



## 1.2 Policy Business Objective and Strategies of the business

In 2023, THREL's reinsurance gross written premiums (GWP) is totaled to THB 3,455 million which has increased by 16.6 percent from the previous year, with stronger growth compared to average result of life insurance market, overall the company has captured reinsurance market share of 12.1 percent. The Company's gross written premium has a strong growth of health insurance products, particularly in individual health and group health insurance. Our international market performance has been dominant from Indonesia market as well as continuing to manage our contracts with our business partners in Taiwan, Cambodia, Laos, and Philippines. Given the market conditions and impact from medical inflation, the Company has learned to adapt underwriting process and risk management more thoroughly to ensure risk management and the quality of our portfolio.

From the market trend on more awareness in health related issues, Life Insurance companies has adapted to offer wide range of products and services to meet the market demand. Through partnership with other insurers, and reinsurers, the company has continued to pursue innovation and build business opportunities through enhance value added service products. On distribution channel, the Company transacted business directly with all 21 domestic life insurance companies in exploring and offering products through available channels such as agents, digital, telemarketing, and financial institutions. The focus products in 2023 was products for elderly, accident and health insurance. The Company's reinsurance contracts signed with insurance companies allow for an active role in supporting the following areas: jointly manage underwriting and monitor claims to aim for good underwriting results, products offering through pilot groups including monitor and set up process for product launch, and support on technical considerations to evaluate acceptance and payment of claims.

The company continued to pursue growth strategy by expand market outside of Thailand, which included exploring new partners and markets with business developed in Indonesia, Cambodia, Taiwan, Laos, and Philippines. In addition, we had established partnership with reinsurer, partner, broker on new products and alternative solutions in order to expand our ecosystem. The company had continued to monitor claim (loss ratio) to ensure the balance on profitability through risk and capital management as well as knowledge sharing on technical and underwriting guidelines to our insurer customers.

However, the Life Insurance sector had impacted by higher expense from claim, which was amounted to THB 2,803 million, which considered to be 5 percent higher than last year. The key driver of higher claim was due to adjusted premium during COVID years which had lower claim than other years, claim expense from health and group facultative products from patient that prolong their treatment resulted in higher number of patient seeking treatment as well as medical inflation factor, which impacted the cost per visit for both out-patient department (OPD) and in-patient (IPD). Last year, the Company has reviewed the price of premiums on contract renewal to ensure appropriateness, with emphasized on underwriting process and manage risks within an acceptable level.

Compliance with all the regulatory requirements (Office of Insurance Commission, OIC) and high standards of corporate governance have built up a level of trust with customers that has strengthened its ability to



be a leading player in the life reinsurance market. The Company's CAR at the pre audit CAR at the end of 2023 was approximate 338 percent, considerably, exceeding our threshold of 300 percent. This implied that the credit risk that life insurers carry in their CAR calculations is at the lowest possible level when reinsuring with THREL, equivalent to a AAA rating for a foreign reinsurer, which helps with our life insurance customers to have lower credit risk charge.

Life insurance business would likely continue to be stable, with expected growth of 0-2 percent, with similar drivers compared to the previous year. This items area follows:

1. Changes in lifestyle impacting how people emphasize the importance of having health and critical illness insurance. To capture the market trend, various product offering including sales processes and services for life insurance industry.
2. Increasing percentage of aging population, awareness and understanding of health impact, which will increase business opportunity of life and health insurance products that cover financial planning and health protection.
3. The volatility of investment yield which currently is driven by external factors, impacting life insurance business where consumers continue to seek for higher return, while life insurance companies are facing the challenge of managing financial instruments and guarantee return for insurance products.
4. The disruption of technology leads to change in marketing approach to response to people in digital eco system through online marketing to provide quick and convenient services through all distribution channels as well as ability to gain high return on investment.

However, in 2024, we are still facing challenges from inflation, high interest rate, tough competition in health insurance for both domestic and international market with higher risk from higher number of people seeking medical treatment, and high rate of medical inflation, which could expose the company to higher claim expense. With the change of International Financial Report Standards (IFRS17) will be in force in January 2025, we will be focusing our effort in process and system transition and adaptation to the new accounting and financial standard as well as getting ourself onboard with the era of digital eco system.

In view of the challenges discussed above, the company seeks for new business opportunities by explore product innovation, services fulfillment, new markets and new partners in order to build exponential and sustainable growth for long term.

1. Risk management of operating performance including workplan to manage and monitor treaty with high loss ratio (claim).
2. Develop new product and service concepts to support market demand on critical illness and aging society, by issuing products per target group as well as exploring digital channel.
3. Reserve management by improving processes and tools for claim management and effective reserve planning. The company also supports underwriting and claim consultant along with portfolio management by monitoring loss ratio and premium adequacy.



4. Expand market in Southeast Asia, the Company has generated business in several countries and has adapted to understand each market and continued to seek new opportunities, to expand market growth along with our insurers and brokers partners. In 2024, the company will focus expansion in Indonesia, Vietnam, and Cambodia including continuing to explore new market to develop business.
5. Prepare readiness for new financial standard (IFRS9 and IFRS17), what will be effective in Jan 2025.
6. The Company places importance corporate responsibility in building sustainable business. The company also focus on our role to raise quality of social and environment in addition to meet our financial objective. The Company has adopted the concept in its business operations by establishing four sustainability guidelines:
  - 1) Caring for society and the environment
  - 2) Conducting business with ethics
  - 3) Establishing and maintaining financial strength
  - 4) Caring for employees and creating customer satisfaction. These guidelines are integrated into the business strategies so that it can grow steadily and sustainably while creating value for all stakeholders.