defined						
employee benefit plans	17	-	448,067	-	448,067	
Income tax relating to components of						
other comprehensive income that						
will not be reclassified						
subsequently		-	(6,681,613)	-	(6,681,613)	
		-	26,726,454	-	26,726,454	
Items that will be reclassified subsequently						
to profit or loss						
Loss on remeasuring						
available-for-sale investment		(26,956,747)	(18,657,905)	(26,956,747)	(18,657,905)	
Share of other comprehensive						
loss of an associate	10	(444,548)	(1,456,531)	-	-	
Income tax relating to components of						
other comprehensive income that						
will be reclassified subsequently		5,480,259	4,022,887	5,391,349	3,731,581	
		(21,921,036)	(16,091,549)	(21,565,398)	(14,926,324)	
Other comprehensive income (loss) for						
the years - net of income tax		(21,921,036)	10,634,905	(21,565,398)	11,800,130	
<b>Total comprehensive income (loss) for the years</b>		<b>(13,355,433)</b>	<b>14,319,612</b>	<b>(9,238,393)</b>	<b>15,565,669</b>	
<b>Basic earnings per share</b>	<b>BAHT</b>	<b>25</b>	<b>0.29</b>	<b>0.12</b>	<b>0.41</b>	<b>0.13</b>

Notes to financial statements form an integral part of these statements

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019**

Unit: Baht

FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED								
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total
			Appropriated Legal reserve	Unappropriated	Surplus on revaluation of asset	Surplus on re-measuring available-for-sale investment	Share of other comprehensive income (loss) of an associate	
Beginning balances as at January 1, 2018	299,997,900	86,593,183	19,418,176	37,935,532	204,544,000	52,644,958	1,427,760	702,561,509
Legal reserve	19	-	188,277	(188,277)	-	-	-	-
Comprehensive income (loss) - equity method	-	-	-	4,043,161	26,368,000	(14,926,324)	(1,165,225)	14,319,612
Dividend paid	28	-	-	(15,000,000)	-	-	-	(15,000,000)
<b>Ending balances as at December 31, 2018</b>	<b>299,997,900</b>	<b>86,593,183</b>	<b>19,606,453</b>	<b>26,790,416</b>	<b>230,912,000</b>	<b>37,718,634</b>	<b>262,535</b>	<b>701,881,121</b>
Beginning balances as at January 1, 2019	299,997,900	86,593,183	19,606,453	26,790,416	230,912,000	37,718,634	262,535	701,881,121
Legal reserve	19	-	616,350	(616,350)	-	-	-	-
Comprehensive income (loss) - equity method	-	-	-	8,565,603	-	(21,565,398)	(355,638)	(13,355,433)
<b>Ending balances as at December 31, 2019</b>	<b>299,997,900</b>	<b>86,593,183</b>	<b>20,222,803</b>	<b>34,739,669</b>	<b>230,912,000</b>	<b>16,153,236</b>	<b>(93,103)</b>	<b>688,525,688</b>

Notes to financial statements form an integral part of these statements.

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019**

Unit: Baht

SEPARATE FINANCIAL STATEMENTS							
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity		Total
			Appropriated Legal reserve	Unappropriated	Surplus on revaluation of asset	Surplus on remeasuring available-for-sale investment	
Beginning balances as at January 1, 2018	299,997,900	86,593,183	19,418,176	38,212,070	204,544,000	52,644,958	701,410,287
Legal reserve	19	-	-	188,277	(188,277)	-	-
Comprehensive income (loss) for the year	-	-	-	4,123,993	26,368,000	(14,926,324)	15,565,669
Dividend paid	28	-	-	(15,000,000)	-	-	(15,000,000)
<b>Ending balances as at December 31, 2018</b>	<u>299,997,900</u>	<u>86,593,183</u>	<u>19,606,453</u>	<u>27,147,786</u>	<u>230,912,000</u>	<u>37,718,634</u>	<u>701,975,956</u>
Beginning balances as at January 1, 2019	299,997,900	86,593,183	19,606,453	27,147,786	230,912,000	37,718,634	701,975,956
Legal reserve	19	-	-	616,350	(616,350)	-	-
Comprehensive income (loss) for the year	-	-	-	12,327,005	-	(21,565,398)	(9,238,393)
<b>Ending balances as at December 31, 2019</b>	<u>299,997,900</u>	<u>86,593,183</u>	<u>20,222,803</u>	<u>38,858,441</u>	<u>230,912,000</u>	<u>16,153,236</u>	<u>692,737,563</u>

Notes to financial statements form an integral part of these statements.

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019**

Unit: Baht

	Note	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>OPERATING ACTIVITIES</b>					
Direct premium received		1,288,135,651	1,140,661,628	1,288,135,651	1,140,661,628
Cash paid from reinsurance		(109,066,519)	(20,474,888)	(109,066,519)	(20,474,888)
Interest income		7,829,082	7,830,079	7,829,082	7,830,079
Dividend income		6,138,445	6,509,450	6,138,445	6,509,450
Other income		261,230	338,465	261,230	338,465
Claims incurred from direct insurance		(582,966,650)	(664,282,168)	(582,966,650)	(664,282,168)
Commissions and brokerages from					
direct insurance		(168,828,347)	(155,365,930)	(168,828,347)	(155,365,930)
Other underwriting expenses		(266,331,128)	(232,244,751)	(266,331,128)	(232,244,751)
Operating expenses		(62,424,920)	(97,068,559)	(62,424,920)	(97,068,559)
Income tax expense		(27,238,318)	(21,734,912)	(27,238,318)	(21,734,912)
Investments in securities		(21,848,795)	(6,239,392)	(21,848,795)	(6,239,392)
Deposits at bank with maturity over 3 months		(10,000,000)	(14,798,288)	(10,000,000)	(14,798,288)
Investment property		42,186,594	35,273,195	42,186,594	35,273,195
Net cash provided by (used in) operating activities		95,846,325	(21,596,071)	95,846,325	(21,596,071)
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>INVESTING ACTIVITIES</b>					
<b>CASH FLOWS PROVIDED BY</b>					
Property, plant and equipment		158,534	11,682	158,534	11,682
Cash provided by investing activities		158,534	11,682	158,534	11,682
<b>CASH FLOWS USED IN</b>					
Property, plant and equipment		(6,097,264)	(2,463,225)	(6,097,264)	(2,463,225)
Intangible assets		(1,841,120)	(2,319,816)	(1,841,120)	(2,319,816)
Cash used in investing activities		(7,938,384)	(4,783,041)	(7,938,384)	(4,783,041)
Net cash used in investing activities		(7,779,850)	(4,771,359)	(7,779,850)	(4,771,359)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>					
Dividend paid		-	(15,000,000)	-	(15,000,000)
Net cash used in financing activities		-	(15,000,000)	-	(15,000,000)
Net increased (decreased) in cash and cash equivalents		88,066,475	(41,367,430)	88,066,475	(41,367,430)
Cash and cash equivalents as at January 1,		37,725,418	79,092,848	37,725,418	79,092,848
<b>Cash and cash equivalents as at December 31,</b>	4	125,791,893	37,725,418	125,791,893	37,725,418

Notes to financial statements form an integral part of these statements.



**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED**  
**AND SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. GENERAL INFORMATION AND OPERATION OF THE COMPANY**

Bangkok Union Insurance Public Company Limited (the “Company”) was registered in The Stock Exchange of Thailand (“SET”). The main business is non-life insurance and rental of office space. The head office is located at 175-177 Surawong Road, Suriyawong, Bangrak, Bangkok, Thailand.

The major shareholder company is Leophairatana Enterprises Company Limited which was incorporated in Thailand, holding 29.24% of the Company’s share capital.

**2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED AND THE SEPARATE FINANCIAL STATEMENTS**

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.

2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2019 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” (“TFRS 15”)

The core principle of this TFRS is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under this TFRS, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

This TFRS supersedes the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 “Construction Contracts”, Thai Accounting Standard No. 18 “Revenue”, Thai Accounting Standard Interpretation No. 31 “Revenue-Barter Transactions Involving Advertising Services”, Thai Financial Reporting Standard Interpretation No. 13 “Customer Loyalty Programmes, Thai Financial Reporting Standard Interpretation No. 15 “Agreements for the Construction of Real Estate” and Thai Financial Reporting Standard Interpretation No. 18 “Transfers of Assets from Customers”.

The Company adopts Thai Accounting Standard No. 15 “Revenue from Contracts with Customers” which has no material impact to the Company’s financial statements.

2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management

has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follow:

Thai Accounting Standard No. 12 “Income Taxes”

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

Thai Accounting Standard No. 19 “Employee Benefits”

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

Thai Accounting Standard No. 28 “Investments in Associates and Joint Ventures”

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.

Group of Financial Instruments Standards

**Thai Accounting Standards (“TAS”)**

TAS 32                      Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16                    Hedges of a Net Investment in a Foreign Operation

TFRIC 19                    Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

#### Thai Financial Reporting Standards No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No. 17 "Leases", Thai Accounting Standard Interpretation No. 15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No. 27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company's management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

#### Thai Financial Reporting Standard No. 4 "Insurance Contracts"

The Federation of Accounting Professions issued Thai Financial Reporting Standard No.4 "Insurance Contracts", which has been announced in the Royal Gazette on September 24, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. This revised financial reporting standard determines the option for insurance industry to temporary exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" becomes effective. If an entity elects to adopt this exemption, the entity is required to disclose how the entity meets criteria for such temporary exemption and provide comparison information of the entity that applies temporary exemption with those that apply Thai Financial Reporting Standard No. 9 and Thai Financial Reporting Standard No. 7.

The Company's management has assessed eligibility to apply such temporary exemption and concluded that the Company is eligible to apply such temporary exemption. Therefore, the Company's management elects to apply the accounting guidelines for financial instruments and disclosures on insurance business. As a result, the Company's

management has not yet apply Thai Financial Reporting Standard No. 9 “Financial Instruments” and Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures” for the period beginning on January 1, 2020.

#### The accounting guidelines for financial instruments and disclosures on insurance business

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, which allowed the adoption on this accounting guideline prior to the effective date for the financial statements beginning on or after January 1, 2019 onwards only. If an entity adopts this accounting guideline prior to the effective date, the entity is required to disclose such adoption. However, the Company’s management has considered not to adopt such accounting guideline for financial instruments and disclosures on insurance business prior to the effective date.

The Company’s management is in the process to assess the impact of the accounting guidelines for financial instruments and disclosures on insurance business on the financial statements of the Company in the period of initial application.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Insurance contract classification**

At the initial date, the Company classified contract as insurance contract by determine that the significant risk has been transferred, in the event (scenario) that an insured would require company to pay significant additional benefits in term of commercial content. Once a contract has been classified as insurance contract, it remains an insurance contract until all right and obligations expired. Other contract into which the Company has entered with the insured may not be classified as an insurance contract at inception date but can be subsequently reclassified as an insurance contract when the significant insurance risk has been transferred to the Company. Other contract are reclassified as investment contract (if any).

#### **3.2 Recognition of revenues and expenses**

##### **Premium written**

For insurance policies with coverage period for one year, premium income is recognized on the effective date of the insurance policy after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods are longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage periods on annual basis.

##### **Reinsurance premium**

Reinsurance premium income is recognized when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the Company receives the statement of accounts from the reinsurers.

#### Commissions and brokerages income

Commissions and brokerages income are recognized as income on an accrual basis.

#### Investment income

Investment income consists of interest income and dividends income. Interest income is recognized as income on an accrual basis and dividends income are recognized as income on the declaration date.

#### Rental and service income

Rental income and its related services from an investment property are recognized on a straight-line basis over the term of the lease. Contingent rentals are recognized as income in the accounting period in which they are occurred. The related service income is recognized over the term of the lease.

#### Other income

Other income is recognized as income on an accrual basis.

#### Premiums ceded

Premiums ceded is recognised as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expense and recognised as expense over the coverage period each year.

#### Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers. Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy and claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

#### Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

#### Commissions and brokerages and other expenses

Commissions and brokerages and other expenses are recognized as expenses on an accrual basis.



### 3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheque on hand and all types of deposits with banks with maturity within 3 months, excluding deposit at banks used as collateral.

Deposits at banks having terms to maturity over 3 months are included in investments in securities.

### 3.4 Premium receivable and allowance for doubtful debt

Premium receivable is stated at net realizable value. The Company records allowance for doubtful accounts for the estimated collection losses on premium receivable. Such estimated losses are based on the Company's collection experience and the analysis of aging of each premium receivable.

### 3.5 Reinsurance assets

Reinsurance assets are stated at insurance reserve refundable from reinsurers which are estimated based on the related premium reserve in accordance with law regarding insurance reserve calculations and unearned reinsurance premium reserve.

### 3.6 Amounts due to and due from reinsurers

Amounts due from reinsurers are stated at amounts due from reinsurers which consists of premium uncollected from reinsurers, commission and brokerages receivables, outstanding claim recovered from reinsurers. The Company records allowance for doubtful for estimated loss from uncollected receivables based on the Company's collection experience and the analysis of aging of amount due from reinsurers.

Amounts due to reinsurers are stated at amount withheld on reinsurance and amounts due to reinsurers which consist of premium ceded payables and other reinsurance payables to reinsurers except claim payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.7 Investments in securities

Investments in held-for-trading securities are determined at fair value. Gains or losses arising from changes in value of securities are included in the statement of profit or loss and other comprehensive income.

Investments in available-for-sale securities are determined at fair value, net allowance for impairment. Changes in the value of securities are recorded as items in the statement of profit or loss and other comprehensive income. Unrealized gain (loss) is recorded as separated item in equity until the securities are sold.

Securities classified as general investments are stated at cost net allowance for impairment.

Securities classified as held-to-maturity are stated at amortized cost.

In case of impairment of investment has occurred, the resultant loss of investments is immediately recognized in the statement of profit or loss and other comprehensive income.

Premiums and discounts on held-to-maturity securities are amortized and accreted to income as adjustments to interest income by using the effective interest rate method.

The costs of securities sold are determined by the weighted average method.

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association (“Thai-BMA”). When quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Fair value of unit trusts is determined from their net asset value.

### 3.8 Investment in an associate

Investment in an associate as presented in the separate financial statements is accounted for under the cost method net of allowance for impairment (if any). Investment in an associate as presented in the financial statements in which the equity method is applied is accounted for under the equity method.

### 3.9 Loans

Loans are stated at their principal amount less allowance for doubtful accounts, if any. The Company estimates the allowance for doubtful accounts based on an analysis of payment histories, future expectation of each customer payments and the valuation of the assets pledged.

### 3.10 Investment property

Investment property is property which is held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property.

Investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).



Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets as follows:

Building	27 years
Building improvement	10 years

### 3.11 Property, plants and equipment

Land is stated at the new appraised value. Plants and equipment are stated at cost, net of accumulated depreciation and allowance for impairment, if any.

Land reappraisal is done by independent appraisers approved by The Securities and Exchange Commission based on the sale price approach. The increment resulting from the appraisal is recognized as part of equity as surplus on revaluation of assets. Land reappraisal decrease is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as other operating expense. Upon disposal, any remaining related revaluation surplus of the land is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Building and building improvement	20 years
Furniture and office equipment	5 and 10 years
Vehicles	5 years

### 3.12 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization is charged to the statement of profit or loss and other comprehensive income calculated on the straight-line method based on the estimated useful life of each intangible asset. The estimated useful live is as follow:

Computer software	5 years
-------------------	---------

### 3.13 Insurance liabilities

#### 3.13.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Office of Insurance Commission governing the principle, methodology and condition of unearned premium reserves, loss reserves and other reserves of non-life insurance companies as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

### 3.13.2 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) which assessed by an actuary.

### 3.13.3 Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognized in the financial statements to the extent that they exceed unearned premium reserves.

## 3.14 Employee benefit

### 3.14.1 Provident fund

The Company sets provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contributions are recorded as expense for the year by an accrual basis.

### 3.14.2 Post-employment benefits obligation

The Company provides post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash outflows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash outflows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains (losses) are recognized in other comprehensive income.

The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

## 3.15 Long-term lease

### Where a Company is the lessee

Leases in which substantial risks and rewards of ownership of assets remained with the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight-line method over the term of lease.

Where the Company is a lessor

Leases in which substantial risks and rewards of ownership of assets remained with the Company are accounted for as operating leases. Rental income is recognized as described in Note 3.2

### 3.16 Income tax

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax payable is calculated using tax rates that have been enacted at the end of reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of a deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of reporting period.

### 3.17 Basic earnings per share

Basic earnings per share are calculated by dividing net profit by the number of weighted average ordinary shares outstanding at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase and paid-up share capital.

In case of stock dividend payment, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

### 3.18 Use of management's judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the end of the reporting period and the reported amounts of revenue and

expense during the fiscal year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

#### Key sources of estimation uncertainty

##### 3.18.1 Loss reserves

The Company is required to estimate loss reserves and outstanding claims that arise from the Company's insurance products. These reserves represent the expected cost to settle claims occurring prior to, but still outstanding as of, the reporting period. The Company establishes its reserves by product line and extent of coverage. The reserves consist of reserves for reported losses and reserves for incurred but not reported (IBNR) losses.

The Company's reserves for reported losses are based on estimates of future payments to settle reported insurance claims with an undiscounted basis. IBNR reserves are established to recognize by using historical information and statistical models, based on standard actuarial claims projection techniques.

##### 3.18.2 Fair value measurement and valuation processes

Some assets measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government bonds and State Enterprise debt securities and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices. When quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date. Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 35.2.6.

##### 3.18.3 Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 3.19 Fair value measurements

In estimating the fair value of an asset or a liability, The Company takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Cash on hand	298,094	229,576
Cheque on hand	1,985,202	1,017,241
Deposits at bank - at call	83,508,597	36,478,601
Deposits at bank - time deposits	40,000,000	-
Cash and cash equivalents	125,791,893	37,725,418

## 5. PREMIUM RECEIVABLE - NET

Premium receivable - net as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>From direct insurance</b>		
Within credit terms	100,029,908	94,436,168
Less than 30 days	33,988,484	35,207,287
31 - 60 days	8,128,480	11,658,227
61 - 90 days	4,055,406	2,285,552
Over 90 days	11,810,522	14,537,977
Total premium receivable	158,012,800	158,125,211
<u>Less</u> Allowance for doubtful accounts	(4,985,696)	(5,754,940)
Premium receivable - net	<u>153,027,104</u>	<u>152,370,271</u>
<b>Receivable under lawsuit</b>		
Over 1 years	63,357,185	72,626,889
<u>Less</u> Allowance for doubtful accounts	(63,357,185)	(72,626,889)
Receivable under lawsuit - net	-	-
Premium receivable - net	<u>153,027,104</u>	<u>152,370,271</u>

As at December 31, 2019 and December 31, 2018, receivables under lawsuit of Baht 63.36 million and Baht 72.63 million, respectively, were fully reserved allowance for doubtful in which included a major receivable who was an agent of the Company. On October 19, 2017, the Supreme Court had passed a verdict to order such receivable to pay all debt and interest 15% per annum to the Company since prosecution date.

During the years 2019 and 2018, the Company have received payments from the major receivable of Baht 16.47 million by cash payment of Baht 10.40 million and land and building which had fair value of Baht 4.70 million and Baht 1.37 million, respectively.

As at December 31, 2019 and December 31, 2018, the outstanding balances of major receivables are Baht 36.71 million and Baht 46.03 million, respectively.

## 6. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Insurance reserve refundable from reinsurers</b>		
Claim reserves	401,572,692	432,109,826
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>139,523,739</u>	<u>140,652,262</u>
Total reinsurance assets (see Note 15)	<u>541,096,431</u>	<u>572,762,088</u>

## 7. AMOUNTS DUE FROM REINSURERS - NET

Amounts due from reinsurers - net as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Amounts due from reinsurers	49,351,249	103,603,642
<u>Less</u> Allowance for doubtful accounts	<u>(10,425,411)</u>	<u>(10,118,041)</u>
Total amount due from reinsurers - net	<u>38,925,838</u>	<u>93,485,601</u>

Aging analyzes for amounts due from reinsurers as at December 31, 2019 and 2018 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Within credit terms	11,608,974	91,232,901
Not over 12 months	27,028,456	2,391,575
Over 1 year to 2 years	619,420	682,106
Over 2 years	<u>10,094,399</u>	<u>9,297,060</u>
	49,351,249	103,603,642
<u>Less</u> Allowance for doubtful accounts	<u>(10,425,411)</u>	<u>(10,118,041)</u>
Amount due from reinsurers	<u>38,925,838</u>	<u>93,485,601</u>

## 8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2019 and 2018 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements			
	2019		2018	
	Cost/Amortized Cost Baht	Fair value Baht	Cost/Amortized Cost Baht	Fair value Baht
<b>Available-for-sale securities</b>				
Equity securities	105,020,857	97,381,107	100,323,482	135,970,370
Unit trusts	187,035,026	214,866,321	187,103,607	198,605,011
Total	292,055,883	312,247,428	287,427,089	334,575,381
Add Unrealized gains	20,191,545	-	47,148,292	-
<b>Total available-for-sale securities</b>	<b>312,247,428</b>	<b>312,247,428</b>	<b>334,575,381</b>	<b>334,575,381</b>
<b>Held-to-maturity securities</b>				
Government and state enterprise securities	110,367,184		113,766,135	
Private enterprises debt securities	90,000,000		70,000,000	
Deposits at bank with maturity over 3 months	106,000,000		96,000,000	
<b>Total held-to-maturity securities</b>	<b>306,367,184</b>		<b>279,766,135</b>	
<b>General investment</b>				
Equity securities	705,410		705,410	
Less Allowance for impairment	(9,710)		(8,996)	
<b>Total general investment</b>	<b>695,700</b>		<b>696,414</b>	
<b>Total investment in securities - net</b>	<b>619,310,312</b>		<b>615,037,930</b>	

Debt securities classified by the remaining maturity as at December 31, 2019 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	Maturities			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	-	7,210,494	103,156,690	110,367,184
Private enterprises debt securities	20,000,000	70,000,000	-	90,000,000
<b>Total held-to-maturity debt securities</b>	<b>20,000,000</b>	<b>77,210,494</b>	<b>103,156,690</b>	<b>200,367,184</b>
<b>Total debt securities - net</b>	<b>20,000,000</b>	<b>77,210,494</b>	<b>103,156,690</b>	<b>200,367,184</b>

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	Maturities			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	2,782,397	7,314,394	103,669,344	113,766,135
Private enterprises debt securities	20,000,000	50,000,000	-	70,000,000
<b>Total held-to-maturity debt securities</b>	<b>22,782,397</b>	<b>57,314,394</b>	<b>103,669,344</b>	<b>183,766,135</b>
<b>Total debt securities - net</b>	<b>22,782,397</b>	<b>57,314,394</b>	<b>103,669,344</b>	<b>183,766,135</b>

As at December 31 2019 and 2018, certain investments in securities are pledged and used for assets reserved with the Registrar amounting to Baht 82.66 million and Baht 73.17 million, respectively (see Note 30).



## 9. INVESTMENT PROPERTY - NET

Investment property - net as at December 31, 2019 and 2018 consist of the following:

	Financial statements in which the equity method is applied and separate financial statement									
	Cost				Accumulated depreciation				Beginning balance of investment property - net as at January 1, 2019 Baht	Ending balance of investment property - net as at December 31, 2019 Baht
	As at January 1, 2019 Baht	Increase Baht	Disposal/ Write off Baht	As at December 31, 2019 Baht	As at January 1, 2019 Baht	Depreciation Baht	Disposal / Write off Baht	As at December 31, 2019 Baht		
Land	-	4,697,000	-	4,697,000	-	-	-	-	-	4,697,000
Building	458,457,698	1,372,000	-	459,829,698	(391,551,308)	(17,023,636)	-	(408,574,944)	66,906,390	51,254,754
Building improvement	69,962,939	-	-	69,962,939	(69,962,938)	-	-	(69,962,938)	1	1
<b>Total</b>	<b>528,420,637</b>	<b>6,069,000</b>	<b>-</b>	<b>534,489,637</b>	<b>(461,514,246)</b>	<b>(17,023,636)</b>	<b>-</b>	<b>(478,537,882)</b>	<b>66,906,391</b>	<b>55,951,755</b>

	Financial statements in which the equity method is applied and separate financial statement									
	Cost				Accumulated depreciation				Beginning balance of investment property - net as at January 1, 2018 Baht	Ending balance of investment property - net as at December 31, 2018 Baht
	As at January 1, 2018 Baht	Increase Baht	Disposal/ Write off Baht	As at December 31, 2018 Baht	As at January 1, 2018 Baht	Depreciation Baht	Disposal / Write off Baht	As at December 31, 2018 Baht		
Building	458,457,698	-	-	458,457,698	(374,588,374)	(16,962,934)	-	(391,551,308)	83,869,324	66,906,390
Building improvement	69,962,939	-	-	69,962,939	(69,962,938)	-	-	(69,962,938)	1	1
<b>Total</b>	<b>528,420,637</b>	<b>-</b>	<b>-</b>	<b>528,420,637</b>	<b>(444,551,312)</b>	<b>(16,962,934)</b>	<b>-</b>	<b>(461,514,246)</b>	<b>83,869,325</b>	<b>66,906,391</b>

On February 12, 2019, the Company has received land and building for payment from a major receivable under lawsuit (see Note 5). Such land and building are recorded at fair value of Baht 4.70 million and Baht 1.37 million, respectively, according to the appraisal reports dated February 1, 2019 which are determined by the independent appraiser licensed by the Securities and Exchange Commission.

As at December 31, 2019 and December 31, 2018, investment property which are building and building improvement located on land leased from a related company under an operating lease agreement (see Note 32) and land and building received from debt payment had total carrying amount of Baht 55.95 million and Baht 66.91 million, respectively, and total fair value as at December 31, 2018 determined by using the Replacement Cost Approach are Baht 457.29 million according to the appraisal reports dated August 1, 2018, August 6, 2018 and February 1, 2019 and Baht 451.22 million according to the appraisal reports dated August 1, 2018 and August 6, 2018 which are determined by the independent appraiser licensed by the Securities and Exchange Commission.

Depreciation for the years ended December 31, 2019 and 2018 amounting to Baht 17.02 million and Baht 16.96 million, respectively, were included in expenses for rental.

As at December 31, 2019 and 2018, certain items of investment property with costs of Baht 69.96 million were fully depreciated but still in use.

## 10. INVESTMENT IN AN ASSOCIATE

As at December 31, 2019 and 2018, the Company had investment in an associate as follows:

Company name	Nature of business	Percentage of shareholding		Financial statements in which the equity method is applied		Separate financial statements	
				Carrying value under equity method		Cost	
		2019	2018	2019	2018	2019	2018
<b>Associate</b>							
BUI Life Insurance Public Company Limited	Life Insurance	9.60	9.60	42,603,881	46,720,921	46,815,756	46,815,756

As at December 31, 2019 and 2018, an associate had total assets and total liabilities before audit as follows:

	<b>Baht : '000</b>	
	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
Total assets	764,346.75	779,861.64
Total liabilities	289,526.57	262,170.06

For the years ended December 31, 2019 and 2018, an associate had total revenues, net loss and net other comprehensive income (loss) as follows:

	<b>Baht : '000</b>	
	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Total revenues	366,569.13	32,224.13
Net loss	(39,168.10)	(841.71)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to profit or loss		
Loss on remeasuring available-for-sale investments	(4,629.12)	(15,167.03)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	925.82	3,033.41
Other comprehensive loss - net of income tax	<u>(3,703.33)</u>	<u>(12,133.62)</u>

The statements of profit or loss and other comprehensive income in which the equity method is applied for the years ended December 31, 2019 and 2018 recognized share of loss in portion of shareholding in investment in an associate as follows:

	<b>Baht: '000</b>	
	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Share of loss of investment in an associate	(3,761.40)	(80.83)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive loss of an associate	(444.55)	(1,456.53)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	88.91	291.31
Share of other comprehensive loss of an associate - net of income tax	<u>(355.64)</u>	<u>(1,165.22)</u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the financial statements in which the equity method is applied was as follows:

	<b>Baht : '000</b>	
	<b>As at</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Net assets of an associate	474,820.18	517,691.58
Proportion of the Company's shareholding in an associate (%)	9.60	9.60
	45,598.08	49,715.12
Investment amount under net assets at investment date	<u>(2,994.20)</u>	<u>(2,994.20)</u>
Carrying amount of the investment in an associate	<u>42,603.88</u>	<u>46,720.92</u>

## 11. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment - net as at December 31, 2019 and 2018 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated depreciation				Beginning balances of property, plant and equipment - net as at January 1, 2019	Ending balances of property, plant and equipment - net as at December 31, 2019	
	As at January 1, 2019	Increase	Disposal/ Write off	Transfer In (Transfer Out)	As at December 31, 2019	As at January 1, 2019	Depreciation	Disposal/ Write off			As at December 31, 2019
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Land											
Cost	10,718,000	-	-	-	10,718,000	-	-	-	-	10,718,000	10,718,000
Increase of land revaluation (2018)	288,640,000	-	-	-	288,640,000	-	-	-	-	288,640,000	288,640,000
Decrease of land revaluation (2018)	(1,710,000)	-	-	-	(1,710,000)	-	-	-	-	(1,710,000)	(1,710,000)
Building and building improvement	116,270,070	20,000	(3,447,767)	4,772,779	117,615,082	(116,025,991)	(249,344)	3,447,765	(112,827,570)	244,079	4,787,512
Fixtures and office equipment	54,182,763	3,323,535	(641,161)	-	56,865,137	(48,727,521)	(2,261,599)	641,155	(50,347,965)	5,455,242	6,517,172
Vehicles	12,624,612	-	(780,000)	-	11,844,612	(12,624,606)	-	779,999	(11,844,607)	6	5
	480,725,445	3,343,535	(4,868,928)	4,772,779	483,972,831	(177,378,118)	(2,510,943)	4,868,919	(175,020,142)	303,347,327	308,952,689
Fixtures and office equipment - in process	2,019,050	2,753,729	-	(4,772,779)	-	-	-	-	-	2,019,050	-
Total	482,744,495	6,097,264	(4,868,928)	-	483,972,831	(177,378,118)	(2,510,943)	4,868,919	(175,020,142)	305,366,377	308,952,689

**Financial statements in which the equity method is applied and separate financial statement**

	Cost				Accumulated depreciation				Beginning balances of property, plant and equipment - net as at January 1, 2018	Ending balances of property, plant and equipment - net as at December 31, 2018	
	As at January 1, 2018	Increase	Disposal/ Write off	Transfer In (Transfer Out)	As at December 31, 2018	As at January 1, 2018	Depreciation	Disposal / Write off			As at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Land											
Cost	10,718,000	-	-	-	10,718,000	-	-	-	-	10,718,000	10,718,000
Increase of land revaluation (2018)	255,680,000	32,960,000	-	-	288,640,000	-	-	-	-	255,680,000	288,640,000
Decrease of land revaluation (2018)	(1,710,000)	-	-	-	(1,710,000)	-	-	-	-	(1,710,000)	(1,710,000)
Building and building improvement	115,990,570	279,500	-	-	116,270,070	(114,778,783)	(1,247,208)	-	(116,025,991)	1,211,787	244,079
Fixtures and office equipment	54,966,605	164,675	(948,517)	-	54,182,763	(47,538,502)	(2,136,459)	947,440	(48,727,521)	7,428,103	5,455,242
Vehicles	12,624,612	-	-	-	12,624,612	(12,624,606)	-	-	(12,624,606)	6	6
	448,269,787	33,404,175	(948,517)	-	480,725,445	(174,941,891)	(3,383,667)	947,440	(177,378,118)	273,327,896	303,347,327
Fixtures and office equipment - in process	-	2,019,050	-	-	2,019,050	-	-	-	-	-	2,019,050
Total	448,269,787	35,423,225	(948,517)	-	482,744,495	(174,941,891)	(3,383,667)	947,440	(177,378,118)	273,327,896	305,366,377

In year 2018, the Company revalued land by using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Sale Price Approach according to the appraisal reports dated August 1, 2018 and August 6, 2018.

Depreciation for the years ended December 31, 2019 and 2018 amounting to Baht 2.51 million and Baht 3.38 million, respectively, were included in operating expenses.

As at December 31, 2019 and 2018, certain building and equipment with costs of Baht 168.12 million and Baht 172.11 million, respectively, were fully depreciated but still in use.

## 12. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2019 and 2018 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated amortization				Beginning balances of intangibles asset - net as at January 1, 2019	Ending balances of intangibles asset - net as at December 31, 2019	
	As at January 1, 2019	Increase	Write-off	Transfer In (Transfer Out)	As at December 31, 2019	As at January 1, 2019	Amortization	Write-off			As at December 31, 2019
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	14,762,147	841,120	-	-	15,603,267	(12,081,185)	(1,059,587)	-	(13,140,772)	2,680,962	2,462,495
Computer software - under installation	7,526,616	1,000,000	-	-	8,526,616	-	-	-	-	7,526,616	8,526,616
<b>Total</b>	<b>22,288,763</b>	<b>1,841,120</b>	<b>-</b>	<b>-</b>	<b>24,129,883</b>	<b>(12,081,185)</b>	<b>(1,059,587)</b>	<b>-</b>	<b>(13,140,772)</b>	<b>10,207,578</b>	<b>10,989,111</b>

	Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated amortization				Beginning balances of intangibles asset - net as at January 1, 2018	Ending balances of intangibles asset - net as at December 31, 2018	
	As at January 1, 2018	Increase	Write-off	Transfer In (Transfer Out)	As at December 31, 2018	As at January 1, 2018	Amortization	Write-off			As at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	14,762,147	-	-	-	14,726,147	(10,930,297)	(1,150,888)	-	(12,081,185)	3,831,850	2,680,962
Computer software - under installation	5,206,800	2,319,816	-	-	7,526,616	-	-	-	-	5,206,800	7,526,616
<b>Total</b>	<b>19,968,947</b>	<b>2,319,816</b>	<b>-</b>	<b>-</b>	<b>22,288,763</b>	<b>(10,930,297)</b>	<b>(1,150,888)</b>	<b>-</b>	<b>(12,081,185)</b>	<b>9,038,650</b>	<b>10,207,578</b>

Amortization for the years ended December 31, 2019 and 2018 amounting to Baht 1.06 million and Baht 1.15 million, respectively, were included in operating expenses.

As at December 31, 2019 and 2018, certain intangible assets with costs of Baht 9.85 million and Baht 9.54 million, respectively, were fully amortized but still in use.

### 13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2019 and 2018 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Deferred tax assets	<u>20,951,850</u>	<u>21,353,953</u>

Movements of deferred tax assets (liabilities) for the years ended December 31, 2019 and 2018 consisted of tax effects from the following items:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>As at January 1, 2019  Baht</b>	<b>Transactions recognized in profit or loss  Baht</b>	<b>Transaction recognized in other comprehensive income or loss  Baht</b>	<b>As at December 31, 2019  Baht</b>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts - Premium receivable	15,676,366	(2,007,790)	-	13,668,576
Allowance for doubtful accounts - Amount due from reinsurers	1,000,462	61,472	-	1,061,934
Allowance for doubtful accounts - Other receivable	15,921,195	37,445	-	15,958,640
Unearned premium reserve	3,931,241	(3,931,241)	-	-
Claim reserve - net	36,528,415	(3,251,113)	-	33,277,302
Claim incurred but not reported	8,745,463	1,568,907	-	10,314,370
Building lease deposits	3,434,917	(52,737)	-	3,382,180
Employee benefits obligations	2,210,320	719,592	-	2,929,912
Allowance for impairment - general investments	1,799	143	-	1,942
Premium ceded payables - Excess of loss	719,433	1,061,870	-	1,781,303
	<u>88,169,611</u>	<u>(5,793,452)</u>	<u>-</u>	<u>82,376,159</u>
<b>Deferred tax liabilities</b>				
Gain on asset revaluation	(57,386,000)	-	-	(57,386,000)
Gain on remeasuring available-for-sale investment	(9,429,658)	-	5,391,349	(4,038,309)
	<u>(66,815,658)</u>	<u>-</u>	<u>5,391,349</u>	<u>(61,424,309)</u>
<b>Deferred tax assets</b>	<u>21,353,953</u>	<u>(5,793,452)</u>	<u>5,391,349</u>	<u>20,951,850</u>

<b>Financial statements in which the equity method is applied and separate financial statements</b>				
	<b>As at January 1, 2018</b>	<b>Transactions recognized in profit or loss</b>	<b>Transaction recognized in other comprehensive income or loss</b>	<b>As at December 31, 2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts - Premium receivable	16,905,281	(1,228,915)	-	15,676,366
Allowance for doubtful accounts - Amount due from reinsurers	950,745	49,717	-	1,000,462
Allowance for doubtful accounts - Other receivable	16,073,660	(152,465)	-	15,921,195
Unearned premium reserve	3,521,011	410,230	-	3,931,241
Claim reserve - net	27,763,632	8,764,783	-	36,528,415
Claim incurred but not reported	6,285,853	2,459,610	-	8,745,463
Building lease deposits	3,344,493	90,424	-	3,434,917
Employee benefits obligations	2,430,231	(130,298)	(89,613)	2,210,320
Allowance for impairment - available-for-sale securities	184,812	(184,812)	-	-
Allowance for impairment - general investments	1,650	149	-	1,799
Premium ceded payables - Excess of loss	221,356	498,077	-	719,433
	<u>77,682,724</u>	<u>10,576,500</u>	<u>(89,613)</u>	<u>88,169,611</u>
<b>Deferred tax liabilities</b>				
Gain on asset revaluation	(50,794,000)	-	(6,592,000)	(57,386,000)
Gain on remeasuring available-for-sale investment	(13,161,239)	-	3,731,581	(9,429,658)
	<u>(63,955,239)</u>	<u>-</u>	<u>(2,860,419)</u>	<u>(66,815,658)</u>
<b>Deferred tax assets</b>	<u>13,727,485</u>	<u>10,576,500</u>	<u>(2,950,032)</u>	<u>21,353,953</u>

Income tax expense for the years ended December 31, 2019 and 2018, consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Income tax expense from taxable income per income tax return	1,152,133	10,160,353
Deferred tax expenses relating to the origination and reversal of temporary differences	5,793,452	(10,576,500)
Income tax expense (income) per the statements of profit or loss and other comprehensive income	<u>6,945,585</u>	<u>(416,147)</u>



Reconciliation of effective tax rate for the years ended December 31, 2019 and 2018 are as follows:

	<b>Financial statements in which the equity method is applied</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>
Profit before income tax expense		<u>15,511,188</u>		<u>3,268,560</u>
Income tax using the corporation tax rate	20.00	3,102,238	20.00	653,712
Reversal deferred tax assets unutilized	25.34	3,931,241	-	-
Tax effect of non-deductible income	<u>(0.56)</u>	<u>(87,894)</u>	<u>(32.73)</u>	<u>(1,069,859)</u>
Income tax expense (income) per the statements of profit or loss and other comprehensive income	<u>44.78</u>	<u>6,945,585</u>	<u>(12.73)</u>	<u>(416,147)</u>
	<b>Separate financial statements</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>
Profit before income tax		<u>19,272,590</u>		<u>3,349,392</u>
Income tax using the corporation tax rate	20.00	3,854,518	20.00	669,878
Reversal deferred tax assets unutilized	20.40	3,931,241	-	-
Tax effect of non-deductible income	<u>(4.36)</u>	<u>(840,174)</u>	<u>(32.42)</u>	<u>(1,086,025)</u>
Income tax expense (income) per the statements of profit or loss and other comprehensive income	<u>36.04</u>	<u>6,945,585</u>	<u>(12.42)</u>	<u>(416,147)</u>

#### 14. OTHER ASSETS

Other assets as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Agents receivables	77,624,173	77,624,173
Compensation receivables	2,850,476	3,129,230
<u>Less</u> Allowance for doubtful accounts	<u>(79,793,201)</u>	<u>(79,605,977)</u>
Total	681,448	1,147,426
Accrued service income	687,999	480,794
Accrued rental income	139,878	2,264,820
Guarantee deposits	2,601,189	4,100,713
Due from rice field insurance scheme	2,739,533	2,700,686
Prepaid corporate income tax	34,307,461	10,549,906
Revenue department receivable	3,692,040	4,938,294
Others	<u>5,561,670</u>	<u>7,093,905</u>
Other assets	<u>50,411,218</u>	<u>33,276,544</u>

## 15. INSURANCE LIABILITIES

Insurance liabilities as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2019</b>		
	<b>Insurance contract liabilities  Baht</b>	<b>Reinsurance liabilities (see Note 6)  Baht</b>	<b>Net  Baht</b>
Claim reserves			
Claim incurred and reported	608,251,022	(383,336,504)	224,914,518
Claim incurred but not reported	69,808,029	(18,236,188)	51,571,841
	<u>678,059,051</u>	<u>(401,572,692)</u>	<u>276,486,359</u>
Premium reserve			
Unearned Premium reserve	397,804,950	(139,523,739)	258,281,211
Total	<u>1,075,864,001</u>	<u>(541,096,431)</u>	<u>534,767,570</u>
	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2018</b>		
	<b>Insurance contract liabilities  Baht</b>	<b>Reinsurance liabilities (see Note 6)  Baht</b>	<b>Net  Baht</b>
Claim reserves			
Claim incurred and reported	660,130,704	(421,352,821)	238,777,883
Claim incurred but not reported	54,484,322	(10,757,005)	43,727,317
	<u>714,615,026</u>	<u>(432,109,826)</u>	<u>282,505,200</u>
Premium reserve			
Unearned Premium reserve	357,417,548	(140,652,262)	216,765,286
Total	<u>1,072,032,574</u>	<u>(572,762,088)</u>	<u>499,270,486</u>

15.1 Insurance reserve for short term insurance contract

15.1.1 Claim reserves

Claim reserves as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2019</b>		
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	714,615,026	(432,109,826)	282,505,200
Claim incurred during the year	633,053,391	(180,198,897)	452,854,494
Changing on estimated claim and assumptions used in calculating claim reserve	(89,097,200)	63,822,633	(25,274,567)
Claim paid during the year	(580,512,166)	146,913,398	(433,598,768)
Balance as at ending year	<u>678,059,051</u>	<u>(401,572,692)</u>	<u>276,486,359</u>

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2018</b>		
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	811,040,232	(572,183,552)	238,856,680
Claim incurred during the year	875,207,289	(450,018,901)	425,188,388
Changing on estimated claim and assumptions used in calculating claim reserve	(295,996,862)	275,437,915	(20,558,947)
Claim paid during the year	(675,635,633)	314,654,712	(360,980,921)
Balance as at ending year	<u>714,615,026</u>	<u>(432,109,826)</u>	<u>282,505,200</u>

## 15.1.2 Unearned premium reserve

<b>Financial statements in which the equity method is applied and separate financial statements</b>			
<b>As at December 31, 2019</b>			
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	357,417,548	(140,652,262)	216,765,286
Premium written for the year	1,312,902,993	(351,408,710)	961,494,283
Earned premium for the year	<u>(1,272,515,591)</u>	<u>352,537,233</u>	<u>(919,978,358)</u>
Balance as at ending year	<u>397,804,950</u>	<u>(139,523,739)</u>	<u>258,281,211</u>

<b>Financial statements in which the equity method is applied and separate financial statements</b>			
<b>As at December 31, 2018</b>			
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	329,517,090	(143,021,333)	186,495,757
Premium written for the year	1,182,372,762	(347,832,108)	834,540,654
Earned premium for the year	<u>(1,154,472,304)</u>	<u>350,201,179</u>	<u>(804,271,125)</u>
Balance as at ending year	<u>357,417,548</u>	<u>(140,652,262)</u>	<u>216,765,286</u>

## 15.1.3 Unexpired risk reserve

As at December 31, 2019 and 2018, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 249.29 million and Baht 172.19 million, respectively, are lower than unearned premium reserve.

## 15.2 Claims development tables

### 15.2.1 Analysis of claims development - gross

As at December 31, 2019

Accident year/ Reported year	2015	2016	2017	2018	2019	Unit : Baht Total
Estimate of ultimates :						
- End of accident year	340,852,970	444,860,918	1,060,739,426	860,317,244	619,743,397	
- One year later	351,788,787	422,589,148	775,946,077	833,938,441		
- Two year later	347,068,020	405,436,835	762,853,146			
- Three year later	345,216,106	405,245,461				
- Four year later	346,524,032					
Absolute estimated claim reserve and outstanding claim	346,524,032	405,245,461	762,853,146	833,938,441	619,743,397	2,968,304,477
Accumulative claim paid	<u>(345,811,005)</u>	<u>(403,993,756)</u>	<u>(659,917,835)</u>	<u>(575,640,334)</u>	<u>(305,277,714)</u>	<u>(2,290,640,644)</u>
Total claim reserves	<u>713,027</u>	<u>1,251,705</u>	<u>102,935,311</u>	<u>258,298,107</u>	<u>314,465,683</u>	<u>677,663,833</u>
Claim reserves before year 2014						395,218
Total claim reserves						<u>678,059,051</u>

**As at December 31, 2018**

Accident year/ Reported year						Unit : Baht
	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	268,045,338	340,852,970	444,860,918	1,060,739,426	860,317,244	
- One year later	277,813,852	351,788,787	422,589,148	775,946,077		
- Two year later	262,414,106	347,068,020	405,436,835			
- Three year later	250,047,689	345,216,106				
- Four year later	249,594,436					
Absolute estimated claim						
reserve and outstanding claim	249,594,436	345,216,106	405,436,835	775,946,077	860,317,244	2,636,510,698
Accumulative claim paid	(249,269,936)	(344,616,768)	(403,383,185)	(644,445,387)	(317,298,731)	(1,959,014,007)
Total claim reserves	324,500	599,338	2,053,650	131,500,690	543,018,513	677,496,691
Claim reserves before year 2014						37,118,335
Total claim reserves						714,615,026

**15.2.2 Analysis of claims development - net****As at December 31, 2019**

Accident year/ Reported year						Unit : Baht
	2015	2016	2017	2018	2019	Total
Estimate of ultimates :						
- End of accident year	236,165,780	332,980,624	345,428,860	425,008,295	477,585,034	
- One year later	232,790,772	307,906,757	346,597,356	398,559,020		
- Two year later	234,447,821	291,993,683	322,517,835			
- Three year later	234,388,691	291,762,923				
- Four year later	235,693,051					
Absolute estimated claim						
reserve and outstanding claim	235,693,051	291,762,923	322,517,835	398,559,020	477,585,034	1,726,117,863
Accumulative claim paid	(235,008,823)	(291,446,598)	(305,075,575)	(359,713,101)	(259,120,016)	(1,450,364,113)
Total claim reserves	684,228	316,325	17,442,260	38,845,919	218,465,018	275,753,750
Claim reserves before year 2014						732,609
Total claim reserves						276,486,359

**As at December 31, 2018**

Accident year/ Reported year						Unit : Baht
	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	169,917,196	236,165,780	332,980,624	345,428,860	425,008,295	
- One year later	173,690,193	232,790,772	307,906,757	346,597,356		
- Two year later	165,611,771	234,447,821	291,993,683			
- Three year later	161,369,094	234,388,691				
- Four year later	161,207,191					
Absolute estimated claim						
reserve and outstanding claim	161,207,191	234,388,691	291,993,683	346,597,356	425,008,295	1,459,195,216
Accumulative claim paid	(161,068,128)	(233,818,153)	(291,024,173)	(294,187,425)	(197,596,525)	(1,177,694,404)
Total claim reserves	139,063	570,538	969,510	52,409,931	227,411,770	281,500,812
Claim reserves before year 2014						1,004,388
Total claim reserves						282,505,200

## 16. AMOUNTS DUE TO REINSURERS

Amounts due to reinsurers as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Amount withheld on reinsurance	43,524,892	57,884,168
Other reinsurance payables	39,563,485	23,126,229
Total amounts due to reinsurers	<u>83,088,377</u>	<u>81,010,397</u>

## 17. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

Movements in the present value of employee benefit obligations as at December 31, 2019 and 2018 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Present value of obligation at the beginning of the years	11,051,601	12,151,156
Current service cost of the years	4,576,507	971,948
Interest cost	229,252	416,645
Actuarial (gain) loss in defined employee benefit plans	-	(448,067)
Benefit paid during the years	(1,207,800)	(2,040,081)
Present value of obligation at the end of the years	<u>14,649,560</u>	<u>11,051,601</u>

The expenses for employee benefit obligations that were recorded in the statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Current service cost	4,576,507	971,948
Interest cost	229,252	416,645
Actuarial (gain) loss in defined employee benefit plans		
- From financial assumptions changes	-	15,284
- From demographic assumptions changes	-	2,464,631
- From experience adjustments	-	(2,927,982)
Total employee benefit expenses	<u>4,805,759</u>	<u>940,526</u>

The Company calculated employee benefit obligations by an actuary using the Projected Unit Credit Method. The assumptions consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
Financial assumptions		
Discount rate (percent per year)	3.47	3.77
Expect rate of salary increase (percent per year)	4.00	4.00
Demographic assumptions		
Turnover rate (percent per year)	3.35 - 42.35	2.35 - 48.72
Retirement age (years)	60	60
Mortality rates	Thailand Mortality Ordinary table 2017	Thailand Mortality Ordinary table 2017

Analysis of significant actuarial assumptions which impact on increase (decrease) in defined benefit obligation

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Financial assumptions		
Discount rate		
1% increase	(941,640)	(759,021)
1% decrease	1,061,156	856,556
Expect rate of salary increase		
1% increase	948,559	691,186
1% decrease	(859,088)	(626,894)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2019 and 2018 was as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Within 1 year	4,046,698	3,483,675
Over 1 to 5 years	1,302,919	1,339,236
Over 5 years	9,299,943	6,228,690
Total	<u>14,649,560</u>	<u>11,051,601</u>



On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 had been announced in the Royal Gazette which will be effective after 30 days from the date announced in the Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Company reflected the effect of such change by recognizing past service cost as an expense for the year ended December 31, 2019 in the statements of profit or loss and other comprehensive income in which the equity method is applied and the separate statement of profit or loss and other comprehensive income in amount of Baht 2.17 million.

## 18. OTHER LIABILITIES

Other liabilities as at December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Deposits	16,910,899	17,174,585
Amount received in advance - premium	2,377,945	1,966,486
Deposits from agents	654,605	693,505
Others	8,393,233	7,356,842
Total other liabilities	<u>28,336,682</u>	<u>27,191,418</u>

## 19. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must allocate to a reserve fund from the annual net profit of the year, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the authorized capital. Such reserve fund is not available for distribution as dividend.

For the years ended December 31, 2019 and 2018, the Company has additionally legal reserve of Baht 0.62 million and Baht 0.19 million, respectively.

## **20. FINANCIAL INFORMATION BY SEGMENT**

The business segment results are prepared based on the Management of the Company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The Company have been operating in two principal business segments: (1) Non-life insurance business and (2) Rental of office space business, which are only organized and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2019 and 2018, the Company has no gross written premium from a single external customer in the amount over 10% of total gross written premium.

For the years ended December 31, 2019 and 2018, the Company has income from rental with a single external customer in the amount over 10% of total income from rental amounting to Baht 8.62 million and Baht 8.43 million, respectively.

The financial information of the Company for the years ended December 31, 2019 and 2018 were presented by business segment as follows:

**Financial statements in which the equity method is applied**

**For the years ended December 31,**

	Non-life insurance business										Rental of office space business		Non-allocable		Total	
	Fire		Marine		Motor		Miscellaneous		Total		2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht
	2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht						
<b>Underwriting income</b>																
Gross written premiums	95,194,212	97,736,564	21,730,287	22,429,620	307,730,471	265,357,863	888,248,023	796,848,715	1,312,902,993	1,182,372,762	-	-	-	-	1,312,902,993	1,182,372,762
<u>Less</u> Premiums ceded to reinsurers	(44,790,281)	(53,692,769)	(3,807,602)	(5,153,627)	(20,327,413)	(8,924,202)	(282,483,414)	(280,061,510)	(351,408,710)	(347,832,108)	-	-	-	-	(351,408,710)	(347,832,108)
Net premiums written	50,403,931	44,043,795	17,922,685	17,275,993	287,403,058	256,433,661	605,764,609	516,787,205	961,494,283	834,540,654	-	-	-	-	961,494,283	834,540,654
<u>Add (Less)</u> Unearned premium reserve (increased) decreased from the previous years	(4,403,148)	373,968	(3,958,711)	(187,420)	(34,572,459)	(5,296,379)	1,418,394	(25,159,699)	(41,515,924)	(30,269,530)	-	-	-	-	(41,515,924)	(30,269,530)
Net premium earned	46,000,783	44,417,763	13,963,974	17,088,573	252,830,599	251,137,282	607,183,003	491,627,506	919,978,359	804,271,124	-	-	-	-	919,978,359	804,271,124
Fee and commission income	14,087,447	23,752,443	143,865	199,764	640,960	592,980	22,716,619	32,359,401	37,588,891	56,904,588	-	-	-	-	37,588,891	56,904,588
Total underwriting income	60,088,230	68,170,206	14,107,839	17,288,337	253,471,559	251,730,262	629,899,622	523,986,907	957,567,250	861,175,712	-	-	-	-	957,567,250	861,175,712
<b>Net investment income</b>									10,000,168	13,864,073	-	-	-	-	10,000,168	13,864,073
<b>Other income</b>											-	-	581,364	349,070	581,364	349,070
<b>Rental and service income</b>																
Rental income									-	-	37,834,637	35,301,627	-	-	37,834,637	35,301,627
Service income - revenue recognition overtime									-	-	36,914,463	35,459,350	-	-	36,914,463	35,459,350
<b>Total rental and service income</b>									-	-	74,749,100	70,760,977	-	-	74,749,100	70,760,977
<b>Total revenues</b>									967,567,418	875,039,785	74,749,100	70,760,977	581,364	349,070	1,042,897,882	946,149,832
<b>Underwriting expenses</b>																
Gross claim	29,592,507	45,874,526	604,954	5,732,098	222,807,076	227,126,855	316,816,314	323,199,559	569,820,851	601,933,038	-	-	-	-	569,820,851	601,933,038
<u>Less</u> Claim recovered from reinsurers	(15,314,422)	(34,218,176)	147,376	-	(23,393,670)	(32,943,138)	(77,815,546)	(107,419,672)	(116,376,262)	(174,580,986)	-	-	-	-	(116,376,262)	(174,580,986)
Commissions and brokerages	20,858,850	21,426,186	2,267,158	2,361,318	37,692,005	32,351,809	113,101,966	108,320,429	173,919,979	164,459,742	-	-	-	-	173,919,979	164,459,742
Other underwriting expenses	14,842,868	14,525,687	4,574,903	3,591,120	22,599,976	22,531,737	229,745,616	191,892,637	271,763,363	232,541,181	-	-	-	-	271,763,363	232,541,181
Total underwriting expenses	49,979,803	47,608,223	7,594,391	11,684,536	259,705,387	249,067,263	581,848,350	515,992,953	899,127,931	824,352,975	-	-	-	-	899,127,931	824,352,975
<b>Operating expenses</b>									-	-	-	-	76,330,764	66,218,260	76,330,764	66,218,260
<b>Other expenses - expenses for rental</b>									-	-	51,927,999	52,310,037	-	-	51,927,999	52,310,037
<b>Total expenses</b>									899,127,931	824,352,975	51,927,999	52,310,037	76,330,764	66,218,260	1,027,386,694	942,881,272
<b>Profit before income tax expense</b>															15,511,188	3,268,560
<b>Income tax expense (income)</b>															6,945,585	(416,147)
<b>Net profit for the years</b>															<b>8,565,603</b>	<b>3,684,707</b>

**Separate financial statements**  
**For the years ended December 31,**

	Non-life insurance business										Rental of office space business		Non-allocable		Total	
	Fire		Marine		Motor		Miscellaneous		Total		2019	2018	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	Baht	Baht	Baht	Baht	Baht	Baht
<b>Underwriting income</b>																
Gross written premiums	95,194,212	97,736,564	21,730,287	22,429,620	307,730,471	265,357,863	888,248,023	796,848,715	1,312,902,993	1,182,372,762	-	-	-	-	1,312,902,993	1,182,372,762
<u>Less</u> Premiums ceded to reinsurers	(44,790,281)	(53,692,769)	(3,807,602)	(5,153,627)	(20,327,413)	(8,924,202)	(282,483,414)	(280,061,510)	(351,408,710)	(347,832,108)	-	-	-	-	(351,408,710)	(347,832,108)
Net premiums written	50,403,931	44,043,795	17,922,685	17,275,993	287,403,058	256,433,661	605,764,609	516,787,205	961,494,283	834,540,654	-	-	-	-	961,494,283	834,540,654
<u>Add (Less)</u> Unearned premium reserve (increased) decreased from the previous years	(4,403,148)	373,968	(3,958,711)	(187,420)	(34,572,459)	(5,296,379)	1,418,394	(25,159,699)	(41,515,924)	(30,269,530)	-	-	-	-	(41,515,924)	(30,269,530)
Net premium earned	46,000,783	44,417,763	13,963,974	17,088,573	252,830,599	251,137,282	607,183,003	491,627,506	919,978,359	804,271,124	-	-	-	-	919,978,359	804,271,124
Fee and commission income	14,087,447	23,752,443	143,865	199,764	640,960	592,980	22,716,619	32,359,401	37,588,891	56,904,588	-	-	-	-	37,588,891	56,904,588
Total underwriting income	60,088,230	68,170,206	14,107,839	17,288,337	253,471,559	251,730,262	629,899,622	523,986,907	957,567,250	861,175,712	-	-	-	-	957,567,250	861,175,712
<b>Net investment income</b>									13,761,570	13,944,905					13,761,570	13,944,905
<b>Other income</b>									-	-			581,364	349,070	581,364	349,070
<b>Rental and service income</b>																
Rental income									-	-	37,834,637	35,301,627	-	-	37,834,637	35,301,627
Service income - revenue recognition overtime									-	-	36,914,463	35,459,350	-	-	36,914,463	35,459,350
<b>Total rental and service income</b>									-	-	74,749,100	70,760,977	-	-	74,749,100	70,760,977
<b>Total revenues</b>									971,328,820	875,120,617	74,749,100	70,760,977	581,364	349,070	1,046,659,284	946,230,664
<b>Underwriting expenses</b>																
Gross claim	29,592,507	45,874,526	604,954	5,732,098	222,807,076	227,126,855	316,816,314	323,199,559	569,820,851	601,933,038	-	-	-	-	569,820,851	601,933,038
<u>Less</u> Claim recovered from reinsurers	(15,314,422)	(34,218,176)	147,376	-	(23,393,670)	(32,943,138)	(77,815,546)	(107,419,672)	(116,376,262)	(174,580,986)	-	-	-	-	(116,376,262)	(174,580,986)
Commissions and brokerages	20,858,850	21,426,186	2,267,158	2,361,318	37,692,005	32,351,809	113,101,966	108,320,429	173,919,979	164,459,742	-	-	-	-	173,919,979	164,459,742
Other underwriting expenses	14,842,868	14,525,687	4,574,903	3,591,120	22,599,976	22,531,737	229,745,616	191,892,637	271,763,363	232,541,181	-	-	-	-	271,763,363	232,541,181
Total underwriting expenses	49,979,803	47,608,223	7,594,391	11,684,536	259,705,387	249,067,263	581,848,350	515,992,953	899,127,931	824,352,975	-	-	-	-	899,127,931	824,352,975
<b>Operating expenses</b>									-	-	-	-	76,330,764	66,218,260	76,330,764	66,218,260
<b>Other expenses - expenses for rental</b>									-	-	51,927,999	52,310,037	-	-	51,927,999	52,310,037
<b>Total expenses</b>									899,127,931	824,352,975	51,927,999	52,310,037	76,330,764	66,218,260	1,027,386,694	942,881,272
<b>Profit before income tax expense</b>															19,272,590	3,349,392
<b>Income tax expense (income)</b>															6,945,585	(416,147)
<b>Net profit for the years</b>															<b>12,327,005</b>	<b>3,765,539</b>

The assets and liabilities of the Company's operating segments as at December 31, 2019 and 2018 were presented as follows:

<b>Financial statements in which the equity method is applied</b>								
<b>As at December 31,</b>								
	<b>Non-life insurance business</b>		<b>Rental of office space business</b>		<b>Non-allocable</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
Total assets	<u>1,400,809,152</u>	<u>1,487,039,509</u>	<u>56,091,634</u>	<u>69,171,211</u>	<u>512,593,008</u>	<u>400,070,354</u>	<u>1,969,493,794</u>	<u>1,956,281,074</u>
Total liabilities	<u>1,200,003,627</u>	<u>1,189,822,059</u>	<u>16,910,899</u>	<u>17,174,585</u>	<u>64,053,580</u>	<u>47,403,309</u>	<u>1,280,968,106</u>	<u>1,254,399,953</u>
<b>Separate financial statements</b>								
<b>As at December 31,</b>								
	<b>Non-life insurance business</b>		<b>Rental of office space business</b>		<b>Non-allocable</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
Total assets	<u>1,405,021,027</u>	<u>1,487,134,344</u>	<u>56,091,634</u>	<u>69,171,211</u>	<u>512,593,008</u>	<u>400,070,354</u>	<u>1,973,705,669</u>	<u>1,956,375,909</u>
Total liabilities	<u>1,200,003,627</u>	<u>1,189,822,059</u>	<u>16,910,899</u>	<u>17,174,585</u>	<u>64,053,580</u>	<u>47,403,309</u>	<u>1,280,968,106</u>	<u>1,254,399,953</u>

## 21. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Employee benefit expense, excluded underwriting and claim adjustment expenses	59,680,727	44,417,244
Premises and equipment expense, excluded underwriting expenses	11,673,859	10,651,318
Tax and duties	141,940	76,280
Reversal of bad debts and doubtful accounts	(9,667,729)	(6,658,319)
Directors' remuneration (see Note 27)	1,596,000	1,790,000
Marketing expenses	1,888,434	1,096,687
Other operating expenses	11,017,533	14,845,050
Total operating expenses	<u>76,330,764</u>	<u>66,218,260</u>

## 22. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2019 and 2018 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Salary and wages	89,524,545	77,713,164
Social fund expenses	1,682,743	1,566,616
Employee benefit expenses	4,805,759	1,388,593
Provident fund (see Note 29)	1,706,983	1,361,458
Other benefits	7,366,544	2,096,110
Total employee expenses	<u>105,086,574</u>	<u>84,125,941</u>

## 23. EFFECT FROM INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

	<b>Financial statements in which the equity method is applied</b>					
	<b>2019</b>			<b>2018</b>		
	<b>Before tax</b>	<b>Income tax (expense) income</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Income tax (expense) income</b>	<b>Net of tax</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Gain on asset revaluation	-	-	-	32,960,000	(6,592,000)	26,368,000
Actuarial gain on defined employee benefit plans	-	-	-	448,067	(89,613)	358,454
<b>Item that will be reclassified subsequently to profit or loss</b>						
Loss on remeasuring available-for-sale investment	(26,956,747)	5,391,349	(21,565,398)	(18,657,905)	3,731,581	(14,926,324)
Share of other comprehensive loss of an associate	(444,548)	88,910	(355,638)	(1,456,531)	291,306	(1,165,225)
Total	<u>(27,401,295)</u>	<u>5,480,259</u>	<u>(21,921,036)</u>	<u>13,293,631</u>	<u>(2,658,726)</u>	<u>10,634,905</u>
	<b>Separate financial statements</b>					
	<b>2019</b>			<b>2018</b>		
	<b>Before tax</b>	<b>Income tax (expense) income</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Income tax (expense) income</b>	<b>Net of tax</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Gain on asset revaluation	-	-	-	32,960,000	(6,592,000)	26,368,000
Actuarial gain on defined employee benefit plans	-	-	-	448,067	(89,613)	358,454
<b>Item that will be reclassified subsequently to profit or loss</b>						
Loss on remeasuring available-for-sale investment	(26,956,747)	5,391,349	(21,565,398)	(18,657,905)	3,731,581	(14,926,324)
Total	<u>(26,956,747)</u>	<u>5,391,349</u>	<u>(21,565,398)</u>	<u>14,750,162</u>	<u>(2,950,032)</u>	<u>11,800,130</u>

## 24. GAIN (LOSS) ON INVESTMENT

Gain (loss) on investment for the years ended December 31, 2019 and 2018 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2019 Baht	2018 Baht
Loss on sale of held-for-trading securities	-	-
Loss on sale of investment in available-for-sale securities	-	(827,392)
Reversal of loss on of impairment of investment in available-for-sale securities		924,062
Loss on impairment of general investment - Equity stock	(714)	(746)
Total gain (loss) on investment in securities	<u>(714)</u>	<u>95,924</u>

## 25. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2019 and 2018 were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Net profit (Baht)	8,565,603	3,684,707	12,327,005	3,765,539
Issued and paid-up share capital (shares)	<u>29,999,790</u>	<u>29,999,790</u>	<u>29,999,790</u>	<u>29,999,790</u>
Basic earnings per share (Baht)	<u>0.29</u>	<u>0.12</u>	<u>0.41</u>	<u>0.13</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of Business
BUI Life Insurance Public Company Limited	An associate	Life insurance
TPI Polene Pcl.	Some common shareholders and directors	Concrete products
Bangkok Union Broker Co., Ltd.	Some common shareholders	Life and non-life insurance broker
Hong Yiah Seng Realestates and Investment Company Limited	Some common shareholders and directors	Investment in stock and lands
Leophairatana Enterprises Company Limited	Major shareholders and some common directors	Investment in stock
TPI Concrete Co., Ltd.	Some common directors	Concrete products
TPI Polene Bio Organics Co., Ltd.	Some common directors	Chemical fertilizer products

Companies	Relationship	Type of Business
TPI Polene Power Public Co., Ltd.	Some common directors	Production and transmission of electricity
TPI All Seasons Co., Ltd.	Some common directors	Plastic products production
Thai Plastic Products Co., Ltd.	Some common directors	Plastic package products
Thai Plastic Film Co., Ltd.	Some common directors	Plastic products
International Trading Development Corporation Limited	Some common directors	Rice retail and wholesale
Hong Yiah Seng Company Limited	Some common directors	Rice retail and wholesale
Pornchai Enterprises Co., Ltd.	Some common directors	Property rental
Polene Plastic Company Limited	Some common directors	Cement and plastic products
United Grain Industry Co., Ltd.	Some common directors	Plastic package products
Thai Nitrate Co., Ltd.	Some common directors	Nitric acid and Ammonium nitrate products
D.R.Development Co., Ltd.	Some common directors	Property rental
Patjakij Paisan Underwriting Company Limited	Some common shareholders	Non-life Insurance agent and brokers

Significant balances and transactions were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Premium receivable		
Associate	9,098	9,098
Other related parties	34,888,093	42,545,002
Available-for-sale securities - Equity securities		
Associate	46,815,756	46,815,756
Other related parties	48,449,982	62,164,023
Held-to-maturity securities - Debentures		
Other related parties	50,000,000	70,000,000
Accrued interest income - Debentures		
Other related parties	271,849	346,589
Amount due from reinsurers		
Associate	-	207,783
Other related parties	-	1,178
Claim reserves		
Associate	10,600	100,000
Other related parties	230,811,760	267,756,452
Amount due to reinsurer		
Associate	3,051,078	4,999,932
Accrued rental and service income		
Associate	-	429,090
Other related parties	12,118	-



**Financial statements in which  
the equity method is applied and  
separate financial statements**

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Other liabilities - Rental deposit		
Associate	1,503,894	1,503,894
Other related parties	36,000	36,000
Commissions and brokerages payable		
Other related parties	14,450,853	13,584,090

**Financial statements in which  
the equity method is applied and  
separate financial statements**

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Gross written premium		
Associate	27,873,686	24,762,079
Other related parties	251,236,040	206,334,942
Premium ceded to reinsurers		
Associate	-	1,268,054

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

Rental and service income		
Associate	5,198,645	5,168,830
Other related parties	147,624	146,527

The Company entered into office rental and service agreement with related companies. Rental and service rates are agreed by both parties and are the same as the Company offers to other companies.

Rental expense - Land		
Other related parties	3,000,000	3,000,000
Rental expense - Building		
Other related parties	36,000	36,000

The Company has land and building rental agreement with a related company for a term of 30 years and 3 years respectively. Rental rates and conditions are the same as the related party offers to other companies (see Note 9)

Claims		
Associate	27,709,119	24,524,589
Other related parties	40,408,341	1,761,268
Claim recovery from reinsurers		
Associate	-	207,783

The Company paid insurance claims in compliance with insurance policy criteria and it is normal commercial transaction for insurance.

Commissions and brokerages		
Other related parties	41,626,057	53,692,435
Commissions and brokerages income		
Other related parties	-	285,310

The Company paid commissions and brokerages expenses in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other companies.

**Financial statements in which  
the equity method is applied and  
separate financial statements**

	<b>For the years ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Interest income		
Other related parties	2,848,178	3,128,137

Interest was charged at the same interest rates at a related company has offered to other companies.

Dividend income		
Other related parties	1,706,939	694,712

The Company received dividend income as approval from the Shareholder's related parties.

## 27. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

Executive compensation is a benefit paid to executives and directors of the Company consists of monetary compensation, including salaries, related benefits, director's remuneration and post-employment benefits. The management of the Company stands for individuals who are defined according to regulation of Securities and Exchange.

The Company directors and management personnel's remuneration recognized as expenses are as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>For the years ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Directors and key management personnel's remuneration		
Short-term benefits	21,051,173	17,844,522
Post-employment benefits	378,132	347,887
Directors' remuneration (see Note 21)	1,596,000	1,790,000
Total	23,025,305	19,982,409

Directors' remuneration for the years 2019 and 2018 were approved by the ordinary shareholder's meeting of the Company held on April 25, 2019 and April 19, 2018, respectively

## **28. DIVIDENDS PAID**

On April 19, 2018, the annual general meeting of shareholders of the Company passed a resolution to distribute the dividend for the year 2017 of Baht 0.50 per share for 29,999,790 shares, totaling Baht 15 million which were paid to shareholders on May 18, 2018.

## **29. Provident fund**

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Company matching the individuals' contributions as follow:

<b>Years of service</b>	<b>Percent (%)</b>
Less than 3 years	3
3 years but less than 5 years	4
5 years and above	5

A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2019 and 2018, the Company's contributions recorded as expenses in the statements of profit or loss and other comprehensive income were Baht 1.71 million and Baht 1.36 million, respectively (see Note 22).

## **30. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR**

As at December 31, 2019 and 2018, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 8) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively, as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Government and state enterprise securities	15,056,090	15,034,905
Assets reserved with the registrar		
Government and state enterprise securities	<u>67,601,195</u>	<u>58,137,263</u>
Total investment in securities of pledged	<u>82,657,285</u>	<u>73,172,168</u>

### 31. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2019 and 2018, the Company has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 22.36 million and Baht 19.19 million, respectively.

### 32. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2019 and 2018 consisted of the following:

Type	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>Remaining periods</b>		<b>Total rental payments for the remaining periods</b>
	<b>Within 1 year</b>	<b>1 - 5 years</b>	
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>As at December 31, 2019</b>			
Land - related party	3,000,000	4,500,000	7,500,000
Building - related party	34,500	-	34,500
Building, equipment and service - Other	1,909,350	1,505,500	3,414,850
	<u>4,943,850</u>	<u>6,005,500</u>	<u>10,949,350</u>
<b>As at December 31, 2018</b>			
Land - related party	3,000,000	7,500,000	10,500,000
Building - related party	36,000	34,500	70,500
Building, equipment and service - Other	2,149,080	2,192,450	4,341,530
	<u>5,185,080</u>	<u>9,726,950</u>	<u>14,912,030</u>

For the years ended December 31, 2019 and 2018, the Company recorded the rental and service fees under operating lease agreements as expense in the statements of profit or loss and other comprehensive income amounting to Baht 5.29 million and Baht 5.28 million, respectively.

### 33. CONTINGENT LIABILITIES AND COMMITMENTS

33.1 As at December 31, 2019 and 2018, lawsuits have been brought against the Company, as insurer, from which the Company estimates and records losses totaling Baht 28.62 million and Baht 21.49 million, respectively. The Company's management believes that such estimation is adequate to losses and do not believe the outcome of the litigation to result in losses that significantly differ from the recorded liability.

33.2 As at December 31, 2019 and 2018, the Company have outstanding commitments in respect of building improvement and software development of Baht 0.36 million and Baht 3.97 million, respectively.

### 34. OFFICE SPACE RENTAL AGREEMENTS

The Company entered into office rental and service agreements to rent out office spaces with many customers. Under these agreements, the Company shall receive rental and service payments which were classified by period as follows:

Type	Financial statements in which the equity method is applied and separate financial statements			
	Remaining periods			Total rental payments for the remaining periods Baht
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	
<b>As at December 31, 2019</b>				
An associate	4,973,976	5,802,972	-	10,776,948
A related company	144,000	60,000	-	204,000
Others	47,820,768	33,405,535	-	81,226,303
	<u>52,938,744</u>	<u>39,268,507</u>	<u>-</u>	<u>92,207,251</u>
<b>As at December 31, 2018</b>				
An associate	828,996	-	-	828,996
A related company	144,000	204,000	-	348,000
Others	48,351,418	46,969,121	1,116,000	96,436,539
	<u>49,324,414</u>	<u>47,173,121</u>	<u>1,116,000</u>	<u>97,613,535</u>

For the years ended December 31, 2019 and 2018, the Company recorded the rental and service income under operating agreements as income in the statements of profit or loss and other comprehensive income amounting to Baht 62.97 million and Baht 58.89 million, respectively.

### 35. INSURANCE AND FINANCIAL RISK MANAGEMENT

#### 35.1 Insurance risk

##### 35.1.1 Insurance risk management policy

The Company has emphasized the importance of development and improvement of risk management by the establishment of the risk management committee to govern and manage risk management system in the Company overview in order to comply with the risk management policy of which the policy frame and guidelines has been

appropriately and continuously established by the Board of Directors to control the risk to the acceptable level.

Insurance risk is a risk arising directly from inappropriate insurance policies and pricing causing obligation in ineffective and inefficient payment of claims which will finally result in financial loss. The following actions are undertaken by the company to manage this risk:

- The committee on underwriting is established for development of products and pricing to match the needs of customers as well as maintain competitiveness of the Company.
- The policy and underwriting standard practice are introduced along with the instruction of underwriting and authority of underwriters which is used as a guideline to consider and control the risk to the acceptable level.
- Strategy management of reinsurance is established for both Proportional Reinsurance and Non-proportional Reinsurance and policy and risk management has been established consistent towards the Company's policy regarding underwriting each year.

### 35.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2019 and 2018 is as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2019</b>	
	<b>Increase (decrease) in insurance contract liabilities Baht</b>	<b>Increase (decrease) in profit and equity Baht</b>
Claim reserves		
Gross		
10 % increase	55,370,288	(55,370,288)
10 % decrease	(29,283,002)	29,283,002
Net of reinsurance		
10 % increase	44,982,607	(44,982,607)
10 % decrease	(27,062,975)	27,062,975
Unallocated claim adjustment expenses		
Gross and net of reinsurance		
10 % increase	1,285,761	(1,285,761)
10 % decrease	(1,285,761)	1,285,761

**Financial statements  
in which the equity method  
is applied and  
separate financial statements**

	<b>2018</b>	
	<b>Increase (decrease) in insurance contract liabilities Baht</b>	<b>Increase (decrease) in profit and equity Baht</b>
Claim reserves		
Gross		
10 % increase	51,702,181	(51,702,181)
10 % decrease	(26,623,941)	26,623,941
Net of reinsurance		
10 % increase	41,289,291	(41,289,291)
10 % decrease	(21,881,347)	21,881,347
Unallocated claim adjustment expenses		
Gross and net of reinsurance		
10 % increase	1,092,863	(1,092,863)
10 % decrease	(1,092,863)	1,092,863

### 35.1.3 Concentration of insurance risks

Concentration risk is a risk arising from the concentration of reinsuring to one company or concentrating on only one type of insurance in the large and inappropriate amount. The Company has considered to the risk management for this kind of risk as follows:

- Limitation of risk taking and diversification of each type of risks are introduced with control and monitoring through the system called Block Management.
- For management of reinsurance to reduce the concentration risks, the process of selection of the reinsurance company is prioritized where the credit rating will be considered in order to get only quality reinsurance companies. Moreover, the importance of monitoring and assessing the financial stability and diversification of reinsurers are also taken into account.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	<b>Financial statements in which the equity method is applied and separate financial statements</b>				
	<b>Fire Baht</b>	<b>Marine Baht</b>	<b>Motor Baht</b>	<b>Miscellaneous Baht</b>	<b>Total Baht</b>
<b>As at December 31, 2019</b>					
Claim reserve					
Gross	84,867,409	1,619,093	200,470,269	391,102,280	678,059,051
Net of reinsurance	10,442,961	1,619,093	163,099,455	101,324,850	276,486,359
Unearned premium reserve					
Gross	45,078,000	5,018,214	172,426,313	175,282,423	397,804,950
Net of reinsurance	24,238,606	5,018,214	172,426,313	56,598,078	258,281,211
<b>As at December 31, 2018</b>					
Claim reserve					
Gross	101,156,386	5,508,868	148,936,148	459,013,624	714,615,026
Net of reinsurance	23,677,398	5,329,869	130,319,788	123,178,145	282,505,200
Unearned premium reserve					
Gross	46,221,323	5,330,300	141,514,262	164,351,663	357,417,548
Net of reinsurance	19,835,458	1,059,502	137,853,854	58,016,472	216,765,286

## 35.2 Financial instrument risk

### 35.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

### 35.2.2 Liquidity risk

Liquidity risk is a risk arising from lack of ability to pay debt or perform other obligations when such debts or obligations are due.

The Company manages, controls and monitors the liquidity ratio closely to provide sufficient supporting the debt arising from the insurance contract and demanding the money in each time interval. The Company's financial assets mainly comprise cash and deposit at financial institutions and investments in securities which are highly liquid and are able to be sold quickly at close to their fair value when the Company wishes to raise funds.

The analysis of the liquidity risk from claim reserves which estimate base on an analysis of payment histories.

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>Payment periods</b>			<b>Total Baht</b>
	<b>Less than 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>5 - 10 years Baht</b>	
<b>As at December 31, 2019</b>				
Claim reserves	438,794,504	216,916,437	22,348,110	678,059,051
<b>As at December 31, 2018</b>				
Claim reserves	469,272,344	210,534,834	34,807,848	714,615,026



### 35.2.3 Credit risk

Concentrations of the credit risk with respect to premium receivable are insignificant because the Company's customers diverse across different industries and geographic regions in Thailand. The maximum exposure to credit risk is limited to the carrying value of such premium receivable after deduction of allowance for doubtful debts as stated in the statements of financial position.

### 35.2.4 Interest rate risk

Interest rate risk arises from changes in interest rates which affect the interest income from investments. The Company's investments include both short-term and long-term investments with floating interest rate and fixed interest rates. The Company manages the risk by considering the risk of investments together with appropriateness of return on such investments.

As at December 31, 2019 and 2018, significant financial assets classified by type of interest rate were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>As at December 31, 2019</b>			
	<b>Floating interest rate Baht</b>	<b>Fixed interest rate Baht</b>	<b>No interest rate Baht</b>	<b>Total Baht</b>
Cash and cash equivalents				
Deposits at bank	33,675,990	80,594,000	9,238,607	123,508,597
Investment in securities				
Held-to-maturity securities				
Government and state enterprise securities	-	110,367,184	-	110,367,184
Private enterprises debt securities	-	90,000,000	-	90,000,000
Deposits at banks with maturity over 3 months	-	106,000,000	-	106,000,000
<b>Total</b>	<b>33,675,990</b>	<b>386,961,184</b>	<b>9,238,607</b>	<b>429,875,781</b>
	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>As at December 31, 2018</b>			
	<b>Floating interest rate Baht</b>	<b>Fixed interest rate Baht</b>	<b>No interest rate Baht</b>	<b>Total Baht</b>
Cash and cash equivalents				
Deposits at bank	33,859,673	-	2,618,928	36,478,601
Investment in securities				
Held-to-maturity securities				
Government and state enterprise securities	-	113,766,135	-	113,766,135
Private enterprises debt securities	-	70,000,000	-	70,000,000
Deposits at banks with maturity over 3 months	-	96,000,000	-	96,000,000
<b>Total</b>	<b>33,859,673</b>	<b>279,766,135</b>	<b>2,618,928</b>	<b>316,244,736</b>

The financial instruments carrying interest at fixed rates were classified based on the length of time from the statement of financial position date to the date specified for the fixing of a new rate or to the maturity date (whichever is sooner) as follows:

<b>Financial statements in which the equity method is applied and separate financial statements</b>					
<b>As at December 31, 2019</b>					
	<b>Period specified for fixing new interest rate</b>				<b>Average interest rate %</b>
	<b>Within 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>Over 5 years Baht</b>	<b>Total Baht</b>	
Investment in securities					
Held-to-maturity securities					
Government and state enterprise securities	-	7,210,494	103,156,690	110,367,184	2.75
Private enterprises debt securities	20,000,000	70,000,000	-	90,000,000	3.59
Deposits at banks with maturity over 3 months	<u>106,000,000</u>	<u>-</u>	<u>-</u>	<u>106,000,000</u>	1.41
<b>Total</b>	<u><u>126,000,000</u></u>	<u><u>77,210,494</u></u>	<u><u>103,156,690</u></u>	<u><u>306,367,184</u></u>	

<b>Financial statements in which the equity method is applied and separate financial statements</b>					
<b>As at December 31, 2018</b>					
	<b>Period specified for fixing new interest rate</b>				<b>Average interest rate %</b>
	<b>Within 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>Over 5 years Baht</b>	<b>Total Baht</b>	
Investment in securities					
Held-to-maturity securities					
Government and state enterprise securities	2,782,397	7,314,394	103,669,344	113,766,135	2.83
Private enterprises debt securities	20,000,000	50,000,000	-	70,000,000	4.58
Deposits at banks with maturity over 3 months	<u>96,000,000</u>	<u>-</u>	<u>-</u>	<u>96,000,000</u>	1.49
<b>Total</b>	<u><u>118,782,397</u></u>	<u><u>57,314,394</u></u>	<u><u>103,669,344</u></u>	<u><u>279,766,135</u></u>	

### 35.2.5 Equity securities risk

Equity securities risk is a risk arising from the fluctuation of equity security value which derives from interest rate, stock prices, and exchange rates resulting in decrease of the Company's assets value. The Company considers the risk and risk management guidance as follows:

- Investment policy and investment plan that focuses on investments with caution is established. Selection of the appropriate investment, giving priority to the safety of principal and return on investment under the acceptable risk is made.
- Management of investment which the Company has hired the expert financial institute to manage the Company's portfolio in order to gain an appropriate return from the investment and reduce the risks from market fluctuation. The operation performance report is regularly sent to the Company.
- Monitoring and updating the changes in interest rate and the key currency exchange rate which affect to the Company is established, so that the Company can alter its financial policy to be suitable for the economic trends.

### 35.2.6 Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the

amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

#### 35.2.6.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	Financial statements in which the equity method is applied and separate financial statements			Valuation techniques and key inputs
	Fair value		Fair value hierarchy	
	As at December 31, 2019	2018		
	Baht	Baht		
<u>Financial assets</u>				
Available-for-sales securities				
Equity stock	97,381,107	135,970,370	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	214,866,321	198,605,011	Level 2	Unit trusts' net asset value at the last working day of the reporting period

#### 35.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium receivable, Accrued investment income, Reinsurance assets, Amount due from reinsurers, Deposits at bank used as collateral, Insurance liabilities and Amount due to reinsurers; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the financial statements are different from their fair values as follows:

Financial assets	Fair value hierarchy	Financial statements in which the equity method is applied and separate financial statements			
		As at December 31, 2019		As at December 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2*	306,367,184	312,401,295	279,766,135	278,372,728

\* For debts securities, their fair values are determined based on the prices approached by the Thai Bond Market Association.

The fair value of general investment which are insignificant value are determined based on their carrying value.

35.2.6.3 Non-financial assets measured at fair value or measured at cost but their fair values are disclosed

Investment property has fair value as disclosed in Note 9 which fair value is determined based on the Replacement Cost Approach, fair value hierarchy level 3.

Land has fair value equal to its carrying amount which fair value is determined based on the Sale Price Approach, fair value hierarchy level 3.

35.3 Capital management

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Monitoring the capital level of the Company to be comply with the requirement under the Notifications of the Office of Insurance Commission is conducted.

As at December 31, 2019 and 2018, the Company maintains capital level in compliance with such requirement.

**36. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved for issuance by the Company's authorized executive director on February 21, 2020.



บางกอกสหประกันภัย  
Bangkok Union Insurance

175-177 อาคารบางกอกสหประกันภัย ถนนสุขุมวิท แขวงสุริยวงศ์  
เขตบางรัก กรุงเทพฯ 10500 โทรศัพท์ 02-233-6920, 02-238-4111  
โทรสาร 02-237-1856 E-mail: [bui@bui.co.th](mailto:bui@bui.co.th)

[www.bui.co.th](http://www.bui.co.th)