



3. Enterprise Risk Management: ERM and Asset Liability Management: ALM

3.1 Enterprise Risk Management : ERM

The Company give precedence to risk management for long-term business growth and generate returns to stakeholders. The Company have policy to maintain Capital Adequacy Ratio (CAR) not lower than 300% to represent financial strength, which is crucial factor for reinsurer selection, and to keep competitive advantage from reinsurance credit risk charge. OIC' RBC framework has defined the lowest 1.6% reinsurance credit risk charge for domestic reinsurer who maintains Capital Adequacy Ratio (CAR)not lower than 300%, which equal to AAA-rated offshore reinsurer. In addition, the company have financial strength rating of A- (Excellent) from AM Best which considered as high among Thai companies.

Additionally, the company has focused on sustainable operations. In 2023, the company has got Sustainable Stock (SET ESG rating), Level A” from The Stock Exchange of Thailand (SET) this reflects the commitment to effective corporate governance, consideration for stakeholders, and a dedication to creating sustainability for the business, society, and the environment. Moreover, the company has been evaluated from the Corporate Governance Report of Thai Listed Companies (CGR), achieving a 5-star rating or ‘Excellent CG Scoring,’ as organized by the Thai Institute of Directors Association (IOD) including the company has evaluated the quality of ordinary shareholder meetings through the AGM Checklist from the Thai Investors Association (TIA), achieving the highest criteria level.

Risk Management Policy and Risk Management Guideline

The Company has provided risk management policy for employee’s awareness of the objectives and guidelines for risk management including understanding their roles and duties in risk management process to ensure that all risk types were identified, assessed, monitored and controlled efficiently and effectively. Therefore, the Company determines Risk Appetites which are;

- Financial stability-The Capital Adequacy Ratio(CAR) must not lower than300%.
- Profit volatility -The chance of loss must lower than orequal1in20years.
- Operational - Operational risk level not lower than Middle-Low level.
- Information technology – Recovery Point Objective (RPO) and Recovery Time Objective (RTO) not over 24hrs.
- Cybersecurity –The theft of customer business information and the assured information is not acceptable.

Asset Liability Management : ALM

Currently, the Company operate its core reinsurance business only net amount at risk, resulting in the reinsurance were mainly from transferred Mortality and Morbidity, which are not related to the investment component. This would make the net cash flow of the reinsurance contract is not materiality effected by the change of interest rates which leads to the Assets and Liabilities Mismatch.