

Operation guideline and corporate governance

Part 1

1) Generalization

Thaivivat Insurance Public Company Limited runs its insurance business since 1951; with great professional, consistency, honesty and justness. Meanwhile, the company always adheres to the corporate governance; which can be summarized as the 4 vital elements, as follow:

- 1.1 Accountability: the company's accountability toward its action or operation; and comprised of the following elements:
 - 1.1.1 Capability to answer the general public about its operation or performance.
 - 1.1.2 Responsibility toward the consequence of its internal administration and to the external reaction; by utilizing the feedback from its customer or patron to improve the company's performance, while maintain the low cost.
- 1.2 Transparency: the auditability. Company's related information should be easy to access and acquire.
- 1.3 Predictability: the company adheres to the corporate governance. Corporate governance is a part of the company's mission and duty; and it is clearly described in the company's written policy so its stakeholder can acknowledge.
- 1.4 Participation of the stakeholder: the company balances its stakeholders' needs so its operation and policy can be reliable and satisfiable by every party, whether they are the shareholder, employee, customer, creditor, government and general public.

2) type of business

The company runs its insurance business which comprises of the following main services:

2.1 Automobile insurance

2.1.1 Automobile insurance, in accordance with Motor Vehicle Accident Victim Protection Act of 2535BE.

2.1.2 3rd grade automobile insurance, which is an extension of the protection of 2.1.1 that covers asset of other third party.

2.1.3 2nd grade automobile, which is an extension of the protection of 2.1.1 and 2.1.2 that covers the loss and fire damage against the insured vehicle.

2.1.4 1st grade automobile insurance, which is an extension of the protection of 2.1.1 to 2.1.3 that covers damage against the insured vehicle.

2.2 Fire insurance is a type of insurance agreement where the company agrees to pay the indemnity to the insured person against damage toward the insured property which happened from fire or lighting strike, as well as explosion of the gas for household consumption.

2.3 Marine and transportation insurance is types of insurance agreement where the company agrees to pay the indemnity to the insured person against damage toward the insured property which happened during its transportation; such as, commodity insurance and etc.

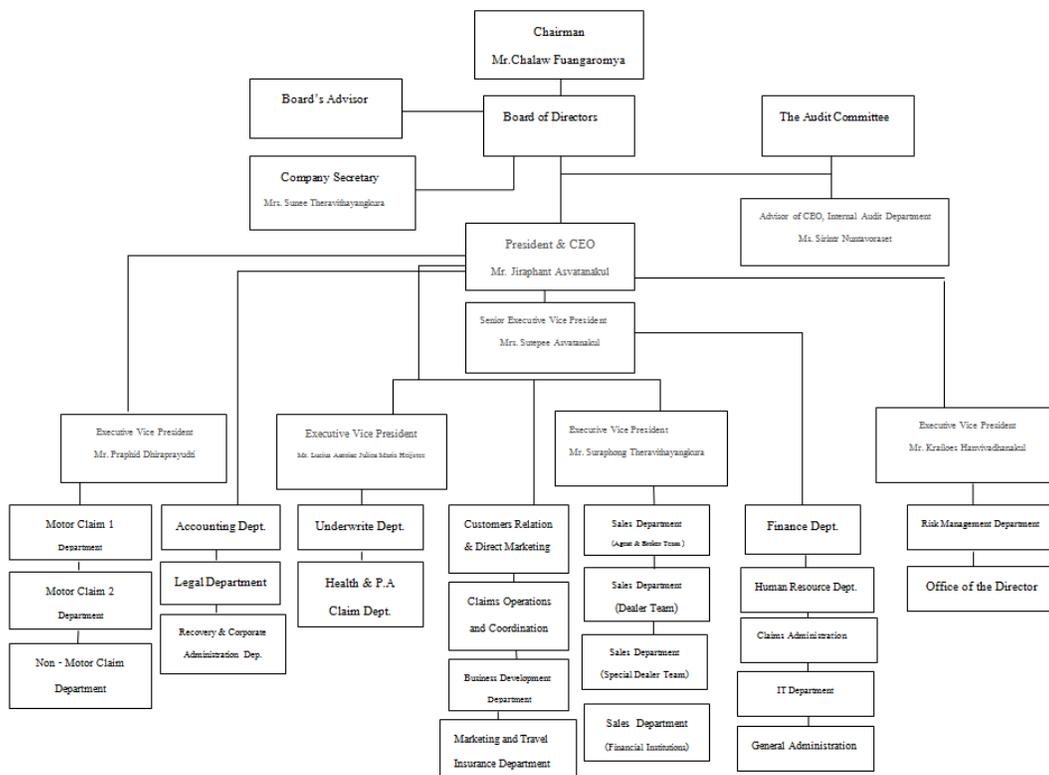
2.4 Miscellaneous insurance, such as:

- Personal accident insurance
- Traveling accident insurance
- Insurance against all types of risk toward the construction contractor
- Insurance against all types of risk toward the machinery installation contractor
- Insurance against exploding boiler
- Insurance against damage toward the third party
- Golf insurance

- Mobile phone insurance
- Billboard insurance
- Theft insurance
- Any other types of insurance

2.5 Reinsurance; to help diversify the insured risk, the company also serves and utilizes the Reinsurance services, by reinsuring its insurance with another insurance company and by insuring other company's insurance. This is essentially the diversification of risk, in accordance with the insurance principle.

3) The company's structure is showed in the following chart



Part 2

4) Non-life insurance's operations are, as follow:

4.1 Agent

4.1.1 Agent registration

- The company maintains a list of its agents that clearly specifies their duty and authority.
- All of the company's agents, whether they are individual personal or legal entity, have to register as an official agent with the Office of Insurance Commission (OIC) before they can operate as an agent. Also, after any agent has been retired, the company will inform the Office of Insurance Commission (OIC) within 7 days.

4.1.2 Agent controlling

- The company controls its agents closely and make sure that they have all the required qualification and perform their task completely, with honesty, have all the required skills to provide insurance services, adhere to the law and regulation, as well as the declaration and directive from the registrar of the Office of Insurance Commission (OIC)

4.1.3 Agent training

- The company provide its agents with sufficient training and information so they can be knowledgeable and expert agents who can efficiently provide consumer with insurance-related information, under the given authority from the company.

4.2 Marketing and selling

4.2.1 Selling's complementary document

- The company always consider the preparation of the selling’s complementary document with the legitimate and accurate information, easy to read and understand language that contains all the important information and pricing of the underlying insurance, as well as any exception.

4.2.2 Insurance policy drafting

- The company emphasizes on the insurance policy drafting above all; because it is the evidence of the insurance contract. Insurance policy drafting hence should consider the use of easy to understand language, providing of caution or notification message about the existence and access to any procedure, providing of letter of request before engaging into the insurance contract and before the insurance policy’s renewal. For the latter, the company prepare and present information to the insured, concerning the changed term and condition from the original insurance policy.

4.2.3 Letter of insurance request

- The company emphasizes on the letter of insurance request, as it is the first and foremost, primary information before both parties can engage into any insurance contract. Therefore, such letter should covers all the required information of the prospective insured and the company will clearly informed the prospective insured about his duty to disclose any and all information, as well as the result of failure to disclose or intentionally concealing such information.

4.2.4 Insurance agent

The company makes sure that each and every of the company’s agents will perform their duty with honesty and the most dedication of their profession.

4.2.5 Refusal to provide coverage

- Once the company refuse to provide the coverage or refuse to renew the insurance policy, the company will inform the insured in written letter.

4.2.6 Protection of Information's confidentiality and security

- The company will:
 1. Safekeeping health information, financial information and other related personal information of the prospective insured and the insured as confidential information.
 2. Only authorized personnel are allowed to access the confidential information of the prospective insured or the insured. Also, the access to such confidential data is controlled and supervised strictly.
 3. Security measure had been put in place to prevent the misuse of the confidential information, unauthorized access and disclose of confidential information.
 4. Protective measure had been put in place to prevent the disclosure of the confidential information to other party, unless it has authorized by the owner of such information or it is required by the law.

4.3 Indemnity management

4.3.1 Indemnity management guideline

- The company's guidelines on indemnity management are as follow:
 1. The company will prepare indemnity claim form without charging for any expense; or indemnity claim form or other document for filling the required information for the indemnity payment in Thai; that allow the insured to easily understand the indemnity claim

procedure, as well as provide any necessary information for the indemnity claim procedure.

2. The company will provide all the required information and procedure for the indemnity claim procedure with the easy to understand language in Thai.
3. The company will assist the insured in his indemnity claim as soon as it has been notified.
4. The company will provide the insured with information on consideration of his indemnity claim. The company will commence its consideration and evaluation procedure for the indemnity claim without hesitation, nor any behavior that delay the payment of the indemnity claim, in according with the law of insurance and the ministerial regulation of the Ministry of Finance. The company will commence such procedure as soon as it had received the indemnity claim application. Any indemnity claim that has been approved and it is now possible to identify the indemnity's payable amount, the company will pay such indemnity within 15 working days after the payment had been approved. Also, after the company had thoroughly considered and evaluated the damage and complementary information of the indemnity request, the company will inform the insured, within timely fashion, whether the claim will be reimburse or reject.
 - In the event that the company agrees to pay the indemnity; or require further information, the company will contact the insured immediately.

- In the event that the company rejects to pay the indemnity, the company will inform the insured, in written, as soon as possible, about the result of its consideration and the underlying reasons for such rejection, as well as procedure to settle any complaint.

While the company informs the insure about the underlying reason for its rejection of the indemnity claim, the following information will not be revealed to the insured:

1. Confidential information of the third party or concerning the third party.
2. Professional information that has been protected by the law
3. Information that may be disadvantageous for the company, or may cause the company to loss its right for further investigation or to dispute.

4.3.2 Controlling of the company's damage inspector, damage evaluator and indemnity officer

The company will govern those above mentioned personnel, whether they are the company's employee or not, who operate on the behalf of the company, to follow these guidelines

- 1) Perform their task appropriately, in according with their duty and profession.
- 2) Inform the insured about all the concerned term and condition, as well as the company that they are represented.

- 3) Following any other concerned regulation.

The company will govern those above mentioned personnel to operate in according with their assignment. Also, the company will deal with any complain against these personnel seriously.

4.4 Complaint management

4.4.1 Complaint management procedure

The company has procedure for managing the consumer's complaint against the company, its agent and its damage inspector. Such procedure is based on neutrality. There is also a specified appropriate amount of time for the complaint management

The complaint management procedure covers the following aspects:

- 1) The company will inform the consumer in written that it has been notified about the complaint, without any hesitation.
- 2) The company will reply to the consumer's complaints in written within 15 days after it has been notified.
- 3) The company will inform the consumer that if he is not satisfy with the company's answer or solution of the matter, the consumer can further submit his request to settle the matter with dispute settlement procedure.
- 4) The company will log all the received complaints, categorize by their type, and present all of the complaints to the company's administrator.
- 5) Information on receiving and managing the complain will be attached as part of each and every insurance policy, as well as with other complementary document to the insurance. Such information includes:

1. Complaints management process
2. General time to process the complaint
3. Complaints which will be justifiably consider by the company

In the event that the company has been asked by the consumer about the current process of the received complaint; or to answer the complaint, whether in written or other form; the company will answer the consumer's question immediately. And if it was found that the complaint hadn't been deal with properly, the company will inform the consumer about the following information:

- 1) The underlying reason for its inability to deal with the complaint
- 2) Information about the next possible procedure that the consumer may follow, for example, the consumer can further submit his request to settle the matter with dispute settlement procedure of the arbitration.

4.4.2 Complaint monitoring

The company provides some appropriate procedure that allow the monitoring of the complaints or disputes with its insured

4.4.3 Dispute settlement procedure

In the event that the complaint cannot be settle between the insured and the company, the company will inform the insured about procedure to deal with dispute, as specify by the Office of Insurance Commission (OIC)

Dispute against the company will be settle by the arbitration of the Thai General Insurance Association.

4.5 Treatment of the company's employee and responsibility of the company's top administrator.

4.5.1 For the treatment of its employee, the company will adhere to the following guidelines:

1. The company will verify and make sure that its employees, who work with the insurance services, indemnity management, and dispute settlement will thoroughly understand the regulation of the guideline; as well as having all the required and appropriate qualification and ability.
2. The company will provide sufficient amount of training for the employee which emphasize on their duty and responsibility, as well as the knowledge to provide insurance service and other services.
3. The company will make sure that there will be no conflict of interest with its employee's operation.
4. The company will make sure that each and every employee will strictly follow the anti bribe giving and receiving procedure.

4.5.2 Responsibility of the company's top administrator

The company has appropriately and clearly specified the scope of responsibility for its top administrator and made sure that its top administrator will possess the following qualification:

1. Have sufficient amount of knowledge and ability to perform their given task, especially those of risk management, strategic decision making and investment related decision making.
2. Be honest, have business ethics and be professional. Give their utmost caution and attention toward their given task.

3. Openly contact Thai General Insurance Association and other governmental agencies, with an appropriate tone for assistance requesting.

Part 3

5) Corporate governance

5.1 Policy and procedure for underwriting

The company prepared its policy and procedure for underwriting, with the following detail information:

- 1) Policy for underwriting
- 2) Level of the underwriter's authority, in accordance with the level of coverage or possible risk
- 3) Procedure for coverage approval
- 4) Appropriate guideline for payment of its agent's compensation that must not exceed the maximum rate, as required by the insurance registrar.

5.2 Policy and procedure for reinsuring

The company prepared its policy and procedure for reinsuring, with the following detail information:

1. All of the reinsurances should be evaluated in accordance with the underwriting policy of 5.1
2. The company can engage in the reinsurance only with the approved reinsurer, by the company's board

5.3 Policy and procedure for other subjects

Besides of the company's various guidelines, the company's board also prepared:

1. Operational manual that specifies detail procedures for controlling and operating, especially for the company's key operations.

2. Procedure for approving and verifying the company's important strategic plan and policy.

5.4 Policy on corporate governance

5.4.1 The company defined the following managerial structure:

1. Director
2. Executive director
3. Employee

5.4.2 List of the company director and executive director

- | | |
|----------------------------------|--|
| 1. Mr. Chalaw Fuangaromya | Independent director and Chairman |
| 2. Mr. Mongkol Pointra | Independent director and Vice chairman |
| 3. Mr. Phisit Setthawong | Independent director and Chairman of the audit committee |
| 4. Mrs. Pilai Piampongsant | Independent director and the audit committee |
| 5. Mrs. Pranee Phasipol | Independent director and the audit committee |
| 6. Mr. Jiraphant Asvatanakul | Director and CEO |
| 7. Mr. Thawan Viranont | Director and Advisor of CEO |
| 8. Mrs. Sutepee Asvatanakul | Director and Senior Executive Vice President |
| 9. Mrs. Sunee Theravithayangkura | Director and Company Secretary |

5.4.3 Authority of the company's director and executive director

1. The company must have at least 7 managing director, and more than half of the company's managing director must reside in the kingdom.
2. The shareholder meeting shall be responsible for the selection of the company's managing director, in accordance with the following guideline and procedure:

- (1) The shareholder has the right to cast the vote at the rate of one vote per one share.

- (2) All the shareholders must use all of their votes, in accordance with (1), to select one particular person or particular group; but they cannot divide their votes to multiple nominees.
 - (3) Those who have been nominated shall be selected, respectively by the number of their votes, until the required amount of managing director has been filled. In the event that any of the nominees have equal amount of votes, but the required amount of managing director has been filled; the chairperson will be the arbiter.
3. During each and every annual general meeting, one third of the managing director will be retired from such position. If the current amount of managing director cannot be exactly divided into three equal parts; then the closest amount of one third of the managing director will be retired. For the first and second year after the company's initial registration, the retiring of the managing director will be based on the lots drawing. For the later year, it will be based on the managing director's term in his position; managing director with the most seniority in his term will be retired first.
4. Besides the retiring of the managing director by the rotation, managing director shall be retired from such position under the following circumstances:
 - (1) Death
 - (2) Resignation
 - (3) Lack of the required qualification or having the forbidden qualification, in accordance with the law.

(4) The shareholder meeting's resolution

(5) By order of the court

5. If any managing director wishes to resign from his position, he must submit his resignation to the company; and it will be in effect once the company has received it.
6. In the event the any spot in the managing director become empty, from any other causes than typical rotation; the board of the managing director must nominate other person or group, who has the required qualification, as require by the law, to fill that vacancy in the board, during their next general meeting; unless the remaining term of such vacant position is less than 2 months. The replaced managing director will attend such position for the duration of the original remaining term of such position. The resolution from the board of managing director' meeting must be of three fourth of the remaining managing directors.
7. The resolution of the shareholder meeting can retire any of the managing director, before the end of his term, with more than three fourth of the shareholders' vote and quorum; and such vote has accumulated shares of more than half of the shareholder's shares and quorum.
8. The managing director can whether be the company's shareholder or not.
9. The board of managing director must choose one of the managing directors as their board's chairperson. In the event that the board of managing director sees fit, they can choose one or more managing directors as the board's vice chairpersons. These vice chairpersons are

responsible for the enterprise's regulation, pertaining to the chairperson's assignment.

10. During any meeting of the board of managing director, the quorum must be of at least half the total managing director. In the event that the board's chairperson is absent or unable to attend the meeting, any of the vice chairperson can be the meeting's chairperson. In the event that there is no vice chairperson, or there is any chairperson but he is unable to attend the meeting, the attended managing directors can choose one of the managing directors to act as the meeting chairperson.

The meeting's resolution comes from the majority. Any managing director has the right to vote on the matter, except those who are the stakeholder of such matter will not have the right to vote on such matter. If the votes are tied, the meeting's chairperson can cast an extra vote as the casting vote.

11. For the meeting call, the board's chairperson or the authorized managing director must send the meeting calls in written to the managing directors for at least 7 days in advance. Unless it is an urgent matter and for the protection of the company's right or interest, the meeting calls can be send via other means and the meeting date can be sooner than that.

12. The managing director must perform his duty while following the law, the company's objective and regulation and the shareholder meeting's resolution.

13. The managing director is forbidden from doing to same business, or being a partner with other business, or holding the share of other corporate that doing the same business, in a competitive manner, with

the company; unless it has been informed to the board of managing director' meeting prior to his appointment.

14. The managing director must inform the company without delay about his participation with other company who cause the increase or decrease in, or hold, the share or debenture, of the company or its subsidiaries.

15. The company's board of managing director is required to attend to at least 3 meeting a month.

- At least two of the managing directors are required to sign and brand the company's seal so that any document can be binding to the company.
- The board of managing director may assign any of its member as the company's authorized signatory, as well as grant such person authority to use the company's seal.

5.4.4 Board of the audit committee

1. Mr. Phisit Setthawong Chairman of the audit committee
2. Mrs. Pilai Piampongsant The audit committee
3. Mrs. Pranee Phasipol The audit committee
4. Miss Sirintr Nuntavoraset Secretary

5.4.5 Authority and responsibility of the board of auditor committee

1. Verify that the company's financial report is accurate and sufficient.
2. Verify that the company has the appropriate and efficient internal control and internal audit, as well as approving the appointment, transferring, laying off the director of the company's internal audit department

3. Verify that the company's operation is in accordance with the law on securities and stock market, regulation of the stock market, as well as any other law that relate to the company's business.
4. Consider and nominate independent person to serve as the company's auditor, as well as proposing the compensation for such person and attend to the meeting with the auditor which exclude any of the administrative personnel for at least once a year.
5. Consider any related matter, or matter that may cause conflict of interest, in accordance with the law and regulation of the stock market; make sure that such matter is reasonable and will be most profitable to the company.
6. Prepare the auditor committee's report on business administration and publicize it openly in the company's annual report. Such report must be signed by the chairperson of the board of auditor committee and must at least comprise of the following information
 - (a) Their opinion toward the legitimacy, accuracy and reliability of the company's financial report.
 - (b) Their opinion toward the sufficiency of the company's internal auditing system.
 - (c) Their opinion toward the company's operation, in accordance with the law on securities and stock market, regulation of the stock market, as well as any other law that relate to the company's business.
 - (d) Their opinion toward the appropriateness of the company's auditor.

- (e) Their opinion toward matter that may cause conflict of interest.
- (f) Number of the board of auditor committee's meeting and number of attending of each member of the board.
- (g) Their opinion or their overall observation of their operation, in accordance with the charter.
- (h) Any other necessary that the shareholder and general investor should know, within the scope of duty and responsibility that the company's managing directors had given them.

5.4.6 Authority and responsibility of the employee

The company determined operation structure for its employee, as depicted in the chart of section (3), and provided distinctively clear manual and operation procedure which emphasize on their accountability and operation's ethics; as well as following the governmental agencies' applicable rule and regulation, for example, law on labour relation and social security.

5.5 Shareholder's right

The company will arrange the shareholder general meeting for at least once a year. The meeting will be held at the company; and the company will send the meeting calls, along with complementary information for such meeting's agendas, to the shareholder for at least 7 days in advance. For each agenda, there will be accompanied by opinion of the managing director; the minutes will also be completely maintain so the shareholder can verify.

5.6 Stakeholders' right

The company emphasizes on the right of both internal and external stakeholders. Under the corporate governance principle, there are many groups of stakeholder. The key stakeholders are customer, administrator and employee,

shareholder (or investor), independent auditor and governmental agency. Other stakeholders are business competitor, creditor and community. This is because the company recognizes the contribution of these stakeholders to the company's success and business progress. The company's committees recognize the right of its stakeholders, as required by the law; and it is making sure that such right will be protected and treated fairly.

5.7 Shareholder's meeting

For the shareholder's meeting, the company will schedule the date and time for the shareholder's annual general meeting for at least once a year. During this meeting, all the directors will attend, both managing director, executive director and audit committee. The meeting's chairperson will allow each and every shareholder to have an equal right to examine the company's operation, ask their question, present their opinion and suggestion; which all will be recorded in the minute.

5.8 Leadership

The company's director must possess the leadership, vision; be independent with his decision that focuses on the highest profit for the company and its shareholder. The company's director, as well as its administrator, are responsible for their part and duty toward the shareholder. Therefore, the company provides internal control system and internal audit system, while determines its goal, business plan and budget, as well as monitors its operation, to make sure that everything will go as plan, efficiently.

5.9 Conflict of interest

The company's director, administrator and shareholder will evaluate the conflict of interest, based on the principle of honesty, trustworthy, rationality and independency, within the good ethics' frame. The company has policy on internal data application; on requiring its administrator to report change in the securities that the company is holding to the Securities and Exchange Commission, in accordance with Clause 59 of the

Securities and Exchange Act of 2535BE; and on requiring its administrative or department that have access to the internal data to disclose such data to the third party or non-involved person and forbidding them to purchase or sell the company's securities during one month period prior to the company's due date to publicize its financial statement.

5.10 Business ethics

The company passed some practices on ethics of the company's director, administrative and employee, so those concerned personnel can use such practices in their operation and serving the company and its stakeholder with honesty, trustworthiness and justness. The company also monitors their operation and defined some disciplinary action any violation.

5.11 Counterbalancing by non-executive director

The company's board of director comprises of 10 members, namely

- 4 executive directors
- 1 non-executive director
- 5 independent directors (which are accounted for 50 percents of the board)

5.12 Conglomerating and separating of position

- The chairperson is in independent director, in accordance with the definition of the Stock Exchange, and has no relationship with the executives
- The chairperson is not the same individual as the managing director; this is for the separation of duty to determine the governing policy and management of routine operation.

5.13 Compensation of the director and executives

The company has clearly determine the director's compensation, at the same rate of other company in the same industry, and high enough to preserve director with the required qualification, and it has been approved by the shareholder's meeting. The executives' compensation will be based on the principle and policy that the company's director had determined and depends on each individual executive's performance.

5.14 Board of director's meeting

The board of director is required to attend a monthly meeting at the end of each month. Such meeting's agenda must be clearly specified in advance and included the evaluation the routine operation's result. The company's secretary will send meeting calls, along with the agendas for such meeting and any complementary document, to the board for 7 days in advance; so they can study them before attend the meeting. The meeting will take about 2 hours and the minutes will be kept in written. The minute that has been approved by the board will be archived for later evaluation of the board and any involved personnel.

5.15 Subcommittee

Currently, the company has no subcommittee; and only has various groups of director, whose member and responsibility had been specified, especially the board of managing director and the audit committee, as specified in page 10 – 13 of this document.

5.16 Internal control and internal audit

The company emphasizes on its internal control, whether at the administrative level or operational level. And determines the duty and authority of its executive and operator clearly in written; as well as closely monitors the utilization of the company's asset and distinctively separate the duty of the operation, the monitor,

controller and evaluator personnel from each other. The company has an internal audit department that responsible for the evaluation of its key operation and financial activities; to make sure that they are proceeding in according with the specified guideline, as well as verify the following of the concerned law and regulation (Compliance Control). The company's director requires its internal audit department to present their auditing result report directly to the audit committee; and to have such report evaluate by the audit committee. This manner allows the internal audit department to be independent and can fully perform their auditing task.

5.17 The board of director's report

The company's board of director is responsible for the company's financial statement. The company's financial statement was prepared with the accounting standard which is widely approved in Thailand; and based on an appropriate accounting policy that has been follow regularly. The board exercises its utmost caution and judgment for the preparation and only discloses enough information in the financial statement's note.

The board also provides internal control system, to make sure that the logging of financial information was done accurately and completely; as well as setup the board of investigator which comprises of non-executive director, to be responsible for the financial report and internal control. The board of investigator's report was also shown in the company's annual report.

5.18 Relationship with the investor

The company realizes that its information affect the decision making of investor and stakeholders. Therefore, the company emphasizes its executives on disclosing the complete, accurate and reliable information. However, there are not many activities on investor relation and hence, the company hasn't setup any unit for

them. In any case, the company assigned its managing director of profits department to be responsible for the communication with and providing information to investor, shareholder. Investor and shareholder can access further information about the company from website: www.thaivivat.co.th

5.19 Reporting and monitoring of financial route

The company constantly analyze, control and monitor its business's finance, these processes include:

1. Operation result from insuring, such as, indemnity ratio, agent's commission ratio and company's expense ratio.
2. The overall insured amount and the overall beard risk (retention)
3. Premium rate
4. Investment and marginal rate of investment
5. Tax
6. Liquidity
7. Expected amount of receivable cash flow in the future

The company is working to make sure that its presenting of financial report to the third party will be explicit, accurate and providing reliable information for user.