

Thaivivat Insurance Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Thavivat Insurance Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thavivat Insurance Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thavivat Insurance Public Company Limited for the same period

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Insurance premiums recognition

In 2019, the Group had revenue from insurance premiums amounting to Baht 4,810 million, which were derived from retail insured and had a large number of policies. The insurance premiums are collected from variety customers and insurance premiums amount rely on the processing of information technology system. I therefore focused the recognition of insurance premiums with respect to the amount and appropriate timing.

I have assessed and tested the internal controls of information technology system and its internal controls with respect to underwriting, insurance premiums calculation and revenue recognition of insurance premiums by making enquiry of responsible executives, gaining an understanding and selecting representative samples to test the operation of the designed controls with respond to the amount and timing of revenue recognition in financial statements. In addition, I selected representative samples of insurance policies and related supporting documents to assess whether revenue recognition was consistent with conditions specified in the insurance policies and whether it was in compliance with the Group's policy. I reviewed the insurance policies and endorsement transactions occurring during the accounting period, before and after period-end, which were recognised as revenues of the Group. Moreover, I performed analytical procedures to compare insurance premiums recognised throughout the period and examined on sampling basis for accounting entries related to insurance premiums made through journal vouchers.

Insurance contract liabilities - claim reserves and outstanding claims

Insurance contract liabilities - claim reserves and outstanding claims account is highly significant to the financial statements. As at 31 December 2019, the Company and its subsidiary had claim reserves and outstanding claims amounted to Baht 1,493 million (representing 29 percent of total liabilities). Claim reserves and outstanding claims included both claims incurred and reported and claims incurred but not reported, which were calculated by the Company's management using actuarial techniques. The key assumptions applied were based on historical data and required the management to exercise substantial judgement in estimating such reserves so I addressed the adequacy of claim reserves and outstanding claims as a key audit matter. In addition, such claim reserves and outstanding claims are directly relevant to the claim reserves and outstanding claims refundable from reinsurers which were also calculated by the Company's management using actuarial techniques. As at 31 December 2019, the Company and its subsidiary had claim reserves and outstanding claims refundable from reinsurers amounting to Baht 201 million.

I assessed and tested the internal controls relevant to claims, loss adjustments, estimation of claim reserves and outstanding claims and reinsurance, by making enquiry of responsible executives regarding the criteria and assumptions used in the estimates made by the actuary. I selected, on a sampling basis, data used by the actuary in calculating claim reserves, performed random test on major claims file, and performed analytical procedures on the frequency of claims and average loss per claim. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserve recognised in the accounts, assessed the assumptions and methods used in the calculation, and compared the assumptions to those used in the prior year. Moreover, I reviewed the estimates of claim reserves and outstanding claims refundable from reinsurers.

Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

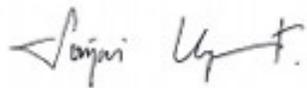
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 27 February 2020

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Cash and cash equivalents	6	225,295,248	229,766,928	224,224,888	227,320,041
Premium receivables	7	610,378,090	523,277,518	610,196,971	523,143,844
Accrued investment income		12,103,543	12,040,139	5,409,833	7,306,365
Reinsurance assets	8	527,108,655	408,451,103	527,108,655	408,451,103
Reinsurance from receivables contracts	9	149,908,416	215,132,383	151,801,003	215,937,578
Investment assets					
Investments in securities	10	3,778,639,103	3,262,293,511	3,737,657,770	3,216,490,844
Loans	11	7,698,362	7,168,090	7,698,362	7,168,090
Investment in subsidiary	12	-	-	67,200,000	67,200,000
Property, buildings and equipment	13	327,892,411	317,223,243	325,866,086	312,882,797
Goodwill	12	16,320,000	18,240,000	-	-
Intangible assets - computer software	14	10,024,009	10,199,695	10,014,112	10,087,936
Deferred tax assets	15	116,754,455	91,702,016	116,754,455	91,702,016
Other assets	16	748,596,970	553,947,851	749,438,168	554,393,839
Total assets		6,530,719,262	5,649,442,477	6,533,370,303	5,642,084,453

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

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of financial position (Continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and equity					
Liabilities					
Insurance contract liabilities	17	3,828,683,263	3,135,720,447	3,825,739,637	3,133,927,643
Amount due to reinsurers	18	470,390,892	506,562,790	470,390,892	506,562,790
Income tax payable		12,727,431	15,420,600	12,727,431	15,420,600
Employee benefit obligations	19	122,473,024	91,215,706	122,473,024	91,215,706
Other liabilities	20	782,871,589	647,871,888	781,991,597	647,203,550
Total liabilities		5,217,146,199	4,396,791,431	5,213,322,581	4,394,330,289
Equity					
Share capital					
Registered					
303,000,000 ordinary shares of Baht 1 each		303,000,000	303,000,000	303,000,000	303,000,000
Issued and paid-up					
303,000,000 ordinary shares of Baht 1 each		303,000,000	303,000,000	303,000,000	303,000,000
Premium on share capital		163,800,007	163,800,007	163,800,007	163,800,007
Retained earnings					
Appropriated - statutory reserve	21	30,300,000	30,300,000	30,300,000	30,300,000
Unappropriated		666,821,079	621,258,591	674,335,746	626,021,433
Other components of equity					
Surplus on changes in value of available-for-sale investments	10.3	148,611,969	124,632,724	148,611,969	124,632,724
Exchange differences on translation of financial statements in foreign currency		(12,281,594)	(6,497,341)	-	-
Equity attributable to shareholders of the Company		1,300,251,461	1,236,493,981	1,320,047,722	1,247,754,164
Non-controlling interests of the subsidiary		13,321,602	16,157,065	-	-
Total equity		1,313,573,063	1,252,651,046	1,320,047,722	1,247,754,164
Total liabilities and equity		6,530,719,262	5,649,442,477	6,533,370,303	5,642,084,453
		-	-	-	-

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





Directors



Directors

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Profit or loss:					
Income					
Gross premium written		4,809,543,733	4,155,144,164	4,806,271,867	4,152,256,441
Less: Premium ceded to reinsurers		(984,809,807)	(893,260,258)	(984,809,807)	(893,260,258)
Net premium written		3,824,733,926	3,261,883,906	3,821,462,060	3,258,996,183
less: Unearned premium reserves increase					
from prior year		(358,140,199)	(284,067,127)	(357,458,942)	(283,682,774)
Net earned premium		3,466,593,727	2,977,816,779	3,464,003,118	2,975,313,409
Fee and commission income		269,682,980	242,016,544	269,682,980	242,016,544
Investment income		82,227,469	69,638,622	79,606,485	66,664,408
Gain (loss) on investments		37,082,739	(16,496,961)	37,082,739	(16,496,961)
Gain (loss) on fair value adjustment of investments		17,415,831	(29,919,537)	17,415,831	(29,919,537)
Other income		14,536,176	7,296,269	14,550,576	7,371,102
Total income		3,887,538,922	3,250,351,716	3,882,341,729	3,244,948,965
Expenses					
Claims and loss adjustment expenses		2,824,319,461	2,102,671,175	2,821,264,555	2,099,902,669
Less: Claim recovered from reinsurers		(750,886,817)	(412,611,029)	(750,886,817)	(412,611,029)
Commission and brokerage expenses		771,669,316	675,857,746	771,198,910	675,538,334
Other underwriting expenses		364,102,676	267,490,735	363,868,396	267,321,699
Operating expenses	22	542,194,271	480,984,031	536,825,491	474,160,366
Total expenses		3,751,398,907	3,114,392,658	3,742,270,535	3,104,312,039
Profit before income tax		136,140,015	135,959,058	140,071,194	140,636,926
Income tax expenses	15	(23,982,705)	(25,266,409)	(23,982,705)	(25,266,409)
Profit for the year		112,157,310	110,692,649	116,088,489	115,370,517

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

Thaivivat Insurance Public Company Limited and its subsidiary
Statements of comprehensive income (continued)
For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Other comprehensive income:				
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods				
Exchange differences on translation of				
financial statements in foreign currency (loss)				
	(7,440,362)	(2,219,058)	-	-
Gain (loss) on changes in value of available-for-sale				
investments				
	29,974,056	(24,398,316)	29,974,056	(24,398,316)
Less: Income tax effect				
15.2	(5,994,811)	4,879,663	(5,994,811)	4,879,663
Net other comprehensive income to be reclassified				
to profit or loss in subsequent periods (loss)				
	16,538,883	(21,737,711)	23,979,245	(19,518,653)
Other comprehensive income not to be reclassified				
to profit or loss in subsequent periods				
Actuarial gain (loss)				
	(8,967,720)	2,691,256	(8,967,720)	2,691,256
Less: Income tax effect				
15.2	1,793,544	(538,251)	1,793,544	(538,251)
Net other comprehensive income not to be reclassified				
to profit or loss in subsequent periods (loss)				
	(7,174,176)	2,153,005	(7,174,176)	2,153,005
Other comprehensive income for the year				
- net of income tax (loss)				
	9,364,707	(19,584,706)	16,805,069	(17,365,648)
Total comprehensive income for the year				
	121,522,017	91,107,943	132,893,558	98,004,869
Profit for the year attributable to:				
Equity holders of the Company				
	113,336,664	112,096,010	116,088,489	115,370,517
Non-controlling interests of the subsidiary (loss)				
	(1,179,354)	(1,403,361)		
	112,157,310	110,692,649		
Total comprehensive income for the year attributable to:				
Equity holders of the Company				
	124,357,480	93,033,021	132,893,558	98,004,869
Non-controlling interests of the subsidiary (loss)				
	(2,835,463)	(1,925,078)		
	121,522,017	91,107,943		
Earnings per share				
25				
Basic earnings per share				
Profit attributable to equity holders of the Company				
	0.37	0.37	0.38	0.38

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

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of cash flows

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Cash flows from (used in) operating activities				
Direct premium written	4,750,562,325	4,107,218,019	4,744,554,273	4,103,004,567
Cash paid for reinsurance	(40,944,483)	(311,270,129)	(40,249,910)	(310,641,258)
Interest income	30,984,911	30,301,833	30,822,155	30,015,376
Dividend income	50,794,962	36,214,700	50,794,962	36,214,700
Other investment income	2,238,390	2,736,620	2,238,390	2,736,620
Other income	11,979,600	4,244,257	11,988,850	4,295,871
Claim incurred on direct insurance	(2,541,349,378)	(2,124,209,226)	(2,538,691,228)	(2,121,534,387)
Loss adjustment expenses on direct insurance	(52,330,351)	(41,818,025)	(52,292,555)	(41,767,021)
Commission and brokerage on direct insurance	(765,821,463)	(665,951,149)	(764,884,073)	(665,456,175)
Other underwriting expenses	(361,998,100)	(266,426,855)	(361,763,820)	(266,257,820)
Operating expenses	(458,547,823)	(390,531,386)	(456,177,108)	(387,143,630)
Income tax	(55,929,580)	(20,931,039)	(55,929,580)	(20,931,039)
Investments in securities	(618,505,688)	(243,182,646)	(618,505,688)	(243,182,646)
Loans	(530,272)	(1,453,528)	(530,272)	(1,453,528)
Deposits at financial institutions	142,945,572	(48,101,544)	142,945,572	(50,837,544)
Net cash from operating activities	93,548,622	66,839,902	94,319,968	67,062,086
Cash flows from (used in) investing activities				
Purchases of property, buildings and equipment	(35,425,513)	(49,000,230)	(35,056,622)	(48,690,619)
Purchase of intangible assets.	(1,967,763)	(7,780,836)	(1,967,763)	(7,593,213)
Disposals of equipment	230,541	372,044	209,264	372,044
Net cash used in investing activities	(37,162,735)	(56,409,022)	(36,815,121)	(55,911,788)
Cash flows from (used in) financial activities				
Dividend paid	(60,600,000)	(21,209,944)	(60,600,000)	(21,209,944)
Net cash used in financial activities	(60,600,000)	(21,209,944)	(60,600,000)	(21,209,944)
Decrease in translation adjustments	(257,567)	(98,148)	-	-
Net decrease in cash and cash equivalents	(4,471,680)	(10,877,212)	(3,095,153)	(10,059,646)
Cash and cash equivalents at beginning of year	229,766,928	240,644,140	227,320,041	237,379,687
Cash and cash equivalents at end of year	225,295,248	229,766,928	224,224,888	227,320,041
	-	-	-	-

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

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of changes in equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements									
Equity attributable to equity holders of the Company									
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiary	Total equity
			Appropriated - statutory reserve	Unappropriated	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency			
Balance as at 1 January 2018	303,000,000	163,800,007	30,300,000	528,219,520	144,151,377	(4,800,000)	1,164,670,904	18,082,143	1,182,753,047
Profit for the year	-	-	-	112,096,010	-	-	112,096,010	(1,403,361)	110,692,649
Other comprehensive income for the year (loss)	-	-	-	2,153,005	(19,518,653)	(1,697,341)	(19,062,989)	(521,717)	(19,584,706)
Total comprehensive income for the year (loss)	-	-	-	114,249,015	(19,518,653)	(1,697,341)	93,033,021	(1,925,078)	91,107,943
Dividend paid during the year (Note 26)	-	-	-	(21,209,944)	-	-	(21,209,944)	-	(21,209,944)
Balance as at 31 December 2018	303,000,000	163,800,007	30,300,000	621,258,591	124,632,724	(6,497,341)	1,236,493,981	16,157,065	1,252,651,046
Balance as at 1 January 2019	303,000,000	163,800,007	30,300,000	621,258,591	124,632,724	(6,497,341)	1,236,493,981	16,157,065	1,252,651,046
Profit for the year	-	-	-	113,336,664	-	-	113,336,664	(1,179,354)	112,157,310
Other comprehensive income for the year (loss)	-	-	-	(7,174,176)	23,979,245	(5,784,253)	11,020,816	(1,656,109)	9,364,707
Total comprehensive income for the year (loss)	-	-	-	106,162,488	23,979,245	(5,784,253)	124,357,480	(2,835,463)	121,522,017
Dividend paid during the year (Note 26)	-	-	-	(60,600,000)	-	-	(60,600,000)	-	(60,600,000)
Balance as at 31 December 2019	303,000,000	163,800,007	30,300,000	666,821,079	148,611,969	(12,281,594)	1,300,251,461	13,321,602	1,313,573,063

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

Thaivivat Insurance Public Company Limited and its subsidiary

Statements of changes in equity

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity - surplus on changes in value of available-for-sale investments	Total equity
			Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2018	303,000,000	163,800,007	30,300,000	529,707,855	144,151,377	1,170,959,239
Profit for the year	-	-	-	115,370,517	-	115,370,517
Other comprehensive income for the year (loss)	-	-	-	2,153,005	(19,518,653)	(17,365,648)
Total comprehensive income for the year (loss)	-	-	-	117,523,522	(19,518,653)	98,004,869
Dividend paid during the year (Note 26)	-	-	-	(21,209,944)	-	(21,209,944)
Balance as at 31 December 2018	<u>303,000,000</u>	<u>163,800,007</u>	<u>30,300,000</u>	<u>626,021,433</u>	<u>124,632,724</u>	<u>1,247,754,164</u>
Balance as at 1 January 2019	303,000,000	163,800,007	30,300,000	626,021,433	124,632,724	1,247,754,164
Profit for the year	-	-	-	116,088,489	-	116,088,489
Other comprehensive income for the year (loss)	-	-	-	(7,174,176)	23,979,245	16,805,069
Total comprehensive income for the year (loss)	-	-	-	108,914,313	23,979,245	132,893,558
Dividend paid during the year (Note 26)	-	-	-	(60,600,000)	-	(60,600,000)
Balance as at 31 December 2019	<u>303,000,000</u>	<u>163,800,007</u>	<u>30,300,000</u>	<u>674,335,746</u>	<u>148,611,969</u>	<u>1,320,047,722</u>
	-	-	-	-	-	-

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

Thaivivat Insurance Public Company Limited and its subsidiary

Notes to financial statements

For the year ended 31 December 2019

1. General information

Thaivivat Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in non-life insurance. The registered office of the Company is at 71 Thaivivat Insurance Building, Dindaeng Road, Samsen Nai, Phayathai, Bangkok.

2. Basis for preparation of the financial statements

2.1 Basis for preparation of the financial statements

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

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

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

2.2 Basis for consolidation financial statements

- (a) The consolidated financial statements include the financial statements of Thaivivat Insurance Public Company Limited (“the Company”) and the following subsidiary (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			Percent	Percent
Laovivat Insurance Co., Ltd.	Non-life insurance	Lao PDR	70.0	70.0

- (b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- (d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in equity.
- (e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Basis for preparation of separate financial statements

The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Company's and its subsidiary's financial statements.

TFRS 4 (revised 2018) Insurance contracts

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

This standard does not have any significant impact on the Company's and its subsidiary's financial statements.

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

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

This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

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

In addition, the accounting guidance has some differences from TFRS 7 with respect to disclosures.

The Company's management has decided that, even though the Company meets the criteria stipulated in TFRS 4 enabling it to use Thai Accounting Guidance, it would be more appropriate to adopt Financial reporting standards related to financial instruments.

The management of the Company expects the adoption of these accounting standards to result in the following adjustments

- Classification and measurement of investments in equity instruments of non-listed companies (other investment)

The Company is to measure investments in equity instruments of non-listed companies (other investment) at fair value and to classify the investments as financial assets at fair value through other comprehensive income. If the Company elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.

- Classification and measurement of investments in available-for-sale securities

The Company's available-for-sale securities are measured at fair value through other comprehensive income. The Company has to decide to reclassify these investments as financial assets at fair value through profit or loss or fair value through other comprehensive income. In case the Company decided to classify as financial assets at fair value through profit or loss, the cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.

- Recognition of credit losses

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

The management of the Company and its subsidiary are currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

TFRS 16 Leases

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

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

The Company's and its subsidiary's management plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated. The Company's and its subsidiary's management believe that adoption of this standard will not have any significant impact on the financial statements.

4. Significant accounting policies

4.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period each year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Commission and brokerage fees income

Commission and brokerage fees from ceded premium are recognised when the insurance risk is transferred to another insurer.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as unearned items and amortised to income in annual amounts over the coverage period.

- (c) Investment income

Interest and dividend income

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend is recognised when the right to receive the dividend is established.

Interest income on loan

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

- (d) Gain (loss) on investments

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

4.2 Expenses recognition

- (a) Ceded premium

Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurance company under relevant direct policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expenses and recognised as expenses over the coverage period each year.

- (b) Claim and loss adjustment expenses

Claim and loss adjustment expense consist of claim and loss adjustment expenses of direct insurance and reinsurance of both reported claim and not reported claim, and include the amounts of claim, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims recovery from reinsurer is recognised when claim and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.

Claim and loss adjustment expenses of direct insurance is recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured and estimates made by the management. The maximum value of claim estimated is not however, to exceed the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

(c) Commission and brokerage expenses

Commission and brokerage are expended when incurred.

Commission and brokerage paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period each year.

(d) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(e) Operating expenses

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

4.3 Product classification

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

The Company and its subsidiary classify contracts based on assessment of the insurance risk at an inception of contract, on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance for doubtful accounts

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

Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

4.6 Reinsurance assets

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claim in accordance with the law regarding insurance reserve calculation, and unearned premium reserves.

The Company and its subsidiary set up an allowance for doubtful accounts of reinsurance assets when had indicator for impairment, based on losses that may be incurred due to uncollectible, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.7 Reinsurance receivables and amount due to reinsurers

- (a) Reinsurance receivables are stated at the outstanding balance of amount due from reinsurers and amount deposit on reinsurance.

Amount due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company and its subsidiary set up an allowance for doubtful accounts for estimated loss 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.

- (b) Due to reinsurers consist of outstanding balance of amount due to reinsurers and amount withheld on reinsurance.

Amount due to reinsurers consist of reinsurance premiums, and other items payable to reinsurers, excluding loss reserve from reinsurance.

The Company and its subsidiary present net of reinsurance to the same entity (reinsurance receivables or amounts due to reinsurers) when the following criteria for offsetting are met.

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

4.8 Investments

(a) Investment securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

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.

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.

Investments in non-marketable equity securities, which the Company and its subsidiary classify as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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

In the event the Company and its subsidiary reclassify investments from one type to another, such investment will be readjusted to its 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 investments that is reclassified.

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

(b) Investment in subsidiary

Investments in subsidiary is accounted for in the separate financial statements using the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expense in the statement of comprehensive income.

4.9 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans 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 allowance for doubtful accounts is recorded as expenses in profit or loss.

4.10 Property, buildings and equipment and depreciation

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

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

Buildings	-	20 years
Furniture and equipment	-	2 - 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and work in process

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.

4.11 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (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 assets 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. No amortisation is provided on computer software under development.

The intangible assets with finite useful lives which are computer software are 2 and 10 years.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired.

Goodwill is carried at cost less any accumulated impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment review in respect of the property, buildings 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 as part of the statement of comprehensive income.

In the assessment of asset impairment if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Company and its subsidiary estimate 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 in 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 in profit or loss.

4.14 Insurance contract liabilities

Insurance contract liabilities consist of claim reserve and outstanding claims and premium reserves.

(a) Claim reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the management. The maximum value of claims estimate is however, not to exceed the sum-insured under the relevant policy.

Claim reserves are calculated by using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses that occurred before or as at the end of the reporting date, covering both reported and not reported loss, and including loss adjustment expense, after deducting salvage values and other recoverable value. The different between the calculated claim reserves and the claim already recognised are recorded as incurred but not yet reported claims (IBNR).

(b) Premium reserves

Premium reserves consist of unearned premium reserve and unexpired risk reserve.

(1) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	- Daily average basis by the period of coverage under policy

(2) 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 and its subsidiary compare 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 and the unexpired risk reserve is therefore presented in the financial statements.

The increase or decrease in premium reserve from prior year is to be recognised in profit or loss.

4.15 Employee benefits

(a) Short-term employee benefits

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

(b) 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 these severance payment obligations as a defined benefit plan.

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

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Provisions

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

4.17 Long-term lease

Leases of premises or equipment 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 payables, while the interest element is charged to statements of income over the lease period. The premises or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in statements of income on a straight-line basis over the lease term.

4.18 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

Gain and loss on exchange are included in the statement of income.

4.19 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 its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise 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 and its subsidiary review and reduce 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 and its subsidiary record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.20 Related party transactions

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

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

4.21 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

5.1 Recognition and derecognition of assets and liabilities

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

5.2 Allowance for doubtful accounts on loan receivables/ premium receivables/ amount due from reinsurers and claim receivable from litigants

In determining an allowance for doubtful accounts on loan receivables/ premium receivables/ amount due from reinsurers and claim receivable from litigants, the management needs to make judgement and estimates based upon, among other things, past collection history, aging of outstanding debts and the prevailing economic condition.

5.3 Impairment of investments in securities

The Company and its subsidiary treat investments in securities as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

5.4 Property, buildings and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual value of the buildings and equipment, and to review estimate useful lives and residual value 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 loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 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.

5.6 Loss reserves and outstanding claims

At the end of each reporting period, the Company and its subsidiary have to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred loss, average costs per claim and claim numbers, etc. Nevertheless, the estimation requires the management's judgements reflecting the best estimate available at that time, such estimates are forecasts of future outcomes, and actual results could differ.

5.7 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 judgement, with reference to historical data and the best estimates available at that time.

5.8 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.

5.9 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period.

5.10 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Cash on hand	4,382,228	1,181,029	4,204,884	1,146,293
Deposits at banks with no fixed maturity date	218,128,284	225,614,923	217,235,268	223,202,772
Deposits at banks and certificate of deposit				
with fixed maturity date	<u>2,784,736</u>	<u>2,970,976</u>	<u>2,784,736</u>	<u>2,970,976</u>
Cash and cash equivalents	<u>225,295,248</u>	<u>229,766,928</u>	<u>224,224,888</u>	<u>227,320,041</u>

As at 31 December 2019, saving deposits and fixed deposits carried interest between 0.25% and 1.25% per annum (Separate financial statements: 0.25% and 1.10% per annum) (2018: between 0.25% and 1.25% per annum for the consolidated financial statements and between 0.25% and 0.80% per annum for the separate financial statements).

7. Premium receivables

The balances as at 31 December 2019 and 2018 of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Not yet due	512,579,872	455,916,978	512,484,788	455,853,757
Not over 30 days	60,443,090	37,631,916	60,359,220	37,618,964
Over 30 days to 60 days	15,046,872	15,270,332	15,045,230	15,236,970
Over 60 days to 90 days	10,286,366	4,753,443	10,285,843	4,729,304
Over 90 days	14,887,323	11,548,869	14,887,323	11,548,869
Total premium receivables	613,243,523	525,121,538	613,062,404	524,987,864
Less: Allowance for doubtful accounts	(2,865,433)	(1,844,020)	(2,865,433)	(1,844,020)
Total premium receivables, net	610,378,090	523,277,518	610,196,971	523,143,844

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company takes legal actions with such agents and brokers on a case by case basis.

8. Reinsurance assets

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Insurance reserves refundable from reinsurers				
Claim reserves and outstanding claims	201,362,443	96,097,494	201,362,443	96,097,494
Unearned premium reserves	325,746,212	312,353,609	325,746,212	312,353,609
Reinsurance assets	527,108,655	408,451,103	527,108,655	408,451,103

9. Receivables from reinsurance contracts

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Amounts deposited on reinsurance	-	-	95,269	14,470
Amounts due from reinsurers	149,908,416	215,132,383	151,705,734	215,923,108
Receivables from reinsurance contracts	<u>149,908,416</u>	<u>215,132,383</u>	<u>151,801,003</u>	<u>215,937,578</u>

As at 31 December 2019 and 2018, the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	Consolidated financial		Separate	
	statements		financial statements	
	2019	2018	2019	2018
Not yet due	31,966,025	180,351,097	32,714,866	180,386,028
Not over 1 year	117,724,878	34,563,848	118,773,355	35,319,642
Over 1 year to 2 years	217,513	217,438	217,513	217,438
Total amounts due from reinsurers	<u>149,908,416</u>	<u>215,132,383</u>	<u>151,705,734</u>	<u>215,923,108</u>

10. Investments in securities

10.1 Classified by type of investments

As at 31 December 2019 and 2018, carrying amount of investments in securities are classified as follows:

(Unit: Baht)

	Consolidated financial statements			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Government and state enterprise securities	30,669,090	30,712,702	-	-
Equity securities	319,856,323	310,979,223	257,794,575	231,340,421
Unit trusts	8,557,645	8,352,810	-	-
Total	359,083,058	350,044,735	257,794,575	231,340,421
Less: Unrealised loss	(9,038,323)		(26,454,154)	
Trading investments, net	350,044,735		231,340,421	
Available-for-sale investments				
Government and state enterprise securities	80,014,061	81,777,229	90,018,592	90,276,442
Private debt securities	400,093,940	408,533,599	430,093,940	434,087,501
Equity securities	50,505,830	96,707,987	50,506,668	112,038,147
Unit trusts	2,331,143,716	2,452,514,320	1,510,394,265	1,593,141,045
Total	2,861,757,547	3,039,533,135	2,081,013,465	2,229,543,135
Add: Unrealised gain	185,764,961		155,790,905	
Less: Allowance for impairment	(7,989,373)		(7,261,235)	
Available-for-sale investments, net	3,039,533,135		2,229,543,135	
Held-to-maturity investments				
Government and state enterprise securities	331,216,667		595,635,371	
Private debt securities	841,000		841,000	
Deposits at financial institutions which amounts maturing in over 3 months	54,123,916		202,053,934	
Total	386,181,583		798,530,305	
Less: Allowance for impairment	(841,000)		(841,000)	
Held-to-maturity investments, net	385,340,583		797,689,305	
Other investments				
Equity securities	3,720,650		3,720,650	
Other investments, net	3,720,650		3,720,650	
Total investments in securities	3,778,639,103		3,262,293,511	

(Unit: Baht)

	Separate financial statements			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Government and state enterprise securities	30,669,090	30,712,702	-	-
Equity securities	319,856,323	310,979,223	257,794,575	231,340,421
Unit trusts	8,557,645	8,352,810	-	-
Total	359,083,058	350,044,735	257,794,575	231,340,421
Less: Unrealised loss	(9,038,323)		(26,454,154)	
Trading investments, net	350,044,735		231,340,421	
Available-for-sale investments				
Government and state enterprise securities	80,014,061	81,777,229	90,018,592	90,276,442
Private debt securities	400,093,940	408,533,599	430,093,940	434,087,501
Equity securities	50,505,830	96,707,987	50,506,668	112,038,147
Unit trusts	2,331,143,716	2,452,514,320	1,510,394,265	1,593,141,045
Total	2,861,757,547	3,039,533,135	2,081,013,465	2,229,543,135
Add: Unrealised gain	185,764,961		155,790,905	
Less: Allowance for impairment	(7,989,373)		(7,261,235)	
Available-for-sale investments, net	3,039,533,135		2,229,543,135	
Held-to-maturity investments				
Government and state enterprise securities	331,216,667		595,635,371	
Private debt securities	841,000		841,000	
Deposits at financial institutions which amounts maturing in over 3 months	13,142,583		156,251,267	
Total	345,200,250		752,727,638	
Less: Allowance for impairment	(841,000)		(841,000)	
Held-to-maturity investments, net	344,359,250		751,886,638	
Other investments				
Equity securities	3,720,650		3,720,650	
Other investments, net	3,720,650		3,720,650	
Total investments in securities	3,737,657,770		3,216,490,844	

10.2 Classified by remaining period of debt securities

Investment in debt securities as at 31 December 2019 and 2018 have period to maturity as follow:

(Unit: Baht)

	Consolidated financial statements				
	2019				
	Period to maturity				Total
Overdue	Within 1 year	1 - 5 years	Over 5 years		
<u>Trading investments</u>					
Government and state enterprise securities	-	-	30,669,090	-	30,669,090
Total	-	-	30,669,090	-	30,669,090
Add: Unrealised gain	-	-	43,612	-	43,612
Total trading investments	-	-	30,712,702	-	30,712,702
<u>Available-for-sale investments</u>					
Government and state enterprise securities	-	-	80,014,061	-	80,014,061
Private debt securities	93,940	155,000,000	195,000,000	50,000,000	400,093,940
Total	93,940	155,000,000	275,014,061	50,000,000	480,108,001
Add: Unrealised gain	-	867,971	7,259,821	2,168,975	10,296,767
Less: Allowance for impairment	(93,940)	-	-	-	(93,940)
Total available-for-sale investments	-	155,867,971	282,273,882	52,168,975	490,310,828
<u>Held-to-maturity investments</u>					
Government and state enterprise securities	-	139,984,200	181,232,467	10,000,000	331,216,667
Private debt securities	841,000	-	-	-	841,000
Deposit at financial institutions which amounts maturing in over 3 months	-	54,034,980	88,936	-	54,123,916
Total	841,000	194,019,180	181,321,403	10,000,000	386,181,583
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total held-to-maturity investments	-	194,019,180	181,321,403	10,000,000	385,340,583

(Unit: Baht)

Consolidated financial statements					
2018					
Period to maturity					
Overdue	Within 1 year	1 - 5 years	Over 5 years	Total	
Available-for-sale investments					
Government and state enterprise securities	-	10,000,000	80,018,592	-	90,018,592
Private debt securities	93,940	160,000,000	190,000,000	80,000,000	430,093,940
Total	93,940	170,000,000	270,018,592	80,000,000	520,112,532
Add: Unrealised gain	-	158,789	2,356,650	1,735,972	4,251,411
Total available-for-sale investments	93,940	170,158,789	272,375,242	81,735,972	524,363,943
Held-to-maturity investments					
Government and state enterprise securities	-	314,009,249	271,626,122	10,000,000	595,635,371
Private debt securities	841,000	-	-	-	841,000
Deposit at financial institutions which amounts maturing in over 3 months	-	159,812,647	42,241,287	-	202,053,934
Total	841,000	473,821,896	313,867,409	10,000,000	798,530,305
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total held-to-maturity investments	-	473,821,896	313,867,409	10,000,000	797,689,305

(Unit: Baht)

Separate financial statements					
2019					
Period to maturity					
Overdue	Within 1 year	1 - 5 years	Over 5 years	Total	
Trading investments					
Government and state enterprise securities	-	-	30,669,090	-	30,669,090
Total	-	-	30,669,090	-	30,669,090
Add: Unrealised gain	-	-	43,612	-	43,612
Total trading investments	-	-	30,712,702	-	30,712,702
Available-for-sale investments					
Government and state enterprise securities	-	-	80,014,061	-	80,014,061
Private debt securities	93,940	155,000,000	195,000,000	50,000,000	400,093,940
Total	93,940	155,000,000	275,014,061	50,000,000	480,108,001
Add: Unrealised gain	-	867,971	7,259,821	2,168,975	10,296,767
Less: Allowance for impairment	(93,940)	-	-	-	(93,940)
Total available-for-sale investments	-	155,867,971	282,273,882	52,168,975	490,310,828
Held-to-maturity investments					
Government and state enterprise securities	-	139,984,200	181,232,467	10,000,000	331,216,667
Private debt securities	841,000	-	-	-	841,000
Deposit at financial institutions which amounts maturing in over 3 months	-	13,053,647	88,936	-	13,142,583
Total	841,000	153,037,847	181,321,403	10,000,000	345,200,250
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total held-to-maturity investments	-	153,037,847	181,321,403	10,000,000	344,359,250

(Unit: Baht)

	Separate financial statements				
	2018				
	Period to maturity				
	Overdue	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Available-for-sale investments</u>					
Government and state enterprise securities	-	10,000,000	80,018,592	-	90,018,592
Private debt securities	93,940	160,000,000	190,000,000	80,000,000	430,093,940
Total	93,940	170,000,000	270,018,592	80,000,000	520,112,532
Add : Unrealised gain	-	158,789	2,356,650	1,735,972	4,251,411
Total available-for-sale investments	93,940	170,158,789	272,375,242	81,735,972	524,363,943
<u>Held-to-maturity investments</u>					
Government and state enterprise securities	-	314,009,249	271,626,122	10,000,000	595,635,371
Private debt securities	841,000	-	-	-	841,000
Deposit at financial institutions which amounts maturing in over 3 months	-	156,164,647	86,620	-	156,251,267
Total	841,000	470,173,896	271,712,742	10,000,000	752,727,638
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total held-to-maturity investments	-	470,173,896	271,712,742	10,000,000	751,886,638

10.3 Other components of equity - surplus on changes in value of available-for-sale investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Balance - beginning of the year	155,790,905	180,189,221	155,790,905	180,189,221
Changes during the year				
Gain (loss) on revaluation during the year	56,793,001	(37,760,082)	56,793,001	(37,760,082)
Loss transferred to be recognised in profit or loss	728,138	7,084,952	728,138	7,084,952
Loss (gain) on sales recognised in profit or loss during the year	(27,547,083)	6,276,814	(27,547,083)	6,276,814
Balance - end of the year	185,764,961	155,790,905	185,764,961	155,790,905
Less: Income tax effect	(37,152,992)	(31,158,181)	(37,152,992)	(31,158,181)
Balance - end of the year, net of income tax	<u>148,611,969</u>	<u>124,632,724</u>	<u>148,611,969</u>	<u>124,632,724</u>

10.4 Investments subject to restriction

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Government debt securities which pledged for				
Guarantee electricity use	1,022,018	1,010,155	1,022,018	1,010,155
Deposit at bank which pledged for				
Bail bond in cases where insured drivers				
have been charged with criminal offense	40,000	3,353,844	40,000	3,353,844
Bank overdraft	3,253,416	3,218,369	3,253,416	3,218,369
Letter of bank guarantee	5,320,118	5,262,806	5,320,118	5,262,806
Total	9,635,552	12,845,174	9,635,552	12,845,174

Furthermore, the Company and its subsidiary placed part of its investments in securities with the Registrar as described in Note 28 to the financial statements.

11. Loans

As at 31 December 2019 and 2018, loans and accrued interest are provided to employees in accordance with employee's benefits plan. The balances are aged by principal and interest receivables as follows:

	(Unit: Baht)						
	Consolidated and separate financial statements						
	2019						
		Mortgage loans		Other loans		Total	
Outstanding period	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	6,489,815	-	1,208,547	-	7,698,362	-	7,698,362
Overdue							
Over 12 months	600,873	152,939	-	-	600,873	152,939	753,812
Total	7,090,688	152,939	1,208,547	-	8,299,235	152,939	8,452,174
Less: Allowance for doubtful accounts	(600,873)	(152,939)	-	-	(600,873)	(152,939)	(753,812)
Loans, net	6,489,815	-	1,208,547	-	7,698,362	-	7,698,362

(Unit: Baht)

Consolidated and separate financial statements							
2018							
Outstanding period	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,573,075	-	1,595,015	-	7,168,090	-	7,168,090
Overdue							
Over 12 months	600,873	152,939	-	-	600,873	152,939	753,812
Total	6,173,948	152,939	1,595,015	-	7,768,963	152,939	7,921,902
Less: Allowance for doubtful accounts	(600,873)	(152,939)	-	-	(600,873)	(152,939)	(753,812)
Loans, net	5,573,075	-	1,595,015	-	7,168,090	-	7,168,090

The assets used as collateral for mortgage loans are mainly land and construction thereon. The mortgage value of these assets according to mortgage agreements have been used in assessing the loan loss allowance.

The Company has set the criteria for loans granted to employees, which include term of repayment and applicable interest rate. The Company charges interest on such loan at the rate of 5.5% per annum, 8.5% per annum on the first consecutive loan and an additional 2.0% per annum on further consecutive loans. The Company has determined the credit limit of each project as follows:

Project	Collateral	Credit line
General loan	Personal guarantees	- Not exceeding 4 times monthly salary, with a limit of Baht 50,000
Housing loan	Land and/or construction thereon	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 70% of the appraisal value of the land - Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the land and construction thereon
Housing maintenance loan	Personal guarantees and/or securities	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the housing

12. Investment in subsidiary

12.1 Detail of investment in subsidiary as presented in separate financial statements is as follow:

Company's name	Paid up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
	Baht	Baht	%	%	Baht	Baht
Laovivat Insurance Co., Ltd. (engaged in non-life insurance business)	67,200,000	67,200,000	70.0	70.0	67,200,000	67,200,000

12.2 Details of investments in subsidiary that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit or loss allocated to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018
	(%)	(%)				
Laovivat Insurance Co., Ltd.	30.0	30.0	13,321,602	16,157,065	(1,179,354)	(1,403,361)

(Unit: Baht)

12.3 Summarised financial information about subsidiary that based on amounts before inter-company elimination

(a) Summarised information about financial position

	As at 31 December	
	2019	2018
	Assets	52,371,466
Liabilities	7,966,126	5,091,354
Net assets	44,405,340	53,856,882

(Unit: Baht)

(b) Summarised information about comprehensive income

	For the years ended 31 December	
	2019	2018
	Revenue	5,689,572
Loss for the period	(3,931,179)	(4,677,868)
Other comprehensive income	-	-
Total comprehensive income (loss)	(3,931,179)	(4,677,868)

(Unit: Baht)

(c) Summarised information about cash flows

	For the years ended 31 December	
	2019	2018
	Cash flow used in operating activities	(771,346)
Cash flow used in investing activities	(347,614)	(497,234)
Cash flow used in financing activities	-	-
Net decrease in cash and cash equivalents	(1,118,960)	(719,418)

(Unit: Baht)

13. Property, buildings and equipment

(Unit: Baht)

	Consolidated financial statements						Total
	Land	Buildings	Furniture and fixtures	Office equipment	Motor vehicles	Work in process	
Cost							
As at 1 January 2018	194,027,280	205,176,286	43,981,557	80,965,550	80,228,549	-	604,379,222
Additions	17,922,900	6,624,012	1,010,166	8,651,956	2,881,000	11,910,196	49,000,230
Transfer in/(out)	-	3,200,000	500,000	2,376,088	-	(6,076,088)	-
Disposals	-	-	-	(2,270,180)	(1,312,000)	-	(3,582,180)
Exchange differences on translation of financial statements in foreign currency	-	-	(123,486)	(54,521)	(29,318)	-	(207,325)
As at 31 December 2018	211,950,180	215,000,298	45,368,237	89,668,893	81,768,231	5,834,108	649,589,947
Additions	-	267,531	1,893,312	7,369,713	9,899,262	17,038,432	36,468,250
Transfer in/(out)	-	17,221,728	3,194,600	1,346,254	328,923	(22,091,505)	-
Disposals	-	-	(144,780)	(889,127)	-	-	(1,033,907)
Exchange differences on translation of financial statements in foreign currency	-	-	(510,025)	(234,603)	(117,273)	-	(861,901)
As at 31 December 2019	211,950,180	232,489,557	49,801,344	97,261,130	91,879,143	781,035	684,162,389
Accumulated depreciation							
As at 1 January 2018	-	155,013,420	26,591,078	67,049,811	63,616,241	-	312,270,550
Depreciation for the year	-	3,518,345	6,530,956	6,901,172	6,748,545	-	23,699,018
Accumulated depreciation on disposals	-	-	-	(2,270,097)	(1,311,999)	-	(3,582,096)
Exchange differences on translation of financial statements in foreign currency	-	-	(16,461)	(3,333)	(974)	-	(20,768)
As at 31 December 2018	-	158,531,765	33,105,573	71,677,553	69,051,813	-	332,366,704
Depreciation for the year	-	4,436,080	5,867,317	8,728,738	6,288,754	-	25,320,889
Accumulated depreciation on disposals	-	-	(144,779)	(867,825)	-	-	(1,012,604)
Exchange differences on translation of financial statements in foreign currency	-	-	(320,328)	(57,332)	(27,351)	-	(405,011)
As at 31 December 2019	-	162,967,845	38,507,783	79,481,134	75,313,216	-	356,269,978
Net book value							
As at 31 December 2018	211,950,180	56,468,533	12,262,664	17,991,340	12,716,418	5,834,108	317,223,243
As at 31 December 2019	211,950,180	69,521,712	11,293,561	17,779,996	16,565,927	781,035	327,892,411
Depreciation for the year							
2018							23,699,018
2019							25,320,889

(Unit: Baht)

	Separate financial statements						Total
	Land	Buildings	Furniture and fixtures	Office equipment	Motor vehicles	Work in process	
Cost							
As at 1 January 2018	194,027,280	205,176,286	39,165,596	78,839,152	79,085,140	-	596,293,454
Additions	17,922,900	6,624,012	857,406	8,495,105	2,881,000	11,910,196	48,690,619
Transfer in/(out)	-	3,200,000	500,000	2,376,088	-	(6,076,088)	-
Disposals	-	-	-	(2,270,180)	(1,312,000)	-	(3,582,180)
As at 31 December 2018	211,950,180	215,000,298	40,523,002	87,440,165	80,654,140	5,834,108	641,401,893
Additions	-	267,531	1,837,558	7,316,286	9,899,262	16,778,722	36,099,359
Transfer in/(out)	-	17,221,728	3,194,600	1,346,254	328,923	(22,091,505)	-
Disposals	-	-	(144,780)	(859,553)	-	-	(1,004,333)
As at 31 December 2019	211,950,180	232,489,557	45,410,380	95,243,152	90,882,325	521,325	676,496,919
Accumulated depreciation							
As at 1 January 2018	-	155,013,420	25,949,093	66,919,815	63,578,249	-	311,460,577
Depreciation for the year	-	3,518,345	4,113,361	6,483,182	6,525,727	-	20,640,615
Accumulated depreciation on disposals	-	-	-	(2,270,097)	(1,311,999)	-	(3,582,096)
As at 31 December 2018	-	158,531,765	30,062,454	71,132,900	68,791,977	-	328,519,096
Depreciation for the year	-	4,436,080	4,191,599	8,398,975	6,089,390	-	23,116,044
Accumulated depreciation on disposals	-	-	(144,779)	(859,528)	-	-	(1,004,307)
As at 31 December 2019	-	162,967,845	34,109,274	78,672,347	74,881,367	-	350,630,833
Net book value							
As at 31 December 2018	211,950,180	56,468,533	10,460,548	16,307,265	11,862,163	5,834,108	312,882,797
As at 31 December 2019	211,950,180	69,521,712	11,301,106	16,570,805	16,000,958	521,325	325,866,086
Depreciation for the year							
2018							20,640,615
2019							23,116,044

As at 31 December 2019, certain equipment items of the Company and its subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 285.9 million (Separate financial statements: Baht 281.7 million) (2018: Baht 299.4 million for consolidated and separate financial statements).

14. Intangible assets - computer software

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software		Total	Computer software		Total
	Computer software	under development		Computer software	under development	
Cost						
As at 1 January 2018	45,588,201	-	45,588,201	45,390,144	-	45,390,144
Additions	6,741,786	1,039,050	7,780,836	6,554,163	1,039,050	7,593,213
Transfer in/(out)	288,000	(288,000)	-	288,000	(288,000)	-
Exchange differences on translation of financial statements in foreign currency	(5,078)	-	(5,078)	-	-	-
As at 31 December 2018	52,612,909	751,050	53,363,959	52,232,307	751,050	52,983,357
Additions	271,458	1,696,305	1,967,763	271,458	1,696,305	1,967,763
Transfer in/(out)	240,000	(240,000)	-	240,000	(240,000)	-
Exchange differences on translation of financial statements in foreign currency	(40,063)	-	(40,063)	-	-	-
As at 31 December 2019	53,084,304	2,207,355	55,291,659	52,743,765	2,207,355	54,951,120
Accumulated amortisation						
As at 1 January 2018	39,226,422	-	39,226,422	39,217,225	-	39,217,225
Amortisation for the year	3,938,077	-	3,938,077	3,678,196	-	3,678,196
Exchange differences on translation of financial statements in foreign currency	(235)	-	(235)	-	-	-
As at 31 December 2018	43,164,264	-	43,164,264	42,895,421	-	42,895,421
Amortisation for the year	2,131,685	-	2,131,685	2,041,587	-	2,041,587
Exchange differences on translation of financial statements in foreign currency	(28,299)	-	(28,299)	-	-	-
As at 31 December 2019	45,267,650	-	45,267,650	44,937,008	-	44,937,008
Net book value						
As at 31 December 2018	9,448,645	751,050	10,199,695	9,336,886	751,050	10,087,936
As at 31 December 2019	7,816,654	2,207,355	10,024,009	7,806,757	2,207,355	10,014,112
Amortisation for the year						
2018			3,938,077			3,678,196
2019			2,131,685			2,041,587
Remaining useful life as at						
31 December 2019	1 - 10 years	-		1 - 10 years	-	

As at 31 December 2019, certain computer software items of the Company and its subsidiary have been fully amortisation but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 34.2 million (Separate financial statements: Baht 33.9 million) (2018: Baht 30.5 million for consolidated and separate financial statements).

15. Deferred tax assets/Income tax expenses

15.1 Deferred tax assets

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

	(Unit: Baht)			
	Consolidated and separate financial statements		Change in deferred tax assets/ liabilities that are recognised in profit or loss for the years ended 31 December	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	11,550,590	7,466,841	4,083,749	254,483
Allowance for impairment of investment	1,562,618	1,416,990	145,628	1,416,990
Unearned premium reserves	95,912,975	69,418,456	26,494,519	11,846,789
Provision for claim incurred but not yet reported and outstanding claims	18,578,994	21,023,938	(2,444,944)	(12,368,133)
Loss on changes in value of trading securities	1,807,665	5,290,831	(3,483,166)	5,290,831
Post employee benefit obligations	24,494,605	18,243,141	4,457,920	1,217,308
Total	<u>153,907,447</u>	<u>122,860,197</u>		
Deferred tax liabilities				
Unrealised gain on changes in value of				
Trading securities	-	-	-	693,077
Available-for-sale securities	<u>37,152,992</u>	<u>31,158,181</u>	-	-
Total	<u>37,152,992</u>	<u>31,158,181</u>		
Deferred tax assets, net	<u>116,754,455</u>	<u>91,702,016</u>		
Changes in deferred tax assets or liabilities that recognised in profit or loss			<u>29,253,706</u>	<u>8,351,345</u>

As at 31 December 2019, the subsidiary has temporary differences and unused tax losses totaling Baht 8.7 million (2018: Baht 6.8 million), on which deferred tax assets have not been recognised as the subsidiary believes that there is an uncertainty to allow utilisation of temporary differences and unused tax losses.

15.2 Income tax expenses

The income tax expenses for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated financial		Separate	
	statements		financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Current income tax:				
Corporate income tax charge				
in accordance with Revenue Code	53,436,411	33,617,754	53,436,411	33,617,754
Adjustment in respect of income tax				
of previous year	(200,000)	-	(200,000)	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(29,253,706)	(8,351,345)	(29,253,706)	(8,351,345)
Income tax expenses reported in the				
 statements of comprehensive income	<u>23,982,705</u>	<u>25,266,409</u>	<u>23,982,705</u>	<u>25,266,409</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Deferred tax relating to:				
Changes in value of available-for-sale				
investments	(5,994,811)	4,879,663	(5,994,811)	4,879,663
Changes in actuarial gain loss	1,793,544	(538,251)	1,793,544	(538,251)
Total	<u>(4,201,267)</u>	<u>4,341,412</u>	<u>(4,201,267)</u>	<u>4,341,412</u>

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rate for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Accounting profit before income tax expenses	136,140,015	135,959,058	140,071,194	140,636,926
Applicable corporate income tax rate	20%, 24%	20%, 24%	20%	20%
Income tax at the applicable tax rate	27,070,756	27,004,697	28,014,239	28,127,385
Adjustment in respect of income tax of previous year	(200,000)	-	(200,000)	-
Effects of:				
Temporary differences and tax loss which are not recorded as deferred tax assets	767,551	1,148,756	-	-
Tax-exempted revenues	(6,804,048)	(5,931,034)	(6,804,048)	(5,931,034)
Additional expense deductions allowed	(635,926)	(1,029,049)	(635,926)	(950,212)
Non-deductible expenses	3,784,372	4,073,039	3,608,440	4,020,270
Income tax expenses reported in the statements of comprehensive income	23,982,705	25,266,409	23,982,705	25,266,409

16. Other assets

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Claim receivables from litigants, net	371,939,948	280,274,872	371,939,948	280,274,872
Advance payment of ceded premium	115,057,610	121,831,584	115,057,610	121,830,971
Deposits on rice field insurance scheme	157,333,653	52,524,157	157,333,653	52,524,157
Prepaid commission expenses	48,893,000	43,750,964	48,893,000	43,750,857
Receivable from sale of investments	12,279,242	4,265,838	12,279,242	4,265,838
Cash equivalents which subject to restrictions	9,100,237	8,937,126	9,100,237	8,937,126
Others	33,993,280	42,363,310	34,834,478	42,810,018
Total other assets	748,596,970	553,947,851	749,438,168	554,393,839

As at 31 December 2019, the Company has pledged deposit at financial institutions which amount maturing within 3 months totaling Baht 9.1 million (2018: Baht 8.9 million) as security against bank overdraft facilities, and as bail bond in cases where insured drivers have been charged with criminal offence.

17. Insurance contract liabilities

(Unit: Baht)

	Consolidated financial Statements		
	2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,398,433,364	159,966,748	1,238,466,616
- Provision for claim incurred but not reported	94,081,586	41,395,695	52,685,891
Premium reserves			
- Unearned premium reserves	2,336,168,313	325,746,212	2,010,422,101
Total	3,828,683,263	527,108,655	3,301,574,608

(Unit: Baht)

	Consolidated financial Statements		
	2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,113,404,910	90,627,224	1,022,777,686
- Provision for claim incurred but not reported	57,791,280	5,470,270	52,321,010
Premium reserves			
- Unearned premium reserves	1,964,524,257	312,353,609	1,652,170,648
Total	3,135,720,447	408,451,103	2,727,269,344

(Unit: Baht)

	Separate financial Statements		
	2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,398,030,321	159,966,748	1,238,063,573
- Provision for claim incurred but not reported	93,813,407	41,395,695	52,417,712
Premium reserves			
- Unearned premium reserves	2,333,895,909	325,746,212	2,008,149,697
Total	3,825,739,637	527,108,655	3,298,630,982

(Unit: Baht)

	Separate financial Statements		
	2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,113,241,027	90,627,224	1,022,613,803
- Provision for claim incurred but not reported	57,642,252	5,470,270	52,171,982
Premium reserves			
- Unearned premium reserves	1,963,044,364	312,353,609	1,650,690,755
Total	3,133,927,643	408,451,103	2,725,476,540

During the years 2019 and 2018, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, insurance contract liabilities disclosures have been made on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Claim reserves and outstanding claims

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Balance - beginning of the year	1,171,196,190	1,168,300,191	1,170,883,279	1,168,209,890
Claim incurred and loss adjustment expenses for the year	3,054,273,124	2,316,553,386	3,052,123,284	2,314,553,270
Changes in claim reserves and outstanding claims of prior year	(95,138,780)	(97,668,468)	(95,134,066)	(97,654,827)
Changes in claim reserves and assumptions	36,023,258	(2,533,192)	36,171,156	(2,621,396)
Claim and loss adjustment expenses paid during the year	(2,673,772,640)	(2,213,449,855)	(2,672,199,925)	(2,211,603,658)
Exchange differences on translation of financial statements in foreign currency	(66,202)	(5,872)	-	-
Balance - end of the year	1,492,514,950	1,171,196,190	1,491,843,728	1,170,883,279

As at 31 December 2019, the Company and its subsidiary have claim reserves and outstanding claims under reinsurance contracts of Baht 0.1 million (Separate financial statement: Baht 0.4 million) (2018: Baht 0.1 million for consolidated and separate financial statements).

17.2 Unearned premium reserves

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Balance - beginning of the year	1,964,524,257	1,657,141,941	1,963,044,364	1,656,112,917
Premium written for the year	4,809,543,733	4,155,144,164	4,806,271,867	4,152,256,441
Premium earned for the current year	(4,437,673,942)	(3,847,735,462)	(4,435,420,322)	(3,845,324,994)
Exchange differences on translation of financial statements in foreign currency	(225,735)	(26,386)	-	-
Balance - end of the year	2,336,168,313	1,964,524,257	2,333,895,909	1,963,044,364

17.3 Claims development table

(a) Gross claims table

(Unit: Million Baht)

Consolidated financial Statements										
31 December 2019										
Reporting year / Accident year	Prior until 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Claim provision:										
- as at accident year	1,341	1,309	1,662	1,773	1,684	1,820	1,969	2,257	2,862	
- Next one year	1,420	1,172	1,484	1,653	1,644	1,775	1,784	2,223		
- Next two years	992	1,150	1,556	1,599	1,630	1,759	1,677			
- Next three years	980	1,154	1,531	1,589	1,631	1,761				
- Next four years	984	1,173	1,529	1,585	1,627					
- Next five years	1,017	1,174	1,525	1,584						
- Next six years	1,021	1,170	1,508							
- Next seven years	1,021	1,170								
- Next eight years	1,021									
Ultimate claim reserves	1,021	1,170	1,508	1,584	1,627	1,761	1,677	2,223	2,862	15,433
Cumulative payment to date	1,021	1,170	1,508	1,583	1,625	1,759	1,668	2,023	1,785	14,142
Net	-	-	-	1	2	2	9	200	1,077	1,291
Adjusted claim incurred but not reported										152
Unallocated loss adjustment expenses										50
Total claim reserves and outstanding claims before reinsurance										<u>1,493</u>

(Unit: Million Baht)

Separate financial Statements

31 December 2019

Reporting year / Accident year	Prior until 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Claim provision:										
- as at accident year	1,341	1,309	1,662	1,773	1,684	1,820	1,969	2,255	2,859	
- Next one year	1,420	1,172	1,484	1,653	1,644	1,775	1,784	2,221		
- Next two years	992	1,150	1,556	1,599	1,630	1,759	1,677			
- Next three years	980	1,154	1,531	1,589	1,631	1,761				
- Next four years	984	1,173	1,529	1,585	1,627					
- Next five years	1,017	1,174	1,525	1,584						
- Next six years	1,021	1,170	1,508							
- Next seven years	1,021	1,170								
- Next eight years	1,021									
Ultimate claim reserves	1,021	1,170	1,508	1,584	1,627	1,761	1,677	2,221	2,859	15,428
Cumulative payment to date	1,021	1,170	1,508	1,583	1,625	1,759	1,668	2,021	1,783	14,138
Net	-	-	-	1	2	2	9	200	1,076	1,290
Adjusted claim incurred but not reported										152
Unallocated loss adjustment expenses										50
Total claim reserves and outstanding claims before reinsurance										<u>1,492</u>

(b) Net claims table

(Unit: Million Baht)

Consolidated financial Statements										
31 December 2019										
Reporting year / Accident year	Prior until 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Claim provision:										
- as at accident year	1,017	1,080	1,317	1,403	1,346	1,494	1,511	1,739	2,089	
- Next one year	1,036	993	1,173	1,321	1,314	1,465	1,416	1,699		
- Next two years	937	967	1,239	1,287	1,316	1,456	1,325			
- Next three years	925	972	1,213	1,279	1,317	1,459				
- Next four years	930	991	1,212	1,276	1,313					
- Next five years	963	992	1,208	1,275						
- Next six years	967	989	1,192							
- Next seven years	967	989								
- Next eight years	967									
Ultimate claim reserves	967	989	1,192	1,275	1,313	1,459	1,325	1,699	2,089	12,308
Cumulative payment to date	967	989	1,191	1,275	1,312	1,456	1,318	1,517	1,208	11,233
Net	-	-	1	-	1	3	7	182	881	1,075
Adjusted claim incurred but not reported										166
Unallocated loss adjustment expenses										50
Total claim reserves and outstanding claims after reinsurance										<u>1,291</u>

(Unit: Million Baht)

Separate financial Statements

31 December 2019

Reporting year / Accident year	Prior until 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Claim provision:										
- as at accident year	1,017	1,080	1,317	1,403	1,346	1,494	1,511	1,737	2,086	
- Next one year	1,036	993	1,173	1,321	1,314	1,465	1,416	1,697		
- Next two years	937	967	1,239	1,287	1,316	1,456	1,325			
- Next three years	925	972	1,213	1,279	1,317	1,459				
- Next four years	930	991	1,212	1,276	1,313					
- Next five years	963	992	1,208	1,275						
- Next six years	967	989	1,192							
- Next seven years	967	989								
- Next eight years	967									
Ultimate claim reserves	967	989	1,192	1,275	1,313	1,459	1,325	1,697	2,086	12,303
Cumulative payment to date	967	989	1,191	1,275	1,312	1,456	1,318	1,515	1,206	11,229
Net	-	-	1	-	1	3	7	182	880	1,074
Adjusted claim incurred but not reported										166
Unallocated loss adjustment expenses										50
Total claim reserves and outstanding claims after reinsurance										<u>1,290</u>

17.4 Methodology and assumptions

The methodology and assumptions adopted by the Company and its subsidiary for the gross and net valuations of insurance liabilities (claim reserves and outstanding claims) as at 31 December 2019 are presented as follows:

(1) Estimation method for best estimate of claims liabilities

Direct and Inward Facultative Business

There are three main actuarial methods applied in determining the best estimate of claims liabilities as follows.

- (i) Chain Ladder method (CL) based on both claims paid and claims incurred
- (ii) Bornhuetter-Ferguson method (BF) based on both claims paid and claims incurred
- (iii) Expected Loss Ratio method (ELR) based on both claims paid and claims incurred

The Company mostly relies on the Chain Ladder method on claims incurred to derive the best estimate of claims liabilities. The BF and ELR methods are also used where appropriate. The subsidiary mostly relies on the ELR method.

Inward Treaty Business

The Group employed a simple approach in estimating the IBNR reserves for inward treaty. This approach assumes that the IBNR requirements for the inward treaty business would be similar in proportion (as a percentage of outstanding case reserves) to the direct and inward facultative business.

(2) Estimation of relevant expenses

There are 4 types of expenses relevant to determining insurance contract liabilities, as follows:

2.1 Allocated Loss Adjustment Expenses - ALAE

Since the ALAE are not included in claims paid triangles, a separate ALAE valuation is made, using the proportion of loss adjustment expenses to claims paid to determine an ALAE rate in triangles and ultimate claims projection.

2.2 Unallocated Loss Adjustment Expenses - ULAE

In determining the allowance for future ULAE (which is equivalent to Claims Handling Expenses), the Group derived assumptions from an estimate made using the Kittel method, with ULAE ratio computed separately for motor and non-motor classes.

The Group noted that for the purposes of this valuation, the gross outstanding liabilities exclude outstanding liabilities arising from the severe floods. For premium liabilities, the ULAE ratio was applied to the gross URR to obtain the Claims Handling Expenses for premium liabilities.

2.3 Maintenance Expenses

A percentage of historical maintenance expenses to historical gross earned premiums each year was applied onto the gross UPR to obtain the maintenance expense reserves for the premium liabilities at the end of the year.

2.4 Reinsurance Cost

Allowance for future costs of reinsurance is estimated based on the ratio of excess of loss reinsurance XOL premiums divided by net written premiums then applied to the net UPR.

18. Amount due to reinsurers

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Outward premium payable	376,267,346	451,416,068	376,267,346	451,416,068
Amounts withheld on reinsurances	94,123,546	55,146,722	94,123,546	55,146,722
Total amounts due to reinsurers	<u>470,390,892</u>	<u>506,562,790</u>	<u>470,390,892</u>	<u>506,562,790</u>

19. Employee benefit obligations

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, for the years ended 31 December 2019 and 2018 was as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for employee benefits at beginning of year	91,215,706	87,820,420	91,215,706	87,820,420
Included in statement of income				
Current service cost	7,846,096	5,956,929	7,846,096	5,956,929
Interest cost	3,600,453	2,634,613	3,600,453	2,634,613
Past service cost	28,799,383	-	28,799,383	-
Included in statement of comprehensive income				
Actuarial loss (gain) arising from				
Demographic assumptions changes	(3,677,363)	-	(3,677,363)	-
Financial assumptions changes	15,471,845	-	15,471,845	-
Experience adjustments	(2,826,762)	(2,691,256)	(2,826,762)	(2,691,256)
Benefits paid during the year	(17,956,334)	(2,505,000)	(17,956,334)	(2,505,000)
Provision for employee benefits at end of year	122,473,024	91,215,706	122,473,024	91,215,706

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 14.7 years and the Company expects to pay Baht 14.0 million of long-term employee benefits during the next year (2018: 14.1 years and Baht 13.6 million respectively).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and Separate financial statements	
	2019	2018
	% per annum	% per annum
Discount rate	1.7	3.0
Salary increase rate	5.0	5.0
Staff turnover rate (depending on age)	0.0 - 12.0	0.0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	Consolidated and Separate financial statements			
	2019		2018	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 5.5	Liabilities increase 7.0	Liabilities decrease 3.8	Liabilities increase 4.2
Salary increase rate	Liabilities increase 7.0	Liabilities decrease 5.6	Liabilities increase 4.2	Liabilities decrease 3.9
Staff turnover rate	Liabilities decrease 1.0	Liabilities increase 2.0	Liabilities decrease 0.9	Liabilities increase 0.9

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, and subsequently had published in the Royal Gazette and effective since 5 May 2019. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 28.8 million. The Company has reflected the effect of such change by recognising past services costs as expenses in the statement of comprehensive income in current year.

20. Other liabilities

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Premium received in advance	260,430,319	231,196,335	260,430,319	231,195,568
Accrued commissions	111,445,409	100,587,016	111,283,301	100,428,354
Accrued operating expenses	118,365,307	94,386,499	117,726,011	93,887,087
Payables on purchase of investments	7,146,029	24,452	7,146,029	24,452
Commission received in advance	56,174,675	57,645,337	56,174,675	57,645,220
Other payable	84,038,288	72,147,519	84,054,338	72,169,777
Others	145,271,562	91,884,730	145,176,924	91,853,092
Total other liabilities	782,871,589	647,871,888	781,991,597	647,203,550

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.

22. Operating expenses

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Personal expenses which are not expenses for underwriting and claims	92,341,217	85,878,058	91,813,529	85,577,895
Property and equipment expenses which are not expenses for underwriting	87,159,101	89,484,644	83,922,492	85,205,101
Taxes and duties	1,195,547	5,404,657	856,068	5,401,113
Bad debts and doubtful accounts (reverse)	3,451,045	(1,512,761)	3,451,045	(1,512,761)
Support services expenses	251,678,273	221,231,432	251,671,012	221,230,714
Advertising and promotion expenses	65,420,308	47,935,465	65,332,397	47,293,525
Other operating expenses	40,948,780	32,562,536	39,778,948	30,964,779
Total operating expenses	<u>542,194,271</u>	<u>480,984,031</u>	<u>536,825,491</u>	<u>474,160,366</u>

23. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net claims and loss adjustment expenses	1,915,613,494	1,544,696,209	1,913,384,520	1,542,786,534
Commissions and brokerage expenses	771,669,316	675,857,746	771,198,910	675,538,334
Personnel expenses	382,208,324	345,649,262	380,620,424	344,321,233
Other underwriting expenses	225,064,719	148,163,467	225,064,719	148,163,467
Support services expenses	251,678,273	221,231,432	251,671,012	221,230,714
Premises and equipment expenses	87,159,101	89,484,644	83,922,492	85,205,101
Advertise and promotion expenses	65,420,308	47,935,465	65,332,397	47,293,525
Other operating expenses	40,948,780	32,562,536	39,778,948	30,964,779
Others	11,636,592	8,811,897	11,297,113	8,808,352
Total expenses	<u>3,751,398,907</u>	<u>3,114,392,658</u>	<u>3,742,270,535</u>	<u>3,104,312,039</u>

24. Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by the employees on a monthly basis at rate of 5%, 10% and 15% of the employees' basic salaries, and by the Company on a monthly basis at rate of 7.5% of the employees' basic salaries. The fund is managed by a fund manager which has been approved by the Ministry of Finance. The contributions for the year 2019 amounting to approximately Baht 12.9 million (2018: Baht 12.8 million) were recognised as expenses.

25. Earnings per share

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

26. Dividend paid

Dividend declared during the year 2019 and 2018 consists of the following:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 29 April 2019	60.60	0.20
Final dividends for 2017	Annual General Meeting of the shareholders on 20 April 2018	21.21	0.07

27. Related party transactions

During the years, the Company had significant business transactions (related by way of common directors and shareholding) with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policies
	For the years ended 31 December				
	2019	2018	2019	2018	
<u>Transactions with subsidiary</u>					
Laovivat Insurance Co., Ltd.					
(eliminated from the consolidated financial statements)					
Reinsurance premium written	-	-	2,798	1,393	Reinsurance rates depending on type of insurance and reinsurance contracts
Commission expenses	-	-	487	278	As stated in the agreement
Claim expenses	-	-	348	475	As actually incurred, in proportions per agreement
Other income	-	-	5	23	As stated in the agreement
<u>Transactions with related parties</u>					
Thai Reinsurance Plc.					
Premium ceded	183,773	177,171	183,773	177,171	Reinsurance rates depending on type of insurance and reinsurance contracts
Commission income	14,585	27,000	14,585	27,000	As stated in the agreement
Claims refunded	257,211	100,096	257,211	100,096	As actually incurred, in proportions per agreement
Reinsurance premium written	12	39	12	39	Reinsurance rates depending on type of insurance and reinsurance contracts
Commission expenses	13	12	13	12	As stated in the agreement
Claim expenses	748	-	748	-	As actually incurred
Dividend income	-	183	-	183	As declared
Road Accident Victims Protection Co., Ltd.					
Contribution expenses	11,865	11,634	11,865	11,634	12.25% of premium written received from insurers under the Public Protection of Traffic Injury Act B.E. 2535
Other income	3,985	2,673	3,985	2,673	As stated in the agreement
T.I.I. Co., Ltd.					
Dividend income	20	-	20	-	As declared
J&A Jewelry Co., Ltd.					
Premium written	81	81	81	81	Underwriting rates depending on type of insurance

As at 31 December 2019 and 2018, the Company had the following significant balances of assets and liabilities with its related parties:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Transactions with subsidiary</u>				
Laovivat Insurance Co., Ltd.				
Receivables from reinsurance contracts	-	-	1,892,587	805,195
Insurance contract liabilities	-	-	1,178,843	980,591
Other assets	-	-	1,065,926	844,426
Other liabilities	-	-	5,152	-
<u>Transactions with related parties</u>				
Thai Reinsurance Plc.				
Receivables from reinsurance contracts	25,073,516	90,310,962	25,073,516	90,310,962
Investments in equity securities	2,385,189	3,155,789	2,385,189	3,155,789
Amount due to reinsurers	77,299,172	116,886,105	77,299,172	116,886,105
Road Accident Victims Protection Co., Ltd.				
Investments in equity securities	3,518,150	3,518,150	3,518,150	3,518,150
Other assets	2,103,585	2,026,620	2,103,585	2,026,620
Other liabilities	3,089,782	3,268,907	3,089,782	3,268,907
T.I.I. Co., Ltd.				
Investments in equity securities	202,500	202,500	202,500	202,500
Vichitbhan Palmoil Plc.				
Investments in equity securities	61,000	40,000	61,000	40,000

Directors and management's remuneration

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses to their directors and management as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December			
	2019	2018	2019	2018
Short-term employee benefits	83,737,700	90,891,156	83,737,700	90,891,156
Post-employment benefits	17,792,461	6,565,580	17,792,461	6,565,580
Total	101,530,161	97,456,736	101,530,161	97,456,736

28. Assets pledged and assets reserved with the Registrar

As at 31 December 2019 and 2018, the following assets have been pledged and reserved with the Registrar in accordance with the Non-life Insurance Act.

(Unit: Million Baht)

	Consolidated financial statements			
	2019		2018	
	Amortised cost	Fair value	Amortised cost	Fair value
Asset pledged				
Fixed deposit	18.1	18.1	20.3	20.3
Government bonds	15.1	15.7	15.1	15.1
Total	33.2	33.8	35.4	35.4
Assets reserved				
Government bonds	245.1	250.0	216.6	217.7
State enterprise debt securities	80.0	81.8	80.0	80.2
Private debt securities	40.0	43.0	50.0	53.2
Total	365.1	374.8	346.6	351.1
Total	398.3	408.6	382.0	386.5

(Unit: Million Baht)

	Separate financial statements			
	2019		2018	
	Amortised cost	Fair value	Amortised cost	Fair value
Asset pledged				
Government bonds	15.1	15.7	15.1	15.1
Total	15.1	15.7	15.1	15.1
Assets reserved				
Government bonds	245.1	250.0	216.6	217.7
State enterprise debt securities	80.0	81.8	80.0	80.2
Private debt securities	40.0	43.0	50.0	53.2
Total	365.1	374.8	346.6	351.1
Total	380.2	390.5	361.7	366.2

29. Contribution to the General Insurance Fund

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2019	2018
Accumulated contribution at the beginning of the year	67,459,396	57,084,488
Contribution during the year	12,008,485	10,374,908
Accumulated contribution at the end of the year	79,467,881	67,459,396

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2019, the Company has capital commitments of approximately Baht 2.2 million, relating to the construction of buildings and equipment (2018: Baht 2.9 million).

30.2 Operating lease commitments

The Company and its subsidiary have entered into several lease agreements of office building space. The terms of the agreements are 3 years. As at 31 December 2019 and 2018, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
Within 1 year	1.4	1.3	0.9	0.9
Over 1 year and not over 5 years	1.1	2.5	0.3	1.2

30.3 Bank guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 1.9 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business (2018: Baht 1.9 million).

30.4 Litigation

As at 31 December 2019, the Company has been sued as insurer for damages totaling approximately Baht 100.2 million (amount claimed). The cases have yet to be finalised. However, the Company has set aside reserves for contingent losses in the financial statements amounting to approximately Baht 45.3 million, with the recoverable portion from reinsurers amounting to Baht 1.4 million. The Company's management believes that such reserve is adequate (2018: Baht 48.1 million, Baht 17.1 million and Baht 1.9 million, respectively).

31. Segment information

The Company is principally engaged in the provision of all types of non-life insurance products and for the purpose of operation management, the Company has divided into business units that correspond to the types of insurance product offered i.e. Fire, Marine and transportation, Motor and Miscellaneous. The operating segment information presented below is consistent with the internal reports that the Company's Chief Operating Decision Maker (who is granted authority by the Board of Directors) regularly receives and reviews for use in making decisions about the allocation of resources to the segment and assess its performance. The Chairman of the Executive Board has been identified as Chief Operating Decision Maker, with decisions passing through the Board of Directors.

Segment performance is measured based on operating profit or loss on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

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

The subsidiary company is also principally engaged in non-life insurance, the Company considers the operation performance on a combined basis.

Segment revenue and profit information of the Company and its subsidiary for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

Consolidate financial statements								
For the year end 31 December 2019								
Total of the Company								
	Fire	Marine and transportation	Motor	Miscellaneous	Total	Total of subsidiary	Elimination	Total
Underwriting income								
Premium written	152,394,897	12,576,541	3,745,897,367	895,403,062	4,806,271,867	6,070,253	(2,798,387)	4,809,543,733
Less: Premium ceded	(105,788,593)	(2,774,728)	(324,659,155)	(551,587,331)	(984,809,807)	(2,798,387)	2,798,387	(984,809,807)
Net premium written	46,606,304	9,801,813	3,421,238,212	343,815,731	3,821,462,060	3,271,866	-	3,824,733,926
Add (Less): Unearned premium reserves (increase) decrease from prior year	89,347	(387,097)	(309,827,969)	(47,333,223)	(357,458,942)	(681,257)	-	(358,140,199)
Earned premium	46,695,651	9,414,716	3,111,410,243	296,482,508	3,464,003,118	2,590,609	-	3,466,593,727
Fee and commission income	54,080,528	533,652	119,929,767	95,139,033	269,682,980	487,227	(487,227)	269,682,980
Total underwriting income	100,776,179	9,948,368	3,231,340,010	391,621,541	3,733,686,098	3,077,836	(487,227)	3,736,276,707
Underwriting expenses								
Claims and loss adjustment expenses	3,413,378	(477,347)	1,869,986,780	197,454,927	2,070,377,738	3,054,906	-	2,073,432,644
Commission and brokerage expenses	32,973,661	1,700,889	635,921,672	100,602,688	771,198,910	957,633	(487,227)	771,669,316
Other underwriting expenses	5,201,541	557,614	267,782,147	90,327,094	363,868,396	234,280	-	364,102,676
Total underwriting expenses before operating expenses	41,588,580	1,781,156	2,773,690,599	388,384,709	3,205,445,044	4,246,819	(487,227)	3,209,204,636
Profit (loss) from underwriting before operating expenses	59,187,599	8,167,212	457,649,411	3,236,832	528,241,054	(1,168,983)	-	527,072,071
Operating expenses					(536,825,491)	(5,373,932)	5,152	(542,194,271)
Loss from underwriting					(8,584,437)	(6,542,915)	5,152	(15,122,200)
Investment income					79,606,485	2,620,984	-	82,227,469
Gain on investments					37,082,739	-	-	37,082,739
Gain on fair value adjustment of investments					17,415,831	-	-	17,415,831
Other income (expense)					14,550,576	(9,248)	(5,152)	14,536,176
Profit (loss) before income tax expenses					140,071,194	(3,931,179)	-	136,140,015
Income tax expenses					(23,982,705)	-	-	(23,982,705)
Profit (loss) for the year					116,088,489	(3,931,179)	-	112,157,310

(Unit: Baht)

Consolidate financial statements								
For the year end 31 December 2018								
Total of the Company								
	Fire	Marine and transportation	Motor	Miscellaneous	Total	Total of subsidiary	Elimination	Total
Underwriting income								
Premium written	157,172,467	10,392,524	3,244,248,170	740,443,280	4,152,256,441	4,281,163	(1,393,440)	4,155,144,164
Less: Premium ceded	(109,740,854)	(2,065,740)	(307,386,990)	(474,066,674)	(893,260,258)	(1,393,440)	1,393,440	(893,260,258)
Net premium written	47,431,613	8,326,784	2,936,861,180	266,376,606	3,258,996,183	2,887,723	-	3,261,883,906
Add (Less): Unearned premium reserves (increase) decrease from prior year	761,323	(513,621)	(301,170,918)	17,240,442	(283,682,774)	(384,353)	-	(284,067,127)
Earned premium	48,192,936	7,813,163	2,635,690,262	283,617,048	2,975,313,409	2,503,370	-	2,977,816,779
Fee and commission income	55,387,122	390,985	113,067,020	73,171,417	242,016,544	278,356	(278,356)	242,016,544
Total underwriting income	103,580,058	8,204,148	2,748,757,282	356,788,465	3,217,329,953	2,781,726	(278,356)	3,219,833,323
Underwriting expenses								
Claims and loss adjustment expenses	42,704	(1,335,577)	1,545,549,139	143,035,374	1,687,291,640	2,768,506	-	1,690,060,146
Commission and brokerage expenses	34,878,130	1,342,322	570,082,922	69,234,960	675,538,334	597,768	(278,356)	675,857,746
Other underwriting expenses	5,399,573	436,123	203,995,259	57,490,744	267,321,699	169,036	-	267,490,735
Total underwriting expenses before operating expenses	40,320,407	442,868	2,319,627,320	269,761,078	2,630,151,673	3,535,310	(278,356)	2,633,408,627
Profit (loss) from underwriting before operating expenses	63,259,651	7,761,280	429,129,962	87,027,387	587,178,280	(753,584)	-	586,424,696
Operating expenses					(474,160,366)	(6,846,883)	23,218	(480,984,031)
Profit (loss) from underwriting					113,017,914	(7,600,467)	23,218	105,440,665
Investment income					66,664,408	2,974,214	-	69,638,622
Loss on investments					(16,496,961)	-	-	(16,496,961)
Loss on fair value adjustment of investments					(29,919,537)	-	-	(29,919,537)
Other income (expense)					7,371,102	(51,615)	(23,218)	7,296,269
Profit (loss) before income tax expenses					140,636,926	(4,677,868)	-	135,959,058
Income tax expenses					(25,266,409)	-	-	(25,266,409)
Profit (loss) for the year					115,370,517	(4,677,868)	-	110,692,649

Segment assets and liabilities as at 31 December 2019 and 2018 are as follows:

(Unit: Baht)

Consolidated financial statements									
Total of the Company									
	Fire	Marine and transportation	Motor	Miscellaneous	Unallocated	Total	Total of subsidiary	Eliminations	Total
Assets									
As at 31 December 2019	177,404,881	2,143,956	1,047,405,038	449,558,133	4,856,858,295	6,533,370,303	52,371,466	(55,022,507)	6,530,719,262
As at 31 December 2018	181,465,391	1,775,149	880,258,749	316,637,525	4,261,947,639	5,642,084,453	58,948,236	(51,590,212)	5,649,442,477
Liabilities									
As at 31 December 2019	288,908,790	4,239,407	3,573,348,265	821,885,855	524,940,264	5,213,322,581	7,966,126	(4,142,508)	5,217,146,199
As at 31 December 2018	291,048,762	4,239,989	2,996,146,024	702,859,505	400,036,009	4,394,330,289	5,091,354	(2,630,212)	4,396,791,431

Geographic information

The Company is operated its business in Thailand. The subsidiary is operated in Lao People's Democratic Republic. The Company presents its subsidiary's information separately, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customer

For the years ended 31 December 2019 and 2018, the Company has premium written from three major brokers in amounting of Baht 1,851.3 million and Baht 2,007.3 million, respectively.

32. Non-life insurance company's risks and risk management policy

32.1 Insurance risk

Insurance risk refers to the risk resulting from fluctuations in the frequency, the severity and the timing of damage deviations from assumptions that are used to determine premium rates, calculation of reserves and underwriting.

The Company risk management policy is to selectively accept loss risk business with good insurance loss records, and not to retain limit per risk in excess of the OIC regulation.

In cases where its risk capacity is limited, the Company has arranged the transfer of risk to reinsurance companies which have stable financial positions, and capacity and expertise in both treaty reinsurance and facultative reinsurance, in order to reassure customers.

In addition, the Company has the following policies.

- The guidelines for sums insured, coverage and terms of insurance that are appropriate to the level of risk.
- The provision of reinsurance support as needed, in case of the Company cannot accept the full sum insured due to the requirements of the OIC, allowed to retain risk not excess of 10 percent of the Company's capital fund.
- Selects highly rated reinsurers with a credit rating of at least A-, according to the creditor ratings of S&P and A.M. Best.
- Assigned responsible persons for each stage, from reviewing the accuracy of the underwriting to authorization, and to approve underwriting based on the sum insured.

As at 31 December 2019 and 2018, concentration of insurance contract liabilities segregated by insurance type are shown below.

(Unit: Million Baht)

	2019			2018		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
The Company						
Fire	78.6	52.5	26.1	81.1	55.0	26.1
Marine and transportation	2.6	0.3	2.3	2.4	0.5	1.9
Motor	1,987.6	167.1	1,820.5	1,664.4	153.7	1,510.7
Personal accident	17.5	4.8	12.7	19.2	6.0	13.2
Miscellaneous	247.6	101.0	146.6	195.9	97.2	98.7
Total of the Company	2,333.9	325.7	2,008.2	1,963.0	312.4	1,650.6
Total of subsidiary	2.3	-	2.3	1.5	-	1.5
Total	2,336.2	325.7	2,010.5	1,964.5	312.4	1,652.1

(Unit: Million Baht)

	2019			2018		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
The Company						
Fire	8.7	5.7	3.0	4.6	2.5	2.1
Marine and transportation	0.4	0.1	0.3	1.0	0.1	0.9
Motor	1,304.3	55.0	1,249.3	1,089.9	61.8	1,028.1
Personal accident	5.2	2.3	2.9	6.0	1.7	4.3
Miscellaneous	173.2	138.3	34.9	69.4	30.0	39.4
Total of the Company	1,491.8	201.4	1,290.4	1,170.9	96.1	1,074.8
Total of subsidiary	0.7	-	0.7	0.3	-	0.3
Total	1,492.5	201.4	1,291.1	1,171.2	96.1	1,075.1

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in the calculation of claim liabilities, which will impact the claims liabilities both before and after reinsurance. The risk may occur because the frequency or severity of losses, or loss adjustment expenses are not in line with expectations.

As at 31 December 2019 and 2018, the impact on the best estimate of insurance liabilities of the changes in key variables assumptions is shown in the following table.

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity	
Ultimate loss ratio in latest accident year	+5%	159	114	(114)	(91)
Ultimate loss ratio in latest accident year	-5%	(159)	(114)	114	91
ALAE ratio	+10%	2	2	(2)	(2)
ALAE ratio	-10%	(2)	(2)	2	2
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity	
Ultimate loss ratio in latest accident year	+5%	126	95	(95)	(76)
Ultimate loss ratio in latest accident year	-5%	(126)	(95)	95	76
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4

(Unit: Million Baht)

Separate financial statements					
2019					
		Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity
Assumption change					
Ultimate loss ratio in latest accident year	+5%	159	114	(114)	(91)
Ultimate loss ratio in latest accident year	-5%	(159)	(114)	114	91
ALAE ratio	+10%	2	2	(2)	(2)
ALAE ratio	-10%	(2)	(2)	2	2
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4

(Unit: Million Baht)

Separate financial statements					
2018					
		Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity
Assumption change					
Ultimate loss ratio in latest accident year	+5%	126	95	(95)	(76)
Ultimate loss ratio in latest accident year	-5%	(126)	(95)	95	76
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4

32.2 Risk management policy

32.2.1 Credit risk

Credit risk is the risk of default by counter party that inability to comply with the terms of a financial instruments such as premium receivables, reinsurers or debtors. If a customer is unable to fulfill an agreement, it affects the Group's revenue and operations. The Group manage the risk by maintains the proportion of outstanding premiums at an appropriate level, in accordance with the guidelines of the OIC and establishing a process to closely follow up on outstanding premiums from policyholders, agents and brokers, uses credit rating at least "A-" as the basis for selecting reinsurers and makes loans to staff in accordance with the Office of Insurance Commissions rules. The Group also has an audit system and constantly monitors counterparties in order to mitigate credit risk.

The Company and its subsidiary therefore did not expect the significant loss from credit risk. The maximum exposure to credit risk is limited to the book value less allowance for doubtful accounts as presented in the statements of financial position.

32.2.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiary's financial position. As the Company and the subsidiary have no foreign currency assets and liabilities, market risk therefore consists of only interest rate risk and equity position risk.

a. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rate.

The Company and its subsidiary manage interest rate risk through an emphasis on stable long term investments offering long-term returns exceeding inflation, and analysis of the type of investment to match cash flows.

As at 31 December 2019 and 2018, significant assets and liabilities classified by type of interest rate are summarised in the table below, with those 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: Baht)

Consolidated financial statements

2019

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Remaining periods to repricing dates or maturity dates						
	Within		Over				
	1 year	1 - 5 years	5 years				
Financial assets							
Cash and cash equivalents	2.8	-	-	218.1	4.4	225.3	0.25 - 1.25
Investments in securities							
Government and state							
enterprise securities	140.0	293.7	10.0	-	-	443.7	0.75 - 5.15
Private debt securities	155.9	200.4	52.2	-	-	408.5	2.22 - 5.35
Deposits at financial							
institutions	54.0	0.1	-	-	-	54.1	1.10 - 6.50
Equity securities	-	-	-	-	2,872.3	2,872.3	-
Loans	0.1	2.5	5.1	-	-	7.7	5.50 - 14.5
Claim receivables from							
litigants	-	-	-	-	371.9	371.9	-
Insurance contract assets							
Premium receivables	-	-	-	-	610.4	610.4	-
Reinsurance assets							
- claim reserves	-	-	-	-	201.4	201.4	-
Receivables from							
reinsurance contracts	-	-	-	-	149.9	149.9	-
Insurance contract liabilities							
Insurance contract liabilities -							
claim reserves and							
outstanding claims	-	-	-	-	1,492.5	1,492.5	-
Amount due to reinsurers	-	-	-	-	470.4	470.4	-

(Unit: Baht)

Consolidated financial statements

2018							
Fixed interest rates							
Remaining periods to repricing dates or maturity dates							
			Floating	Non-			
Within	Over		interest	interest	Total	Interest rate	
1 year	1 - 5 years	5 years	rate	bearing		(% per annum)	
Financial assets							
Cash and cash equivalents	3.0	-	-	225.6	1.2	229.8	0.25 - 1.25
Investments in securities							
Government and state							
enterprise securities	324.0	351.9	10.0	-	-	685.9	0.83 - 5.15
Private debt securities	160.1	192.1	81.8	-	0.1	434.1	1.89 - 5.35
Deposits at financial							
institutions	159.9	42.2	-	-	-	202.1	1.10 - 6.50
Equity securities	-	-	-	-	1,940.2	1,940.2	-
Loans	0.1	1.6	5.5	-	-	7.2	5.50 - 14.5
Claim receivables from							
litigants	-	-	-	-	280.3	280.3	-
Insurance contract assets							
Premium receivables	-	-	-	-	523.3	523.3	-
Reinsurance assets							
- claim reserves	-	-	-	-	96.1	96.1	-
Receivables from							
reinsurance contracts	-	-	-	-	215.1	215.1	-
Insurance contract liabilities							
Insurance contract liabilities -							
claim reserves and							
outstanding claims	-	-	-	-	1,171.2	1,171.2	-
Amount due to reinsurers	-	-	-	-	506.6	506.6	-

(Unit: Baht)

Separate financial statements								
2019								
Fixed interest rates								
Remaining periods to repricing dates or maturity dates								
Within			Over		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
1 year	1 - 5 years	5 years	5 years					
Financial assets								
Cash and cash equivalents	2.8	-	-	-	217.2	4.2	224.2	0.25 - 1.10
Investments in securities								
Government and state								
enterprise securities	140.0	293.7	10.0	-	-	-	443.7	0.75 - 5.15
Private debt securities	155.9	200.4	52.2	-	-	-	408.5	2.22 - 5.35
Deposits at financial institutions								
Equity securities	13.0	0.1	-	-	-	-	13.1	1.10 - 1.75
Equity securities	-	-	-	-	-	2,872.3	2,872.3	-
Loans	0.1	2.5	5.1	-	-	-	7.7	5.50 - 14.5
Claim receivables from litigants								
	-	-	-	-	-	371.9	371.9	-
Insurance contract assets								
Premium receivables	-	-	-	-	-	610.2	610.2	-
Reinsurance assets								
- claim reserves	-	-	-	-	-	201.4	201.4	-
Receivables from reinsurance contracts								
	-	-	-	-	-	151.8	151.8	-
Insurance contract liabilities								
Insurance contract liabilities - claim reserves and outstanding claims								
	-	-	-	-	-	1,491.8	1,491.8	-
Amount due to reinsurers	-	-	-	-	-	470.4	470.4	-

(Unit: Baht)

Separate financial statements							
2018							
Fixed interest rates							
Remaining periods to repricing dates or maturity dates							
			Floating	Non-			
Within	Over		interest	interest	Total	Interest rate	
1 year	1 - 5 years	5 years	rate	bearing		(% per annum)	
Financial assets							
Cash and cash equivalents	3.0	-	-	223.2	1.1	227.3	0.25 - 0.80
Investments in securities							
Government and state							
enterprise securities	324.0	351.9	10.0	-	-	685.9	0.83 - 5.15
Private debt securities	160.1	192.1	81.8	-	0.1	434.1	1.89 - 5.35
Deposits at financial							
institutions	156.2	0.1	-	-	-	156.3	1.10 - 1.90
Equity securities	-	-	-	-	1,940.2	1,940.2	-
Loans	0.1	1.6	5.5	-	-	7.2	5.50 - 14.5
Claim receivables from							
litigants	-	-	-	-	280.3	280.3	-
Insurance contract assets							
Premium receivables	-	-	-	-	523.1	523.1	-
Reinsurance assets							
- claim reserves	-	-	-	-	96.1	96.1	-
Receivables from							
reinsurance contracts	-	-	-	-	215.9	215.9	-
Insurance contract liabilities							
Insurance contract liabilities -							
claim reserves and							
outstanding claims	-	-	-	-	1,170.9	1,170.9	-
Amount due to reinsurers	-	-	-	-	506.6	506.6	-

b. Equity position risk

Equity position risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2019 and 2018, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

The Company manages equity risk arising from fluctuations in market prices through a diversification of asset allocations in order to disperse risk, with investments weighted in accordance with the guidelines of the OIC, with an emphasis on conservative, safe investments. The Company has a framework that divides investments based on asset class and the Company elects to invest in securities of blue chip companies with stable revenues and earnings, not high fluctuate, high liquidity and that pay high dividends, which helps to generate higher returns.

32.2.3 Liquidity risk

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

The Company and its subsidiary manage its liquidity risk through monitoring of whether the level of the Fund Solvency Ratio comply with the requirements by the regulator on a monthly basis, and monitoring of the daily liquidity position by the Responsible Division. Moreover, the Company executes prudent financial decisions in the following areas:

- Financial evaluation for agent and broker selection process
- Cash Before Cover when selling motor insurance
- Establishment of a monitoring system for late premium payments by agents and brokers

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

(Unit: Million Baht)

Consolidated financial statements					
2019					
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets					
Cash and cash equivalents	2.8	-	-	222.5	225.3
Investments in securities					
Government and state enterprise securities	140.0	293.7	10.0	-	443.7
Private debt securities	155.9	200.4	52.2	-	408.5
Deposits at financial institutions	54.0	0.1	-	-	54.1
Equity securities	-	-	-	2,872.3	2,872.3
Loans	0.1	2.5	5.1	-	7.7
Claim receivables from litigants	371.9	-	-	-	371.9
Insurance contract assets					
Premium receivables	610.4	-	-	-	610.4
Reinsurance assets - claim reserves	157.9	43.5	-	-	201.4
Receivables from reinsurance contracts	149.9	-	-	-	149.9
Insurance contract liabilities					
Insurance contract liabilities - claim reserves and outstanding claims	993.9	498.6	-	-	1,492.5
Amount due to reinsurers	470.4	-	-	-	470.4

(Unit: Million Baht)

Consolidated financial statements					
2018					
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets					
Cash and cash equivalents	3.0	-	-	226.8	229.8
Investments in securities					
Government and state enterprise securities	324.0	351.9	10.0	-	685.9
Private debt securities	160.1	192.1	81.8	0.1	434.1
Deposits at financial institutions	159.9	42.2	-	-	202.1
Equity securities	-	-	-	1,940.2	1,940.2
Loans	0.1	1.6	5.5	-	7.2
Claim receivables from litigants	280.3	-	-	-	280.3
Insurance contract assets					
Premium receivables	523.3	-	-	-	523.3
Reinsurance assets - claim reserves	69.8	26.3	-	-	96.1
Receivables from reinsurance contracts	215.1	-	-	-	215.1
Insurance contract liabilities					
Insurance contract liabilities - claim reserves and outstanding claims	797.3	373.9	-	-	1,171.2
Amount due to reinsurers	506.6	-	-	-	506.6

(Unit: Million Baht)

Separate financial statements					
2019					
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>					
Cash and cash equivalents	2.8	-	-	221.4	224.2
Investments in securities					
Government and state enterprise securities	140.0	293.7	10.0	-	443.7
Private debt securities	155.9	200.4	52.2	-	408.5
Deposits at financial institutions	13.0	0.1	-	-	13.1
Equity securities	-	-	-	2,872.3	2,872.3
Loans	0.1	2.5	5.1	-	7.7
Claim receivables from litigants	371.9	-	-	-	371.9
<u>Insurance contract assets</u>					
Premium receivables	610.2	-	-	-	610.2
Reinsurance assets - claim reserves	157.9	43.5	-	-	201.4
Receivables from reinsurance contracts	151.8	-	-	-	151.8
<u>Insurance contract liabilities</u>					
Insurance contract liabilities - claim reserves and outstanding claims	993.5	498.3	-	-	1,491.8
Amount due to reinsurers	470.4	-	-	-	470.4

(Unit: Million Baht)

Separate financial statements					
2018					
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>					
Cash and cash equivalents	3.0	-	-	224.3	227.3
Investments in securities					
Government and state enterprise securities	324.0	351.9	10.0	-	685.9
Private debt securities	160.1	192.1	81.8	0.1	434.1
Deposits at financial institutions	156.2	0.1	-	-	156.3
Equity securities	-	-	-	1,940.2	1,940.2
Loans	0.1	1.6	5.5	-	7.2
Claim receivables from litigants	280.3	-	-	-	280.3
<u>Insurance contract assets</u>					
Premium receivables	523.1	-	-	-	523.1
Reinsurance assets - claim reserves	69.8	26.3	-	-	96.1
Receivables from reinsurance contracts	215.9	-	-	-	215.9
<u>Insurance contract liabilities</u>					
Insurance contract liabilities - claim reserves and outstanding claims	797.0	373.9	-	-	1,170.9
Amount due to reinsurers	506.6	-	-	-	506.6

32.3 Fair value measurement for financial instruments

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

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Trading investments					
Government and state enterprise securities	30.7	30.7	-	-	30.7
Equity securities	311.0	311.0	-	-	311.0
Unit trusts	8.4	8.4	-	-	8.4
Available-for-sale investments					
Government and state enterprise securities	81.8	-	81.8	-	81.8
Private debt securities	408.5	-	408.5	-	408.5
Equity securities	96.7	96.7	-	-	96.7
Unit trusts	2,452.5	216.8	2,235.7	-	2,452.5
<u>Financial assets which fair value are disclosed</u>					
Cash and cash equivalents	225.3	225.3	-	-	225.3
Held to maturity investments					
Government and state enterprise securities	331.2	-	337.0	-	337.0
Deposits at banks with maturity period over					
3 months	54.1	54.1	-	-	54.1
Other investments	3.7	-	-	263.8	263.8
Loans	7.7	-	-	7.7	7.7

(Unit: Million Baht)

Consolidated financial statements					
2018					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
<u>Financial assets measured at fair value</u>					
Trading investments					
Equity securities	231.3	231.3	-	-	231.3
Available-for-sale investments					
Government and state enterprise securities	90.3	-	90.3	-	90.3
Private debt securities	434.1	-	434.1	-	434.1
Equity securities	112.0	112.0	-	-	112.0
Unit trusts	1,593.1	170.0	1,423.1	-	1,593.1
<u>Financial assets which fair value are disclosed</u>					
Cash and cash equivalents	229.8	229.8	-	-	229.8
Held to maturity investments					
Government and state enterprise securities	595.6	-	596.1	-	596.1
Deposits at banks with maturity period over					
3 months	202.1	202.1	-	-	202.1
Other investments	3.7	-	-	252.8	252.8
Loans	7.2	-	-	7.2	7.2

(Unit: Million Baht)

Separate financial statements					
2019					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
<u>Financial assets measured at fair value</u>					
Trading investments					
Government and state enterprise securities	30.7	30.7	-	-	30.7
Equity securities	311.0	311.0	-	-	311.0
Unit trusts	8.4	8.4	-	-	8.4
Available-for-sale investments					
Government and state enterprise securities	81.8	-	81.8	-	81.8
Private debt securities	408.5	-	408.5	-	408.5
Equity securities	96.7	96.7	-	-	96.7
Unit trusts	2,452.5	216.8	2,235.7	-	2,452.5
<u>Financial assets which fair value are disclosed</u>					
Cash and cash equivalents	224.2	224.2	-	-	224.2
Held to maturity investments					
Government and state enterprise securities	331.2	-	337.0	-	337.0
Deposits at banks with maturity period over					
3 months	13.1	13.1	-	-	13.1
Other investments	3.7	-	-	263.8	263.8
Loans	7.7	-	-	7.7	7.7

(Unit: Million Baht)

	Separate financial statements				
	2018				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
<u>Financial assets measured at fair value</u>					
Trading investments					
Equity securities	231.3	231.3	-	-	231.3
Available-for-sale investments					
Government and state enterprise securities	90.3	-	90.3	-	90.3
Private debt securities	434.1	-	434.1	-	434.1
Equity securities	112.0	112.0	-	-	112.0
Unit trusts	1,593.1	170.0	1,423.1	-	1,593.1
<u>Financial assets which fair value are disclosed</u>					
Cash and cash equivalents	227.3	227.3	-	-	227.3
Held to maturity investments					
Government and state enterprise securities	595.6	-	596.1	-	596.1
Deposits at banks with maturity period over					
3 months	156.3	156.3	-	-	156.3
Other investments	3.7	-	-	252.8	252.8
Loans	7.2	-	-	7.2	7.2

The fair value hierarchy of financial assets as at 31 December 2019 and 2018 presents according to Note 4.21 to the financial statements.

The methods used for fair value measurement depends upon the characteristics of the financial instruments. The Company and its subsidiary establish the fair value of its financial instruments by adopting the following methods:

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and deposit at financial institutions, their fair value is estimated based on the book value presented in the statements of financial position.
- (b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

- (c) For equity securities, their fair value is generally derived from quoted market prices. For investments in non-marketable equity securities, fair value is determined using Adjusted book value.
- (d) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the current market interest rate.

33. Capital management

The primary objectives of the Company's capital management are to maintain its ability to continue its business as a going concern, to provide a return to its shareholders and other related parties, maintain a balanced financial structure, and to maintain risk-based capital in accordance with Declaration of the OIC.

34. Events after the reporting period

On 27 February 2020, a meeting of the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders for approval dividends in respect of the operating results for the year 2019 at Baht 0.20 per share, or a total of Baht 60.6 million. Payment is scheduled to be made on 22 May 2020.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.