

# Bangkok Union ประกันภัย

Bangkok Union Insurance

รายงานประจำปี 2563  
Annual Report 2020



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# Report of the Board of Director

The situation of the Coronavirus Disease (COVID-19) since early 2020 has put the global economy in a severe crisis. In Thailand, although able to cope with the outbreak very well in first round, Thailand economy has been adversely affected by a new wave of outbreak at the end of the year. Those affects are because tourism sector, which use to be the main economic driver, was adversely affected by city shutdown measures and international travel restrictions to stem the spread of the disease. Thai exports contracted in almost all markets. In term of domestic spending, private consumption, especially in the service sector related to the tourism sector, has impacts on income, employment, and household debt servicing capacity. For private investment, the economy still fragile and highly uncertain, thus the investors lack confidence and postpone their investment. For government investment in 2020, there was more expansion to compensate for the contraction of other sectors, for example, the Borrowing Act for economic recovery and maintenance has been issued to mitigate and restore economies and societies that have been affected by the crisis. In addition, there is the negative factor of domestic political tensions in the last quarter of the year. As a result, Thailand economy in 2020 shrinks severely.

Overview of the Thai economy that contracted and very low interest rate keep the general economy in Thailand including the insurance industry form growing. Although the government sector has released the economic stimulus package to stimulate expenditure to allow money to flow into the economy, the consumers choose to spend on the necessary things in their dairy life rather than purchasing insurance. However, according to Business Analysis and Statistics Division of the Office of Insurance Commission, non-life insurance in 2020 can increases 3.9 percent, a low growth rate when compared to the past, which are premiums from property insurance 35,044 million baht, marine and transportation insurance 5,285 million baht, car insurance 146,932 million baht, and miscellaneous insurance 67,654 million baht totaling 254,376 million baht and 69,835,480 policies in this year. The average of capital adequacy ratio (CAR) of Non-life insurance in 2020 is 432.17 percent.

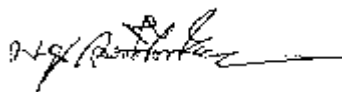
According to Thai General Insurance Association, premiums of non-life insurance will grow 0-5 percent in 2021; however, the growth is not from the economy, it is from that every non-life insurance company increases their motor insurance premiums after three consecutive losses along with the additional protection to third parties that results in increase of loss ratio. The challenge of the industry in 2021 will be a deceleration in economic growth, low interest rate, political instability, people's income, aging society, disease outbreak or emerging disease, more server disaster, change in consumer behavior and regulatory and rapid change in technology.

During 2020, the company recorded 116,023 policies with direct premiums written of 1,135 million baht decreasing of 11.2 percent. This is partly due to the impact of the Coronavirus Disease (COVID-19). Another causes are from selection of quality business for improve the profit to the company, adjustment of the strategies to be varies for support more challenge and factors that will be happen from the company growth and expansion,

development of the quality of employee life and performance to create customer confidence. The company adheres to the principles of social responsibility. The company pledges that the company will provide coverage to all policyholders in good faith. In addition, the company has a lower loss ratio than the previous year. Overall, the company has a better performance and a greater profit than the previous 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 Leoparote)  
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                 |

According to The Stock Exchange of Thailand (SET) announced that the company was subject to the possible delisting since May 18, 2015, The Audit Committee has continuously monitored and coordinated. The Stock Exchange of Thailand (SET) presently removes causes of possible delisting of the securities of the company and resumes BUI's trading on SET from March 5, 2020 onwards

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 2020, the Audit Committee held 6 meetings with management, external and internal auditors. The main issues are as following:

## **Review Financial Statements**

The Audit Committee reviewed company's 2020 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 2020 internal audit result to ensure appropriateness and efficiency of the audit plan. The Audit Committee's meetings were held six 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 2020. 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 2020 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. Ko Yo 618/2 Moo2 Tumbol pavong, Amphur Muang, Songkhla  
90100  
Tel 0-7433-4128-9

**Auditor 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 - 2020**

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 91 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, lightning 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 in-land 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 2020, according to Business Analysis and Statistics Division of the Office of Insurance Commission, direct premiums of non-life insurance in 2020 increases 3.9 percent compared to the same period of last year which are premiums from property insurance (Fire and IARs) 35,044 million baht, marine and transportation insurance 5,285 million baht, car insurance 146,932 million baht, and miscellaneous insurance 67,654 million baht totaling 254,376 million baht and 69,835,480 policies for the year. The average of capital adequacy ratio (CAR) of Non-life insurance in 2020 is 432.17 percent.

According to Thai General Insurance Association, premiums of non-life insurance will grow 0-5 percent in 2021; 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 2021 will be a deceleration in economic growth, low interest rate, political instability, people's income, aging society, disease outbreak or emerging disease, more server disaster, change in consumer behavior and regulatory and rapid change in technology.

During 2020, the company recorded 116,023 policies, an increase of 77.6% from the same period of 2019, with direct premiums written of 1,135 million baht, an ancrease of 11.2% over the same period last year with the market share of 0.45%.

Lines of Business	2020**		2019*	
	Market share	Ranked	Market share	Ranked
Property - Fire	0.88 %	16 / 48	0.84 %	18 / 46
- IARs	1.09 %	16 / 47	1.04 %	19 / 45
Marine & Transportation	0.40 %	25 / 47	0.39 %	26 / 45
Automobile - Compulsory	0.35 %	30 / 45	0.13 %	36 / 44
- Voluntary	0.18 %	32 / 45	0.19 %	33 / 43
Miscellaneous - Public Liability	0.26 %	30 / 41	0.24 %	28 / 40
- Engineering	1.30 %	13 / 42	-	-
- Personal Accident	0.30 %	25 / 52	0.29 %	28 / 50
- Travel	0.00 %	39 / 43	0.00 %	36 / 40
- Health Insurance	2.46 %	13 / 42	3.47 %	9 / 38
- etc.	0.19 %	54 / 55	0.37 %	29 / 45
Total	0.45 %	16 / 48	0.48 %	34 / 54

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 September 2019

\*\* Statistics from January to December 2020

## Distribution Channel

Over 91 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 December 31, 2020, 2019, and 2018 is as following;

Unit: Baht

Source of Income	2020			2019			2018		
	Amount	Propor-tion	%Inc. (Dec.)	Amount	Propor-tion	%Inc. (Dec.)	Amount	Propor-tion	%Inc. (Dec.)
<b>Premium Written</b>									
Fire Insurance	89,363,285	7.31	(6.13)	95,194,212	6.79	(2.60)	97,736,564	7.71	(0.50)
Marine and Cargo Insurance	19,146,494	1.57	(11.89)	21,730,287	1.55	(3.12)	22,429,620	1.77	(8.85)
Motor Insurance	288,981,584	23.64	(6.09)	307,730,471	21.96	15.97	265,357,863	20.94	5.79
Miscellaneous Insurance	741,533,867	60.67	(16.52)	888,248,023	63.38	11.47	796,848,715	62.87	16.26
<b>Total Premium Written</b>	<b>1,139,025,230</b>	<b>93.18</b>	<b>(13.24)</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>
Other Income*	83,314,546	6.82	(5.87)	88,510,670	6.32	4.06	85,054,952	6.71	1.17
<b>Total Income</b>	<b>1,222,339,776</b>	<b>100.00</b>	<b>(12.78)</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>

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

The company underwriting performance in 2020 decrease 13.24% from 2019 due to the widespread impact of the coronavirus (COVID-19) in 2020. The deceleration in economic growth, slump in car sales, and low interest rate keep the general economy in Thailand including the insurance industry from growing. Although the government sector has released the economic stimulus package to stimulate expenditure to allow money to flow into the economy, the consumers choose to spend on the necessary things in their dairy life rather than purchasing insurance. In addition, the company does not issue products related to COVID-19 insurance.

# 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 23 April 2020, are as following :- (Report from Securities Depository (Thailand) Co., Ltd.)

No.	Name of Shareholders	Amount	Percentage
1	Liewpairat Enterprises Co., Ltd.	4,620,105	15.40
2	Liewpairat Enterprises Co., Ltd.	4,151,250	13.84
3	BUI Life Insurance Co., Ltd.	2,756,250	9.19
4	Ms. Maneeratt Iamsopana	1,640,352	5.47
5	Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,598,220	5.33
6	Mr. Sukit Kamolsiriwat	1,383,100	4.61
7	Mr. Prachai Leophairatana	1,215,000	4.05
8	Ms. Tanyaratt Iamsopana	857,365	2.86
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	2016	2017	2018	2019	2020
Net Profit per Share (baht)	0.37	1.17	0.13	0.41	0.58
Dividend per Share (baht)	Omission	0.50	Omission	0.25	
Dividend Payout Ratio (%)	-	42.67	-	60.84	

# Management Structure

The management structure as at December 31, 2020 consists of four committees – the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee, and the Risk Management 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. Ms. Tanyaratt Iamsopana	Managing Director / Executive Director
8. Mr. Prachai Leophairatana	Executive Director
9. Ms. Maneeratt Iamsopana**	Executive Director
10. Ms. Sujintana Champeesri	Executive Director / Secretary
11. Mr. Pakorn Leophairatana	Executive Director

\*\* Ms. Maneeratt Iamsopana becomes a member on May 15, 2020.

## **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	6	directors
Directors with non-management positions	5	directors

The five non-management directors are independent directors which are 45.45 percent of the Board. One of the five non-management directors is the Chairman of Board of Directors and four independent directors are 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 2020 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 Leoparote	Chairman of Board of Directors / Independent Director	5 / 5
2. Mr. Pichit Sinpatanasakul	Chairman of Audit Committee / Nomination and Remuneration Committee / Risk Management Committee / Independent Director	5 / 5
3. Assoc. Prof. Pranom Kowinwipat	Chairman of Nomination and Remuneration Committee / Audit Committee / Independent Director	5 / 5
4. Mr. Soonthorn Konuntakiet	Chairman of Risk Management Committee / Audit Committee / Nomination and Remuneration Committee / Independent Director	5 / 5
5. Mr. Tavich Taychanavakul	Audit Committee / Independent Director	5 / 5
6. Ms. Malinee Leophairatana	Chairman of Executive Director / Risk Management Committee	5 / 5
7. Ms. Tanyaratt Iamsopana	Managing Director / Executive Director	5 / 5
8. Mr. Prachai Leophairatana	Executive Director	5 / 5
9. Ms. Maneeratt Iamsopana**	Executive Director	3 / 3
10. Ms. Sujintana Champeesri	Executive Director / Secretary	5 / 5
11. Mr. Pakorn Leophairatana	Executive Director	5 / 5

\*\* Ms. Maneeratt Iamsopana becomes a member on May 15, 2020.

### 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 six directors for juristic act are Ms.Malinee Leophairatana, Mr.Prachai Leophairatana, Ms.Tanyaratt Iamsopana, Ms.Maneeratt Iamsopana, Mr.Pakorn Leophairatana, and Ms.Sujintana Champeesri. Two of these six 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 2020. The meetings are held six times.

Name	Title	The Amount of Attendance
1. Mr. Pichit Sinpatanasakul	Chairman of Audit Committee	6 / 6
2. Assoc. Prof. Pranom Kowinwipat	Audit Committee Member	6 / 6
3. Mr. Soonthorn Konuntakiet	Audit Committee Member	6 / 6
4. Mr. Tavich Taychanavakul	Audit Committee Member	6 / 6

**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 three meetings in year 2020.

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

**Remark:** Mr. Nakhomtan Tangsakyuen resigned from being an employee in June 2020.

## **Roles and Responsibilities of Risk Management Committee**

1. To set the risk management policy
2. To evaluate sufficiency of strategies and efficiency of the risk management of the company
3. 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 2020

<b>Name</b>	<b>Title</b>	<b>The Amount of Attendance</b>
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**

1. To set criteria and policy to nominate directors and executives
2. To set methods of nomination to comply with rules and regulations of the company
3. 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

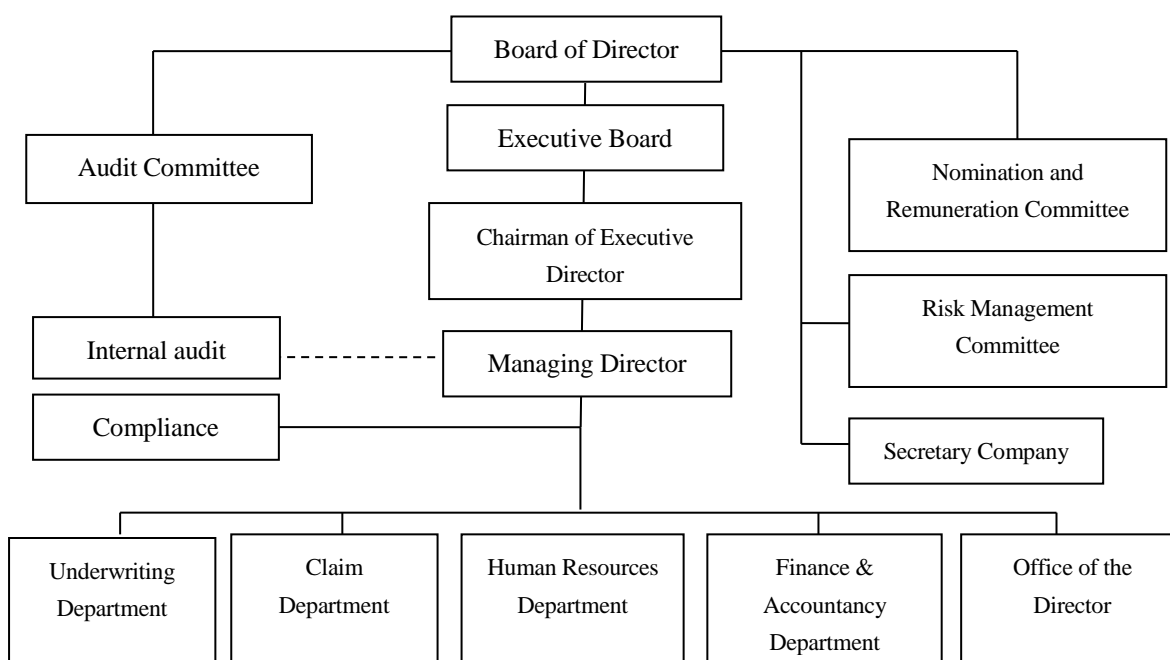
1. To participate the consideration of drafting contract with agents / brokers
2. To set practices in accepting new agents, underwriting, debt collecting and agent code opening
3. To set criteria to consider agent's debt / evaluate agents, review the regulations from the government and report the process 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, 2020

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



For the years ended December 31, 2020, the Company has significant remuneration for directors and key management personnel as follows:

Short-term benefits	19,673,010	baht
Post-employment benefits	233,558	baht
Directors' remuneration	<u>1,498,000</u>	baht
Total	<u>21,404,568</u>	baht

In 2020, the company paid a meeting allowance Committee to the Directors amount 1,498,000 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 Leopaïrote</b>
Position	Chairman of Board of Directors / Independent Director
Nationality	Thai
Age	77
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>❖ Chairman of Board of Directors, ARIP Plc.</li> <li>❖ Chairman of Board of Directors / Independent Director, Khon Kaen Sugar Industry Plc.</li> <li>❖ Chairman of Board of Directors / Audit Committee / Independent Director, Polyplex (Thailand) Plc.</li> <li>❖ Chairman of the Audit Committee / Independent Director, Siam Steel International Plc.</li> <li>❖ Chairman of Board of Directors / Independent Director, Jubilee Enterprise Plc.</li> <li>❖ Chairman of Board of Directors / Audit Committee Director / Independent Director, T.M.C. Industrial Plc.</li> <li>❖ Independent Director, Kang Yong Electric Plc.</li> <li>❖ Chairman of Board of Directors / Audit Committee Director / Independent Director / Audit Committee Director, SVOA Plc.</li> <li>❖ Chairman of the Audit committee / Independent Director, TPI Polene Power Plc.</li> <li>❖ Chairman of Board of Directors / Chairman of the Audit Committee, The Steel 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>❖ Member of the Council of State, group 5 (Trade and Industrial), The Council of State.</li> <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> <p><u>Insignia</u></p> <ul style="list-style-type: none"> <li>❖ Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand</li> <li>❖ Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant</li> <li>❖ Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand</li> <li>❖ Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant</li> </ul>
<b>Name - Surname</b>	<b>Mr. Pichit Sinpatanasakul</b>
Position	Chairman of the Audit committee / Audit committee / Nomination and Remuneration Committee Member / Risk Management Committee / Independent Director
Nationality	Thai
Age	64
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	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Audit Committee Member/ Independent Director, Inter Far East Energy Corporation Plc.</li> <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 Director, Independent Director
Nationality	Thai
Age	78
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> </ul>

	<ul style="list-style-type: none"> <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> <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> </li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Chairman of Audit Committee / Independent Director 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>❖ Risk Management Committee Director, Bangkok Union Insurance Plc.</li> <li>❖ Lecturer of Accounting Department, Mahasarakham University</li> <li>❖ Director, Audit Committee Director, 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	63
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	<u>Past Experience</u> <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 Director / Independent Director
Nationality	Thai
Age	71
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	<u>Current Position</u> <ul style="list-style-type: none"> <li>❖ Chairman of Board of Directors / Chairman of Executive Board, Inter Far East Energy Corporation Plc.</li> <li>❖ Director / Audit Committee Member, TPI Polene Plc.</li> <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> </ul> <u>Past Experience</u> <ul style="list-style-type: none"> <li>❖ Chairman of the Audit committee, Bangkok Union Insurance Plc.</li> <li>❖ Secretary-General Thai Industrial Estates Association</li> </ul>
<b>Name - Surname</b>	<b>Ms. Malinee Leopairat</b>
Position	Chairman of Executive Director / Risk Management Committee member / Director
Nationality	Thai
Age	78
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.1992. As amended by the Non-Life Insurance ACT (No.2) B.E.2008.</li> <li>❖ Actuary License, under section 83/2 of the Life Insurance ACT B.E.1992. As amended by Life Insurance ACT (No.2) B.E.2008.</li> </ul>



Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Director, TPI Polene Plc.</li> <li>❖ Director, TPI Polene Power Co., Ltd.</li> <li>❖ Director, Bangkok Union Life Insurance Plc.</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 Plc.</li> </ul>
<b>Name - Surname</b>	<b>Ms. Tanyaratt Iamsopana</b>
Position	Executive Director / Managing Director
Nationality	Thai
Age	43
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) 2/2016 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>❖ Director, TPI Polene Plc.</li> <li>❖ 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 Plc.</li> <li>❖ Manager, Marketing Department Bangkok Union Insurance Plc.</li> <li>❖ Director, Property Insurance committee, Thai General Insurance Association</li> <li>❖ Director, Young Insurer Club (YIC), Thai General Insurance Association</li> </ul>
<b>Name - Surname</b>	<b>Mr. Prachai Leopairat</b>
Position	Executive Director
Nationality	Thai
Age	76
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	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Chief Executive Officer, TPI Polene Plc.</li> <li>❖ Chief Executive Officer, TPI Polene Power Plc.</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> <p><u>Past Position</u></p> <ul style="list-style-type: none"> <li>❖ Chief Executive Officer, Thai Petrochemical Industry Co., Ltd.</li> <li>❖ Chairman of Executive Director, Bangkok Union Insurance Plc.</li> <li>❖ Chairman,Cathay Finance and Securities Plc.</li> </ul>
<b>Name - Surname</b>	<b>Mr. Pakorn Leopairat</b>
Position	Director
Nationality	Thai
Age	41
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> <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 Plc</li> <li>❖ Director, Managing Director, TPI Polene Power Plc.</li> <li>❖ Executive Director, TPI All Seasons Co., Ltd.</li> <li>❖ Executive Director, TPI Polene Bio Organics Co., Ltd.</li> <li>❖ Executive Director, TPI Service Co., Ltd.</li> <li>❖ Executive Director, Zenith International Trading Co., Ltd.</li> <li>❖ Executive Director, TPI Commercial Co., Ltd.</li> <li>❖ Executive Director, TPI Intertrade Co., Ltd.</li> <li>❖ Executive Director - TPI Refinery (1997) Co., Ltd.</li> <li>❖ Executive Director – Thai Petrochemi Industry Plc</li> <li>❖ Senior Manager - Thai Nitrate Co., Ltd.</li> </ul> <p><u>Experience</u></p> <ul style="list-style-type: none"> <li>❖ Investment Analyst – Asset Management MFC Plc.</li> <li>❖ Supervisor – Thailand’s Petrochemical Industry</li> </ul>

<b>Name - Surname</b>	<b>Ms. Sujintana Champeesri</b>
Position	Executive Director / Company Secretary / Manager, Finance & Accountancy Department
Nationality	Thai
Age	61
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> <li>❖ Certificate of “Corporate Secretary Development Program” Class 2/1994, Chulalongkorn University</li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ Manager, Finance &amp; Accountancy Department, Bangkok Union Insurance Plc.</li> <li>❖ Company Secretary, Bangkok Union Insurance Plc.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Assistant Manager, Office of the Managing Director, Bangkok Union Insurance Plc.</li> <li>❖ Manager, Internal Audit Department, Bangkok Union Insurance Plc.</li> <li>❖ Manager, Accountancy Department, Bangkok Union Insurance Plc.</li> </ul>
<b>Name - Surname</b>	<b>Ms. Maneeratt Iamsopana</b>
Position	Executive Director
Nationality	Thai
Age	41
Qualification	<ul style="list-style-type: none"> <li>❖ Master of Business Administration, Finance Program, University of Wisconsin-Whitewater, USA</li> <li>❖ Bachelor of Business Administration, Marketing Program, Kesetsart University</li> <li>❖ Certificate of Enterprise Risk Management, faculty of economics, Chulalongkorn University</li> </ul>
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> <li>❖ President, Bangkok Union Life Insurance Plc.</li> </ul> <p><u>Past Experience</u></p> <ul style="list-style-type: none"> <li>❖ Executive Vice President, Bangkok Union Life Insurance Plc.</li> <li>❖ Assistant of President, Bangkok Union Life Insurance Plc.</li> </ul>

<b>Name - Surname</b>	<b>Mrs. Kobkul Wongsantimeth</b>
Position	Manager, Underwriting Department
Nationality	Thai
Age	66
Qualification	❖ Bachelor of Business Administration (International Business Management), University of the Thai Chamber of Commerce
Working Profile	<p><u>Current Position</u></p> <p>❖ Manager, Underwriting Department, Bangkok Union Insurance PCL.</p> <p><u>Past Experience</u></p> <p>❖ Assistant Manager, Underwriting Department Bangkok Union Insurance PCL.</p> <p>❖ Manager, International Division Bangkok Union Insurance PCL.</p>
<b>Name - Surname</b>	<b>Ms. Sutee Sirtvoratham</b>
Position	Manager ,Claim Department
Nationality	Thai
Age	69
Qualification	❖ Bachelor of Business Administration, Ramkhamhang University
Working Profile	<p><u>Current Position</u></p> <p>❖ Manager, Claim Department, Bangkok Union Insurance PCL.</p> <p><u>Past Experience</u></p> <p>❖ Company Advisor, AXA Insurance PCL</p> <p>❖ Senior Director Car Claims Department, MSIG Insurance (Thailand) PCL.</p>
<b>Name - Surname</b>	<b>Ms. Sunee Khunvoratham</b>
Position	Manager ,Human Resources Department
Nationality	Thai
Age	57
Qualification	<p>❖ Bachelor of Business Administration, Sukhothai Thammathirat Open University</p> <p>❖ Certificate of “Financial Management” Class 5/1994, Chulalongkorn University</p> <p>❖ Certificate of “Insurance Management Development Program (IMDP)” Class 14/2006, Chulalongkorn University</p> <p>❖ Certificate of “Human Resource and Organization Development ” Class 11/2010, National Institute Development Administration</p>

Working Profile	<u>Current Position</u>
	<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>
	<u>Past Experience</u>
	❖ Finance Manager Department Bangkok Union Insurance PCL.

## Employees

In 2020, the company has a total staff 185 people and paid compensation to employees amount 96.84 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	
<ul style="list-style-type: none"> <li>• Underwriting Department</li> <li>• Marketing Department</li> <li>• Claim Department</li> </ul>	<p>35</p> <p>33</p> <p>47</p>
Operating	49
Account and Finance	21
<b>Total</b>	<b>185</b>

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

# 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 order

## **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 2020 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

5. The company has a policy regarding the prevention and suppression of money laundering that are approved by the Board of Director. According to this policy, the company is able to act correctly and comply with the legal requirement about getting customers, customer risk management, and customers fact checking.

# 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 that the internal control of the company is adequate and sufficient.

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.



# 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 2020 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.

- **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.

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 2020, the company gave scholarships to schools in the primary education area in Phayao, Surin, Lamphum, Udon Thani, Chai Nat, Kanchanaburi, Nong Bua Lamphu, Nonthaburi, and Buriram Province, totaling 64 schools, 64 grants on February 28, 2020.

The company also was a host to the royal Kathin ceremony and participates in the Kathin Samaggi in every year. In 2020, the company was a host to the royal Kathin ceremony at Wat Bang Phai, Bang Rak Phatthana sub-district, Bang Bua Thong district,

Nonthaburi Province and participated as a committee at Wat Ban Hinlab, Muaklek sub-district, Muaklek district, Sarabuti Province, Wat Sri Dongmuang, Chompoo sub-district, Sarapee district, Chiang Mai Province, and Wat Tumsarika, Sarika sub-district, Muang District, 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 2020, 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 according to the related party transaction policy of the company;

Anyhow, in making a transaction that is a commercial agreement under general trade terms and items that are commercial agreements that are not general trade terms shall be in accordance with the following principles:

1. The transaction under the general 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 general 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 28 for the year 2020 (Related Transactions)

The related transactions for the year 2020 and 2019 are as following;

Legal entities or individuals that may have conflicts of interest	Value (Million Baht)		Transaction / Necessities and Reasonableness
	ended Dec. 31, 2020	ended Dec. 31, 2019	
<p>1. Bangkok Union Broker Co., Ltd</p> <p>Related Transactions : Expense: Commission Fee</p>	22.67	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><u>Necessities and Reasonableness:</u></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	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><u>Necessities and Reasonableness:</u></p> <p>Related transaction for rental fee paid is appropriate and the company does not provide any benefits to Bangkok Union Broker Co., Ltd</p>
<p>2. Patjakij Paisan Underwriting Co., Ltd</p> <p>Related Transactions : Expense: Commission Fee</p>	13.46	13.38	<p>Patjakij Paisan Underwriting Co., Ltd is a non-life insurance broker who acts as an intermediary to sells the insurance to the customer. The commission fee is paid as predetermined by the Office of Insurance Commission (OIC)</p>

Legal entities or individuals that may have conflicts of interest	Value (Million Baht)		Transaction / Necessities and Reasonableness
	12 months period ended Dec. 31, 2020	12 months period ended Dec. 31, 2019	
			<p><u>Necessities and Reasonableness:</u></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>	4.97	4.97	<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><u>Necessities and Reasonableness:</u></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

For selling insurance to major shareholders, The Audit Committee agree with the change in underwriting method that the company get the customer directly, not via related agent or broker. The company has started operations in this way since April 2020.

The meeting of Board of Directors has considered the transaction between the company and related companies according to the opinion proposed by the Audit Committee and approved the related party transaction policy and approved the change in insurance selling to major shareholders.

## Financial Information

	2020	2019	2018
<b><u>Operation Results</u></b> Unit: million Baht			
Premium Written	1,139.03	1,312.90	1,182.37
Net Premium Written	787.98	961.49	834.54
Total Underwriting Income	849.53	957.57	861.18
Insurance Claims and Loss adjustment expenses – net	396.04	453.44	427.35
Profit (loss) from Underwriting	75.62	58.44	36.82
Net Investments Income	13.59	13.76	13.94
Gains on Rental	24.60	22.82	18.45
Net Profit (Loss)	17.54	12.33	3.77
<b><u>Financial Status</u></b>			
Total Assets	1,741.80	1,973.71	1,956.38
Total Liabilities	1,032.19	1,280.97	1,254.40
Shareholder's Equity	709.61	692.74	701.98
<b><u>Liquidity Ratio</u></b>			
Liquidity Ratio (Times)	0.97	0.95	0.99
Premium Receivable Turnover (Days)	56.25	41.96	46.39
<b><u>Profitability Ratio</u></b>			
Retention Rate (%)	69.18	73.23	70.58
Loss Ratio (%)	49.55	49.29	53.14
Gross Profit Margin (%)	9.60	6.08	4.41
Underwriting Expenses Ratio (%)	47.28	48.44	49.36
Return on Investment (%)	0.40	1.85	2.14
Net Premium Written to Equity Ratio (%)	112.38	137.88	118.93
Net Profit Margin (%)	1.88	1.18	0.40
Return on Equity (%)	2.5	1.77	0.54
<b><u>Efficiency Ratio</u></b>			
Return on Assets (%)	0.94	0.63	0.19
Asset Turnover (Times)	0.50	0.53	0.47
<b><u>Leverage Ratio</u></b>			
Debt to Equity Ratio (Times)	1.45	1.85	1.79
Policy Liability to Capital Fund (Times)	1.09	1.55	1.53
Unearned Premium Reserve to Equity (Times)	0.56	0.57	0.51
Unearned Premium Reserve to Assets (%)	22.64	20.16	18.27
Dividends Payout Ratio (%)		60.84	omission



# 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 2018 showed an Unqualified Opinion for the Financial Statements of the year 2018.

Mr. Nantawat Sumraunhant, CPA No. 7731, the Independent Auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for the year 2019 and 2020 showed an Unqualified Opinion for the Financial Statements of the year 2019 and 2020.

## Explanation and Analysis of Financial Status and Performance

### Operating performance for 2020

In 2020, the income from the total written premium was 1,139.03 million baht, decreased by 173.88 million baht or 13.24 percent due to the reduction of all types of insurance. The company has continuously monitored the situation of the market and industry competition. 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 was 75.62 million baht representing an increase of 17.18 million baht or 29.39 percent compared to the previous year. In addition, the revenue from other income was 38.36 million baht increased 3.22 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 expense, the amount was 82.90 million baht, an increase of 6.57 million baht or 8.61 percent, and Expected Net Credit Loss from accounting in accordance with accounting standard that start in use in 2020, the amount was 10.69 million baht, the company has then earnings before income tax equal to 20.39 million baht, an increase of 1.12 million baht or 5.80 percent from the previous year. The company has income tax of 2.85 million baht, resulting that the only parent company's operating performance for net profit was 17.54 million baht, increase from the previous year 5.22 million baht or 42.32 percent, equivalent to 0.58 baht per share.

However, the company had an investment in associates in 2020 which yielded the net loss and shared those losses to the parent company of 4.52 million baht – the loss increased 0.76 million baht from the previous year. In total, the company has the net profit on the basis of the equity method equal to 13.02 million baht increasing 4.45 million baht or 52.01 percent from the previous year – equivalent to 0.43 baht per share.

## Overall underwriting

In 2020, the company had underwriting profit at the amount of 75.62 million baht, increase from the previous year 17.78 million baht or 29.39 percent, from the gross written premium of 1,139.03 million baht, equivalent to the underwriting profit margin per gross written premium of 6.64 percent, when deducting the premiums ceded to reinsurers of 351.05 million baht, representing a net premium written of 787.98 million baht, equivalent to the underwriting profit margin per net written premium 9.60 percent which increase from the previous year. For the year 2019, the company had a profit from underwriting of 58.44 million baht from gross written premium of 1312.90 million baht, equivalent to the underwriting profit margin per gross written premium 4.45 percent, the net premium written was 961.49 million baht, representing the underwriting profit margin from net premium written was 6.08 percent, proportion are as followed;

Unit: Baht

Lines of Business	2020		2019		% Increased (decreased)
	Gross Written Premium (baht)	Proportion (%)	Gross Written Premium (baht)	Proportion (%)	
Fire	89,363,285	7.85	95,194,212	7.25	(6.13)
Marine & Transportation	19,146,494	1.68	21,730,287	1.66	(11.89)
Automobile	288,981,584	25.37	307,730,471	23.44	(6.09)
Miscellaneous	741,533,867	65.10	888,248,023	67.66	(16.52)
Total	1,139,025,230	100.00	1,312,902,993	100.00	(13.24)
Underwriting expenses	773,914,407	67.95	899,127,931	68.48	(13.93)
Profit from underwriting	75,615,784	6.64	58,439,319	4.45	29.39

The company had accepted the risk without reinsurance at the rate of 69.18 percent of 1,139.03 million baht which was decreased slightly from the previous year which was 73.23 percent. Therefore, the company had the net written premium of 787.98 million baht decreasing by 18.05 percent. The cost of insurance has decreased by 13.93 percent from the previous year caused by the reduction of premium. Although loss ratio was 49.55 percent increase from the last year of 49.29 percent, ratio of insurance expense to earned premium decrease from the year 2019. Insurance costs, which consist of commissions and brokerages and other underwriting expenses also decreased to 47.28 percent from 48.44 percent. The profit from underwriting was 58.44 million baht; the company had profits from all types of insurance with a profit margin of 9.06 percent of the net premium written, while 2019 was at 6.08 percent

## **Fire underwriting**

As for the operating performance of fire insurance in 2020, the company received the gross premium of 89.36 million baht decreasing by 6.13 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 2020, the company accepted the risk without reinsurance 56.36 percent increasing from 52.95 percent. The underwriting cost had amount of 42.82 million baht decreasing by 7.16 million baht or 14.33 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Although the gross premium did not grow and the insurance cost was decrease, a fire insurance operation has a profit of 24.78 million baht, while the year 2019 had a profit of 10.11 million baht, with a profit margin of 49.20 percent of the net premium written, while the year 2019 is at the rate of 20.05 percent.

## **Marine and transportation underwriting**

As for the operating performance of marine and transportation insurance in year 2020, the company received the gross premium of 19.15 million baht decreasing by 11.89 percent. The company accepted the risk without reinsurance up to 86.63 percent which the previous year was 82.48 percent. Unearned premium reserve 0.06 million bath decreasing 98.43 percent from the year 2019 cause an increase of earned premium in 2020 in the amount of 16.53 million baht from 13.96 million bath in 2019. For insurance cost 7.79 million bath that increase 2.53 percent from last year include insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio was 11.59 percent increased from 5.39 percent in 2019. An increase in earned premium that more than an increase in insurance cost result in the profit of the marine and transportation insurance to increase to 8.83 million baht or 35.56 percent from 6.51 million bath in the previous year. The ratio of profit margin to the net written premium was 53.23 percent which was 36.34 percent in 2019.

## **Motor insurance**

The operating performance of motor insurance in year 2020 showed that the company received the gross premium of 288.98 million baht decreasing by 6.09 percent, by the decrease of sales of motor voluntary insurance and increase of sales of 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 223.76 million baht decreasing from the previous year by 20.73 percent. The premium from compulsory insurance was 65.23 million baht increasing from the previous year by 156.26 percent; this is because the company has adjusted the operation strategies to be more concise. 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 91.96 percent. Net earned premium of 282.44 million baht increase from the previous year 11.71 percent. Total insurance cost was 249.77 million baht, decreasing by 3.83 percent, include insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss

ratio of the year 2020 was 64.85 percent decrease from 78.87 percent in the previous year. Although the premium of motor insurance was decrease, the profit was increase to 35.10 million baht from the loss of 6.23 million baht last year, this is because underwriting revenue was increase and loss ratio was decrease.

### **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 operating performance of 2020 showed that the company received the premium of 741.53 million baht decreasing by 16.52 percent by the decrease of sales of accidents insurance, health insurance, liability insurance and others. The company accepted the risk without reinsurance 61.40 percent, which decreases from 2019 that the company accepts its own risk 68.20 percent. The total cost was 473.54 million baht decreasing by 18.61 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio increased to 44.23 percent comparing to 39.36 percent of the previous year. Insurance cost decreased by 68.77 million baht or 41.26 percent. As a result, the operation of the miscellaneous insurance business has decreased from the previous year, the profit of the miscellaneous insurance was 6.91 million baht, decreased from 48.05 million baht or 85.63 percent from the previous year, with a profit margin of 1.52 percent of the net premium written, while the year 2019 is at the rate of 4.93 percent.

### **Investment Asset**

As of December 31, 2020, the company has the investment asset at the amount of 719.59 million baht increasing from 2019 by 44.43 million baht or 6.57 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 2020, the income from investment was 13.59 million baht decreasing from 2019 by 1.23 percent, consisting of bank deposit interest, dividend payment and net profit (loss) from trading of stocks. The return yield was 0.40 percent.

## Investment Property

Investment assets totaled 719.59 million baht with investment properties worth 88.85 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 24.60 million baht increased from the previous year of 7.81 percent. The return yield was 27.69 percent

**Assets** (Financial statement in which the equity method is applied)

(1) **Contents of assets** as of December 31, 2020 comprised of cash and cash equivalents 5.16 percent, premium receivable 10.28 percent, accrued investment income 0.08 percent, reinsurance assets 17.31 percent, amount due from reinsurers 0.55 percent, investment assets 41.54 percent, investment in an associate 2.15 percent, property, plant and equipment 18.01 percent, intangible assets 0.59 percent, deferred tax assets 1.31 percent, and other assets 3.02 percent.

As of December 31, 2020, the company's total assets amount Baht 1,732.18 million, decreased from 2019 of 237.32 million or 12.05 percent.

(2) **Quality of assets**

**Cash and cash equivalents** as of December 31, 2019, the company had 89.31 million baht in cash and cash equivalents, decreased of 36.48 million baht or 29 percent include cash on hand, cheque on hand and deposits at bank (at call).

**Investment assets** as of December 31, 2020, 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 719.59 million baht, 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 December 31, 2020, the company had a net value on Investment Property of 88.85 million baht 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 December 31, 2020, the company had a net value on premises and equipment of 311.91 million baht, 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 December 31, 2020, the company had reinsurance assets 299.79 million baht decreased by 241.31 million baht or 44.60 percent.

**Premiums receivable** as of December 31, 2020, the company had a total of 177.99 million baht in net uncollected premiums, increased of 24.96 million baht or 16.63 percent. Premium receivables are classified by aging as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>From direct insurance</b>			
Within credit terms	80,898,597	100,029,908	94,436,168
Less than 30 days	36,930,392	33,988,484	35,207,287
31 - 60 days	20,495,861	8,128,480	11,658,227
61 - 90 days	7,290,887	4,055,406	2,285,552
Over 90 days	43,409,417	11,810,522	14,537,977
Total premium receivable	<u>189,025,154</u>	<u>158,012,800</u>	<u>158,125,211</u>
<u>Less</u> Allowance for doubtful accounts	<u>(11,038,469)</u>	<u>(4,985,696)</u>	<u>(5,754,940)</u>
Premium receivable - net	<u>177,986,685</u>	<u>153,027,104</u>	<u>152,370,271</u>
<b>Receivable under lawsuit</b>			
Over 1 years	62,818,772	63,357,185	72,626,889
<u>Less</u> Allowance for doubtful accounts	<u>(62,818,772)</u>	<u>(63,357,185)</u>	<u>(72,626,889)</u>
Receivable under lawsuit - net	<u>-</u>	<u>-</u>	<u>-</u>
Premium receivable - net	<u>177,986,685</u>	<u>153,027,104</u>	<u>152,370,271</u>

The uncollected premium was 177.99 million baht. The premium which is not due and uncollected less than 60 days was 138.32 million baht or 77.72 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 December 31, 2020 the company had 89.31 million baht in cash and cash equivalents, increased from 2019 of 36.48 million baht or 29.00 percent.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash flows (used) operating activities	(23.84)	95.85	(21.60)
Cash flows (used) investing activities	(1.44)	(7.78)	(4.77)
Cash flows (used) financing activities	<u>(11.20)</u>	<u>0.00</u>	<u>(15.00)</u>
Net (decrease) in cash and cash equivalents	<u>36.48</u>	<u>88.07</u>	<u>(41.37)</u>

Cash flow used from the operating activities at the amount of 23.84 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 9.83 million baht, received from income on investment and other income 15.31 million baht, received from investment asset



33.38 million baht, paid for operating expenses 76.04 million baht, and paid for corporate taxes 6.33 million baht.

The cash flow used in investment was 1.44 million baht consisting of sale and purchase of the operating assets.

The cash flow used in financing activities was 11.2 million baht consisting a lease payment and dividend payment.

**Liquidity ratio** Liquidity Ratio - As of December 31, 2020, the financial status of the company has the liquidity ratio of 0.97 times, which increased slightly from the previous year, but still considered that the company has sufficient liquidity. The premium receivable turnover at 56.25 days, which has a slower rotation than the previous year, shows that the company can collect money from sales slower.

### **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 248.73 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 21.1 million baht as reserve fund or 7.03 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 December 31, 2020, the Company had Unearned premium reserve amount 394.33 million baht and Loss reserve and outstanding claims amount 381.65 million baht, total liabilities from insurance contracts 775.99 million baht. The Company had Insurance reserve refundable from reinsurer amount 299.79 million baht, insurance liability net amount 476.2 million baht. The company put securities amount baht 613.16 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, 2020, and the statement 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, 2020, 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.



## Emphasis of Matter

We draw attention to Note 2.4 to the financial statements that the Company has adopted the accounting guidelines for financial instruments and disclosures on insurance business and Thai Financial Reporting Standard No. 16 Leases” and Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”, which become effective for fiscal years beginning on or after January 1, 2020, Our opinion is not modified in respect of this matter.

## 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>Revenue recognition - Gross written premium</b></p> <p>The Company offers non-life insurance service to a large number of policyholders which were derived from direct insurance, insurance brokers and agents and reinsurers caused a variety of supporting documents. The Company recognizes premiums as revenue since the effective date of the policies. However, the Company has underwriting process which the date of policy approval may be different from the effective date of policy.</p> <p>Key audit matter is whether the recognition of gross written premium is accurately recognized in the correct accounting period in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for revenue recognition and detail of revenue from written premium were disclosed in Notes 3.2 and 21 to the financial statements, respectively.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"><li>• Understanding operating procedures and internal control related to recognition of written premiums.</li><li>• Performing the design and implementation of internal controls procedures related to written premiums recognition.</li><li>• Performing substantive audit procedures consisted of:<ul style="list-style-type: none"><li>- Examining the documents for the recognition of written premiums before and after the reporting period by considering the policies effective date whether written premiums have been recognized in an appropriate accounting period.</li><li>- Performing analytical procedures on financial information relating to written premiums.</li></ul></li></ul>

Key Audit Matters	Audit Responses
<p><b>Claim reserves for claim incurred but not reported</b></p> <p>As at December 31, 2020, the Company had claim reserve for claim incurred but not reported (“claim reserve for IBNR”). The claim reserve for IBNR is estimated based on the management’s and actuary’s judgement which are calculated based on an actuarial method using loss development factor to determine ultimate loss as a key assumption.</p> <p>Changes in the above key assumption could significantly affect the amount of claim reserve for IBNR. Key audit matter is whether measurement of claim reserve for IBNR, which is affected by change in the significant assumption, is in accordance with the Thai Financial Reporting Standards.</p> <p>The accounting policy for claim reserve for IBNR was disclosed in Note 3.12.2 to the financial statements and key assumption used in the measurement and details of claim reserve for IBNR were disclosed in Note 15 to the financial statements.</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 claim reserve for IBNR.</li> <li>• Performing the design and implementation of internal controls procedures related to recognition of claim reserve for IBNR.</li> <li>• Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- The auditor’s actuary expert assessed key data and assumption use in determination of ultimate loss, which was applied by the management to evaluate loss development factor, used in calculating claim reserve for IBNR. These include the key procedures below: <ul style="list-style-type: none"> <li>• Testing the accuracy and completeness of the data used in the calculation of ultimate loss.</li> <li>• Evaluating appropriateness of the assumption, testing the calculation and benchmarking of the Company management’s calculation result for each type of insurance contract.</li> <li>• Performing analytical procedure on the loss development factor in current year with the historical data whether the assumption used in the claim reserve for IBNR calculation were in accordance with the actuarial method and the notification and guidance of the Office of Insurance Commission.</li> </ul> </li> </ul> </li> </ul>

## **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the financial statements in which the equity method is applied and separate financial statements and our auditor's report thereon, 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

**BANGKOK**

February 25, 2021

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

# Financial Statements

## BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>					
Cash and cash equivalents	4	89,314,181	125,791,893	89,314,181	125,791,893
Premium receivable	5	177,986,685	153,027,104	177,986,685	153,027,104
Accrued investment income		1,454,150	1,481,712	1,454,150	1,481,712
Reinsurance assets	6 and 15	299,790,195	541,096,431	299,790,195	541,096,431
Amounts due from reinsurers	7	9,569,454	38,925,838	9,569,454	38,925,838
Investments					
Investments in securities	8	630,738,598	619,310,312	630,738,598	619,310,312
Investment property	9	88,854,479	55,951,755	88,854,479	55,951,755
Investment in an associate	10	37,187,576	42,603,881	46,815,756	46,815,756
Property, plant and equipment	11	311,909,328	308,952,689	311,909,328	308,952,689
Intangible assets	12	10,248,210	10,989,111	10,248,210	10,989,111
Deferred tax assets	13	22,755,190	20,951,850	22,755,190	20,951,850
Other assets	14	52,367,513	50,411,218	52,367,513	50,411,218
<b>TOTAL ASSETS</b>		<u>1,732,175,559</u>	<u>1,969,493,794</u>	<u>1,741,803,739</u>	<u>1,973,705,669</u>

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, 2020**

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	December
		2020	2019	31,	31,
				2020	2019
<b>LIABILITIES AND EQUITY</b>					
Insurance liabilities	15	775,988,195	1,075,864,001	775,988,195	1,075,864,001
Amounts due to reinsurers	16	85,301,046	83,088,377	85,301,046	83,088,377
Employee benefit obligations	17	15,136,682	14,649,560	15,136,682	14,649,560
Commission and brokerages payable		25,166,582	30,905,460	25,166,582	30,905,460
Lease liabilities	18	55,544,003	-	55,544,003	-
Accrued expenses		38,897,776	48,124,026	38,897,776	48,124,026
Other liabilities	19	36,157,466	28,336,682	36,157,466	28,336,682
<b>TOTAL LIABILITIES</b>		<b>1,032,191,750</b>	<b>1,280,968,106</b>	<b>1,032,191,750</b>	<b>1,280,968,106</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	20	21,099,964	20,222,803	21,099,964	20,222,803
Unappropriated					
		35,253,742	34,739,669	43,895,421	38,858,441
Other components of equity		257,039,020	246,972,133	258,025,521	247,065,236
<b>TOTAL EQUITY</b>		<b>699,983,809</b>	<b>688,525,688</b>	<b>709,611,989</b>	<b>692,737,563</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,732,175,559</b>	<b>1,969,493,794</b>	<b>1,741,803,739</b>	<b>1,973,705,669</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 YEAR ENDED DECEMBER 31, 2020**

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		2020	2019	2020	2019
<b>REVENUES</b>					
Gross written premiums	21	1,139,025,230	1,312,902,993	1,139,025,230	1,312,902,993
<u>Less</u> Premiums ceded to reinsures	21	(351,048,657)	(351,408,710)	(351,048,657)	(351,408,710)
Net premiums written		787,976,573	961,494,283	787,976,573	961,494,283
<u>Add (Less)</u> Unearned premium reserve (increased)					
decreased from previous years	21	11,294,423	(41,515,924)	11,294,423	(41,515,924)
Net premium earned		799,270,996	919,978,359	799,270,996	919,978,359
Fee and commission income	21	50,259,195	37,588,891	50,259,195	37,588,891
Net investment income	21	14,487,993	13,762,284	14,487,993	13,762,284
Gain (loss) on investment	21 and 26	(895,663)	(714)	(895,663)	(714)
Share of loss from investment					
in an associate	10 and 21	(4,522,907)	(3,761,402)	-	-
Other income	21	164,459	581,364	164,459	581,364
Income from rental	21	69,722,216	74,749,100	69,722,216	74,749,100
Total revenues		928,486,289	1,042,897,882	933,009,196	1,046,659,284
<b>EXPENSES</b>					
Gross claim	21	324,933,829	569,820,851	324,933,829	569,820,851
<u>Add (Less)</u> Claim recovered from reinsurers	21	71,108,676	(116,376,262)	71,108,676	(116,376,262)
Commissions and brokerages	21	141,662,189	173,919,979	141,662,189	173,919,979
Other underwriting expenses	21	236,209,713	271,763,363	236,209,713	271,763,363
Operating expenses	21 and 22	82,899,403	76,330,764	82,899,403	76,330,764
Other expenses - expenses for rental	21	45,117,903	51,927,999	45,117,903	51,927,999
Expected credit loss	21 and 24	10,686,384	-	10,686,384	-
Total expenses		912,618,097	1,027,386,694	912,618,097	1,027,386,694
Profit before income tax expense		15,868,192	15,511,188	20,391,099	19,272,590
Income tax expense	13	2,847,873	6,945,585	2,847,873	6,945,585
<b>Net profit</b>		13,020,319	8,565,603	17,543,226	12,327,005

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 YEAR ENDED DECEMBER 31, 2020**

Unit: Baht

	Notes	FINANCIAL STATEMENTS IN WHICH		SEPARATE	
		THE EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Loss on remeasuring investment at fair value through other comprehensive income		(15,600,192)	(26,956,747)	(15,600,192)	(26,956,747)
Share of other comprehensive loss of an associate	10	(1,116,748)	(444,548)	-	-
Income tax relating to components of other comprehensive income that will be reclassified subsequently		<u>3,343,388</u>	<u>5,480,259</u>	<u>3,120,038</u>	<u>5,391,349</u>
		<u>(13,373,552)</u>	<u>(21,921,036)</u>	<u>(12,480,154)</u>	<u>(21,565,398)</u>
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss in defined employee benefit plans	17	(3,898,465)	-	(3,898,465)	-
Income tax relating to components of other comprehensive income that will not be reclassified subsequently		<u>779,693</u>	<u>-</u>	<u>779,693</u>	<u>-</u>
		<u>(3,118,772)</u>	<u>-</u>	<u>(3,118,772)</u>	<u>-</u>
Other comprehensive loss for the years - net of income tax		<u>(16,492,324)</u>	<u>(21,921,036)</u>	<u>(15,598,926)</u>	<u>(21,565,398)</u>
<b>Total comprehensive loss for the years</b>		<u><u>(3,472,005)</u></u>	<u><u>(13,355,433)</u></u>	<u><u>1,944,300</u></u>	<u><u>(9,238,393)</u></u>
<b>Basic earnings per share</b>	<b>BAHT</b> 27	0.43	0.29	0.58	0.41

Notes to financial statements form an integral part of these statements

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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 other comprehensive income	Total
			Appropriated Legal reserve	Unappropriated	Other comprehensive income			Share of other comprehensive income (loss) of an associate		
					Surplus on revaluation of asset	Investment at fair value through other comprehensive income	Actuarial loss on define employee benefits plan			
<b>Beginning balances as at January 1, 2019</b>	299,997,900	86,593,183	19,606,453	26,790,416	230,912,000	37,718,634	-	262,535	268,893,169	701,881,121
Legal reserve	20	-	616,350	(616,350)	-	-	-	-	-	-
Comprehensive income (loss) - equity method for the year	-	-	-	8,565,603	-	(21,565,398)	-	(355,638)	(21,921,036)	(13,355,433)
<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>34,739,669</u>	<u>230,912,000</u>	<u>16,153,236</u>	<u>-</u>	<u>(93,103)</u>	<u>246,972,133</u>	<u>688,525,688</u>
<b>Beginning balances as at January 1, 2020</b>	299,997,900	86,593,183	20,222,803	34,739,669	230,912,000	16,153,236	-	(93,103)	246,972,133	688,525,688
Impact of changes in accounting policy	2.4	-	-	(4,129,085)	-	26,559,211	-	-	26,559,211	22,430,126
<b>Beginning balances as at January 1, 2020 - adjusted</b>	299,997,900	86,593,183	20,222,803	30,610,584	230,912,000	42,712,447	-	(93,103)	273,531,344	710,955,814
Legal reserve	20	-	877,161	(877,161)	-	-	-	-	-	-
Dividend paid	30	-	-	(7,500,000)	-	-	-	-	-	(7,500,000)
Comprehensive income (loss) - equity method for the year	-	-	-	13,020,319	-	(12,480,154)	(3,118,772)	(893,398)	(16,492,324)	(3,472,005)
<b>Ending balances as at December 31, 2020</b>	<u>299,997,900</u>	<u>86,593,183</u>	<u>21,099,964</u>	<u>35,253,742</u>	<u>230,912,000</u>	<u>30,232,293</u>	<u>(3,118,772)</u>	<u>(986,501)</u>	<u>257,039,020</u>	<u>699,983,809</u>

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

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Unit: Baht

SEPARATE FINANCIAL STATEMENTS									
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total other comprehensive income	Total
			Appropriated Legal reserve	Unappropriated	Surplus on revaluation of asset	Investment at fair value through other comprehensive income	Actuarial loss on defined employee benefits plan		
<b>Beginning balances as at January 1, 2019</b>	299,997,900	86,593,183	19,606,453	27,147,786	230,912,000	37,718,634	-	268,630,634	701,975,956
Legal reserve	20	-	616,350	(616,350)	-	-	-	-	-
Comprehensive income (loss) for the year	-	-	-	12,327,005	-	(21,565,398)	-	(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>-</u>	<u>247,065,236</u>	<u>692,737,563</u>
<b>Beginning balances as at January 1, 2020</b>	299,997,900	86,593,183	20,222,803	38,858,441	230,912,000	16,153,236	-	247,065,236	692,737,563
Impact of changes in accounting policy	2.4	-	-	(4,129,085)	-	26,559,211	-	26,559,211	22,430,126
<b>Beginning balances as at January 1, 2020 - adjusted</b>	299,997,900	86,593,183	20,222,803	34,729,356	230,912,000	42,712,447	-	273,624,447	715,167,689
Legal reserve	20	-	877,161	(877,161)	-	-	-	-	-
Dividend paid	30	-	-	(7,500,000)	-	-	-	-	(7,500,000)
Comprehensive income (loss) for the year	-	-	-	17,543,226	-	(12,480,154)	(3,118,772)	(15,598,926)	1,944,300
<b>Ending balances as at December 31, 2020</b>	<u>299,997,900</u>	<u>86,593,183</u>	<u>21,099,964</u>	<u>43,895,421</u>	<u>230,912,000</u>	<u>30,232,293</u>	<u>(3,118,772)</u>	<u>258,025,521</u>	<u>709,611,989</u>

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

**BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Unit: Baht

	Note	FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>OPERATING ACTIVITIES</b>					
Direct premium received		1,107,227,000	1,288,135,651	1,107,227,000	1,288,135,651
Cash paid from reinsurance		(99,885,640)	(109,066,519)	(99,885,640)	(109,066,519)
Interest income		8,398,617	7,829,082	8,398,617	7,829,082
Dividend income		6,743,409	6,138,445	6,743,409	6,138,445
Other income		164,459	261,230	164,459	261,230
Claims incurred from direct insurance		(610,943,138)	(582,966,650)	(610,943,138)	(582,966,650)
Commissions and brokerages from direct insurance		(146,790,242)	(168,828,347)	(146,790,242)	(168,828,347)
Other underwriting expenses		(239,773,322)	(266,331,128)	(239,773,322)	(266,331,128)
Operating expenses		(76,036,463)	(62,424,920)	(76,036,463)	(62,424,920)
Income tax expense		(6,330,110)	(27,238,318)	(6,330,110)	(27,238,318)
Investments in securities		(61,199,339)	(21,848,795)	(61,199,339)	(21,848,795)
Deposits at bank with maturity over 3 months		50,000,000	(10,000,000)	50,000,000	(10,000,000)
Investment property		44,581,472	42,186,594	44,581,472	42,186,594
Net cash provided by (used in) operating activities		<u>(23,843,297)</u>	<u>95,846,325</u>	<u>(23,843,297)</u>	<u>95,846,325</u>
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>INVESTING ACTIVITIES</b>					
<b>CASH FLOWS PROVIDED BY</b>					
Property, plant and equipment		1,402	158,534	1,402	158,534
Cash provided by investing activities		<u>1,402</u>	<u>158,534</u>	<u>1,402</u>	<u>158,534</u>
<b>CASH FLOWS USED IN</b>					
Property, plant and equipment		(1,213,917)	(6,097,264)	(1,213,917)	(6,097,264)
Intangible assets		(225,900)	(1,841,120)	(225,900)	(1,841,120)
Cash used in investing activities		<u>(1,439,817)</u>	<u>(7,938,384)</u>	<u>(1,439,817)</u>	<u>(7,938,384)</u>
Net cash used in investing activities		<u>(1,438,415)</u>	<u>(7,779,850)</u>	<u>(1,438,415)</u>	<u>(7,779,850)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>					
Lease payment		(3,696,000)	-	(3,696,000)	-
Dividend paid		(7,500,000)	-	(7,500,000)	-
Net cash used in financing activities		<u>(11,196,000)</u>	<u>-</u>	<u>(11,196,000)</u>	<u>-</u>
Net increased (decreased) in cash and cash equivalents		(36,477,712)	88,066,475	(36,477,712)	88,066,475
Cash and cash equivalents as at January 1,		125,791,893	37,725,418	125,791,893	37,725,418
<b>Cash and cash equivalents as at December 31,</b>	4	<u>89,314,181</u>	<u>125,791,893</u>	<u>89,314,181</u>	<u>125,791,893</u>

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, 2020**

**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.

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

**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, 2020 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 (No.2) B.E. 2562 dated April 4, 2019.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).

## 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 and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. 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, except the following financial reporting standards:

### 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 26, 2020 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

Because the Company has elected to recognize the cumulative effect as an adjustment of retained earnings at the date of initial application (January 1, 2020). The effects are as follows:

Items existing as at January 1, 2020 that are subject to the impairment provisions of the accounting guidelines	<b>Financial statements in which the equity method is applied and separate financial statements Cumulative additional loss allowance</b>
	<b>Baht</b>
Private enterprises debt securities	5,161,357
Total	<u>5,161,357</u>

The additional credit loss allowance of Baht 5.16 million as at January 1, 2020 has been recognized against retained earnings, net of their related deferred tax impact of Baht 1.03 million, resulting in a net decrease in retained earnings of Baht 4.13 million as at January 1, 2020.

The accounting guideline specifies the principles regarding classification and measurement of financial instruments by fair value or amortized cost based on the type of financial instruments. Principles on how to calculate the impairment of financial instruments by using the concept of expected credit losses, including the presentation and disclosure of financial instruments.

The table below shows information relating to financial assets that have been reclassified as a result of transition to the accounting guidelines.

					Unit : Baht	
<b>Financial statements in which the equity method is applied and separate financial statements</b>						
	Note	Previous presentation	Current presentation	Previous carrying amount	Beginning retained earnings	Current carrying amount
Financial assets						
- Investments in securities	8	General investments	Investments in securities measured at fair value through other comprehensive income-equity securities	695,700	28,037,657	28,733,357

Impact of initial application of the accounting guidelines on financial position.

The tables below show the amount of adjustment for each financial statement line item affected by the application of the accounting guidelines for the current period.

	<b>Financial statements in which the equity method is applied</b>			<b>Unit: Baht</b>
	<b>As before adjusted</b>	<b>Changing in book value</b>		<b>As after adjusted</b>
		<b>Reclassification</b>	<b>Remeasurement through other comprehensive income</b>	
<b>Financial assets</b>				
- Investment in securities				
Investment at fair value through other comprehensive income	-	312,943,128	28,037,657	340,980,785
Investment at amortised cost	-	306,367,184	-	306,367,184
Available-for-sale securities	312,247,428	(312,247,428)	-	-
Held-to-maturity securities	306,367,184	(306,367,184)	-	-
General investments	695,700	(695,700)	-	-
- Deferred tax assets	20,951,850	-	(5,607,531)	15,344,319
<b>Total</b>	<b>640,262,162</b>	<b>-</b>	<b>22,430,126</b>	<b>662,692,288</b>
<b>Equity</b>				
Retained earning - Unappropriated	34,739,669	-	(4,129,085)	30,610,584
Other component of equity				
other comprehensive income				
from equity securities designated				
at fair value through other				
comprehensive income	16,153,236	-	26,559,211	42,712,447
<b>Total</b>	<b>50,892,905</b>	<b>-</b>	<b>22,430,126</b>	<b>73,323,031</b>



	Separate financial statements			As after adjusted
	As before adjusted	Reclassification	Changing in book value Remeasurement through other comprehensive income	
<b>Financial assets</b>				
- Investment in securities				
Investment at fair value through other comprehensive income	-	312,943,128	28,037,657	340,980,785
Investment at amortised cost	-	306,367,184	-	306,367,184
Available-for-sale securities	312,247,428	(312,247,428)	-	-
Held-to-maturity securities	306,367,184	(306,367,184)	-	-
General investments	695,700	(695,700)	-	-
- Deferred tax assets	20,951,850	-	(5,607,531)	15,344,319
<b>Total</b>	<b>640,262,162</b>	<b>-</b>	<b>22,430,126</b>	<b>662,692,288</b>
<b>Equity</b>				
Retained earning - Unappropriated	38,858,441	-	(4,129,085)	34,729,356
Other component of equity other comprehensive income from equity securities designated at fair value through other comprehensive income	16,153,236	-	26,559,211	42,712,447
<b>Total</b>	<b>55,011,677</b>	<b>-</b>	<b>22,430,126</b>	<b>77,441,803</b>

The application of the accounting guidelines has no impact on the cash flows of the Company.

#### Thai Financial Reporting Standard No. 16 “Leases” (“IFRS 16”)

Thai Financial Reporting Standard No. 16 “Leases” provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. This IFRS superseded 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 an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this IFRS 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.

## Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 3.74 - 4.58%.

The following table shows the operating lease commitments disclosed applying TAS 17 as at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	<b>Unit : Baht</b>
	<b>Financial statements in which the equity method is applied and separate financial statements</b>
Operating lease commitments at December 31, 2019	10,949,350
<u>Less</u> Short-term leases and leases of low-value assets	(2,561,850)
<u>Less</u> Effect of discounting the above amounts	(1,124,222)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	49,259,615
Lease liabilities recognized at January 1, 2020	<u>56,522,893</u>

	<b>Unit : Baht</b>		
	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As previously reported</b>	<b>TFRS 16 adjustments</b>	<b>As restated</b>
<b>Impact on assets, liabilities and equity as at December 31, 2019</b>			
<b>Asset</b>			
Investment property	55,951,755	51,422,058	107,373,813
Property, plant and equipment	308,952,689	5,100,835	314,053,524
Net impact on total assets		<u>56,522,893</u>	
<b>Liabilities</b>			
Lease liabilities	-	(56,522,893)	(56,522,893)
Net impact on total liabilities		<u>(56,522,893)</u>	

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Company has elected to apply the following temporary relief measures:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments as at December 31, 2020 by using the fair value as at January 1, 2020.

## 2.5 Thai Financial Reporting Standard No. 16 “Leases”

TFRS 16 has been amended for the Rent Concessions related to COVID-19, which is effective from 1 June 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. In addition, the revised TFRS 16 also added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

## 2.6 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, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

### Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information

### Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

### Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No. 1 “Presentation of Financial Statements” and Thai Accounting Standards No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

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 is in the process to assess the impact of these TFRSs 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 based on the effective interest rate 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 (rental income for the year ended December 31, 2020 : see Note 3.14).

#### 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 Investment in securities

Policies applicable from January 1, 2020

#### 1) Classification and measurement

The Company has classified financial assets based on the accounting guidelines for financial instruments and disclosures on insurance business depending on the classification as following:

- Financial assets that are debt instruments are measured at fair value through other comprehensive income, or amortized cost. The classification is derived by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.
- Financial assets that are equity instruments have been classified as investment at fair value through other comprehensive income (FVTOCI). Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gains or losses will be classified to profit or loss on disposal of the equity investments. Dividends on these investments in equity instruments are recognized in profit or loss.

#### 2) Impairment of financial assets

##### Debt instruments

The Company recognizes losses on impairment in profit or loss and recognizes the loss allowance for expected credit losses on investments in debt instruments in other comprehensive income by the expected credit loss model. The amount of expected credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instruments.

##### Equity instruments and unit trusts

The Company recognizes losses on impairment in profit or loss and recognizes the loss allowance of equity instruments and unit trusts in other comprehensive income when there is an evidence of impairment. Implicit evidence of impairment in equity instruments and unit trusts include information relating to significant negative change stating that the cost of investment in equity instruments and unit trusts are not recoverable. A significant decrease or prolonged on the fair value of equity instruments and unit trusts which less than cost are subject to implicit evidence of impairment.



Policies applicable prior January 1, 2020

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 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
Right-of-use-assets	4 - 33 years

### 3.10 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

### 3.11 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 life is as follow:

Computer software	5 years
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### 3.12 Insurance liabilities

#### 3.12.1 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

#### 3.12.2 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.

#### 3.12.3 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.

### 3.13 Employee benefit obligations

#### 3.13.1 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.

#### 3.13.2 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.

### 3.14 Leases

The Company has applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows:

#### a) Policies applicable from January 1, 2020

##### Lessee

The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets i.e. office equipment. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

##### In case of lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and

arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

#### b) Policies applicable prior to January 1, 2020

##### 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

### 3.15 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.

### 3.16 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.

### 3.17 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.

### 3.18 Critical accounting judgments and Key source of estimation uncertainty

#### 3.18.1 Use of management's judgments

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.

Critical judgments in applying the Company's accounting policies are as follows:

#### 3.18.1.1 Classification of leases

In determining whether a lease should be classified as an operating lease or finance lease, the Group's management has to use judgement to determine whether significant risks and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

#### 3.18.1.2 Employee benefit under defined benefit plans and other long-term employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 17.

#### 3.18.1.3 Significant increase in credit risk

As explained in Note 3.7, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### 3.18.1.4 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial method, based on the best estimate of the claims expected to be paid over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

### 3.18.2 Key sources of estimation uncertainty

The Company have estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### 3.18.2.1 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 be recognized by using historical information and statistical models, based on standard actuarial claims projection techniques.

#### 3.18.2.2 Fair value of investments

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 37.2.6.

#### 3.18.2.3 Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors of the Company has set up a valuation committee, which is headed by the Chief Financial Officer, to determine the appropriate valuation techniques and inputs for fair value measurements.



In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses other observable information either directly or indirectly.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 37.2.6.

#### 3.18.2.4 Fair value of investment properties

The fair value of the investment properties of the Company is appraised by an independent appraiser using value analysis of the Cost Approach or Market Approach or Income Approach. The key assumptions used in the income approach valuation included yield rate, inflation rate, projected rental increases and vacancy rates, as well as other forecast parameters such as the duration of the leases. The appraisal relies on the theoretical hypothesis where the investment properties will be separated from the retail stores to value them as if they were fully independent.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
Cash on hand	136,894	298,094
Cheque on hand	498,572	1,985,202
Deposits at bank - at call	88,678,715	83,508,597
Deposits at bank - time deposits	-	40,000,000
Cash and cash equivalents	89,314,181	125,791,893

## 5. PREMIUM RECEIVABLE

Premium receivable as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
<b>From direct insurance</b>		
Within credit terms	80,898,597	100,029,908
Less than 30 days	36,930,392	33,988,484
31 - 60 days	20,495,861	8,128,480
61 - 90 days	7,290,887	4,055,406
Over 90 days	43,409,417	11,810,522
Total premium receivable	<u>189,025,154</u>	<u>158,012,800</u>
<u>Less</u> Allowance for doubtful accounts	<u>(11,038,469)</u>	<u>(4,985,696)</u>
Premium receivable	<u>177,986,685</u>	<u>153,027,104</u>
<b>Receivable under lawsuit</b>		
Over 1 years	62,818,772	63,357,185
<u>Less</u> Allowance for doubtful accounts	<u>(62,818,772)</u>	<u>(63,357,185)</u>
Receivable under lawsuit	<u>-</u>	<u>-</u>
Premium receivable	<u>177,986,685</u>	<u>153,027,104</u>

As at December 31, 2020 and 2019, receivables under lawsuit of Baht 62.82 million and Baht 63.36 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.

As at December 31, 2020 and 2019, the outstanding balances of major receivables are Baht 36.11 million and Baht 36.71 million, respectively.

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has process with such agents and brokers in accordance with the Company's policy and procedures.

## 6. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
<b>Insurance reserve refundable from reinsurers</b>		
Claim reserves	152,443,264	401,572,692
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>147,346,931</u>	<u>139,523,739</u>
Total reinsurance assets (see Note 15)	<u><u>299,790,195</u></u>	<u><u>541,096,431</u></u>

## 7. AMOUNTS DUE FROM REINSURERS

Amounts due from reinsurers as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Amounts due from reinsurers	21,708,518	49,351,249
<u>Less</u> Allowance for doubtful accounts	<u>(12,139,064)</u>	<u>(10,425,411)</u>
Total amount due from reinsurers	<u><u>9,569,454</u></u>	<u><u>38,925,838</u></u>

Aging analyzes for amounts due from reinsurers as at December 31, 2020 and 2019 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Within credit terms	4,717,074	11,608,974
Not over 12 months	2,942,584	27,028,456
Over 1 year to 2 years	3,872,240	619,420
Over 2 years	<u>10,176,620</u>	<u>10,094,399</u>
	21,708,518	49,351,249
<u>Less</u> Allowance for doubtful accounts	<u>(12,139,064)</u>	<u>(10,425,411)</u>
Amount due from reinsurers	<u><u>9,569,454</u></u>	<u><u>38,925,838</u></u>

## 8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2020 and 2019 consisted of the following:

### 8.1 Investments in securities

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>December 31, 2020</b>	
	<b>Cost/ Amortized Cost</b>	<b>Fair value</b>
	<b>Baht</b>	<b>Baht</b>
<b>Investment at fair value through other comprehensive income</b>		
Private enterprise debt securities	141,191,607	148,876,171
Equity securities	155,610,765	176,808,098
<b>Total</b>	<b>296,802,372</b>	<b>325,684,269</b>
<u>Add</u> Unrealized gains	28,881,897	-
<b>Total Investment at fair value through other comprehensive income</b>	<b>325,684,269</b>	<b>325,684,269</b>
<b>Investment at amortised cost</b>		
Government and state enterprise securities	109,740,713	
Private enterprises debt securities	150,000,000	
Deposits at banks with maturity over 3 months	56,000,000	
<b>Total</b>	<b>315,740,713</b>	
<u>Less</u> Allowance for expected credit loss	(10,686,384)	
<b>Total Investment at amortised cost</b>	<b>305,054,329</b>	
<b>Investments in securities</b>	<b>630,738,598</b>	

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>December 31, 2019</b>	
	<b>Cost/Amortize d Cost</b>	<b>Fair value</b>
	<b>Baht</b>	<b>Baht</b>
<b>Available-for-sale securities</b>		
Equity securities	105,020,857	97,381,107
Unit trusts	187,035,026	214,866,321
Total	<u>292,055,883</u>	<u>312,247,428</u>
<u>Add</u> Unrealised gains	20,191,545	-
<b>Total Available-for-sale securities</b>	<u>312,247,428</u>	<u>312,247,428</u>
<b>Held-to-maturity securities</b>		
Government and state enterprise securities	110,367,184	
Private enterprises debt securities	90,000,000	
Deposits at banks with maturity over 3 months	<u>106,000,000</u>	
<b>Total held-to-maturity securities</b>	<u>306,367,184</u>	
<b>General investment</b>		
Equity securities	705,410	
<u>Less</u>	<u>(9,710)</u>	
<b>Total general investment</b>	<u>695,700</u>	
<b>Total investment in securities</b>	<u>619,310,312</u>	

As at December 31, 2020 and 2019, certain investments in securities are pledged and used for assets reserved with the Registrar amounting to Baht 81.88 million and Baht 82.66 million, respectively (see Note 32).

- 8.2 Allowance for expected credit loss for the year ended December 31, 2020 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>December 31, 2020</b>	
	<b>Gross Amount</b>	<b>Allowance for expected credit loss into other comprehensive income</b>
	<b>Baht</b>	<b>Baht</b>
<b>Investment at fair value through other comprehensive income</b>		
Debt securities with not significantly increased in credit risk (Stage 1)	148,876,171	-
Total	<u>148,876,171</u>	<u>-</u>

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

	<b>December 31, 2020</b>		
	<b>Gross Amount</b>	<b>Allowance for expected credit loss</b>	<b>Net Amount</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Investment at amortised cost</b>			
Debt securities with not significantly increased in credit risk (Stage 1)	295,740,713	(399,779)	295,340,934
Debt securities with credit impairment (Stage 3)	20,000,000	(10,286,605)	9,713,395
<b>Total</b>	<b>315,740,713</b>	<b>(10,686,384)</b>	<b>305,054,329</b>

8.3 Debt securities classified by the remaining fair value through other comprehensive income and maturity as at December 31, 2020 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>Maturities</b>			
	<b>Within 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>Over 5 years Baht</b>	<b>Total Baht</b>
Government and state enterprise securities	7,104,978	33,040,490	69,595,245	109,740,713
Private enterprises debt securities	60,000,000	90,000,000	148,876,171	298,876,171
<b>Total</b>	<b>67,104,978</b>	<b>123,040,490</b>	<b>218,471,416</b>	<b>408,616,884</b>
<b>Less</b> Allowance for expected credit loss	<b>(10,321,177)</b>	<b>(365,207)</b>	<b>-</b>	<b>(10,686,384)</b>
<b>Total</b>	<b>56,783,801</b>	<b>122,675,283</b>	<b>218,471,416</b>	<b>397,930,500</b>

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

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>Maturities</b>			
	<b>Within 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>Over 5 years Baht</b>	<b>Total Baht</b>
<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</b>	<b>20,000,000</b>	<b>77,210,494</b>	<b>103,156,690</b>	<b>200,367,184</b>

- 8.4 The fair value of investments in debt securities as at December 31, 2020 consisted of the follow:

Type of financial assets	Financial statements in which the equity method is applied and separate financial statements	
	As at December 31, 2020	
	Fair value end of the year Baht	Change in fair value during the year Baht
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in TFRS 9, or that is managed and whose performance is evaluated on a fair value basis	305,060,548	(6,027,892)
Contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;	148,876,171	(16,736,630)

## 9. INVESTMENT PROPERTY

Investment property as at December 31, 2020 and 2019 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 as at January 1, 2020	Ending balance of investment property as at December 31, 2020
	As at January 1, 2020	Adjusted from apply TFRS 16 as at January 1, 2020	Increase	As at December 31, 2020	As at January 1, 2020	Depreciation	Disposal / Write off	As at December 31, 2020		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Land	4,697,000	-	-	4,697,000	-	-	-	-	4,697,000	4,697,000
Right-of-use assets	-	51,422,058	-	51,422,058	-	(1,582,217)	-	(1,582,217)	-	49,839,841
Building	459,829,698	-	-	459,829,698	(408,574,944)	(17,078,190)	-	(425,653,134)	51,254,754	34,176,564
Building improvement	69,962,939	-	153,271	70,116,210	(69,962,938)	(12,198)	-	(69,975,136)	1	141,074
<b>Total</b>	<b>534,489,637</b>	<b>51,422,058</b>	<b>153,271</b>	<b>586,064,966</b>	<b>(478,537,882)</b>	<b>(18,672,605)</b>	<b>-</b>	<b>(497,210,487)</b>	<b>55,951,755</b>	<b>88,854,479</b>

	Financial statements in which the equity method is applied and separate financial statement									
	Cost			Accumulated depreciation					Beginning balance of investment property as at January 1, 2019	Ending balance of investment property as at December 31, 2019
	As at January 1, 2019	Increase	Disposal / Write off	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	-	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>



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, 2020 and 2019, investment property which are building and building improvement located on land leased from a related company under an operating lease agreement (see Note 34) and land and building received from debt payment had total carrying amount of Baht 39.01 million and Baht 55.95 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, 2020 and 2019 amounting to Baht 18.67 million and Baht 17.02 million, respectively, were included in expenses for rental.

As at December 31, 2020 and 2019, certain items of investment property with costs of Baht 69.96 million were fully depreciated but still in use.

The maturity analysis of lease liabilities is presented in Note 18.

#### 10. INVESTMENT IN AN ASSOCIATE

As at December 31, 2020 and 2019, 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	
		2020 Percent	2019 Percent	Carrying value under equity method		Cost	
		2020	2019	2020	2019	2020	2019
		Percent	Percent	Baht	Baht	Baht	Baht
<b>Associate</b>							
BUI Life Insurance Public Company Limited	Life Insurance	9.60	9.60	37,187,576	42,603,881	46,815,756	46,815,756

As at December 31, 2020 and 2019, an associate had total assets and total liabilities as follows:

	Baht : '000	
	As at December 31,	
	2020	2019
Total assets	653,245.30	764,346.75
Total liabilities	234,825.96	289,526.57

For the years ended December 31, 2020 and 2019, an associate had total revenues, net loss and net other comprehensive income (loss) as follows:

**Baht : '000**

	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Total revenues	98,281.00	366,569.13
Net loss	(47,097.76)	(39,168.10)
Other comprehensive loss		
Items that will be reclassified subsequently to profit or loss		
Loss on remeasuring available-for-sale investments	(11,628.86)	(4,629.12)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>2,325.77</u>	<u>925.82</u>
Other comprehensive loss - net of income tax	<u>(9,303.09)</u>	<u>(3,703.33)</u>

The statements of profit or loss and other comprehensive income in which the equity method is applied for the years ended December 31, 2020 and 2019 recognized share of loss in portion of shareholding in investment in an associate as follows:

**Baht: '000**

	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Share of loss of investment in an associate	(4,522.91)	(3,761.40)
Other comprehensive loss		
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive loss of an associate	(1,116.75)	(444.55)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>223.35</u>	<u>88.91</u>
Share of other comprehensive loss of an associate - net of income tax	<u>(893.40)</u>	<u>(355.64)</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:

**Baht : '000**

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net assets of an associate	418,419.34	474,820.18
Proportion of the Company's shareholding in an associate (%)	<u>9.60</u>	<u>9.60</u>
	40,181.78	45,598.08
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>37,187.58</u>	<u>42,603.88</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2020 and 2019 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 as at January 1, 2020	Ending balances of property, plant and equipment as at December 31, 2020	
	As at January 1, 2020	Increase from apply TFRS 16 as at January 1, 2020	Increase	Disposal / Write off	As at December 31, 2020	As at January 1, 2020	Depreciation	Disposal / Write off			As at December 31, 2020
Baht	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)
Right-of-use assets	-	5,100,835	238,772	-	5,339,607	-	(584,930)	-	(584,930)	-	4,754,677
Building and building improvement	117,615,082	-	-	(4,195,701)	113,419,381	(112,827,570)	(299,351)	4,054,551	(109,072,370)	4,787,512	4,347,011
Fixtures and office equipment	56,865,137	-	1,213,918	(7,904,424)	50,174,631	(50,347,965)	(2,567,416)	7,900,385	(45,014,996)	6,517,172	5,159,635
Vehicles	11,844,612	-	-	-	11,844,612	(11,844,607)	-	-	(11,844,607)	5	5
Total	483,972,831	5,100,835	1,452,690	(12,100,125)	478,426,231	(175,020,142)	(3,451,697)	11,954,936	(166,516,903)	308,952,689	311,909,328

	Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated depreciation				Beginning balances of property, plant and equipment as at January 1, 2019	Ending balances of property, plant and equipment 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	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

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, 2020 and 2019 amounting to Baht 3.45 million and Baht 2.51 million, respectively, were included in operating expenses. As at December 31, 2020 and 2019, certain building and equipment with costs of Baht 157.84 million and Baht 168.12 million, respectively, were fully depreciated but still in use.

The maturity analysis of lease liabilities is presented in Note 18.

## 12. INTANGIBLE ASSETS

Intangible assets as at December 31, 2020 and 2019 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 as at January 1, 2020	Ending balances of intangibles asset as at December 31, 2020
	As at January 1, 2020	Increase	Write-off	Transfer In (Transfer Out)	As at December 31, 2020	As at January 1, 2020	Amortization	Write-off	As at December 31, 2020		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Computer software	15,603,267	25,900	-	-	15,629,167	(13,140,772)	(966,801)	-	(14,107,573)	2,462,495	1,521,594
Computer software - under installation	8,526,616	200,000	-	-	8,726,616	-	-	-	-	8,526,616	8,726,616
<b>Total</b>	<b>24,129,883</b>	<b>225,900</b>	<b>-</b>	<b>-</b>	<b>24,355,783</b>	<b>(13,140,772)</b>	<b>(966,801)</b>	<b>-</b>	<b>(14,107,573)</b>	<b>10,989,111</b>	<b>10,248,210</b>

	Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated amortization					Beginning balances of intangibles asset as at January 1, 2019	Ending balances of intangibles asset 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	
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>

Amortization for the years ended December 31, 2020 and 2019 amounting to Baht 0.97 million and Baht 1.06 million, respectively, were included in operating expenses.

As at December 31, 2020 and 2019, certain intangible assets with costs of Baht 11.25 million and Baht 9.85 million, respectively, were fully amortized but still in use.

### 13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2020 and 2019 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
Deferred tax assets	<u>22,755,190</u>	<u>20,951,850</u>

Movements of deferred tax assets (liabilities) for the years ended December 31, 2020 and 2019 consisted of tax effects from the following items:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>				
	<b>Balances at January 1, 2020  Baht</b>	<b>Adjustment From apply New TFRSs  Baht</b>	<b>Transactions recognized into profit or loss  Baht</b>	<b>Transactions recognized into other comprehensive income or loss  Baht</b>	<b>Balances at December 31, 2020  Baht</b>
<b>Deferred tax assets</b>					
Allowance for doubtful accounts					
- Premium receivable	13,668,576	-	1,102,872	-	14,771,448
Allowance for doubtful accounts					
- Amount due from reinsurers	1,061,934	-	342,731	-	1,404,665
Allowance for doubtful accounts					
- Other receivable	15,958,640	-	(36,870)	-	15,921,770
Claim reserve	33,277,302	-	(1,839,994)	-	31,437,308
Incurred but not reported claims	10,314,370	-	1,590,454	-	11,904,824
Building lease deposits	3,382,180	-	(87,501)	-	3,294,679
Employee benefit obligations	2,929,912	-	(682,269)	779,693	3,027,336
Allowance for impairment					
- general investments	1,942	-	(1,942)	-	-
Premium ceded payables					
- excess of loss	1,781,303	-	236,960	-	2,018,263
Expected credit loss	-	-	2,886,699	-	2,886,699
	<u>82,376,159</u>	<u>-</u>	<u>3,511,140</u>	<u>779,693</u>	<u>86,666,992</u>
<b>Deferred tax liabilities</b>					
Gain on assets revaluation	(57,386,000)	-	-	-	(57,386,000)
Gain on remeasuring investment at fair value through other comprehensive income	(4,038,309)	(5,607,531)	-	3,120,038	(6,525,802)
	<u>(61,424,309)</u>	<u>(5,607,531)</u>	<u>-</u>	<u>3,120,038</u>	<u>(63,911,802)</u>
<b>Deferred tax assets</b>	<u>20,951,850</u>	<u>(5,607,531)</u>	<u>3,511,140</u>	<u>3,899,731</u>	<u>22,755,190</u>

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

	As at January 1, 2019	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2019
	Baht	Baht	Baht	Baht
<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	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>

Income tax expense for the years ended December 31, 2020 and 2019, consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Income tax expense from taxable income per income tax return	6,359,013	1,152,133
Deferred tax expenses relating to the origination and reversal of temporary differences	(3,511,140)	5,793,452
Income tax expense per the statements of profit or loss and other comprehensive income	<u>2,847,873</u>	<u>6,945,585</u>

Reconciliation of effective tax rate for the years ended December 31, 2020 and 2019 are as follows:

	<b>Financial statements in which the equity method is applied</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>
Profit before income tax expense		<u>15,868,192</u>		<u>15,511,188</u>
Income tax using the corporation tax rate	20.00	3,173,638	20.00	3,102,238
Reversal deferred tax assets unutilized	-	-	25.34	3,931,241
Tax effect of non-deductible income	<u>(2.05)</u>	<u>(325,765)</u>	<u>(0.56)</u>	<u>(87,894)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>17.95</u>	<u>2,847,873</u>	<u>44.78</u>	<u>6,945,585</u>

	<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>	<b>Tax Rate (%)</b>	<b>Amount (Baht)</b>
Profit before income tax		<u>20,391,099</u>		<u>19,272,590</u>
Income tax using the corporation tax rate	20.00	4,078,219	20.00	3,854,518
Reversal deferred tax assets unutilized	-	-	20.40	3,931,241
Tax effect of non-deductible income	<u>(6.03)</u>	<u>(1,230,346)</u>	<u>(4.36)</u>	<u>(840,174)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>13.97</u>	<u>2,847,873</u>	<u>36.04</u>	<u>6,945,585</u>

#### 14. OTHER ASSETS

Other assets as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
Agents receivables	77,624,173	77,624,173
Compensation receivables	2,956,578	2,850,476
<u>Less</u> Allowance for doubtful accounts	<u>(79,608,853)</u>	<u>(79,793,201)</u>
Total	<u>971,898</u>	<u>681,448</u>
Accrued service income	3,053,143	687,999
Accrued rental income	92,909	139,878
Guarantee deposits	2,148,155	2,601,189
Due from rice field insurance scheme	79,266	2,739,533
Refundable corporate income tax	34,307,461	34,307,461
Revenue department receivable	7,002,896	3,692,040
Others	<u>4,711,785</u>	<u>5,561,670</u>
Other assets	<u>52,367,513</u>	<u>50,411,218</u>

## 15. INSURANCE LIABILITIES

Insurance liabilities as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2020</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	320,731,095	(151,044,003)	169,687,092
Claim incurred but not reported	60,923,381	(1,399,261)	59,524,120
	<u>381,654,476</u>	<u>(152,443,264)</u>	<u>229,211,212</u>
Premium reserve			
Unearned Premium reserve	394,333,719	(147,346,931)	246,986,788
Total	<u>775,988,195</u>	<u>(299,790,195)</u>	<u>476,198,000</u>

	<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>



## 15.1 Insurance reserve for short term insurance contract

### 15.1.1 Claim reserves

Claim reserves as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	<b>As at December 31, 2020</b>		
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	678,059,051	(401,572,691)	276,486,360
Claim incurred during the year	395,524,286	(50,575,402)	344,948,884
Changing on estimated claim and assumptions used in calculating claim reserve	(94,297,753)	121,684,078	27,386,325
Claim paid during the year	(597,631,108)	178,020,751	(419,610,357)
Balance as at ending year	<u>381,654,476</u>	<u>(152,443,264)</u>	<u>229,211,212</u>

	<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>

### 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, 2020</b>		
	<b>Gross Baht</b>	<b>Reinsurance Baht</b>	<b>Net Baht</b>
Balance as at beginning year	397,804,950	(139,523,739)	258,281,211
Premium written for the year	1,139,025,230	(351,048,657)	787,976,573
Earned premium for the year	<u>(1,142,496,461)</u>	<u>343,225,465</u>	<u>(799,270,996)</u>
Balance as at ending year	<u>394,333,719</u>	<u>(147,346,931)</u>	<u>246,986,788</u>

	<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>

### 15.1.3 Unexpired risk reserve

As at December 31, 2020 and 2019, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 246.36 million and Baht 249.29 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, 2020

Accident year/ Reported year	2016	2017	2018	2019	2020	Unit : Baht Total
Estimate of ultimates :						
- End of accident year	444,860,918	1,060,739,426	860,317,244	619,743,397	435,633,316	
- One year later	422,589,148	775,946,077	833,938,441	595,218,044		
- Two year later	405,436,835	762,853,146	704,458,399			
- Three year later	405,245,461	794,190,991				
- Four year later	404,728,103					
- Five year later						
Absolute estimated claim reserve and outstanding claim	404,728,103	794,190,991	704,458,399	595,218,044	435,633,316	2,934,228,853
Accumulative claim paid	(404,454,064)	(661,494,469)	(698,716,022)	(557,075,095)	(231,789,283)	(2,553,528,933)
Total claim reserves	274,039	132,696,522	5,742,377	38,142,949	203,844,033	380,699,920
Claim reserves before year 2015						954,556
Total claim reserves						<u>381,654,476</u>

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	(345,811,005)	(403,993,756)	(659,917,835)	(575,640,334)	(305,277,714)	(2,290,640,644)
Total claim reserves	713,027	1,251,705	102,935,311	258,298,107	314,465,683	677,663,833
Claim reserves before year 2014						395,218
Total claim reserves						<u>678,059,051</u>

## 15.2.2 Analysis of claims development - net

As at December 31, 2020

Accident year/ Reported year	2016	2017	2018	2019	2020	Unit : Baht Total
Estimate of ultimates :						
- End of accident year	332,980,624	345,428,860	425,008,295	477,585,034	371,173,495	
- One year later	307,906,757	346,597,356	398,559,020	498,802,253		
- Two year later	291,993,683	322,517,835	375,650,819			
- Three year later	291,762,923	317,766,275				
- Four year later	292,072,567					
Absolute estimated claim reserve and outstanding claim	292,072,567	317,766,275	375,650,819	498,802,253	371,173,495	1,855,465,409
Accumulative claim paid	(291,906,907)	(305,757,156)	(371,752,182)	(463,448,095)	(194,687,945)	(1,627,552,285)
Total claim reserves	165,660	12,009,119	3,898,637	35,354,158	176,485,550	227,913,124
Claim reserves before year 2015						1,298,088
Total claim reserves						<u>229,211,212</u>

As at December 31, 2019

Accident year/ Reported year	2015	2016	2017	2018	2019	Unit : Baht 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 2015						732,609
Total claim reserves						<u>276,486,359</u>

## 15.2.3 Assumption

Assumptions assess the measurement of liabilities incurred on insurance contracts are summarized below;

### (a) Assumptions of incurred claim experience

At the end of the report period the Company estimates case reserves from the historical which is a standard that is generally accepted actuarial method by classified as gross and net case reserves by the accident year and the duration of claim development. The Company used the management's judgement to consider the Loss Development Factor to determine ultimate loss provide adequate with the best estimate of expected loss in the future based on historical data. In case of the short period of time for claim development. The Company adjust with estimated the loss ratio to increase credibility in the loss reserve.

### (b) Assumptions of unallocated loss adjustment expenses (ULAE)

The Company estimates the unallocated loss adjustment expenses (ULAE) based on Claim Department's incurred expenses for example, salaries, employee expenses, facility costs and technology costs, which is set as a ratio of ULAE to claim incurred.

## 16. AMOUNTS DUE TO REINSURERS

Amounts due to reinsurers as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Amount withheld on reinsurance	39,208,929	43,524,892
Other reinsurance payables	46,092,117	39,563,485
Total amounts due to reinsurers	<u>85,301,046</u>	<u>83,088,377</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, 2020 and 2019 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Present value of obligation at the beginning of the years	14,649,560	11,051,601
Current service cost of the years	1,122,564	4,576,507
Interest cost	282,601	229,252
Actuarial loss in defined employee benefit plans	3,898,465	-
<u>Less Benefit paid during the years</u>	<u>(4,816,508)</u>	<u>(1,207,800)</u>
Present value of obligation at the end of the years	<u>15,136,682</u>	<u>14,649,560</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, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Current service cost	1,122,564	4,576,507
Interest cost	282,601	229,252
Actuarial (gain) loss in defined employee benefit plans		
- From financial assumptions changes	1,632,098	-
- From demographic assumptions changes	(812,804)	-
- From experience adjustments	3,079,171	-
Total	<u>5,303,630</u>	<u>4,805,759</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>2020</b>	<b>2019</b>
Financial assumptions		
Discount rate (percent per year)	1.87	3.47
Expect rate of salary increase (percent per year)	4.00	4.00
Demographic assumptions		
Turnover rate (percent per year)	3.44 - 38.13	3.35 - 42.35
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>2020 Baht</b>	<b>2019 Baht</b>
Financial assumptions		
Discount rate		
1% increase	(1,057,687)	(941,640)
1% decrease	1,199,224	1,061,156
Expect rate of salary increase		
1% increase	1,061,130	948,559
1% decrease	(957,129)	(859,088)
Turnover rate		
1% increase	(1,080,969)	(973,150)
1% decrease	1,217,467	1,091,668

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, 2020 and 2019 was as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Within 1 year	3,118,184	4,046,698
Over 1 to 5 years	2,383,729	1,302,919
Over 5 years	9,634,769	9,299,943
Total	<u>15,136,682</u>	<u>14,649,560</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. LEASE LIABILITIES

The Company has entered into lease agreements of land and building office. Minimum lease payments and present value of lease liabilities as at December 31, 2020 and 2019 were as follows:

	<b>The minimum amount to be paid</b>		<b>Present value of minimum amount to be paid in the future</b>	
	<b>As at December 31, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>	<b>As at December 31, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Within 1 year	3,696,000	-	1,269,866	-
Over than 1 year but not over 5 years	14,664,000	-	5,525,337	-
Over than 5 years	81,877,000	-	48,748,800	-
	<u>100,237,000</u>	<u>-</u>	<u>55,544,003</u>	<u>-</u>
<u>Less</u> Deferred interest expense	(44,692,997)	-	-	-
	<u>55,544,003</u>	<u>-</u>	<u>55,544,003</u>	<u>-</u>

The maturity analysis of lease liabilities were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>
	<b>2020</b>
	<b>Baht</b>
<b>Amounts recognized in profit or loss</b>	
Depreciation on right-of-use assets	2,167,147
Interest expense on lease liabilities	2,478,338
Expense relating to short-term leases and leases of low value assets	1,371,280

## 19. OTHER LIABILITIES

Other liabilities as at December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Deposits	16,473,398	16,910,899
Amount received in advance - premium	4,147,047	2,377,945
Deposits from agents	2,925,606	654,605
Undue output value-added tax	2,039,216	-
Others	10,572,199	8,393,233
Total other liabilities	<u>36,157,466</u>	<u>28,336,682</u>

## 20. 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, 2020 and 2019, the Company has additionally legal reserve of Baht 0.88 million and Baht 0.62 million, respectively.



## **21. 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 has 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, 2020 and 2019, 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, 2020 and 2019, the Company has income from rental with a single external customer in the amount over 10% of total income from rental amounting to Baht 6.55 million and Baht 8.62 million, respectively.

The financial information of the Company for the years ended December 31, 2020 and 2019 were presented by business segment as follows:



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		2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht							
<b>Underwriting income</b>																	
Gross written premiums	89,363,285	95,194,212	19,146,494	21,730,287	288,981,584	307,730,471	741,533,867	888,248,023	1,139,025,230	1,312,902,993	-	-	-	-	1,139,025,230	1,312,902,993	
<u>Less</u> Premiums ceded to reinsurers	(38,993,889)	(44,790,281)	(2,559,095)	(3,807,602)	(23,244,911)	(20,327,413)	(286,250,762)	(282,483,414)	(351,048,657)	(351,408,710)	-	-	-	-	(351,048,657)	(351,408,710)	
Net premiums written	50,369,396	50,403,931	16,587,399	17,922,685	265,736,673	287,403,058	455,283,105	605,764,609	787,976,573	961,494,283	-	-	-	-	787,976,573	961,494,283	
<u>Add (Less)</u> Unearned premium reserve (increased) decreased from the previous years	(1,050,361)	(4,403,148)	(62,252)	(3,958,711)	16,707,752	(34,572,459)	(4,300,716)	1,418,394	11,294,423	(41,515,924)	-	-	-	-	11,294,423	(41,515,924)	
Net premium earned	49,319,035	46,000,783	16,525,147	13,963,974	282,444,425	252,830,599	450,982,389	607,183,003	799,270,996	919,978,359	-	-	-	-	799,270,996	919,978,359	
Fee and commission income	18,281,651	14,087,447	90,736	143,865	2,420,571	640,960	29,466,237	22,716,619	50,259,195	37,588,891	-	-	-	-	50,259,195	37,588,891	
Total underwriting income	67,600,686	60,088,230	16,615,883	14,107,839	284,864,996	253,471,559	480,448,626	629,899,622	849,530,191	957,567,250	-	-	-	-	849,530,191	957,567,250	
<b>Net investment income</b>									13,592,330	13,761,570	-	-	-	-	13,592,330	13,761,570	
<b>Other income</b>									-	-	-	-	164,459	581,364	164,459	581,364	
<b>Rental and service income</b>																	
Rental income									-	-	34,971,589	37,834,637	-	-	34,971,589	37,834,637	
Service income - revenue recognition overtime									-	-	34,750,627	36,914,463	-	-	34,750,627	36,914,463	
<b>Total rental and service income</b>									-	-	69,722,216	74,749,100	-	-	69,722,216	74,749,100	
<b>Total revenues</b>									863,122,521	971,328,820	69,722,216	74,749,100	164,459	581,364	933,009,196	1,046,659,284	
<b>Underwriting expenses</b>																	
Gross claim	41,566,956	29,592,507	1,915,679	604,954	176,230,357	222,807,076	105,220,837	316,816,314	324,933,829	569,820,851	-	-	-	-	324,933,829	569,820,851	
<u>Add (Less)</u> Claim recovered from reinsurers	(30,073,194)	(15,314,422)	-	147,376	6,934,131	(23,393,670)	94,247,739	(77,815,546)	71,108,676	(116,376,262)	-	-	-	-	71,108,676	(116,376,262)	
Commissions and brokerages	17,824,241	20,858,850	2,014,311	2,267,158	33,949,519	37,692,005	87,874,118	113,101,966	141,662,189	173,919,979	-	-	-	-	141,662,189	173,919,979	
Other underwriting expenses	13,499,887	14,842,868	3,856,559	4,574,903	32,652,624	22,599,976	186,200,643	229,745,616	236,209,713	271,763,363	-	-	-	-	236,209,713	271,763,363	
Total underwriting expenses	42,817,890	49,979,803	7,786,549	7,594,391	249,766,631	259,705,387	473,543,337	581,848,350	773,914,407	899,127,931	-	-	-	-	773,914,407	899,127,931	
<b>Operating expenses</b>									-	-	-	-	82,899,403	76,330,764	82,899,403	76,330,764	
<b>Other expenses - expenses for rental</b>									-	-	45,117,903	51,927,999	-	-	45,117,903	51,927,999	
<b>Expected credit loss</b>									-	-	-	-	10,686,384	-	10,686,384	-	
<b>Total expenses</b>									773,914,407	899,127,931	45,117,903	51,927,999	93,585,787	76,330,764	912,618,097	1,027,386,694	
<b>Profit before income tax expense</b>															20,391,099	19,272,590	
<b>Income tax expense</b>															2,847,873	6,945,585	
<b>Net profit for the years</b>															<b>17,543,226</b>	<b>12,327,005</b>	

The assets and liabilities of the Company's operating segments as at December 31, 2020 and 2019 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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</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>1,161,248,738</u>	<u>1,400,809,152</u>	<u>88,947,388</u>	<u>56,091,634</u>	<u>481,979,433</u>	<u>512,593,008</u>	<u>1,732,175,559</u>
Total liabilities	<u>906,139,891</u>	<u>1,200,003,627</u>	<u>16,473,398</u>	<u>16,910,899</u>	<u>109,578,461</u>	<u>64,053,580</u>	<u>1,280,968,106</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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</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>1,170,876,918</u>	<u>1,405,021,027</u>	<u>88,947,388</u>	<u>56,091,634</u>	<u>481,979,433</u>	<u>512,593,008</u>	<u>1,741,803,739</u>
Total liabilities	<u>906,139,891</u>	<u>1,200,003,627</u>	<u>16,473,398</u>	<u>16,910,899</u>	<u>109,578,461</u>	<u>64,053,580</u>	<u>1,280,968,106</u>

## 22. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
Employee benefit expense, excluded underwriting and claim adjustment expenses	53,606,632	59,680,727
Premises and equipment expense, excluded underwriting expenses	12,069,354	11,673,859
Tax and duties	82,210	141,940
Doubtful of bad debts and doubtful accounts (reversal)	7,043,665	(9,667,729)
Directors' remuneration (see Note 29)	1,498,000	1,596,000
Marketing expenses	1,454,994	1,888,434
Other operating expenses	7,144,548	11,017,533
Total operating expenses	<u>82,899,403</u>	<u>76,330,764</u>

### 23. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Salary and wages	84,386,161	89,524,545
Social fund expenses	1,308,748	1,682,743
Employee benefit expenses	1,405,166	4,805,759
Provident fund (see Note 31)	1,638,429	1,706,983
Other benefits	8,098,976	7,366,544
Total employee expenses	<u>96,837,480</u>	<u>105,086,574</u>

### 24. EXPECTED CREDIT LOSS

Expected credit loss for the periods ended December 31, 2020, as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>
	<b>2020</b>
	<b>Baht</b>
<u>Expected credit loss</u>	
Investment at amortised cost	<u>10,686,384</u>
	<u>10,686,384</u>

For the year ended December 31, 2020, the Company recognized the expected credit losses for investment in debt securities of a company which is under rehabilitation by Baht 10.36 million to reflect its credit risk.

**25. 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, 2020 and 2019, are as follows:

	Financial statements in which the equity method is applied					
	2020			2019		
	Before tax Baht	Income tax income Baht	Net of tax Baht	Before tax Baht	Income tax income Baht	Net of tax Baht
<b>Item that will be reclassified subsequently to profit or loss</b>						
Loss on remeasuring available-for-sale investment	(15,600,192)	3,120,038	(12,480,154)	(26,956,747)	5,391,349	(21,565,398)
Share of other comprehensive loss of an associate	(1,116,747)	223,349	(893,398)	(444,548)	88,910	(355,638)
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Gain on asset revaluation						
Actuarial loss on defined employee benefit plans	(3,898,465)	779,693	(3,118,772)	-	-	-
Total	<u>(20,615,404)</u>	<u>4,123,080</u>	<u>(16,492,324)</u>	<u>(27,401,295)</u>	<u>5,480,259</u>	<u>(21,921,036)</u>

	Separate financial statements					
	2020			2019		
	Before tax Baht	Income tax income Baht	Net of tax Baht	Before tax Baht	Income tax income Baht	Net of tax Baht
<b>Item that will be reclassified subsequently to profit or loss</b>						
Loss on remeasuring available-for-sale investment	(15,600,192)	3,120,038	(12,480,154)	(26,956,747)	5,391,349	(21,565,398)
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Gain on asset revaluation						
Actuarial loss on defined employee benefit plans	(3,898,465)	779,693	(3,118,772)	-	-	-
Total	<u>(19,498,657)</u>	<u>3,899,731</u>	<u>(15,598,926)</u>	<u>(26,956,747)</u>	<u>5,391,349</u>	<u>(21,565,398)</u>

## 26. GAIN (LOSS) ON INVESTMENT

Gain (loss) on investment for the years ended December 31, 2020 and 2019 consisted of the following:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Gain on sale of investment	2,851,450	-
Loss on impairment of general investment - equity stock	-	(714)
Loss on impairment of investment at fair value through other comprehensive income - equity securities	(3,747,113)	-
Total gain (loss) on investment in securities	<u>(895,663)</u>	<u>(714)</u>

## 27. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2020 and 2019 were as follows:

	<b>Financial statements in which the equity method is applied</b>		<b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net profit (Baht)	13,020,319	8,565,603	17,543,226	12,327,005
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>0.43</u>	<u>0.29</u>	<u>0.58</u>	<u>0.41</u>

## 28. 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
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
Thai Industrial Corporation Limited	Some common directors	Land development for sale and rental
ARIP Public Company Limited	Some common directors	Exhibition business management
Hi-Tech Utilities Corporation Limited	Some common directors	Water supply and distribution for household and industrial for water supply system
Master Achieve (Thailand) Co., Ltd.	Some common directors	Wholesale of retired petroleum products
TPI Refinery (1997) Co., Ltd.	Some common directors	Manufacture of refinery petroleum products
Hi-Tech Kabin Logistics Corp., Ltd	Some common directors	Buying and Selling of on own account of non-residential buildings
Three Homes Property Co.,Ltd.	Some common directors	Buying and selling of on own account of non-residential buildings
Dhara Dhevi Hotel Company Limited	Some common directors	Hotels and resort hotels
Sin Patanasakul Enterprises Co., Ltd.	Some common directors	Renting and operating of self-owned or leased of non-residential buildings



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>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Premium receivable		
Associate	10,705	9,098
Other related parties	70,615,903	34,888,093
Investment at fair value through other comprehensive income		
- equity securities		
Other related parties	101,341,566	48,449,982
Investment at amortised cost - Private enterprise debt securities		
Other related parties	110,000,000	50,000,000
Accrued interest income - Debentures		
Other related parties	679,110	271,849
Claim reserves		
Associate	13,000	10,600
Other related parties	31,232,718	230,811,760
Amount due to reinsurer		
Associate	6,481,837	3,051,078
Accrued rental and service income		
Other related parties	-	12,118
Lease liabilities		
Other related parties	50,804,331	-
Other liabilities - Rental deposit		
Associate	1,503,894	1,503,894
Other related parties	36,000	36,000
Rent payable		
Other related parties	1,500	1,500
Commissions and brokerages payable		
Other related parties	11,438,162	14,450,853

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

**For the years ended  
December 31,**

**2020                      2019  
Baht                        Baht**

Gross written premium		
Associate	180,656	27,873,686
Other related parties	246,584,881	251,236,040

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	5,091,517	5,198,645
Other related parties	159,186	147,624

The Company has land and building rental agreement with a related company. Rental rates and conditions are the same as the related party offers to other companies.

Claims		
Associate	6,600,486	27,709,119
Other related parties	(67,493,122)	40,408,341

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	35,963,058	41,626,057
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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.

Interest income		
Other related parties	2,735,425	2,848,178

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

Dividend income		
Other related parties	3,311,491	1,706,939

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

## 29. 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 for the years ended December 31, 2020 and 2019 were 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>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Directors and key management personnel's remuneration		
Short - term benefits	19,673,010	21,051,173
Post-employment benefits	233,558	378,132
Directors' remuneration (see Note 22)	1,498,000	1,596,000
Total	<u>21,404,568</u>	<u>23,025,305</u>

Directors' remuneration for the years 2020 and 2019 were approved by the ordinary shareholder's meeting of the Company held on June 25, 2020 and April 25, 2019, respectively

## 30. DIVIDENDS PAID

On February 21, 2020, the Board of Directors' Meeting No.1/2020 passed a resolution to distribute the interim dividend for the year 2019 of Baht 0.25 per share for 30,000,000 shares, totaling Baht 7.50 million which were paid to shareholders on June 5, 2020. On June 25, 2020 the Annual Shareholders' Meeting considered and approved the dividends payment.

## 31. 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, 2020 and 2019, the Company's contributions recorded as expenses in the statements of profit or loss and other comprehensive income were Baht 1.64 million and Baht 1.71 million, respectively (see Note 23).

### 32. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2020 and 2019, 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>2020 Baht</b>	<b>2019 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	14,980,174	15,056,090
Assets reserved with the registrar		
Government and state enterprise securities	<u>66,899,376</u>	<u>67,601,195</u>
Total investment in securities of pledged	<u><u>81,879,550</u></u>	<u><u>82,657,285</u></u>

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

As at December 31, 2020 and 2019, the Company has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 25.08 million and Baht 22.36 million, respectively.

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

Long-term leases and service agreements as at December 31, 2020 and 2019 consisted of the following:

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	
	Baht	Baht	Baht
<b>As at December 31, 2020</b>			
Equipment and service - Other	964,900	338,600	1,303,500
	<u>964,900</u>	<u>338,600</u>	<u>1,303,500</u>
<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>

For the years ended December 31, 2020 and 2019, 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 1.37 million and Baht 5.29 million, respectively.

### 35. CONTINGENT LIABILITIES AND COMMITMENTS

35.1 As at December 31, 2020 and 2019, lawsuits have been brought against the Company, as insurer, from which the Company estimates and records losses totaling Baht 12.49 million and Baht 28.62 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.

35.2 As at December 31, 2020 and 2019, the Company have outstanding commitments in respect of building improvement and software development of Baht 0.16 million and Baht 0.36 million, respectively.

### 36. 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
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
<b>As at December 31, 2020</b>				
An associate	4,973,976	828,996	-	5,802,972
A related company	60,000	-	-	60,000
Others	47,889,339	42,833,193	-	90,722,532
	<u>52,923,315</u>	<u>43,662,189</u>	<u>-</u>	<u>96,585,504</u>
<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>

For the years ended December 31, 2020 and 2019, 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 59.02 million and Baht 62.97 million, respectively.

### 37. INSURANCE AND FINANCIAL RISK MANAGEMENT

#### 37.1 Insurance risk

##### 37.1.1 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.

### 37.1.2 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, 2020 and 2019 is as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	
	<b>Increase (decrease) in insurance contract liabilities Baht</b>	<b>Increase (decrease) in profit and equity Baht</b>
Claim reserves		
Gross		
10 % increase	13,122,821	(13,122,821)
10 % decrease	(11,969,723)	11,969,723
	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<b>2020</b>	
	<b>Increase (decrease) in insurance contract liabilities Baht</b>	<b>Increase (decrease) in profit and equity Baht</b>
Net of reinsurance		
10 % increase	12,434,092	(12,434,092)
10 % decrease	(11,786,741)	11,786,741
Unallocated claim adjustment expenses		
Gross and net of reinsurance		
10 % increase	1,247,374	(1,247,374)
10 % decrease	(1,247,374)	1,247,374

	<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

### 37.1.3 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, 2020</b>					
Claim reserve					
Gross	107,945,635	737,759	163,251,484	109,719,598	381,654,476
Net of reinsurance	13,519,075	737,759	152,065,233	62,889,145	229,211,212
Unearned premium reserve					
Gross	43,433,598	5,096,435	155,718,560	190,085,126	394,333,719
Net of reinsurance	25,288,967	5,080,466	155,718,560	60,898,795	246,986,788
<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

## 37.2 Financial instrument risk

### 37.2.1 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.

### 37.2.2 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 based 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>Less than 1 year Baht</b>	<b>1 - 5 years Baht</b>	<b>5 - 10 years Baht</b>	<b>Total Baht</b>
<b>As at December 31, 2020</b>				
Claim reserves	175,993,841	193,047,622	12,613,013	381,654,476
<b>As at December 31, 2019</b>				
Claim reserves	438,794,504	216,916,437	22,348,110	678,059,051

### 37.2.3 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.

### 37.2.4 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, 2020 and 2019, 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, 2020</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	46,187,735	40,178,688	2,312,292	88,678,715
Investment in securities				
Investment at amortised cost				
Government and state enterprise securities	-	109,740,713	-	109,740,713
Private enterprises debt securities	-	139,313,616	-	139,313,616
Deposits at banks with maturity over 3 months	-	56,000,000	-	56,000,000
<b>Total</b>	<b>46,187,735</b>	<b>345,233,017</b>	<b>2,312,292</b>	<b>393,733,044</b>

<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>

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, 2020</b>					
	<b>Period specified for fixing new interest rate</b>				<b>Average interest rate</b>
	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>	
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>%</b>
Investment in securities					
Held-to-maturity securities					
Government and state enterprise securities	7,104,978	33,040,490	69,595,245	109,740,713	2.74
Private enterprises debt securities	49,678,823	89,634,793	-	139,313,616	3.91
Deposits at banks with maturity over 3 months	56,000,000	-	-	56,000,000	0.99
<b>Total</b>	<b>112,783,801</b>	<b>122,675,283</b>	<b>69,595,245</b>	<b>305,054,329</b>	

<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</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>	
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>%</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	106,000,000	-	-	106,000,000	1.41
<b>Total</b>	<b>126,000,000</b>	<b>77,210,494</b>	<b>103,156,690</b>	<b>306,367,184</b>	

### 37.2.5 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.

### 37.2.6 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.

### 37.2.6.1 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, 2020 Baht	2019 Baht		
<u>Financial assets</u>				
Investment at fair value through other comprehensive income				
Equity Securities - public enterprise	146,538,645	97,381,107	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities - Unit trusts	15,355,080	214,866,321	Level 2	Unit trusts' net asset value at the last working day of the reporting period
Debt securities - Unit trusts	148,876,171	-	Level 2	Unit trusts' net asset value at the last working day of the reporting period
Equity Securities	14,914,373	-	Level 3	Using book value approach or discounted cash flows.

### 37.2.6.2 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, 2020	
		Carrying amount Baht	Fair value Baht
<u>Financial assets</u>			
Investment at amortised cost	Level 2*	305,054,329	305,060,548

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

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

### 37.2.6.3 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.

### 37.3 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, 2020 and 2019, the Company maintains capital level in compliance with such requirement.

## 38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's Board of Directors on February 25, 2021.



บางกอกสหประกันภัย  
Bangkok Union Insurance

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