

# Annual *Report 2016*



**THAIVIVAT**  
INSURANCE

# Content

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# Financial Highlights

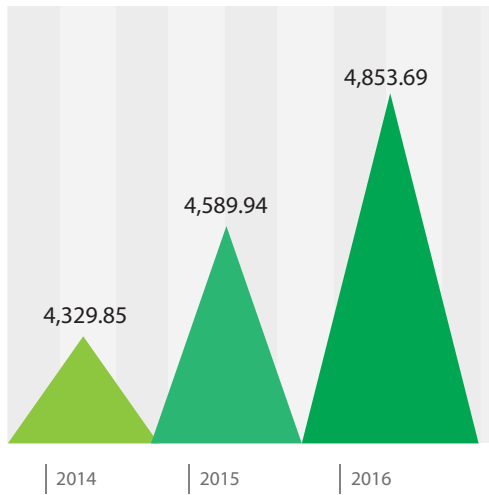


# Financial Highlights

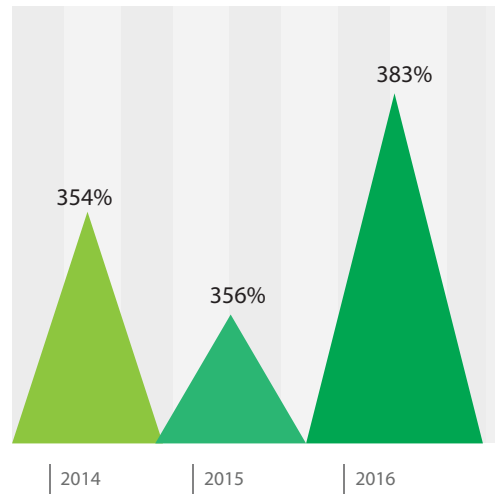
FINANCIAL STATUS AT YEAR END (BAHT Million)	2014	2015	2016	CHANGE PERCENT 2016/2015
Total assets	4,329.85	4,589.94	4,853.69	5.75
Premium reserve	1,462.72	1,574.10	1,576.08	0.13
Cash and cash equivalents	143.70	326.83	228.89	-29.97
Investment assets	2,466.10	2,514.55	2,709.15	7.74
Total liabilities	3,228.55	3,495.18	3,749.11	7.27
Total equity	1,101.30	1,094.77	1,104.58	0.90
<b>OPERATING RESULTS FOR THE YEAR (BAHT Million)</b>				
Net earned premium	2,232.67	2,307.47	2,462.08	6.70
Total income	2,471.11	2,527.88	2,705.36	7.02
Claims and loss adjustment expenses	1,381.63	1,515.15	1,659.50	9.53
Operating expenses	333.32	333.82	375.91	12.61
Profit (loss) from underwriting	22.14	(77.74)	(116.38)	49.71
Investment and other income	195.17	99.16	141.77	42.97
Profit from operations	217.31	21.42	25.39	18.51
Profit before corporate income tax	217.31	21.42	25.39	18.51
Profit for the period	183.10	22.32	25.10	12.42
<b>PER SHARE (BAHT)</b>				
PAR VALUE PER SHARE	1.00	1.00	1.00	0.00
BOOK VALUE PER SHARE	3.63	3.61	3.65	0.90
EARNING PER SHARE	0.60	0.07	0.08	12.42
DIVIDEND PER SHARE	0.56	0.05	0.05	0.00
PAYOUT RATIO (%)	91.94	67.86	60.37	-11.05
SHARE PRICE AT YEAR END	10.60	4.54	4.06	-10.57
PRICE PER EARNING RATIO (TIME)	17.54	61.62	49.02	-20.45
<b>FINANCIAL RATIOS (%)</b>				
Return on Assets	4.26%	0.50%	0.53%	
Return on Equities	18.10%	2.03%	2.28%	



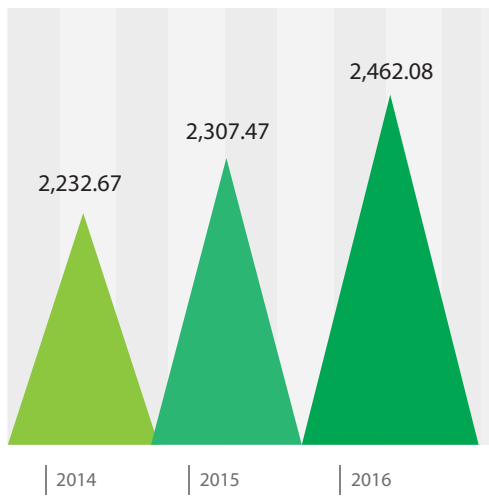
Total assets (BAHT Million)



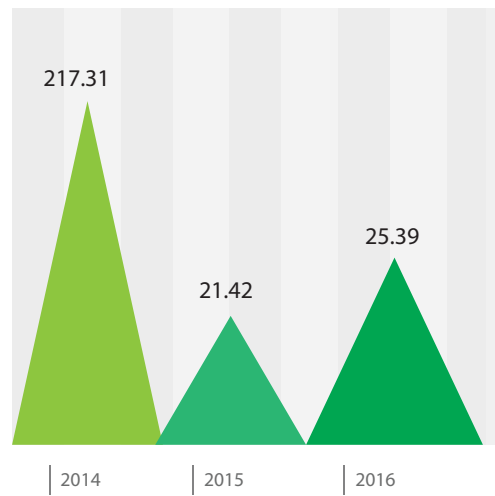
Capital Adequacy Ratio (CAR) (%)



Net earned premium (BAHT Million)



Profit before corporate income tax (BAHT Million)



# Message from the Chairman

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The Thai economy in 2016 grew by 3.2 percent improving from a 2.9 percent rise in previous year. For 2017, the Office of the National Economic and Social Development Board (NESDB) has projected 3-4 growth rate for Thai Economy supporting by the acceleration of government spending and investment as well as expanding of export and tourism sectors.

In a challenging economic environment in 2016, prudent risk management is the integral part of Thaivivat Insurance's operations. The Company delivered another year of satisfactory results with total written premium of 3,229 Million Baht, growing faster than total premium of non-life insurance market.

In 2016, the Company launched innovative motor insurance products called Pay-Per-Use motor insurance (PPU) creating maximum value to our consumers. PPU offers not only for standard comprehensive but also for 2+ and 3+ policies. PPU customers can control their insurance coverage usage through Thaivivat mobile application which allows users to pay insurance premium only while driving. This results in great savings and fairness to the consumers, a new alternative for smart car insurance users. PPU is the new innovative solutions in motor insurance industry and is widely accepted by the customers.

In addition to continuous product development, the Company also constantly develops high quality channels of distribution. In the previous year, the Company has increased channels to serve the customers through agents, brokers, as well as convenience stores and hypermarket stores throughout the country. Moreover, consumers can also search for information or buy insurance online and mobile via our website [www.thaivivat.co.th](http://www.thaivivat.co.th) in a safe and secured online environment certified by Department of Business Development, Ministry of Commerce. Customers can also choose multiple payment methods such as credit cards, bank counters, and mobile payment. Additionally, the Company opens a branch at Don Muang Airport to service domestic travelers.

The Company believes that employees are the most important assets. To ensure the highest learning efficiency, the Company provides classroom training, learning from experience, and learning from colleagues in teamwork environment, resulting in efficient customer services. The Company carries out business with adherence to customer centric and ethics in accordance with corporate governance principles. In addition to a declaration of the anti-corruption policy, the Company operates its business with adherence to integrity, transparency, and accountability resulting in the recognition of Thaivivat Insurance as a Certified Company from the Private Sector Collective Action Coalition against Corruption (CAC).

In conclusion, I would like to sincerely thank our shareholders, customers, business partners, and stakeholders for their continuous support to the Company. I would also like to thank the Company's talented management and staff for their hard work and dedication to ensuring Thaivivat Insurance to provide excellent service to its customers leading to the Company's reputation and progress.



Mr. Chalaw Fuangaromya  
Chairman



# Audit Committee Report

## AUDIT COMMITTEE REPORT 2016

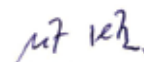
### To : Shareholders

Thaivivat Insurance Public Co., Ltd.'s Audit Committee comprises of 3 Independent Directors who have high qualification with experience of Economics, Business Administration, Accounting and Auditing as regulated by the Securities and Exchange Commission and Stock Exchange of Thailand. Mr.Phisit Setthawong (Chairman of the Audit Committee), Mrs.Pilai Piumpongsarn and Mrs.Pranee Phasipol (Audit Committees) with Ms.Sirinr Nuntavoraset as the Audit Committee Secretary.

In 2016, the Audit Committee performed independently as the Directors assignment with 5 meetings that all committees attended all meetings to carry out their scope, duties and responsibility entrusted by the Board of Directors. The company provided the Audit Committee meetings with auditor, internal auditor and management representative to consider the problems, exchange opinion including giving advice on matters that are beneficial to the company management as the principles of good corporate governance. The Audit Committee reported the meeting results every time as follows :

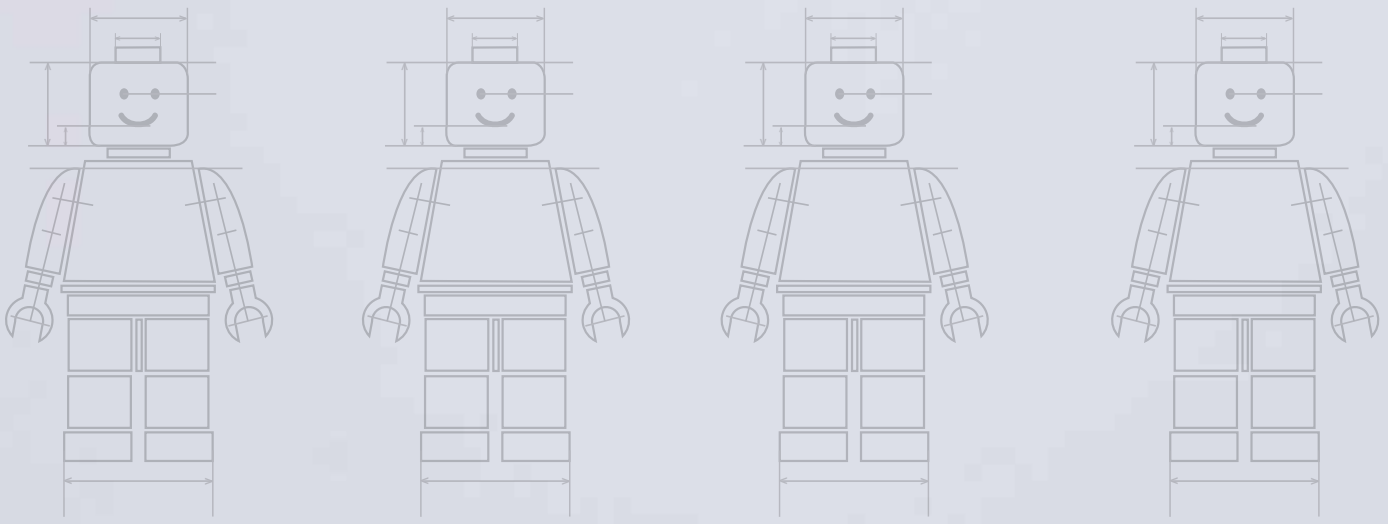
1. Reviewing the Company's quarterly and fiscal year 2016 by auditor inquiry about the accuracy, reliability of financial report and disclosures adequacy. The Audit Committee agrees that the company financial report is complete according to the generally accepted accounting principles and the auditors propose unqualified report. In addition, the Audit Committee had one special meeting with auditor, the auditor reported that it had freedom to practice and got good cooperation from the management.
2. Reviewing the adequacy evaluation of internal control system as the evaluation given by the Securities and Exchange Commission that was prepared by management and agrees that the company has sufficient internal control system and management as the principles of good corporate governance.
3. Reviewing the risk management including various measures to manage risks that have significant business operations and agrees that it is appropriate.
4. Reviewing the company has operated legally according the Stock Exchange of Thailand's stipulation, Insurance Act and related laws as the Office of Insurance Commission registrar announcement together with the company regulations operation and agrees that the company has continuously good practice according to laws, regulations and requirements.
5. Reviewing and giving opinion in the data disclosures of related transactions or opposite transactions in company benefit according to the Stock Exchange of Thailand by consideration the suitability of transaction details is reasonable and impartial to all shareholders. The Audit Committee agrees that the transactions were reasonable and fair including complete and adequate disclosures.
6. Consideration and approval in the internal audit plan in 2017 to be consistent with the company business by emphasizing the effective operation auditing, the internal control system assessment and risk management.
7. Consideration the Auditor nomination, The Audit Committee agrees that the auditor from EY Office Limited professional, independent, has carried out its duties well and efficiently and proposes to the Board of Directors be re-appointed Ms.Nonglak Pumnoi (Certified Public Accountant No.4172), Ms.Somjai Khunnapasut (Certified Public Accountant No. 4499) and Ms.Ratchada Yongsawasvanich (Certified Public Accountant No.4951) from EY Office Limited by the ordinary shareholder's meeting as the company's auditor for the year 2017.

On behalf of the Audit Committee



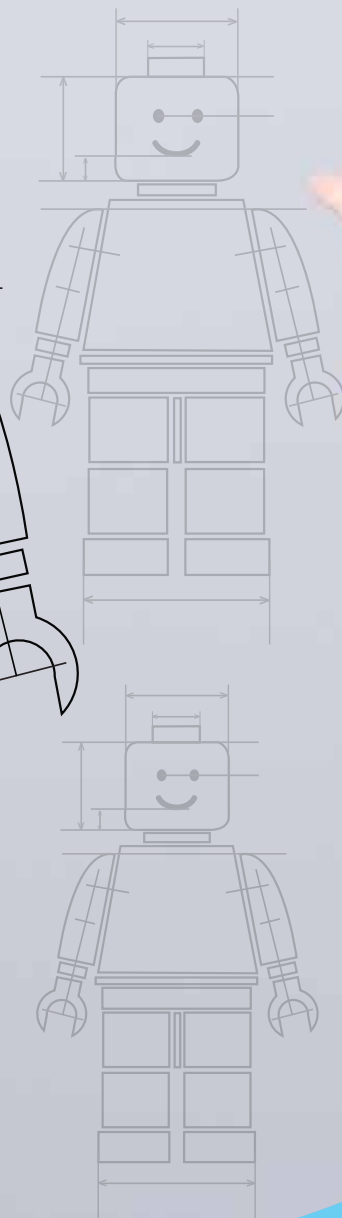
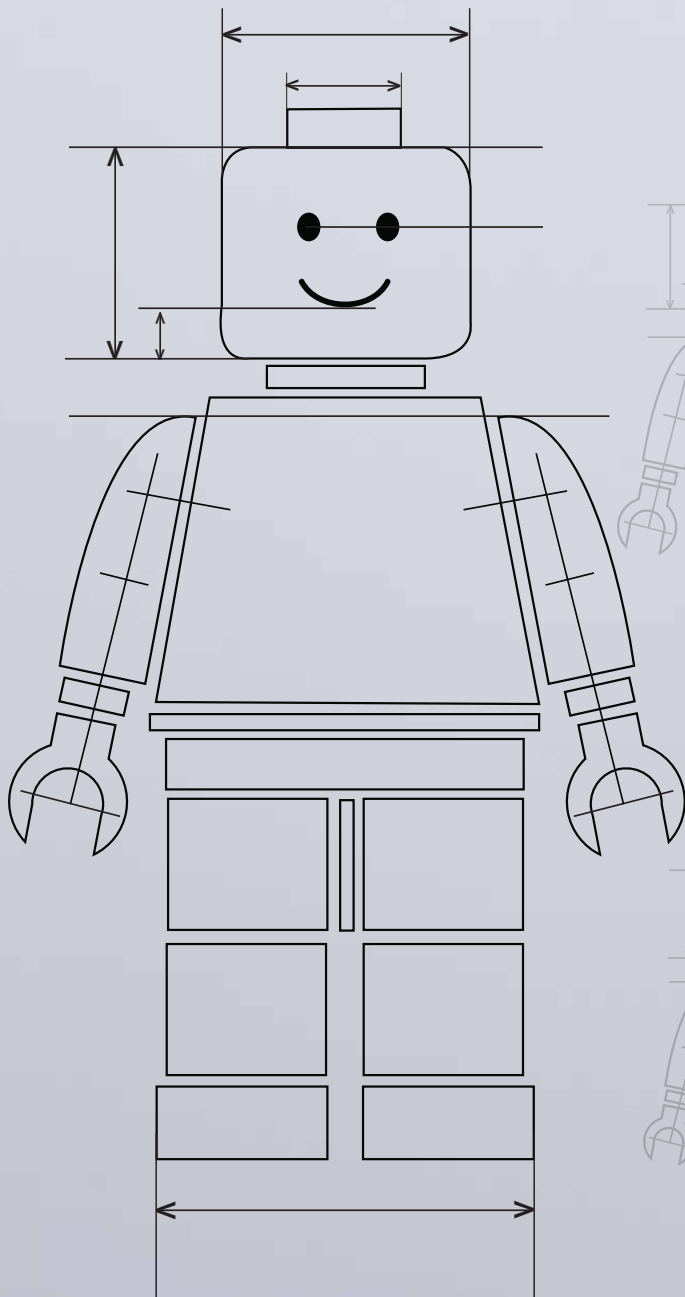
(Mr.Phisit Setthawong)

Chairman of the Audit Committee



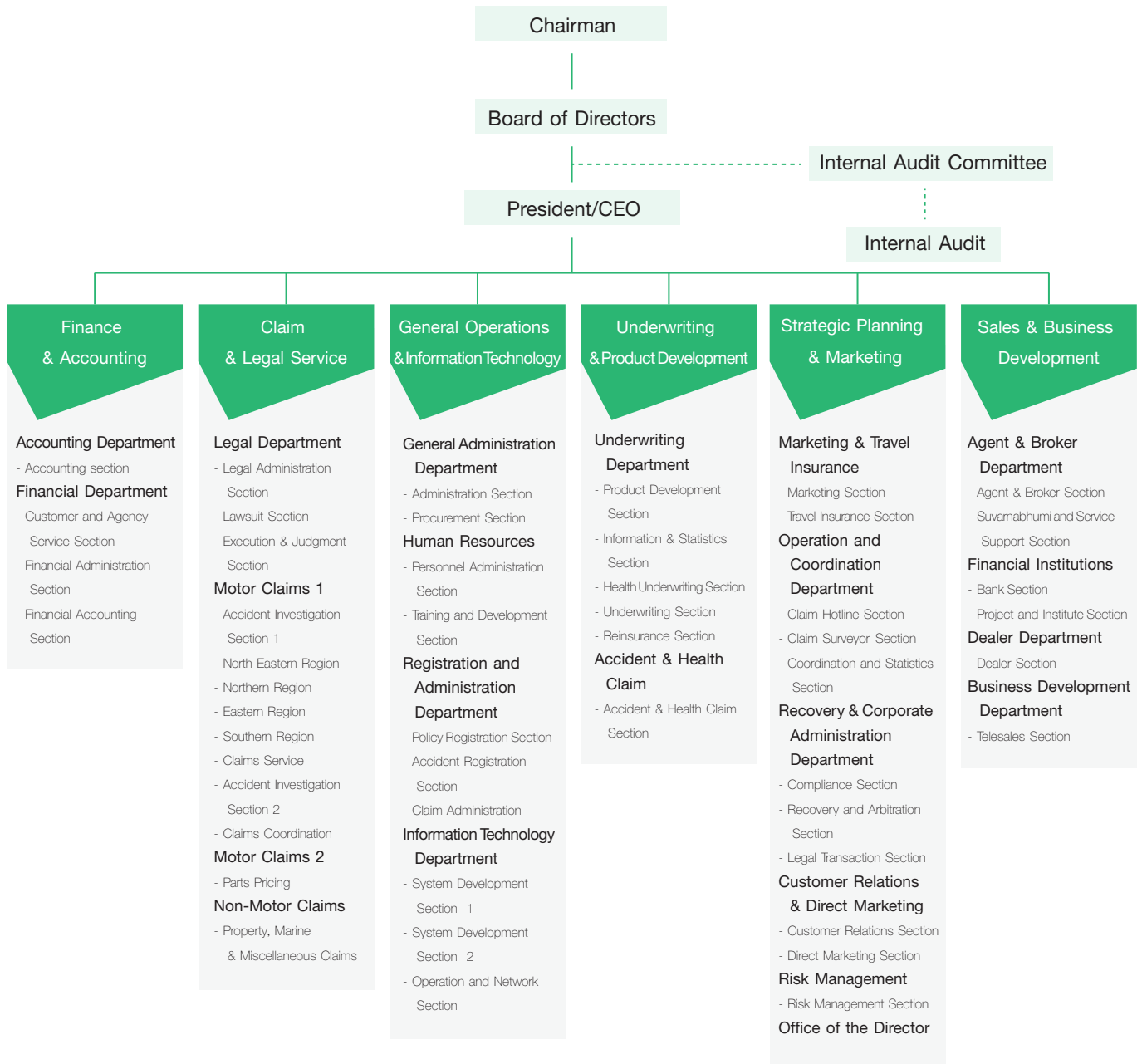
# Organization

# Chart





# Organization Chart



# The Board of Directors

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## **Mr. Chalaw Fuangaromya**

Independent Director, Chairman  
and Chairman of The Investment  
Committee

### **Education**

- B.A. Political Science, Phillips University, USA
- M.A. Political Science, Southern Illinois University, USA
- M.A. Social Science Birmingham University, UK
- The National Defence College (Class 27)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### **Work Experience**

- Director-General, Department of Commercial Registration
- Director-General, Department of International Trade Promotion
- Director-General, Department of Business Economics
- Director, Office of Insurance Commission
- Deputy Permanent Secretary, Ministry of Commerce
- Independent Director and Chairman of the Audit Committee, Standard Chartered Bank (Thai) PCL.
- Chairman, Professional Waste Technology (1999) PCL.
- Director of Monitoring and Evaluation, Office of National Broadcasting and Telecommunications Commission
- Director of the Thai Tapioca Development Institute
- Audit Committee, Thai Re Life Assurance PCL.
- Chairman of the Audit Committee, Thaivivat Insurance PCL.

### **Other Current Position(s)**

- Director and Treasurer of the Thai Tapioca Development Institute



**Mrs. Pilai Piamphongsarn**

Independent Director,  
The Audit Committee,  
The Nomination  
and Remuneration Committee

**Education**

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

**Work Experience**

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

**Other Current Position(s)**

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

**Mr. Phisit Setthawong**

Independent Director,  
Chairman of the Audit Committee,  
Chairman of the Nomination  
and Remuneration Committee

**Education**

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

**Other Current Position(s)**

-



**Mrs. Pranee Phasipol**

Independent Director,  
The Audit Committee,  
The Investment Committee

**Education**

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Chang Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

**Work Experience**

- Deputy Director General, Department of Insurance, Ministry of Commerce
- Deputy Director General, Department of Business Development, Ministry of Commerce
- Commercial Advisor, Ministry of Commerce
- Chief of Inspector General, Ministry of Commerce
- Adviser, Thai General Insurance Association
- Adviser of the Board, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Committee of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Independent Director, The Audit Committee , Dusit Thani PCL.
- Independent Director, The Audit Committee, SCI Electric Manufacturer Co., Ltd.

**Other Current Position(s)**

- Independent Director, The Audit Committee, The Compensation Committee and The CG and Nomination Committee ,Dusit Thani PCL.
- Independent Director ,The Nomination and Compensation Committee, SCI Electric Manufacturer PCL.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



**Mrs. Supaporn  
Burapakusolsri**

Independent Director

**Education**

- BA. Accounting (Honors), Thammasat University
- MA. Accounting, Thammasat University
- Certified Public Accountant (CPA), Thailand Registration No. 2800
- Public Economy Management for Senior Executive, Class 7, King Prajadhipok's Institute
- Director Certification Program (DCP) DCP172/2013, IOD
- Director Accreditation Program (DAP) DAP87/2011, IOD
- Role of the Compensation Committee Program (RCC) 13/2011 , IOD
- Royal Thai Air Force Air War College (RTAF.AWC.) Class 35,Royal Thai Air Force
- Chief Financial Officer Certification Program Class 4, Federation of Accounting Professions
- Thailand Insurance Leadership Program Class 2 - OIC Advance Insurance Institute
- Strategic Airport Development Program,Germany
- Airport Mangement Commercial Program,Singapore
- Advance Audit Committee (AAP23/2016) , IOD

**Work Experience**

- Director Suvarnabhumi Airport Hotel Company Limited
- Senior Executive Vice President, Planning and Finance Chief Financial Officer (CFO) Airport of Thailand Public Company Limited
- Independent Director, Chairman of the Audit Committee ,Chewathai Company Limited
- Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Chewathai Public Company Limited

**Other Current Position(s)**

- Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Chewathai Public Company Limited



**Mr. Jiraphant Asvatanakul**

Director, President and CEO  
and The Investment Committee

**Education**

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Thailand Insurance Leadership Program (Class 1) OIC Advanced Insurance Institute
- The National Defence College (Class 56)
- Top Executive Program in Commerce and Trade, Batch 8, Commerce Academy , UTCC
- Top Executives Program Class 22, Capital Market Academy

**Work Experience**

- Member of Voluntary Motor Insurance Tariff Committee, Department of Insurance, Ministry of Commerce
- Director, Aberdeen Asset Management Public Co., Ltd.
- Chief of Thailand Delegate In East Asian Insurance Congress
- Chairman of Asean Insurance Council
- Secretary, Thai General Insurance Association
- President, Thai General Insurance Association
- Director, Policy Protection Fund
- Director The Re Life Assurance PCL.
- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of ThaiInsurance Organizations
- Board Treasurer, Thai Chamber of Commerce
- Independent Director, Member of the audit committee, Member of of the nomination and Remuneration Committee, Vichitbhan Palmoil PCL.

**Other Current Position(s)**

- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Independent Director , Member of the audit committee, Member of of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL.
- Vice Chairman, Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of ThaiInsurance Organizations
- Board Treasurer, Thai Chamber of Commerce



**Mr. Thawan Viranont**

Director, Advisor of  
President and CEO  
and The Nomination  
and Remuneration Committee

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Director Legal Department, Thaivivat Insurance PCL.
- Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sutepee Asvatanakul**

Director, Senior Executive  
Vice President and The Nomination  
and Remuneration Committee

**Education**

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA
- Director Certification Program (DCP), Thai Institute of Directors
- Thailand Insurance Leadership Program (Class 2) OIC Advanced Insurance Institute

**Work Experience**

- Director Financial Department, Thaivivat Insurance PCL.
- Director and Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sunee  
Theravithayangkura**

Director and  
Company Secretary

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Manager of Recovery Department, Thaivivat Insurance PCL.
- Recovery & Corporate Administration Director, Thaivivat Insurance PCL.
- Company Secretary, Thaivivat Insurance PCL.

**Other Current Position(s)**

-



# The Audit Committee

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## Mr. Phisit Setthawong

Chairman

### Education

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

### Other Current Position(s)

-

## Mrs. Pilai Piamphongsarn

Committee

### Education

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

### Other Current Position(s)

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.





## Mrs. Pranee Phasipol

Committee

### Education

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Chang Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

### Work Experience

- Deputy Director General, Department of Insurance, Ministry of Commerce
- Deputy Director General, Department of Business Development, Ministry of Commerce
- Commercial Advisor, Ministry of Commerce
- Chief of Inspector General, Ministry of Commerce
- Adviser, Thai General Insurance Association
- Adviser of the Board, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Committee of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Independent Director, The Audit Committee , Dusit Thani PCL.
- Independent Director, The Audit Committee, SCI Electric Manufacturer Co., Ltd.

### Other Current Position(s)

- Independent Director, The Audit Committee, The Compensation Committee and The CG and Nomination Committee ,Dusit Thani PCL.
- Independent Director ,The Nomination and Compenstation Committee, SCI Electric Manufacturer PCL.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



# The Nomination and Remuneration Committee

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## Mr. Phisit Setthawong

Chairman

### Education

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

### Other Current Position(s)

-

## Mrs. Pilai Piamphongsarn

Committee

### Education

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

### Other Current Position(s)

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.



**Mr. Thawan Viranont**

Committee

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Director Legal Department, Thaivivat Insurance PCL.
- Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sutepee Asvatanakul**

Committee

**Education**

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA
- Director Certification Program (DCP), Thai Institute of Directors
- Thailand Insurance Leadership Program (Class 2) OIC Advanced Insurance Institute

**Work Experience**

- Director Financial Department, Thaivivat Insurance PCL.
- Director and Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-



# The Investment Committee

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## Mr. Chalaw Fuangaromya

Chairman

### Education

- B.A. Political Science, Phillips University, USA
- M.A. Political Science, Southern Illinois University, USA
- M.A. Social Science Birmingham University, UK
- The National Defence College (Class 27)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Director-General, Department of Commercial Registration
- Director-General, Department of International Trade Promotion
- Director-General, Department of Business Economics
- Director, Office of Insurance Commission
- Deputy Permanent Secretary, Ministry of Commerce
- Independent Director and Chairman of the Audit Committee, Standard Chartered Bank (Thai) PCL.
- Chairman, Professional Waste Technology (1999) PCL.
- Director of Monitoring and Evaluation, Office of National Broadcasting and Telecommunications Commission
- Director of the Thai Tapioca Development Institute
- Audit Committee, Thai Re Life Assurance PCL.
- Chairman of the Audit Committee, Thaivivat Insurance PCL.

### Other Current Position(s)

- Director and Treasurer of the Thai Tapioca Development Institute



## Mrs. Pranee Phasipol

Committee

### Education

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Chang Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

### Work Experience

- Deputy Director General, Department of Insurance, Ministry of Commerce
- Deputy Director General, Department of Business Development, Ministry of Commerce
- Commercial Advisor, Ministry of Commerce
- Chief of Inspector General, Ministry of Commerce
- Adviser, Thai General Insurance Association
- Adviser of the Board, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Committee of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Independent Director, The Audit Committee , Dusit Thani PCL.
- Independent Director, The Audit Committee, SCI Electric Manufacturer Co., Ltd.

### Other Current Position(s)

- Independent Director, The Audit Committee, The Compensation Committee and The CG and Nomination Committee ,Dusit Thani PCL.
- Independent Director ,The Nomination and Compenstation Committee, SCI Electric Manufacturer PCL.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



## Mr. Jiraphant Asvatanakul

Committee

### Education

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Thailand Insurance Leadership Program (Class 1) OIC Advanced Insurance Institute
- The National Defence College (Class 56)
- Top Executive Program in Commerce and Trade, Batch 8, Commerce Academy , UTCC
- Top Executives Program Class 22, Capital Market Academy

### Work Experience

- Member of Voluntary Motor Insurance Tariff Committee, Department of Insurance, Ministry of Commerce
- Director, Aberdeen Asset Management Public Co., Ltd.
- Chief of Thailand Delegate In East Asian Insurance Congress
- Chairman of Asean Insurance Council
- Secretary, Thai General Insurance Association
- President, Thai General Insurance Association
- Director, Policy Protection Fund
- Director The Re Life Assurance PCL.
- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of Thai Insurance Organizations
- Board Treasurer, Thai Chamber of Commerce
- Independent Director, Member of the audit committee, Member of of the nomination and Remuneration Committee, Vichitbhan Palmoil PCL.

### Other Current Position(s)

- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Independent Director , Member of the audit committee, Member of of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL.
- Vice Chairman, Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of Thai Insurance Organizations
- Board Treasurer, Thai Chamber of Commerce



# The Executive

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## Mr. Jiraphant Asvatanakul

President & CEO

### Date Attended

- July 1984

### Education

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA

## Mr. Thawan Viranont

Directors and Advisor to  
President & CEO

### Date Attended

- January 1975

### Education

- B.A. Law, Thammasat University

## Mrs. Sutepee Asvatanakul

Senior Executive Vice President

### Date Attended

- July 1986

### Education

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA

## Mr. Praphid Dhiraprayudti

Executive Vice President

### Date Attended

- June 1981

### Education

- B.A. Economics, Ramkhamhang University

## Mr. Suraphong Theravithayangkura

Executive Vice President

### Date Attended

- August 1986

### Education

- B.B.A. Business Administration, Hanover College, USA
- M.B.A. Southwest Texas State University, USA

**Mr. Krailoes Hanvivadhanakul**

Executive Vice President

**Date Attended**

- January 2007

**Education**

- B.A. Economics, Thammasart University
- M.A. Economics, Thammasart University
- M.B.A. University of Chicago, USA

**Mr. Lucius Antoine Julien**

**Maria Heijstee**

Executive Vice President

**Date Attended**

- July 2008

**Education**

- Foundation course in Economics, Erasmus University, Netherlands
- M.A. Japanology (Doctorandus), Leiden University, Netherlands

**Ms. Janejira Asvatanakul**

Executive Vice President

**Date Attended**

- December 2013

**Education**

- B.S. Nutritional Science, Pepperdine University, USA
- M.S. Nutrition and Dietetics, Case Western Reserve University, USA

**Mr. Thepphan Asvatanakul**

Executive Vice President

**Date Attended**

- June 2016

**Education**

- B.S. Industrial Engineering, Economics (2nd major), Northwestern University, USA
- M.B.A. Wharton, University of Pennsylvania, USA

**Mrs. Sunee  
Theravithayangkura**

Company Secretary

**Date Attended**

- April 1987

**Education**

- B.A. Law, Thammasat University



**Ms. Sirintr Nuntavoraset**

Advisor to President & CEO

**Date Attended**

- May 1988

**Education**

- B.A. Accounting, Thammasat University

**Mr. Sermsuk Swasyothin**

Advisor to President & CEO

**Date Attended**

- April 1983

**Education**

- B.S. Statistic, Ramkhamhaeng University
- M.S. Computer Information Science, Assumption University of Thailand

**Mr. Pimol Chantaveerakul**

Vice President, Operation  
and Coordination Department

**Date Attended**

- October 1997

**Education**

- B.S. Engineer, King Mongkut's University of Technology Thonburi

**Ms. Onanong Nonejuie**

Vice President,  
Office of the Director

**Date Attended**

- December 2005

**Education**

- B.B.A. Chulalongkorn University
- M.S. Finance and Management, University of Essex, UK

**Mr. Somkrit Surachewakit**

Vice President, Sales

**Date Attended**

- May 1990

**Education**

- B.B.A. Marketing, Bansomdejchopraya Rajabhat University

# Business Characteristics

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Thaivivat Insurance Public Co., Ltd.

THAIVIVAT INSURANCE PUBLIC COMPANY LIMITED, established in 1951, is an independent, single entity, with non-life insurance as its core business. The head office is located in Bangkok and 20 regional offices service customers throughout the Kingdom. The company's customer base consists of both individuals and corporate clients. The Company offers a complete range of insurance products and services which can be categorized as follows :

## Fire Insurance

The Company offers a wide range of fire policies, covering damages to insured property caused by fire, lighting or explosion, where the explosion is brought about by gas or boilers not used for industrial purposes.

## Motor Insurance

Offering both compulsory and voluntary insurance, this product category became the Company's main business line.

## Marine Cargo Insurance

The Company offers all clauses of the international standard insurance policy which provides coverage for damage to the insured goods during the transportation from one location to another, by sea, air and over land.

## Miscellaneous Insurance

Besides the above listed main categories, the Company offers a variety of other non-life insurance products. Grouped together under miscellaneous insurance, each of these product lines has been carefully developed to ensure the same dedicated level of service expected from the Company. They include :

- Personal Accident Insurance
- Travel Insurance
- Health Insurance
- Burglary Insurance
- Liability Insurance

## Reinsurance

In addition to offering the complete range of insurance products to consumers directly, the company also provides reinsurance to other insurance companies



# Independent Auditor's Report

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## To the Shareholders of Thavivat Insurance Public Company Limited

### Opinion

I have audited the accompanying financial statements of Thavivat Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thavivat Insurance Public Company Limited as at 31 December 2016, its 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King 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.

### Emphasis of matters

I draw attention to the matter as described in Notes 2 and 3.1 relating to the presentation of the Company's financial statements in accordance with the new format as specified in

the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016 onwards, and the adoption of the revised and new financial reporting standards as issued by the Federation of Accounting Professions. My conclusion is not modified in respect of these matters.

### 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 2016, the Company had revenue from insurance premium amounting to Baht 3,230 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 to assess whether revenue recognition was consistent with conditions specified in the insurance policies and whether it was in compliance with the Company'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 Company. 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 2016, the Company had claim reserves and outstanding claims amounted to Baht 1,000 million (representing 27 percent of total liabilities). Claim reserves and outstanding claims include 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 2016, the Company had claim reserves and outstanding claims refundable from reinsurers amounting to Baht 116 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.

#### **Allowance for premium receivables, claim reserves refundable from reinsurers, receivables from reinsurance contracts and claim receivables from litigants**

Allowance for premiums receivables, claim reserves refundable from reinsurers, receivables from reinsurance contracts and claim receivables from litigants which are estimated based on losses expected to be incurred when debtors are unable to repay. The losses were estimated from past collections experience, aging profile and current status of outstanding receivables. The management is therefore required to exercise considerable judgement in determining and recording the allowance for losses expected to be incurred when debtors are unable to repay. In addition, the allowance for such receivables is significant since as at 31 December 2016, the Company had balances of premium receivables, claim reserves refundable from reinsurers, receivables from reinsurance contracts and claim receivables from litigants totaling Baht 740 million (representing for 15% of total assets), and had allowance for these receivables amounting to Baht 30 million. Therefore, I addressed the adequacy of the allowance for doubtful accounts for receivables as a key audit matter.

I gained and understanding of the internal controls relevant to collection of these receivables, the calculation and recording of



allowance for such receivables by making enquiry of management, gaining an understanding and assessed the information and methods used by the Company in calculating the allowance. In addition, I tested, on a sampling basis, the calculation of debtor or aging and allowance for these receivables

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Miss Somjai Khunapasut



Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

*EY Office Limited*  
*Bangkok: 27 February 2017*

# Financial Statements



# Statements of Financial Position

As at 31 December 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015
<b>Assets</b>				
Cash and cash equivalents	6	228,894,842	326,834,483	143,697,595
Premium receivables	7	373,438,176	426,054,185	339,406,695
Accrued investment income		6,811,253	7,840,025	19,954,062
Reinsurance assets	8	514,900,410	418,191,706	405,314,068
Reinsurance from receivables contracts	9	19,112,519	65,857,349	38,076,641
Investment assets				
Investments in securities	10	2,701,321,914	2,506,557,325	2,455,130,182
Loans	11	7,380,528	7,996,179	10,970,820
Property, buildings and equipment	12	288,055,820	277,547,361	241,402,337
Intangible assets - computer software	13	7,381,302	8,772,340	9,181,275
Deferred tax assets	14	80,927,799	73,276,287	47,695,847
Other assets	15	625,462,585	471,017,076	619,018,248
<b>Total assets</b>		<b>4,853,687,148</b>	<b>4,589,944,316</b>	<b>4,329,847,770</b>





As at 31 December 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Insurance contract liabilities	16	2,576,140,340	2,481,710,488	2,305,212,168
Due to reinsurers	17	480,104,794	358,657,203	353,761,808
Income tax payable		178,364	-	4,050,996
Employee benefit obligations	18	75,194,822	77,089,053	74,893,944
Other liabilities	19	617,492,072	577,715,588	490,626,595
<b>Total liabilities</b>		<b>3,749,110,392</b>	<b>3,495,172,332</b>	<b>3,228,545,511</b>
<b>Equity</b>				
Share capital				
Registered				
20				
303,000,000 ordinary shares of Baht 1 each (31 December 2015: 303,000,000 ordinary shares of Baht 1 each and 1 January 2015: 151,500,000 ordinary shares of Baht 1 each)				
		303,000,000	303,000,000	151,500,000
Issued and paid-up				
303,000,000 ordinary shares of Baht 1 each (31 December 2015: 303,000,000 ordinary shares of Baht 1 each and 1 January 2015: 151,500,000 ordinary shares of Baht 1 each)				
		303,000,000	303,000,000	151,500,000
Premium on share capital		163,800,007	163,800,007	163,800,007
Retained earnings				
Appropriated - statutory reserve				
	21	30,300,000	30,300,000	20,000,000
Unappropriated				
		514,867,659	498,198,502	651,497,298
Other components of equity - surplus on changes in value of available-for-sale investments				
	10.3	92,609,090	99,473,475	114,504,954
<b>Total equity</b>		<b>1,104,576,756</b>	<b>1,094,771,984</b>	<b>1,101,302,259</b>
<b>Total liabilities and equity</b>		<b>4,853,687,148</b>	<b>4,589,944,316</b>	<b>4,329,847,770</b>

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



# Statements of Comprehensive Income

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015 (Restated)
<b>Profit or loss:</b>			
<b>Income</b>			
Gross premium written		3,229,683,365	3,125,705,031
Less: Premium ceded to reinsurers		(843,531,608)	(701,753,327)
Net premium written		2,386,151,757	2,423,951,704
Add (less): Unearned premium reserves (increase) decrease from prior year		75,924,536	(116,478,457)
Net earned premium		2,462,076,293	2,307,473,247
Fee and commission income		243,288,457	220,409,549
Investment income		59,020,862	77,153,756
Gain on investments		51,711,660	26,242,447
Gain (loss) on fair value adjustment of investments		10,488,732	(17,951,385)
Other income		20,550,308	13,714,966
<b>Total income</b>		<b>2,847,136,312</b>	<b>2,627,042,580</b>
<b>Expenses</b>			
Claims and loss adjustment expenses		1,987,110,058	1,881,771,688
Less: Claim recovered from reinsurers		(327,605,666)	(366,617,605)
Commission and brokerage expenses		546,869,893	545,507,888
Other underwriting expenses		239,459,816	211,133,162
Operating expenses	22	375,911,189	333,822,898
<b>Total expenses</b>		<b>2,821,745,290</b>	<b>2,605,618,031</b>
<b>Profit before income tax</b>		<b>25,391,022</b>	<b>21,424,549</b>
Income tax revenue (expenses)	14	(293,972)	899,327
<b>Profit for the year</b>		<b>25,097,050</b>	<b>22,323,876</b>



For the year ended 31 December 2016

(Unit: Baht)

Note	2016	2015 <i>(Restated)</i>
<b>Other comprehensive income:</b>		
Other comprehensive income to be reclassified		
to profit or loss in subsequent periods		
Loss on changes in value of available-for-sale investments	(8,580,481)	(18,789,349)
Add: Income tax effect	14.2 1,716,096	3,757,870
Net other comprehensive income to be reclassified		
to profit or loss in subsequent periods (loss)	(6,864,385)	(15,031,479)
Other comprehensive income not to be reclassified		
to profit or loss in subsequent periods		
Actuarial gain	8,402,621	3,763,494
Less: Income tax effect	14.2 (1,680,524)	(752,699)
Net other comprehensive income not to be reclassified		
to profit or loss in subsequent periods	6,722,097	3,010,795
<b>Other comprehensive income for the year</b>		
<b>- net of income tax (loss)</b>	(142,288)	(12,020,684)
<b>Total comprehensive income for the year</b>	24,954,762	10,303,192
<b>Earnings per share</b>	25	
Basic earnings per share	0.08	0.07

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



# Statements of Cash Flows

For the year ended 31 December 2016

(Unit: Baht)

	2016	2015 <i>(Restated)</i>
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	3,310,865,363	3,074,914,083
Cash paid for reinsurance	(148,386,420)	(184,681,247)
Interest income	19,815,393	46,123,060
Dividend income	40,295,722	43,186,033
Other investment income	3,073,690	4,063,180
Other income	16,128,948	7,480,355
Claim incurred on direct insurance	(1,710,347,426)	(1,602,361,124)
Loss adjustment expenses on direct insurance	(29,621,573)	(27,841,120)
Commission and brokerage on direct insurance	(561,194,217)	(532,429,845)
Other underwriting expenses	(145,081,874)	(117,012,414)
Operating expenses	(609,349,485)	(481,575,024)
Income tax	(7,288,650)	(25,784,603)
Investments in securities	(381,434,145)	(705,663,333)
Loans	1,245,658	2,974,641
Deposits at financial institutions	150,672,286	757,651,884
<b>Net cash from (used in) operating activities</b>	<b>(50,606,730)</b>	<b>259,044,526</b>
<b>Cash flows from (used in) investing activities</b>		
Purchases of property, buildings and equipment	(32,258,425)	(59,937,551)
Disposals of equipment	75,504	863,380
<b>Net cash used in investing activities</b>	<b>(32,182,921)</b>	<b>(59,074,171)</b>
<b>Cash flows from (used in) financial activities</b>		
Dividend paid	(15,149,990)	(16,833,467)
<b>Net cash used in financial activities</b>	<b>(15,149,990)</b>	<b>(16,833,467)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(97,939,641)</b>	<b>183,136,888</b>
Cash and cash equivalents at beginning of year	326,834,483	143,697,595
<b>Cash and cash equivalents at end of year</b>	<b>228,894,842</b>	<b>326,834,483</b>

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



# Statements of Changes in Equity

For the year ended 31 December 2016

(Unit: Baht)

Note	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
			Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2015</b>	151,500,000	163,800,007	20,000,000	651,497,298	114,504,954	1,101,302,259
Profit for the year	-	-	-	22,323,876	-	22,323,876
Other comprehensive income for the year (loss)	-	-	-	3,010,795	(15,031,479)	(12,020,684)
Total comprehensive income for the year (loss)	-	-	-	25,334,671	(15,031,479)	10,303,192
Unappropriated retained earnings transferred to statutory reserve	21	-	10,300,000	(10,300,000)	-	-
Dividend paid during the year	26	151,500,000	-	(168,333,467)	-	(16,833,467)
<b>Balance as at 31 December 2015</b>	303,000,000	163,800,007	30,300,000	498,198,502	99,473,475	1,094,771,984
<b>Balance as at 1 January 2016</b>	303,000,000	163,800,007	30,300,000	498,198,502	99,473,475	1,094,771,984
Profit for the year	-	-	-	25,097,050	-	25,097,050
Other comprehensive income for the year (loss)	-	-	-	6,722,097	(6,864,385)	(142,288)
Total comprehensive income for the year (loss)	-	-	-	31,819,147	(6,864,385)	24,954,762
Dividend paid during the year	26	-	-	(15,149,990)	-	(15,149,990)
<b>Balance as at 31 December 2016</b>	303,000,000	163,800,007	30,300,000	514,867,659	92,609,090	1,104,576,756
	-	-	-	-	0	0

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



# Notes to Financial Statements



# Notes to Financial Statements

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For the year ended 31 December 2016

## 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

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, which became effective as from 1 January 2016 onwards. Such format of the financial statements has been changed and as a result items in the statements of financial position, comprehensive income and cash flows of the prior year, presented as comparative information, have needed reclassified to be consistent with the current year’s classifications. In addition, the statement of financial position as at 1 January 2015 is also presented as comparative information.

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

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

## 3. New financial reporting standards

### 3.1 Financial reporting standards that became effective in the current year

During the year 2016, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal year beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. The Financial Reporting Standards that has key changes in principle and directly relates to the Company are as follows:

#### TFRS 4 (revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited improvements to accounting for insurance contracts until the second phase of the project on insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer’s financial statements arising



from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. In addition, it requires insurers to test for the adequacy of recognised insurance liabilities and perform an impairment test for reinsurance assets, and require insurers to keep insurance liabilities in the statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. This standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this financial reporting standard also deals with the nature of insurance contracts and requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements, and the nature and scope of the insurance risk arising from insurance contracts.

The first time adoption of this standard has no significant impact on the Company's financial statements, since the Company's management has already reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the stipulations on recording of claim reserves, liability adequacy testing for recognised insurance liabilities, impairment testing for reinsurance assets and recording insurance contract liabilities have no impact on the Company's financial statements since the Company has always implemented these before this standard became effective.

### **3.2 Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the Company's financial statements when they are initially applied.

## **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 and adjusted with unearned premium reserve.

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 recognised as income over the coverage period each year.

**(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 are recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured and estimates made by the Company's 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 expensed 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 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 classifies 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 classifies 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 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 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 due to reinsurers

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

Amounts 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 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 amounts withheld on reinsurance.

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

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

#### 4.8 Investments in 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 classifies 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 reclassifies 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.

#### **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, motor vehicles	- 3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **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.

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

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company performs 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 estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.13 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 Company's 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 compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is therefore presented in the financial statements.

## 4.14 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.

## 4.15 Provisions

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



#### **4.16 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.

#### **4.17 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

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

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

#### **4.18 Income tax**

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

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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



#### **4.19 Related party transactions**

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

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

#### **4.20 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 applies 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 measures 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 determines 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/ amounts due from reinsurers and claim receivable from litigants**

In determining an allowance for doubtful accounts on loan receivables/ premium receivables/ amounts 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 treats 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 Intangible assets and amortisation**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **5.6 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.

### **5.7 Loss reserves and outstanding claims**

At the end of each reporting period, the Company has 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.

### **5.8 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.



## 5.9 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.

## 5.10 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

## 5.11 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.

## 5.12 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

	<i>(Unit: Baht)</i>	
	2016	2015
Cash on hand	7,160,496	2,414,209
Deposits at banks with no fixed maturity date	218,435,457	136,604,369
Deposits at banks and certificate of deposit with fixed maturity date	3,298,889	187,815,905
Cash and cash equivalents	228,894,842	326,834,483

As at 31 December 2016, saving deposits and fixed deposits carried interest between 0.25% and 0.75% per annum (2015: between 0.75% and 3.00% per annum).

## 7. Premium receivables

The balances as at 31 December 2016 and 2015 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)

	2016	2015
Not yet due	313,609,226	359,635,226
Not over 30 days	32,536,083	36,430,893
Over 30 days to 60 days	11,116,255	13,515,151
Over 60 days to 90 days	5,116,527	5,651,687
Over 90 days	14,169,291	15,115,263
Total premium receivables	376,547,382	430,348,220
Less: Allowance for doubtful accounts	(3,109,206)	(4,294,035)
Total premium receivables, net	373,438,176	426,054,185

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)

	2016	2015
Insurance reserves refundable from reinsurers		
Claim reserves and outstanding claims	116,933,537	98,130,572
Unearned premium reserves	397,966,873	320,061,134
Reinsurance assets	514,900,410	418,191,706

#### 9. Receivables from reinsurance contracts

(Unit: Baht)

	2016	2015
Amounts due from reinsurers	19,112,519	65,857,349
Receivables from reinsurance contracts	19,112,519	65,857,349

As at 31 December 2016 and 2015, the balances of amounts due from reinsurers are classified by aging as follows

(Unit: Baht)

	2016	2015
Not yet due	10,246,384	51,683,565
Not over 1 year	8,526,171	14,077,882
Over 1 year to 2 years	339,964	95,902
Total amounts due from reinsurers	19,112,519	65,857,349



## 10. Investments in securities

### 10.1 Classified by type of investments

(Unit: Baht)

	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	271,693,053	254,070,659	285,052,833	256,709,565
Warrants	-	980,398	-	1,212,540
Total	271,693,053	255,051,057	285,052,833	257,922,105
Less: Unrealised loss	(16,641,996)	-	(27,130,728)	-
<b>Trading investments, net</b>	<b>255,051,057</b>	<b>255,051,057</b>	<b>257,922,105</b>	<b>257,922,105</b>
<b>Available-for-sale investments</b>				
Government and state enterprise debt securities	10,000,000	10,394,582	10,000,000	10,340,441
Private debt securities	280,141,486	284,315,549	150,093,940	155,960,001
Equity securities	40,056,668	112,529,198	51,242,927	150,995,574
Unit trusts	1,521,399,310	1,560,119,497	1,511,731,205	1,530,113,899
Total	1,851,597,464	1,967,358,826	1,723,068,072	1,847,409,915
Add: Unrealised gain	115,761,362	-	124,341,843	-
Less: Allowance for impairment	(176,283)	(176,283)	(176,283)	(176,283)
<b>Available-for-sale investments, net</b>	<b>1,967,182,543</b>	<b>1,967,182,543</b>	<b>1,847,233,632</b>	<b>1,847,233,632</b>
<b>Held-to-maturity investments</b>				
Government and state enterprise debt securities	289,905,071		61,587,132	
Private debt securities	841,000		841,000	
Deposits at financial institutions which amounts maturing in over 3 months	185,462,593		336,093,806	
Total	476,208,664		398,521,938	
Less: Allowance for impairment	(841,000)		(841,000)	
<b>Held-to-maturity investments, net</b>	<b>475,367,664</b>		<b>397,680,938</b>	
<b>Other investments</b>				
Equity securities	3,720,650		3,720,650	
<b>Other investments, net</b>	<b>3,720,650</b>		<b>3,720,650</b>	
<b>Total investments in securities</b>	<b>2,701,321,914</b>		<b>2,506,557,325</b>	



## 10.2 Classified by remaining period of debt securities

Investment in debt securities as at December 2016 and 2015 have period to maturity as follow:

(Unit: Baht)

	2016				Total
	Period to maturity				
	Overdue	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale investments</b>					
<b>Government and state enterprise debt securities</b>					
State enterprise bonds	-	-	10,000,000	-	10,000,000
<b>Private debt securities</b>					
Debentures	93,940	50,000,000	210,047,546	20,000,000	280,141,486
Total	93,940	50,000,000	220,047,546	20,000,000	290,141,486
<b>Add : Unrealised gain</b>	-	58,792	2,793,343	1,716,510	4,568,645
<b>Total available-for-sale investments</b>	93,940	50,058,792	222,840,889	21,716,510	294,710,131
<b>Held-to-maturity investments</b>					
<b>Government and state enterprise debt securities</b>					
Thai government bonds	-	160,346,227	94,558,844	15,000,000	269,905,071
State enterprise saving lotteries	-	-	20,000,000	-	20,000,000
Total	-	160,346,227	114,558,844	15,000,000	289,905,071
<b>Private debt securities</b>					
Private enterprises bonds	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
<b>Deposit at financial institutions which amounts maturing in over 3 months</b>					
Deposit at banks	-	185,462,593	-	-	185,462,593
Total	-	185,462,593	-	-	185,462,593
<b>Total held-to-maturity investments</b>	-	345,808,820	114,558,844	15,000,000	475,367,664



(Unit: Baht)

	2015				Total
	Period to maturity				
	Overdue	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale investments</b>					
<b>Government and state enterprise</b>					
<b>debt securities</b>					
State enterprise bonds	-	-	10,000,000	-	10,000,000
<b>Private debt securities</b>					
Debentures	93,940	15,000,000	105,000,000	30,000,000	150,093,940
Total	93,940	15,000,000	115,000,000	30,000,000	160,093,940
Add : Unrealised gain	-	219,536	3,237,220	2,749,746	6,206,502
<b>Total available-for-sale investments</b>	<b>93,940</b>	<b>15,219,536</b>	<b>118,237,220</b>	<b>32,749,746</b>	<b>166,300,442</b>
<b>Held-to-maturity investments</b>					
<b>Government and state enterprise</b>					
<b>debt securities</b>					
Thai government bonds	100,000	1,011,767	20,331,540	15,143,825	36,587,132
State enterprise saving lotteries	-	25,000,000	-	-	25,000,000
Total	100,000	26,011,767	20,331,540	15,143,825	61,587,132
<b>Private debt securities</b>					
Private enterprises bonds	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
<b>Deposit at financial institutions which</b>					
<b>amounts maturing in over 3 months</b>					
Deposit at banks	-	336,009,688	84,118	-	336,093,806
Total	-	336,009,688	84,118	-	336,093,806
<b>Total held-to-maturity investments</b>	<b>100,000</b>	<b>362,021,455</b>	<b>20,415,658</b>	<b>15,143,825</b>	<b>397,680,938</b>

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

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	99,473,475	143,131,192
Changes during the year		
Gain (loss) on revaluation during the year	53,864,900	(12,390,190)
Gain on sales recognised in profit or loss during the year	(37,577,013)	(6,399,159)
Balance - end of the year	115,761,362	124,341,843
Less: Income tax	(23,152,272)	(24,868,368)
Balance - end of the year, net of income tax	92,609,090	99,473,475



## 10.4 Investments subject to restriction

As at 31 December 2016 and 2015, the Company had pledged the following assets as collateral.

(Unit: Baht)

	2016	2015
Pledged as bail bond in cases where insured drivers have been charged with criminal offense	1,560,097	1,321,713
Deposit at bank which pledged for		
Bank overdraft	3,000,000	3,000,000
Bank guarantee	10,853,382	11,589,247
<b>Total</b>	<b>15,413,479</b>	<b>15,910,960</b>

Furthermore, the Company 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 2016 and 2015, 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)

Outstanding period	2016						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due							
Overdue	4,796,596	-	2,583,932	-	7,380,528	-	7,380,528
Over 12 months							
<b>Total</b>	<b>2,571,084</b>	<b>1,015,446</b>	<b>-</b>	<b>-</b>	<b>2,571,084</b>	<b>1,015,446</b>	<b>3,586,530</b>
Less: Allowance for doubtful accounts	7,367,680	1,015,446	2,583,932	-	9,951,612	1,015,446	10,967,058
	(2,571,084)	(1,015,446)	-	-	(2,571,084)	(1,015,446)	(3,586,530)
<b>Loans, net</b>	<b>4,796,596</b>	<b>-</b>	<b>2,583,932</b>	<b>-</b>	<b>7,380,528</b>	<b>-</b>	<b>7,380,528</b>

(Unit: Baht)

Outstanding period	2015						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due							
Overdue	5,728,141	-	2,268,038	-	7,996,179	-	7,996,179
Over 12 months							
<b>Total</b>	<b>3,201,091</b>	<b>1,137,894</b>	<b>-</b>	<b>-</b>	<b>3,201,091</b>	<b>1,137,894</b>	<b>4,338,985</b>
Less: Allowance for doubtful accounts	8,929,232	1,137,894	2,268,038	-	11,197,270	1,137,894	12,335,164
	(3,201,091)	(1,137,894)	-	-	(3,201,091)	(1,137,894)	(4,338,985)
<b>Loans, net</b>	<b>5,728,141</b>	<b>-</b>	<b>2,268,038</b>	<b>-</b>	<b>7,996,179</b>	<b>-</b>	<b>7,996,179</b>



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. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings	Furniture and fixtures	Office equipment	Motor vehicles	Total
<b>Cost</b>						
As at 1 January 2015	162,665,780	181,207,786	100,048,270	102,786,517	84,577,555	631,285,908
Additions	22,712,000	16,318,000	1,982,543	7,917,905	11,007,103	59,937,551
Disposals	-	-	(7,134,359)	(3,955,344)	(15,913,518)	(27,003,221)
As at 31 December 2015	185,377,780	197,525,786	94,896,454	106,749,078	79,671,140	664,220,238
Additions	6,265,500	4,534,500	7,102,230	5,641,195	8,715,000	32,258,425
Disposals	-	-	(5,979,612)	(9,381,073)	(10,055,000)	(25,415,685)
As at 31 December 2016	191,643,280	202,060,286	96,019,072	103,009,200	78,331,140	671,062,978
<b>Accumulated depreciation</b>						
As at 1 January 2015	-	145,130,074	90,558,615	90,435,708	63,759,174	389,883,571
Depreciation for the year	-	3,126,486	3,280,812	7,568,617	8,953,231	22,929,146
Accumulated depreciation on disposals	-	-	(7,073,384)	(3,984,745)	(15,081,711)	(26,139,840)
As at 31 December 2015	-	148,256,560	86,766,043	94,019,580	57,630,694	386,672,877
Depreciation for the year	-	3,429,666	2,998,322	6,445,688	8,800,786	21,674,462
Accumulated depreciation on disposals	-	-	(5,918,969)	(9,366,217)	(10,054,995)	(25,340,181)
As at 31 December 2016	-	151,686,226	83,845,396	91,099,051	56,376,485	383,007,158
<b>Net book value</b>						
As at 31 December 2015	185,377,780	49,269,226	8,130,411	12,729,498	22,040,446	277,547,361
As at 31 December 2016	191,643,280	50,374,060	12,173,676	11,910,149	21,954,655	288,055,820
<b>Depreciation for the year</b>						
2015						22,929,146
2016						21,674,462

As at 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 290.2 million (2015: Baht 319.0 million).



### 13. Intangible asset - computer software

(Unit: Baht)

	Computer software
<b>Cost</b>	
As at 1 January 2015	42,781,943
Additions	1,422,100
As at 31 December 2015	44,204,043
Additions	340,001
As at 31 December 2016	44,544,044
<b>Accumulated amortisation</b>	
As at 1 January 2015	33,600,668
Amortisation for the year	1,831,035
As at 31 December 2015	35,431,703
Amortisation for the year	1,731,039
As at 31 December 2016	37,162,742
<b>Net book value</b>	
As at 31 December 2015	8,772,340
As at 31 December 2016	7,381,302
<b>Amortisation for the year</b>	
2015	1,831,035
2016	1,731,039

As at 31 December 2016, certain computer software items have been fully amortisation but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 27.3 million (2015: Baht 27.3 million). In addition, as at 31 December 2016, the computer software has remaining useful lives approximately 6 years.



## 14. Deferred tax assets/Income tax expenses

### 14.1 Deferred tax assets

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	31 December		Change in deferred tax assets / liabilities that are recognised in profit or loss for the years ended 31 December	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	7,318,937	10,701,640	(3,382,703)	(797,851)
Unearned premium reserves	44,730,820	56,891,732	(12,160,912)	12,646,560
Provision for claim incurred but not yet reported and outstanding claims	33,691,739	9,707,327	23,984,412	5,944,563
Loss on changes in value of trading securities	3,328,400	5,426,146	(2,097,746)	3,590,277
Post employee benefit obligations	15,038,964	15,417,810	1,301,677	1,191,720
Total	104,108,860	98,144,655		
<b>Deferred tax liabilities</b>				
Gain on changes in value of available-for-sale securities	23,152,272	24,868,368		
Gain on exchange rate	28,789	-	(28,789)	
Total	23,181,061	24,868,368		
Deferred tax assets, net	80,927,799	73,276,287		
Total change			7,615,939	22,575,269

### 14.2 Income tax expenses

The income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2559	2558
<b>Current income tax:</b>		
Corporate income tax charge	7,909,911	21,643,922
Adjustment for corporate income tax expenses of prior year	-	32,020
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(7,615,939)	(22,575,269)
<b>Income tax expenses (revenue) as reported in the statements of comprehensive income</b>	<b>293,972</b>	<b>(899,327)</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Deferred tax relating to:		
Loss on changes in value of available-for-sale investments	(1,716,096)	(3,757,870)
Actuarial gain	1,680,524	752,699

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rate for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Accounting profit before income tax expenses	25,391,022	21,424,549
Applicable corporate income tax rate	20%	20%
Income tax at the applicable tax rate	5,078,204	4,284,910
Adjustment in respect of current income tax of prior year	-	32,020
Effect of exempted income and non-deductible expenses	(4,784,232)	(5,216,257)
Income tax expenses (revenue) as reported in the statements of comprehensive income	293,972	(899,327)

## 15. Other assets

(Unit: Baht)

	2016	2015
Claim receivables from litigants, net	200,624,755	205,149,839
Advance payment of ceded premium	144,163,026	121,269,686
Deposits on rice field insurance scheme	129,694,643	46,980,202
Prepaid commission expenses	54,318,385	49,038,326
Receivable from sale of investments	49,517,705	248,651
Cash equivalents which subject to restrictions	8,023,048	8,064,121
Others	39,121,023	40,266,251
Total other assets	625,462,585	471,017,076

As at 31 December 2016, the Company has pledged deposit at financial institutions which amount maturing within 3 months totaling Baht 8.0 million (2015: Baht 8.1 million) as security against bank overdraft facilities, and as bail bond in cases where insured drivers have been charged with criminal offence.



## 16. Insurance contract liabilities

(Unit: Baht)

	2016		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	983,445,199	107,936,976	875,508,223
- Provision for claim incurred but not reported	16,613,461	8,996,561	7,616,900
Premium reserves			
- Unearned premium reserves	1,576,081,680	397,966,873	1,178,114,807
<b>Total</b>	<b>2,576,140,340</b>	<b>514,900,410</b>	<b>2,061,239,930</b>

(Unit: Baht)

	2015		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	882,508,472	83,516,113	798,992,359
- Provision for claim incurred but not reported	25,101,539	14,614,459	10,487,080
Premium reserves			
- Unearned premium reserves	1,574,100,477	320,061,134	1,254,039,343
<b>Total</b>	<b>2,481,710,488</b>	<b>418,191,706</b>	<b>2,063,518,782</b>

During the years 2016 and 2015, 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.

### 16.1 Claim reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	907,610,011	842,491,575
Claim incurred and loss adjustment expenses for the year	1,998,972,004	1,822,288,488
Changes in claim reserves and outstanding claims	(17,698,990)	16,638,820
Changes in claim reserves and assumptions	29,482,462	18,201,310
Claim and loss adjustment expenses paid during the year	(1,918,306,827)	(1,792,010,182)
<b>Balance - end of the year</b>	<b>1,000,058,660</b>	<b>907,610,011</b>

As at 31 December 2016, the Company has claim reserves and outstanding claims under reinsurance contracts of Baht 0.6 million (2015: Baht 0.8 million).



## 16.2 Unearned premium reserves

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	1,574,100,477	1,462,720,593
Premium written for the year	3,229,683,365	3,125,705,031
Premium earned for the current year	(3,227,702,162)	(3,014,325,147)
Balance - end of the year	1,576,081,680	1,574,100,477

## 16.3 Claims development table

### (a) Gross claims table

(Unit: Million Baht)

Reporting year / Accident year	2011	2012	2013	2014	2015	2016	Total
Claim provision:							
- as at accident year / Reporting year	1,341	1,309	1,662	1,773	1,684	1,820	
- Next one year	1,420	1,172	1,484	1,653	1,645		
- Next two years	992	1,150	1,556	1,599			
- Next three years	980	1,154	1,531				
- Next four years	984	1,173					
- Next five years	1,017						
Ultimate claim reserves	1,017	1,173	1,531	1,599	1,645	1,820	8,785
Cumulative payment to date	978	1,155	1,509	1,584	1,587	1,217	8,030
Net	39	18	22	15	58	603	755
Adjusted claim incurred but not reported							207
Unallocated loss adjustment expenses							38
Total claim reserves and outstanding claims before reinsurance							1,000



**(b) Net claims table***(Unit: Million Baht)*

Reporting year / Accident year	2011	2012	2013	2014	2015	2016	Total
Claim provision:							
- as at accident year / Reporting year	1,017	1,080	1,317	1,403	1,346	1,494	
- Next one year	1,036	993	1,173	1,321	1,314		
- Next two years	937	967	1,239	1,287			
- Next three years	925	972	1,213				
- Next four years	930	991					
- Next five years	963						
Ultimate claim reserve	963	991	1,213	1,287	1,314	1,494	7,262
Cumulative payment to date	926	974	1,193	1,277	1,280	983	6,633
Net	37	17	20	10	34	511	629
Adjusted claim incurred but not reported							216
Unallocated loss adjustment expenses							38
Total claim reserves and outstanding claims net of reinsurance							883

**16.4 Methodology and assumptions**

The methodology and assumptions adopted for the gross and net valuations of insurance liabilities (claim reserves and outstanding claims) are presented as follows:

**(a) Estimation method for best estimate of claims liabilities****Direct and Inward Facultative Business**

There are three main actuarial methods have been 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)

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.

Net claims data provided to the Company is net of salvage and subrogation and proportional reinsurance, but gross of non-proportional reinsurance. Hence, to determine the best estimate of net direct and facultative business, the Company deducted the XOL recovery outstanding case reserves as provided by the Company from ultimate net claims projection.



## Inward Treaty Business

The Company 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.

### (b) 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 Company derived assumptions from an estimate made using the Kittel method, with ULAE ratio computed separately for motor and non-motor classes.

The Company noted that for the purposes of this valuation, the gross outstanding liabilities exclude outstanding liabilities arising from the severe floods in 2011. 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.

## 17. Due to reinsurers

(Unit: Baht)

For the years ended 31 December

	2016	2015
Outward premium payable	376,343,664	290,400,647
Amounts withheld on reinsurances	103,761,130	68,256,556
Total due to reinsurers	480,104,794	358,657,203





## 18. Employee benefit obligations

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, was as follows:

	(Unit: Baht)	
	2016	2015
<b>Provision for employee benefits at beginning of year</b>	77,089,053	74,893,944
Included in profit or loss		
Current service cost	5,527,129	5,467,315
Interest cost	2,389,761	2,621,288
Total item included in profit or loss	7,916,890	8,088,603
Included in other of comprehensive income		
Actuarial loss arising from		
Demographic assumptions changes	(309,261)	-
Financial assumptions changes	(6,066,901)	(843,296)
Experience adjustments	(2,026,459)	(2,920,198)
Total item included in other comprehensive income	(8,402,621)	(3,763,494)
Benefits paid during the year	(1,408,500)	(2,130,000)
<b>Provision for employee benefits at end of year</b>	<b>75,194,822</b>	<b>77,089,053</b>

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2016 and 2015 were as follows:

	(Unit: Baht)	
	2016	2015
Claims and loss adjustment expenses	3,458,921	3,594,536
Other underwriting expenses	2,118,564	2,453,439
Operating expenses	2,339,405	2,040,628
Total expenses recognised in profit or loss	<b>7,916,890</b>	<b>8,088,603</b>

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 14.1 years and the Company expects to pay Baht 0.2 million of long-term employee benefits during the next year (2015: 14.8 years and Baht 1.4 million respectively).

Principal actuarial assumptions at the valuation date were as follows:

	2016	2015
	(Unit: % per annum)	(Unit: % per annum)
Discount rate	3.4	3.1
Salary increase rate	5.0	5.5
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 2016 are summarised below.



(Unit: million Baht)

Rate increase 0.5%	Rate decrease 0.5%
Liabilities decrease 3.3	Liabilities increase 3.6
Liabilities increase 3.7	Liabilities decrease 3.4
Liabilities decrease 0.7	Liabilities increase 0.7

Discount rate  
Salary increase rate  
Staff turnover rate

## 19. Other liabilities

(Unit: Baht)

	2016	2015
Premium received in advance	286,207,495	258,371,694
Accrued commissions	82,497,015	91,627,452
Accrued operating expenses	52,788,086	35,911,998
Payables on purchase of investments	11,322,460	-
Commission received in advance	65,891,436	52,645,980
Other payable	36,888,846	61,201,298
Others	81,896,734	77,957,166
Total other liabilities	617,492,072	577,715,588

## 20. Share capital

On 8 April 2015, the Annual General Meeting of the Company's shareholders approved an increase of the Company's registered capital from Baht 151.5 million to Baht 303.0 million by newly issued the ordinary shares in amount of 151.5 million shares with the par value at Baht 1.0 per share to support the stock dividend payment. The Company registered the increase in the Company's registered capital with the Ministry of Commerce on 28 April 2015.

## 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.

During 2015, the Annual General Meeting of the Company's shareholders approved the allocation of Baht 10.3 million of the net profit for the year 2014 to the statutory reserve.



## 22. Operating expenses

(Unit: Baht)

	2016	2015
Personnel expenses which are not expenses for underwriting and claims	84,537,226	81,394,514
Property and equipment expenses which are not expenses for underwriting	76,030,450	81,336,626
Taxes and duties	1,494,373	1,820,134
Bad debts and doubtful accounts (reversal)	(4,393,483)	1,286,202
Other services expenses	136,809,469	96,076,306
Advertising and promotion expenses	49,492,654	37,011,853
Other operating expenses	31,940,500	34,897,263
Total operating expenses	375,911,189	333,822,898

## 23. Expenses by nature

(Unit: Baht)

	2016	2015
Net claims and loss adjustment expenses	1,534,843,927	1,393,163,060
Commissions and brokerage expenses	546,869,893	545,507,888
Personnel expenses	298,321,802	291,576,627
Other underwriting expenses	145,130,705	117,562,072
Other service expenses	136,809,469	96,076,306
Premises and equipment expenses	76,030,450	81,336,626
Advertise and promotion expenses	49,492,654	37,011,853
Other operating expenses	31,940,500	34,897,263
Other expenses	2,305,890	8,486,336
	2,821,745,290	2,605,618,031

## 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% 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 2016 amounting to approximately Baht 11.4 million (2015: Baht 11.1 million) were recognised as expenses.

## 25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares as a result of the increase in share capital arising from the issue of stock dividend as though it had issued the stock dividend at the beginning of the reporting periods.



## 26. Dividend paid

Dividend declared during the year 2016 and 2015 consists of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015 (Cash dividends)	Annual General Meeting of the shareholders on 8 April 2016	15.15	0.05
Final dividends for 2014 (Cash dividends at Baht 0.11 per share and stock dividend of 1 existing share per 1 stock dividend)	Annual General Meeting of the shareholders on 8 April 2015	168.33	1.11

## 27. Related party transactions

During the years, the Company had significant business transactions (related by way of common directions 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: Baht)

	2016	2015	Pricing policies
<b>Thai Reinsurance Plc.</b>			
Premium ceded	160,741,477	148,044,121	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission income	65,129,859	61,186,615	As stated in the agreement upon normal commercial terms
Claims refunded	23,877,837	22,362,961	As actually incurred, in proportions per agreement
Reinsurance premium written	41,674	63,343	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission expenses	11,368	61,809	As stated in the agreement upon normal commercial terms
Claim expenses	177,029	-	As actually incurred
Dividend income	366,952	-	As declared
<b>Road Accident Victims Protection Co., Ltd.</b>			
Contribution expenses	10,329,877	10,938,244	12.25% of premium written received from insurers under the Public Protection of Traffic Injury Act B.E. 2535
Other income	7,478,195	6,450,342	As stated in the agreement upon normal commercial terms
Dividend income	-	3,518,150	As declared
<b>T.I.I. Co., Ltd.</b>			
Dividend income	20,250	20,250	As declared
<b>J&amp;A Jewelry Co., Ltd.</b>			
Premium written	84,660	84,660	Normal commercial terms for underwriting



As at 31 December 2016 and 2015, the Company had the following significant balances of assets and liabilities with its related parties:

(Unit: Baht)

	2016	2015
<b>Thai Reinsurance Plc.</b>		
Receivables from reinsurance contracts	9,793,193	15,010,377
Investments in equity securities	7,632,605	10,054,490
Due to reinsurers	82,466,736	65,148,777
<b>Road Accident Victims Protection Co., Ltd.</b>		
Investments in equity securities	3,518,150	3,518,150
Other liabilities	2,432,167	2,824,822
<b>T.I.I. Co., Ltd.</b>		
Investments in equity securities	202,500	202,500
<b>Vichitbhan Palmoil Plc.</b>		
Investments in equity securities	147,000	167,000

#### Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses to their directors and management as below.

(Unit: Baht)

	2016	2015
Short-term employee benefits	75,581,931	72,473,711
Post-employment benefits	5,574,372	5,822,419
Total	81,156,303	78,296,130

#### 28. Assets pledged and assets reserved with the Registrar

As at 31 December 2016 and 2015, the following assets have been pledged and reserved with the Registrar in accordance with the Non-life Insurance Act.

(Unit: Million Baht)

	2016		2015	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Asset pledged</b>				
Government bonds	15.1	16.1	15.1	16.2
Total	15.1	16.1	15.1	16.2
<b>Assets reserved</b>				
Government bonds	150.3	150.4	-	-
Deposit at banks which amounts maturing in over 3 months	-	-	100.0	100.0
Certificate of deposits	80.0	80.0	130.0	130.0
Private debt securities	50.0	53.5	30.0	32.2
Total	280.3	283.9	260.0	262.2
Total	295.4	300.0	275.1	278.4



## 29. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Accumulated contribution at the beginning of the year	40,148,883	32,336,526
Contribution during the year	8,073,072	7,812,357
Accumulated contribution at the end of the year	48,221,955	40,148,883

## 30. Commitments and contingent liabilities

### 30.1 Operating lease commitments

The Company has entered into several lease agreements of office building space. The terms of the agreements are 3 years. As at 31 December 2016 and 2015, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit: Baht)

	2016	2015
Payable:		
Within 1 year	0.8	0.3
Over 1 year and not over 5 years	2.0	0.4

### 30.2 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 0.4 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business (2015: Baht 0.8 million).

### 30.3 Litigation

As at 31 December 2016, the Company has been sued as insurer for damages totaling approximately Baht 54.5 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 18.5 million, with the recoverable portion from reinsurers amounting to Baht 2.8 million. The Company's management believes that such reserve is adequate (2015: Baht 76.2 million, Baht 21.9 million and Baht 2.8 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 underwriting and 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. 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 following tables present revenue and profit information regarding the Company's operating segments for the years ended 31 December 2016 and 2015.

Segment revenue and profit information of the Company for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the year ended 31 December 2016				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting income</b>					
Gross premium written	169,128,506	17,541,751	2,336,668,803	706,344,305	3,229,683,365
Less: Premium ceded to reinsurers	(124,331,886)	(6,861,677)	(327,245,302)	(385,092,743)	(843,531,608)
Net premium written	44,796,620	10,680,074	2,009,423,501	321,251,562	2,386,151,757
Add (less): Unearned premium reserves (increase) decrease from prior year	2,653,004	654,924	90,095,698	(17,479,090)	75,924,536
Net earned premium	47,449,624	11,334,998	2,099,519,199	303,772,472	2,462,076,293
Fee and commission income	58,941,322	816,039	111,081,326	72,449,770	243,288,457
<b>Total underwriting income</b>	106,390,946	12,151,037	2,210,600,525	376,222,242	2,705,364,750
<b>Underwriting expenses</b>					
Claims and loss adjustment expenses	5,508,254	6,338,104	1,500,017,970	147,640,064	1,659,504,392
Commission and brokerage expenses	38,778,114	1,639,930	413,602,945	92,848,904	546,869,893
Other underwriting expenses	6,061,527	958,494	193,601,516	38,838,279	239,459,816
<b>Total underwriting expenses before operating expenses</b>	50,347,895	8,936,528	2,107,222,431	279,327,247	2,445,834,101
<b>Profit from underwriting before operating expenses</b>	56,043,051	3,214,509	103,378,094	96,894,995	259,530,649
Operating expenses					(375,911,189)
<b>Loss from underwriting</b>					(116,380,540)
Investment income					59,020,862
Gain on investments					51,711,660
Gain on fair value adjustment of investments					10,488,732
Other income					20,550,308
<b>Profit before income tax expenses</b>					25,391,022
Income tax expenses					(293,972)
<b>Profit for the year</b>					25,097,050



(Unit: Baht)

For the year end 31 December 2015

	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting income</b>					
Premium written	176,717,954	16,026,478	2,366,506,716	566,453,883	3,125,705,031
Less: Premium ceded	(125,375,494)	(5,095,502)	(287,244,959)	(284,037,372)	(701,753,327)
Net premium written	51,342,460	10,930,976	2,079,261,757	282,416,511	2,423,951,704
Less: Unearned premium reserves (increase) decrease from prior year	1,947,361	(793,406)	(104,904,396)	(12,728,016)	(116,478,457)
Earned premium	53,289,821	10,137,570	1,974,357,361	269,688,495	2,307,473,247
Fee and commission income	52,767,002	329,934	101,150,190	66,162,423	220,409,549
<b>Total underwriting income</b>	106,056,823	10,467,504	2,075,507,551	335,850,918	2,527,882,796
<b>Underwriting expenses</b>					
Claims and loss adjustment expenses	25,501,084	358,066	1,344,465,757	144,829,176	1,515,154,083
Commission and brokerage expenses	39,690,374	1,181,278	419,191,356	85,444,880	545,507,888
Other underwriting expenses	6,476,186	685,567	169,989,735	33,981,674	211,133,162
<b>Total underwriting expenses before operating expenses</b>	71,667,644	2,224,911	1,933,646,848	264,255,730	2,271,795,133
<b>Profit from underwriting before operating expenses</b>	34,389,179	8,242,593	141,860,703	71,595,188	256,087,663
Operating expenses					(333,822,898)
Loss from underwriting					(77,735,235)
Investment income					77,153,756
Gain on investments					26,242,447
Loss on fair value adjustment of investments					(17,951,385)
Other income					13,714,966
<b>Profit before income tax expenses</b>					21,424,549
Income tax revenue					899,327
<b>Profit for the year</b>					22,323,876

Segment assets and liabilities of the Company as at 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Miscellaneous	Unallocated	Total
<b>Assets</b>						
As at 31 December 2016	213,157,101	2,636,008	659,399,356	413,729,990	3,564,764,693	4,853,687,148
As at 31 December 2015	204,494,182	2,929,074	680,319,849	333,714,873	3,368,486,338	4,589,944,316
<b>Liabilities</b>						
As at 31 December 2016	345,131,532	8,693,610	2,240,548,494	816,994,503	337,742,253	3,749,110,392
As at 31 December 2015	373,014,504	7,084,102	2,199,088,653	623,617,300	292,367,773	3,495,172,332





## Geographic information

The Company is operated its business in Thailand only, 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 2016 and 2015, the Company has premium written from three major brokers in amounting of Baht 1,570.3 million and Baht 1,580.6 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.
- 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 authorisation to approve underwriting based on the sum insured.



As at 31 December 2016 and 2015 concentration of insurance contract liabilities segregated by insurance type are shown below.

(Unit: Million Baht)

	2016			2015		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	87.1	59.3	27.8	91.0	60.5	30.5
Marine and transportation	3.2	0.6	2.6	3.7	0.5	3.2
Motor	1,151.8	160.9	990.9	1,231.0	150.0	1,081.0
Personal accident	14.8	4.3	10.5	15.5	4.3	11.2
Miscellaneous	319.2	172.9	146.3	232.9	104.8	128.1
<b>Total</b>	<b>1,576.1</b>	<b>398.0</b>	<b>1,178.1</b>	<b>1,574.1</b>	<b>320.1</b>	<b>1,254.0</b>

(Unit: Million Baht)

	2016			2015		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	14.3	9.2	5.1	48.9	8.5	40.4
Marine and transportation	4.2	0.3	3.9	2.5	0.1	2.4
Motor	867.4	65.3	802.1	747.5	45.4	702.1
Personal accident	15.8	5.2	10.6	10.5	4.7	5.8
Miscellaneous	98.4	36.9	61.5	98.2	39.4	58.8
<b>Total</b>	<b>1,000.1</b>	<b>116.9</b>	<b>883.2</b>	<b>907.6</b>	<b>98.1</b>	<b>809.5</b>

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 2016, the impact on the best estimate of insurance liabilities of the changes in key variables is shown in the following table.

(Unit: Million Baht)

	2016				
	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%	101	94	(94)	(75)
Ultimate loss ratio in latest accident year	-5%	(101)	(82)	82	66
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	4	4	(4)	(3)
ULAE ratio	-10%	(4)	(4)	4	3



## **32.2 Financial instruments and risk management policy**

The Company's financial instruments principally comprise cash and cash equivalents, reinsurance assets, receivables from reinsurance contracts, investments in securities, loans to and claim receivables from litigants, insurance contract liabilities and due to reinsurers. The financial risks associated with these financial instruments and how they are managed is described below.

### **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 reinsurers or debtors. If a customer is unable to fulfill an agreement, it affects the Company's revenue and operations. The Company manages the risk by uses credit rating at lease "A" as the basis for selecting reinsurers and makes loans to staff in accordance with the Office of Insurance Commissions rules. The Company also has an audit system and constantly monitors counterparties in order to mitigate credit risk.

### **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's financial position.

#### **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 manages 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 2016 and 2015, significant financial assets classified by type of interest rate are summarised in the table below, with those financial assets 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)

2016

	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate
	Remaining periods to repricing dates or maturity dates							
	Overdue	Within 1 year	1 - 5 years	Over 5 years				
								(% per annum)
<b>Financial assets</b>								
Cash and cash equivalents	-	3.3	-	-	218.4	7.2	228.9	0.50 - 3.20
Premium receivables	-	-	-	-	-	373.4	373.4	-
Reinsurance assets								
- claim reserves	-	-	-	-	-	116.9	116.9	-
Receivables from reinsurance contracts	-	-	-	-	-	19.1	19.1	-
Investments in securities Government and state enterprise debt securities	-	160.3	125.0	15.0	-	-	300.3	1.42 - 5.00
Private debt securities	0.1	50.1	212.4	21.7	-	-	284.3	1.89 - 5.35
Deposits at financial institutions	-	185.4	-	-	-	-	185.4	1.70 - 3.25
Equity securities	-	-	-	-	-	1,931.3	1,931.3	-
Loans	-	0.1	3.4	3.9	-	-	7.4	5.50 - 12.50
Claim receivables from litigants	-	-	-	-	-	200.6	200.6	-
<b>Financial liabilities</b>								
Insurance contract liabilities								
- claim reserves and outstanding claims	-	-	-	-	-	1,000.1	1,000.1	-
Due to reinsurers	-	-	-	-	-	480.1	480.1	-

(Unit: Baht)

2015

	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate
	Remaining periods to repricing dates or maturity dates							
	Overdue	Within 1 year	1 - 5 years	Over 5 years				
								(% per annum)
<b>Financial assets</b>								
Cash and cash equivalents	-	187.8	-	-	136.6	2.4	326.8	0.75 - 3.00
Premium receivables	-	-	-	-	-	426.1	426.1	-
Reinsurance assets								
- claim reserves	-	-	-	-	-	98.1	98.1	-
Receivables from reinsurance contracts	-	-	-	-	-	65.9	65.9	-
Investments in securities Government and state enterprise debt securities	0.1	26.0	30.7	15.1	-	-	71.9	1.00 - 5.00
Private debt securities	0.1	15.2	108.0	32.7	-	-	156.0	3.30 - 5.35
Deposits at financial institutions	-	336.0	0.1	-	-	-	336.1	0.50 - 3.20
Equity securities	-	-	-	-	-	1,942.6	1,942.6	-
Loans	-	0.1	3.6	4.3	-	-	8.0	5.50 - 12.50
Claim receivables from litigants	-	-	-	-	-	205.1	205.1	-
<b>Financial liabilities</b>								
Insurance contract liabilities								
- claim reserves and outstanding claims	-	-	-	-	-	907.6	907.6	-
Due to reinsurers	-	-	-	-	-	358.7	358.7	-



## b. Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from deposit at banks in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk since it has determined that such risk has no significant effect to the financial statements.

As at 31 December 2016 and 2015, the balances of financial assets denominated in foreign currencies are summarised bellows.

Foreign currency	Financial assets		Average exchange rate	
	2016 <i>(Million)</i>	2015 <i>(Million)</i>	2016 <i>(Baht per 1 foreign currency unit)</i>	2015
US Dollar	0.05	-	35.66	-
LAK	70.26	-	0.004	-

## c. 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 2016 and 2015, 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, high liquidity and that pay high dividends, which helps to generate strong returns.

### 32.2.3 Liquidity risk

Liquidity risk is the risk that the Company 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 manages its liquidity risk through monitoring of whether the level of the Fund Solvency Ratio complies with the requirements by the Board of Directors, and monitoring of the daily liquidity position by the Financial Division to ensure that sufficient cash is available when needed. 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 system monitoring 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 2016 and 2015 are as follows:



(Unit: Million Baht)

## 2016

	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	-	3.3	-	-	225.6	228.9
Premium receivables	-	373.4	-	-	-	373.4
Reinsurance assets						
- claim reserves	-	84.2	32.7	-	-	116.9
Receivables from reinsurance contracts	-	19.1	-	-	-	19.1
Investments in securities Government and state enterprise debt securities	-	160.3	125.0	15.0	-	300.3
Private debt securities	-	50.1	212.5	21.7	-	284.3
Deposits at financial institutions	-	185.4	-	-	-	185.4
Equity securities	-	-	-	-	1,931.3	1,931.3
Loans	-	-	3.4	4.0	-	7.4
Claim receivables from litigants	-	200.6	-	-	-	200.6
<b>Financial liabilities</b>						
Insurance contract liabilities						
- claim reserves and outstanding claims	-	700.2	299.9	-	-	1,000.1
Due to reinsurers	-	480.1	-	-	-	480.1

(Unit: Million Baht)

## 2015

	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	-	187.8	-	-	139.0	326.8
Premium receivables	-	426.1	-	-	-	426.1
Reinsurance assets						
- claim reserves	-	72.5	25.6	-	-	98.1
Receivables from reinsurance contracts	-	65.9	-	-	-	65.9
Investments in securities Government and state enterprise debt securities	0.1	26.0	30.7	15.1	-	71.9
Private debt securities	-	15.3	107.9	32.8	-	156.0
Deposits at financial institutions	-	336.0	0.1	-	-	336.1
Equity securities	-	-	-	-	1,942.6	1,942.6
Loans	-	-	3.6	4.4	-	8.0
<b>Claim receivables from litigants</b>	-	205.1	-	-	-	205.1
<b>Financial liabilities</b>						
Insurance contract liabilities						
- claim reserves and outstanding claims	-	636.0	271.6	-	-	907.6
Due to reinsurers	-	358.7	-	-	-	358.7



### 32.3 Fair value measurement for financial instruments

As at 31 December 2016 and 2015, the Company had the following financial assets 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)

	2016				Total
	Book value	Fair value			
	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Trading investments					
Equity securities	254.1	254.1	-	-	254.1
Warrants	1.0	1.0	-	-	1.0
Available-for-sale investments					
Government and state enterprise debt securities	10.4	-	10.4	-	10.4
Private debt securities	284.3	-	284.3	-	284.3
Equity securities	112.4	112.4	-	-	112.4
Unit trusts	1,560.1	140.9	1,419.2	-	1,560.1
<b>Financial assets which fair value are disclosed</b>					
Cash and cash equivalents	228.9	228.9	-	-	228.9
Premium receivables	373.4	-	373.4	-	373.4
Reinsurance assets - claim reserves	116.9	-	116.9	-	116.9
Receivables from reinsurance contracts	19.1	-	19.1	-	19.1
Held to maturity investments					
Government and state enterprise debt securities	289.9	-	289.9	-	289.9
Deposits at banks with maturity period over 3 months	185.4	185.4	-	-	185.4
Other investments	3.7	-	-	228.6	228.6
Loans	7.4	-	-	7.4	7.4
Claim receivables from litigants	200.6	-	200.6	-	200.6
<b>Financial liabilities which fair value are disclosed</b>					
Insurance contract liabilities - claim reserves and outstanding claims	1,000.1	-	1,000.1	-	1,000.1
Due to reinsurers	480.1	-	480.1	-	480.1



(Unit: Million Baht)

	2015				Total
	Book value	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Trading investments					
Equity securities	256.7	256.7	-	-	256.7
Warrants	1.2	1.2	-	-	1.2
Available-for-sale investments					
Government and state enterprise debt securities	10.3	-	10.3	-	10.3
Private debt securities	156.0	-	156.0	-	156.0
Equity securities	150.8	150.8	-	-	150.8
Unit trusts	1,530.1	121.1	1,409.0	-	1,530.1
<b>Financial assets which fair value are disclosed</b>					
Cash and cash equivalents	326.8	326.8	-	-	326.8
Premium receivables	426.1	-	426.1	-	426.1
Reinsurance assets - claim reserves	98.1	-	98.1	-	98.1
Receivables from reinsurance contracts	65.9	-	65.9	-	65.9
Held to maturity investments					
Government and state enterprise debt securities	61.6	-	63.0	-	63.0
Deposits at banks with maturity period over 3 months	336.1	336.1	0.1	-	336.1
Other investments	3.7	-	-	145.0	145.0
Loans	8.0	-	8.0	-	8.0
Claim receivables from litigants	205.1	-	205.1	-	205.1
<b>Financial liabilities which fair value are disclosed</b>					
Insurance contract liabilities - claim reserves and outstanding claims	907.6	-	907.6	-	907.6
Due to reinsurers	358.7	-	358.7	-	358.7

The fair value hierarchy of financial assets and financial liabilities as at 31 December 2016 and 2015 presents according to Note 4.20 to financial statements.

The methods used for fair value measurement depends upon the characteristics of the financial instruments. The Company establishes 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-market able equity securities, fair value is determined using valuation technique i.e. discounted future cash flow or 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.
- (e) The fair value of premium receivables, claim reserves in reinsurance assets, receivables from reinsurance contracts, claim receivables from litigants, due to reinsurers and claim reserves and outstanding claims in insurance contract liabilities is estimated based on the book value, since most of them are mature within one year.

### 33. Reclassification

The Company has presented the current year financial statements to conform with new Declaration of the OIC. Therefore, the Company reclassified certain items in prior year's financial statements for comparative purposes to consistent with current year's classification. The reclassification does not have impact to profit or equity as previously reported. The reclassification are summarised below.

(Unit: Baht)

As at 31 December 2015

	As reclassified	As previously reported
<b>Statement of financial position</b>		
<b>Assets:</b>		
Premium receivables	426,054,185	426,393,578
Reinsurance assets	418,191,706	483,709,662
Receivables from reinsurance contracts	65,857,349	-
<b>Liabilities:</b>		
Accrued employee benefit	-	105,556,755
Employee benefit obligations	77,089,053	-
Other liabilities	577,715,588	549,247,886

(Unit: Baht)

For the year ended 31 December 2015

	As reclassified	As previously reported
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
<b>Income</b>		
Gross premium written	3,125,705,031	-
Premium ceded to reinsurers	(701,753,327)	-
Unearned premium reserves increase from prior year	(116,478,457)	-
Net earned premium	-	2,307,473,247
<b>Expenses</b>		
Claim and loss adjustment expenses	1,881,771,688	1,515,154,083
Claim recovered from reinsurers	(366,617,605)	-
Other underwriting expenses	211,133,162	183,177,286
Contribution to Road Accident Victims Protection Co., Ltd.	-	10,938,244
Contribution to the Office of Insurance Commission	-	8,312,357
Contribution to General Insurance Fund	-	7,812,357
Contribution to the Victims Compensation Fund	-	892,918



#### **34. 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.

#### **35. Events after the reporting period**

On 27 February 2017, 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 2016, at Baht 0.05 per share, or a total of Baht 15.15 million. Payment is scheduled to be made on 9 May 2017.

#### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.



An aerial view of a city with numerous high-rise buildings. Several glowing location pins are scattered across the cityscape. The text "Service Center" is overlaid in the center.

# Service Center

# Service Center

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