

THAIRE LIFE ASSURANCE PCL.

A MEMBER OF THAIRE GROUP

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2013 ANNUAL REPORT

Thaire Life Assurance PCL.

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Introduction

About The Company >>

Thaire Life Assurance PCL was established in January 5, 2000, in which Thai Reinsurance PCL., a public company under Thai laws and listed on the Stock Exchange of Thailand, was the major shareholder, with a 50.8 percent of issued and paid-up capital. Thaire Life operates business in Thailand, with life reinsurance as the core activity.

Thaire Life registered as a public limited company under the Public limited Companies Act B.E. 2535 and was renamed with the Ministry of Commerce from “Thaire Life Assurance Co., Ltd.” to “Thaire Life Assurance PCL” on September 29, 2011. The Company currently has a total registered capital of THB 600 million, with a fully paid-up.

General Information >>

Company & Head Office Name	Thaire Life Assurance PCL
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2660-1280 Fax: 0-2277-6227
Nature of Business	Provision of reinsurance (life insurance business)
Registered Number	0107554000241
Home Page	www.thairelife.co.th
Registered Capital	Registered Capital of THB 600,000,000, with a fully paid-up
Issued and Paid-up	600,000,000 ordinary shares of THB 1 each, Total THB 600,000,000

Legal Entities in which the Company holds shares more than 10 percent >>

Company & Head Office Name	EMCS Thai Co., Ltd.
Location	183 Regent House, 10th Floor, Rajadamri Road, Lumpini, Pathumwan, Bangkok 10330 Phone: 0-2650-5700 Fax: 0-2651-9091
Nature of Business	Provision of computer services in relation to motor insurance claims
Registered Number	0105543108248
Issued and Paid-up	6,000,000 ordinary shares of THB 5 each, Total THB 30,000,000

Other References >>

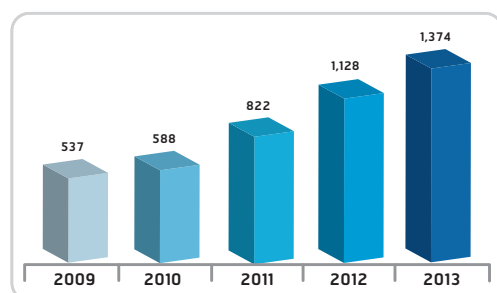
Share Registrar/Transfer Agent	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4th, 6th, 7th Floor, Rachadapisek Road, Klongtoey, Bangkok 10110 Phone: 0-2359-1200 Fax: 0-2359-1259
Auditor	Nonglak Pumnoi No. 4172 Certified Public Accountant (Thailand) EY Office Limited (Formerly known as Ernst & Young Office Limited) 193/136-137 Lake Ratchada Office Complex, New Ratchadapisek Road, Bangkok 10110 Phone: 0-2264-9090 Fax: 0-2264-0789-90

Financial Highlights

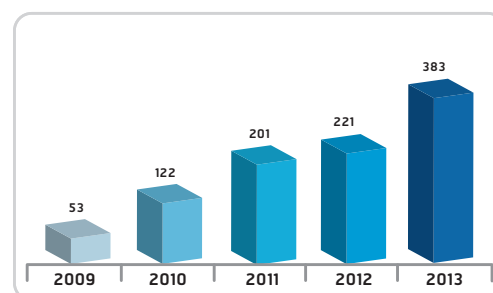
(Unit: THB Million)

Operating Results				Growth (Percent)	
	2011	2012	2013	2012/2011	2013/2012
Gross Written Premiums	842	1,145	1,388	36.0	21.2
Net Written Premiums	822	1,128	1,374	37.3	21.8
Profit before Tax	298	287	474	(3.7)	65.2
Net Profit	201	221	383	9.8	73.5
Net Profit per Share (THB)	0.40	0.44	0.71	10.0	61.4

Net Written Premium (THB Million)



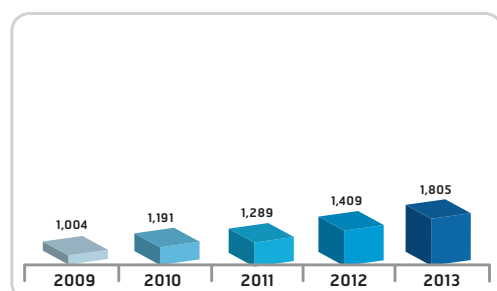
Net Profit (THB Million)



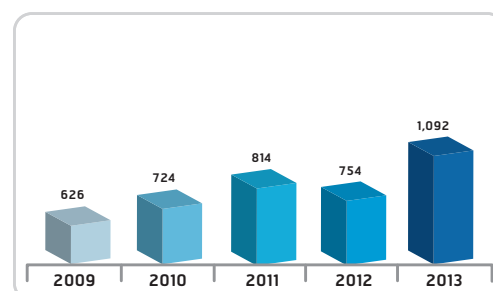
(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2011	2012	2013	2012/2011	2013/2012
Total Assets	1,289	1,409	1,805	9.3	28.1
Total Liabilities	475	655	713	37.6	9.0
Paid-up Capital	500	500	600	-	20.0
Capital Funds (Shareholders' Equity)	814	754	1,092	(7.3)	44.7
Book Value per Share (THB)	1.63	1.51	1.82	(7.4)	20.5
Dividend per Share (THB)	0.40	0.42	0.45	5.0	7.1

Total Assets (THB Million)



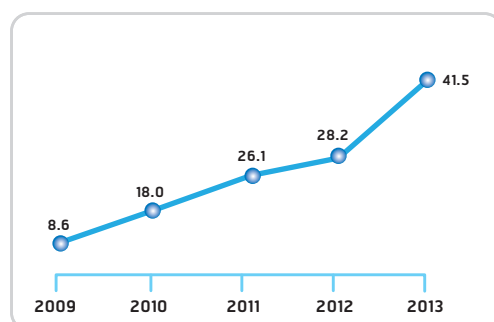
Capital Funds (Shareholders' Equity)



(Unit: Percent)

Financial Ratios			
	2011	2012	2013
Return on Revenue	22.5	20.1	27.2
Return on Net Written Premium	24.5	19.6	27.9
Return on Equity	26.1	28.2	41.5
Return on Assets	16.2	16.4	23.8
Return on Investments	5.1	5.2	4.9
Combined Ratio	70.4	77.3	69.2

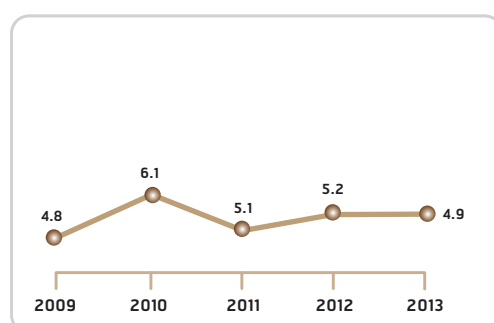
Return on Equity (Percent)



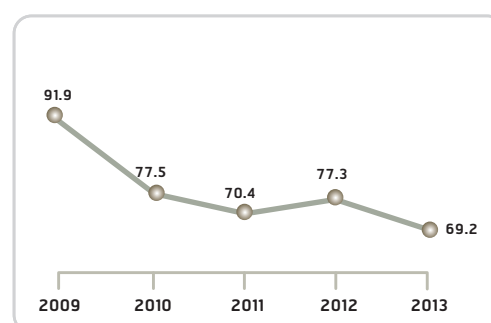
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



Letter to Shareholders

Dear shareholders,

This 2013 annual report of the Thaire Life Assurance Public Company Limited is the first issue being reported independently from the annual report of the Thai Reinsurance Public Company Limited

The company was listed in the Stock Exchange of Thailand on the 9th October 2013 generating the total amount of THB 600 million (from 600 million common shares and value per share of one baht). The floatation was very successful reflecting strong investor demand. The sale raised a good amount of capital that can help support business expansion and give us confidence in maintaining company security. This is one of the significant steps towards achieving sustainable levels of growth.

The company specializes in life reinsurance business and focuses on all areas of life insurance, such as Ordinary Life, Group Life, Credit Life, and Accident & Health. The company has a strong business relationship with every life insurance company in the country. Together with a high standard reinsurance practice, Thaire Life executives and staff have an extensive local knowledge as well as a good understanding of life insurance product demand of Thai people. Also, the company has well-trained personnel in product development, research and strategic planning, and risk enterprise management.

In 2013, direct premium of the life insurance business grew up 13% to THB 441,349 million, in which THB 146,491 million and THB 294,858 million were first-year premium and renewal premium, respectively. Overall the industry has enjoyed steadily growth over the last 10 years with an annual average rate of 12%. The life business is expected to have a good year ahead underpinning by a country's favorable economic environment, rising consumer awareness, growing number of life insurance policies, and various distribution sale points.

The Thaire Life has had a successful business over the last 3 years. In 2013, net earned premium increased by 29.2% to THB 1,345 million rising from THB 1,041 million in the previous year. The conventional reinsurance business grew by 20.3% over the last year and the non-conventional type, for example a project of direct sale thru telephone (DRTV) and a co-sponsored health insurance project with leading life insurance provider, also expanded by 25.6% over the same period of last year. It is interesting to note that the non-conventional reinsurance business has increasingly gained more attention. As a result, a ratio of net earned premium between these two businesses is 71 to 29. Net profit of THB 383 million, a growth of 73.5%, compared with THB 221 million of last year.

The successful development of the company could not have happened without support from shareholders, business partners, and dedication of staff at all levels. These together will drive the company forward on a sustainable growth path with great confidence. I would like to sincerely thank you for being a part of this success story.



Surachai Sirivallop

Chairman of the Executive Board

Milestones

- 2000** >>
- Established in the name 'Thaire Life Assurance Co., Ltd.' on January 5, 2000 with an initial registered capital of THB 200 million, divided into 20 million ordinary shares with a par value of THB 10 apiece.
 - Awarded a life insurance business license No. 1/2543 on March 15, 2000.
- 2007** >>
- Increased the registered capital from the initial THB 200 million to THB 500 million through an issuance of 30 million new ordinary shares with a par value of THB 10 per share on August 7, 2007.
- 2009** >>
- Launched product development and diversification in conjunction with life insurance companies in a bid to explore new marketing channels, thereby leading to an introduction of DRTV as a channel to offer life insurance products via different media such as televisions and publications and sales through telemarketing.
- 2011** >>
- Converted into a public limited company in the name 'Thaire Life Assurance Plc.' on September 29, 2011.
- 2012** >>
- The Extraordinary General Meeting of Shareholders No. 2/2012 on December 24, 2012 resolved to approve a split of the par value from THB 10 to THB 1 per share and an increase of the registered capital by another THB 100 million to accommodate an initial public offering to a total of THB 600 million, divided into 600 million ordinary shares with a par value of THB 1 per share, with an issued and fully paid capital of THB 500 million, divided into 500 million ordinary shares with a par value of THB 1 per share.
- 2013** >>
- Launched the product development plan on health coverage which is part of the non-conventional reinsurance.
 - The Extraordinary General Meeting of Shareholders No. 1/2013 on July 19, 2013 resolved to approve an amendment to allocation of newly issued ordinary shares, as follows:

(1) Allocation of not more than 90,000,000 new ordinary shares with a par value of THB 1 per share by rights offering to the Company's existing shareholders at a ratio of 1 existing share to 0.18 new share, with a fraction of the share to be discarded, at an offering price of THB 1 per share.

(2) Allocation of not more than 10,000,000 new ordinary shares together with shares remaining from the rights offering as in (1) (if any) with a par value of THB 1 per share for an initial public offering.

- Approval was granted, allowed the Company to have non-Thai nationals (as defined in the Life Insurance Act B.E. 2535 (and subsequent amendments)) held an aggregate of more than 49 percent of total number of voting shares and paid-up shares of the Company for a period of 10 years.

- For the preparation of listed Thaire Life to Stock Exchange of Thailand, the Company and THRE offered 295,000,000 shares to the Private Placement, by rights offering to the Company's existing shareholders. The first public offering price was 9.50 baht per share. The offered shares were brought from two parts, as follows:
 1. The existing shares held by THRE in the Company, with no more than 285,000,000 shares, thereby leading THRE's earnings or voting rights in the Company to decrease from 100 percent to 50.8 percent
 2. An offered of 10,000,000 newly issued shares

- The Company was listed on the Stock Exchange of Thailand, with the first trading day on October 9, 2013

Board Members

Mr. Suchin Wanglee Age 77	Chairman
Date of Appointment	December 1999 - Present
Shareholding	0.04 percent
Education	B.E. (Electrical), Northrop Institute of Technology, U.S.A.
Training Courses	<ul style="list-style-type: none"> • Chairman 2000 • The Role of Chairman (RCM) • Directors Certification Program (DCP), by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Chairman, Thaire Life Assurance PCL. • Chairman, Independent Director and Director of the Investment • Committee, Thai Reinsurance PCL. • Chairman and Management Advisor, Navakij Insurance PCL. • Vice Chairman, Thai Metal Drum MFG. PCL. • Independent Director, Varopakorn PCL. • Vice-Chairman, Independent Director, Sermasuk PCL. • Independent Director, the Audit Committee of BTS Group Holdings PCL <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Chairman, Falcon Insurance Chairman, Sathorn Thani Co., Ltd., Rangsit Plaza Co., Ltd. • Independent Director, Rajadamri Hotel • Director, The Pet Co., Ltd., Wanglee Co., Ltd., Aqua Infinite Co., Ltd., Wanglee Development Co., Ltd. and Nuchaphol Co., Ltd. • President and Director, the General Insurance Association of Thailand

Mr. Surachai Sirivallop Age 72	Director and Chairman of the Executive Board
Date of Appointment	December 1999 - Present
Shareholding	0.02 percent
Education	Bachelor of Laws, Thammasart University
Training Courses	Directors Certification Program (DCP) by the Thai Institute of Directors Association

Experience

Listed Company

- Director and Chairman of the Executive Board, Thaire Life Assurance PCL
- Director and Chief Executive Officer, Thaire Life Assurance PCL
- Director and Chief Executive Officer, Chairman of the Enterprise Risk Management Committee, Thai Reinsurance PCL
- Managing Director, Thai Reinsurance PCL
- Independent Director, Charoong Thai Wire & Cable PCL
- Independent Director and Audit Committee, OHTL PCL

Non-Listed Company

- Chairman, EMCS Thai Co., Ltd. (EMCS)
- Vice Chairman, Thai Insurer Datanet Co., Ltd. (TID)

Mr. Sutti Rajitragson
Age 66
Director and President

Date of Appointment

August 2012 - Present

Shareholding

0.0006 percent

Education

B.S. Honor (Statistics) , Chulalongkorn University

Training Courses

- Fellow (FMLI) by LOMA's Life Management Institute Directors Accreditation Program (DAP) by the Thai Institute of Directors Association

Experience

Listed Company

Director and President, Thaire Life Assurance PCL

Non-Listed Company

Director and President, the Thai Life Assurance Association

Dr. Kopr Kritayakirana
Age 74
Independent Director

Date of Appointment

December 1999 - Present

Shareholding

0.0014 percent

Education

Ph.D. (Physics), Harvard University, U.S.A.

Training Courses

- DCPS Refresher Course (QFR)
- Audit Committee Program (ACP)
- Excellent Board Decision by the Thai Institute of Directors Association

Experience

Listed Company

- Director, Thai Reinsurance PCL
- Director, Corporate Governance and Nomination Committee, Banpu PCL

Non-Listed Company

Advisor to the National Science and Technology Development Agency

Mr.Chalaw Fuangaromya Age 76	Independent Director and Chairman of the Audit Committee
Date of Appointment	October 2012 - Present
Shareholding	- percent
Education	<ul style="list-style-type: none"> • M.A. (Political Science), Southern Illinois University, USA • M.Sc. (Public Administration), Birmingham University, UK
Training Courses	<ul style="list-style-type: none"> • Directors Certification Program (DCP) • Corporate Governance by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Thaire Life Assurance PCL • Independent Director and Chairman of Audit Committee, Thaivivat Insurance PCL. • Committee, Professional Waste Technology (1999) PCL <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Independent director and chairman of the audit committee, Standard Chartered Bank (Thai) PCL • Director and Treasurer, Thai Tapioca Development Institute

Mr.Apirak Thaipatanagul Age 70	Independent Director and Director of the Audit Committee
Date of Appointment	December 1999 - Present
Shareholding	- percent
Education	Ph.D. (Hon), National Institute of Development Administration (NIDA)
Training Courses	Directors Accreditation Program (DAP) by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director, Thaire Life Assurance PCL • Director, Thaire Life Assurance PCL <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director and Chief Executive Officer, Thai Life Insurance PCL • Chairman, Thai Health Insurance PCL • Vice Chairman, TII Co., Ltd. (Thailand Insurance Institute)

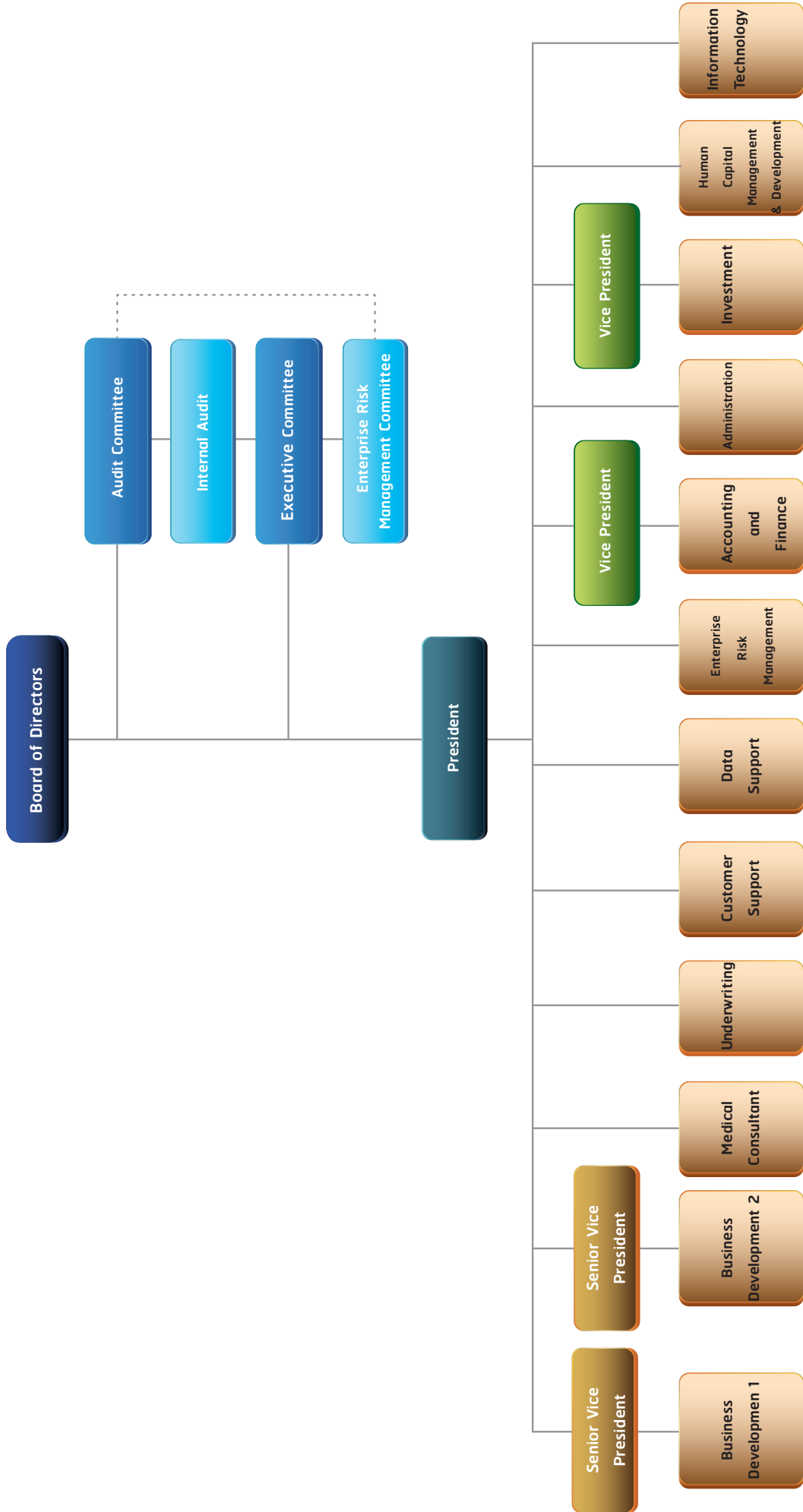
Mr. Alan Chi Yim Kam อาัย 57 ปี	Independent Director and Director of the Audit Committee
Date of Appointment	October 2012 - Present
Shareholding	- percent
Education	M.B.A., University of Denver, U.S.A.
Training Courses	<ul style="list-style-type: none"> • Directors Certification Program (DCP) • Corporate Social Responsibility by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director and Director of the Audit Committee, Thaire Life Assurance PCL • Independent Director and Chairman of the Audit Committee, Mega Lifesciences PCL • Chairman of the Audit Committee and Independent Director, Cal-Comp Electronics (Thailand) PCL <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Chairman, Director, Krungsri Asset Management Co., Ltd. • Director, Mahaphant Fibre-Cement PCL • Chief Executive Officer, Manulife Asset Management (Thailand) Co., Ltd., Aberdeen Asset Management Co., Ltd.

Management

Mr. Surachai Sirivallop Age 72	Chairman of the Executive Board
Education	Bachelor of Laws, Thammasart University
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Director and Chairman of the Executive Board, Thaire Life Assurance PCL • Director and Chief Executive Officer, Thaire Life Assurance PCL • Director and Chief Executive Officer, Chairman of the Enterprise Risk Management Committee, Thai Reinsurance PCL • Managing Director, Thai Reinsurance PCL • Independent Director, Charoong Thai Wire & Cable PCL • Independent Director and Audit Committee, OHTL PCL <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Chairman, EMCS Thai Co., Ltd. (EMCS) • Vice Chairman, Thai Insurer Datanet Co., Ltd. (TID)

Mr. Sutti Rajitragson Age 66	Vice Chairman of the Executive Board and President
Education	B.S. Honor (Statistics), Chulalongkorn University
Experience	Listed Company Director and President, Thaire Life Assurance PCL Non-Listed Company Director and President, the Thai Life Assurance Association
Ms. Navadee Ruagrattanametee Age 38	Vice President
Education	M.B.A., Assumption University of Thailand
Experience	Listed Company Vice President, Business Development 1, Thaire Life Assurance PCL
Mrs. Nutchakorn Suwansathit Age 39	Member of the Executive Board and Vice President
Education	M.M., (International Program), College of Management Mahidol University (CMMU)
Experience	Listed Company Vice President, Business Development 2, Thaire Life Assurance PCL
Ms. Duangaporn Phermnamlap Age 34	Member of the Executive Board and Vice President
Education	B.Acc., Thammasart University
Experience	Listed Company Deputy Department Manager, Accounting Division, Thai Reinsurance PCL
Ms. Duangnapa Kanchanawongwut Age 40	Vice President - Investment Division
Education	M.B.A. (Finance), National Institute of Development Administration (NIDA)
Experience	Listed Company Department Manager, Thai Reinsurance PCL

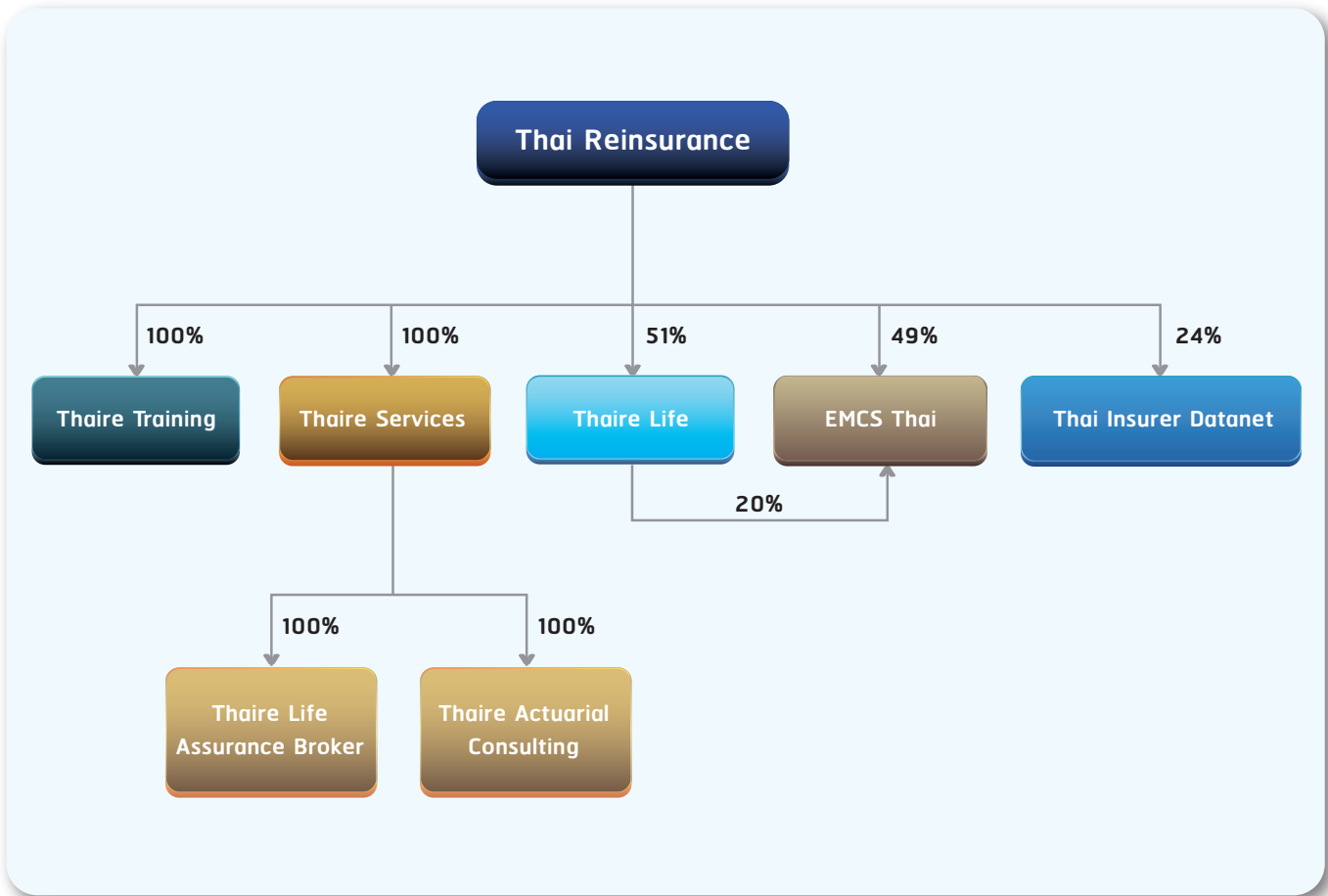
Organization Chart



Types of Businesses

The Company's core business is to provide all types of life reinsurance. Some part of the insurance premiums will be collected as reserved, and invested such reserved to bring in returns for covering contingent liabilities. Therefore, investment will also be a part of the Company's core business.

The business structure of our group of companies, as of December 31, 2013, is illustrated in the chart below:



General Information of Our Group of Companies

Company & Head Office	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thai Reinsurance PCL.	Provision of reinsurance (Non-Life insurance business)	3,512.5/3,512.5	-
Thaire Training Co., Ltd.	Training and consulting service whose client base is primarily in the insurance sector	0.5/0.5	-
Thaire Services Co., Ltd.	Claim management and operation supporter for insurance business, for example, Call Center	60/60	-
EMCS Thai Co., Ltd. (EMCS)	Provision of computer services to manage motor insurance claims and related statistics	30/30	20
Thai Insurer Datanet Co., Ltd. (TID)	Provision of computer service for insurance data processing	10/10	-
Thaire Life Assurance Broker Co., Ltd.	Operated as a life insurance broker to support sales through the Call Center.	2/2	-
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	2/2	-

Our Business Goals

Aspiring to expand beyond just a conventional reinsurer, we have concentrated on corporate development by enhancing our capabilities in new product, policy and service innovations to satisfy customers' requirements and ensure that our operation can cost efficiently and effectively and the operating expense to income ratio can be lowered. We have also explored and promoted new distribution channels that will help develop reinsurance business for the domestic life insurance market.

In the past couple of years, we have developed the non-conventional reinsurance by introducing life insurance products through various media and selling such products via telemarketing and through our agents, which have turned out a great success. In addition, we have established partnership with a life insurance company in an end-to-end process ranging from product development, premium fixing, and advertisement designing to distribution channel planning. As this project has received tremendous response, we intend to launch various types of products in partnership with other life insurance companies, targeting to grow revenues from the non-conventional reinsurance to around 40 percent of our net written premium in the next five years.

Type of Products or Services

Life insurance industry in Thailand is divided into two segments: life insurance and Life reinsurance. Currently, there are a total of 24 life insurance companies operating in the country, with Thaire Life Assurance Plc. as the only reinsurance company. In 2013, the industry's written premiums totaled THB 442,874 million (including life insurance premiums and reinsurance premiums). A vast percentage of the market share has been occupied by large-scale companies. The top five players with the highest premiums are AIA Co., Ltd. Muang Thai Life Assurance Plc., Thai Life Insurance Plc., SCB Life Assurance Plc. and Bangkok Life Assurance Plc., respectively, altogether constituting approximately 71 percent of total life insurance premiums.

(Source: The Thai Life Assurance Association)

The objectives of life insurance can be divided into two aspects:

1. Death and illness benefit

The insured will gain benefit from life cover. Their insurer will pay a benefit to the beneficiary upon the insured's illness, accident or death. Therefore, the amount of claims to be made in the future is unpredictable for insurance companies. Policies include, for example, whole life insurance, credit life insurance, personal accident insurance, health insurance, critical illness insurance, etc.

2. Savings benefit

The insured will receive a benefit throughout the term of the insurance contract as pre-determined at the beginning of the insurance, irrespective of whether the insured is ill, has an accident or is dead. In this case, insurance companies are able to devise a benefit payment plan in advance. The benefits to be paid to the insured in the future include endowment insurance, investment-linked life insurance, annuity life insurance, life insurance with refund/dividend, etc. Life insurance for savings benefit is in a greater percentage when compared with life insurance for death and illness benefit.

Thus, the risk to which insurance companies are exposed can be categorized into two types according to the above insurance objectives. One is the risk involved with payment for coverage against death or total and permanent disablement with respect to the death and illness benefit. For this type of insurance, the sum insured is typically high and insurance companies are unable to predict the amount of claims to be reimbursed in the future. On the contrary, the life insurance for savings benefit involves smaller sum insured and allows insurance companies to prepare a predictable claim payment plan in advance. To manage such risk, insurance companies will reinsure life insurance of the insured whose total sum insured exceeds their limit, by making estimation from the retention amount and the statutory reserve set aside for an excess of the retention. The estimation is also made based on a guideline set forth in the Office of Insurance Commission (OIC)'s notification concerning determination of retention limit of life insurance companies compared with direct premiums, details of which are as follows:

- A life insurance company whose direct premium is less than THB 1,000 million must have a retention limit of at least THB 500,000.
- A life insurance company whose direct premium is THB 1,000 million or more must have a retention limit of THB 1,000,000 or more.

Life insurance companies will transfer the claim payment risk to the reinsurer. They can take out the reinsurance with more than one reinsurance company and the reinsurance company can further transfer such risk to other reinsurers, depending on the degree of risk and the retention limit of each reinsurer. Considering that life insurance for death and illness benefit creates a risk exposure greater than life insurance for savings benefit, reinsurance is thus taken out more for the former than for the latter.

These are the key factors used for reinsurer selection:

- Reputation, financial status and credit rating of A or higher;
- Advantages of the reinsurance terms and conditions that could fulfill demand under the insurance companies' policies including, among others, insurance underwriting, reinsurance agreement form, reinsurance premium rate, commission, etc.;
- Various service factors that support business operation;
- Satisfaction and rapidity of services.

1. Types of Life Insurance Reinsured by the Company

Here are the types of life insurance reinsured by the Company:

(1) Ordinary Life Insurance

This is a life insurance which pays the insured amount to the beneficiary at the death of the insured or pays the insured amount to the living insured upon expiry of the policy. In general, the policy is set to expire on the date the insured reaches the age of 90 or 99. Premium is paid throughout the insured's lifetime. However, the premium payment period for some types of insurance may be shortened to meet policyholders' requirements, for example, to a term of 15 or 20 years or to the age of 60.

(2) Group Life Insurance

Under group life insurance, it provides coverage for five persons or more, mostly a group of corporate employees. This is a type of staff welfare provided by private organizations and state agencies for their employees. This type of insurance is normally renewed, and premium paid, on a yearly basis. There is also a tailor-made policy where premium is paid in one lump sum for the entire coverage period.

(3) Credit Life Insurance

This insurance plan provides protection against death or against death and total permanent disablement of a borrower of a bank loan. Banks need risk insurance in the event that their borrowers are dead or become totally and permanently disabled. Under this policy, the insured amount and coverage period will be reduced according to the outstanding balance and period of the relevant loan.

(4) Accident & Health Insurance

This is an insurance that provides coverage against death and loss of body part caused by an accident and also provides compensation for medical expenses incurred from either an illness or an accident.

Types of Reinsurance Agreement

Reinsurance agreements are divided into two types as follows:

1. Treaty Reinsurance

This is a form of reinsurance made between an insurance company and a reinsurer subject to pre-agreed terms and conditions. The insurance company sets the retention limit based on its financial capability and then cedes the excess of the retention to the reinsurer. The agreement, in general, establishes a broad framework for reinsurance terms and conditions with respect to, for instance, coverage, reinsured amount, etc. Any policy that meets such pre-determined conditions can therefore be instantly reinsured by the Company.

Market Agreement, a type of Treaty Reinsurance, was entered into force by the Company, to provide reinsurance to life insurance companies during the initial period of its inception. Such agreement remains in effect up to today. It aims to enable the Company to participate in life insurance contracts under life insurance market agreement in line with the government's policy that requires part of the premiums written in Thailand to be retained within the country. If the terms and conditions comply with the Market Agreement, a contract can be reinsured forthwith by the Company. However, the Market Agreement has conditions section to insurance controls in general. The contracts can be revoked. Based on the existing business practice, however, the Market Agreement shall remain valid. The Company will retrocede the reinsured contracts to some of the ceding members under the Market Agreement.

2. Facultative Reinsurance

Facultative Reinsurance is made in the case where a life insurance company does not take out Treaty Reinsurance with the Company or where the insurance is not qualified under the Treaty Reinsurance. The offered terms and conditions, coverage and premium rate for Facultative Reinsurance are granted and approved on a case by case basis.

Facultative Reinsurance contracts are automatically renewed on a yearly basis, unless any of the contract parties gives a notice of cancellation three months ahead of the year-end. These contracts allow time for both parties to reconsider the conditions before confirming such cancellation if they cannot reach a mutually agreed solution. In case a Facultative Reinsurance contract is canceled, the Company will terminate coverage under new policies, while reinsurance coverage under renewed policies will remain valid until the policies expire.

3. Characteristics of Reinsurance Business under Marketing Policy

The Company reinsures life insurance for domestic insurance companies and is unable to directly provide life insurance services. Our business can be categorized into two main types:

1. Conventional Reinsurance

Conventional reinsurance is a reinsurance provided for life insurance companies which make all arrangements by themselves, ranging from policy format development to marketing and sales of products. Risks associated with the sum insured are transferred to several reinsurers at home and overseas. There are a large number of reinsurers and the Company, as one among them, has also acquired businesses from this type of reinsurance. Each reinsurer does not have to be involved in insurance companies' product innovation and development, or known as Passive Reinsurance. Conventional reinsurance features the two types of reinsurance contracts: Treaty Reinsurance and Facultative Reinsurance.

2. Non-conventional Reinsurance

Since domestic reinsurance market is an open market where international reinsurers can enter at any time and volume of business is limited, the Company cannot be much selective about reinsurance cases to accept. Against this backdrop, we need to step up our role in this business operation. It has been our policy to serve as an active reinsurer by participating in all activities in conjunction with life insurance companies, ranging from new product launch and development to meet market demand, and marketing planning to seek of new distribution channels. By doing so, we are able to design appropriate policy formats and determine a reasonable premium rate, as well as achieve a higher underwriting sharing ratio. Our income earned in the form of reinsurance premium is in a higher proportion when compared with the underwriting sharing ratio of the conventional reinsurance. Non-conventional reinsurance similarly features the two types of reinsurance contracts: Treaty Reinsurance and Facultative Reinsurance.

Over the past three years, we have developed a direct sale over the phone project (DRTV) and a health insurance project in partnership with leading life insurance companies. Through the DRTV scheme, we offer a fully-fledged service comprising profit/loss analysis, product customization to target groups' liking, trial group arrangement, advertisement on various media such as television and printed media, and monitoring and determination of selling process, especially sales over the phone, in order to attain the established goals. As for the health insurance, we have joined in project management with aims to reduce the loss ratio, and also in personnel development planning for the underwriting and claims operations.

Revenue Structure >>

(Unit: THB Million)

Revenue	2013		2012		2011	
	Amount	Percent	Amount	Percent	Amount	Percent
Net Premiums Income						
• Conventional Reinsurance	943.24	66.89	767.25	69.74	694.64	77.67
• Non-conventional Reinsurance	401.75	28.49	273.41	24.85	144.60	16.17
Investments Income	58.41	4.14	52.45	4.77	48.37	5.40
Commission and Brokerage Income	4.32	0.31	5.58	0.51	5.59	0.63
Others Income	2.49	0.17	1.44	0.13	1.2	0.13
Total	1,410.21	100.00	1,100.13	100.00	892.84	100.00

Procurement of Products or Services

1. Sources of Funds

Our sources of funds come from shareholders, net written premium and net profit from investments. As of December 31, 2013, the company recorded total shareholders' of THB 1,091.59 million, net written premium of THB 1,373.50 million and net profit from investments of THB 58.41 million. In October 2013, the company mobilized fresh funds through issuance of 10 million IPO shares at a price of THB 9.50 per share, with the total of THB 95 million to be used for strengthening our capital funds in line with the risk-based capital (RBC) requirement and for accommodating business expansion.

In the future, the company may in the future raise funds in other ways, such as issuance of new shares for rights offering or offering to specific investors on a private placement basis, issuance of warrants, etc. The company does not have a policy to mobilize funds from borrowing or any other external sources.

2. Investments

Investment Policy

The company adopts a conservative investment policy by focusing on investments that ensure consistent income earnings such as government bonds and investment units that pay regular dividends. Importance is given to the quality of securities for the safety of our investments taking into consideration the maintenance of liquidity that could comfortably cover the unpredictable future loss. The company exercises caution in portfolio management to bring about stable long-term return at an acceptable risk level, while controlling risks at low level under the risk-based capital framework and adhering to the OIC's regulations. Our investment policy is reviewed regularly and is fairly elastic. Our investment strategy is readily changeable to always be in sync with the ever-changing market environment and ensure the maximum long term benefit.

Proportion of Investment asset of the Company

(Unit: THB Million)

Items	As of 31 December 2013		As of 31 December 2012		As of 31 December 2011	
	THB Million	Percent	THB Million	Percent	THB Million	Percent
Cash and cash equivalents	62.07	4.65	17.76	1.71	19.94	2.05
Available for sale investment						
Non-Market equity Securities	87.86	6.57	62.99	6.06	47.24	4.87
Unit trusts	323.16	24.19	221.39	21.31	194.83	20.07
Held to maturity investment						
Government and state enterprise securities	431.80	32.32	573.37	55.19	686.61	70.74
debenture-Convertible Debenture	20.00	1.50	-	-	10.00	1.03
Deposits at banks	395.00	29.56	153.00	14.73	-	-
Other investments	2.11	0.16	2.11	0.20	2.11	0.22
Loans	-	-	-	-	0.22	0.02
Investments in subsidiaries	14.07	1.05	8.37	0.81	9.64	0.99
Total	1,336.07	100.00	1,038.99	100.00	970.59	100.00

The Company's investments in 2013, 2012 and 2011 amounted to THB 1,336.07 million, THB 1,038.99 million and THB 970.59 million respectively, with rate of return of 4.92 percent, 5.22 percent and 5.13 percent respectively.

Particulars	2013	2012	2011
Investment Yield/1 (percent)	4.92	5.22	5.13
Investments/2 (THB million)	1,336.07	1,038.99	970.59
Average rate of return of Thai life insurance companies/3(percent)	4.41	4.48	4.74

/1 Investment Yield is calculated from net investment income divided by investment mount.

/2 Investments consist of cash and cash equivalents, available-for-sale investments, held-to-maturity investments, general investments, loans, and investments in associated companies.

/3 Source: Calculation by the Company using database from the OIC's Business Analysis & Statistics Department.

Operating Procedures of Investment Department

Investment Department considers investments based on the obtainable rate of return and risk to which the Company is exposed and then proposes study results on assets to invest to Head of Investment Department, the President and the Executive Board Chairman for approval. Investment is under oversight of the President to ensure its compliance well that the board-approved investment policy.

Lending

Credits extended by the Company include loans under the staff welfare scheme, such as an emergency loan, a housing loan, and a car loan. These loans are intended to help relieve employees' troubles, where necessary, and enable them to have their own house or residence of their own. Interest is charged at either a fixed or a floating rate, depending on type of the loan.

3. Ability in Maintaining Capital Funds

It is our policy to maintain all key ratios at not less than the minimum legal requirements and comparable with international standards. Any ratio deemed crucial to our position and stability will be maintained at a high level, including the capital adequacy ratio as required by law.

As of December 31, 2013, our shareholders' equity stood at THB 1,091.59 million in total and the company could maintain capital funds at THB 1,165.52 million, representing a pre-audit CAR of 516.61 percent, which is substantially higher than the OIC's minimum requirement of 140 percent.

4. Policy on Liquidity Management

Our policy aims to maintain liquidity at an appropriate level by making available sources of funds, whether from cash receivable or from liquid assets, to be able to meet our funding needs in any situations.

5. Significant Rules for Life Insurance Business

THREL operates a life insurance business under oversight of a state agency, the OIC, which has duties to supervise and monitor insurance business. The OIC has established rules and regulations to control and ensure that life insurance companies uphold transparency in operating business and maintain financial position that assures their responsibility for the insured in the future. Significant rules and regulations can be summarized as follows:

Rules and Regulations	Details	THREL's Status as of Dec 31, 2013
Company status	All life insurance companies must be converted into public limited companies by February 2013.	THREL was transformed to a public company on September 29, 2011.
Capital funds	<p>Life insurance companies must maintain capital adequacy ratio (CAR) at not less than 140 percent (effective on Jan 1, 2013) and must submit the following reports:</p> <ul style="list-style-type: none"> • An annual CAR report, duly audited by an auditor and certified by an actuary, to be submitted within four months from the end of a calendar year; • A quarterly CAR report to be submitted within 45 days from the end of a quarter, whereby only the Q2 report is required to be reviewed by an auditor and certified by an actuary and to be submitted within 60 days from the end of the quarter; • A monthly CAR report to be submitted by the end of the following month. 	As of December 31, 2013, our pre-audit CAR stood at 516.61 percent.

Rules and Regulations	Details	THREL's Status as of Dec 31, 2013
Allocation of reserves	<p>Reserves shall be allocated as (1) reserve for unearned premiums and (2) reserve for losses. Calculation of reserves shall conform to the OIC's notification regarding rules, procedures and conditions for allocation of premiums to a life policy reserve for the insurance policies that remain in force and other reserves of life insurance companies, B.E. 2554.</p> <p>The said reserves shall appear in a report on financial conditions and business activities of insurance companies, which must be submitted to the OIC on a monthly basis by the end of the following month, except for the final month of a quarter in which case the report shall be submitted to the OIC within 45 days from the end of such month.</p>	<p>the company has set aside the reserves under actuarial principles sufficiently and correctly as required by law. As of December 31, 2013, the company had total reserves of THB 436.76 million.</p>
Securities placed with the Insurance Commissioner as security deposit	<p>Under the Life Insurance Act, all life insurance companies must place securities as security deposit with the Insurance Commissioner in an amount not less than THB 20 million.</p>	<p>The company has placed securities with the Insurance Commissioner in an amount of THB 21 million in accordance with the Life Insurance Act.</p>
Placing of insurance reserves	<p>25 percent of insurance reserves for insurance policies remain in force, net of loans, secured by insurance policies of insurance companies. The reserves must be duly placed with the Insurance Commissioner not later than May 31 of each year.</p>	<p>The company has placed securities with the Insurance Commissioner as insurance reserves in an amount of THB 71 million in accordance with the Life Insurance Act.</p>

Industrial Situation and Competition

Competition Strategies >>

Thaire Life is the only life reinsurer in Thailand, having profound understanding of the domestic business and market environment. Here is our marketing policy:

- Put an emphasis on development of value added products and services and partner with all life insurance companies.
- Serve as an active reinsurer by developing a direct sale via telemarketing project (DRTV), under which the Company offers a fully-fledged service comprising profit/loss analysis, product customization to target groups' liking, trial group arrangement, advertisement on various media such as television and printed media, and monitoring and formulation of selling process, especially sales through telemarketing, in order to attain the established goals.
- Exploit our personnel's specialized skills to provide technical knowledge and guideline on underwriting and claim consideration for our customers to ensure any such product yields a profit and is efficiently managed. The Company has reinsured health insurance for life insurance companies since 2012 and participated in product management with aims to reduce the loss ratio, and also in personnel development planning for the underwriting and claims operations.

Competition Strategies and Business Opportunity

- With a profound understanding of reinsurance business and Thai people's life insurance demand, the Company can quickly respond to our clients' needs without any language or communication constraints since the Company is the only local reinsurer in Thailand.
- It is our policy to offer products and premium rates that are flexible and could match market requirements.
- At Thaire Life, our staff is skillful in technical aspect, product development, research and planning, and risk management. The Company also has a center to gather information on life insurance in Thailand with a strong database on statistical records about Thai population's mortality rate, causes of illness, mortality statistics by diseases, etc., which are helpful in our efficient business development and risk management.
- Similar to other life insurance companies, the Company has abided by all applicable laws and OIC supervisory rules and regulations, to ensure the same standard of creditworthiness rating and enabling us to gain trust from life insurance companies.

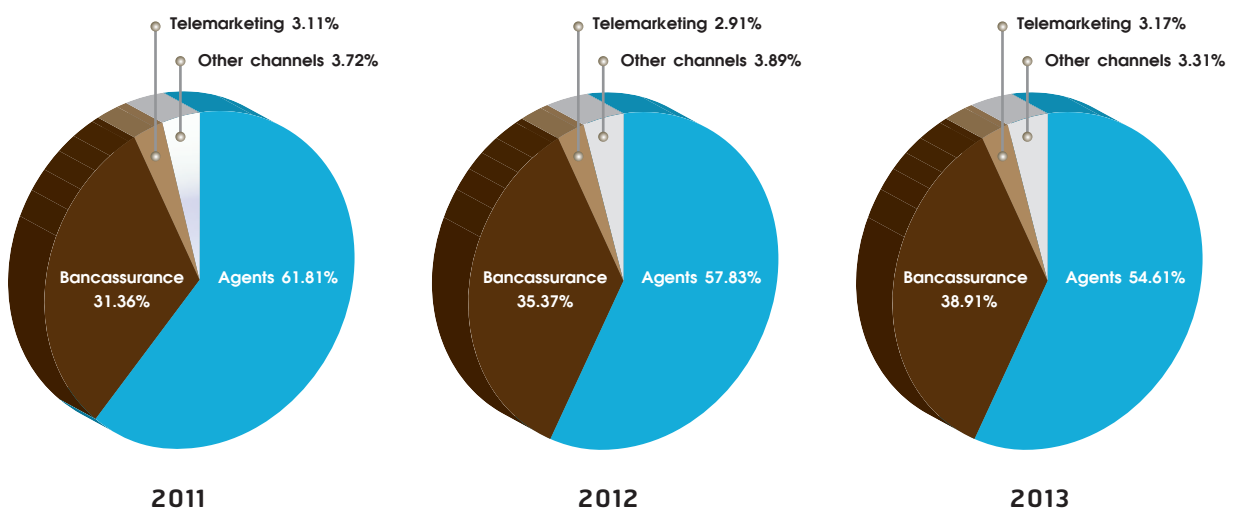
• The Company secured a solid capital base. The capital adequacy ratio (CAR) as at December 31, 2012 at 590.16, and as at December 31, 2013 the pre-audit CAR stood at 516.61 percent, considerably exceeding 300 percent. As a result, our ceding members can enjoy the lowest credit risk charge of only 1.6 percent, which is comparable with an insurance ceded to a foreign reinsurer with international credit rating of AAA. Our ceding members accordingly maintain capital adequacy for credit risk at a low level, thereby helping to lower their costs.

Distribution and Distribution Channels >>

Life insurance companies in Thailand sell their products through four channels as follows:

- 1) Agents
- 2) Bancassurance
- 3) Telemarketing
- 4) Other channels

Figure: Structure of Distribution Channels in 2011-2013



Among all, distribution through agents garnered the largest share, whereas bancassurance witnessed ongoing growth. With their customers' high purchasing power for both individual life insurance and credit life insurance, commercial banks saw their fee income rising annually, which has been a key factor prompting banks to earnestly concentrate on bancassurance. Life insurance companies using bancassurance as their main distribution channel are stimulated by such consistent strong growth to form more alliance with banks.

Thaire Life currently distributes our products via direct sales to all of the 24 domestic life insurance companies.

Target Groups >>

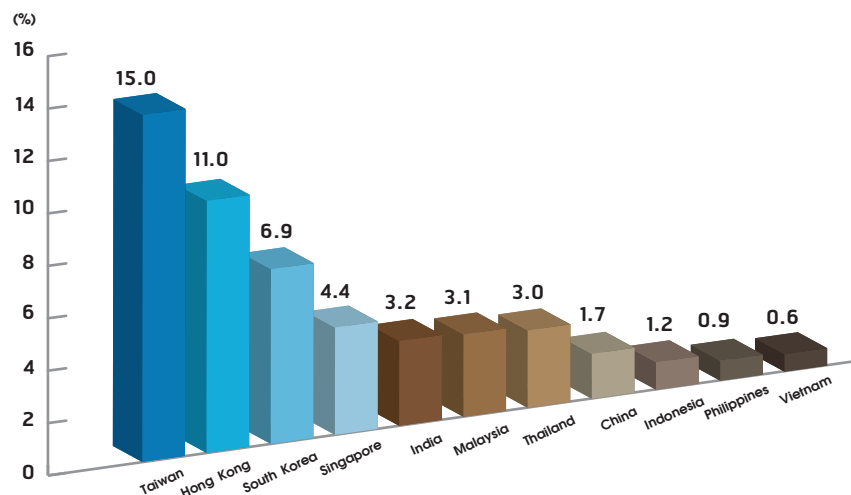
Our target groups are the 24 domestic life insurance companies. Some of these companies also are shareholders of Thai Reinsurance PCL., which is our major shareholder owning 50.8 percent of our paid-up capital. This helps to strengthen our market base.

Market Situation >>

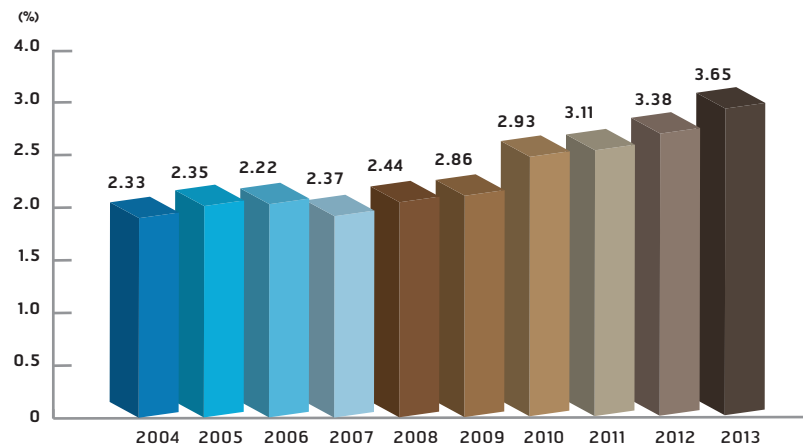
Life Insurance

Today, life insurance is a tool used to insulate people and their family members against risks. Those who are knowledgeable and aware of the necessity of life insurance and earn enough income to save have increasingly given importance to life insurance. Therefore, life insurance is taken out more in countries with high levels of education and per capita income.

Net Premium per GDP, in 2012



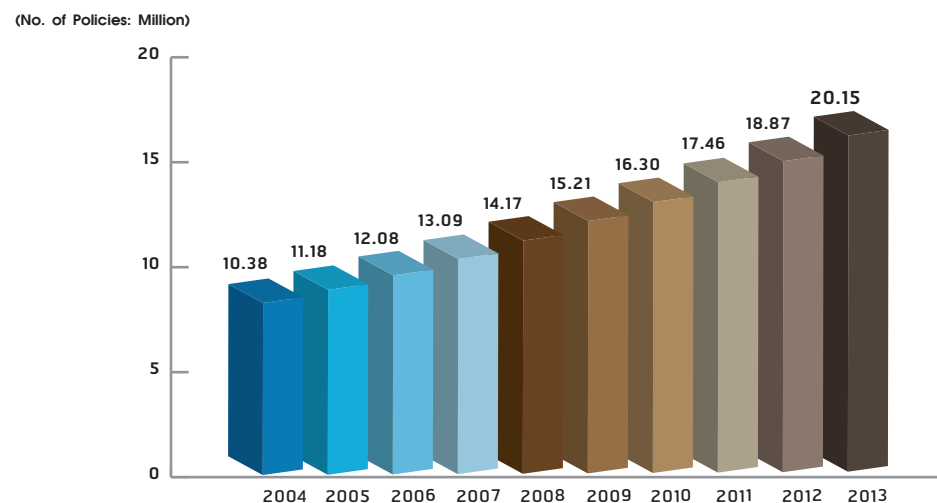
Net Premium per GDP in Thailand during 2004–2013



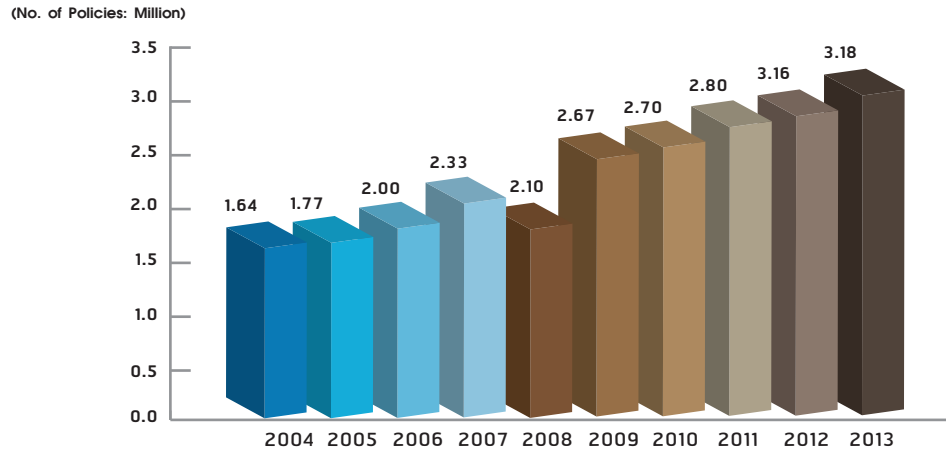
Source: Swiss Reinsurance, The Thai Life Assurance Association and Thaire Life Assurance PCL.

High-income countries in Asia such as Taiwan, Hong Kong, South Korea and Singapore have a net premium per GDP higher than low-income nations such as India, Malaysia, Thailand, China, Indonesia, the Philippines and. In 2012, Taiwan recorded a net premium per national income as high as 15 percent. In Thailand whose net premium per national income is lower than those of developed countries, there is still room for life insurance industry to grow, as evident from improvements in education and per capita income and a relative increase in Thailand's net premium per GDP from 2.33 percent in 2004 to 3.65 percent in 2013.

Number of life insurance policies in Thailand During 2004–2013



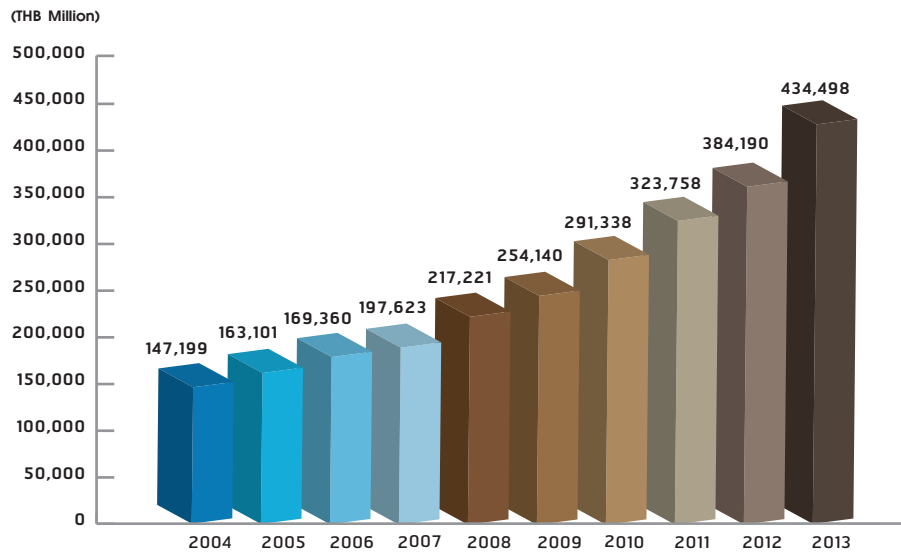
Number of new policies in Thailand During 2004-2013



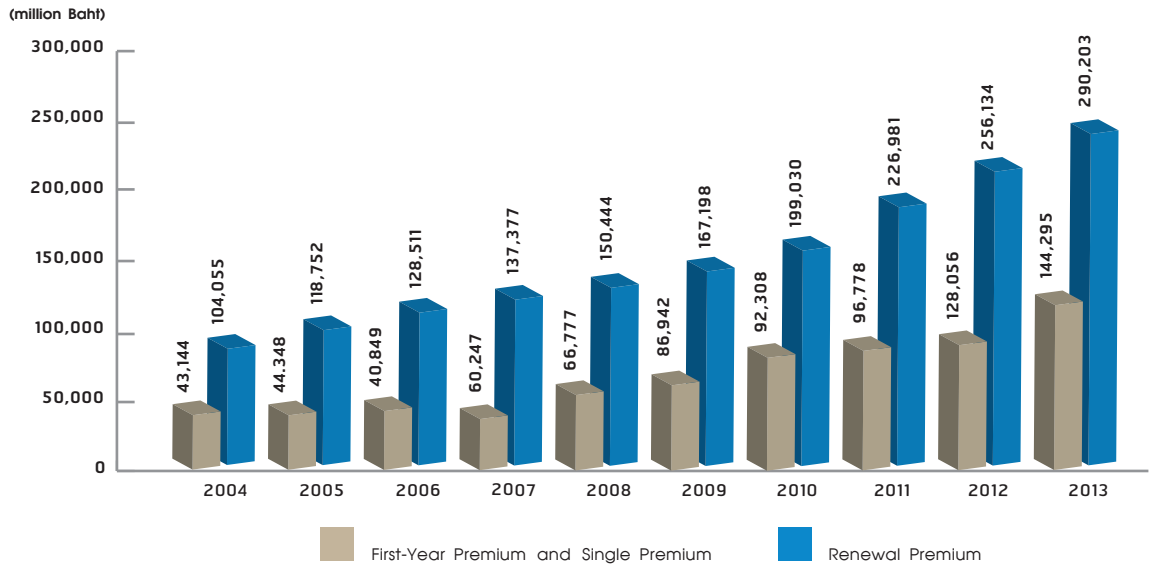
Source: Office of Insurance Commission and The Thai Life Assurance Association

Number of life insurance policies in Thailand jumped from 10.38 million policies in 2004 to 20.15 million in 2013, representing a compound annual growth rate (CAGR) of 7.65 percent. Meanwhile, number of new policies also increased continuously, from 1.64 million in 2004 to 3.18 million in 2013, or a CAGR of 7.64 percent.

Net written premium in Thailand During 2004 – 2013



Net written premium in Thailand (by Type of business) During 2004 – 2013



Remark:

- First-Year Premium means a premium paid in the first year of the contract.
- Single Premium means a premium paid in one lump sum with protection valid for the entire contract term.
- Renewal Premium means a premium paid after the 1st year premium in all subsequent years throughout the contract term.

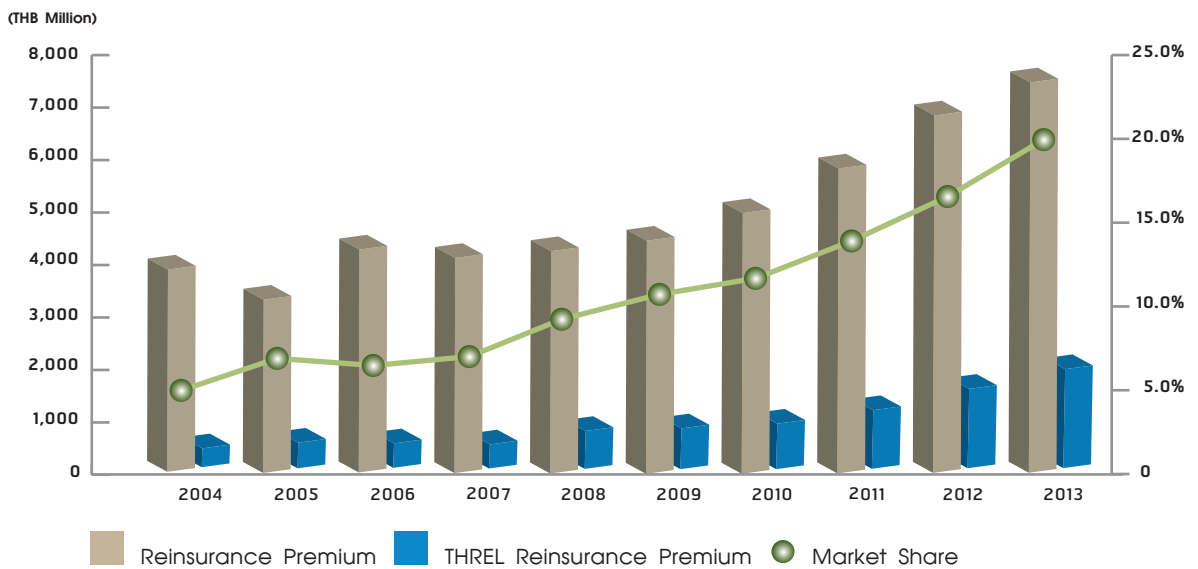
The ever-increasing volume of new policies has relatively driven up the net premium written. Based on OIC's records, Thai life insurance market continued to grow favorably in 2013, with the total written premium rising by 13.09 per cent year-on-year to THB 434,498 million. The key driver of such growth was the new customer base expansion. First-year premiums and one-time premiums surged by 12.68 percent to THB 144,295 million, whereas annual premiums increased 13.30 percent to THB 290,203 million, suggesting that the market expansion was contributed by the government sector's policies on, for instance, tax rebate for annuity life insurance to encourage long-term savings.

Life Reinsurance

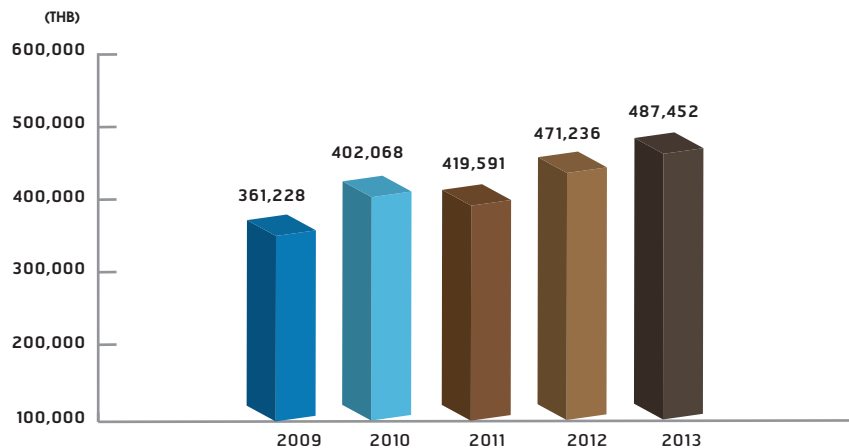
Reinsurance sector grows in tandem with insurance companies' demand for risk transfers to reinsurers. In 2013, Thailand's reinsurance transactions made up 1.62 percent of direct premiums written. This was a small percentage because, given the average sum insured per policy of only THB 487,452 in 2013, insurance companies were able to retain risks which were

still within their retention limit. For developed countries, their average sum insured per policy is sharply higher than Thailand's, as evidenced from the net premium per GDP of Taiwan, Hong Kong, South Korea and Singapore of 15.0 percent, 11.0 percent, 6.9 percent and 4.4 percent, respectively, compared with Thailand's 3.0 percent in 2012. As such, there is still room for Thai reinsurance business to expand. Thailand's average sum insured per policy increased from THB 361,228 in 2009 to THB 487,452 in 2013, representing a CAGR of 7.78 percent.

Reinsurance Written Premium in Thailand During 2004 - 2013



Sum Insured per policy in Thailand During 2009-2013



Source: The Thai Life Assurance Association and Thaire Life Assurance PCL.

Competition >>

Despite an ability to provide reinsurance themselves, life insurance companies, in general, do not have a policy to conduct cross-reinsurance among them because it is not their core activity and they are direct competitors. Therefore, they primarily cede their risks to domestic and foreign reinsurers. International reinsurers offering reinsurance services in Thailand include Swiss Reinsurance, Reinsurance Group of America (RGA), Hannover Reinsurance Group, Munich Reinsurance, SCOR Reinsurance, including reinsurance affiliates of multinational life insurance corporations that have entered a joint venture with, or taken a majority shareholding in, local life insurance companies.

In Thai reinsurance market, players' competition strategies principally lie in pricing, ability to take risk, and financial stability. There are tremendous barriers to entry for foreign reinsurers who do not have any presence in Thai market due to a lack of market acquaintance and business relationship with local insurance companies. After all, OIC has no policy to allow international reinsurers to open a branch in Thailand.

Thailand's Reinsurance Premium Table in 2011-2013

(Unit: THB Million)

	2013		2012		2011	
	Amount	Growth (Percent)	Amount	Growth (Percent)	Amount	Growth (Percent)
Gross Written Premiums	434,498	13	384,190	19	323,758	11
Reinsurance Written Premiums	7,167	9	6,555	22	5,381	13
Reinsurance Premiums of the Company 1	1,388	21	1,145	36	842	39
Proportion of the Company (Percent)	19		17		16	

Remark: 1 Percentage of remaining written premiums belonged to foreign reinsurers.

Source: Office of Insurance Commission and Thaire Life Assurance PCL.

Reinsurance market experienced ongoing healthy growth. Based on OIC's records as shown in the above table, the industry's reinsurance premiums increased steadily, from THB 5,381 million in 2011 to THB 6,555 million in 2012 and THB 7,167 million in 2013, by 22 percent in 2012 and 9 percent in 2013. For the Company, our premiums similarly went up, from THB 842 million in 2011 to THB 1,145 million in 2012 and THB 1,388 million in 2013, representing an increase rate of 36 percent and 21 percent respectively.

Industry Outlook >>

In 2013, life insurance business continued to expand, as driven by positive political and economic environments and effective economic stimulus schemes, entailing particularly an increase in life insurance premium deductible against personal income tax, an increase in minimum daily wage and a salary increase for civil servants who hold a bachelor's degree, which will likely increase the public's purchasing power for life insurance. In addition, the government has a policy to promote micro insurance and stimulate savings through life insurance products instead of deposits with banks in order that life insurance could provide security for the public's life and property. These could augur well for life insurance business as a whole. In this industry, importance will be placed on new marketing channel diversification to better reach the target groups, especially low-income earners, by delivering life and health products that could protect against risk and interest rate trend in the current market environment. The government's intention to further cut the policy rate will lead the target groups with low risk tolerance to increasingly use life insurance as a savings vehicle. At the same time, bancassurance will continue to expand. The Company forecast for the next 3-5 years that life insurance will grow by at least 10 percent per year.

Moreover, a joint public and private working committee has been formed to devise proactive measures for life insurance business development to extensively serve the public. To such end, products that could fulfill people's needs with a reasonable premium rate will be offered through diverse distribution channels so as to allow people at all levels an easier access to life insurance. In another attempt to expand insurance business operation, a road map has been jointly drawn up to establish an implementation guideline and timeframe for all measures associated with the public and private sectors in a bid to ensure clarity in business liberalization under the forthcoming Asean Economic Community (AEC).

Risk Factors

Recognizing risk factors that may arise and threaten our business operation, the Company have implemented an enterprise risk management (ERM) program to strengthen our risk management efficiency and long-term corporate sustainability. Our ERM highlights development of a comprehensive key risk identification process, integrated risk assessment, analysis of risk correlation, management of potential risks at an acceptable level, and creation of upside risks. The effectiveness of such risk containment process and a process of learning from loss of the past events is measured so as to improve future risk management process. Risk appetite is defined to be used as a basis for outlining our operational policy, strategy and risk-based decision making. Included in these processes are, for example, identification of returns and risks associated with premium rate fixing, development of new products, designing of reinsurance structure, allocation of assets and investments, budgeting, and risk-adjusted performance measurement.

Key risks to which reinsurance business is exposed are as follows:

1. Strategic Risk

Strategic risk is risk incidental to implementation of policies, formulation of strategic and operational plans, and failure to implement such plans properly or in alignment with internal factors and external environment, which could affect the Company's income, capital funds, image and stability.

1.1 Customer Risk

Reinsurance industry is an open market where reinsurers, local and overseas alike, can do business. Since THREL provides reinsurance services for life insurance companies in Thailand only, numbering 24 companies, our operating performance thus hinges primarily on growth in life insurance business. Besides, some domestic insurance companies have entered a joint venture with, or have their majority stakes held by, international counterparts which have a strong financial stability and advanced technology with consistent product innovation and development. These companies accordingly have a policy to reinsure risks with their foreign partners, leading THREL to lose premium income from this group.

Risk Management Measures

To protect against the above risk, the Company has taken a more proactive role by exploring new marketing opportunities. The Company has implemented an array of strategies, including participation in all activities ranging from launching and development of new marketable products to marketing planning and seeking of distribution channels in collaboration with life

insurance companies. Our profound understanding of the local market environment enables us to deliver efficient and effective solutions for our customers. All existing knowledge and statistics are used for our continuous marketing strategy formulation, aiming to penetrate the lucrative market segments that have a strong growth prospect. The Company has also taken part in developing and introducing new products to the market. Such product development coordination allows us to design appropriate policy formats and determine a reasonable premium rate, as well as achieve a higher market share.

1.2 Customer Diversification Risk

One life insurance company has contributed more than 30 percent of our total reinsurance premiums, whereas reinsurance premiums earned from top five life insurance companies made up 82 percent of our total reinsurance premiums. Therefore, if the Company loses the premiums from this group of customers, our revenue and performance will be materially affected.

Risk Management Measures

It is typical of life reinsurance business that premiums are paid continually because of the policies' long-term coverage of, for example, 10 years or longer. Hence, after the Company has concluded a reinsurance contract with life insurance companies, they must pay reinsurance premiums to us until expiry of the policies. To cancel such contract, they must so notify us at least three months before the end of any such year. Such cancellation will have an effect on new reinsurance. For the obligations under the existing portfolio, life insurance companies have to pay the reinsurance premiums to the Company until expiry of the policies. If the insurance companies wish to cease the reinsurance premium payment, they have to purchase the obligations under the existing portfolio. Since the repurchase cost and relevant expenses are calculated according to the actuarial principles, which is a high cost, this case therefore rarely happens.

1.3 Capital Availability Risk

The Office of Insurance Commission requires all insurance companies to comply with its risk-based capital regulations and maintain the capital adequacy ratio (CAR) of at least 140 percent. This aims to promote insurance companies' good risk management practices and make sure that they have adequate capital to cover loss caused by unexpected events.

Risk Management Measures

In identifying risk and hedging measures against capital adequacy risk, the Company determines various factors that could affect our existing capital fund and fund for accommodating

insurance risk, market risk, credit risk and concentration risk, and then use such factors as a basis for planning and operating our core activities, including product design and development, premium rate fixing, claim management, reinsurance and investment. This aims to ensure our financial stability and capital adequacy. According to our financial statement as at December 31, 2013, our pre-audit CAR stood at 516.61 percent.

2. Operational Risk

Operational risk refers to risk arising from inadequacy or lack of good corporate governance or internal control over business process, personnel or system of the Company or external incidents such as employees' lack of knowledge, expertise and skill, loss of key management/personnel, complexity of business process, right to access data and data security, data updating, delegation of power, duties and responsibilities, and appropriateness of performance measurement criteria, all of which could affect the Company's income, profit and capital funds.

Operational risk can take place at any step of business process, ranging from formulation of internal control policy to insurance underwriting, product designing and development, premium rate pricing, claim management, investment and retrocession activities.

2.1 Risk Associated with Key Personnel

Life insurance business is reliant on personnel who are knowledgeable, skillful and experienced in this business. Administrative staff therefore must have the required knowledge, expertise and experience. Failure by the Company to retain our skilled executives and staff members could result in an adverse impact on our operation.

Risk Management Measures

Recognizing a possible impact from this risk, the Company continuously gives importance to personnel management and development. Training programs are arranged to improve our staff's skill and knowledge and enhance their capability. The Company also has a policy to encourage our middle management's participation in administrative planning in order to increase their managerial skill and knowledge and, at the same time, mitigate risk from reliance on talented personnel. In addition, the Company has an Executive Board to oversee the Company's administration. Our compensation and welfare packages are competitive in the market, a factor that enables us to attract, and yet retain, our talented personnel.

2.2 System and Process Risk

System and process risk is risk that arises from an inappropriate or failed internal system or process which relatively endangers operational efficiency and effectiveness at all levels.

Risk Management Measures

To cope with this risk, the Company has clearly segregated duties of the Board of Directors, the Executive Board and the management and established an authority and operation workflow to ensure all parties are aware of the power to operate or decide on various issues at all levels. All functions are monitored and followed up to make certain that they comply with the established policy and plan. The Internal Audit Department has duties to prepare a legal and regulatory compliance report for submission to the Audit Committee on a quarterly basis. The Company also puts in place a security system for data crucial to operation and a back-up system to prepare for any unexpected event, and have a policy on data security and data system security to protect against data loss or leak.

2.3 Risk from a Major Shareholder Holding More Than 50 percent of Shares in the Company

Thai Reinsurance Plc. ("THRE") owns a total of 50.8 percent of the Company's registered and paid-up capital, thereby allowing THRE to have control power in matters that must be decided by majority votes. As such, other shareholders could risk failing to gather sufficient votes to exercise checks and balances against the issues proposed by the major shareholder for consideration at a shareholders' meeting.

Risk Management Measures

Under our existing management structure, our management team is set to be comprised of knowledgeable and competent professionals, with a clearly-defined scope of operation and delegation of power to our directors and executives to ensure transparency in business operation. Besides this, three out of the total seven members of our Board of Directors are selected from third parties to serve as independent directors responsible for exercising checks and balances in decision-making on and approval of all transactions before proposing to a shareholders' meeting.

2.4 Risk from Non-Compliance with Law with Respect to Our Shareholding Structure

Pursuant to the Life Insurance Act B.E. 2551, life insurance companies must have persons of Thai nationality and/or juristic entities registered in Thailand hold an aggregate of more than 75 percent of their total voting and paid-up shares. However, our shares are transferable at any time after the listing of THREL on the SET, which could lead to failure to maintain the percentage of shareholding by Thai nationals as specified in the Life Insurance Act and could cause the shareholders who are disqualified according to the Life Insurance Act to be unable to exercise their voting rights at a shareholders' meeting and to receive dividends from the Company.

Risk Management Measures

Having applied for a waiver from the OIC, the Company on August 5, 2013 was granted an approval to have non-Thai nationals hold an aggregate of more than 49 percent of total voting and paid-up shares of the Company over a period of 10 years from the approval date (August 5, 2013). Given that, upon the end of such waiver period, the Company is unable to seek approval for an extension of such period or there is no redefinition of the 'person of Thai nationality,' as defined in the Life Insurance Act, and the Company fails to restructure the shareholding in accordance with the Life Insurance Act, the Company will be subject to a fine, and the shareholders who do not meet the qualifications under the Life Insurance Act will be unable to exercise their voting rights at a shareholders' meeting and to receive dividends.

3. Insurance Risk

Insurance risk is risk resulting from insurance activities such as adequacy of premium rate, changing behaviors of policyholders, product development to match market demand, risk concentration, adequacy of insurance reserves and loss reserves, and catastrophe.

3.1 Risk Incidental to Life Reinsurance

Life reinsurance risk is risk associated with reinsurance-related activities such as premium rate determination, reinsurance underwriting, calculation of insurance reserves and loss reserves, and so forth.

Risk Management Measures

The Company has produced an insurance manual of high standards based on up-to-date technical methodology and statistical data. The manual is regularly updated to stay in sync with market environment. A focus is placed on our staff's knowledge and discipline in insurance underwriting. It is our policy to set aside, on a conservative basis, a reserve that could cover future risks. The Company also purchases the excess of loss protection retrocession, with the maximum limit to excess of loss per person or excess of loss per event. This can be deemed as a tool for prevention and control of overall risks that the Company has taken and have not retrocede to any other reinsurers, in order to lessen a potential impact on our financial position once a loss occurs.

4. Market Risk

Market risk is risk that arises from changes in interest rate, exchange rate, derivatives price in money and capital markets, asset price, and real estate price, which could lead to volatility in income, value of financial assets and liabilities and capital funds of the Company.

Risk Management Measures

The Company regularly monitors and analyze the volatility of our investment portfolio as affected by various factors, to be a basis for proper investment decision in line with the prevailing circumstances. Our investments comply with OIC's scope and guideline under the Life Insurance Act B.E. 2535 which specifies types of securities allowable for investment and sets investment limits for each type of securities. For instance, the Company's investment in common stocks, debentures and unit trusts against income may not exceed 5 percent of our total assets, whereas investment limit for promissory notes of finance companies is 10 percent. Investments are also incorporated into the calculation of CAR. The Company adopts a policy to avoid an investment in speculative securities which involve a high degree of risk and to focus on quality assets with steady and consistent returns. Forming as a part of our main revenue sources, investments have thus been closely monitored by our Board of Directors and management.

5. Credit Risk

Credit risk is risk arising from possible default by our counterparties or from our counterparties' credit rating being downgraded. This can expose the Company to risk from our retrocessionaire's failure to make claim reimbursement as agreed or delay in such payment, which could lead to an overdue or bad debt or, if such loss cannot be recovered, could hurt our cash flow and net profit.

Risk Management Measures

To cushion against such risk, the Company assesses credit quality, debt service ability and credit rating of our retrocessionaires and review their financial status. It is our policy to cede risks to only international reinsurers with strong financial soundness and credit rating of A or higher. As at December 31, 2013, our retrocession contracts made up 1.15 percent of total written premium.

6. Liquidity Risk

Liquidity risk is risk arising from insurance companies' inability to service debts and obligations that become due, caused by failure to convert assets into cash, or ability to raise funds but at an unacceptable high cost which could affect the Company's income and reserves, for instance, ability to mobilize funds in case of a mismatch between cash inflow and cash outflow.

Risk Management Measures

Our risk management measures include harmonized asset and liability management, diversification of assets and liabilities, investments in liquid securities in line with types of liabilities and contingencies, and ensuring that liquid assets are sufficiently available when cash is needed. The Company also makes certain that our liquidity position is maintained at a level higher than the OIC's requirement.

7. Emerging Risk

Emerging risk is loss incurred from risk not yet occurring at present but could emerge in the future due to a changing environment. This type of risk emerges at a slow pace and is difficult to identify. Its emergence is less frequent, but once occurring, it will pose a severe impact. Emerging risk is usually identified from a forecast based on studies of prevalent evidence. This risk typically results from changes in politics, laws, society, technology, physical environment or nature. Occasionally, the impacts of such risk are unidentifiable at the present time such as impacts on occupational health caused by nano technology or GMO food or climate change, etc.

Risk Management Measures

The Company has reviewed protection wordings in insurance policies, including our underwriting process, premium rate fixing, and new product development to ensure that the emerging risk has been taken into consideration. Moreover, the Company gathers relevant information and conduct a continuous analysis to familiarize with the information and come up with a solution to properly contain any potential impacts on the organization.

Structure of Shareholders and Management

Shareholders

Ten major shareholders as at the latest registration book closing date of November 27, 2013 are as follows:

Unit: Percent

	No. of Shares	Percentage
1. Thai Reinsurance Public Company Limited	304,999,930	50.83
2. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	36,632,258	6.11
3. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	25,205,224	4.20
4. Mr. Taveerat Prungpatanasakul	6,320,000	2.72
5. Bualuang Long-Term Equity Fund	14,943,500	2.49
6. Thai NVDR Co., Ltd.	11,041,251	1.84
7. HWIC ASIA FUND	9,000,000	1.50
8. Aberdeen Long Term Equity Fund (ABLTF)	6,526,403	1.09
9. Aberdeen Growth Fund	6,307,313	1.05
10. Electricity Generating Authority of Thailand's Employee Registered Provident Fund	6,210,100	1.04
	437,185,979	72.86
11. Other shareholders	162,814,021	27.14
Total	600,000,000	100.00

As regards the shareholding by the group of shareholders above, an amount of 11,041,251 shares, or 1.84 percent, are held by Thai NVDR Co., Ltd. to accommodate the non-voting depository receipt (NVDR). Investors can check the latest number of shares held by Thai NVDR Co., Ltd. from website of the Stock Exchange of Thailand at www.set.or.th.

An update on our ten major shareholders profile is available from our website (www.thairelife.co.th) or website of the Stock Exchange of Thailand at www.set.or.th. after the closing of the shareholders registration book.

Dividend Policy

We have a policy to pay dividends at not less than 40 percent of net profit from the separate financial statement after corporate income tax and all types of reserves as required by law and as specified in the Company's Articles of Association. However, the dividend payment is subject to change as deemed necessary and appropriate by the Board of Directors. The Company's dividend payment must be approved by OIC pursuant to Section 32 of the Life Insurance Act B.E. 2535 (and the subsequent amendments).

Shareholding of Director and Management

Shareholding of Directors and management, including those related to section 258 of the Securities and Exchange Act B.E. 2535 (as amended), are as follows.

No.	Name	No. of Shares as of Dec 31, 2012	No. of Shares as of Dec 31, 2013	Change Increase (Decrease) in 2013	Percentage
Director					
1.	Mr.Suchin Wanglee	1	241,471	241,470	0.04
	their spouses and children who have not reached maturity	-	-	-	-
2.	Mr.Surachai Sirivallop	1	41,321	41,320	0.01
	their spouses and children who have not reached maturity	-	89,705	89,705	0.01
3.	Mr.Sutti Rajitrangson	-	3,360	3,360	0.00
	their spouses and children who have not reached maturity	-	-	-	-
4.	Dr.Kopr Kritayakirana	1	8,690	8,689	0.00
	their spouses and children who have not reached maturity	-	-	-	-
5.	Mr.Chalaw Fuangaromya	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
6.	Mr.Apirak Thaipatanagul	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
7.	Mr. Alan Chi Yim Kam	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
Management					
1.	Ms. Navadee Ruangrattanametee	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
2.	Mrs. Nutchakorn Suwansathit	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
3.	Ms. Duangnaporn Phermnamlap	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
4.	Ms. Duangnapa Kanchanawongwut	-	1,500	1,500	0.00
	their spouses and children who have not reached maturity	-	-	-	-

Management Structure

The Company's management structure is composed of the Board of Directors and 3 subcommittees, namely the Executive Board, the Audit Committee and the Risk Management Committee.

Board of Directors

As of December 31, 2013, the Board of Directors is composed of seven members of whom 5 are non-executive directors and 2 are executive directors. 3 of them are qualified as independent directors, as defined by the Company based on the SEC's guideline. Each term of directorship is three years, as stipulated in the Company's Articles of Association. However, there is no limitation on the number of terms of office of the directors, independent directors and members of subcommittees because the Company needs to especially retain some board members who are knowledgeable and specialized in insurance business and are scarce. Profile of each director is presented in Board Members.

Definition of Independent Director

An independent director refers to a person who possesses the complete qualifications and has the minimum independency as required under notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand, applicable at present, as follows:

1. Not holding shares more than one percent of the total number of voting shares of the Company or its parent company, subsidiary or associated company or a juristic entity with possible conflict, with the number of shares held by any related person to also be counted;
2. Not being a director who participates in management or an employee or staff or advisor who receives a regular salary from the Company, and not being a person having controlling power over the Company or its parent company, subsidiary or associated company or a subsidiary in the same level or a juristic entity with possible conflict, unless such independent director has not been a person referred to above for at least two years;
3. Not being a person who has a blood or legal relationship as a father, mother, spouse, sibling or child, including as a spouse of a child of any executive or major shareholder of the Company, or of any person having controlling power, or of the person being nominated to be executive or person with controlling power of the Company or its subsidiary;
4. Not having or used to have any business relationship with the Company or its parent company, subsidiary or associated company or with a juristic entity having possible conflict, in the manner which might hinder the exercise of his/her independent judgment, and not being or used to be a major shareholder or a non-independent director or an executive of the party that has business relationship with the Company or its parent company, subsidiary or associated company or a juristic entity having possible conflict, unless such independent director has not been a person referred to above for at least two years.

Business relationship referred to in the first paragraph above shall include any trade performed in the usual course of business, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support provided or accepted by way of borrowing, lending, guaranteeing or offering of assets as collateral for loan or any other conduct in a similar manner in an amount of three percent or more of the net tangible asset value of the applicant or twenty million baht or more, whichever is lower;

5. Not being or used to be an auditor of the Company or its parent company, subsidiary or associated company or a juristic entity with possible conflict, and not being a major shareholder, a non-independent director, an executive or a managing partner of any auditing firm in which the auditor of the Company or its parent company, subsidiary or associated company or a juristic entity with possible conflict is working, unless such independent director has not been a person referred to above for at least two years;

6. Not being or used to be any professional service provider, including legal or financial advisor who obtains a fee more than two million baht a year from the Company or its parent company, subsidiary or associated company or a juristic entity with possible conflict, and, where such professional service provider is a juristic entity, including being a major shareholder, a non-independent director, an executive or a managing partner of any such professional service provider, unless such independent director has not been a person referred to above for at least two years;

7. Not being a director appointed as a representative of a director of the Company or its major shareholder or a shareholder which is a related person of the major shareholder of the Company;

8. Not having any other characteristics that hinder his/her rendering of independent opinion on the Company's operation.

Term of Office

At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election.

Limitations of Authorities and Responsibilities

The scope of power and duties of the Board of Directors is defined as follows:

1. Perform a duty and oversee the Company to ensure compliance with the laws, objectives and Articles of Association of the Company, resolutions of the Board of Directors and resolutions of the shareholders' meeting, by upholding accountability with due care and integrity.

2. Formulate and approve the vision, strategy, business direction, policy, goal, guideline, action plans and budgets of the Company and its subsidiary, prepared and proposed by the management, and supervise the business administration and performance of the management or the persons designated to handle such task to ensure compliance with the policy outlined by the Board of Directors.

3. Follow up on the performance of duty, on a continuous basis, to ensure it meets with the action plans and budgets.

4. Ensure that the Company and its subsidiary have in place a sound and efficient accounting system, a reliable financial reporting and auditing system, and an adequate and proper internal control and audit system.

5. Review the risk management process and policy and follow up on the performance thereof.

6. Ensure that there is no conflict of interest between stakeholders of the Company and its subsidiary.
7. Establish a policy on good corporate governance and ensure an efficient use of such policy.
8. Appoint subcommittees such as the Audit Committee or any other committees to assist in and support the Board of Directors' discharge of duty, as deemed fit.
9. Appoint the Company Secretary to assist the Board of Directors in performing of duty to make certain that the Company's business operation conforms to the applicable laws and regulations.
10. Seek professional advice from external organizations, where necessary, to form a basis for proper decision-making.
11. Prepare an annual report and assume responsibility for the preparation and disclosure of financial statements to present financial position and working results in the past year to the annual shareholders' meeting.
12. Arrange for an annual general meeting of shareholders to be held within four months after the end of each fiscal year of the Company.

The delegation of power, duties and responsibilities of the Board of Directors excludes the authorization or sub-authorization of the directors or their appointees in the approval of transactions in which they or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

Subcommittees

To enhance efficiency of the Board of Directors, the Board of Directors has formed subcommittees entrusted with the duty to follow up on the routine crucial matters or matters that require a close attention. At present, there are three subcommittees, with their composition, roles and duties being clearly defined, as follows:

a) The Executive Board

As at December 31, 2013, the Executive Board was composed of 4 members:

Name	Position
1. Mr.Surachai Sirivallop	Chairman of the Executive Board
2. Mr.Sutti Rajitrangson	Vice Chairman of the Executive Board
3. Mrs.Nutchakorn Suwansathit	Member of the Executive board
4. Ms.Navadee Ruangrattanametee	Member of the Executive board

Ms. Navadee Ruangrattanametee acted as Secretary to the Executive Board.

Roles and Duties

The scope of power and duties of the Executive Board is as follows:

1. Formulate a strategic direction, management structure, yearly business plans and budgets for the Company and seek approval thereof from the Board of Directors.
2. Undertake business administration, monitor and follow up on the Company's performance and financial position to ensure it meets the established strategic direction, business plans and budgets, and regularly report the working results and financial position to the Board of Directors on a quarterly basis.
3. Monitor and ensure the Company's compliance with the law governing securities and exchange, the Life Insurance Act, the Public Limited Companies Act, and all other laws relating to its business operation including regulations and notifications issued under such laws.
4. Monitor and ensure that the Company abides by generally accepted accounting principles
5. Evaluate and analyze risks associated with the Company's business operation, devise proper risk management measures, and oversee the Enterprise Risk Management Committee.
6. Consider and approve related party transactions within the purview of authority delegated by the Board of Directors.
7. Screen and give recommendation on all issues requiring the Board of Directors' approval, except for the activities assigned by the Board of Directors to other committees.
8. Sub-authorize the management or any person to perform any act or several acts as deemed fit by the Executive Board, whereby the transactions approved by the Executive Board and/or the sub-authorized person must not involve a connected transaction or a transaction with possible conflict of interest or a transaction in which the Executive Board has a vested interest.
9. Perform any other task or the task under its authority and responsibility as assigned by the Board of Directors case by case.

The delegation of power, duties and responsibilities of the Executive Board excludes the authorization or sub-authorization of the Executive Board members or their appointees in the approval of transactions in which they or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

b) The Audit Committee

As at December 31, 2013, the Audit Committee was composed of three members as follows:

Name	Position
1. Mr.Chalaw Fuangaromya	Chairman of the Audit Committee and Independent Director
2 Mr.Apirak Thaipatanagul ^{1, 2}	Audit Committee and Independent Director
3. Mr.Alan Chi Yim Kam ¹	Audit Committee and Independent Director

Remark: 1 Being the Audit Committee Member who has knowledge and expertise in the accounting and finance field

2 Mr.Apirak Thaipatanagul is Director and CEO of Thai Life Insurance Plc., which is one of the local insurance companies that are among our clientele. He is a knowledgeable professional with profound understanding and experience in life insurance for more than 30 years, which is useful for our business operation. Value of the current related party transactions between Thaire Life and Thai Life Insurance Plc. is lower than THB 20 million (please see more details in Item 12 Related Party Transactions). Thus, we believe that such business relationship will by no means have an impact on his discharge of duty and independence in rendering of opinion. If the value of such transactions is higher in the future, we will additionally disclose all essential information in the notice of shareholders' meeting under the agenda item regarding independent director appointment or may otherwise nominate a qualified person according to the SEC regulations for consideration and approval at the shareholders' meeting. Mr. Songchai Phaisan acted as Secretary to the Audit Committee.

Term of Office

Chairman and members of the Audit Committee are in office for a term of three years. The chairman and members who retire by rotation upon the end of each term of office could be reappointed to serve on the Audit Committee.

Roles and Duties

The scope of power and duties of the Audit Committee is as follows:

1. Review and ensure the accuracy and adequate disclosure of the Company's financial reports by collaborating with the Company's external auditor and executives who are in charge of financial reporting on a quarterly and yearly basis.
2. Recommend the auditor, during the course of auditing the Company's accounts, to review or examine any transactions deemed necessary and significant.
3. Review and ensure the appropriateness and effectiveness of the Company's internal control and internal audit systems, assess the independence of the internal audit unit, recommend the appointment, rotation and termination of employment of heads of the internal audit unit or any other units involved with internal audit functions, and approve the audit plans, budgets and manpower for the internal audit unit.

4. Review and ensure the Company's compliance with the law governing securities and exchange, including notifications of the Securities and Exchange Commission, notifications of the Capital Market Supervisory Board, notifications of the Board of Governors of the Stock Exchange of Thailand, regulations of the Stock Exchange of Thailand, and any other laws applicable to the Company's business.

5. Consider, select and recommend appointment of an independent person to serve as the Company's auditor, propose remuneration for the Company's auditor, and participate in a meeting with the auditor, without presence of the management, at least once a year.

6. Consider the connected transactions, assets acquisition/disposal transactions or transactions with potential conflict of interest and ensure their correctness and compliance with the laws, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand including other concerned authorities, to make certain that these transactions are reasonable and bring about the maximum benefit to the Company.

7. Review and ensure that the Company has in place a risk management policy and assist the Board of Directors in monitoring and ensuring the Company's compliance with a sound and effective risk management policy and approach.

8. Prepare the Audit Committee's performance report, duly signed by the Audit Committee Chairman, for publishing in the Company's annual report, including at least the following information:

(a) opinion on accuracy, completeness and reliability of the Company's financial reports;

(b) opinion on adequacy of the Company's internal control system;

(c) opinion on compliance with the law governing securities and exchange, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand, including any other laws applicable to the Company's business;

(d) opinion on appropriateness of the auditor;

(e) opinion on transactions with possible conflict of interest;

(f) number of meetings convened by the Audit Committee and meeting attendance by each Audit Committee Member;

(g) opinion or observation in overall received by the Audit Committee from a discharge of duty under the charter;

(h) any other transactions that should be disclosed to the shareholders and general investors within the scope of duties and responsibilities designated by the Board of Directors.

9. Perform any other task as assigned by the Board of Directors with the Audit Committee's consent.

c) The Enterprise Risk Management Committee

As at December 31, 2013, the Enterprise Risk Management Committee was composed of six members as follows:

Name	Position
1. Mr.Surachai Sirivallop	Chairman of Enterprise Risk Management Committee
2. Mr.Sutti Rajitragson	Vice Chairman of Enterprise Risk Management Committee
3. Mrs.Nutchakorn Suwansathit	Enterprise Risk Management Committee
4. Ms.Navadee Ruangrattanametee	Enterprise Risk Management Committee
5. Ms.Duangnaporn Phermnamlap	Enterprise Risk Management Committee
6. Ms.Duangnapa Kanchanawongwut	Enterprise Risk Management Committee

Ms. Sujitra Savedboworn acted as Secretary to the Enterprise Risk Management Committee.

To outline a policy and monitor the Company's risk management on a systematic basis, we have defined scope of power and duties of the Enterprise Risk Management Committee as follows:

1. Recommend an approach to risk management and policy on risks and risk appetite.
2. Follow up on implementation of risk policy and control adequacy.
3. Monitor overall enterprise risk versus risk appetite.
4. Report risk management performance to the Executive Board and the Audit Committee.
5. Monitor the management of existing risks and risks that will arise in the future.

Meeting Attendance of the Board of Directors and the Subcommittees in 2013

Board of Directors ¹	Position	Attendance	
		Committees	Audit Committee
1. Mr.Suchin Wanglee	Chairman	5/5	-
2. Mr.Chai Sophonpanich ²	Vice-Chairman	2/3	-
3. Mr.Surachai Sirivallop	Director	5/5	-
4. Dr.Kopr Kritayakirana	Director	5/5	-
5. Mr.Sutti Rajitragson	Director and President	5/5	-
6. Mr.Chalaw Fuangaromya	Independent Director and Chairman of the Audit Committee	5/5	3/3
7. Mr.Apirak Thaipatanagul	Independent Director and Director of the Audit Committee	5/5	2/3
8. Mr. Alan Chi Yim Kam	Independent Director and Director of the Audit Committee	5/5	3/3

Remark: 1. As at December 31, 2013, the Board of Directors was composed of seven members, no. 1 and no. 3-8.
2 Mr. Chai Sophonpanich resigned as the director on July 31, 2013.

The Company's authorized signatories are any two of the three directors, namely Mr. Suchin Wanglee, Mr. Surachai Sirivallop and Mr. Sutti Rajitragson, authorized to co-sign with the Company's seal affixed. Ms. Duangnaporn Phermnamlap acts as the Company Secretary.

Management

As at December 31, 2013, our management team was composed of five members as follows:

Name	Position
1. Mr. Sutti Rajitragson	President
2. Ms. Navadee Ruangrattanametee	Senior Vice President
3. Mrs. Nutchakorn Suwansathit	Senior Vice President
4. Ms. Duangnaporn Phermnamlap	Vice President
5. Ms. Duangnapa Kanchanawongwut	Vice President

Roles and Duties

The scope of power and duties of the President is defined as follows:

1. Be responsible for, supervise and manage the Company's day-to-day operation and/or administration, including overall operational monitoring, to be in line with the policy, business strategy, operational goal and action plans, financial targets, and budgets of the Company as approved by the Board of Directors and/or resolved by the shareholders' meeting.
2. Map out business plans, define the administration authority and prepare the yearly budgets for business operation and capital expenditure for the Board of Directors' approval, and report the actual performance against such approved business plans and budgets to the Board of Directors.
3. Set out the organization structure, management approach, and employee recruitment, training, employment and termination of employment, and determine employees' wage rate, salary rate, compensation, bonus and fringe benefits under the framework and budgets approved by the Board of Directors (except for the remuneration, salary, compensation, bonus and fringe benefits for the President and the Senior Executive Vice President which shall be determined by the Board of Directors).

4. Follow up on and report the Company's status and position and recommend alternatives and strategies that fit with the policy and market environment.

5. Supervise and control the Company's operations in the areas of, among others, finance, risk management, internal control, back-office operation, and resources.

6. Act as representative of the Company and have authority to contact government agencies and other regulatory bodies.

7. Communicate with the public, shareholders, customers and employees to promote a good reputation and image of the Company.

8. Ensure that good corporate governance practices are in place.

9. Have power to issue, amend, add and revise rules, orders and regulations pertaining to the Company's operations such as employment, appointment, removal and discipline of staff and employees, fixing of salary and other monies including aids and welfare provision.

10. Consider, negotiate and approve the entering into agreements and/or any other acts relating to the Company's day-to-day operation and/or administration under the delegation of power framework approved by the Board of Directors.

11. Assume any power, duty and responsibility as assigned or under the policy designated by the Board of Directors.

12. Have power to sub-authorize and/or assign other person to perform any particular act on his behalf, whereby any such sub-authorization and/or assignment shall be within the scope of authorization specified in the letter of attorney and/or shall conform to the rules, regulations or orders set forth by the Board of Directors. The said delegation of power, duties and responsibilities of the President excludes the authorization or sub-authorization of the President or his appointees in the approval of transactions in which he or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

We have documented the delegation of power to serve as an operational handbook and a reference and to follow the procedure in a systematic manner. We determine and approve the yearly budgets which consist of the estimated underwriting income and expenses, capital expenditure, operating expenses, and purchase of fixed assets.

Company Secretary

The Board of Directors resolved to appoint Ms.Duangnaporn Phermnamlap as the Company Secretary, effective December 7, 2012. The Company Secretary has the main duties to prepare and maintain the director register, invitation letters to the Board of Directors' meetings, minutes of the Board of Directors' meetings, the Company's annual reports, notices of the shareholders' meetings and minutes of the shareholders' meetings; maintain reports on interest prepared by the directors or the executives; perform other tasks according to the regulations specified in notifications of the Capital Market Supervisory Board; and deliver copies of the reports on interest in accordance with Section 89/14 prepared by the directors to Chairman of the Board of Directors and Chairman of the Audit Committee for acknowledgement within seven business days from the date the Company receive such reports.

The Company Secretary also has the duties as follows:

1. Provide initial advice to the directors with respect to the laws and the Company's rules and regulations as requested by the Board of Directors and ensure that those rules and regulations are always correctly complied with, as well as keep the Board of Directors informed of any significant development of the laws.
2. Hold a shareholders' meeting and Board of Directors' meeting in compliance with the laws, the Company's Articles of Association and the code of best practice.
3. Take minutes of the shareholders' meeting and Board of Directors' meeting and ensure that resolutions of the shareholders' meeting and Board of Directors' meeting are implemented.
4. Ensure that the information under the Company Secretary's responsibility is disclosed and reported to the supervisory authorities in accordance with rules and regulations of those authorities.
5. Look after the Board of Directors' activities and perform other tasks as specified by laws or as assigned by the Board of Directors or in accordance with notifications of the Capital Market Supervisory Board.

Remuneration of the Board of Directors and Executives

Monetary Remuneration

Remunerations for the Directors

In 2013, remuneration of the Board of Directors consisted of meeting allowance paid based on number of meeting attendances, details of which are shown in the below table:

Board of Directors	Remuneration (THB) ²		
	Board of Directors	Audit Committees	Total
1. Mr.Suchin Wanglee	62,500	-	62,500
2. Mr.Chai Sophonpanich ¹	25,000	-	25,000
3. Mr.Surachai Sirivallop	62,500	-	62,500
4. Dr.Kopr Kritayakirana	62,500	-	62,500
5. Mr.Sutti Rajitrangson	62,500	-	62,500
6. Mr.Chalaw Fuangaromya	62,500	75,000	137,500
7. Mr.Apirak Thaipatanagul	62,500	25,000	87,500
8. Mr. Alan Chi Yim Kam	62,500	37,500	100,000
Total	462,500	137,500	600,000

Remark:

1 Mr.Chai Sophonpanich resigned as the director on July 31, 2013.

2 Only the Board of Directors and the Audit Committee were remunerated, while the Executive Board and the Enterprise Risk Management Committee did not receive any remuneration.

Monetary remuneration for executives

In 2013, the Company paid the remuneration, including salary and bonus, to the 5 executives with a total of 16.5 million baht.

Other Remuneration

Other remunerations for directors

- None -

Other remunerations for executives

The Company provided the provident fund for the company's executives with 5 – 10 percent contribution on their salary. In 2013, the Company totally contributed Baht 1.0 million for 5 executives and reserved their retirement benefits amounting to THB 0.3 million.

Personnel

As at December 31, 2013, we had a total workforce of 16 persons, broken down as follows:

Department	Employees
President	1
Business Development	2
Data Support	4
Accounting and Finance	3
Investment	1
Internal Audit	1
Others	4
Total	16

Employees' Compensation

The Company totally paid the employee benefits amounting to Baht 10.7 million as salary, bonus, and contributions to social security fund and provident fund, etc.

Personnel Development Policy

Being aware of and attaching tremendous importance to personnel development, we have concretely devised a long-term training road map for the individual employees, aiming to enhance their teamwork skills and instill in them the good ethical standards, positive working attitudes, a sense of ownership, creative thinking and efficient customer servicing ability. We provide our employees with scholarships to further their studies in the necessary fields both in Thailand and overseas and also grant low-interest educational loans to them. Aside from the personnel development plans described above, we arrange the executive development program with a focus on young talents to prepare and give all of them career opportunities for advancement to executive positions in the future. A consultant specialized in personnel development has been engaged to help assess and single out a group of potential staff, prepare the training road map for the individual employees, assign a proper and challenging job to them, and measure their individual success.

Labor Dispute in the Past Three Years

- None -

Corporate Governance

1. Policy on Good Corporate Governance

The Board of Directors mutually agrees that in order for an organization or business to achieve sustainable growth, it must have in place a good corporate governance system that is compatible with its status. This is the crucial fundamental for enhancing both operational efficiency and benefit for all concerned parties. Therefore, the Company has clearly set out in writing the corporate governance policy and principles.

2. Subcommittee

Three Subcommittees have been formed and appointed by the Board of Directors to assist in overseeing business administration and corporate governance, consisting of the Executive Board, the Audit Committee and the Enterprise Risk Management Committee. Details about names of committee members and scope of roles, duties and responsibilities of each committee are presented in Item "Structure of Shareholders and Management."

3. Nomination and Appointment of Directors and Top Management

3.1 Nomination of Directors and Executives

Thaire Life does not form any Nominating Committee. When a director is due to retire by rotation or it becomes necessary to appoint additional directors or executives, the existing board members will jointly consider and select new directors in accordance with the nomination rules and procedures. Factors such as the candidates' knowledge, competence and track records are used as a basis for selecting a qualified person with the required experience, knowledge and proficiency that will be useful for the Company to serve as our director or executive. The persons selected to assume the positions of directors and executives must fully meet the qualifications specified in Section 68 of the Public Limited Companies Act B.E. 2535 (and the subsequent amendments) and notification of the SEC, and must not have the prohibited characteristics under the Securities and Exchange Act (and the subsequent amendments) and all other applicable laws, rules and regulations.

Pursuant to the Company's Articles of Association, the Board of Directors shall be composed of at least five, but not more than 15 members. Of this total number, at least one-third, but not fewer than three persons shall be independent directors. Not fewer than half of the total number of directors shall be domiciled in Thailand and meet the qualifications prescribed by laws.

At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second year following the transformation of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election at a shareholders'

meeting. Apart from retiring by rotation, a director shall vacate office upon his death; resignation; disqualification or possession of legally prohibited characteristics; being retired by resolution of a shareholders' meeting with votes not less than three-fourths of total number of shareholders attending the meeting and having voting rights, provided that their aggregate shareholding is not less than half of total number of shares held by the shareholders attending the meeting and having voting rights; and being retired by a court order.

3.2 Nomination of the Executive Board

The Executive Board is appointed by the Board of Directors with duties to undertake the routine administration that is beyond the power and duties of the President, to scrutinize and oversee managerial tasks, and to propose crucial issues to the Board of Directors.

3.3 Nomination of Independent Audit Committee Members

The Audit Committee is appointed by either the Board of Directors or the shareholders' meeting. Its members are selected from among the Board of Directors who qualifies as independent in accordance with the SEC's notification and the Company's corporate governance practices. At least one of the Audit Committee members must be proficient in accounting and/or finance.

They have the duties to examine and supervise the Company's operation and monitor financial reporting, internal control system, auditor selection, and matters involved with a conflict of interest.

The members who retire by rotation may be reappointed to serve on the Audit Committee. In the case where there is a vacancy for any reason whatsoever other than the retirement by rotation, the Board of Directors shall appoint a person fully qualifying as an Audit Committee member so that the vacancy will be filled to the complete number set forth by the Board of Directors. The replacement member shall remain in office only for the remainder of the office term of the retired member whom he has replaced. When there is a vacancy which leads the number of Audit Committee members to be fewer than three, the Board of Directors or the shareholders' meeting shall appoint new members until all vacancies are filled within three months from the date the number of Audit Committee members becomes fewer than three

4. Monitoring of Subsidiary and Associated Company

The management has been responsible for nominating and voting on appointment of the Company's representatives to serve as directors of our subsidiaries and associated companies. The persons so appointed shall be obligated to perform duties in the best interest of the subsidiaries or associated companies that they serve. Number of director seats in the subsidiaries and associated companies to which the Company is entitled is allocated according to our shareholding percentage in any such entities or as agreed upon in the shareholders agreement.

5. Internal Information Disclosure Policy

The Company adopts a policy and approach to ensure the directors and executives will not use the Company's insider information that has not yet been disclosed publicly for personal benefit, as follows:

1. Provide the directors and executives with knowledge about their duty to report their securities holding and the holding of securities by their spouse and minor children to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 1992 (and the subsequent amendments), and also to report their and their spouse's and minor children's acquisition or disposal of securities to the SEC in accordance with Section 246 and penalty clauses in Section 298 of the Securities and Exchange Act B.E. 1992 (and the subsequent amendments).

2. Ensure that the directors and executives, including their spouse and minor children, prepare and disclose reports on their securities holding and the holding of securities by their spouse and minor children of securities in the Company including changes in such holdings to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 2535 (and the subsequent amendments), and to submit a copy of such reports to the Company on the same day that such reports are submitted to the SEC.

3. Ensure that the directors, executives, staff and employees of the Company and its subsidiary who have known of the material insider information that has an effect on prices of the securities shall exercise caution in trading securities of the Company during a 30-day period prior to the date on which the financial statement or such insider information is disclosed to the public and during a 24-hour period after the disclosure of such information to the public. Those concerned with the insider information shall not make it available to other parties until the information is notified to the SET. A violation of such rules and regulations shall be deemed as a disciplinary offence pursuant to the Company's working regulations. Persons committing such offence shall be penalized, according to the degree of its severity, ranging from verbal warning to written warning, putting on probation, and termination of employment by way of dismissal, removal or discharging, as the case may be.

4. Prohibit the directors, executives, staff and employees of the Company from using the insider information, which has or may have an impact on changes in prices of the Company's securities and has not yet been disclosed publicly and which they have derived from their position or status, for selling or buying or for offering to sell and to buy or for persuading other persons to sell or to buy or to offer to sell or to buy shares or other securities (if any) of the Company, directly or indirectly, in such a manner that could cause damage to the Company, directly or indirectly, irrespective of whether such transaction is performed for personal benefit or for the other's benefit or whether such information is disclosed to allow for other person to perform such transaction in exchange for a benefit for themselves.

6. Auditor's Remuneration

6.1 Audit fee

For the fiscal year ended December 31, 2013, the total audit fee paid to the Company's auditor, Ernst & Young Office Ltd., was THB 1,167,762.

6.2 Non-audit fee

-None-

7. Compliance with Other Corporate Governance Practices

The Board of Directors has an intention to encourage and ensure that the Company operates business efficiently while upholding corporate governance principles with a view to generating the maximum benefit for all shareholders and stakeholders, protecting the shareholders' rights to the utmost and treating all shareholders on an equitable basis by focusing on accountability of the Board of Directors, transparency and disclosure of all information. Our corporate governance principles consist of five core pillars as follows:

7.1 Rights of the Shareholders

Attaching importance to rights of the shareholders, the Company has developed various guidelines to ensure that the shareholders' fundamental rights are protected, comprising right to sell, buy or transfer shares, right to have sufficient access to the Company's information, right to attend a shareholders' meeting, right to cast votes on crucial issues of the Company, and right to profit sharing, as follows:

(1) A notice of the shareholders' meeting and the accompanying documents are delivered to the shareholders in advance as required by laws. The notice gives details about meeting agenda, documents for each agenda item together with opinion of the Board of Directors, proxy forms as determined by the Ministry of Commerce, list of independent directors whom the shareholders can assign as their proxy to attend the meeting on their behalf, and map of the meeting venue. The shareholders are also advised of the documents they must bring on the meeting date so as to be entitled to attend the meeting, including the Company's Articles of Association pertinent to the shareholders' meeting and method of vote casting. Information regarding the meeting agenda is publicized on the Company's website ahead of the receipt of meeting documents. Registration to attend the meeting begins at least one hour before the meeting is called to order.

(2) Before proceeding with the meeting, the Board Chairman explains the methods of vote casting and vote counting, as clearly defined in the Company's Articles of Association. Vote casting shall be clearly and separately made for each agenda item to protect rights of the shareholders.

(3) The Board Chairman allocates sufficient time for the meeting and conducts the meeting in a proper and transparent manner. During the meeting, the shareholders are given opportunities to broadly express their opinions and raise questions before vote casting and conclusion of the meeting's resolution for each agenda item. All directors and the executives in charge of the core business lines are present at the meeting to answer the questions raised by the shareholders.

(4) Shareholders have the right to join the meeting after the meeting has already been called to order and also to cast their votes on the agenda item that is under consideration and has not yet been resolved on.

(5) News and information are regularly disseminated to the shareholders through the Company's website or the information disclosure system of the Stock Exchange of Thailand ("SET") and the Office of the Securities and Exchange Commission ("SEC").

(6) Minority shareholders are allowed to directly communicate with the independent directors via e-mails regarding activities in corporate governance, auditing, etc. They may also request information directly from the Company Secretary.

(7) Shareholding structure in the Company's subsidiary and associated company (if any) is clearly disclosed so that the shareholders can rest assured that our operational structure is transparent and examinable.

(8) The company operates business efficiently to enhance our sustainable growth and ensure a reasonable return for our shareholders.

7.2 Equitable Treatment of Shareholders

The Company ensures that all shareholders are treated equally and fairly through the following measures:

(1) Shareholders are given an opportunity to propose additional items on the meeting agenda ahead of the meeting, as announced through the SET's information disclosure system before the meeting. Shareholders must propose the agenda to the Company at least 60 days prior to the shareholders' meeting date. Rules for consideration and acceptance of the proposed agenda are clearly disclosed and posted on our website.

(2) Shareholders are given an opportunity to nominate candidates for election as directors. The nominated candidates must have complete qualifications according to the director qualification summary and must give consent to such nomination. They must submit an application in form provided in the attachment posted on our website together with the evidence on their education and work experience to the Company at least 60 days prior to the Board of Directors' meeting date before the annual general meeting of shareholders. The Company will indicate the final date of each year by which such nomination can be proposed to the Company so that The Company would further proceed with the nomination. Election of directors at the shareholders' meeting shall be voted on an individual basis.

(3) The shareholders' meeting shall always be conducted in order of the agenda as specified in the notice of the meeting. It is our policy not to include additional items in the agenda without so notifying the shareholders in advance to ensure that the shareholders have an opportunity to study all information before making decision on any such item. The Company will not increase the agenda items in accordance with Section 105 of the Public Limited Companies Act B.E. 1992, unless where it is deemed necessary, particularly any significant agenda item on which the shareholders need enough time to ponder before making decision.

(4) Names of independent directors are provided in the proxy form, in which voting direction can be determined, so as to allow for the shareholders to decide on the voting by themselves, to provide them with an alternative to assign a proxy, and to enable them to assign any of the independent directors as a proxy to attend the meeting on their behalf.

(5) Shareholders are encouraged to use ballots for voting on each agenda item. Ballots are separately provided for all agenda items. In particular, ballots for election of directors are arranged on an individual basis so that the shareholders can cast votes as they deem fit. The voted ballots are collected in the meeting room and the total votes derived there from will be aggregated with the votes pre-determined in the proxy forms, the final voting result of which will be announced in the meeting room.

(6) Minutes of the shareholders' meeting are correctly and completely recorded and are to be delivered to the SET and the SEC 14 days after adjournment of the meeting and also posted on the Company's website so that the shareholders can view at any time.

(7) Guidelines on confidentiality and prevention against use of insider information are established in writing to ensure fairness to the shareholders. The directors, executives, employees and their related parties such as spouse, minor children and nominees are warned against the use of insider information that is crucial for trading of the Company's shares and changes in the share price and has not yet been disclosed publicly. The directors and executives who have knowledge of insider information must stop selling or buying the Company's shares before disclosure of information regarding the Company's performance and financial position or material information that has an impact on changes in the securities prices. Pursuant to the Securities and Exchange Act B.E. 1992, the directors and executives must report their holding of securities in listed companies in which they hold a position within 30 business days after assuming such position and must report every sale or purchase of such securities within three days of such transaction to the SEC.

7.3 Roles of Stakeholders

The Company places importance on rights of the stakeholders and ensure ethical practice for all stakeholders, in and outside the Company, comprising shareholders, customers, employees, creditors, business partners and competitors, supervisory authorities and government agencies,

society and environment, according to the rights of stakeholders as stated by the law or agreements made with the Company. Those rights are clearly stated in the Company's ethic codes and described that the Company has duty to protect those rights and to provide fair

treatment. Here are the rules for treatment of all groups of stakeholders:

Shareholders

Beyond the basic rights stated by the law, the Company's regulations grant various rights to shareholders such as rights to attend the shareholder meeting and vote, rights to freely express their opinions and rights to receive fair share of profit. The Company also encourages shareholders to provide opinions or comments about the operation via the Company's Website. Every input will be passed on to the relevant person for further action.

The Company puts an emphasis on transparent disclosure of crucial information, both financial and non-financial, to the shareholders in a correct, complete and timely manner through various channels such as the SET's electronic information disclosure system, the Company's website, newspaper, press release, mailing, etc.

Customers

The Company gives priority to customers' satisfaction, while upholding the code of best practice which includes a fair and non-discriminative treatment of customers, promotion of good and sustainable relationship with them, and others as specified in our good corporate governance practices.

Employees

The Company treats our employees fairly and provide them with reasonable compensation. The Company makes sure that all employees are informed of the policy and welfare to which they are entitled. The Company makes available an employee handbook giving details about rules and regulations on working, leave rules, including a manual on group health insurance, group life insurance, provident fund, etc.

The Company also gives a top priority to the enhancement of our employees' knowledge, ability and experience by encouraging their participation in in-house and off-premises training and seminar programs to develop their skill and ability to perform their tasks efficiently and in pace with changes in transaction innovations and regulatory rules and regulations. These include, among others, seminars or training in notifications, rules and regulations of the SET and the SEC, seminars on accounting standards organized by various institutions, seminars on computer system and software, etc.

The Company has promoted safety, sanitary, and pleasant environment for employee as these factors are considered to play an important role in enhancing performance of employee. Moreover, customers and partners can easily contact the Company. At least once a year the Company conducts a fire drill to prepare for unexpected events such as fire and other crisis including maintains and repairs equipments to be at their full capacity at all times. In order to stress the importance of this the Company has included the above guideline as part of business's ethics as well.

In addition, the Company has a great concern over employees' health condition by having a compulsory annual health check-up at designated hospital. The Company also encourages employees to maintain regular exercise by providing state-of-the-art gym as well as various activities at the Company since employees with good health condition will work effectively and efficiently.

In 2013, no employees had an accident or illness during operation.

The Company has deliberated that remunerations of employee should be at an appropriate level and consistent with responsibility and the position of each employee. To serve this purpose, salary survey data from insurance and similar industries were exploited for such consideration. More details on the number of employees, remuneration package, and human capital development policy can be found under Structure of Shareholder and Management.

Furthermore, the Company recognizes the importance and compliance of human rights policies and defines guidelines in business ethics of the Company as follows:

1. Treat others without prejudice and promote teamwork and unity among management and employee.
2. Pay attention to other happiness with regard to peaceful co-existence.
3. Ensure that directors, executives, and employees respect and be aware of rights, responsibilities, and duties of themselves and others.

Creditors, Business Partners and Competitors

The Company gives an emphasis on fulfillment of all commercial terms and conditions with our counterparties on a fair basis, observe the best practice rules and norms in competition, operate the business in an ethical manner, and abide by all applicable laws, rules and regulations. Ethic codes are set to guide staff in dealing with customers, business partners, and competitors, which are:

1. To deal with other parties with utmost honesty and morals.
2. To treat customer fairly and without discrimination and avoid inappropriate actions such as cartel, or release customer secrets for benefit of the third party.
3. To strengthen the relationship between the Company and business partners.

4. Not to disclosure customer information unless authorized by customers or to comply with the law or the disclosure for the benefit of insurance industry or the public.
5. To provide accurate information that is not against the morality.

Supervisory Authorities and Government Agencies

The Company complies with the laws, notifications, rules and regulations laid down by regulatory agencies and concerned authorities, including Department of Business Development under the Ministry of Commerce, Revenue Department under the Ministry of Finance, the Office of Insurance Commission, the SET, the SEC, etc., as well as cooperate and collaborate with other private agencies.

Society and Environment

To conduct business, the Company pays attention to all concerned parties and act as a good corporate citizen contributing positively to the community and the environment conservation. The Company has incorporated into our code of business conduct, to which all staff members must adhere, the best practices towards our society and environment including efficient use of resources. These have been embedded into our routine operation since the Company is fully aware of the significance of the society and community.

1. To efficiently use natural resources and seek alternative considering environment condition in both short- and long-term.
2. To make recycling of all resources a usual practice in the Company.
3. To maintain cleanliness of the working environment.
4. To improve safety standard to minimize accidental damage to properties and the environment.

As part of Thai society, the Company deems it our duty and responsibility to play a role in supporting and staging activities for the development of our society and community at large.

Complaint Channels for Stakeholders

The Company posts on our website the channels for receipt of corporate governance-related complaints to allow for all groups of stakeholders to lodge their complaints or inform any clues or suggestions to our Board of Directors by either postal mail or e-mail. The Company also has in place a mechanism to protect whistleblowers and their anonymity and give importance to treating such complaints in strict confidence. The Company Secretary will compile and propose the complaints to concerned parties, including the Board of Directors.

To prevent and reduce the search of information that is neither related nor useful to the operation and administration of the Company which causes a loss or waste of resources, the Company Secretary will coordinate with the Audit Committee in screening the complaints or queries that are beneficial to the operation and administration of the Company or concerned with the protection of rights of the shareholders and stakeholders as follows:

- (a) Complaints or information that could be helpful to the search about fraud or unlawful act of the Company or its directors or executives or employees which will cause damage or loss of benefit to the Company;
- (b) Complaints pertinent to the laws, rules and regulations that the Company must observe;
- (c) Complaints involving the established operational policy and accounting and financial policy of the Company;
- (d) Complaints about transactions involving conflict of interest or connected transactions as defined under regulations of the SEC or the SET;
- (e) Complaints about financial statements and financial information of the Company;
- (f) Complaints regarding the Company's performance and operation;
- (g) Other complaints as additionally defined by the Board of Directors or the Audit Committee.

7.4 Information Disclosure and Transparency

After the listing of Thaire Life on the SET, the Company gives importance to news and information required to be disclosed to the SET, shareholders and concerned agencies, with a focus on the accuracy, adequacy, timeliness and equality of the disclosure of information to all parties concerned, as follows:

- (1) Disclosure of the Company's financial and non-financial information whereby the financial information, particularly financial statements, must be duly reviewed/audited by an auditor and approved by the Audit Committee and the Board of Directors before disseminating to the SET, shareholders, investors and concerned agencies;
- (2) Disclosure of information through the Company's website, in both Thai and English versions, including financial statement, annual registration statement (Form 56-1) and annual report;
- (3) Disclosure of roles and duties of the Board of Directors and board-level committees, number of meeting attendances of the individual directors, and policy on remuneration of directors and top management, presented under the topic 'Management' in the annual registration statement (Form 56-1) and annual report;
- (4) Disclosure of a report on responsibility of the Board of Directors for financial reporting, together with the auditor's report, in the annual report;

(5) Disclosure of a summary report on the approved corporate governance policy and performance in the annual registration statement (Form 56-1) and annual report.

Apart from the disclosure of information to third parties to ensure that all activities have been conducted in a fair and legitimate manner, the Company has laid down the code of business conduct and best practices for management to serve as a guideline for the Board of Directors, the management and staff members in performing their tasks. Such code of business conduct and best practices for management, as well as corporate governance principles and working rules and regulations, are also posted on the Intranet for all concerned parties to familiarize with and adhere to, and are regularly reviewed and updated.

7.5 Responsibilities of the Board of Directors

1. Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors shall be composed of at least five, but not more than 15 members.

(1) The board members are categorized into two types:

Type 1: classified by management into

- Executive director
- Non-executive director

Type 2: classified by independence into

- Independent director
- Non-independent director

(2) The directors' term of office shall be three years at a time. At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the transformation of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election at a shareholders' meeting.

Apart from retiring by rotation, a director shall vacate office upon his

1. death;
2. resignation;
3. disqualification or possession of legally prohibited characteristics;
4. being retired by resolution of a shareholders' meeting with votes not less than three-fourths of total number of shareholders attending the meeting and having voting rights, provided that their aggregate shareholding is not less than half of total number of shares held by the shareholders attending the meeting and having voting rights;
5. being retired by a court order.

(3) The independent directors shall have the qualifications as regulated by the SEC and the SET.

(4) The Board of Directors shall be composed of independent directors in the number not less than one-third of total number of the board members, but not fewer than three persons.

(5) The Board Chairman and the President shall be elected by the Board of Directors. It has been made a policy to elect the Board Chairman on a yearly basis at the first board meeting held after every annual general meeting of shareholders.

(6) The directors and executives are allowed to assume the position of director and executive of affiliated companies or other companies, which shall comply with regulations of the SEC, the SET and concerned authorities and shall be informed to the Board of Directors' meeting.

(7) The Board of Directors shall designate a Company Secretary, whose duties are to give advice on legal issues and all rules and regulations necessary for the Board of Directors, to support the board activities, to coordinate and ensure that the board resolutions are implemented, and to liaise with the shareholders, the SEC, the SET and all regulatory bodies concerned.

2. Board-Level Committees

(1) The Board of Directors may form Subcommittees in various aspects of concerns to assist in studying and scrutinizing details of particular matters. Qualifications and scope of duties and responsibilities of each committee shall be clearly defined.

- It is stipulated that an Executive Board shall be set up with duties to determine policies and decide on crucial activities.

- It is stipulated that an Audit Committee shall be set up to assist the Board of Directors in reviewing and ensuring the accuracy and adequate disclosure of the Company's financial reports and the appropriateness and effectiveness of its internal control and internal audit systems, and to perform all duties as outlined in the regulations and policies of the Company and the applicable regulatory rules and notifications.

For each board-level committee, a meeting shall be convened to assess the performance or review all policies at least once a year.

(2) The Board Chairman shall not act as either chairman or member of the Subcommittees so as to ensure that each committee can truly exercise their independent judgment.

3. Roles, Duties and Responsibilities of the Board of Directors

(1) Determine the power, duties and responsibilities of the Board of Directors in accordance with the applicable laws, rules and regulations and the power, duties and responsibilities of all

Subcommittees so as to enable the Board of Directors and the Subcommittees to correctly make consideration and render opinion within the scope of their power, duties and responsibilities.

The roles, duties and responsibilities of the Board of Directors are as follows:

(a) The directors must have knowledge, ability and experience that are useful for business operation, be keen on the activities of the Company of which they serve as director, and have strong determination, honesty and integrity in business operation.

(b) The directors must, in performing duties, comply with the laws, objectives and Articles of Association of the Company, resolutions of the Board of Directors and resolutions of the shareholders' meeting with honesty, integrity, due care, protection of the Company's interest, and accountability to shareholders on a continuous basis.

(c) The Board of Directors has duties to determine the Company's business policy and direction, including action plans, budgets, etc., and to monitor and supervise the management to implement the policy efficiently and effectively so as to maximize economic value and shareholders' wealth.

(d) The Board of Directors should always follow up on the Company's operation and be kept informed of the Company's compliance with the laws and relevant agreements and should see that the management notifies all crucial issues of the Company to ensure effective business operation.

(e) The Board of Directors should arrange for the Company to have in place an effective internal control and internal audit system under the Audit Committee's advice.

(f) The independent directors and other third-party directors should be prepared to exercise their independent judgment with respect to strategy formulation, business administration, resource utilization, director appointment and determination of operational standard procedures, and also be prepared to object to any acts performed by other directors or the management in the case where there is a conflict in matters that will dampen the equality of all shareholders.

(2) Assess the Company's compliance with corporate governance policy and review the policy at least once a year.

(3) Establish a written code of business conduct for the directors, executives and employees to familiarize with and adhere to in business operation.

(4) Arrange for the Audit Committee to render opinion to the Board of Directors regarding the transactions with conflict of interest in material aspect between the Company and persons with vested interest or related persons of the directors or executives, whereby the directors or executives with vested interest shall not be allowed to participate in the meeting or cast votes on any such agenda item. The nature of such relationship and definition of persons with vested interest shall be as specified in regulations of the SET and the SEC.

(5) Arrange for the Company's internal control system to be reviewed by the internal unit and/or external agency to reasonably ensure that, once this is fulfilled, the Company will be able to achieve its goals in (a) efficient and effective operations and worthwhile utilization of resources; (b) accurate, reliable and timely accounting and financial reporting; and (c) compliance with the Company's policies, rules and regulations and the laws. Results of such internal control review shall be reported to the Audit Committee, the Executive Board and the Board of Directors in order to further develop and improve the internal control system.

4. Meeting of the Board of Directors

(1) The Board of Directors shall pre-determine dates of the meeting to be held at least four times a year (once every three months) and shall clearly specify regular items on the meeting agenda such as consideration and approval of reviewed/audited financial statements, etc. The agenda other than such regular items shall be jointly determined by the Board Chairman, Chairman of the Executive Board and the President as deemed crucial and necessary. If the meeting is not held monthly, the Company shall prepare and submit a performance report to the Board of Directors on a monthly basis to enable the Board of Directors to continuously monitor, control and supervise the management's operation.

(2) The Executive Board shall convene a meeting once a month on average to consider and acknowledge the monthly performance and results of other administration.

(3) Other Subcommittees may hold a meeting to consider the issues under their power and duties delegated by the Board of Directors, with the Company Secretary to coordinate the meeting.

(4) Details of the meeting agenda and meeting documents shall be submitted to the directors at least seven days in advance. The documents shall provide a brief summary of the proposed matters. Confidential issues that are not to be disclosed in writing shall be put forward for discussion at the meeting.

(5) The non-executive directors may, as deemed fit and necessary, arrange a meeting without presence of the management, with the Company Secretary to coordinate the meeting, and shall report results of such meeting to the executive directors.

(6) The directors may additionally request essential information directly from the President and the Company Secretary, including the executives assigned to handle such matter.

(7) At every meeting, the executives and concerned parties should be invited to join the meeting in order to provide information and details as a basis for making the right and timely decision.

5. Control Self-Assessment of the Board of Directors

(1) The Board of Directors encourages a group-assessment of its performance to be conducted at least once a year to further improve and rectify its operation. The topics to be raised at the meeting shall be clearly set out before such performance assessment. The assessment, to be conducted by all directors, is divided into two parts as follows:

(a) Performance as a director; and

(b) Performance as the whole board, with the assessment results to be compiled and proposed to the meeting for acknowledgement and further improvement and rectification.

6. Remuneration of Directors and Executives

(1) Directors' remuneration is determined at a fixed and reasonable rate, based on comparison with the industry's applicable rate and commensurate with the experience and scope of duties and responsibilities of the directors and members of each committee.

(2) The Board of Directors shall consider and approve remuneration and performance of the President and senior executive vice presidents.

(3) The President shall consider remuneration of executives at a lower ranks and staff members at least once a year based on factors such as the Company's working results, the employees' performance, years of service, working efficiency, and so on.

7. Development of Directors, Executives and Employees

(1) The Company encourages the directors, executives and Company Secretary to attend seminars and training programs organized by Thai Institute of Directors, the SET, the SEC and the National Corporate Governance Committee so that they could use the obtained knowledge for operational improvement on a continuous basis. The directors must at least undergo training and participate in the continuing programs as required by the SET and the SEC.

(2) New directors shall be provided with basic information about the Company, entailing a listed company director handbook, annual registration statement (Form 56-1), annual report (Form 56-2), minutes of the Board of Directors' meetings, minutes of the shareholders' meetings, the Company's corporate governance policy, and others, which will be helpful for the new directors in performing their duties.

(3) The executives and employees shall be rotated to assume the tasks in which they are adept, based primarily on suitability of work and timing. The President shall determine such timing and consider their working performance as a basis for drawing up a development and succession plan. This is also aimed to enrich the executives and employees' knowledge and competence and enable them to replace each other.

Internal Control and Risk Management

At the Board of Directors' meeting No. 1/2014 on February 25, 2014 in which the three Audit Committee members also participated, the Board of Directors assessed the Company's internal control system and inquired the management, staff members and concerned units about various pillars of the internal control system, including

1. Organization and environment
2. Risk management
3. Control over the management's performing of duties
4. IT and communication system
5. Follow-up system

The Board of Directors deemed that the Company's internal control system was adequate and appropriate for entering into transactions with the major shareholders, directors, executives and related persons of the foregoing persons. As well, other pillars of the internal control system were adequate and could allow for the Company to operate business under good corporate governance principles and with transparency.

In addition, the Board of Directors has entrusted the Audit Committee with power and duties to review and ensure that the Company has a sound and effective internal control and internal audit system and abides by the law governing securities and exchange, the SET's regulations or the laws applicable to the Company's business. The Audit Committee must hold a meeting at least once a quarter to review and ensure correctness of the Company's financial reporting and to consider and make certain that the Company's connected transactions or transactions with potential conflict of interest are correct and compliant with the applicable laws and the notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, the Stock Exchange of Thailand and other concerned authorities. Audit committee agreed with the Company's board of directors and auditor. The Company established the internal audit department which is also responsible for the compliance audit and reports presenting for the Company's Audit Committee quarterly review. The Company's internal audit department is in charged by Mr. Songchai Phaisan as internal audit manager.

Company and Society

1. Group-Wide CSR Policy

The Company gives importance to operate business under the code of corporate conduct. The Company has established the code, together with duty and responsibility for the society, as a guideline for the directors, executives and employees to adhere to, along with the good corporate governance practices and awareness of our corporate social and environmental responsibility.

2. CSR Activities and Reports

In 2013, the Company implemented CSR-in-process through enforcement of legal provisions taking into consideration shareholders' profit and return and stakeholders' interest without harming the society and the environment in a bid to achieve business development in a sustainable, transparent and fair manner, details of which can be summarized as follows:

Fair Business Conduct

The Company treats customers, trade partners, competitors and creditors within the purview of the honest, free and fair competition and the applicable laws and mutual obligations. This is achievable through the best practices that have been incorporated into the code of corporate conduct. The Company has drawn up the policy and guideline on non-infringement of intellectual property rights or copyrights as described in the 'Corporate Governance' Section.

In addition, the Company has operated business with corporate social responsibility across the supply chain to ensure the optimum benefit for insurance business and Thai economy as a whole in accordance with our principal objectives, as follows:

Activities contributing to insurance business

1. Cooperation among internal units of the Company and Thai Reinsurance Plc., such as Product Development Department and Business Development Department and Research & Statistics Department in organizing technical seminars for life and non-life insurance companies.
2. Rendering of advice on underwriting and claims consideration to life insurance customers.
3. Provision of product customization services to fulfill particular needs of all target groups such as senior citizens, young generations, working-age people, and so on.

Respect for Human Rights

Human rights are rights to which all human beings are entitled, including rights to be happy as a member of the society. The Company gives priority to and respect human rights. Our employees are entitled to rights and fringe benefits on an equitable basis. All employees are given a code of corporate conduct handbook, the Company's rules and regulations, and policy on data security and data system in order for them to acknowledge the rights and fringe benefits to which they are entitled, including the non-violation of rights of their fellow employees, and to sign in acknowledgement of and abide by those regulations.

The Company has also incorporated human rights related practices into the code of corporate conduct as described in the 'Corporate Governance' Section.

Fair Labor Treatment

Being always aware of our personnel as a crucial driving force for successful businesses, The Company places importance on employment and labor relations which span from the first to the last day of their employment, including matters such as employment contract signing, job assignment, work supervision, probation, compliance with the labor protection law, wage/salary payment, arrangement of activities to promote employee relations, etc. These have been set out in the Company's rules and regulations to foster an orderly environment and cordial relationship conducive for a cooperative working condition.

The Company has a personnel development and efficiency improvement policy to ensure that employees' compensation is commensurate with their duties and responsibilities and comparable with the industry's. Details of our employee wellbeing in other aspects such as workplace safety, sanitation and environment are described in the 'Corporate Governance' Section.

3. Business Activities with Social Impacts

The Company has not engaged in any social and environmental impacts activities, which will affect our operation.

4. Activities Contributing to Society and Environment

Environmental Preservation

In our business operation, The Company cares for all parties concerned and act as good corporate citizens making positive contribution to community and environmental conservation.

The Company has drawn up the environmental practices in the code of corporate conduct to which all staff members could adhere in respect of the society, environment and efficient use of resources, details of which are provided in the 'Corporate Governance' Section.

Development of Community and Society

Apart from the CSR-in-process described above, The Company recognizes the importance of the society and community and, as a member of Thai society, deem it our duty and responsibility to participate in the CSR-after-process. In 2013, The Company focused on implementing activities that were beneficial to the society and community, including money donation to the temples in the other provinces to be used for building stupa, donation for hospital construction in Sakon Nakhon Province, donation for purchase of body armors for the troops and the police in the three southernmost provinces, and so on.

Anti-Corruption Activities

The Company has the policy to counter corruption and bribery for commercial benefit. The Company include in our code of corporate conduct practices for customers, competitors and state agencies, as described in the 'Corporate Governance' Section.

In 2012, The Company signed the declaration of intent on "Private Sector Collective Action Coalition against Corruption ("CAC")" and disclosure of information in the Company's annual registration statement, initiated by the Thai Institute of Directors. The Company obtained approval from the Board of Directors to enter the process of membership certification under the duly signed declaration. The CAC Council has the authority to certify the said membership, which is currently underway. The Company will report the development of this anti-corruption effort in our next year report.

CSR Plans

The Company is committed to operate business with fairness and responsibility for the society, the environment and all stakeholders in our core business process. The Company is taking actions regarding this issue to ensure that it is appropriate and compatible with our business operation.

Related Party Transactions

The Company entered into Juristic persons with parties possibly having a conflict as follows:

Juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2012 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
1. Bangkok Insurance PCL	<ul style="list-style-type: none"> Mr.Chai Sophonpanich is a shareholder of Bangkok Insurance PCL and acts as its Chairman and Chief Executive Officer, while also serving as Director of THREL. Mr.Chai Sophonpanich resigned as THREL's Director on July 31, 2013. 	<ul style="list-style-type: none"> Dividend income Investment in securities (215,717 shares as at end-2012) 	<p>2,588,604</p> <p>62,989,364</p>	<p>1,402,161</p> <p>-</p>	<p>Investment in securities was made through trading on the SET for long-term investment purpose in the usual course of life insurance business. Dividend was earned at a satisfactory rate. The increase in value of such investment was resulted from a higher value of the securities. (The data in 2013 reflected the period while Mr. Chai Sophonpanich was still the Company's director.)</p> <p>Opinion of the Audit Committee</p> <p>Such investment is a normal transaction of life insurance business and its price is based on the market price as the transaction is done through the SET.</p>
2. Bangkok Life Assurance PCL	<ul style="list-style-type: none"> Mr.Chai Sophonpanich is a shareholder and Director of Bangkok Life Assurance PCL, while also serving as Director of THREL. Mr.Chai Sophonpanich resigned as THREL's Director on July 31, 2013. 	<ul style="list-style-type: none"> Written premium Commission paid Claims paid Accrued accounts receivable (payable), net Reinsurance deposit 	<p>124,284,450</p> <p>28,912,864</p> <p>50,483,510</p> <p>(29,666,242)</p> <p>3,788,365</p>	<p>79,084,562</p> <p>25,453,905</p> <p>53,413,895</p> <p>-</p> <p>-</p>	<p>Engaging in life reinsurance business, the Company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the Company's policy. This transaction was made with life insurance companies in general. (The data in 2013 reflected the period while Mr.Chai Sophonpanich was still the Company's Director.)</p> <p>Opinion of the Audit Committee</p> <p>This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.</p>
3. Thai Life Insurance PCL	<ul style="list-style-type: none"> Mr. Apirak Thaipatanagul is Director and Chief Executive Officer of Thai Life Insurance PCL, and also serves as Director of THREL. 	<ul style="list-style-type: none"> Written premium Retrosession premium Commission received Commission paid 	<p>15,081,159</p> <p>1,527,540</p> <p>282,409</p> <p>1,489,953</p>	<p>12,195,883</p> <p>2,056,577</p> <p>941,673</p> <p>2,072,036</p>	<p>Engaging in life reinsurance business, the Company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the Company's policy. This transaction was made with life insurance companies in general.</p>

Juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2012 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
		<ul style="list-style-type: none"> Claim recovery Claims paid Accrued accounts receivable (payable), net 	285,711 3,063,372 (2,043,280)	595,906 1,428,275 1,210,545	<p>Opinion of the Audit Committee</p> <p>This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.</p>
4. Thai Reinsurance PCL	<ul style="list-style-type: none"> Thai Reinsurance PCL is THREL's major shareholder of 50.83 percent. 	<ul style="list-style-type: none"> Service fee for human resource and IT (2012: Insurance management service and accounting service. 2013: None of these services were provided) 	4,469,390	1,887,480	<p>THREL used insurance management services and accounting services provided by personnel in THRE Group, with service fee charged at cost plus 10 percent margin. However, as of October 1, 2012, THREL has no longer depended on the accounting services from THRE because THREL has its own unit handling these tasks. We, therefore, currently bear only the service fee for human resource and IT.</p> <p>Opinion of the Audit Committee</p> <p>This transaction is deemed essential and the service charge at cost plus 10 percent margin is reasonable due to resource sharing to ensure cost efficiency and effectiveness</p>
5. Thaire Services Co., Ltd.	<ul style="list-style-type: none"> Thaire Services Co., Ltd. is a subsidiary of Thai Reinsurance PCL, which is THREL's major shareholder. 	<ul style="list-style-type: none"> IT consulting fee and service fee Revenue from office space rentals 	1,091,400 1,081,475	2,187,080 1,700,010	<ul style="list-style-type: none"> THREL used IT consulting service and IT service provided by personnel of the THRE Group, for advice on procurement, repair and maintenance of computer equipment and core business system, with service fee charged at cost plus 5 percent margin. THREL rented to Thaire Services Co., Ltd. an office space of 215 sq.m. on the 3rd and 4th floors from January 14, 2011 to January 14, 2014 at a rental fee of THB 60,200 per month, with public utility fees of actual use used. Upon the end of the rental term, the two parties wishing to renew the contract shall so notify the other party 30 days in advance. The rental fee is subject to change as mutually agreed upon by the two parties.

juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2012 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
					<ul style="list-style-type: none"> From January 1, 2013, the rental was increased to THB 75,250 per month. From June 17, 2013, THREL additional rented an office space of 104 sq.m. on the 5th floor at a rental fee of THB 36,400 per month. Total rental received from Thaire Services Co., Ltd. was THB 111,650 per month. <p>Opinion of the Audit Committee</p> <ul style="list-style-type: none"> Such IT consulting services are necessary for the Company and the service charge at cost plus 5 percent margin is deemed reasonable due to resource sharing to ensure cost efficiency and effectiveness. Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.
<p>6. Thaire Actuarial Consulting Co., Ltd. (formerly "TR Actuarial and Consulting Services Co., Ltd.")</p>	<ul style="list-style-type: none"> Thaire Actuarial Consulting Co., Ltd. is a subsidiary of Thaire Services Co., Ltd. 	<ul style="list-style-type: none"> Revenue from office space rental 	224,098	211,835	<ul style="list-style-type: none"> THREL rented to TR Actuarial and Consulting Services Co., Ltd. an office space of 49 sq.m. on the 6th floor from February 1, 2011 to January 14, 2014 at a rental fee of THB 13,720 per month, with public utility fees of actual used. Upon the end of the rental term, the two parties wishing to renew the contract shall so notify the other party 30 days in advance. The rental fee is subject to change as mutually agreed upon by the two parties. From January 1, 2013, the rental was increased to THB 17,150 per month. <p>Opinion of the Audit Committee</p> <p>Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.</p>

Measures or Procedures for Approval of Related Party Transactions

The Company abides by the law governing securities and stock exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The executives or stakeholders who have a vested interest are not allowed to participate in the approval of such transactions.

In the case where it is legally required to obtain approval from the Board of Directors' meeting, the Company will arrange the Audit Committee to join the meeting to consider and advice regarding necessity and reasonableness of any such transactions. The principles for entering into the arm's-length transactions and the non-arm's-length transactions are as follows:

Arm's-length transactions

The Board of Directors gives approval in principle for the management to approve the arm's-length transactions executed by the Company and its subsidiaries with the directors, executives or related persons provided that those transactions are under the same trade terms and conditions as those executed by persons of ordinary common sense with general counterparties in the same situation and the bargaining power thereof is free from their influence in their capacity as directors, executives or related persons.

The Company will present a summary report on the said transactions to the Audit Committee's meeting and the Board of Directors' meeting on a quarterly basis.

Non-arm's-length transactions

The non-arm's-length transactions are to be considered by the Audit Committee before proposing to the Board of Directors and/or the shareholders' meeting for further consideration and approval. In this respect, the Company must observe the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connected transactions.

In the case where the Audit Committee has no expertise in the consideration of any potential related party transactions, the Company will appoint an independent specialist or its auditor to render opinion on such transactions to be a basis for decision making by the Audit Committee and/or the Board of Directors and/or the shareholders, as the case may be. This is to ensure that such transactions are necessary and reasonable and are executed in the interest of the Company. The Company will disclose information on the related party transactions in the annual registration statement and notes to the financial statements that have been audited by the Company's auditor.

Policy or Trend of Related Party Transactions in the Future

In enter into any related party transactions in the future, the Board of Directors must comply with the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connect transactions of the Company or its subsidiaries, in accordance with the accounting standards set out by the Federation of Accounting Professions.

The current related party transactions with other life insurance companies are the usual transactions executed in line with condition in general. The related party transactions made with companies in the same group, namely Thai Reinsurance PCL. (parent company), Thaire Services Co., Ltd. and Thaire Actuarial Consulting Co., Ltd., include human resource management service fee, IT consulting and service fee, and office space rental, all of which will continue to take place. The human resource management service fee and the IT consulting and service fee are made through resource sharing among THRE Group member companies, to ensure cost saving, whereas the office space rental fee is comparable with space rental by other nearby companies in nearby areas.

Relationship between Mr. Apirak and the Company

Mr. Apirak Thaipatanagul, is Director and CEO of Thai Life Insurance PCL., one of the local insurance companies among our clientele. He has knowledge, understanding and experience in life insurance business for more than 30 years, which is useful for our business operation. The current related party transactions between the Company and Thai Life Insurance PCL. is lower than THB 20 million (please see details in Related party transactions section). Thus, we believe that such business relationship will not have an impact on his duty and independent opinion. If the value of such transactions is higher in the future, we will disclose additional all essential information in the notice of shareholders' meeting under the agenda on independent director appointment or may nominate a qualified person according to the SEC regulations for consideration at the shareholders' meeting.

Management's Discussion and Analysis

1. Operating Performance

Overview

The Company has engaged in life reinsurance of all classes. The reinsurance premiums written are partially appropriated for life insurance reserve which is further invested to bring in returns that could cover contingent liabilities. Thus, in addition to life reinsurance, investment is extremely crucial for our business operation. Our major income source is reinsurance premiums which make up 94-96 percent of total income, followed by investment income which is around 4-5 percent of total income. The remainder includes fee and commission income and other incomes.

The company provided reinsurance for domestic life insurance companies. Our services can be classified by type of business into conventional and non-conventional reinsurance. Over the past 2-3 years, non-conventional reinsurance has played a pivotal role in growing our overall premiums. It has experienced robust growth and contributed an increased proportion in our total written premiums when compared with the past records.

On the investment side, the company enjoyed an average rate of return on investment of 4-5 percent between 2011 and 2013. The key items of our investment assets are held-to-maturity investments such as government and state enterprise securities, debentures, etc., which make up about 70 percent of total investment assets, followed by available-for-sale investments such as equity securities and unit trusts, accounting for around 30 percent of total investment assets.

Income

The Company generates income from earned premiums, fee and commission income, and net investment income, details of which are as follows:

Earned Premiums

Earned premiums are calculated from gross written premiums less increase (decrease) in unrealized premiums and premium reserves.

In 2013, 2012 and 2011, the Company recorded income from earned premiums of THB 1,344.99 million, THB 1,040.66 million and THB 839.24 million respectively, representing a growth rate of 29.24 percent and 24.00 percent respectively. Such premium growth was primarily spurred by annual expansion of life insurance business in the country (showing a compound annual growth rate (CAGR) of 12.78 percent during 2004-2013), thereby helping to increase our conventional reinsurance premiums written from our ceding members.

Another contributing factor was growth in non-conventional reinsurance, which the Company has innovated and developed in partnership with a life insurance company, which it has grown remarkably in the past 2-3 years, resulting in a higher market share when compared with the conventional reinsurance.

(Unit: THB Million)

Net Written Premiums	2013		2012		2011	
	Amount	percent	Amount	percent	Amount	percent
Conventional reinsurance	943.24	70.13	767.25	73.73	694.64	82.77
Non-conventional reinsurance	401.75	29.87	273.41	26.27	144.60	17.23
Total	1,344.99	100.00	1,040.66	100.00	839.24	100.00

According to notes to financial statements for the year ended December 31, 2013, our business lines are categorized into conventional and non-conventional reinsurance as follows:

(Unit: THB Million)

	2013		2012	
	Conventional Reinsurance	Non-Conventional Reinsurance	Conventional Reinsurance	Non-Conventional Reinsurance
Earned premiums	943.24	401.75	767.25	273.41
Underwriting expenses	683.89	210.90	596.59	183.48
Profit from underwriting	259.35	190.86	170.66	89.92
Underwriting profit margin (percent)	27.50	47.51	22.24	32.89

From the above table, the underwriting profit margin from the non-conventional reinsurance, for which the Company has introduced and partnered with a life insurance company in innovating and developing new policy types expected to be marketable and also in devising a marketing plan and acquiring distribution channels, was higher than the profit margin from the conventional reinsurance. In 2013, the underwriting profit margin from the non-conventional reinsurance was 47.51 percent, increasing from 32.89 percent a year earlier, and the underwriting profit margin from the conventional reinsurance stood at 27.50 percent, also rising from the previous year's 22.24 percent. Such growths in profit margin were attributed to a larger client base and, hence, better risk diversification.

Fee and Commission Income

In our business operation, the Company enters into a reinsurance contract with life insurance companies and then retrocede risks thereof to some other reinsurers with which the Company has signed a retrocession agreement in an agreed sharing ratio. The retrocession agreement defines such account items as (1) retrocession premium, (2) commission income as agreed upon in the contract, and (3) claim recovery based on the liability per policy under such reinsurance contract. Therefore, the fee and commission income is comparable to a discount receivable from reinsurance under the retrocession agreement.

In 2013, 2012 and 2011, the Company recorded fee and commission income of THB 4.32 million, THB 5.58 million and THB 5.59 million respectively, growing by 22.60 percent and 0.09 percent respectively. Fee and commission income changes according to the percentage change in retrocession premium. In 2012 and 2013, the Company had a policy to increase the reinsurance premiums, but changed the form of reinsurance from the facultative reinsurance to the excess of loss protection, which led to a decline in the retrocession volume and a resultant drop in fee and commission income.

Net Investment Income

Net investment income is income derived from investments in assets, including loans. It consists of interest, dividend, gain on sales of investment assets, profit sharing from investments in associated companies, and so on.

In 2013, 2012 and 2011, the Company generated net investment income of THB 58.41 million, THB 52.45 million and THB 48.37 million respectively, increasing by 11.36 percent and 8.44 percent respectively and representing a rate of return of 4.92 percent, 5.22 percent and 5.13 percent respectively.

Net investment income hinges on the investment condition in each year, consisting of interest on debt securities, dividend yield on investments in securities on the stock market, etc. In 2013, the investment income rose steadily due to an increasing in profit shares from the invested Companies, in which those Companies had a positive turnover., and investment return from the interest rate from bank In 2012, growth in net investment income was ascribed mainly to interest receivable from bonds which gave a higher rate of return than the preceding year.

Particulars	2013	2012	2011
Rate of return on investments/1 (percent)	4.37	5.05	4.57
Investments/2 (THB million)	1,336.07	1,038.98	970.59

/1 Rate of return on investments is calculated from the total sum of net investment income, gain on sales of investment assets, and profit sharing from investments in associated companies, divided by investment amount.

/2 Investments consist of cash and cash equivalents, available-for-sale investments, held-to-maturity investments, general investments, loans, and investments in associated companies.

Total Income

In 2013, 2012 and 2011, the Company registered total income of THB 1,400.81 million, THB 1,093.36 million and THB 887.66 million respectively, a surge of 28.12 percent and 23.17 percent respectively. The major income item was net reinsurance premiums written. Such total income growth was largely driven by an increase in net premiums written and also by an increase in net investment income.

Expenses

The Company's expenses are composed of 1) claim and loss adjustment expenses and 2) underwriting expenses.

Claim and Loss Adjustment Expenses

Claim and loss adjustment expenses consist of claims incurred, whether paid or unpaid to the insured or the beneficiary in case of the insured's becoming ill, having an accident or passing away, and benefits under a life insurance policy payable upon the insured reaching the age specified in the policy or upon completion of a period of time specified in the policy, deducted by claims recovered from reinsurance. These also include actuarial claim liability reserve, which is derived from the best possible estimate of claims expected to be paid to the insured in the future for both the reported and the unreported losses incurred before or on the estimation date, and include loss adjustment expenses.

In 2013, 2012 and 2011, the Company recorded claim and loss adjustment expenses of THB 502.25 million, THB 377.21 million and THB 264.72 million respectively, representing a loss ratio of 37.34 percent, 36.25 percent and 31.54 percent respectively. The Company was unable to manage the claim and loss adjustment expenses because these expenses will depend on risks faced by the insured and the estimation of claim liability reserve as described above. However, claim payment will affect profit commission, which refers to a sharing of operating profit to our

life insurance counterparties. The profit sharing rate will vary with our underwriting profit. If in a given year claims are at a high level, the profit sharing will decline (or even no profit sharing). For instance, if the Company had to pay a huge amount of claims for transactions accepted from any insurance company, the profit commission payable to that company as specified in the agreement will decrease or not be paid at all.

Loss ratio is calculated from the claim and loss adjustment expenses divided by the earned premiums. It is part of the element used for measuring our underwriting efficiency, or known as the "Combined Ratio" which will be described in the following section.

Underwriting Expenses

Underwriting expenses include commissions and brokerages expenses, other underwriting expenses, and operating expenses.

Commissions and brokerages expenses

As mentioned earlier, the Company operates business by entering into a reinsurance contract with life insurance companies. The contract defines such account items as (1) reinsurance premium, (2) deductible expenses such as commission expenses as agreed upon in the contract, and (3) claim payable based on the liability per policy under such reinsurance contract. Therefore, the commissions and brokerages expenses are comparable to a discount payable from reinsurance under the reinsurance contract. Commissions are divided into two portions: commission payable to the life insurance company when it transfers a transaction to the Company and profit commission which is reliant on quality of the transaction. If the Company has to pay a huge amount of claims for such transaction, the profit commission payable to that company will decrease (or not be paid at all). However, in reinsurance business, there are no "brokerages expenses," and only the commission expenses are incurred. The financial statements present the "Commissions and Brokerages Expenses" item because it is the standard template designated by the OIC.

In 2013, 2012 and 2011, the Company recorded commissions and brokerages expenses of THB 385.69 million, THB 388.65 million and THB 303.86 million respectively, representing net commissions and brokerages expenses ratio of 28.36 percent, 36.81 percent and 35.54 percent respectively.

In 2013, the proportion from the jobs, in which the renewal premium from commissions and brokerages were lower than the first year premium, was getting higher. For 2011 and 2012,

commissions and brokerages expenses increased in tandem with the Company's growth, as evident from the fact that the commissions and brokerages expenses were at about the same level. This was because in the first half of 2012 the Company acquired new projects that gave commissions at a higher rate than premiums of the following year. The net commissions and brokerages expenses ratio is calculated from commissions and brokerages expenses less fee and commission income, divided by earned premiums. The net commissions and brokerages expenses ratio is part of the element used for measuring our underwriting efficiency, or known as the "Combined Ratio" which will be described in the following section.

Other underwriting expenses

Other underwriting expenses consist of expenses on underwriting-related personnel and expenses on non-conventional reinsurance. These expenses, such as sales campaign expenses, are shared with our insurance partners. In 2013, 2012 and 2011, the Company recorded other underwriting expenses of THB 11.16 million, THB 19.80 million and THB 10.45 million respectively, plunging by 43.63 percent and then soaring by 89.46 percent respectively. In 2013, the decline in other underwriting expenses resulted from the fact that these expenses were previously determined at a fixed rate and then from early 2013 onwards the allocation of expenses on underwriting-related personnel has been changed to be based on the actual number of underwriting-related staff. For 2012, other underwriting expenses rose sharply due to higher expenses on underwriting-related personnel in line with growth in number of employees.

Operating expenses

Operating expenses are comprised of personnel expenses, premises-related expenses, tax and duty expenses, and other operating expenses.

In 2013, 2012 and 2011, the Company recorded total operating expenses of THB 34.78 million, THB 25.32 million and THB 15.43 million respectively, surging by 37.34 percent and 64.14 percent respectively. In 2013, the increase in operating expenses was caused by a growing number of employees and personnel redeployment for the newly established accounting and finance section (the Company previously shared personnel for this function with our parent company) in preparation for listing of the Company on the SET. In 2012, the increase in operating expenses mainly stemmed from an increase in personnel expenses, management consulting fees, and advisory and back-office service fees.

In overall, the Company recorded total underwriting expenses of THB 431.63 million, THB 433.77 million and THB 329.74 million in 2013, 2012 and 2011 respectively, representing a decrease rate of 0.49 percent and an increase rate of 31.55 percent respectively. The underwriting expenses ratio in 2013, 2012 and 2011 stood at 31.10 percent, 37.89 percent and 39.18 percent respectively. The underwriting expenses ratio is calculated from total underwriting expenses divided by the written premiums. The declining trend of such ratio suggests that the Company's underwriting expenses have increased at a slower pace than our written premiums.

Contribution to the Office of Insurance Commission

All life insurance companies are obligated to contribute to the OIC at a rate of 0.30 percent of written premiums less local reinsurance premiums (for First-year Premium) and 0.15 percent of written premiums less local reinsurance premiums (for Renewal Premium).

In 2013, 2012 and 2011, the Company's contribution to the OIC totaled THB 2.64 million, THB 2.31 million and THB 1.75 million respectively, increasing by 14.21 percent and 32.27 percent respectively due to the annual growth in written premiums.

Underwriting Expenses and Operating Expenses Ratio

The underwriting expenses and operating expenses ratio is part of the element used for measuring our underwriting efficiency, or known as the "Combined Ratio" which will be described in the following section. The underwriting expenses and operating expenses ratio is calculated from other underwriting expenses plus operating expenses plus contribution to the OIC divided by net written premiums. The net written premiums are derived from the Company's written premiums less reinsurance premiums. The underwriting expenses and operating expenses ratio in 2013, 2012 and 2011 was 3.54 percent, 4.20 percent and 3.36 percent respectively. The Company has a policy to curb such expenses at not higher than 5 percent of net written premiums and not exceeding the industry's average operating expenses.

Combined Ratio

Our combined ratio in 2013, 2012 and 2011 stood at 69.24 percent, 77.26 percent and 70.44 percent respectively. The fall in the combined ratio in 2013 resulted from a decrease in the net commissions and brokerages expenses ratios, whereas the combined ratio in 2011 was lower than in 2012 because of the decreased loss ratio.

Table illustrating the combined ratio

(Unit: percent)

	2013	2012	2011
Loss ratio	37.34	36.25	31.54
Net commissions and brokerages expenses ratio	28.36	36.81	35.54
Underwriting expenses and operating expenses ratio	3.54	4.20	3.36
Combined Ratio	69.24	77.26	70.44

Net Profit

In 2013, 2012 and 2011, the Company posted a net profit of THB 383.00 million, THB 220.80 million and THB 201.00 million respectively, representing a net profit margin of 27.34 percent, 20.19 percent and 22.64 percent respectively. Our net profit has grown steadily in line with the ongoing increase in written premiums. In 2013, the rise in net profit margin was ascribed to a decline in underwriting expenses. However, the net profit margin in 2012 was lower than in 2011 due to the fact that expenses such as claim and loss adjustment expenses, commissions and brokerages expenses, other underwriting expenses, and operating expenses increased at a faster rate than income.

Return on Equity

In 2013, 2012 and 2011, the Company recorded return on equity of 41.50 percent, 28.16 percent and 26.14 percent respectively.

2. Financial Position**Assets**

The Company's core assets are composed of cash and cash equivalents, accrued investment income, premium receivables, reinsurance assets, investments in securities, and property, building and equipment.

As at the end of 2013, 2012 and 2011, the Company had total assets of THB 1,804.89 million, THB 1,408.97 million and THB 1,289.33 million respectively, growing by 28.10 percent and 9.28 percent respectively. Such asset growth was driven by an increase in reinsurance assets and investment assets in line with the Company's growth.

Cash and Cash Equivalents

In 2013, 2012 and 2011, the Company had cash and cash equivalents of THB 62.07 million, THB 17.76 million and THB 19.94 million respectively, accounting for 3.44 percent, 1.26 percent and 1.55 percent of total assets respectively. Cash balance as at the end of each accounting period was sufficient for our operation.

Accrued Investment Income

Accrued investment income is derived from interest income and other yields received from held-to-maturity investments.

In 2013, 2012 and 2011, the Company's accrued investment income totaled THB 9.81 million, THB 5.07 million and THB 2.57 million respectively, making up 0.54 percent, 0.36 percent and 0.20 percent of total assets respectively. The increase in accrued investment income was compatible with expansion in our securities investment base.

Premium Receivables

Premium receivables refer to premiums that are past due and are under a grace period, particularly available for facultative reinsurance. The Company has a policy to grant a grace period not longer than 30 days.

In 2013, 2012 and 2011, the Company's premium receivables amounted to THB 3.84 million, THB 3.13 million and THB 1.01 million respectively, constituting 0.21 percent, 0.22 percent and 0.08 percent of total assets respectively. Premium receivables were in a small amount and at about the level because premium income from facultative reinsurance was in an insignificant percentage when compared with our total written premiums. Premium receivables turnover was 0.90 day, 0.65 day and 0.46 day respectively.

Reinsurance Assets

Reinsurance assets consist of deposits on reinsurance treaties, due from reinsurers, reinsurance reserve recoveries from reinsurers, and deferred commissions and brokerages expenses.

Deposits on reinsurance treaties are premium reserves collected by an insurance company (a reinsured) from a reinsurer as security in the case where the reinsurer encounters financial troubles and is unable to perform the obligations under the reinsurance contract. The reserves will be returned by the reinsured in the following year or upon expiry of the contract.

In 2013, 2012 and 2011, reinsurance assets amounted to THB 369.13 million, THB 272.23 million and THB 244.35 million respectively, representing 20.45 percent, 19.32 percent and 18.95 percent of total assets respectively, details of which are tabulated below:

(Unit: THB Million)

Reinsurance Assets	2013	2012	2011
Deposits on reinsurance	71.84	81.90	60.48
Due from reinsurers	225.88	114.47	119.72
Reinsurance reserve refundable from reinsurers	3.08	2.77	3.99
Deferred commissions and brokerages expenses	68.33	73.09	60.16
Total	369.13	272.23	244.35

In overall, the Company's reinsurance assets grew annually in line with business expansion. In 2013, the increase in reinsurance assets was driven by an increase in due from reinsurers due to uncollected premiums under Market Agreement and Treaty Reinsurance. The decline in deferred commissions and brokerages expenses was in line with the commission rate specified in each agreement. For 2012, the major increase was from deposits on reinsurance treaties, resulting from higher written premiums which accordingly required a higher amount of deposits placed with the counterparties.

Investment Assets

Investment assets are composed of available-for-sale investments, held-to-maturity investments, general investments, and loans, details of which are as follows:

Available-for-sale investments

Available-for-sale investments refer to investments made by the Company and intended to be sold in the future, comprising equity securities and unit trusts.

In 2013, 2012 and 2011, available-for-sale investments amounted to THB 411.02 million, THB 284.38 million and THB 242.07 million respectively, representing 22.77 percent, 20.18 percent and 18.77 percent of total assets respectively. Equity securities to unit trusts in the available-for-sale investments portfolio were approximately 20:80. Available-for-sale investments in 2013, 2012 and 2011 made up 32.26 percent, 27.85 percent and 25.46 percent of investment assets respectively.

In 2013, growth in available-for-sale investments was driven by additional investments in unit trusts and an increase in their fair value. In 2012, the increase in available-for-sale investments was attributed to a higher fair value.

Held-to-maturity investments

Held-to-maturity investments are investments made by the Company and intended to be held until maturity, comprising government and state enterprise securities, debentures, convertible debentures and deposits with banks.

In 2013, 2012 and 2011, held-to-maturity investments amounted to THB 846.80 million, THB 726.37 million and THB 696.61 million respectively, representing 46.92 percent, 51.55 percent and 54.03 percent of total assets respectively. The major items were government and state enterprise securities.

Held-to-maturity investments constituted 66.47 percent, 71.13 percent and 73.28 percent of investment assets in 2013, 2012 and 2011 respectively, growing in tandem with the business expansion.

General investments

General investments are investments in ordinary shares of non-listed entities and are stated at cost in financial statements.

In 2013, 2012 and 2011, general investments totaled THB 2.11 million, THB 2.11 million and THB 2.11 million respectively, representing 0.12 percent, 0.15 percent and 0.16 percent of total assets respectively. From 2011 to 2013, the Company did not make any additional investment in this item.

Loans

Loans are financing provided for our staff members to relieve their troubles when necessary or to encourage them to have a residence of their own.

As of year-end 2013 and 2012, the Company had no outstanding loans. In 2011, loans amounted to THB 0.22 million, equal to 0.02 percent of total assets. Loans are not our core investment activity, but are only offered as part of our employee welfare.

The Company has implemented a conservative investment policy. Held-to-maturity investments, mainly comprising government and state enterprise securities, made up approximately 70 percent of our total investment assets. Available-for-sale investments, constituting around 30 percent of total investment assets, were stated at a fair value and subject to change based on the capital market condition in each period.

Property, Building and Equipment-Net

In 2013, 2012 and 2011, property, building and equipment-net amounted to THB 47.64 million, THB 50.06 million and THB 49.12 million respectively, representing 2.64 percent, 3.55 percent and 3.81 percent of total assets respectively. Property, building and equipment-net decreased in 2013 as a result of depreciation and rose slightly in 2012 due primarily to an increase in vehicles.

(Unit: THB Million)

Particulars	2013	2012	2011
Land	17.64	17.64	17.64
Building	26.31	27.86	29.31
Furniture and office equipment	1.46	1.70	2.06
Computer	0.12	0.15	0.12
Vehicles	2.11	2.71	-
Total – net	47.64	50.06	49.13

Liabilities

As at the end of 2013, 2012 and 2011, the Company had total liabilities of THB 713.31 million, THB 654.65 million and THB 475.71 million respectively, up by 8.96 percent and 37.62 percent respectively. The increase in total liabilities in 2013 was chiefly attributed to an increase in claim liability reserve and premium reserves and in 2012 resulted mainly from an increase in premium reserves and amounts due to reinsurers.

Amounts Due to Reinsurers

Amounts due to reinsurers comprise premium payables, deferred commissions and brokerages expenses, and other amounts due to reinsurers.

In 2013, 2012 and 2011, amounts due to reinsurers totaled THB 169.98 million, THB 179.20 million and THB 124.18 million respectively, representing 9.42 percent, 12.72 percent and 9.63 percent of total liabilities and equity respectively. The drop in amounts due to reinsurers in 2013 stemmed from a year-on-year decrease in premium payables and payables to reinsurers, while in 2012 the amounts due to reinsurers increased in line with the Company's business expansion.

Loss Reserves and Outstanding Claims

Loss reserves and outstanding claims refer to provisions for claims for losses incurred but not yet agreed upon or reported and claims agreed upon but not yet paid to the insured. Provisions for claims shall conform to the law governing reserve calculation.

In 2013, 2012 and 2011, loss reserves and outstanding claims were THB 44.41 million, THB 25.11 million and THB 13.30 million respectively, representing 2.46 percent, 1.78 percent and 1.03 percent of total liabilities and equity respectively. In 2013 and 2012, loss reserves and outstanding claims increased in tandem with growth in premiums written.

Premium Reserves

Premium reserves are unearned premiums for insurance policies that remain in force. Provision of premium reserves shall conform to the OIC's notification.

In 2013, 2012 and 2011, the Company had total premium reserves of THB 395.43 million, THB 366.61 million and THB 280.50 million respectively, representing 21.91 percent, 26.02 percent and 21.76 percent of total liabilities and equity respectively. In 2013 and 2012, premium reserves increased in line with growth in net premiums written.

Equity

In 2013, 2012 and 2011, the Company's equity stood at THB 1,091.59 million, THB 754.32 million and THB 813.62 million respectively. In 2012, the Company could earn a profit but our equity decreased because of dividend payment. In 2013, the equity growth was ascribed to the yearly profit, a capital increase of 90 million shares in August, and an initial public offering of 10 million shares in October, bringing in total proceeds of more than THB 180 million.

The Company's Annual General Meeting of Shareholders on April 24, 2013 resolved to approve appropriation of net profit for legal reserve of THB 10 million and final dividend payment out of the net profit for 2012 in an amount of THB 100 million or THB 0.20 per share.

The Board of Directors' meeting on November 12, 2013 resolved to approve an interim dividend payment for 2013 in an amount of THB 120 million or THB 0.20 per share.

Statements of Cash Flow

Cash Flow from Operating Activities

Cash flow from operating activities comes from reinsurance receivables and investment income less commissions and brokerages expenses, operating expenses and corporate income tax. In 2013, 2012 and 2011, the Company had cash flow from operating activities of THB 337.43 million, THB 343.83 million and THB 172.41 million respectively. The ongoing increase in cash flow from operating activities resulted from growth in reinsurance receivables as driven by the yearly increase in net premiums written.

Cash Flow from Investing Activities

In 2013, 2012 and 2011, the Company had cash flow used in investing activities of THB 252.28 million, THB 36.01 million and THB 61.82 million respectively. The dramatic increase in cash flow from investing activities in 2013 was due to the capital increase from which fresh funds were available for additional investments.

Cash Flow from Financing Activities

In 2013, 2012 and 2011, cash flow used in financing activities amounted to THB 40.84 million, THB 310.00 million and THB 100.00 million respectively. In 2013, it consisted of cash provided by capital increase and cash used in dividend payment. For 2012 and 2011, cash flow from financing activities was composed of only one item, i.e. dividend paid.

Capital Structure

The Company's D/E ratio as at the end of 2013, 2012 and 2011 stood at 0.65, 0.87 and 0.58 time respectively. The D/E ratio edged up slightly in 2012 from year-end 2011, attributed to growth in liabilities in line with the business expansion and a decrease in equity due to dividend payment to the shareholders. In 2013, the equity growth was ascribed to an increase in profit, while total liabilities decreased.

Factors with Possible Impacts on Future Operation and Financial Position

1. Economic Volatility

Economic fluctuation could be a threat to consumers' purchasing power. Particularly in tough economic times, consumers will become more stringent in their spending, including their decision on buying insurance. Some of them choose to take out insurance only when they could save enough money. Besides this, interest rate is another factor influencing consumers' insurance buying decision, which is made based on comparison with yields from other forms of financial instruments. Interest rate also has an effect on the rate of return receivable by the Company from investments, which will further affect our operating performance.

2. Domestic Reinsurance Business Expansion by Foreign Reinsurers

Today, a number of international reinsurance companies are making stronger inroads into Thai market. Certain domestic insurance companies, whose strategic partners or major shareholders are foreign life insurers with solid financial status, cutting-edge technology and ongoing product innovation and development, will more likely reinsure their risks with their foreign partners or major shareholders. As such, the Company may be unable to penetrate this group of insurance companies whose parents are foreign life insurers.

Financial Information

	2013	2012	2011	2010
OPERATIONS				
• Gross Written Premiums	1,387,856	1,144,948	841,638	606,664
• Net Written Premiums	1,373,504	1,127,988	821,764	588,157
• Earned Premium	1,344,992	1,040,660	839,243	522,012
• Underwriting Profit ¹	412,793	232,954	248,628	114,514
• Net investment income	58,406	52,449	48,368	51,960
• Profit before Tax	473,685	286,680	298,189	166,492
• Net Profit	382,998	220,798	200,999	121,628
FINANCIAL RATIO (Percent)				
• Loss Ratio ²	37.3	36.2	31.5	37.2
• Expenses Ratio ³	31.9	41.1	38.9	40.3
• Combined Ratio	69.2	77.3	70.4	77.5
• Return on Equity	41.5	28.2	26.1	18.0
• Investment Yield	4.9	5.2	5.1	6.1
• Earning per Share (Baht)	0.71	0.44	0.40	0.24
FINANCIAL INFORMATION				
• Total Assets	1,804,892	1,408,970	1,289,330	1,190,820
• Investment Assets	1,336,066	1,038,978	970,589	915,804
• Total Liabilities	713,306	654,646	475,708	466,804
• Paid-up Capital	600,000	500,000	500,000	500,000
• Capital Funds (Shareholders' Equity)	1,091,586	754,324	813,622	724,016
• Book Value per share (Baht)	1.82	1.51	1.63	1.45
• Dividend per Share (Baht)	0.45	0.42	0.40	0.20

Description: 1. Since 2011, the Company has changed in accounting policy of commission and brokerage income from reinsurance ("Income") and commission and brokerage expense from reinsurance ("Expense") are deferred and realised as income and expenses on a monthly basis over the term of policy coverage, in proportion to the amount of unearned premium. * 2010 was restated according to the change in accounting policy as above. 2. Since 2013, the Company has prepared financial statements disclosing the investments in associated company by using the equity method which is in accordance with TAS 28 Investment in Associated Company (revised 2009)

Note : 1. Net of other operating expenses and allowance for doubtful debt (if any) 2. Loss incurred expressed as a percentage of earned premiums
3. A ratio of total commission to earned premium plus total incurred expenses to net written premiums

Report on the Board of Directors' Responsibility Towards the Financial Statements

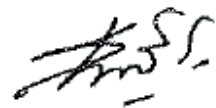
The Board of Directors is responsible for the financial statement of the Company. Such financial statements are prepared in accordance with Thai Accounting Standard. Appropriate accounting policies are cautiously utilized. Sufficient important information is disclosed in the footnotes of the financial statements.

The Board of Directors has provided and maintained an effective internal control system. They also have ensured that appropriate procedures are being utilized to evaluate the adequacy of internal controls and risk management, and monitored the effectiveness of its compliance. In this regard, the Board of Directors has appointed an Audit Committees who are non-management members of the Company as regulators in this matter. The opinion of the Audit Committee in this subject is included in the Audit Committee Report listed in the annual report.

Furthermore, it is the opinion of the Board of Directors that the Company's internal control system is overall satisfactory and capable of creating confidence in the credibility of the financial statements of Thaire Life Assurance Public Company Limited.



Suchin Wanglee
Chairman



Sutti Rajitragson
Director and President

Audit Committee Report

The Audit Committee comprises of 3 independent members: Mr.Chalaw Fuangaromya as Head of Audit Committee, Mr.Apirak Thaipatanagul and Mr. Alan Chi Yim Kam. Mr.Apirak Thaipatanagul and Mr. Alan Chi Yim Kam are knowledgeable and experienced in reviewing the credibility of financial statements required by Securities and Exchange Commission.

The Board of Directors assigns the Audit Committees duties and responsibilities. These include reviewing the Company's financial statements thoroughly, ensuring the effectiveness of the internal control system, risk management, and corporate governance, and compliance with laws and regulations. The committee will also supervise any transactions that may have a conflict of interest to be in accordance with regulations and also provide maximum benefit to the Company. The committee is responsible for nominating appropriate auditors for the Company as well.

In 2013, the Audit Committee completed their duties under the scope of responsibilities assigned by the Board of Directors. The committee members met 4 times in 2013 and all meetings met its full quorum. Internal audit officers, auditors, and risk management consultants also attended the meetings. The main duties of the committee can be summarized as follows:

1. Reviewed financial statement of the Company prior to the disclosure to the Stock Exchange of Thailand and Securities Exchange Commission.
2. Nominated auditors and remuneration. In 2013, Ernst & Young Ltd. was nominated and appointed as auditor of the Company for another year.
3. Attended joint meetings with the auditor 3 times in 2013. To review the guidelines and scope of performance of auditing. Review the audit plan, results, and recommendations to ensure that the audit was done appropriately consistent with auditing standards.
4. Directed, overlooked and approved the annual internal audit plan based on the company's risks in order of their significance. They audited the inspection reports to ensure that the investigation has been completed in accordance with the auditing standards. This includes the monitoring of the proposed revisions to the internal controls system to improve the efficiency and effectiveness.
5. Reviewed for compliance with laws and regulations every quarter.
6. Reviewed the transaction reports relating to the parties on a regular basis every quarter.
7. Directed and overlooked the Enterprise Risk Management Committee. They reviewed the Company risk management policy, policy implementation and guidelines for effective risk management. The reports on risk management were provided by the Enterprise Risk Management committee as well as the provision of feedback on a regular basis.
8. Provided the self-evaluation of the Audit Committee annually and discuss the evaluation results in the meeting.
9. Provided the internal control evaluation of the Audit Committee annually and proposed the evaluation results to the Board of Directors.

The Audit Committee's opinions are:

1. The Company's financial report is reliable and accurate in accordance with accounting standards. The disclosures in the financial statement are adequate and timely.

2. The Company's internal controls, risk management, operational control of management team, and monitoring system were effective.

3. There were no violation to the laws and regulations of the Securities and Exchange Commission, Terms of the Stock Exchange, or laws related to the business performed by the Company.

4. The appointed auditor of the Company has experience in auditing many insurance companies and has network accepted by both local and international. This enables the auditing standard of the Company to international level. Moreover, the auditor and every member appointed to certify the financial statement were independent. There was no relationship or transactions that might cause a conflict of interest with the Company and that the audit is effective and transparent.

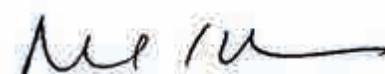
5. All Related Transactions were conformed to the laws and terms of the Stock Exchange. They were reasonable for the maximum benefit of the Company. There was no indication or remark that suggested atypical activity.

6. The Audit Committee performed their duties completely and accurately in accordance with the scope of responsibilities set forth in the Charter of the Audit Committee with good collaboration from all parties.

The Audit Committee has proposed to the Board of Directors in the General Shareholder Meeting to appoint EY Office Limited (Formerly known as Ernst & Young Office Limited) with Ms.Ratana Jala (No.3734) and/or Ms. Somjai Khunapasut (No.4499) and/or Ms.Rachada Yongsawadvanich (No.4951) as auditors of the Company for 2013 for another year with a total remuneration of 1,610,000 baht, an increase in 31.3 percent from the prior year. The details are as follows:

	2014	2013	Increase (%)
Annual Financial Statement Audit Fee	716,000	530,000	35.1
Quarterly Financial Statement Audit Fee	369,000	246,000	50.0
Risk Based Capital Control Audit Fee	525,000	350,000	50.0
Fee on Internal Control and Investment Procedures Review*	-	100,000	(100.0)
Total Audit Fee for 2011 and 2012	1,610,000	1,226,000	31.3

Remarks: * The regulation that had enforced the insurance companies must be reviewed and assessed their internal control in the investment process was abrogated by the Office of Insurance Commission who issued the Declaration on the Rules of The Insurance Companies' Investment in The Other Business B.E. 2556.



Chalaw Fuangaromya
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 28 (revised 2009) Investment in Associated Company, in which the equity method is applied. The Company has restated the financial statements in which the equity method is applied for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change in accounting policy. The Company has also presented financial statements in which the equity method is applied and separate financial statements in which the cost method is applied of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for investment in associated. My opinion is not qualified in respect of this matter.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 25 February 2014



FINANCIAL

statement and Notes to financial statements

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 December 2013 >>

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements in which the cost method is applied		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Assets			(Restated)				
Cash and cash equivalents	8	62,069,277	17,755,381	19,939,026	62,069,277	17,755,381	19,939,026
Accrued investment income		9,808,244	5,074,037	2,565,971	9,808,244	5,074,037	2,565,971
Premium receivables	9	3,836,988	3,125,904	1,009,656	3,836,988	3,125,904	1,009,656
Reinsurance assets	10	369,134,443	272,229,824	244,354,001	369,134,443	272,229,824	244,354,001
Investment assets							
Investments in securities	11						
Available-for-sale investments	11.1	411,018,234	284,379,503	242,070,634	411,018,234	284,379,503	242,070,634
Held-to-maturity investments	8, 11.2	846,800,953	726,368,742	696,610,760	846,800,953	726,368,742	696,610,760
Other investment	11.3	2,105,720	2,105,720	2,105,720	2,105,720	2,105,720	2,105,720
Loans	-	-	-	222,499	-	-	222,499
Investment in associate	12	14,071,596	8,368,867	9,639,925	6,000,000	6,000,000	6,000,000
Property, building and equipment	13	47,638,904	50,062,956	49,122,099	47,638,904	50,062,956	49,122,099
Intangible assets		264,318	265,020	295,600	264,318	265,020	295,600
Deferred tax assets	18	37,698,159	38,529,782	21,265,252	37,698,159	38,529,782	21,265,252
Other assets		444,855	704,666	129,046	444,855	704,666	29,046
Total assets		1,804,891,691	1,408,970,402	1,289,330,189	1,796,820,095	1,406,601,535	1,285,690,264

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

Thaire Life Assurance Public Company Limited**Statements of financial position (continued)****As at 31 December 2013 >>**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements in which the cost method is applied		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Liabilities and equity			(Restated)				
Liabilities							
Income tax payable		59,738,957	46,854,305	38,361,594	59,738,957	46,854,305	38,361,594
Due to reinsurers	14	169,976,827	179,202,338	124,181,407	169,976,827	179,202,338	124,181,407
Insurance contract liabilities							
Loss reserves and outstanding claims	15	44,412,547	25,113,983	13,296,914	44,412,547	25,113,983	13,296,914
Premium reserves	16	395,429,956	366,608,424	280,498,912	395,429,956	366,608,424	280,498,912
Employee benefit obligations	17	10,435,106	8,903,159	1,944,828	10,435,106	8,903,159	1,944,828
Deferred tax liabilities	18	20,501,193	22,537,248	14,589,982	19,694,033	22,300,362	14,171,391
Liability under finance lease agreement		1,091,157	1,781,687	-	1,091,157	1,781,687	-
Other liabilities		11,719,791	3,645,297	2,834,877	11,719,791	3,645,297	2,834,877
Total liabilities		713,305,534	654,646,441	475,708,514	712,498,374	654,409,555	475,289,923

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

Thaire Life Assurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2013 >>

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements in which the cost method is applied		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Equity			(Restated)				
Share capital	19						
Registered							
600,000,000 ordinary shares of Baht 1 each (31 December and 1 January 2012: 50,000,000 ordinary shares of Baht 10 each)		600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Issued and paid-up							
600,000,000 ordinary shares of Baht 1 each (31 December and 1 January 2012: 50,000,000 ordinary shares of Baht 10 each)		600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Share premium	20	79,162,825	-	-	79,162,825	-	-
Retained earnings							
Appropriated							
Statutory reserve	21	60,000,000	50,000,000	50,000,000	60,000,000	50,000,000	50,000,000
Unappropriated		328,320,873	175,322,800	264,525,034	321,056,437	173,190,819	261,303,700
Other components of equity		24,102,459	29,001,161	(903,359)	24,102,459	29,001,161	(903,359)
Total equity		1,091,586,157	754,323,961	813,621,675	1,084,321,721	752,191,980	810,400,341
Total liabilities and equity		1,804,891,691	1,408,970,402	1,289,330,189	1,796,820,095	1,406,601,535	1,285,690,264

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

Thaire Life Assurance Public Company Limited

Statements of income

For the year ended 31 December 2013 >>

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2013	2012 (Restated)	2013	2012
Income					
Net reinsurance premiums written	22	1,344,992,091	1,040,660,355	1,344,992,091	1,040,660,355
Fee and commission income	22	4,319,267	5,580,519	4,319,267	5,580,519
Net investment income		51,498,669	47,120,075	52,698,669	53,720,075
Total income		1,400,810,027	1,093,360,949	1,402,010,027	1,099,960,949
Expenses					
Underwriting expenses					
Claim expenses					
Claims and losses					
adjustment expenses	22	502,250,272	377,208,201	502,250,272	377,208,201
Commissions and brokerages expenses	22	385,694,215	388,650,341	385,694,215	388,650,341
Other underwriting expenses	22	11,160,235	19,798,172	11,160,235	19,798,172
Operating expenses	23	34,776,839	25,321,488	34,776,839	25,321,488
Total underwriting expenses		933,881,561	810,978,202	933,881,561	810,978,202
Profit from underwriting		466,928,466	282,382,747	468,128,466	288,982,747
Profit from investments		4,238	-	4,238	-
Share of profit from investments in associate		6,902,729	5,328,942	-	-
Other incomes		2,485,556	1,440,342	2,485,556	1,440,342
Other expenses		-	(163,943)	-	(163,943)
Profit from operations		476,320,989	288,988,088	470,618,260	290,259,146
Contribution to the Office of Insurance Commission		(2,636,421)	(2,308,471)	(2,636,421)	(2,308,471)
Profit before income tax expenses		473,684,568	286,679,617	467,981,839	287,950,675
Income tax expenses	18	(90,686,495)	(65,881,851)	(90,116,221)	(66,063,556)
Profit for the year		382,998,073	220,797,766	377,865,618	221,887,119
Earnings per share	25				
Basic earnings per share					
Profit for the year		0.71	0.44	0.70	0.44
Weighted average number of ordinary shares (shares)		536,739,725	500,000,000	536,739,725	500,000,000

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

Thaire Life Assurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2013 >>

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	2013	2012	2013	2012
Profit for the year	382,998,073	(Restated) 220,797,766	377,865,618	221,887,119
Other comprehensive income:				
Gains (losses) on changes in values of available-for-sale investments	(6,123,377)	37,424,645	(6,123,377)	37,424,645
Income tax relating to components of other comprehensive income	1,224,675	(7,520,125)	1,224,675	(7,520,125)
Other comprehensive income for the year, net of tax	(4,898,702)	29,904,520	(4,898,702)	29,904,520
Total comprehensive income for the year	378,099,371	250,702,286	372,966,916	251,791,639

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

Thaire Life Assurance Public Company Limited
Statements of changes in equity
For the year ended 31 December 2013 >>

(Unit: Baht)

		Financial statements in which the equity method is applied							Total equity	
		Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			
						Appropriated - statutory reserve	Unappropriated	Surplus (deficit) on changes in values of available-for-sale investments	Deferred tax recognised transferred out from other comprehensive income	Total other components of equity
	Balance as at 31 December 2011 - as previously reported		500,000,000	-	50,000,000	261,303,700	(1,173,194)	269,835	(903,359)	810,400,341
	Cumulative effect of the change in accounting policy due to recording investment in associate	4	-	-	-	3,221,334	-	-	-	3,221,334
	Balance as at 31 December 2011 - as restated		500,000,000	-	50,000,000	264,525,034	(1,173,194)	269,835	(903,359)	813,621,675
	Dividend paid	26	-	-	-	(310,000,000)	-	-	-	(310,000,000)
	Total comprehensive income for the year - restated		-	-	-	220,797,766	37,424,645	(7,520,125)	29,904,520	250,702,286
	Balance as at 31 December 2012 - as restated		500,000,000	-	50,000,000	175,322,800	36,251,451	(7,250,290)	29,001,161	754,323,961
	Balance as at 31 December 2012 - as previously reported		500,000,000	-	50,000,000	173,190,819	36,251,451	(7,250,290)	29,001,161	752,191,980
	Cumulative effect of the change in accounting policy due to recording investment in associate	4	-	-	-	2,131,981	-	-	-	2,131,981
	Balance as at 31 December 2012 - as restated		500,000,000	-	50,000,000	175,322,800	36,251,451	(7,250,290)	29,001,161	754,323,961
	Increase in share capital	19, 20	100,000,000	79,162,825	-	-	-	-	-	179,162,825
	Dividend paid	26	-	-	-	(220,000,000)	-	-	-	(220,000,000)
	Unappropriated retained earnings transferred to statutory reserve	21	-	-	10,000,000	(10,000,000)	-	-	-	-
	Total comprehensive income for the year		-	-	-	382,998,073	(6,123,377)	1,224,675	(4,898,702)	378,099,371
	Balance as at 31 December 2013		600,000,000	79,162,825	60,000,000	328,320,873	30,128,074	6,025,615	24,102,459	1,091,586,157

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

Thaire Life Assurance Public Company Limited
Statements of changes in equity (continued)
For the year ended 31 December 2013 >>

(Unit: Baht)

		Financial statements in which the cost method is applied							
Note	Issued and paid-up share capital	Subscription received in advance	Retained earnings		Other components of equity		Total other components of equity	Total equity	
			Appropriated - statutory reserve	Unappropriated	Surplus (deficit) on changes in values of available-for-sale investments	Deferred tax recognised transferred out from other comprehensive income			
	500,000,000	-	50,000,000	261,303,700	(1,173,194)	269,835	(903,359)	810,400,341	
26	-	-	-	(310,000,000)	-	-	-	(310,000,000)	
	-	-	-	221,887,119	37,424,645	(7,520,125)	29,904,520	251,791,639	
	500,000,000	-	50,000,000	173,190,819	36,251,451	(7,250,290)	29,001,161	752,191,980	
	500,000,000	-	50,000,000	173,190,819	36,251,451	(7,250,290)	29,001,161	752,191,980	
19, 20	100,000,000	79,162,825	-	-	-	-	-	179,162,825	
26	-	-	-	(220,000,000)	-	-	-	(220,000,000)	
	-	-	10,000,000	(10,000,000)	-	-	-	-	
21	-	-	-	377,865,618	(6,123,377)	1,224,675	(4,898,702)	372,966,916	
	600,000,000	79,162,825	60,000,000	321,056,437	30,128,074	(6,025,615)	24,102,459	1,064,321,721	

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

Thaire Life Assurance Public Company Limited

Statement of cash flow

For the year ended 31 December 2013 >>

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2013	2012	2013	2012
			(Restated)		
Cash flows from operating activities					
Cash received for reinsurance		779,250,092	799,349,847	779,250,092	799,349,847
Other underwriting expenses		(11,160,235)	(19,798,172)	(11,160,235)	(19,798,172)
Investment income		47,968,700	51,212,009	47,968,700	51,212,009
Other income		2,485,556	1,440,342	2,485,556	1,440,342
Commission and brokerage expenses		(376,604,339)	(396,012,074)	(376,604,339)	(396,012,074)
Operating expenses		(28,147,702)	(17,447,042)	(28,147,702)	(17,447,042)
Other expenses		-	(163,943)	-	(163,943)
Income tax		(77,781,600)	(74,226,529)	(77,781,600)	(74,226,529)
Others		1,419,159	(526,717)	1,419,159	(526,717)
Net cash flows from operating activities		337,429,631	343,827,721	337,429,631	343,827,721
Cash flows from investing activities					
Cash flows from					
Investments in securities		279,151,268	475,812,521	279,151,268	475,812,521
Loans		-	222,499	-	222,499
Net cash from investing activities		279,151,268	476,035,020	279,151,268	476,035,020
Cash flows used in					
Investments in securities		(530,306,733)	(510,454,728)	(530,306,733)	(510,454,728)
Property, building and equipment		(1,123,095)	(1,591,658)	(1,123,095)	(1,591,658)
Cash flows used in investing activities		(531,429,828)	(512,046,386)	(531,429,828)	(512,046,386)
Net cash flows used in investing activities		(252,278,560)	(36,011,366)	(252,278,560)	(36,011,366)
Cash flows from financing activities					
Proceeds from increase in share capital		185,000,000	-	85,000,000	-
Cash paid for expenses incurred in making the offering		(5,837,175)	-	(5,837,175)	-
Dividend paid		(220,000,000)	(310,000,000)	(220,000,000)	(310,000,000)
Net cash flows used in financing activities		(40,837,175)	(310,000,000)	(40,837,175)	(310,000,000)
Net increase (decrease) in cash and cash equivalents		44,313,896	2,183,645	44,313,896	(2,183,645)
Cash and cash equivalents at beginning of year		17,755,381	19,939,026	17,755,381	19,939,026
Cash and cash equivalents at end of year	8	62,069,277	17,755,381	62,069,277	17,755,381
Supplemental cash flows information					
Non-cash item					
Gains (losses) on changes in values of available-for-sale investments - net of tax		(4,898,702)	29,904,520	(4,898,702)	29,904,520

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

Thaire Life Assurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2013 >>

1. General information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company in incorporated and domiciled in Thailand. Its parent company is Thai Reinsurance Public Company Limited, a public company existing under Thai laws and listed on the Stock Exchange of Thailand. The Company is principally engaged in the provision of life reinsurance. The registered office of the Company is at 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok.

On 9 October 2013, the Stock Exchange of Thailand approved the listing of the Company’s ordinary shares, to begin trading from 9 October 2013.

2. Basis of preparation

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”). The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

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 the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

3.1 Accounting standards that became effective in the current accounting period

Accounting standards	
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard	
TFRS 8	Operating Segments
Accounting Standard Interpretations	
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance are not relevant to the business of the Company. For Thai Accounting Standard 12 Income Taxes, this standard does not have any impact to the Company's financial statements since the Company had early adopted before the effective date.

3.2. Accounting standards that will become effective in the future

Accounting Standards		Effective date
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Change in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

Financial Reporting Standards		Effective date
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non - current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations		Effective date
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations		Effective date
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non - cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standard, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied, except TFRS 4 Insurance Contracts, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Cumulative effect of the change in accounting policy

During the current year, the Company made the change described in Note 5.6 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 28 (revised 2009) Investment in Associated Company, in which the equity method is applied. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statements of financial position and the statements of income are summarised below.

(Unit: Baht)

	Financial statements in which the equity method is applied as at		
	31 December 2013	31 December 2012	1 January 2012
Statements of financial position			
Increase in investment in associate	8,071,596	2,368,867	3,639,925
Increase in deferred tax liabilities	807,160	236,886	418,591
Increase in unappropriated retained earnings	7,264,436	2,131,981	3,221,334

(Unit: Baht)

	Financial statements in which the equity method is applied for the years ended 31 December	
	2013	2012
Statements of income		
Increase in share of profit from associate	6,902,729	5,328,942
Decrease in net investment income	1,200,000	6,600,000
Increase (decrease) in income tax expenses	570,274	(181,705)
Increase (decrease) in profit for the year	5,132,455	(1,089,353)
Increase (decrease) in basic earnings per share	0.010	(0.002)

5. Significant accounting policies

5.1 Revenue recognition

Reinsurance Premium

Insurance premium consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders and adjust with unearned premium reserve.

Reinsurance premium is recognised as income when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts and adjust with unearned premium reserve.

Fee and commission income

Commission and brokerage fee income recorded as deferred income and recognise as income monthly in the same portion of recognise unearned premium reserve.

Interest income and dividends from investments

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

Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

Interest income on loan

Interest income on loan is recognised on an accrual basis, based on the amount of principal outstanding.

Rendering of services

Services revenue is recognised when services have been rendered taking into account the stage of completion.

5.2 Expenses recognition

Ceded premium

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

Commission and brokerage fees expenses

Commissions and brokerages fees expenses are recorded as deferred expense and recognise is expense monthly in the same portion of recognise unearned premium reserve.

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of reinsurance, and include the amounts of the claims, related expenses, and loss adjustments of current and prior period incurred during the year, less claims refundable from reinsurers.

Claims and losses adjustment expenses 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 exceed the sum-insured under the relevant policy.

5.3 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.

5.4 Premium receivables

Premium receivable from facultative reinsurance is stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period.

5.5 Reinsurance assets and due to reinsurers

Reinsurance Assets

Reinsurance assets are stated at the outstanding balance of amounts deposit on reinsurance, amount due from reinsurers, insurance reserve refundable from reinsurers and deferred commissions and brokerages expense.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

Due to reinsurers

Due to reinsurers are stated at the outstanding balance of outward premium payables, amount due to reinsurers and deferred commission and fee revenue.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets 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.

5.6 Investments in securities

The Company measures investments in securities according to classification of investments as follows:

- (a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).
- (d) Investment in associate is accounted for in the financial statements using the equity method. (Investment in associate is accounted for in the separated financial statements using the cost method.)

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 instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

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 profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.7 Loans

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

5.8 Property, buildings and equipment Depreciation

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

Buildings are initially recorded at cost on the acquisition date.

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

Building	20 years
Office equipment and furniture	5 years
Computer	3 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land.

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 profit or loss when the asset is derecognised.

5.9 Intangible assets

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life 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 profit or loss.

The useful lives of intangible assets with finite useful lives which are computer software are 10 years.

5.10 Related party transactions

Related parties comprise enterprises and individuals 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 company and individuals 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.

5.11 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is 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 claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated IBNR (Incurred but not reported claim), which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

5.12 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

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)

(b) Unexpired risk reserve

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

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

5.13 Long-term leases

Leases of vehicle which transfer substantially all the risks and rewards of ownership 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 included in other long-term payables, while the interest element is charged to the income statements over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.14 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 rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.15 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, building and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised 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.

An impairment loss is recognised in profit or loss.

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 profit or loss.

5.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

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.

Defined benefit plans

The Company has obligations in respect of the severance payments 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 profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less recognised past service cost and recognised actuarial gains or losses.

For the first-time adoption of Thai Accounting Standard 19 Employee Benefits in 2009, the Company elected to recognise the transitional liability as an expense on a straight-line basis over up to five years from the date of adoption.

5.17 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.

5.18 Income tax

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

Current tax

Current income tax is 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.

Deferred tax

Deferred income tax is 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 part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

6. 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:

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.

Allowance for doubtful accounts on receivables/loans/premium receivables

In determining an allowance for doubtful accounts on receivables/loans/premium receivables, 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.

Impairment of investments in securities

The Company treats available-for-sale investments and other 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.

Property, buildings and equipment /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 property, buildings 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.

Intangible assets

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.

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 estimate future taxable profits.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Expected Loss Ratio methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

In this regard, the OIC has allowed reserves for loss that has been incurred but not yet reported (IBNR) to be calculated and certified by the management of the Company that have received permission from the OIC.

Unexpired risk reserve

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

Post-employment benefits under defined benefit plans

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.

7. Related party transactions

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

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

Name of related parties	Relationship with the Company
Thai Reinsurance Plc.	Parent company
Bangkok Insurance Plc.	Related by way of common directors and shareholding
Bangkok Life Assurance Plc.	Related by way of common directors and shareholding
Muang Thai Life Assurance Plc.	Related by way of common directors and shareholding
Thai Life Insurance Plc.	Related by way of common directors

During the years, the Company had significant business transactions with its related parties, which have been concluded on commercial term and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	2013	2012	Pricing policy
Transaction with parent company (Presented as a part of "Operating expenses")			
Service fee	2	4	Contract rate
Transactions with related parties			
Premium income	709	563	Normal commercial terms for reinsurance
Commission income	1	-	Normal commercial terms for reinsurance
Dividend income	3	3	The declared amount
Claim refundable income	1	-	Normal commercial terms for underwriting
Premium ceded	2	2	Normal commercial terms for reinsurance
Claim expense	172	110	Normal commercial terms for underwriting
Commission expense	216	179	Normal commercial terms for reinsurance

The Company had the following balances as at 31 December 2013 and 2012 with its related companies as follows:

(Unit: Thousand Baht)

	Note	2013	2012
Transaction with parent company			
(Presented as a part of "Other liabilities")			
Accrued expenses		157	131
Transaction with related parties			
Investments in securities - Stocks	11.1	87,859	62,989
Premium receivables	9	3,604	2,025
Amounts deposited on reinsurance	10	5,158	3,788
Amount Due from reinsurers	10	101,016	46,839
Insurance reserve refundable from reinsurers	10	718	549
Deferred commission and brokerage expense	10	19,356	25,434
Outward premium payables	14	19	508
Deferred commission and brokerage income	14	13	5
Amount Due to reinsurers	14	50,764	73,313
Loss reserve and outstanding claims	15	17,883	15,321

Directors and management's remuneration

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	2013	2012
Short-term employee benefits	17.2	12.9
Long-term benefits	1.0	0.8
Termination benefits	0.3	5.6
Total	18.5	19.3

The pricing policy for service expense is the cost amount. Reinsurance premium written, reinsurance premium ceded, commission income and commission expense are made with reference to the normal ceded rates, which depend on the type of insurance and reinsurance contract. Claim expense and claim recoverable income are record as per identified in each contract. Dividend income is the declared amount.

8. Cash and cash equivalents

(Unit: Baht)

	2013	2012
Cash	3,000	3,000
Deposits at banks with no fixed maturity date	32,066,277	17,752,381
Deposits at banks with fixed maturity date	425,000,000	153,000,000
Total cash and deposits at financial institutions	457,069,277	170,755,381
Less: Deposits at banks which amounts maturing over 3 months	(395,000,000)	(153,000,000)
Cash and cash equivalents	62,069,277	17,755,381

As at 31 December 2013, bank deposits in saving accounts, fixed deposits carried interests between 0.50 and 4.00 percent per annum (2012: between 0.13 and 4.00 percent per annum).

9. Premium receivables

The balances as at 31 December 2013 and 2012 of premium receivables from reinsurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2013	2012
Not yet due	3,836,988	3,125,904
Total premium receivables	3,836,988	3,125,904

10. Reinsurance assets

(Unit: Baht)

	2013	2012
Amounts deposit on reinsurance	71,845,579	81,902,362
Amounts due from reinsurers	225,875,959	114,472,090
Insurance reserve refundable from reinsurers	3,077,822	2,768,448
Deferred commissions and brokerages expense	68,335,083	73,086,924
Reinsurance assets	369,134,443	272,229,824

The balances as at 31 December 2013 and 2012 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2013	2012
Not yet due	215,280,085	114,050,876
Not over 12 months	7,546,816	206,188
Over 1 - 2 years	49,058	215,026
Total amounts due from reinsurers	225,875,959	114,472,090

11. Investments in securities

11.1 Available-for-sale investments

(Unit: Baht)

	2013				
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets
Private enterprise securities					
Equity securities	39,216,116	48,642,991	-	87,859,107	4.89
Unit trusts	341,674,043	10,398,819	(28,913,735)	323,159,127	17.99
Total available-for-sale investments	380,890,159	59,041,810	(28,913,735)	411,018,234	22.88

(Unit: Baht)

2012					
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets
Private enterprise securities					
Equity securities	31,392,910	31,596,454	-	62,989,364	4.48
Unit trusts	216,735,142	17,799,182	(13,144,185)	221,390,139	15.74
Total available-for-sale investments	248,128,052	49,395,636	(13,144,185)	284,379,503	20.22

Surplus on changes in values of available-for-sale investments as at 31 December 2013 and 2012 consist of:

(Unit: Baht)

	31 December 2013	31 December 2012
Surplus on changes in values of available-for-sale investments	30,128,074	36,251,451
Less: Deferred tax liabilities	(6,025,615)	(7,250,290)
Surplus on changes in values of available-for-sale investments, net	24,102,459	29,001,161

11.2 Held-to-maturity investments

(Unit: Baht)

	2013		2012	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities				
Thai government bonds	338,800,953	18.86	500,368,742	35.57
State enterprise bonds	93,000,000	5.18	73,000,000	5.19
Debentures	20,000,000	1.11	-	-
Total	451,800,953	25.15	573,368,742	40.76
Deposits at financial institutions which maturing in over 3 months				
Deposits at commercial banks	395,000,000	21.98	153,000,000	10.88
Total	395,000,000	21.98	153,000,000	10.88
Total held-to-maturity investments	846,800,953	47.13	726,368,742	51.64

11.3 Other investment

(Unit: Baht)

	2013		2012	
	Cost	Percentage of investments to total assets	Cost	Percentage of investments to total assets
Investment in non-listed company in Thailand	2,105,720	0.12	2,105,720	0.15
Total other investment	2,105,720	0.12	2,105,720	0.15

11.4 Maturity of debt securities

Investments in debt securities as at 31 December 2013 and 2012 will be matured redemption as follows:

(Unit: Baht)

	2013				2012			
	Period to maturity			Total	Period to maturity			Total
	Within 1 year	1 – 5 years	Over 5 years		Within 1 year	1 – 5 years	Over 5 years	
Held-to-maturity investments Government and state enterprise securities								
Thai government bonds	62,076,727	170,322,668	106,401,558	338,800,953	278,230,577	181,136,859	41,001,306	500,368,742
State enterprise bonds	-	93,000,000	-	93,000,000	30,000,000	43,000,000	-	73,000,000
Debenture	-	-	20,000,000	20,000,000	-	-	-	-
Total	62,076,727	263,322,668	126,401,558	451,800,953	308,230,577	224,136,859	41,001,306	573,368,742
Private enterprises debt securities								
Deposits at commercial banks	300,000,000	95,000,000	-	395,000,000	105,000,000	48,000,000	-	153,000,000
Total	300,000,000	95,000,000	-	395,000,000	105,000,000	48,000,000	-	153,000,000
Total held-to-maturity investments	362,076,727	358,322,668	126,401,558	846,800,953	413,230,577	272,136,859	41,001,306	726,368,742

The Company has placed bonds as a security with the Registrar as discussed in Notes 27 and 28.

12. Investment in associate

12.1 Details of associate:

Company's name	Nature of business	Country of incorporation	Paid-up capital as at			Shareholding percentage as at		
			31 December 2013 (Thousand Baht)	31 December 2012 (Thousand Baht)	1 January 2012 (Thousand Baht)	31 December 2013 (%)	31 December 2012 (%)	1 January 2012 (%)
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	30,000	30,000	30,000	20.00	20.00	20.00

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied			Separate financial statement in which the cost method is applied		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
EMCS Thai Co., Ltd.	14,072	8,369	9,640	6,000	6,000	6,000

12.2 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as at			Total assets as at			Total liabilities as at		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
EMCS Thai Co., Ltd.	30,000	30,000	30,000	81,164	53,361	57,277	10,806	11,517	9,077

(Unit: Thousand Baht)

Company's name	Total revenues for the years ended 31 December		Profit for the years ended 31 December	
	2013	2012	2013	2012
EMCS Thai Co., Ltd.	77,617	66,244	34,910	26,088

13. Property, building and equipment

(Unit: Baht)

	Land	Building	Furniture, fixture and equipment	Computer	Motor vehicles	Total
Cost						
1 January 2012	17,640,000	30,838,385	2,560,474	297,143	-	51,336,002
Additions	-	98,760	161,119	104,860	3,008,606	3,373,345
31 December 2012	17,640,000	30,937,145	2,721,593	402,003	3,008,606	54,709,347
Additions	-	-	350,389	51,360	-	401,749
31 December 2013	17,640,000	30,937,145	3,071,982	453,363	3,008,606	55,111,096
Accumulated depreciation						
1 January 2012	-	1,534,488	501,218	178,197	-	2,213,903
Depreciation for the year	-	1,543,568	1,021,578	709,888	297,572	2,432,488
31 December 2012	-	3,078,056	1,021,578	249,185	297,572	4,646,391
Depreciation for the year	-	1,546,855	590,719	86,506	601,721	2,825,801
31 December 2013	-	4,624,911	1,612,297	335,691	899,293	7,472,192
Net book value						
1 January 2012	17,640,000	29,303,897	2,059,256	118,946	-	49,122,099
31 December 2012	17,640,000	27,859,089	1,700,015	152,818	2,711,034	50,062,956
31 December 2013	17,640,000	26,312,234	1,459,685	117,672	2,109,313	47,638,904
Depreciation for the year						
2012						2,432,488
2013						2,825,801

As at 31 December 2013, the Company had vehicles under finance lease agreements with net book values amounting to Baht 1.09 million (2012: Baht 1.78 million).

As at 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 0.1 million (2012: Baht 0.2 million).

14. Due to reinsurers

(Unit: Baht)

	2013	2012
Outward premium payables	25,546	4,180,135
Amount due to reinsurers	169,897,766	174,987,456
Deferred commission and fee revenue	53,515	34,747
Total due to reinsurers	169,976,827	179,202,338

15. Loss reserves and outstanding claims

(Unit: Baht)

	2013	2012
Beginning balance	25,113,983	13,296,914
Claims and losses adjustments expenses for the year	504,144,863	379,896,131
Claims and losses adjustments expenses paid during the year	(484,846,299)	(368,079,062)
Ending balance	44,412,547	25,113,983

16. Premium reserve**16.1 Unearned premium reserve**

(Unit: Baht)

	2556	2555
Beginning balance	366,608,424	280,498,912
Premium written for the year	1,387,855,955	1,144,948,062
Premium earned for the current year	(1,359,034,423)	(1,058,838,550)
Ending balance	395,429,956	366,608,424

16.2 Unexpired risk reserve

	(Unit: Baht)	
	2013	2012
Beginning balance	133,801,409	82,839,982
Estimated claims for the year	419,436,069	286,500,872
Risk expired during the year	(428,322,765)	(235,539,445)
Ending balance	124,914,713	133,801,409

17. Employee benefit obligations

	(Unit: Thousand Baht)	
	2013	2012
Short-term employee benefit	4,000	-
Reserves for retirement benefit	6,435	8,903
Employee benefit obligations	10,435	8,903

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	2013	2012
Defined benefit obligation at beginning of the year	9,424	2,987
Current service cost	93	662
Current interest cost	294	398
Actuarial (gains) losses	(3,376)	5,377
Defined benefit obligation at end of the year	6,435	9,424
Unrecognised transitional provisions	-	(521)
Provision for employee benefits at end of year	6,435	8,903

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	2013	2012
Current service cost	93	662
Interest cost	294	398
Actuarial (gains) losses recognized during the year	(3,376)	5,377
Reserve for retirement benefit expense, net	(2,989)	6,437
Obligation of the prior period which recognized in profit or loss for the year	521	521
Total reserve for retirement benefit expenses recognised in profit or loss, net	(2,468)	6,958

The main assumption which used for calculation the defined benefit plan was summarised below:

	2013 (% per annum)	2012 (% per annum)
Discount rate	4.8	4.5
Future salary increasing rate	8.0	8.2
Staff turnover rate (depending on age)	5.7 - 26.2	5.9 - 25.7

Amounts of defined benefit obligation and experience adjustment on the obligation for the current and previous two years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	Experience adjustments on the obligation
Year 2013	6,435	(872)
Year 2012	8,903	5,689
Year 2011	1,945	(1)

18. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	
	2013	2012
Current income tax:		
Current income tax charge	90,666	82,719
Deferred tax:		
Relating to origination and reversal of temporary differences	20	(20,359)
Effects of changes in the applicable tax rates	-	3,522
Income tax expense reported in the statements of income	90,686	65,882

(Unit: Thousand Baht)

	Separated financial statements in which the cost method is applied	
	2013	2012
Current income tax:		
Current income tax charge	90,666	82,719
Deferred tax:		
Relating to origination and reversal of temporary differences	(550)	(20,177)
Effects of changes in the applicable tax rates	-	3,522
Income tax expense reported in the statements of income	90,116	66,064

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	
	2013	2012
Deferred tax relating to gain (loss) on		
Change in value of available-for-sale investments	(1,225)	8,608
Effects of changes in the applicable tax rates	-	(1,088)
	(1,225)	7,520

(Unit: Thousand Baht)

	Separated financial statements in which the cost method is applied	
	2013	2012
Deferred tax relating to gain (loss) on		
Change in value of available-for-sale investments	(1,225)	8,608
Effects of changes in the applicable tax rates	-	(1,088)
	(1,225)	7,520

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	
	2013	2012
Accounting profit before tax	473,685	286,680
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	94,737	65,936
Effects of changes in the applicable tax rates	-	3,486
Effects of:		
Non-deductible expenses	803	22
Additional expense deductions allowed	(1,328)	(39)
Others	(3,526)	(3,523)
Total	(4,051)	(3,540)
Income tax expenses reported in the statement of income	90,686	65,882

(Unit: Thousand Baht)

	Separated financial statements in which the cost method is applied	
	2013	2012
Accounting profit before tax	467,982	287,951
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	93,596	66,229
Effects of changes in the applicable tax rates	-	3,522
Effects of:		
Non-deductible expenses	803	22
Additional expense deductions allowed	(1,328)	(39)
Others	(2,955)	(3,670)
Total	(3,480)	(3,687)
Income tax expenses reported in the statement of income	90,116	66,064

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		
	31 December 2013	31 December 2012	1 January 2012
Deferred tax assets			
Loss reserve	8,882	5,023	3,058
Commission payable from reinsurance	25,466	30,024	15,528
Deferred commission and fee income	11	7	12
Premium / discount on debt securities	357	-	-
Unrealised loss on changes in values of investments - available-for-sale investments	-	-	270
Others	2,982	3,476	2,397
Total	37,698	38,530	21,265
Deferred tax liabilities			
Unrealised gain on changes in values of investments - available-for-sale investments	(6,026)	(7,250)	-
Premium/discount on debt securities	-	(431)	(330)
Deferred commission and brokerage expense	(13,667)	(14,617)	(13,838)
Share of profit from associate	(807)	(237)	(419)
Others	(1)	(2)	(3)
Total	(20,501)	(22,537)	(14,590)
Deferred tax assets, net	17,197	15,993	6,675

(Unit: Thousand Baht)

	Separated financial statements in which the cost method is applied		
	31 December 2013	31 December 2012	1 January 2012
Deferred tax assets			
Loss reserve	8,882	5,023	3,058
Commission payable from reinsurance	25,466	30,024	15,528
Deferred commission and fee income	11	7	12
Premium /discount on debt securities	357	-	-
Unrealised loss on changes in values of investments - available-for-sale investments	-	-	270
Others	2,982	3,476	2,397
Total	37,698	38,530	21,265
Deferred tax liabilities			
Unrealised gain on changes in values of investments - available-for-sale investments	(6,026)	(7,250)	-
Premium/discount on debt securities	-	(431)	(330)
Deferred commission and brokerage expense	(13,667)	(14,617)	(13,838)
Others	(1)	(2)	(3)
Total	(19,694)	(22,300)	(14,171)
Deferred tax assets, net	18,004	16,230	7,094

In October 2011, the Cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the Cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

19. Share capital

On 24 December 2012, a meeting of Extraordinary General Meeting of the shareholders No. 2/2555 passed the following resolutions:

1. To approve a change in the par value of the shares from Baht 10 to Baht 1, and thus increasing the number of shares from 50 million to 500 million ordinary shares.
2. To approve the increase of Company's share capital by Baht 100 million from Baht 500 million to Baht 600 million by issuing share capital of 100 million ordinary share of Baht 1 each.

The Company registered the change in the par value of the shares from Baht 10 to Baht 1 and the change in the registered capital from Baht 500 million to Baht 600 million with the Ministry of Commerce on 16 January 2013.

On 19 July 2013, the Extraordinary General Meeting of the shareholders No. 1/2556 approved to allocate up to 90 million newly issued ordinary shares of the Company, at a par value of Baht 1 each, to the Company's existing shareholders at the price of Baht 1 per share. The Company allocated 90 million newly issued ordinary shares including paid-up capital of Baht 590 million that is 590 million ordinary shares at a par value of Baht 1 each. The Company registered the paid-up capital of Baht 590 million with the Ministry of Commerce on 15 August 2013.

The Company registered the paid-up share capital of Baht 600 million with the Ministry of Commerce on 3 October 2013.

20. Share premium

On 19 July 2013, the Extraordinary General Meeting of the shareholders No. 1/2556 approved to allocate up to 10 million newly issued ordinary shares of the Company and residual shares remaining after the allocation to the existing shareholders (if any), at a par value of Baht 1 each, to initial public offering in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 concerning Application for and Approval of Offer for Sale of Newly Issued Shares dated 15 December 2008

On 30 September 2013, the Company made an initial public offering of 10 million ordinary shares at a price of Baht 9.50 per share. Total proceeds from the initial public offering were Baht 89.16 million (net of related expenses incurred in making the offering amounting to Baht 5.84 million).

21. 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.

On 24 April 2013, a meeting of the Company's Shareholders passed the resolution to allocate retained earnings to statutory reserve amounting to Baht 10 million.

At present, the statutory reserve has fully been set aside.

22. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2013 is as follows:

(Unit: Baht)

	Traditional products - non participating dividend	Personal accident	Total
Underwriting income			
Premium written	1,148,030,596	239,825,359	1,387,855,955
Less: Premium ceded	(14,264,708)	(86,998)	(14,351,706)
Net premium written	1,133,765,888	239,738,361	1,373,504,249
Less: Unearned premium reserve	(14,262,386)	(14,249,772)	(28,512,158)
Earned premium	1,119,503,502	225,488,589	1,344,992,091
Fee and commission income	4,319,178	89	4,319,267
Total underwriting income	1,123,822,680	225,488,678	1,349,311,358
Underwriting expenses			
Claims and losses adjustment expenses	376,700,655	125,549,617	502,250,272
Commission and brokerage expenses	314,107,929	71,586,286	385,694,215
Other underwriting expenses	9,343,686	1,816,549	11,160,235
Total underwriting expenses	700,152,270	198,952,452	899,104,722

Underwriting information classified by insurance categories for the year ended 31 December 2012 is as follows:

(Unit: Baht)

	Traditional products - non participating dividend	Personal accident	Total
Underwriting income			
Premium written	928,976,055	215,972,007	1,144,948,062
Less: Premium ceded	(16,892,354)	(67,671)	(16,960,025)
Net premium written	912,083,701	215,904,336	1,127,988,037
Less: Unearned premium reserve	(69,514,839)	(17,812,843)	(87,327,682)
Earned premium	842,568,862	198,091,493	1,040,660,355
Fee and commission income	5,580,467	52	5,580,519
Total underwriting income	848,149,329	198,091,545	1,046,240,874
Underwriting expenses			
Claims and losses adjustment expenses	284,286,821	92,921,380	377,208,201
Commission and brokerage expenses	318,221,880	70,428,461	388,650,341
Other underwriting expenses	16,205,569	3,592,603	19,798,172
Total underwriting expenses	618,714,270	166,942,444	785,656,714

23. Operating expenses

(Unit: Baht)

	2013	2012
Personnel expenses which are not expenses for underwriting and claims	16,686,988	9,653,427
Premises and equipment expenses which is not expense for underwriting	5,469,402	4,011,922
Taxes and duties	136,345	127,706
Other operating expenses	12,484,104	11,528,433
Total operating expenses	34,776,839	25,321,488

24. Employee expenses

(Unit: Baht)

	2013	2012
Salary and wages	26,915,272	20,203,864
Social security fund	116,957	65,086
Contribution to defined employee benefit	1,320,955	1,138,454
Retirement benefit	(2,468,053)	6,958,331
Other benefits	1,313,465	333,046
Total employee expenses	27,198,596	28,698,781

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 Ayudhya Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 1.32 million to the fund (2012: Baht 1.14 million).

25. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. Dividend paid

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2012	Annual General Meeting of the shareholders on 24 April 2013	100.0	0.2
Interim dividend for 2013	Board of Directors meeting on 12 November 2013	120.0	0.2
Total dividend paid in 2013		220.0	0.4
Final dividend for 2011	Annual General Meeting of the shareholders on 25 April 2012	200.0	4.0
Interim dividend for 2012	Board of Directors meeting on 7 September 2012	110.0	2.2
Total dividend paid in 2012		310.0	6.2

27. Assets pledged with the Registrar

As at 31 December 2013 and 2012, the following assets have been pledged with the Registrar in accordance with the Life Insurance Act.

(Unit: Million Baht)

	2013		2012	
	Cost	Fair value	Cost	Fair value
State enterprise bonds	21.0	18.2	20.0	20.3
Total	21.0	18.2	20.0	20.3

28. Assets reserved with the Registrar

As at 31 December 2013 and 2012, the following assets have been pledged as policy reserve with the Registrar in accordance with the Life Insurance Act.

(Unit: Million Baht)

	2013		2012	
	Cost	Fair value	Cost	Fair value
State enterprise bonds	71.0	72.2	81.0	82.4
Total	71.0	72.2	81.0	82.4

29. Segment information

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 Chairman of Executive Board.

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 introduced by the Company and which it conceived and developed in cooperation with other life insurance companies in expectation of market demand, for which marketing plans and channels have also been developed.

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 year ended 31 December 2013 can be classified by type of insurance as follows:

	Conventional products	Non-conventional products	Total
Underwriting income			
Premium written	990,173,087	397,682,868	1,387,855,955
Less: Premium ceded	(14,351,706)	-	(14,351,706)
Net premium written	975,821,381	397,682,868	1,373,504,249
Add (less): Unearned premium reserve	(32,583,325)	4,071,167	(28,512,158)
Earned premium	943,238,056	401,754,035	1,344,992,091
Underwriting expenses			
Claims and losses adjustment expenses	368,935,587	133,314,685	502,250,272
Commission and brokerage expenses	307,452,988	73,921,960	381,374,948
Other underwriting expenses	7,500,221	3,660,014	11,160,235
Total underwriting expenses	683,888,796	210,896,659	894,785,455
Profit from underwriting	259,349,260	190,857,376	450,206,636
Operating expenses			(37,413,260)
Profit from operations			412,793,376
Investment income			52,702,907
Other income			2,485,556
Profit before income tax expenses			467,981,839
Income tax expenses			(90,116,221)
Profit for the year			377,865,618

During the year ended 31 December 2013, Baht 1,072 million of the Company's net premium written was received from 4 major life insurance companies.

Operating segment information for the year ended 31 December 2012 can be classified by type of insurance as follows:

	Conventional products	Non-conventional products	Total
Underwriting income			
Premium written	828,344,056	316,604,006	1,144,948,062
Less: Premium ceded	(16,960,025)	-	(16,960,025)
Net premium written	811,384,031	316,604,006	1,127,988,037
Less: Unearned premium reserve	(44,129,876)	(43,197,806)	(87,327,682)
Earned premium	767,254,155	273,406,200	1,040,660,355
Underwriting expenses			
Claims and losses adjustment expenses	314,645,939	62,562,262	377,208,201
Commission and brokerage expenses	268,166,076	114,903,746	383,069,822
Other underwriting expenses	13,779,258	6,018,914	19,798,172
Total underwriting expenses	596,591,273	183,484,922	780,076,195
Profit from underwriting	170,662,882	89,921,278	260,584,160
Operating expenses			(27,629,959)
Profit from operations			232,954,201
Investment income			53,720,075
Other income			1,276,399
Profit before income tax expenses			287,950,675
Income tax expenses			(66,063,556)
Profit for the year			221,887,119

During the year ended 31 December 2012, Baht 876 million of the Company's net premium written was received from 4 major life insurance companies.

30. Financial instruments

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, and investments in securities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to amounts due from reinsurers. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of due from reinsurers as stated in the statements of financial position.

Interest rate risk

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

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

(Unit: Million Baht)

	As at 31 December 2013						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	30,000	-	-	32,066	3	62,069	0.00-4.00
Investments in securities							
Thai government and state enterprise bonds	62,077	263,323	126,401	-	-	451,801	2.68
Deposits at banks	300,000	95,000	-	-	-	395,000	3.36
	392,077	358,323	126,401	32,066	3	908,870	

(Unit: Million Baht)

	As at 31 December 2012						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	-	-	-	17,752	3	17,755	0.00-4.00
Investments in securities							
Thai government and state enterprise bonds	308,231	224,137	41,001	-	-	573,369	2.87
Deposits at banks	105,000	48,000	-	-	-	153,000	3.43
	413,231	272,137	41,001	17,752	3	744,124	

30.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investments in securities

The fair value of listed securities is based on their quoted market prices.

The fair value of deposits at financial institutions, bonds and debentures with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is estimated using a discounted cash flow analysis based on the current interest rate and the remaining period to maturity.

The aggregate carrying values of the Company's financial instruments which are different from their aggregate fair values can be defined as follows:

(Unit: Baht)

	As at 31 December 2013	
	Carrying value	Fair value
Held-to-maturity debt securities		
Investments in bonds	431,800,953	424,489,136
Investments in debentures	20,000,000	17,513,993

(Unit: Baht)

	As at 31 December 2012	
	Carrying value	Fair value
Held-to-maturity debt securities		
Investments in bonds	573,368,742	576,305,949

31. Capital management

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

32. Events after the reporting period

On 25 February 2014, the Board of Directors' Meeting passed a resolution to be proposed for approval dividends in respect of the operating results for the year 2013 at Baht 0.25 per share, amounting to a total dividend of Baht 150 million by the Annual General Meeting of the Shareholders.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on 25 February 2014.