

Thaire Life Assurance Public Company Limited
Report and financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited (“the Company”), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2019, and the related statements of income, comprehensive income, changes in owner’s equity and cash flows, in which the equity method is applied, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and also have audited the separate financial statements of Thaire Life Assurance Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thaire Life Assurance Public Company Limited as at 31 December 2019, its financial performance and cash flows, for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Reinsurance premium written

The Company's core revenue is reinsurance premium written, which amounted to Baht 2,340 million. The Company has entered into reinsurance contracts with customers, who are life insurance companies, for both facultative and treaty reinsurance contracts. Conditions under those contracts vary depending upon types of insurance, reinsurance share, insured periods, etc. In addition, recognition of revenue on such reinsurance contracts shall also meet the definition of insurance contracts under Thai Financial Reporting Standards. Therefore, the Company's management is required to use judgement in consideration and review its product classification. Hence, I therefore focused on examining that the reinsurance premium written is recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the Company's internal controls relevant to revenue recognition from each type of reinsurance contract, assessed the appropriateness of method and assumptions used for product classification testing, involving experts in the assessment of such methods and assumptions through comparison with historical and industry data and the review of the related actuarial models, tested, on a sampling basis, the data used for product classification testing and tested, on a sampling basis, the amount of reinsurance premium written against the statements received from reinsurers that occurred during the year and near the period-end. Furthermore, I also performed analytical procedures on reinsurance premium written, disaggregated by reinsurance types and tested, on a sampling basis, any significant adjustments made through journal vouchers.

Long-term insurance policy reserves

As described in Note 15 to the financial statements, as at 31 December 2019, the Company had long-term insurance policy reserves amounting to Baht 471 million, representing 49 percent of total liabilities, whereby the Company compared the amounts of gross premium valuation reserves as at 31 December 2019 with those of unearned premium reserves, and recognised the differences as additional reserves if the amounts of gross premium valuation reserves were higher than those of unearned premium reserves. In calculation of the gross premium valuation reserves, it involves the use of assumptions, including mortality rate, discounted rate, lapse or surrender rate, and selling and administrative expense ratio. Changes in such assumptions will affect the amounts of long-term insurance policy reserves and the Company's management is required to exercise high level of considerable judgement in selecting those assumptions. I therefore focused on the adequacy of long-term insurance policy reserves.

I assessed the method and key assumptions used in determining long-term insurance policy reserves by involving our experts to assist in analysis and comparison of the methods and assumptions used to historical and industry data, and in the review of the actuarial models used in calculating reserves under the Gross Premium Valuation method. Moreover, I also tested, on a sampling basis, data used in calculation, and performed analytical procedures on movements of long-term insurance policy reserves.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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

I am responsible for the audit resulting in this independent auditor's report.

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 18 February 2020

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 December 2019 and 2018

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Cash and cash equivalents	6	33,798,067	55,107,499	33,798,067	55,107,499
Accrued investment income		13,187,204	10,979,404	13,187,204	10,979,404
Reinsurance assets	7	2,662,337	2,890,523	2,662,337	2,890,523
Reinsurance receivables	8	214,596,499	195,504,325	214,596,499	195,504,325
Investment assets					
Investments in securities - net	9	1,947,134,836	1,880,320,416	1,947,134,836	1,880,320,416
Loans	10	1,029,648	1,350,532	1,029,648	1,350,532
Investments in an associate	11.1	13,624,528	16,102,055	21,684,234	21,684,234
Premises and equipment - net	12	53,308,373	55,212,073	53,308,373	55,212,073
Intangible assets - net	13	33,649,819	37,834,960	33,649,819	37,834,960
Deferred tax assets	14.1	28,592,060	30,797,125	26,980,119	30,797,125
Other assets					
Deferred commission expenses		78,324,647	70,819,695	78,324,647	70,819,695
Others		6,256,404	950,292	6,256,404	950,292
Total assets		2,426,164,422	2,357,868,899	2,432,612,187	2,363,451,078
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	15	786,531,545	683,877,504	786,531,545	683,877,504
Due to reinsurers	16	137,009,478	184,571,501	137,009,478	184,571,501
Income tax payable		18,794,352	33,572,395	18,794,352	33,572,395
Employee benefit obligations	17	14,080,989	10,871,877	14,080,989	10,871,877
Other liabilities					
Accrued expenses		4,644,925	2,587,759	4,644,925	2,587,759
Deferred commission income		39,935	43,358	39,935	43,358
Others		6,449,194	3,423,973	6,449,194	3,423,973
Total liabilities		967,550,418	918,948,367	967,550,418	918,948,367
Owners' equity					
Share capital	18				
Registered, issued and paid-up					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings					
Appropriated - statutory reserve	19	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		739,516,723	714,249,360	743,339,730	718,202,902
Other component of owners' equity		(20,065,544)	(14,491,653)	(17,440,786)	(12,863,016)
Total owners' equity		1,458,614,004	1,438,920,532	1,465,061,769	1,444,502,711
Total liabilities and owners' equity		2,426,164,422	2,357,868,899	2,432,612,187	2,363,451,078
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Thaire Life Assurance Public Company Limited

Statements of income

For the years ended 31 December 2019 and 2018

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Reinsurance premium written		2,339,702,858	2,400,297,911	2,339,702,858	2,400,297,911
Less: Reinsurance premium ceded		(15,593,246)	(19,538,148)	(15,593,246)	(19,538,148)
Net reinsurance premium written		2,324,109,612	2,380,759,763	2,324,109,612	2,380,759,763
Less: Unearned premium reserves increased					
from prior year		(42,629,375)	(33,297,362)	(42,629,375)	(33,297,362)
Earned premium		2,281,480,237	2,347,462,401	2,281,480,237	2,347,462,401
Commission income		1,667,338	2,929,349	1,667,338	2,929,349
Share of loss from investments in an associate,					
accounted for under the equity method	11.3	(825,217)	(2,006,781)	-	-
Net investment revenue		70,517,811	61,446,366	70,517,811	61,446,366
Gains on investments		25,726,163	22,584,817	25,726,163	22,584,817
Fair value gain (loss)		4,655,899	(7,907,023)	4,655,899	(7,907,023)
Other income		5,674,198	1,802,199	5,674,198	1,802,199
Total revenues		2,388,896,429	2,426,311,328	2,389,721,646	2,428,318,109
Expenses					
Long-term insurance policy reserves increased					
from prior year		64,657,158	86,590,549	64,657,158	86,590,549
Unexpired risk reserves increased from prior year		9,507,891	-	9,507,891	-
Gross benefits and claims		1,423,183,690	1,374,252,802	1,423,183,690	1,374,252,802
Less: claims recovered from reinsurers		(2,549,195)	(3,791,816)	(2,549,195)	(3,791,816)
Commission expenses		536,058,822	548,594,785	536,058,822	548,594,785
Other underwriting expenses		33,877,794	25,224,319	33,877,794	25,224,319
Operating expenses	21	92,155,677	85,419,003	92,155,677	85,419,003
Total expenses		2,156,891,837	2,116,289,642	2,156,891,837	2,116,289,642
Profits before income tax expenses		232,004,592	310,021,686	232,829,809	312,028,467
Income tax expenses	14.2	(37,748,950)	(56,555,171)	(38,704,702)	(56,555,171)
Profits for the years		194,255,642	253,466,515	194,125,107	255,473,296
Earnings per share					
	24				
Basic earnings per share					
Profits for the years		0.32	0.42	0.32	0.43

The accompanying notes are an integral part of the financial statements.

Thaire Life Assurance Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2019 and 2018

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profits for the years		194,255,642	253,466,515	194,125,107	255,473,296
Other comprehensive income (loss)					
Items to be recognised in statements of income in subsequent period:					
Translation adjustments of the financial statements in foreign currency of an associate		(1,652,310)	(477,378)	-	-
Losses on revaluation of available-for-sale investments	9.3	(5,722,213)	(71,026,564)	(5,722,213)	(71,026,564)
Total items to be recognised in statements of income in subsequent periods		(7,374,523)	(71,503,942)	(5,722,213)	(71,026,564)
Add : Income tax benefits		1,800,632	14,205,313	1,144,443	14,205,313
Items to be recognised in statements of income in subsequent periods - net of income taxes		(5,573,891)	(57,298,629)	(4,577,770)	(56,821,251)
Items not to be recognised in statements of income in subsequent period:					
Actuarial losses	17	(1,236,432)	(892,212)	(1,236,432)	(892,212)
Total items not to be recognised in statements of income in subsequent period:		(1,236,432)	(892,212)	(1,236,432)	(892,212)
Add: Income tax benefits		247,286	178,442	247,286	178,442
Items not to be recognised in statements of income in subsequent periods - net of income taxes		(989,146)	(713,770)	(989,146)	(713,770)
Other comprehensive loss for the years		(6,563,037)	(58,012,399)	(5,566,916)	(57,535,021)
Total comprehensive income for the years		187,692,605	195,454,116	188,558,191	197,938,275

The accompanying notes are an integral part of the financial statements.

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the years ended 31 December 2019 and 2018

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Cash flows from (used in) operating activities					
Cash received from reinsurance		281,008,864	465,497,252	281,008,864	465,497,252
Interest income		17,193,277	15,748,141	17,193,277	15,748,141
Dividend income		51,675,957	44,492,631	51,675,957	44,492,631
Other investment income		25,175,217	22,053,157	25,175,217	22,053,157
Other income		661,985	590,623	661,985	590,623
Other underwriting expenses		(33,869,674)	(25,321,542)	(33,869,674)	(25,321,542)
Operating expenses		(81,241,251)	(83,510,407)	(81,241,251)	(83,510,407)
Income tax expenses		(48,274,011)	(82,685,549)	(48,274,011)	(82,685,549)
Investments in securities		(63,487,643)	(199,100,166)	(63,487,643)	(199,100,166)
Loans		320,884	(1,230,153)	320,884	(1,230,153)
Net cash provided by operating activities		149,163,605	156,533,987	149,163,605	156,533,987
Cash flows from (used in) investing activities					
Disposals of equipment		420,821	1,715,120	420,821	1,715,120
Purchases of equipment		(2,612,020)	(12,902,822)	(2,612,020)	(12,902,822)
Purchases of intangible assets		(281,838)	(2,326,476)	(281,838)	(2,326,476)
Net cash used in investing activities		(2,473,037)	(13,514,178)	(2,473,037)	(13,514,178)
Cash flows from (used in) financing activities					
Dividend paid	25	(168,000,000)	(300,000,000)	(168,000,000)	(300,000,000)
Net cash used in financing activities		(168,000,000)	(300,000,000)	(168,000,000)	(300,000,000)
Net decrease in cash and cash equivalents		(21,309,432)	(156,980,191)	(21,309,432)	(156,980,191)
Cash and cash equivalents at beginning of the year		55,107,499	212,087,690	55,107,499	212,087,690
Cash and cash equivalents at end of the year		33,798,067	55,107,499	33,798,067	55,107,499
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity

For the years ended 31 December 2019 and 2018

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Other component of owners' equity							Total owners' equity	
		Issued and paid-up share capital	Share premium	Retained earnings		Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	Translation adjustments of the financial statements in foreign currency of an associate - net of income taxes			Total other components of owners' equity
				Appropriated -			Total other components of owners' equity			
				statutory reserve	Unappropriated					
Balance as at 1 January 2018		600,000,000	79,162,825	60,000,000	761,494,365	43,958,235	(1,151,259)	42,806,976	1,543,464,166	
Dividend paid	25	-	-	-	(300,000,000)	-	-	-	(300,000,000)	
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,250	-	-	-	2,250	
Profit for the year		-	-	-	253,466,515	-	-	-	253,466,515	
Other comprehensive loss for the year		-	-	-	(713,770)	(56,821,251)	(477,378)	(57,298,629)	(58,012,399)	
Balance as at 31 December 2018		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>714,249,360</u>	<u>(12,863,016)</u>	<u>(1,628,637)</u>	<u>(14,491,653)</u>	<u>1,438,920,532</u>	
Balance as at 1 January 2019		600,000,000	79,162,825	60,000,000	714,249,360	(12,863,016)	(1,628,637)	(14,491,653)	1,438,920,532	
Dividend paid	25	-	-	-	(168,000,000)	-	-	-	(168,000,000)	
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	867	-	-	-	867	
Profit for the year		-	-	-	194,255,642	-	-	-	194,255,642	
Other comprehensive loss for the year		-	-	-	(989,146)	(4,577,770)	(996,121)	(5,573,891)	(6,563,037)	
Balance as at 31 December 2019		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>739,516,723</u>	<u>(17,440,786)</u>	<u>(2,624,758)</u>	<u>(20,065,544)</u>	<u>1,458,614,004</u>	

The accompanying notes are an integral part of the financial statements.

Thaire Life Assurance Public Company Limited
Statements of changes in owners' equity (continued)
For the years ended 31 December 2019 and 2018

(Unit: Baht)

Separate financial statements							
	Note	Issued and paid-up share capital	Share permium	Retained earnings		Other component of owners' equity	Total owners' equity
				Appropriated - statutory reserve	Unappropriated	Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	
Balance as at 1 January 2018		600,000,000	79,162,825	60,000,000	763,441,126	43,958,235	1,546,562,186
Dividend paid	25	-	-	-	(300,000,000)	-	(300,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,250	-	2,250
Profit for the year		-	-	-	255,473,296	-	255,473,296
Other comprehensive loss for the year		-	-	-	(713,770)	(56,821,251)	(57,535,021)
Balance as at 31 December 2018		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>718,202,902</u>	<u>(12,863,016)</u>	<u>1,444,502,711</u>
Balance as at 1 January 2019		600,000,000	79,162,825	60,000,000	718,202,902	(12,863,016)	1,444,502,711
Dividend paid	25	-	-	-	(168,000,000)	-	(168,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	867	-	867
Profit for the year		-	-	-	194,125,107	-	194,125,107
Other comprehensive loss for the year		-	-	-	(989,146)	(4,577,770)	(5,566,916)
Balance as at 31 December 2019		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>743,339,730</u>	<u>(17,440,786)</u>	<u>1,465,061,769</u>

The accompanying notes are an integral part of the financial statements.

Thaire Life Assurance Public Company Limited
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For the years ended 31 December 2019 and 2018

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Thaire Life Assurance Public Company Limited

Notes to financial statements

For the years ended 31 December 2019 and 2018

1. Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2019 and 2018, the major shareholder held 10.10% and 11.10%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance services. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of life insurance companies B.E. 2559 dated 4 March 2016.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on these financial statements.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an additional provision to allow the insurers, who meet certain criteria stipulated in this standard, can be temporarily exempted from adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which will be applicable for the financial reporting period beginning on or after 1 January 2020, in certain areas and can instead adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable for insurance business for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on these financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

This set of TFRSs related to financial instruments makes stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When this set of TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Thai Accounting Guidance related to financial instruments and disclosures applicable for insurance business

Thai Accounting Guidance related to financial instruments and disclosures applicable for insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows the insurers who meet certain stipulated criteria to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting period beginning on or after 1 January 2020, and to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable for insurance business instead.

This accounting guidance has certain stipulations differing from those stipulated in TFRS 9 in the following key topics.

- Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into accounts the assessment of the entity's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities are to be recognised in profit or loss.
- The derivatives embedded in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance also stipulates certain disclosure topics to be different from those stipulated in the TFRS 7.

According to the Company's statement of financial position as of 31 December 2017, the Company had liabilities in connection with insurance services under the scope of TFRS 4: Insurance Contracts of 80% or more but less than 90% of the carrying value of total liabilities and the Company operates non-insurance related business insignificantly. For such reasons, the Company meets certain criteria stipulated in TFRS 4, which allows the Company to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable for insurance business instead of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are effective for the financial reporting beginning on or after 1 January 2020, and the Company's management has already considered to adopt such Thai Accounting Guidance. However, the Company's management expects that there will be key changes in the following matters to the Company's financial statements from the adoption of this Thai Accounting Guidance.

- Classification and measurement of investments in non-listed equity securities (General investments)

The Company is to measure the investments in non-listed equity securities, which are previously measured at cost less allowance for impairment (if any), at fair value through profit and loss or fair value through other comprehensive income.

- Recognition of credit losses

The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred.

Should such Thai Accounting Guidance be adopted in 2020, the Company's management expects that there will be no significant impact from the above changes to the Company's statement of financial position as at 1 January 2020 and there will be no restatement to the prior period's financial statements, presented as comparative information.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company's management believes that there will be no significant impact from adoption of this standard to line items in the statement of financial position as at 1 January 2020 when it is initially adopted and there will be no restatement to the prior period's financial statements, presented as comparative information.

4. Significant accounting policies

4.1 Revenue recognition

a. Reinsurance Premium written

Reinsurance premium written consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts.

b. Commission income

Commission income are recorded as deferred revenue and will be gradually recognised over the ceding periods as revenue proportionately to the ceded premium.

c. Investment revenues

Interest is recognised as revenue on an accrual basis based on the effective interest rate. Dividends are recognised as revenue when the right to receive the dividends is established.

d. Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

4.2 Expenses recognition

a. Reinsurance premium ceded

Reinsurance premium ceded is recognised as expense when the insurance risk is transferred to another reinsurer.

b. Gross claims

Claims consist of claims and losses adjustment expenses of reinsurance for both reported claim and not reported claim, and stated the amounts of the claims, related expenses, and loss adjustments of current and prior year incurred during the year.

Claims of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceeding the sum-insured under the relevant policy.

Claims recovered from reinsurers are recognised as a deduction item against gross claims when claims are recorded under the conditions in the relevant reinsurance contracts.

c. Commission expenses

Commissions of reinsurance are recorded as deferred expenses and will be gradually recognised over the ceding periods as expenses proportionately of earned premium.

d. Other underwriting expenses

Other underwriting expenses are other expenses relating to reinsurance both directly and indirectly, including various insurance-related contributions, which are recognised as expenses on accrual basis.

e. Operating expenses

Operating expenses are these operating expenses not related to underwriting and claims, which are recognised as expenses on accrual basis.

4.3 Product classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the insurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of the significance of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. If any contract is previously classified as an investment contract at an inception of contract, it may, however, be reclassified to be an insurance contract later if the level of the insurance risk increases significantly.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Reinsurance assets

Reinsurance assets consist of long-term insurance policy reserves refundable from reinsurers and unearned premium reserves, less allowance for doubtful accounts (if any).

Insurance reserves refundable from reinsurers are estimated, proportionally based on the reinsurance terms of long-term insurance policy reserves and unearned premium reserves in accordance with the insurance reserve calculation laws.

The Company set up a provision for impairment when it has objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Company may not receive payment from reinsurers and these amounts, which are effected from an event, can be measured reliably.

4.6 Reinsurance receivables and due to reinsurers

a. Reinsurance receivables

Reinsurance receivables are stated at amounts deposited on reinsurance and amounts due from reinsurers

Amounts due from reinsurers consist of premium receivables, commission income receivables, claim receivables and various other items receivable from reinsurers, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectibles, taking into account collection experience and the status of reinsurers as at the end of the reporting periods.

b. Due to reinsurers

Due to reinsurers are stated at amounts due to reinsurers and other amounts due to reinsurers which consist of other reinsurance payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance receivables or due to reinsurers) when the following criteria for offsetting are met.

- (1) The Company has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Company intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.7 Investment assets

a. Investments in securities

Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statement of income.

Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be recorded in statement of income when the investments are sold.

Held-to-maturity investments are presented at amortised cost. The premium/discount on the investments is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt securities is determined based on yield rates or prices quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset value.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investments is recognised in statements of income. The weighted average method is used for computation of the cost of investments.

The Company records purchases and sales of investments in equity securities on trade dates and records purchases and sales of investments in debt securities on settlement dates.

b. Loans

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in statement of income.

c. Investment in an associate

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and is subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in statement of income.

4.8 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Office equipment and furniture	-	5 years
Computers	-	3 years
Motor vehicles	-	5 years

Depreciation is recognised as expense in statement of income. No depreciation is provided on land and construction in progress.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in statement of income when the asset is derecognised.

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to statement of income. No amortisation is provided on computer program under development.

Intangible assets with finite useful lives, which are computer softwares, have an estimated economic useful life of 10 years.

4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of investments, premises and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised as expenses in statement of income when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in statement of income.

4.11 Insurance contract liabilities

Insurance contract liabilities consist of long-term insurance policy reserves, loss reserves, claims payable and premium reserves.

a. Long-term insurance policy reserves

At the end of the reporting period, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will provide additional reserves for such difference.

(1) Unearned premium reserves

- | | |
|--------------------------------|--|
| Life reinsurance - Treaty | - Monthly average basis
(the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three
hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Gross premium valuation reserves

Gross premium valuation reserves are life policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

b. Loss reserves

Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of estimated claim will not exceed the sum-insured under the relevant policy.

Loss reserves are calculated using an actuarial method based on the best estimate of claims expected to be paid to the insured in respect of losses incurred before or as at the end of the reporting period whether or not the claims are reported to the Company, including loss adjustment expenses. Differences of the then-calculated loss reserves and the loss reserves already recognised in the financial statements is claims incurred but not yet reported (IBNR).

c. Premium reserves

Premium reserves are short-term insurance policy reserves. At the end of the reporting period, the Company compares the amount of unexpired risk reserves with that of net unearned premium reserves from deferred commission expenses, and if the amounts of unexpired risk reserves are higher than the amounts of unearned premium reserves net of deferred commission expenses, the Company will recognise additional reserves for such difference. However, the increase or decrease in unearned premium reserves from prior year is to be recognised in profit or loss.

(1) Unearned premium reserves

- | | |
|--------------------------------|--|
| Life reinsurance - Treaty | - Monthly average basis
(the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three
hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserves

Unexpired risk reserves are the reserves for the future claims that may be incurred in respect of in-force policies. Unexpired risk reserves are set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining coverage period, based on historical claim data.

4.12 Employee benefit obligation

a. Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

b. Defined benefit plans

The Company has obligations in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statement of comprehensive income and recorded directly to retained earnings.

4.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership to the Company as a lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are presented as long-term liabilities, while the interest element is charged to statement of income over the lease periods. The assets acquired under finance leases are depreciated over the shorter of the lesser periods and the useful lives of the leased assets.

Leases of assets, which do not transfer substantially all the risks and rewards of ownership to the Company, as the lessee, are classified as operating leases. Operating lease payments are recognised as an expense in statement of income on a straight line basis over the lease terms. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.15 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period.

Gains and losses on exchange are included in statement of income.

4.16 Income taxes

Income tax expenses represent the sum of corporate income tax currently payable and deferred income taxes.

a. Current income taxes

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

b. Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax assets to be utilised.

The Company records deferred taxes directly to equity if the taxes relate to items that are recorded directly to equity.

4.17 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case when there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of inputs to be used in fair value measurements as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for doubtful accounts on amounts due from reinsurers

In determining an allowance for doubtful accounts on amounts due from reinsurers, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.2 Impairment on reinsurance assets

In determining impairment on reinsurance assets, the management needs to make judgement and estimates loss on impairment of each reinsurers based on conditions in contract and events occurred that the Company may not receive entire amount under the term of contract.

5.3 Allowance for impairment on investments in equity securities

The Company treats available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

5.4 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to estimate the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Intangible assets and amortisation

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.7 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions or assumptions determined on the policy inception dates, which reflect the best estimates at that times. The main assumptions used are policy surrender or lapse rates, selling and administrative expenses, mortality, morbidity, longevity, discount rates, non-guaranteed dividend rates and so on. However, the use of different assumptions could affect the amount of life policy reserves and adjustments to the life policy reserves may therefore be required in the future.

5.8 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR), the losses on which are estimated using international standard actuarial techniques. The major assumptions used under these techniques consist of historical data, including the development of claims estimates, paid, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.9 Unexpired risk reserves

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

5.10 Obligation under the defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.11 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.12 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.13 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The inputs to these models are taken from observable markets, and include consideration of credit risk (the Company and its counterparty), liquidity risk, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

Financial statements
in which the equity method is applied
and Separate financial statements as at
31 December

	2019	2018
Cash	4,052	8,783
Deposits at banks with no fixed maturity date	8,788,149	44,821,548
Deposits at other financial institutions	25,005,866	10,277,168
Total cash and cash equivalents	<u>33,798,067</u>	<u>55,107,499</u>

As at 31 December 2019 and 2018, saving deposits, and deposits at other financial institutions carried interests between 0.1 and 1.0 percent per annum.

7. Reinsurance assets

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2019	2018
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	2,656,014	2,883,108
Unearned premium reserves	6,323	7,415
Total reinsurance assets	<u>2,662,337</u>	<u>2,890,523</u>

8. Reinsurance receivables

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2019	2018
Amounts deposited on reinsurance	92,399,180	62,033,064
Amounts due from reinsurers	122,197,319	133,471,261
Total reinsurance receivables	<u>214,596,499</u>	<u>195,504,325</u>

At 31 December 2019 and 2018, the balances of amounts due from reinsurers, classified by overdue periods of principal, are as follows:

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2019	2018
Not yet due	121,845,713	128,521,206
Overdue not longer than 12 months	272,060	4,740,264
Over 1 year to 2 years	79,546	209,791
Total amounts due from reinsurers	<u>122,197,319</u>	<u>133,471,261</u>

9. Investments in securities

9.1 Classified by types of investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	75,613,249	72,336,094	86,439,441	78,514,664
Less: Unrealised loss	(3,277,155)	-	(7,924,777)	-
Trading investments - net	<u>72,336,094</u>	<u>72,336,094</u>	<u>78,514,664</u>	<u>78,514,664</u>
Available-for-sale investments				
Equity securities	825,763,670	803,962,688	959,411,077	943,332,306
Less : Unrealised loss	(21,800,982)	-	(16,078,771)	-
Available-for-sale investments - net	<u>803,962,688</u>	<u>803,962,688</u>	<u>943,332,306</u>	<u>943,332,306</u>
Held-to-maturity investments				
Government and state enterprise securities	709,081,922		546,367,877	
Private enterprise debt securities	214,648,412		179,999,849	
Deposits at financial institutions which mature over 3 months	<u>145,000,000</u>		<u>130,000,000</u>	
Total held-to-maturity investments	<u>1,068,730,334</u>		<u>856,367,726</u>	
General investments				
Equity securities	<u>2,105,720</u>		<u>2,105,720</u>	
Total general investments	<u>2,105,720</u>		<u>2,105,720</u>	
Investments in securities - net	<u><u>1,947,134,836</u></u>		<u><u>1,880,320,416</u></u>	

9.2 Remaining period of debt securities

As at 31 December 2019 and 2018, Investments in debt securities have the following remaining periods to maturity.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December							
	2019				2018			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments								
Government and state enterprise securities	445,675,238	132,717,416	130,689,268	709,081,922	411,084,862	69,940,372	65,342,643	546,367,877
Private enterprises debt securities	30,000,000	133,000,000	51,648,412	214,648,412	119,999,849	60,000,000	-	179,999,849
Deposits at financial institutions with an original maturity period longer than 3 months	145,000,000	-	-	145,000,000	130,000,000	-	-	130,000,000
Total held-to-maturity investments	620,675,238	265,717,416	182,337,680	1,068,730,334	661,084,711	129,940,372	65,342,643	856,367,726

9.3 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes		
- beginning of the years	(12,863,016)	43,958,235
Revaluation increase (decrease) during the years	19,707,595	(45,837,502)
Gains transferred to be recognised in statements of income	(25,429,808)	(25,189,062)
Total losses on revaluation of available-for-sale investments	(5,722,213)	(71,026,564)
Add: Income taxes	1,144,443	14,205,313
Losses on revaluation of available-for-sale investments - net of income taxes	(4,577,770)	(56,821,251)
Revaluation deficit on available-for-sale investments - net of income taxes		
- end of the years	(17,440,786)	(12,863,016)

9.4 Investments subject to restriction

As at 31 December 2019 and 2018, the Company placed some investments as a security with the Registrar and had some investments placed to guarantee for electricity consumption as described in Notes 27 and 28 to the financial statements.

10. Loans

The ending balances of loans are loans provided to employees in accordance with the Company's employee welfare plan at the interest rate of not lower than 1.00% and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks, depending on types of loans granted. The whole amounts of the outstanding balances were classified as not yet due and no interest was receivable as of the end of the reporting period.

(Unit: Baht)

	Financial statements	
	in which the equity method is applied	
	and Separate financial statements as at	
	31 December	
	2019	2018
Mortgage loans	1,029,648	1,350,532
Total loans	1,029,648	1,350,532

11. Investment in an associate

11.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Issued and paid-up share capital as at 31 December		Shareholding percentage held by the Company as at 31 December	
			2019	2018	2019	2018
			(Thousand Baht)	(Thousand Baht)	(%)	(%)
TKI Life Insurance Company Limited	Life insurance	Laos	66,118	66,118	32.50	32.50

(Unit: Thousand Baht)

Company's name	Financial statements		Separate financial statements	
	in which the equity method is applied		Investment value under cost method as	
	Investment value under equity method as at 31 December		Investment value under cost method as at 31 December	
	2019	2018	2019	2018
TKI Life Insurance Company Limited	13,625	16,102	21,684	21,684

11.2 Financial information of an associate

Summarised information about financial position

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	31 December	
	2019	2018
Total assets	44,067	50,607
Total liabilities	(2,145)	(1,062)
Net assets	41,922	49,545
Shareholding percentage (%)	32.50	32.50
Carrying amount of an associate under equity method	13,625	16,102

Summarised information of statements of comprehensive income

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	For the years ended 31 December	
	2019	2018
Total revenues	7,345	4,012
Loss for the years	(2,227)	(5,416)
Total comprehensive loss for the year	(2,227)	(5,416)

11.3 Share of profit (loss) and other comprehensive income and dividend income

During the years, the Company recognised shares of loss and other comprehensive income from investment in an associate in the financial statements, in which the equity method is applied, and recognised dividends received from an associate in the separate financial statements as below.

(Unit: Thousand Baht)

Associate	Financial statements in which the equity method is applied				Separate financial statements	
	Share of loss from investment in an associate for the years ended 31 December		Share of other comprehensive income from investment in an associate for the years ended 31 December		Dividends received for the years ended 31 December	
	2019	2018	2019	2018	2019	2018
TKI Life Insurance Company Limited	(825)	(2,007)	-	-	-	-
	<u>(825)</u>	<u>(2,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2019 and 2018, the Company presented investment in an associate under the equity method in the financial statements, in which the equity method is applied, based on the financial information, as prepared by the associate's management. However, the Company obtained the 2018 financial statements of TKI Life Insurance Company Limited, which were audited by the associate's auditor under report dated 26 March 2019. Such audited financial statements presented financial information that was not significantly different from the financial information prepared by the associate's management used for equity-accounting in that year.

12. Premises and equipment

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements						
	Land	Buildings	Furniture, fixture and equipment	Computers	Motor vehicles	Construction in progress	Total
Cost							
As at 1 January 2018	17,640,000	33,678,112	6,172,458	2,651,041	3,008,606	1,157,080	64,307,297
Additions	-	1,714,593	2,270,742	554,806	-	8,362,681	12,902,822
Transfer in (out)	-	1,157,080	-	-	-	(1,157,080)	-
Disposals	-	-	(2,501,666)	(63,294)	(3,008,606)	-	(5,573,566)
As at 31 December 2018	17,640,000	36,549,785	5,941,534	3,142,553	-	8,362,681	71,636,553
Additions	-	986,842	1,036,829	588,350	-	-	2,612,021
Transfer in (out)	-	6,668,687	1,693,994	-	-	(8,362,681)	-
Disposals	-	-	(337,237)	(125,083)	-	-	(462,320)
Adjustment	-	-	-	(50,574)	-	-	(50,574)
As at 31 December 2019	17,640,000	44,205,314	8,335,120	3,555,246	-	-	73,735,680
Accumulated depreciation							
As at 1 January 2018	-	10,918,620	3,517,107	793,522	2,758,606	-	17,987,855
Depreciation for the year	-	1,776,312	819,255	831,527	-	-	3,427,094
Accumulated depreciation on disposals	-	-	(2,173,223)	(58,640)	(2,758,606)	-	(4,990,469)
As at 31 December 2018	-	12,694,932	2,163,139	1,566,409	-	-	16,424,480
Depreciation for the year	-	2,096,980	1,381,103	1,004,154	-	-	4,482,237
Accumulated depreciation on disposals	-	-	(324,467)	(120,766)	-	-	(445,233)
Adjustment	-	-	-	(34,177)	-	-	(34,177)
As at 31 December 2019	-	14,791,912	3,219,775	2,415,620	-	-	20,427,307
Net book value							
31 December 2018	17,640,000	23,854,853	3,778,395	1,576,144	-	8,362,681	55,212,073
31 December 2019	17,640,000	29,413,402	5,115,345	1,139,626	-	-	53,308,373
Depreciation for the years							
2018							3,427,094
2019							4,482,237

As at 31 December 2019 and 2018, certain equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 1.3 million.

13. Intangible assets

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	<u>Computer softwares</u>
Cost	
1 January 2018	42,557,704
Additions	2,326,476
Transfer in (out)	(472,940)
31 December 2018	44,411,240
Additions	281,838
Adjustment	(19,757)
31 December 2019	44,673,321
Accumulated amortisation	
1 January 2018	2,278,723
Amortisation during the year	4,440,864
Accumulated amortisation on disposals	(143,307)
31 December 2018	6,576,280
Amortisation during the year	4,451,228
Adjustment	(4,006)
31 December 2019	11,023,502
Net book value	
31 December 2018	37,834,960
31 December 2019	33,649,819

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets

As at 31 December 2019 and 2018, the components of deferred tax assets were as follows:

	(Unit: Thousand Baht)							
	Financial statements				Financial statements		Separate financial	
	in which the equity		Separate financial		in which the equity		statements	
	method is applied		statements		method is applied		statements	
				Changes in deferred tax		Changes in deferred tax		
				assets for		assets for		
				the years ended		the years ended		
				31 December		31 December		
31		31		31		31		
December		December		December		December		
2019		2018		2019		2018		
Deferred tax assets arose								
from:								
Loss reserves	1,558	4,341	1,558	4,341	(2,783)	(2,649)	(2,783)	(2,649)
Commission payable on reinsurance	30,872	34,123	30,872	34,123	(3,251)	(8,280)	(3,251)	(8,280)
Employee benefit obligations	2,816	2,174	2,816	2,174	642	356	642	356
Unrealised losses on available-for-sale investments	4,360	3,216	4,360	3,216	1,144	14,206	1,144	14,206
Deferred commission - net	(15,657)	(14,155)	(15,657)	(14,155)	(1,502)	(1,037)	(1,502)	(1,037)
Others	4,643	1,098	3,031	1,098	3,545	50	1,933	50
Deferred tax assets	<u>28,592</u>	<u>30,797</u>	<u>26,980</u>	<u>30,797</u>				
Total changes					<u>(2,205)</u>	<u>(16,488)</u>	<u>(3,817)</u>	<u>(16,488)</u>
Recognition of changes in:								
- Statements of income					(4,252)	(11,737)	(5,208)	(11,737)
- Statements of comprehensive income					2,047	14,383	1,391	14,383
Total changes					<u>(2,205)</u>	<u>2,646</u>	<u>(3,817)</u>	<u>2,646</u>

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Current income taxes:				
Interim corporate income tax charge	(33,537)	(44,818)	(33,537)	(44,818)
Adjustment of prior year's income tax expenses	40	-	40	-
Deferred income taxes:				
Relating to origination and reversal of temporary differences	(4,252)	(11,737)	(5,208)	(11,737)
Income tax expenses reported in the statements of income	<u>(37,749)</u>	<u>(56,555)</u>	<u>(38,705)</u>	<u>(56,555)</u>

Reconciliation between income tax expenses and the product of accounting profits for the year ended 31 December 2019 and 2018 and the applicable tax rate is as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Accounting profits before income tax expenses	<u>232,005</u>	<u>310,022</u>	<u>232,830</u>	<u>312,028</u>
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(46,401)	(62,004)	(46,566)	(62,406)
Adjustment of prior year's income tax expenses	40	-	40	-
Tax effects of:				
Non-taxable revenues	8,275	5,649	8,275	5,649
Non-tax deductible expenses	(848)	(18)	(848)	(18)
Additional tax-deductible expenses allowed	466	292	466	292
Others	719	(474)	(72)	(72)
Total	<u>8,612</u>	<u>5,449</u>	<u>7,821</u>	<u>5,851</u>
Income tax expenses reported in the statements of income	<u>(37,749)</u>	<u>(56,555)</u>	<u>(38,705)</u>	<u>(56,555)</u>

15. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	471,181,653	(2,656,014)	468,525,639
Loss reserves			
Claims incurred and reported	347,636	-	347,636
Claims incurred but not yet reported	7,442,576	-	7,442,576
Premium reserves			
Unearned premium reserves	298,051,789	(6,323)	298,045,466
Unexpired risk reserves	9,507,891	-	9,507,891
Total	786,531,545	(2,662,337)	783,869,208

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	406,751,589	(2,883,108)	403,868,481
Loss reserves			
Claims incurred and reported	343,915	-	343,915
Claims incurred but not yet reported	21,358,494	-	21,358,494
Premium reserves			
Unearned premium reserves	255,423,506	(7,415)	255,416,091
Total	683,877,504	(2,890,523)	680,986,981

15.1 Long-term insurance policy reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	406,751,589	321,283,566
Reserves increased from new policies and enforced policies	120,753,086	143,083,523
Insurance policy reserves decreased from benefit paid for lapse, surrender and others	(61,865,391)	(41,212,054)
Assumptions changes	5,542,369	(16,403,446)
Ending balances	<u>471,181,653</u>	<u>406,751,589</u>

15.2 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	21,702,409	34,949,431
Claims incurred for the year	1,003,236,892	979,028,274
Changes in loss reserve	1,784,243	56,925,383
Changes in assumptions for calculating loss reserves	(15,700,440)	(66,185,055)
Claims paid during the year	(1,003,232,892)	(983,015,624)
Ending balances	<u>7,790,212</u>	<u>21,702,409</u>

15.3 Claim development tables

a. Gross claims table

	(Unit: Baht)										
Underwriting year/Reporting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Outstanding claim provision:											
- as at underwriting year/ reporting year		131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,521	681,954,649	
- Next one year		204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024	931,171,835		
- Next two years		206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303	682,514,759			
- Next three years		209,473,930	299,764,147	349,070,304	429,520,630	392,782,278	476,702,303				
- Next four years		209,473,930	299,768,519	349,070,304	429,520,630	392,778,278					
- Next five years		209,473,930	299,768,519	349,070,304	429,520,630						
- Next six years		209,473,930	299,768,519	349,070,304							
- Next seven years		209,473,930	299,768,519								
- Next eight years		209,473,930									
Cumulative ultimate claim estimates		209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	931,171,835	681,954,649	
Cumulative payments to date		(209,473,930)	(299,768,519)	(349,070,304)	(429,520,630)	(392,778,278)	(476,702,303)	(682,514,759)	(931,171,835)	(674,164,437)	
Total loss reserves		-	-	-	-	-	-	-	-	7,790,212	7,790,212

b. Net claim table

	(Unit: Baht)										
Underwriting year/Reporting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Outstanding claim provision:											
- as at underwriting year/											
Reporting year		131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,521	681,954,649	
- Next one year		204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024	931,171,835		
- Next two years		206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303	682,514,759			
- Next three years		209,473,930	299,764,147	349,070,304	429,520,630	392,782,278	476,702,303				
- Next four years		209,473,930	299,768,519	349,070,304	429,520,630	392,778,278					
- Next five years		209,473,930	299,768,519	349,070,304	429,520,630						
- Next six years		209,473,930	299,768,519	349,070,304							
- Next seven years		209,473,930	299,768,519								
- Next eight years		209,473,930									
Cumulative ultimate claim											
estimates		209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	931,171,835	681,954,649	
Cumulative payments to date		(209,473,930)	(299,768,519)	(349,070,304)	(429,520,630)	(392,778,278)	(476,702,303)	(682,514,759)	(931,171,835)	(674,164,437)	
Total loss reserves	-	-	-	-	-	-	-	-	-	7,790,212	7,790,212

15.4 Key assumptions

The key assumptions used in the calculation of long-term insurance policy reserves under gross premium valuation method for liabilities adequacy test are determined as follows:

a. Mortality rate

The Company uses the Thai mortality table as a base and adjusts it based on the Company's experience.

b. Lapse rates

The Company determines the assumptions based on historical actual lapse rates of the Company.

c. Discount rate

The Company uses zero coupon government bond yield curve as a baseline, which will be adjusted for the credit spread between these and A-rated corporate debt securities with 10 years to maturity in order to expiate the illiquidity risk premium.

Key actuarial assumptions in IBNR calculation is the ultimate loss ratio, The ultimate loss ratio is calculated by dividing estimated ultimate losses by estimated ultimate premiums.

15.5 Unearned premium reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	255,423,506	222,128,295
Premium written for the years	1,312,036,745	1,322,323,819
Premium earned during the years	(1,269,408,462)	(1,289,028,608)
Ending balances	<u>298,051,789</u>	<u>255,423,506</u>

15.6 Unexpired risk reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Beginning balances	-	-
Increase during the years	9,507,891	-
Dissolved during the years	-	-
Ending balances	<u>9,507,891</u>	<u>-</u>

16. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December	
	2019	2018
Amounts due to reinsurers	<u>137,009,478</u>	<u>184,571,501</u>
Total due to reinsurers	<u>137,009,478</u>	<u>184,571,501</u>

17. Employee benefit obligations

The movements of employee benefit obligations during the years ended 31 December 2019 and 2018 were as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Employee benefit obligations at beginning of the years	10,871,877	9,087,919
Recognised in statements of income:		
Current service costs	1,249,432	765,915
Interest costs	233,209	125,831
Past service costs	2,069,239	-
Total items included in statements of income	3,551,880	891,746
Recognised in statements of comprehensive income:		
Actuarial (gains) losses due to		
- Demographic assumptions changes	-	(135,863)
- Financial assumptions changes	1,148,878	(351,014)
- Experience adjustments	87,554	1,379,089
Total actuarial losses	1,236,432	892,212
Total items included in statements of comprehensive income	1,236,432	892,212
Benefits paid during the years	(1,579,200)	-
Employee benefit obligations at end of the years	14,080,989	10,871,877

As at 31 December 2019, the Company expected to pay employee benefits of Baht 0.8 million over the next 1-year period (31 December 2018: Nil).

As at 31 December 2019 and 2018, the weighted average durations of payments of employee benefits were approximately 12.0 years and 10.0 years, respectively.

The significant assumptions used in calculation of the defined benefit plan were summarised below.

	(Unit: % per annum)	
	For the years ended 31 December	
	2019	2018
Discount rate	1.7	2.6
Salary incremental rate	6.5	6.5
Staff turnover rates	0.0 - 22.5	0.0 - 22.5

The impact from sensitivity analysis from significant assumptions that affect employee benefit obligations as at 31 December 2019 and 2018 were summarised below.

Financial statements in which the equity method is applied and Separate financial statements				
Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2019	Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2019	
				% per annum
Discount rate	1.0	(1,178,774)	1.0	1,381,855
Salary increasing rate	1.0	1,492,685	1.0	(1,298,706)
Staff turnover rate	10.0 ⁽¹⁾	(967,443)	10.0 ⁽¹⁾	1,112,183

⁽¹⁾ 10% of assumed staff turnover rates.

Financial statements in which the equity method is applied and Separate financial statements				
Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2018	Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2018	
				% per annum
Discount rate	1.0	(592,373)	1.0	697,563
Salary increasing rate	1.0	837,411	1.0	(732,019)
Staff turnover rate	10.0 ⁽¹⁾	(499,082)	10.0 ⁽¹⁾	577,397

⁽¹⁾ 10% of assumed staff turnover rates.

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette, which stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment, resulting in the Company having addition employee benefit obligations of Baht 2 million. The Company already reflected the effect of such change by recognising past service costs as expenses in the statement of income.

18. Share capital

As at 31 December 2019 and 2018, the Company's has the registered, issued and paid-up share capital consists of about 600 million shares with par value of Baht 1 per share.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

20. Segment information

20.1 Operating segment information reporting

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as President.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments are "conventional products" and "non-conventional products". Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market or a new type of product in expectation of market demand and the Company can continuously service.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the years ended 31 December 2019 and 2018 can be classified by type of products as follows:

	(Unit: Baht)		
	Financial statements in which the equity method is applied		
	For the year ended 31 December 2019		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,261,692,996	1,078,009,862	2,339,702,858
Less: Reinsurance premium ceded	(14,580,307)	(1,012,939)	(15,593,246)
Net reinsurance premium written	1,247,112,689	1,076,996,923	2,324,109,612
Add (Less): Unearned premium reserves (increased) decreased from prior year	14,384,664	(57,014,039)	(42,629,375)
Earned premium	1,261,497,353	1,019,982,884	2,281,480,237
Underwriting expenses			
Long-term insurance policy reserves increased (decreased) from prior year	(7,662,622)	72,319,780	64,657,158
Unexpired risk reserves increased from prior year	5,097,739	4,410,152	9,507,891
Net benefits and claims	768,945,532	651,688,963	1,420,634,495
Commissions and brokerages expenses - net	335,400,529	198,990,955	534,391,484
Other underwriting expenses	18,268,719	15,609,075	33,877,794
Total underwriting expenses	1,120,049,897	943,018,925	2,063,068,822
Profit from underwriting	141,447,456	76,963,959	218,411,415
Operating expenses			(92,155,677)
Profit from operations			126,255,738
Share of loss from investment in an associate			(825,217)
Net investment revenue			100,899,873
Other income			5,674,198
Profit before income tax expenses			232,004,592
Income tax expenses			(37,748,950)
Profit for the year			194,255,642

(Unit: Baht)

Financial statements in which the equity method is applied

For the year ended 31 December 2018

	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,351,339,445	1,048,958,466	2,400,297,911
Less: Reinsurance premium ceded	(18,585,235)	(952,913)	(19,538,148)
Net reinsurance premium written	1,332,754,210	1,048,005,553	2,380,759,763
Less: Unearned premium reserves increased from prior year	(25,988,933)	(7,308,429)	(33,297,362)
Earned premium	1,306,765,277	1,040,697,124	2,347,462,401
Underwriting expenses			
Long-term insurance policy reserves increased (decreased) from prior year	(6,362,832)	92,953,381	86,590,549
Net benefits and claims	733,374,470	637,086,516	1,370,460,986
Commissions and brokerages expenses - net	330,223,226	215,442,210	545,665,436
Other underwriting expenses	14,200,994	11,023,325	25,224,319
Total underwriting expenses	1,071,435,858	956,505,432	2,027,941,290
Profit from underwriting	235,329,419	84,191,692	319,521,111
Operating expenses			(85,419,003)
Profit from operations			234,102,108
Share of loss from investment in an associate			(2,006,781)
Net investment revenue			76,124,160
Other revenue			1,802,199
Profit before income tax expenses			310,021,686
Income tax expenses			(56,555,171)
Profit for the year			253,466,515

20.2 Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

20.3 Major customers

During the years ended 31 December 2019 and 2018, the Company had total reinsurance premium written from each life insurance company for the amount equal to or higher than 10% of total reinsurance premium written as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied	
	For the years end periods ended 31 December	
	2019	2018
Reinsurance premium written	1,238	1,233

21. Operating expenses

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Personnel expenses	49,526,630	41,533,002
Premises and equipment expenses	15,929,248	17,894,686
Taxes and duties	162,668	200,961
Other operating expenses	26,537,131	25,790,354
Total operating expenses	92,155,677	85,419,003

22. Expenses by nature

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2019	2018
Long-term insurance policy reserves increased	64,657,158	86,590,549
Unexpired risk reserves increased	9,507,891	-
Net benefits and claims	1,418,620,263	1,368,268,133
Commission expenses	536,058,822	548,594,785
Other underwriting expenses	5,261,943	6,077,734
Personnel expenses	78,581,025	61,606,758
Premises and equipment expenses	15,929,248	17,894,686
Other expenses	28,275,487	27,256,997
Total expenses by nature	<u>2,156,891,837</u>	<u>2,116,289,642</u>

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Krungsri Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years 2019 and 2018, the Company contributed Baht 3.9 million and Bath 3.4 million, respectively, to the fund.

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the years.

25. Dividends paid

Dividends declared during the years ended 31 December 2019 and 2018 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend from 2018 net profit	Annual General Meeting of the shareholders on 23 April 2019	90.0	0.15
Interim dividend for 2019	Board of Director meeting on 20 August 2019	78.0	0.13
Total dividends paid during the year of 2019		168.0	0.28
Final dividend from 2017 net income	Annual General Meeting of the shareholders on 25 April 2018	180.0	0.30
Interim dividend for 2018	Board of Director meeting on 21 August 2018	120.0	0.20
Total dividend paid during the year of 2018		300.0	0.50

26. Related party transactions

26.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
TKI Life Insurance Company Limited	An associate whereby the Company holds 32.50% of its shares
Thai Reinsurance Plc.	Related by way of having common directors and being the Company's shareholder
Bangkok Life Assurance Plc.	Related by way of having a common director and being the Company's shareholder
The Navakij Insurance Plc.	Related by way of having a common director and being the Company's shareholder
Thaire Services Co., Ltd.	Related by way of having common directors and a shareholder
Thai Life Insurance Plc.	Related by way of having a common director
Thaire Actuarial Consulting Co., Ltd.	Related by way of having a common director and a shareholder
EMCS Thai Co., Ltd.	Related by way of having a common director and a shareholder
Thaire Innovation Co., Ltd.	Related by way of having a common director and a shareholder

26.2 Significant related party transactions

During the years ended 31 December 2019 and 2018, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	For the years ended		Pricing policy
	31 December		
	2019	2018	
<u>Transaction with associates</u>			
<i>Revenues</i>			
Service revenues ⁽¹⁾	5,301	276	Mutually agreed rates
<u>Transactions with related parties</u>			
<i>Revenues</i>			
Reinsurance premium written	512,959	480,317	According to terms of reinsurance contracts
Commission income	752	662	According to terms of reinsurance contracts
Service revenues ⁽¹⁾	-	208	Mutually agreed rates
<i>Expenses</i>			
Reinsurance premium ceded	2,689	2,436	According to terms of reinsurance contracts
Claim expenses	319,516	301,493	According to the ratios as specified in the reinsurance contracts
Claims refundable	(932)	(860)	According to the ratios as specified in the reinsurance contracts
Commission expenses	139,375	118,331	According to terms of reinsurance contracts
Service fee expenses ⁽²⁾	7,749	8,915	Mutually agreed rates
<i>Owner's equity</i>			
Dividend paid	20,782	49,761	As declared

⁽¹⁾ Included in "Other income" in statements of income

⁽²⁾ Included in "Operating expenses" in statements of income

26.3 Outstanding balances

As at 31 December 2019 and 2018, the Company had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	31 December	
	2019	2018
Associate		
Other receivables ⁽¹⁾	5,025	108
Related parties		
Insurance reserves refundable from reinsurers ⁽²⁾	814	694
Amounts due from reinsurers ⁽³⁾	70,592	17,765
Amounts deposited on reinsurance ⁽³⁾	28,219	753
Deferred commissions expenses	28,001	17,508
Loss reserves ⁽⁴⁾	3,952	4,326
Amounts due to reinsurers ⁽⁵⁾	44,326	16,735
Deferred commissions income	12	10

(1) Included in "Other assets" in statements of financial position

(2) Included in "Reinsurance assets" in statements of financial position

(3) Included in "Reinsurance receivables" in statements of financial position

(4) Included in "Insurance contract liabilities" in statements of financial position

(5) Included in "Due to reinsurers" in statements of financial position

26.4 Directors' and key management's remuneration

During the years ended 31 December 2019 and 2018, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Short-term benefits	35,502	34,654
Post employment benefits	4,876	2,960
Total	40,378	37,614

27. Assets placed and reserved with the Registrar

As at 31 December 2019 and 2018, the Company had the following assets placed and reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

(Unit: Million Baht)

Financial statements in which the equity method is applied
and Separate financial statements

	31 December			
	2019		2018	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	21.6	21.0	20.8
Assets reserved as insurance reserves				
Government and state enterprise bonds	250.0	255.2	214.0	215.3
Private enterprise debt securities	36.0	37.2	-	-

28. Other assets subject to restrictions

As at 31 December 2019 and 2018, the Company had placed the following assets as collateral.

(Unit: Million Baht)

Financial statements
in which the equity method is applied
and Separate financial statements

	31 December	
	2019	2018
Guarantee for electricity consumption		
Government bonds	0.1	0.1

29. Commitments

29.1 Operating lease commitments

The Company entered into a lease agreement in respect of the lease of vehicle. The term of the agreement is 5 years. As at 31 December 2019 and 2018, the Company had future minimum lease payments required under such non-cancellable operating lease contract was as follows.

Payable	(Unit: Million Baht)	
	31 December 2019	31 December 2018
Within 1 year	0.8	0.8
Longer than 1 year but within 5 years	1.6	2.4

29.2 Capital Commitments

As at 31 December 2019, the Company had no outstanding capital commitments in relation to building renovation (As at 31 December 2018, the Company had outstanding capital commitments in relation to building renovation amounting to Baht 0.9 million).

29.3 Service commitments

As at 31 December 2019 and 2018, the Company had outstanding service commitments and future minimum service fees amounting to Baht 0.6 million and Baht 1.2 million, respectively.

30. Risks and risk management policy

30.1 Life insurance risk

Life Insurance risks arising from the conduct of reinsurance activities are managed as follows:

a. Product design and development and pricing

The Company has established a Product Development Committee to consider significant issues that would affect the Company's financial position. Furthermore, after new products are launched the Company monitors underwriting results, such as deviations between premium pricing assumptions and actual experience, so that they can be used to improve the products.

b. Underwriting of reinsurance

The Company modifies its underwriting guidelines to keep them up to date, based on technical knowledge and statistical information. Moreover, training is conducted to engender staff's application of knowledge and discipline when making underwriting decisions and reviews of whether underwriting practices correspond to the guidelines are performed to ensure that the risk retention is consistent with the Company's identified risk limits.

c. Claim management

The Company has established a standardised claims management process and claims management guidelines are consistently updated, with due consideration given to risk management. Moreover, the Company arranges training to impart knowledge to staff, and working practices are reviewed to ensure they are in accordance with the guidelines.

d. Retrocession

An excess of loss retrocession program has been implemented as a risk management tool. The Company buys retrocession coverage for excess of loss in order to limit the maximum loss per event and regularly performs adequacy tests of reinsurance protection in the event of major loss events. In addition, the Company has a policy to retrocede its business only to retrocessionaires that have credit ratings of at least "A-."

e. Reserve estimates

The Company's loss reserves are examined and certified by independent actuarial fellows. Moreover, the Company periodically analyses and monitors deviations between the reserve calculation assumptions and actual experience to ensure reserves adequately cover the Company's obligations.

f. Reinsurance concentration risk

Reinsurance concentration risk is the risk arising from a concentration of business written within a particular type of contracts. Reinsurance contracts can be divided into short-term and long-term, which have different obligations. Long-term reinsurance contract obliges the Company to provide ongoing coverage without changing premiums or benefits or canceling the contract whereas short-term contract obliges the Company on a yearly basis and enables the Company to adjust reinsurance conditions when renewal is made.

Hence, in order to prevent any volatility to the Company's financial position, the Company has the policy to balance the portfolio mix of long-term and short-term contracts. The proportion of long-term and short-term insurance contract liabilities as at 31 December 2019 and 2018 were as follows;

(Unit: Percent)

	31December	
	2019	2018
Long-term contracts	60	59
Short-term contracts	40	41
Total	100	100

g. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance contract liabilities will increase or decrease as a result of changes in the assumptions used in calculating, gross and net reserves, profits before taxes, and owner's equity. The risk may occur because the frequency of claims, value of claims, or loss adjustment expenses may not be as expected.

(1) Sensitivity analysis on long-term insurance policy reserves

As at 31 December 2019 and 2018, impacts from changes in assumptions on long-term insurance policy reserves were shown below:

		31 December 2019				
		Increase (decrease) in long-term policy reserves before retrocession	Increase (decrease) in long-term policy reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity	
Change in assumption ⁽¹⁾	%	Baht	Baht	Baht	Baht	
Mortality rate	+5.0	32,207,986	32,207,986	(32,207,986)	(25,766,389)	
Mortality rate	-5.0	(32,681,415)	(32,681,415)	32,681,415	26,145,132	
Lapse rate	+5.0	3,158,067	3,158,067	(3,158,067)	(2,526,454)	
Lapse rate	-5.0	(3,217,120)	(3,217,120)	3,217,120	2,573,696	
Discount rate	+5.0	(5,805,492)	(5,805,492)	5,805,492	4,644,394	
Discount rate	-5.0	5,900,265	5,900,265	(5,900,265)	(4,720,212)	

⁽¹⁾ % of each assumption rate.

		31 December 2018				
		Increase (decrease) in long-term policy reserves before retrocession	Increase (decrease) in long-term policy reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity	
Change in assumption ⁽¹⁾	%	Baht	Baht	Baht	Baht	
Mortality rate	+5.0	36,547,056	36,547,056	(36,547,056)	(29,237,645)	
Mortality rate	-5.0	(37,226,912)	(37,226,912)	37,226,912	29,781,530	
Lapse rate	+5.0	4,307,122	4,307,122	(4,307,122)	(3,445,698)	
Lapse rate	-5.0	(4,414,260)	(4,414,260)	4,414,260	3,531,408	
Discount rate	+5.0	(7,002,988)	(7,002,988)	7,002,988	5,602,390	
Discount rate	-5.0	7,170,581	7,170,581	(7,170,581)	(5,736,465)	

⁽¹⁾ % of each assumption rate.

(2) Sensitivity analysis on short-term insurance policy reserves

As at 31 December 2019 and 2018, impacts from changes in assumptions on loss reserves are shown below:

		31 December 2019				
		Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity	
Change in assumption		Baht	Baht	Baht	Baht	
%		Baht	Baht	Baht	Baht	
Ultimate loss ratio	+5.0	79,861,440	79,861,440	(79,861,440)	(63,889,152)	
Ultimate loss ratio	-5.0	(7,432,178)	(7,432,178)	7,432,178	5,945,742	
(Unit: Baht)						
		31 December 2018				
		Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity	
Change in assumption		Baht	Baht	Baht	Baht	
%		Baht	Baht	Baht	Baht	
Ultimate loss ratio	+5.0	36,187,012	36,187,012	(36,187,012)	(28,949,610)	
Ultimate loss ratio	-5.0	(6,619,270)	(6,619,270)	6,619,270	5,295,416	

30.2 Financial risks

a. Credit risk

The Company is exposed to credit risk primarily with respect to reinsurance receivables and investments in debt securities. The Company manages the risk by regularly evaluating credit quality of its retrocessionaires and issuers of securities and assessing the ability to pay debt as it comes due, through periodical analysis and monitoring of their financial positions. The Company has a strict policy to retrocede its business to foreign retrocessionaires and buy securities from issuers that have credit ratings of at least A-. Therefore, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amount of reinsurance receivables and investments in debt securities as presented in the statement of financial position.

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial assets denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities.

The Company has managed interest rate risk by closely monitoring interest rate movement and incorporating it into investment allocation decision making.

Significant assets and liabilities classified by type of interest rate were summarised in the table below, with those assets and liabilities that carried fixed interest rates further classified based on the maturity date, or the repricing date if this occurred before the maturity date.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements							
31 December 2019							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	33,794	4	33,798	0.10 - 1.00
Investments in securities							
Government and state enterprise securities	445,675	132,718	65,383	65,306	-	709,082	1.24
Private enterprise debt securities	30,000	133,000	51,648	-	-	214,648	2.03
Equity securities	-	-	-	-	878,405	878,405	-
Deposits at financial institutions	145,000	-	-	-	-	145,000	1.52
Loans	-	-	-	1,030	-	1,030	3.25
Assets under insurance contracts							
Reinsurance assets							
- long-term insurance policy reserves	-	-	-	-	2,656	2,656	-
Reinsurance receivables	-	-	-	-	214,596	214,596	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- long-term insurance policy reserves	-	-	-	-	471,182	471,182	-
- loss reserves	-	-	-	-	7,790	7,790	-
Due to reinsurers	-	-	-	-	137,009	137,009	-

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements

31 December 2018

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	55,098	9	55,107	0.10 - 1.00
Investments in securities							
Government and state enterprise securities	411,085	69,940	-	65,343	-	546,368	1.69
Private enterprise debt securities	120,000	60,000	-	-	-	180,000	2.06
Equity securities	-	-	-	-	1,023,953	1,023,953	-
Deposits at financial institutions	130,000	-	-	-	-	130,000	1.80
Loans	-	-	-	1,351	-	1,351	3.25
Assets under insurance contracts							
Reinsurance assets							
- long-term insurance policy reserves	-	-	-	-	2,883	2,883	-
Reinsurance receivables	-	-	-	-	195,504	195,504	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- long-term insurance policy reserves	-	-	-	-	406,752	406,752	-
- loss reserves	-	-	-	-	21,702	21,702	-
Due to reinsurers	-	-	-	-	184,572	184,572	-

(2) Securities price risk

Securities price risk is the risk that change in the market prices of securities will result in fluctuations in revenues and in the value of assets.

The Company manages the price risk by continually analysing and monitoring changes in any factors that might lead to adverse movement in the market price of the invested securities. The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardise its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns.

As at 31 December 2019 and 2018, the Company had risk from its investments in securities of which the price would change following market conditions.

c. Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. Moreover, the Company sets its liquidity position at a higher than that required by the Office of Insurance Commission.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2019 and 2018 were as follows:

	(Unit: Baht)					
	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	33,794,015	-	-	-	4,052	33,798,067
Investments in securities	876,298,782	620,675,238	265,717,416	182,337,680	2,105,720	1,947,134,836
Loans	-	394,225	635,423	-	-	1,029,648
Assets under insurance contracts						
Reinsurance receivables	-	214,516,953	79,546	-	-	214,596,499
Liabilities under insurance contracts						
Due to reinsurers	-	136,786,262	223,216	-	-	137,009,478
						(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2018					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	55,098,716	-	-	-	8,783	55,107,499
Investments in securities	1,021,846,970	661,084,711	129,940,372	65,342,643	2,105,720	1,880,320,416
Loans	-	320,885	1,029,647	-	-	1,350,532
Assets under insurance contracts						
Reinsurance receivables	-	195,294,534	209,791	-	-	195,504,325
Liabilities under insurance contracts						
Due to reinsurers	-	183,958,754	612,747	-	-	184,571,501

The Company's reinsurance contracts generate an annual reinsurance premium, net of underwriting expenses throughout term of contracts whereby remaining periods to maturity of insurance contract liabilities, counted from the statement of financial position as at 31 December 2019 and 2018, were shown below:

<u>Remaining periods to maturity</u>	(Unit: Percent)	
	<u>31 December 2019</u>	<u>31 December 2018</u>
1 year	17.6	16.8
1 year to 5 years	37.2	36.0
Over 5 years	45.2	47.2
Total	<u>100.0</u>	<u>100.0</u>

31. Fair value of financial instruments

As of 31 December 2019 and 2018, the Company had the following financial assets that were measured at fair value, and had financial assets that were measured at cost but had to disclose fair value, using different levels of inputs as follows:

	31 December 2019				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value					
Trading investments	72,336,094	-	-	72,336,094	72,336,094
Available-for-sale investments	452,475,752	351,486,936	-	803,962,688	803,962,688
Assets for which fair value were disclosed					
Cash and cash equivalents	33,798,067	-	-	33,798,067	33,798,067
Held-to-maturity investments					
Government and state enterprise securities	-	715,993,870	-	715,993,870	709,081,922
Private enterprise debt securities	-	218,791,589	-	218,791,589	214,648,412
Deposits at banks	-	145,000,000	-	145,000,000	145,000,000
General investments	-	-	2,272,072	2,272,072	2,105,720
Loans	-	-	1,029,648	1,029,648	1,029,648

(Unit: Baht)

	31 December 2018				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
Assets measured at fair value					
Trading investments	78,514,664	-	-	78,514,664	78,514,664
Available-for-sale investments	584,809,424	358,522,882	-	943,332,306	943,332,306
Assets for which fair value were disclosed					
Cash and cash equivalents	55,107,499	-	-	55,107,499	55,107,499
Held-to-maturity investments					
Government and state enterprise securities	-	549,282,590	-	549,282,590	546,367,877
Private enterprise debt securities	-	180,282,632	-	180,282,632	179,999,849
Deposits at financial institutions	-	130,000,000	-	130,000,000	130,000,000
General investments	-	-	3,929,274	3,929,274	2,105,720
Loans	-	-	1,350,532	1,350,532	1,350,532

The fair value hierarchy of financial assets is presented according to Note 4.18 to financial statements.

As at 31 December 2019 and 2018, fair value of financial assets was not significantly different from their carrying value.

The methods and assumptions used by the Company in estimating the fair value of financial instruments were as follows:

- (a) Financial assets and liabilities having short-term maturity periods as cash and cash equivalents, and deposits at banks with an original maturity period of within 1 year were presented at fair values, which approximate their carrying amounts in the statement of financial position.
- (b) Investments in debts securities were presented at fair values based on market prices or prices determined using the yield curves as announced by the Thai Bond Market Association.

- (c) Investments in equity securities are presented at fair values using market price. In case of non-marketable equity securities, the fair values are approximately determined, using the discount cash flow method and discounted by the Weighted Average Cost of Capital (WACC). For investments in non-listed investment units, their fair values are the net asset value per unit as announced by the fund manager.
- (d) Loans are presented at fair value, which is estimated by discounting expected future cash flow by the current market interest rate.

During the current year, there were no transfers within the fair value hierarchy.

32. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it has ability to continue its business as a going concern and to maintain risk-based capital in accordance with the requirements of the Office of the insurance Commission.

33. Events after the reporting period

On 18 February 2020, the Meeting of the Company's Board of Directors passed a resolution approving the proposal to the Annual General Meeting of the Company's shareholders to be held in April 2020 for an approval of dividend payment from the operating results of the second-half of 2019 at Baht 0.13 per share or a total of Baht 78 million.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2020.