

7. Overview of Operating Performance

The Company has engaged in life reinsurance of all classes. The reinsurance premium written are partially appropriated for insurance reserve which is further invested to bring in returns that could cover contingent liabilities. Thus, in addition to life reinsurance, investment is extremely crucial for our business operation.

Our major income source is net reinsurance premium written which make up 96-99 percent of total income, followed by investment income which is around 3-4 percent of total income. The remainder includes commission and brokerage income and other incomes. Such premium growth was primarily caused by continuous expansion of Thailand's life insurance market.

The Company provided reinsurance for domestic life insurance companies. The services are classified by two main types of business, which are conventional and non-conventional reinsurance. Over the past 7-8 years, non-conventional reinsurance has played a pivotal role in growing the Company's overall premiums. It has experienced robust growth and contributed an increasing proportion in the Company's total reinsurance premium written when compared with the past records.

On the investment side, the Company enjoyed an average rate of return on investment of 4-6 percent in 2016 to 2018. The main investment assets are held-to-maturity investments such as government and state enterprise securities, debentures, etc., which make up about 40-60 percent of total investment assets, moreover by available for-sale investments such as equity securities and unit trusts, accounting for approximately 40-50 percent of total investment assets. Please see the information as detail from annual report 2018, page 116 – 129

Unit : Million

Items	Y 2018	Y 2017
Gross written premium	2,400.30	2,157.43
Earned premium	2,347.46	2,096.54
Net investment income	61.45	51.42
Long-term insurance policy reserves increased from prior year	86.59	35.53
Gross benefits and claims	1,370.46	915.26
Net Profit (loss)	255.47	454.58

Unit: Percent

Items	Y 2018	Y 2017
First year underwriting expenses: Net reinsurance premium	32.75%	38.72%
Renewal underwriting expenses: Net reinsurance premium	24.50%	29.07%
Return on equity ratio	17.08%	31.98%
Return on asset ratio		
- Total return on asset ratio		
- Return on asset ratio excluding life insurance policies from Unit Linked and Universal Life	10.73%	20.50%
Unit: Return on Investment Ratio		
- Total return on investment ratio		
- Return on investment ratio excluding investment from life insurance policies A Unit Linked and Universal Life	3.11%	2.88%
Ratio Investment asset per premium reserves (appraised value)	255.47%	290.08%