

4. Forecasted insurance risk that affects to the company's financial statement

Maintaining and managing the capital fund securely and efficiently is a key requirement of the Company. The Company has taken into account all factors affecting Total Capital Available (TCA) and Total Capital Required (TCR) to covers insurance risk, market risk, credit risk and concentration risk and surrender risk. And integrates these factors into business planning and core business activities; including product design and development, premium rates, underwriting, claims management, reinsurance and investment, to ensure that the Company is financially secure and has sufficient capital for its risk appetite.

The Company sets risk management measures as part of insurance process, which are:

1. The Company has set up the Product Design and Development Committee to consider crucial issues that may affect its financial position. After products are launched, the underwriting results are monitored for further product improvement and development. A sensitivity analysis is conducted to identify the effect from changes in the assumptions on the underwriting results
2. The Company has standardized and updated its underwriting manual based on technical knowledge and statistical data. Training is provided for underwriting staff to improve their knowledge and discipline. Compliance with the guidelines in the manual is also monitored.
3. The Company's loss reserves are examined and certified by independent (Fellow to Society Actuaries) FSA actuary. Moreover, factors that might affect the Company's loss reserve estimates are analyzed and monitored periodically to ensure they adequately cover its obligations.
4. The implement an excess of loss retrocession program that is compatible with the company's risk profile. The company has only used an approved reinsurance broker from Lloyd's, which is a world's leading reinsurance broker. In addition, the Company has a policy to retrocede its business only to retrocessionaires that have credit rating of at least "A-."