

ANNUAL REPORT 2018

KRUNGTHAI PANICH INSURANCE
PUBLIC COMPANY LIMITED

65 YEARS ANNIVERSARY GROWING TOGETHER



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Throughout 65 years of our non-life insurance business operation, Krungthai Panich Insurance Public Company Limited has committed to propel our organization to its greatest potential. We strive for perfection in all aspects of Thai people's lives as well as for the highest effectiveness and efficiency in managing our business. We believe it's our responsibility to provide the utmost peace of mind to our customers for their fulfilled and prosperous lives. Our solutions are, thus, to honestly and responsibly safeguarding them for any possible risk that could disrupt their lives. While our steady business practice is to uphold transparency and to achieve equitable benefits to our business partners and shareholders alike.

VISION

To be Thailand's leading non-life insurance company with high-calibre personnel, modernized work process and system with strong financial foundation equipped to provide service excellence to our customers and values to our business alliances; offering equitable returns to our shareholders while supporting the progress of Thai society and its sustainable development.

MISSION

Employees	: Develop our personnel to reach their maximum capabilities and the professional level of proficiency
Corporate	: Continue to improve system of operation for greater efficiency by utilizing state-of-the-art technology
Customers	: Maximize customer satisfaction by offering quality products and solutions with service excellence
Business Alliance	: Attentive to our business alliances by building trustworthiness through strong cooperation
Shareholders	: Offer constant and sustainable growth in profits and returns
Thai Society	: Provide support as an important ally towards developing quality Thai society



FINANCIAL HIGHLIGHTS

Unit : Million Baht (Except Earnings Per Share Unit : Baht)

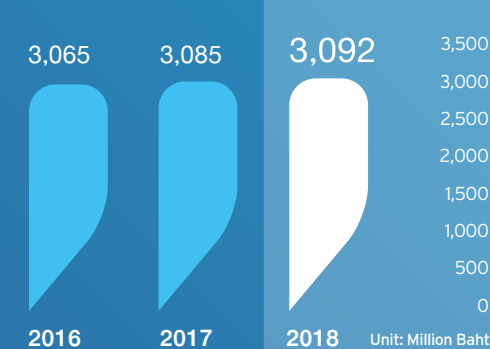
ITEMS	2016	2017	2018
GROSS WRITTEN PREMIUM	3,065	3,085	3,092
% CHANGE	0.03	0.68	0.22
NET WRITTEN PREMIUM	2,582	2,548	2,397
% CHANGE	(4.73)	(1.35)	(5.91)
UNDERWRITING INCOME	372	400	521
% CHANGE	(4.18)	7.50	30.27
INVESTMENT INCOME	314	370	325
% CHANGE	(6.50)	17.94	(12.22)
NET INCOME	566	628	694
% CHANGE	(3.50)	10.90	10.53
EARNINGS PER SHARE	51.47	57.08	63.09
% CHANGE	(3.50)	10.90	10.53
TOTAL LIABILITIES	3,243	3,372	3,652
% CHANGE	2.04	3.98	8.29
SHAREHOLDER'S EQUITY	5,718	5,913	6,141
% CHANGE	11.62	3.41	3.85
TOTAL ASSETS	8,961	9,285	9,793
% CHANGE	7.95	3.62	5.47

Unit : Percentage

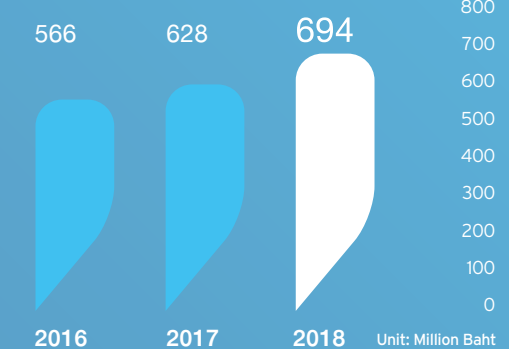
FINANCIAL RATIO	2016	2017	2018
NET PROFIT / NET WRITTEN PREMIUM	21.92	24.64	28.95
NET PROFIT / TOTAL ASSETS (ROA)	6.32	6.76	7.09
NET PROFIT / SHAREHOLDER'S EQUITY (ROE)	9.90	10.62	11.30
TOTAL LIABILITIES / SHAREHOLDER'S EQUITY	56.72	57.03	59.47
CAPITAL ADEQUACY RATIO (CAR RATIO)	607.17	724.91	747.14

Note : * CAR Ratio 2018 is prior to submission to the Office of Insurance Commission (OIC)

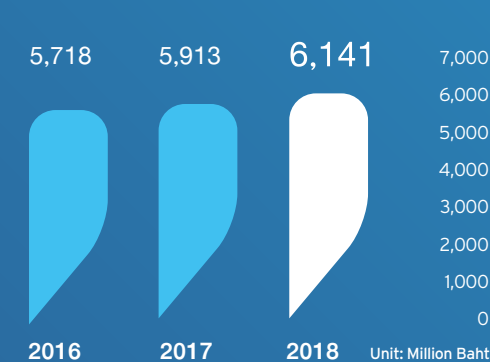
GROSS WRITTEN PREMIUM



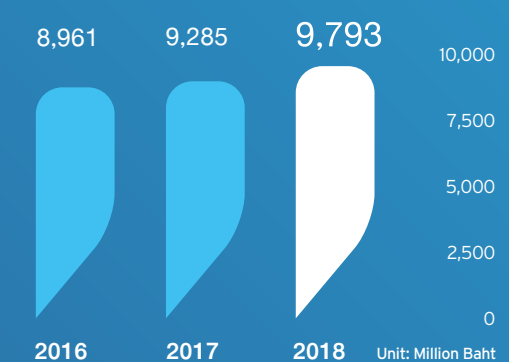
NET INCOME



SHAREHOLDER'S EQUITY



TOTAL ASSETS



GROWING TOGETHER WITH THAI SOCIETY

Sincerity has always been crucial to our business practice throughout 65 years of the company's history. It's our key success factor that enables our company to continue to grow alongside Thai society until the present day. All through our journey of growth, we genuinely look after and take responsibility for our customers and business partners. It's our strong belief that a robust foundation of Thai society will positively strengthen our country as a whole. Krungthai Panich Insurance Public Company Limited as Thailand's leading non-life business insurance provider will strive forward to its greater future. By utilizing the latest technology and innovations in non-life insurance business, we can adapt them to suit our organization's product development plan while achieving the highest degree of effectiveness in service delivery. We are confident that we're well-equipped to grow sustainably together with Thai society.



● GROWING TOGETHER AMONG HOSPITABLE SMILES

All through years in the organization's business operation, we are considerate and attentive to any possible risk that may disrupt lives, assets and businesses of our customers. These aspects are vital to our business practice as they could enable smoother way of living, freedom from any worry or disturbances for our customers. Additionally, we feel genuinely responsible in easing their burden or sometimes helping them to overcome any obstacle. Our business strategy is not only to deliver maximum benefit to our customers but also to be able to give back to our society where we live and conduct our business. It's quite evident in numerous social activities such as "KPI, The Ready Steps for Thai Future" that provides education opportunity to underprivileged children and young generation in rural areas of our country. This significant CSR project aims to put smiles and happiness back into Thai people's lives ensuring them a fulfilled life and brighter future.



GROWING TOGETHER WITH SUSTAINABLE QUALITY

Secure and healthy financial foundation are the essential aspects in building a strong and stable organization. Every KPI staff plays an important role driving the organization's progress towards prosperous future. Thus, our human resource policy has focused in personal capability development among all staffs throughout the company. In 65 years of the company's history, we have continually granted scholarships to our staffs to improve and further their education in various courses and institutions available both domestic and international. We emphasize in professional skill improvement and development suitable to each staff's capability and area of expertise. As we believe that they will bring fresh perspectives into their working environment in order to serve our customers and business alliances professionally and efficiently.



MESSAGE FROM THE BOARD OF DIRECTORS



Office of the National Economic and Social Development Board (NESDB) has released its forecast that Thai economy in 2018 would expand 4.2 percent, an increase from the previous year's growth rate at 3.9 percent (data as of 19th November 2018). The main factors attributed to this level of increase emerging from the continuing growth rate in domestic consumption and investment in private sector. The continuing rise in the government's expenditure and investment was also contributed to the increase while the decelerated trend in the country's export sector has slowed down. As for the production side of construction, wholesale, retail and repair sectors has expanded in a satisfactory level. While the production side of agricultural, hospitality, restaurant and industrial sectors has decelerated. Among these factors has resulted in the overall non-life insurance business for 2018 with the estimate of 229,500 million baht in direct premiums, a growth rate of 5.1 percent from 2017. Accordingly, the company's income from direct premiums in 2018 amounted to 3,092 million baht and the income after operation expenditure was 521 million baht, the income from net investment amounted to 325 million baht and the net profit from business operation after deducting corporate income tax amounted to 694 million baht.

For 2019, NESDB has forecast that the overall Thai economy's growth rate would be in the range of 3.5 - 4.5 percent. As for the non-life insurance business, the Office of Insurance Commission forecasts that this year's direct premiums would grow at the rate of 4.7 - 5.7 percent amounted to 240,197 million baht because Thai economy's growth in 2019 has trended towards greater growth with numerous positive signs. The main supporting factors would be the shifting direction in international trade, production and investment that would attribute to the growth in Thai export sector as well as the upward trend in the accelerating development of the government's investment plan. The investment in private sector has continued to expand while

the domestic expenditure has trended in positive territory. Furthermore, Thai tourism sector has also trended towards an increase from previous year. Accordingly, in 2019, KPI would continue to focus in middle size and retail customers as our primary target segments. While for large size customer, our business expansion would be strictly to industrial sector that has shown low Loss Ratio in order to harness growth at secure and sustainable rate. In addition, we will continue to strengthen relationships with our customers, business partners and business alliances to maintain, increase and maximize renewal rate of the existing insurance policies. We will further enhance our data analysis and assessment of our current customers to identify opportunities for upselling new insurance products while offering more comprehensive solutions. Furthermore, we will keep on improving our distribution channels, ensuring that all insurance products and solutions can be introduced in easy, convenient, and efficient manner. Our information technology system has also been constantly up-to-date to accommodate the ever changing consumer behaviors that have been relying more and more on online platform. In 2019, we will further improving our customer service quality while maintaining business profits at sustainable level. Besides the aforementioned business growth we also emphasize on our corporate social responsibilities by organizing CSR projects and activities throughout the year.

On behalf of our Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, business partners as well as our employees for your strong and dedicated support in our business operations throughout 2018. Looking ahead, we're determined to continue our commitment to maintain steady and sustainable growth as well as utilize our competitive advantage to achieve greater success and strong business performance.

A handwritten signature in blue ink, appearing to be 'D.D.' or similar initials.

(DR. DHIRAPHORN SRIFUENGFUNG)
Chairman of the Board of Directors

BOARD OF DIRECTORS



**DR. DHIRAPHORN
SRIFUENGFUNG**

Chairman of The Board
of Directors

**MR. PAYUNGSAK
CHARTSUTIPOL**

Independent Director /
Chairman of Audit
Committee /
Chairman of Corporate
Governance Committee

**MR. UDOMSAK
ROJVIBOONCHAI**

Director /
Chairman of Executive
Director

**MR. SUWAT
NESTSAWAT**

Director /
Audit Committee

**ASST. PROF. KULAYA
JANTADEJ PH.D.**

Independent Director /
Audit Committee

**MR. KASEM
PAEYAI**

Director /
Executive Director

BOARD OF DIRECTORS



**MR. WERAPONG
SUPPASEDSAK**

Director /
Corporate Governance
Committee

**MR. TANET
PHANICHEWA**

Director /
Corporate Governance
Committee

**MR. WARAWUT
SITTHIYOS**

Director

**MR. SAKDEE
CHEABLAM**

Director

**MR. KERATI
PANICHEWA**

Director /
Executive Director

BOARD OF DIRECTORS' PROFILE

DR. DHIRAPHORN SRIFUENGFUNG

Chairman of Board of Directors

EDUCATION

- Ph.D. Civil Engineering University of Missouri, USA

TRAINING

- National Defence Course for public, private and political defence class 1, National Defence College
- Directors Accreditation Program (DAP) Thai Institute of Directors Association (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Chief Executive Officer of Pimai Salt Co., Ltd.
- Chairman of Goodyear (Thailand) Public Co., Ltd.
- President of Patong Beach Hotel (Phuket) Co., Ltd.
- President of Baan Samui Resort Co., Ltd.
- Executive Director of Thai Refined Salt Co., Ltd.
- Executive Director of Boonsong Co., Ltd.
- Executive Director of Boonpermpoon Co., Ltd.
- Director of TTL Industries Public Co., Ltd.

MR. PAYUNGSAK CHARTSUTIPOL

Independent Director / Chairman of Audit Committee / Chairman of Corporate Governance Committee

EDUCATION

- Honorary Degree of Doctor of Engineering, Suranaree University of Technology
- Honorary Degree of Doctor of Philosophy, Organization Development Administration, Chaopraya University
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University
- Certificate of Management Development Program, North Western University, USA

TRAINING

- Director Accreditation Program (DAP SCC / 2004), Thai Institute of Directors
- Certificate in Top Executives in the Energy Education Program (Class 1), Thailand Energy Academy (TEA)
- Power of Kingdom Class 1, Bhumpalungphandin (BPP), Executive Program, Chulalongkorn University
- The Training Course on Administrative Justice for Executives Class 2, Administrative Justice Development Institute
- Top Executives Program (Class 11), Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCoT Class 2), Commerce Academy, University of the Thai Chamber of Commerce

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Independent Director / Chairman of Corporate Governance Committee, Global Green Chemicals Public Company Limited
- Independent Director / Chairman of Audit Committee / Chairman of Risk Management Committee Global Power Synergy Public Company Limited
- Chairman of Board of Directors, Nakhonluang Capital Public Company Limited
- Director, Linde (Thailand) Public Company Limited
- Director, The Siam United Stell (1995) Company Limited
- Independent Director / Vice Chairman, Sapthip Company Limited

MR. UDOMSAK ROJVIBOONCHAI

Director / Chairman of Executive Director

EDUCATION

- Master of Commerce, Chulalongkorn University

TRAINING

- The Leadership Grid - The Power to Change
- Modern Management Strategy (2008)
- Financial Executive Development Program (Finex)
- Fiscal Management Program
- TLCA Executive Development Program (EDP)
- Advanced Certificate Course in Public Economics Management for Executives
- Corporate Governance for Capital Market Intermediaries (CGI)
- Leader Program (CMA) Institute of Business and Industrial Development for top executive (IBID 3)
- Director Certification Program (DCP) Class 248 / 2017 Thai Institute of Directors (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Ktzmico Securities Co., Ltd.

MR. SUWAT NESTSAWAT

Director / Audit Committee

EDUCATION

- Master Degree of Business Administration, Kasetsart University
- Bachelor Degree of Economics, Ramkhamhaeng University
- Bachelor Degree of Law, Ramkhamhaeng University

TRAINING

None

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

BOARD OF DIRECTORS' PROFILE

ASST. PROF. KULAYA JANTADEJ, PH.D.

Independent Director / Audit Committee

EDUCATION

- Doctor of Philosophy (Accounting Specialization), University of Nebraska, U.S.A.
- Master of Financial Management, University of Queensland, Australia
- Bachelor of Business Administration (1st Class Honors, Gold Medal), Accounting Major, Thammasat University

TRAINING

- IFRS 9 Financial Instruments: Practical Application organized by PwC's Academy, Singapore
- TFRS 15 Revenue from Contracts with Customers organized by Thai Accounting Association
- TFRS 16 Leases organized by Thai Accounting Association

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

MR. KASEM PAEYAI

Director / Executive Director

EDUCATION

- Master of Public and Private Management Program, National Institute of Development Administration
- BA, (Economics), University of the Thai Chamber of Commerce

TRAINING

- Influencer, PacRim Leadership Center Class 1 / 2012
- Executive Program for Senior Management (EX-PSM3) Class 3 / 2012 Fiscal Policy Research Institute Foundation (FPRI)
- Leadership Program 2010, PacRim Leadership Center
- Behavioral Science Psychology Human Behavior Modification & Development Center (HMDC)
- Director Certification Program Class 177 / 2013 , Thai Institute of Directors Association

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director / Audit Committee
- Secondary Mortgage Corporation

MR. WERAPONG SUPPAEDSAK

Director / Corporate Governance Committee

EDUCATION

- Master of Economics (Finance), National Institute of Development Administration (NIDA)
- Bachelor of International Economics, Ramkhamhaeng University

TRAINING

- Corporate Governance for Capital Market Intermediaries : CGI19/2017 ,Thai Institute of Directors Association (IOD)
- Director Certificate Program (DCP) : DCP237/2017 , Thai Institute of Directors Association (IOD)
- TLCA Executive Development Program : EDP14/2014, Thai Listed Companies Association (TLCA)
- Director Accreditation Program (DAP) : DAP100/2013, Thai Institute of Directors Association (IOD)
- Executive Development Program (EDP) : EDP2011, Fiscal Policy Research Institute Foundation (FPRI)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director and Executive Director, KT ZMICO Securities Company Limited.
- Director, Bangkok Expressway and Metro Pcl.

MR. TANET PHANICHEWA

Director / Corporate Governance Committee

EDUCATION

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Bangkok, Thailand
- Bachelor of Industrial Engineering, School of Engineering, Newcastle University, NSW, Australia

TRAINING

- Capital Market Academy (CMA)
- Future Entrepreneurs Forum (FEF)
- Academy of Business Creativity (ABC)
- Tourism Management Program for Executives (TME)
- Top Executive Program in Commerce and Trade (TEPCoT)
- Top Executive Program for Creative & Amazing Thai Services (ToPCATS)

NO. OF SHARES

30,089

RELEVANT IMPORTANT POSITION

- Chairman KIARTI THANEE COUNTRY CLUB CO., LTD.
- Director TTL INDUSTRIES PUBLIC CO., LTD.

BOARD OF DIRECTORS' PROFILE

MR. WARAWUT SITTHIYOS

Director

EDUCATION

- Master Degree MBA, Ramkhamhaeng University
- Bachelor Degree MBA, Ramkhamhaeng University

TRAINING

- Executive Leadership Development Program (ELDP)
- Director Certification Program (DCP) Class 240 / 2017 Thai Institute of Directors (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

MR. SAKDEE CHEABLAM

Director

EDUCATION

- Master degree of Business Administration, Kasetsart University
- Bachelor of Accounting University of the Thai Chamber of Commerce

TRAINING

- Financial Executive Development Program, FINEX VI 18/06/2010 TIBFA Executive Bank's Program, Pacific RIM
- Modern Management Program, Executive Leadership Development Program, Cornell university
- Director Certification Program - DCP 243/2017, Thai Institute of Directors(IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

MR. KERATI PANICHEWA

Director / Executive Director

EDUCATION

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

TRAINING

- Director Certification Program, Class 1 / 2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director of Thai Reinsurance Public Company Limited
- Director of TTL Industries Public Company Limited
- Director of Kiarti Thanee Country Club Company Limited
- Director of Thai Public Port Company Limited

THE EXECUTIVES



**MR. KERATI
PANICHEWA**
Chief Executive Officer



**MS. SUCHAVADEE
SANGANONG**
Senior Executive Vice President



**MR. PUTTHINAN
PLANGKULL**
Executive Vice President



**MR. RANISORN
PHOUNGVARINTARA**
Executive Vice President



**MR. BOONYONG
VONGSRI**
Executive Vice President

THE EXECUTIVES' PROFILE

MR. KERATI PANICHEWA

Director / Executive Director

EDUCATION

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

TRAINING

- Director Certification Program, Class 1 / 2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

RELEVANT IMPORTANT POSITION

- Director of Thai Reinsurance Public Company Limited
- Director of TTL Industries Public Company Limited
- Director of Kiarti Thanee Country Club Company Limited
- Director of Thai Public Port Company Limited

MS. SUCHAVADEE SANGANONG

Senior Executive Vice President

EDUCATION

- MBA (Finance), University of Hartford, Connecticut, USA
- MS (Insurance), University of Hartford, Connecticut, USA
- BBA (General Management and Insurance & Risks Management), Assumption University

WORK EXPERIENCE

- Thai Reinsurance PLC.
- American Reinsurance, New York & New Jersey, USA
- Kasikorn Asset Management Co., Ltd.
- Muang Thai Life Assurance PLC.
- Thai Insurance Institution (Lecturer)
- Assumption University (Lecturer)

TRAINING

- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy - Class 11
- International Management Seminar : Partnership for Success - New York, USA
- Cyber Conference - Seoul, South Korea
- Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDP) - Class 1
- Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD) - Class 25
- Director Certification Program (DCP), Thai Institute of Directors (IOD) - Class 194
- Enterprise Risk Management Workshop (ERM) - Munich, Germany
- Advance Insurance Institution (AII), Office of Insurance Commission (OIC) - Class 3
- Leadership Program, PacRim Group
- East Asian Insurance Congress (EAIC) - (2004 - Current)
- Singapore Reinsurance Conference (SIRC) - (2003 - Current)

MR. PUTTHINAN PLANKULL

Executive Vice President

EDUCATION

- Bachelor of Laws Program, Ramkhamhaeng University

WORK EXPERIENCE

- Auto Claims Officer, The Siam Commercial Samaggi Insurance PCL

TRAINING

- Director Certification Program (DCP), Thai Institute of Directors
- Leadership: Great Leaders, Great Teams, Great Results, FranklinCovey and PacRim Group
- Car Damage Assessment, (THATCHAM INTVDA 03), THATCHAM AUTOMOTIVE ACADEMY INTERNATIONAL VEHICLE DAMAGE ASSESSOR TRAINING
- Insurance Management Development Program (IMDP 14), Faculty of Commerce and Accountancy, Chulalongkorn University.
- Auto Claims Management, Department of Investigation, Royal Police Cadet Academy
- Program Staff Claims class 5, Department of Insurance, Ministry of Commerce
- Management Problem Solving and Decision Making Program, KEPNER TREGOE, INTERNATIONAL, PRINCETON, NEW JERSEY, U.S.A.
- Attorney-at-Law Certificate, Lawyers Council of Thailand Class 9

MR. RANISORN PHOUNGVARINTARA

Executive Vice President

EDUCATION

- Faculty of Laws Ramkhamhaeng University
- Young executive MBA Chulalongkorn university
- Principal of insurance and engineering Munich Re insurance Germany
- Executive MM Thammasat university

WORK EXPERIENCE

- Aioi Bangkok insurance co., Ltd
- Thai insurance co., Ltd
- One insurance.co
- The Thai commercial Insurance co., Ltd

TRAINING

- Victoria Insurance Dusseldorf Germany
- General insurance at Association of Thailand
- Marine cargo insurance at Association of Thailand
- Kepner and tregoe Thailand
- John robert power Thailand
- Factoring model at Toyota Nagoya Japan

THE EXECUTIVES' PROFILE

MR.BOONYONG VONGSRI
Executive Vice President

EDUCATION

- Master of Business Administration in Marketing
South East Asia University
- Bachelor of Business Administration in Marketing
Ramkhamhaeng University

WORK EXPERIENCE

- Ayudhya General Insurance Public Company Limited
- Siam City Insurance Public Company Limited
- The Deves Insurance Public Company Limited
- Member of Accident and Health Insurance Committee
Thai General Insurance Association
- Member of Property Insurance Committee
Thai General Insurance Association
- Vice Chairman of Miscellaneous Insurance Committee
Thai General Insurance Association
- Chairman of Liability Insurance Club
Thai General Insurance Association

TRAINING

- Mini MBA - Thammasat University
- IMDP - Thai General Insurance Association
- Certificate of ANZIIF Thai - Thailand Insurance Institute
- Engineering Insurance Seminar of Munich re Hong Kong
- Engineering Insurance Seminar of JLT Singapore

SAMMARY OF THE MEETING PARTICIPATION

(JANUARY-DECEMBER 2018)
KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

#	LIST OF DIRECTORS	APPOINTED DATE	NO. OF PARTICIPATIONS ⁽¹⁾
1	DR. DHIRAPHORN SRIFUENGFUNG	April 19 , 2016	8 / 8
2	MR. PAYUNGSAK CHARTSUTIPOL	April 19 , 2017	5 / 8
3	MR. UDOMSAK ROJVIBOONCHAI	April 23 , 2018	7 / 8
4	MR. SUWAT NESTSAWAT	April 19 , 2017	7 / 8
5	ASST. PROF.KULAYA JANTADEY PH.D. ⁽²⁾	March 28 , 2018	5 / 5
6	MR. KASEM PAEYAI	April 19 , 2016	7 / 8
7	MR. WERAPONG SUPPADESAK	April 19 , 2016	7 / 8
8	MR. TANET PHANICHEWA	April 23 , 2018	8 / 8
9	MR. WARAWUT SITTHIYOS	April 23 , 2018	7 / 8
10	MR. SAKDEE CHEABLAM	April 19 , 2017	8 / 8
11	MR. KERATI PANICHEWA	April 19 , 2016	8 / 8

Note
⁽¹⁾ No. of Participation / No. of Total Meeting
⁽²⁾ Assigned in March 28 , 2018

MAJOR SHAREHOLDERS

NAME	SHARES	% SHARE
KRUNGTHAI BANK PCL	4,950,000	45.00
PAIBUL CAPITAL CO.,LTD.	2,887,091	26.25
BOONPERMPOON CO.,LTD.	1,574,622	14.31
MR.SOMBATH PHANICHEWA	442,573	4.02
SRI BROTHERS CO.,LTD.	306,216	2.78
OTHERS	839,498	7.63
TOTAL	11,000,000	100.00

GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited was established on 1st September 1953 under Ror Sor Por Insurance Co., Ltd., with a registered capital of 3 million baht and the core business was motor insurance. The company was led by General Pramarn Adireksarn (his rank at that time). In 1954, one of the most significant year in the company’s history, the cabinet of Field Marshal Plaek Phibunsongkhram announced that the government would take Ror Sor Por Insurance Co., Ltd., under its patronage based on the company’s policy in managing its business operation with transparency and trustworthiness with strong and steady progress into the future. It is the first and only insurance company in Thailand to be bestowed the honor from the administration at that time.

In 1971, the company had increased its business capability and expanded its business to provide total solutions in non-life insurance in accordance with Non-life Insurance Act (1967) and in response to the country’s rising economic growth while developing its service to be on par with international standards.

On 1st August 1995, the year of expanding business opportunities to ensure the company’s constant strong growth by jointly investing with Thailand’s leading financial institution, Krung Thai Bank PCL., holding 40% of 100 million Thai baht registered capital and has changed its name to Krungthai Panich Insurance Co., Ltd. The continuing growth in its business operation in subsequent years had prompted the company to increase its registered capital to 110 million baht with Krung Thai Bank PCL in 2007 and increased share holding to 45% of the registered capital.

On 1st June 2012, the company has been changed to a public company limited in accordance with Non-life Insurance Act (2nd Ed.) 2008, Article 56, Clause 2, which had stated that non-life insurance company in the form of “Company Limited” must change into “Public Company Limited” from the promulgation date of the Act since 5th February 2008 with the approval by the Company’s Board of Directors. In the 59th annual general meeting, an extraordinary resolution had been agreed to transform “Krungthai Panich Insurance Co., Ltd.” into the registered name as “Krungthai Panich Insurance Public Company Limited”.

Throughout years of our business operation, we firmly believe that a strong and secure financial foundation is vital to earn trust and reliability from our customers. The company, therefore, has a policy to maintain the high level of Capital Adequacy Ratio and Liquidity Ratio. From its financial report dated 31 December 2018, the company’s Capital Adequacy Ratio was at 747.14 percent and Liquidity Ratio was at 729.96 percent. It’s significantly higher than standard ratio that has been set by Office of Insurance Commission (OIC) at no lower than 140 percent and 100 percent respectively. Furthermore, we’re determined to uphold our commitment to conduct our business with integrity, transparency and good corporate governance practice in order to achieve strong and sustainable growth. As the result we have increasingly gained trust from our customers, business alliances and other organizations. For many consecutive years, KPI has proven its quality and exceptional working standards by winning several industry’s prestigious awards. We have developed and have constantly improved our service standard to be fast and efficient whilst strengthening our staffs’ capabilities and professionalism. The ultimate goal is to further develop our organization to be stronger and moving forward with sustainable growth.

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED
The Well-established and Secure Non-life Insurance Company for All Thais

HEAD OFFICE
1122 KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand.
Tel.: 0 2624 1111
Fax: 0 2624 1234
www.kpi.co.th

ACHIEVEMENT OF THE YEARS



2015
THE WINNER

FOR NON-LIFE INSURANCE
WITH OUTSTANDING
DEVELOPMENT



2014
THE THIRD PRIZE

FOR NON-LIFE INSURANCE
WITH EXCELLENT
MANAGEMENT



2013
THE THAI CHAMBER

OF COMMERCE BUSINESS
ETHICS STANDARD TEST AWARD
(TCC BEST AWARD)

2011	THE SECOND PRIZE	for Non-Life Insurance with Excellent Management
2010	THE SECOND PRIZE	for Non-Life Insurance with Excellent Management
2008	THE SECOND PRIZE	for Non-Life Insurance with Excellent Management
2007	THE THIRD PRIZE	for Non-Life Insurance with Excellent Management
2006	HONORARY MENTION	for Non-Life Insurance with Excellent Management
2005	HONORARY MENTION	for Non-Life Insurance with Excellent Management
2004	HONORARY MENTION	for Non-Life Insurance with Excellent Management



CORPORATE SOCIAL RESPONSIBILITY (CSR)



CORPORATE SOCIAL RESPONSIBILITIES

At Krungthai Panich Insurance Public Company Limited, our mission is to provide non-life insurance solutions that aims to decrease burden to any loss and damage to lives and assets for Thai people. It has also been our continual commitment to value our customers as we firmly believe that our efforts will significantly strengthen society and its people as a whole. Additionally, it's in accordance to our company's objective to always be a "Good Corporate Citizen", we, therefore, encourage our staffs to be more socially conscious and generous with their contributions for the betterment of Thai society.

SOCIAL RESPONSIBILITY IN BUSINESS OPERATIONS

Good Corporate Governance is the pillar to an organization's sustainable growth. At KPI, we strongly believe that Good Corporate Governance practice is the important factor in building business foundation with integrity and transparency. It is also our responsibility to treat all stakeholders such as shareholders, customers and business alliances with respect and fairness. Furthermore, we are not only follow the official good governance framework practice but also emphasizing in strong cooperation with the Office of Insurance Commission in their CSR activities as we believe these activities will contribute to the betterment of Thai society.

2018 CSR PROJECTS

"THE READY STEPS" PROJECT FOR THE FUTURE OF YOUNG THAI GENERATIONS

KPI has continued this project for over 5 years since its launch in 2013 with the main objective to provide greater education opportunities to students in the country's rural areas. The essence of the project is to advocate better education to enable capability development among young Thai generations who will grow up to be the crucial part driving Thailand towards greater prosperity. The key element of the project is to improve quality of libraries in Thailand's remote areas and transform them into the ideal learning environment suitable for everyone. In addition, scholarships are also available to academically distinct students as the way to motivate them to pursue further education. It's KPI's unwavering belief that good education is the most valuable asset for the development of young generations who will grow up to be highly capable adults contributing to the country's future development.

"BLOOD DONATION WITH HEART, GIVEN BY ONE, BENEFIT TO THREE" PROJECT

Krungthai Panich Insurance Public Company Limited together with Thai Red Cross invite all staffs and people living nearby KPI head office to generously donate their blood in the biannual blood donation project to ensure constant and sufficient supply of blood in Thai Red Cross' blood bank reserve. In 2018, the blood donation was held on 30 March and 28 September. Many kindhearted KPI staffs and charitable people who are living nearby had joined in the activity.

FREE HEALTH CHECKUP PROJECT, MEDICAL DEVELOPMENT CLINIC

The kindness project provides drinking water to doctors, nurses and patients who participate in the free health checkup activity for general public at Medical Development Clinic celebrating the 66th birthday anniversary of His Majesty Maha Vajiralongkorn Bodindradebayavarangkun (King Rama X) on 24th July 2018 while honoring the 86th birthday anniversary of Queen Sirikit of King Bhumibol Adulyadej (King Rama IX) on 10th August 2018.

SCHOLARSHIPS FOR YOUTH PROJECT IN RAYONG PROVINCE

Krungthai Panich Insurance Public Company Limited, Rayong branch had joined force with Bangkok Commercial Asset Management Public Company Limited granting scholarships for 2019 academic year to students in Rayong province. The scholarships aim to assist students who have maintained exceptional school records as well as are good students but lack of monetary resource to further their education. The event was held at Panyakul School on 7th August 2018.



"DOING GOOD DEEDS WITH HEART, REDUCING ENVIRONMENTAL HAZARDS" PROJECT, GARBAGE REDUCTION AWARENESS CAMPAIGN IN NATIONAL PARK AREAS

KPI sponsors "Doing Good Deeds with Heart, Reducing Environmental Hazards" project at Khao Yai National Park. The project was organized by Department of Nation Parks, Wildlife and Plant Conservation to raise awareness among tourists visiting national parks to reduce usage of plastic bag and packaging made from plastic such as Styrofoam container, plastic bags among other garbage. The initiative aims to decrease garbage problem within the areas of the national parks around the country while increasing the level of social conscious among general public on the severity impact to our environment caused by the garbage problems. The project is also trying to educate consumers to slowly change their consumption behavior in order to sustainably solve the issue of excessive garbage in Thailand.

"WE CARE KPI" PROJECT

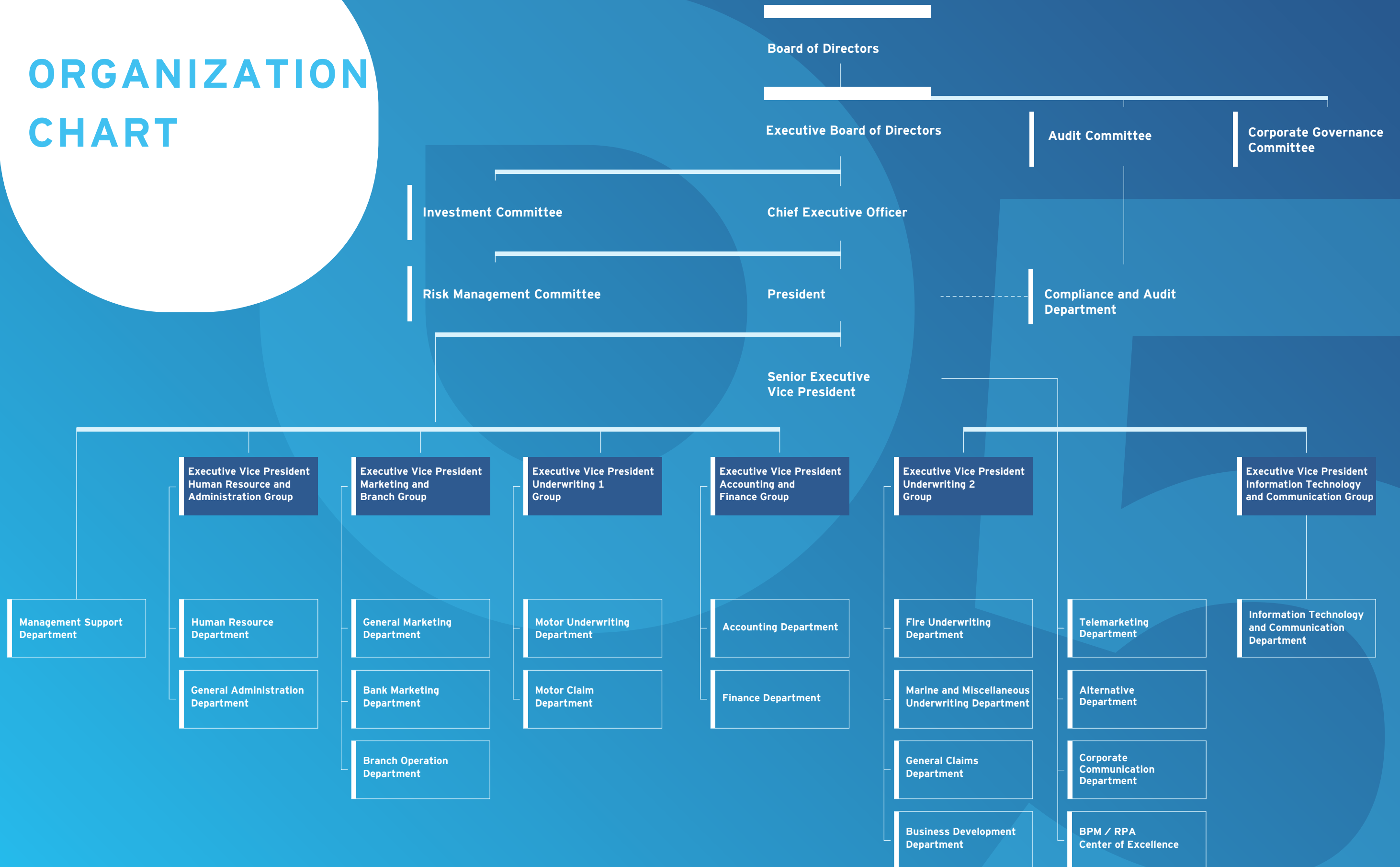
The main purpose of this internal awareness campaign that has been continued for many years, is to encourage KPI staffs to be socially conscious and be aware of global warming issue that has increasingly become the most urgent global agenda. It's our commitment to promote behavioral change among our staffs throughout the organization in their daily ritual by reducing energy usage and preserving our environment. The campaign aims at transforming each individual's habit into more environmental conscious and will then expand into corporate and society levels. We believe the initiative will greatly benefit not only our country but also to the world as a whole.

The concept and scope of the project are as follows:

- Conserve Energy • Save Water • Print Less • Reduce Plastic Usage

From years of continuing practice under energy saving building concept, KPI Tower (the company's Head Office) has been awarded "MEA Energy Saving Building" by Metropolitan Electricity Authority (MEA) as it has passed the evaluation criteria under Management of Energy Achievement Index (MEA Index) for energy saving building. The prestigious award is the testament to our commitment in this area and will encourage our staffs to continue to sustainably improve the environment.

ORGANIZATION CHART



BUSINESS CHARACTERISTICS

The Company's main business is to insure all classes of Non-Life insurance which can be classified as follows :

1. FIRE INSURANCE

- Residential Fire Insurance
- Residential "Saving" Fire Insurance
- Commercial Fire Insurance

2. MARINE AND TRANSPORTATION INSURANCE

- Cargo Insurance (Sea & Air)
- Inland Transit Insurance
- Hull Insurance
- Carrier's Liability Insurance

3. MISCELLANEOUS INSURANCE

3.1 ACCIDENTAL AND HEALTH INSURANCE

- Individual and Group Personal Accident Insurance
- Individual and Group Travel Accident Insurance
- Hospital Income Insurance
- Cancer Insurance
- Critical Illness Insurance

3.2 COMMERCIAL AND INDUSTRIAL INSURANCE

- Industrial All Risks Insurance
- Public Liability Insurance
- Business Interruption Insurance
- Leasehold Insurance
- SMEs Package Insurance

3.3 CONTRACTOR'S INSURANCE

- Contractor's All Risks Insurance
- Erection All Risks Insurance
- Contractor's Plant and Machinery Insurance

3.4 OTHERS

- Burglary Insurance
- Golfer's Indemnity Insurance

4. MOTOR INSURANCE

- Compulsory Motor Insurance
- Voluntary Motor Insurance Type 1
- Voluntary Motor Insurance Type 2
- Voluntary Motor Insurance Type 2⁺
- Voluntary Motor Insurance Type 3
- Voluntary Motor Insurance Type 3⁺

NETWORK SERVICES

HEAD OFFICE

1122 KPI Tower, New Petchaburi Road,
Makkasan, Ratchathewi, Bangkok 10400
Tel. 0 2624 1111
Fax. 0 2624 1234

KHON KAEN

138 / 27 - 28 Mitraphap Road, T.Naimuang,
A.Muang, Khon Kaen 40000
Tel. 0 4334 8848-50
Fax. 0 4334 8852

CHONBURI

64 / 32 - 33 M.4 Sukhumvit Road, T.Huaykapi,
A.Muang, Chonburi 20130
Tel. 0 3838 1503, 0 3838 6497-8
Fax. 0 3838 1215

CHIANG MAI

9 / 17 - 18 M.3 Super Hiway Road, T.Changpuak,
A.Muang, Chiang Mai 50300
Tel. 0 5340 9501-2
Fax. 0 5340 9505

CHIANG RAI

756 Phahon Yothin Road, T.Waing,
A.Muang, Chiang Rai 57000
Tel. 0 5371-8373-6

NAKHON PATHOM

366 Tesa Road, T.Phra Prathon,
A.Muang, Nakhon Pathom 73000
Tel. 0 3421 2125-6
Fax. 0 3421 1976

NAKHON RATCHASIMA

2112 / 12 -13 Mitraphap Road, T.Naimuang,
A.Muang, Nakhon Ratchasima 30000
Tel. 0 4435 1273-4
Fax. 0 4434 1275

NAKHON SI THAMMARAT

50, 52 Wandeekositkulporn Road, T.Naimuang,
A.Muang, Nakhon Si Thammarat 80000
Tel. 0 7543 2150-1
Fax. 0 7543 2154

NAKHON SAWAN

605 / 390 - 2 M.10 Sai Nakhon Sawan-Phitsanulok Road,
T.Nakhon Sawan Tuk, A.Muang, Nakhon Sawan 60000
Tel. 0 5622 2490, 0 5623 1771-2
Fax. 0 5622 4561

PATTAYA

265 / 5 M.5 T.Banglamung, A.Banglamung,
Chonburi 20150
Tel. 0 3819 6720
Fax. 0 3819 6722

NETWORK SERVICES

PHITSANULOK

338 M. 2 Singhawat Road, T.Braklong, A.Muang, Phisanulok 65000
Tel. 0 5523 1421-3
Fax. 0 5523 1424

PHUKET

22 / 3 - 4 Luongpovatchalong Road, T.Taladyai, A.Muang, Phuket 83000
Tel. 0 7623-2965 7
Fax. 0 7623 2967

MUKDAHAN

19 / 14 Charangoon Road, T.Mukdahan, A.Muang, Mukdahan 49000
Tel. 0 4261 1864-5
Fax. 0 4261 1886

ROI ET

84 / 8 - 9 Tevaphibal Road, T.Naimunag, A.Muang, Roi Et 45000
Tel. 0 4351 6727-28
Fax. 0 4351 6745

RAYONG

300 / 41 - 42 M. 5 T.Chengnean, A.Muang, Rayong 21000
Tel. 0 3889 9084-6
Fax. 0 3889 9087

LAMPANG

589 Super Highway Lampang-Ngao Road, T.Hua Wiang, A.Muang, Lampang 52000
Tel. 0 5422 8261, 0 5422 8264
Fax. 0 5422 8115

SAKON NAKHON

59 / 24 I.T.U. Road, T.Thatcherngchoom, A.Muang, Sakon Nakhon 47000
Tel. 0 4271 5682-4
Fax. 0 4271 5685

SARABURI

95 / 1 Phshon Yothin Road, T.Pak Phriao, A.Muang, Saraburi 18000
Tel. 0 3621 1803, 0 3622 1975
Fax. 0 3631 0669

SUPHANBURI

292 - 292 / 1 M. 4 T.Sanamchai, A.Muang, Suphanburi 72000
Tel. 0 3550 1462-4
Fax. 0 3550 1465

SURIN

176 M. 6 T.Nokmuang A.Muang, Surin 32000
Tel. 0 4451 1461
Fax. 04 451 1462

SURAT THANI

12 / 28 - 29 Bypass Road, T.Makhamtia, A.Muang, Surat Thani 84000
Tel. 0 7726 4204-5
Fax. 0 7726 4206

HUA HIN

14 / 16 Petch Kasem Road, T.Hua Hin, A.Hau Hin, Prachuab Khiri Khan 77110
Tel. 0 3254 7393, 0 3254 7399
Fax. 0 3254 7398

HADYAI

17, 19 Soi 10 Petch Kasem Road, T.Hadyai, A.Hadyai, Songkhla 90110
Tel. 0 7434 5313, 0 7434 5315-6
Fax. 0 7434 5314

UDON THANI

969 / 30 - 31 M. 7 Soi Baannonpibon, Bypass Road, T.Mak Khaeng, A.Muang, Udon Thani 41000
Tel. 0 4221 2661-4
Fax. 0 4221 2665

UBON RATCHATHANI

233 Satidnimankan Road, T.Warinchamrap, A.Warinchamrap, Ubon Ratchathani 34190
Tel. 0 4526 9281-3
Fax. 0 4526 9283

AUDIT COMMITTEE'S REPORT

Krungthai Panich Insurance Public Company Limited's Audit Committee consists of 3 directors as follows:

1. Mr.Payungsak Chartsutipol, the Committee's Chairman (Assigned in January 24, 2018)
2. Mr.Suwat Nestsawat, the Committee's member
3. Asst.Prof.Kulaya Jantadej Ph.D., the Committee's member (Assigned in March 28, 2018)

The Audit Committee had performed their duty in accordance to the Audit Committee's Charter assigned by the Company's Board of Directors in lieu with the OIC's rules and regulations.

In 2018, the Audit Committee had convened 15 meetings to consider matters and issues in accordance to the scope of responsibilities including other duties that were assigned by the company's Board of Directors. All three of the Committee members were present at all meetings by consulting with the Management, the auditor and the internal auditor on the related agenda. The report of the Audit Committee was presented to the Board of Directors with main points as follows:

REVIEW OF ANNUAL FINANCIAL REPORT

The review of 2018 annual financial report was conducted together with auditor from EY Company Limited and the management from the company's accounting department to discuss the validity of the financial report, financial adjustments effecting the financial report in order to ascertain that the accounting system and the financial report were produced according to general certified accounting standards with appropriate level of disclosure, its entirety and reliability.

Furthermore, at least one meeting was held with the auditor but without the management in order to discuss the independence in working process and in expressing opinion of the auditor. The auditor had already reported all issues found during the audit to the Audit Committee for consideration.

TRANSACTIONS RELATING TO OR WITH POSSIBLE CONFLICT OF INTEREST

The review and the opinion on transactions relating to or with possible conflict of interest including the consideration for accurate and full public disclosure will adhere to the principles of transparency and appropriate disclosure and in complying with the principles of Good Corporate Governance.

REVIEW OF RISK MANAGEMENT

The Company's risk management policy and risk assessment for 2018 had been approved from the first meeting of the Company's Board of Directors on Wednesday 24 January 2018. The follow-up on the result of the risk management was discussed in the meeting between the management supporting team, who had taken responsibility in the Company's risk management quarterly. This was to ascertain that all aspects of the Company's risk management were appropriate, efficient and at an acceptable level.

AUDITOR SELECTION

Auditors from EY Company Limited who are knowledgeable, competent, experienced, trustworthy, independence and with appropriate remunerations had been selected for the Board of Directors' consideration and the appointment was presented in the company's shareholder meeting for approval.

REVIEW THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

The review of the internal control system for 2018 was conducted by KPMG Phoomchai Business Advisory Company including the follow-up on the improvement of the internal control system to ensure the adequacy and the effectiveness of the system.

REVIEW OF REGULATIONS COMPLIANCE

The review of Regulations Compliance had been carried out by the Control and Monitoring Department to ascertain the validity of all transactions in accordance to the relevant law and regulations of the insurance industry. While meetings had been held together with the management of the department to ensure the conduct was also abided by the law and regulations of the insurance industry.

INTERNAL AUDIT MONITORING

The Company had appointed the internal auditors from KPMG Phoomchai Business Advisory Company Limited to perform the audit and the review of the internal control system for 2018 including the follow-up on the audit to ascertain its validity according to the approved plan. Further recommendations had been put forward in order to increase proficiency in the business operation by coordinating with the Control and Monitoring Department to ensure the quality of the Audit Committee.

AUDIT COMMITTEE'S QUALITY CONTROL

There was the review of the Audit Committee's Charter including individual self-evaluation, the Committee's work performance as a whole by following the format of the evaluation form of the Committee's evaluation by Thai Institute of Director (IOD) to ensure the effectiveness of the Committee. As stated in the Audit Committee's Charter, the Committee must perform and achieve their appointed tasks with prudence, independence, honesty, transparency, accountability according to the Good Corporate Governance principles. The Committee had confidence that the Company's financial report, transactions pertaining to or with possible conflict of interest, and information disclosure were complete, reliable and in lieu with general certified accounting standards. The risk management and the internal control system were effective and satisfactory. The internal audit was independent and covered the high-risk operation procedures and the audit procedures was in line with the auditing standards. Additionally, the Company has upheld the principles of Good Corporate Governance and conducted its business in accordance to the industry's relevant law and regulations suitable to today's business environment.



(MR.PAYUNGSAK CHARTSUTIPOL)
Chairman of Audit Committee

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

OPINION

I have audited the accompanying financial statements of Krungthai Panich Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in 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 Krungthai Panich Insurance Public Company Limited as at 31 December 2018, and 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 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.

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



NARISSARA CHAISUWAN
Certified Public Accountant (Thailand) No. 4812

EY OFFICE LIMITED
BANGKOK: 27 MARCH 2019

STATEMENTS OF FINANCIAL POSITION

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2018

		(Unit: Baht)	
	NOTE	2018	2017
Assets			
Cash and cash equivalent	6	302,839,971	259,393,174
Premium receivables	7	403,553,341	352,924,167
Accrued investment income		16,897,603	24,663,235
Reinsurance assets	8	664,232,110	345,556,096
Reinsurance receivables	9	159,666,870	140,108,900
Investment assets			
Investments in securities	10	7,145,547,852	7,074,064,016
Loans	11	512,270	545,326
Investment properties	12	213,660,144	220,247,351
Property, buildings and equipment	13	634,584,088	656,654,088
Intangible assets	14	84,139,026	70,130,888
Other assets	16	167,207,590	141,099,483
Total assets		9,792,840,865	9,285,386,724

		(Unit: Baht)	
	NOTE	2018	2017
Liabilities and equity			
Liabilities			
Insurance contract liabilities	17	2,273,766,641	2,075,597,182
Due to reinsurers	18	430,430,066	384,735,582
Income tax payable		79,481,031	54,918,202
Employee benefit obligations	19	49,614,606	43,605,609
Deferred tax liabilities	15	128,408,153	149,593,382
Premiums received in advance		347,900,957	288,875,682
Other liabilities	20	342,398,014	375,019,030
Total liabilities		3,651,999,468	3,372,344,669
Equity			
Share capital			
Registered			
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000
Issued and paid up			
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000
Premium on share capital		934,570,000	934,570,000
Retained earnings			
Appropriated			
Legal reserve	21	11,000,000	11,000,000
General reserve		249,120,176	249,120,176
Unappropriated		3,695,246,420	3,375,258,575
Other components of equity	10.3	1,140,904,801	1,233,093,304
Total equity		6,140,841,397	5,913,042,055
Total liabilities and equity		9,792,840,865	9,285,386,724

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

STATEMENTS OF COMPREHENSIVE INCOME

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2018

(Unit: Baht)

	NOTE	2018	2017
Profit or loss:			
Income			
Gross premium written		3,092,253,451	3,085,482,886
Less: Premiums ceded to reinsurers		(695,154,033)	(537,828,159)
Net premium written		2,397,099,418	2,547,654,727
Add (less): Unearned premium reserves (increase) decrease			
from prior year		116,063,341	(7,995,926)
Net earned premium		2,513,162,759	2,539,658,801
Fee and commission income from reinsurers		177,381,731	137,582,265
Net investment income		216,972,160	226,516,243
Gains on investments		55,381,046	77,722,419
Fair value gain (loss)		(2,767,514)	2,257,714
Other income		55,612,827	63,957,220
Total income		3,015,743,009	3,047,694,662
Expenses			
Gross claims		1,691,063,938	1,419,306,962
Less: Claim recovery from reinsurers		(576,072,476)	(308,858,673)
Commission and brokerage expenses		336,133,103	399,850,729
Other underwriting expenses		466,915,937	492,992,586
Operating expenses	22	251,286,117	273,841,742
Total expenses		2,169,326,619	2,277,133,346
Profit before income tax expenses		846,416,390	770,561,316
Income tax expenses	15	(152,428,545)	(142,705,683)
Profit for the year		693,987,845	627,855,633

(Unit: Baht)

	NOTE	2018	2017
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit and loss in subsequent periods</i>			
Loss on changes in value of available-for-sale investments		(115,235,629)	(100,819,463)
Less: Income tax effect	15	23,047,126	20,163,892
Other comprehensive income to be reclassified			
to profit or loss in subsequent period - net of tax (loss)		(92,188,503)	(80,655,571)
Total comprehensive income for the year (loss)		(92,188,503)	(80,655,571)
Total comprehensive income for the year		601,799,342	547,200,062
Earnings per share:	25		
Basic earnings per share			
Profit for the year		63.09	57.08

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

STATEMENT OF CHANGES IN EQUITY

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2018

	(Unit: Baht)					
	OTHER COMPONENT OF EQUITY					
	OTHER COMPREHENSIVE INCOME					
	UNREALISED GAIN (LOSS) ON CHANGES IN VALUE OF AVAILABLE-FOR-SALE INVESTMENTS					
ISSUED AND PAID-UP SHARE CAPITAL	RETAINED EARNINGS			UNAPPROPRIATED	TOTAL	
	LEGAL RESERVE	GENERAL RESERVE	APPROPRIATED			
Balance as at 1 January 2017	110,000,000	11,000,000	249,120,176	3,099,402,942	1,313,748,875	5,717,841,993
Profit for the year	-	-	-	627,855,633	-	627,855,633
Other comprehensive income for the year (loss)	-	-	-	-	(80,655,571)	(80,655,571)
Comprehensive income for the year (loss)	-	-	-	627,855,633	(80,655,571)	547,200,062
Dividend paid (Note 26)	-	-	-	(352,000,000)	-	(352,000,000)
Balance as at 31 December 2017	110,000,000	11,000,000	249,120,176	3,375,258,575	1,233,093,304	5,913,042,055
Balance as at 1 January 2018	110,000,000	11,000,000	249,120,176	3,375,258,575	1,233,093,304	5,913,042,055
Profit for the year	-	-	-	693,987,845	-	693,987,845
Other comprehensive income for the year (loss)	-	-	-	-	(92,188,503)	(92,188,503)
Comprehensive income for the year (loss)	-	-	-	693,987,845	(92,188,503)	601,799,342
Dividend paid (Note 26)	-	-	-	(374,000,000)	-	(374,000,000)
Balance as at 31 December 2018	110,000,000	11,000,000	249,120,176	3,695,246,420	1,140,904,801	6,140,841,397

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

STATEMENTS OF CASH FLOWS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2018

	(Unit: Baht)	
	2018	2017
Cash flows from (used in) operating activities		
Direct premium written	3,019,490,519	2,995,024,879
Cash paid for reinsurance	(101,591,006)	(132,709,674)
Interest income	64,445,266	54,757,569
Dividend income	160,292,526	162,799,118
Other income	46,914,479	51,056,462
Gross claims on direct insurance	(1,459,276,897)	(1,425,488,494)
Commissions and brokerages on direct insurance	(338,833,116)	(339,412,062)
Other underwriting expenses	(458,290,110)	(493,540,081)
Operating expenses	(175,112,757)	(87,237,375)
Corporate income tax	(126,003,267)	(128,713,003)
Investments in securities	(161,723,313)	(190,324,064)
Loans	33,056	63,045
Net cash from operating activities	470,345,380	466,276,320
Cash flows from (used in) investing activities		
Purchase of property and equipment	(29,640,583)	(7,739,624)
Disposals of property and equipment	633,140	13,022,336
Purchase of intangible assets	(23,984,520)	(13,849,200)
Net cash used in investing activities	(52,991,963)	(8,566,488)
Cash flows from (used in) financing activities		
Dividend paid	(373,906,620)	(351,990,784)
Net cash used in financing activities	(373,906,620)	(351,990,784)
Net increase in cash and cash equivalents	43,446,797	105,719,048
Cash and cash equivalents at beginning of year	259,393,174	153,674,126
Cash and cash equivalents at end of year	302,839,971	259,393,174

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

NOTES TO FINANCIAL STATEMENTS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED
For the year ended 31 December 2018

1. GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Krung Thai Bank Public Company Limited, existing under Thai laws. The Company is principally engaged in the provision of non-life insurance. The registered office of the Company is at 1122, KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, 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.

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 Note 4 to the financial statement, significant accounting policies.

3. NEW FINANCIAL REPORTING STANDARDS

(a) Financial reporting standards that became effective in the current year

During the year the Company has adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal year beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statement. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new and revised standards involve changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

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

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

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an option to the qualifying insurers under such standard to use a temporary exemption from adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures and to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business (when issued) instead for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

The management of the Company is currently determining an option which may impact on the financial statements in the year when it is adopted.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted, and also currently determining an option as allowed by TFRS 4 (revised 2018) Insurance Contracts.

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 policy holders, 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 one year, related premium is recorded as "premiums received in advance", 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) Fee and commission income from reinsurers

Fee and commission income from reinsurers are recognised as income when services have been rendered.

(c) Interest and dividend income

Interest income is recognised on an accrual basis based on the effective interest rate. Dividends are recognised when the right to receive the dividends is established.

(d) Interest on loans

Interest on loans is recognised on an accrual basis, based on the amount of principal outstanding.

(e) Gain (loss) on investments

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

4.2 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

(b) Claims and loss adjustment expenses

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

Claims and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policies.

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

Claims recovery from reinsurers are recognised when claims and loss adjustment expenses are recorded as the condition in the relevant reinsurance contracts.

(c) Commission and brokerage fees expenses

Commissions and brokerage fees are recognised as expense when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepayment items and recognised as expense over the coverage period.

(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 Classification of insurance contracts

The Company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contract is insurance contract in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an 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 receivables from direct insurance are stated at the net realisable value. The Company set up an allowance for doubtful account based on the estimated loss that may incur in collection of the premium receivable, on the basis of collection experience, aging profile of outstanding debts and a review of current status of the premium receivables as at the end of reporting period.

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

4.6 Reinsurance assets

Reinsurance assets are stated at the amounts of insurance reserves refundable from reinsurers, which consist of loss reserves and outstanding claims, and unearned premium reserves that are estimated with reference to related reinsurance contracts in accordance with the law regarding insurance reserve calculation.

The Company records allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience, aging and the status of receivables from reinsurers as at the end of reporting period.

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

4.7 Reinsurance receivables and due to reinsurers

(a) Receivables from reinsurance contracts consist of amounts due from reinsurers and amounts deposits on reinsurance.

Amounts due from reinsurers consist of accrued premium ceded, accrued commission and brokerage income, claims and various other items receivable from reinsurers less allowance for doubtful accounts. The Company records 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 reporting period.

- (b) Amounts due to reinsurers consist of reinsurance payable and amounts withheld on reinsurance.

Reinsurance payable consist of reinsurance premiums and other items payable to reinsurers, excluding loss reserves from reinsurance contracts.

The Company presents net of reinsurance to the same entity (receivables from reinsurance contracts or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity 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 or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.

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 investment.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at reclassification date. The difference between 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 investment that is reclassified.

4.9 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans.

Increase (decrease) in allowance for doubtful accounts is recognised as expense in profit or loss.

4.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 40 years. Depreciation of the investment properties is included in determining income.

4.11 Property, buildings and equipment and depreciation

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

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

Buildings, Building improvement	10 - 40 years
Office furniture, fixture and equipment	5 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

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.

4.12 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (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 asset 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 useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 10 years.

4.13 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.

4.14 Insurance contract liabilities

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

(a) Claim reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Claim 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 shall not exceed the sum-insured of the related insurance policies.

Claims reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occurred before or as at the reporting date, covering both reported and not reported loss, and including claim handling expenses, after deducting salvage values and other recoverable values. Differences between the calculated claims reserves and the claims already recognised are recorded as incurred but not 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	- Monthly average basis (the one-twenty fourth basis)

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the future claims and related expenses 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 to be incurred during the remaining period of coverage, based on historical claims data.

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 presented in the financial statements.

4.16 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.17 Employee benefits

Short-term employee benefits

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

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 gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.18 Long-term leases

Leases of property, building 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and lease period.

Leases of property, building or equipment which do not transfer substantially all risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.19 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.

4.20 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 their 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 they recognise 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.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except 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 categories 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 JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments 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 Leases

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

5.3 Allowance for doubtful accounts of receivables

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, 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 recognised in the statement of financial position and reported in disclosures of fair value hierarchy.

5.5 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.

5.6 Property, buildings and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values 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 losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.7 Intangible assets

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 or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 Insurance contracts classification

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standard, the Company is required to test whether the contracts accept/transfer significant insurance risk from/to the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

5.9 Claim reserves and outstanding claims

At the end of each reporting period, the Company has to estimate claim reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). Such estimates are calculated using an actuarial method and the main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, claims paid, average costs per claim and claim numbers, etc. These claim reserves are determined by an independent actuary as insurance product types. Nevertheless, the estimation requires the management's judgements reflecting the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual results could differ.

5.10 Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5.11 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 and losses can be utilised. Significant management judgment 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.

5.12 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.

5.13 Litigation

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

6. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	2018	2017
Cash on hand	930,000	1,010,000
Deposits at banks with no fixed maturity date	221,609,971	258,383,174
Deposits at banks with fixed maturity date	80,300,000	-
Total cash and deposits at banks	302,839,971	259,393,174

As at 31 December 2018 and 2017, saving account carried interest between 0.13 and 1.25 percent per annum.

7. PREMIUM RECEIVABLES

The balances as at 31 December 2018 and 2017 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2018	2017
Not yet due	318,143,713	269,976,331
Not over 30 days	53,387,970	45,424,837
Over due 30 days to 60 days	13,417,046	19,603,161
Over due 60 days to 90 days	3,963,733	9,227,262
Overdue longer than 90 days	29,295,042	22,193,610
Total premium receivables	418,207,504	366,425,201
Less: Allowance for double account	(14,654,163)	(13,501,034)
Premium receivables - net	403,553,341	352,924,167

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 has the legal process with such agents and brokers.

8. REINSURANCE ASSETS

(Unit: Baht)

	2018	2017
Insurance reserve refundable from reinsurers		
Loss reserves	345,090,155	120,288,782
Unearned premium reserves	319,141,955	225,267,314
Total reinsurance assets	664,232,110	345,556,096

9. REINSURANCE RECEIVABLES

(Unit: Baht)

	2018	2017
Amount withheld from reinsurers	4,121,355	2,498,084
Amounts due from reinsurers	155,545,515	137,610,816
Total reinsurance receivables	159,666,870	140,108,900

The balances as at 31 December 2018 and 2017 of amounts due from reinsurers are classified by aging as follows:

	2018	2017
Not yet due	83,216,304	83,491,005
Not over 12 months	54,490,396	47,760,779
Over 1 year to 2 years	13,752,751	6,038,535
Over 2 years	4,086,064	320,497
Total amounts due from reinsurers	155,545,515	137,610,816

(Unit: Baht)

10. INVESTMENTS IN SECURITIES

10.1 Classified by type of investments

	2018		2017	
	COST / AMORTISED COST	FAIR VALUE	COST / AMORTISED COST	FAIR VALUE
Trading investments				
Equity securities	13,450,927	13,579,605	13,281,944	16,178,135
Total	13,450,927	13,579,605	13,281,944	16,178,135
Add: Unrealised gains	128,678	-	2,896,191	-
Trading investments	13,579,605	13,579,605	16,178,135	16,178,135
Available-for-sale investments				
Government and state enterprise securities	103,955,198	104,616,685	72,904,633	74,198,560
Private enterprises debt securities	1,956,761,237	1,950,791,306	1,372,672,203	1,381,585,364
Equity securities	602,959,030	1,986,761,181	509,845,594	1,993,305,300
Unit trusts	2,301,890,805	2,345,228,100	2,579,336,673	2,622,736,510
Total	4,965,566,270	6,387,397,272	4,534,759,103	6,071,825,734
Less: Allowance for impairment	(4,300,000)	-	(4,300,000)	-
Add: Unrealised gains	1,426,131,002	-	1,541,366,631	-
Total available-for-sale investments	6,387,397,272	6,387,397,272	6,071,825,734	6,071,825,734
Held-to-maturity investments				
Government and state enterprise securities	30,000,000		60,000,000	
Private enterprises debt securities	99,525,826		49,464,077	
Deposits with financial institutions matured over than 3 months	604,169,426		865,616,860	
Total held-to-maturity investments	733,695,252		975,080,937	
Other investments				
Equity securities	27,672,460		27,672,460	
Less: Allowance for impairment	(16,796,737)		(16,693,250)	
Total other investments	10,875,723		10,979,210	
Total investments in securities	7,145,547,852		7,074,064,016	

(Unit: Baht)

10.2 Remaining periods of debt securities

Investments in debt securities and deposit at financial institutions as at 31 December 2018 and 2017 has remaining period to maturity as from the ending period as follows:

(Unit: Baht)

	2018			
	PERIOD TO MATURITY			
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Available-for-sale investments				
Government and state enterprise securities	33,792,034	70,163,164	-	103,955,198
Private enterprises debt securities	216,123,129	1,740,638,108	-	1,956,761,237
Total	249,915,163	1,810,801,272	-	2,060,716,435
Add: Unrealised gain (loss)	744,333	(6,052,777)	-	(5,308,444)
Total available-for-sale investments	250,659,496	1,804,748,495	-	2,055,407,991
Held-to-maturity investments				
Government and state enterprise securities	-	30,000,000	-	30,000,000
Private enterprises debt securities	99,525,826	-	-	99,525,826
Deposits with financial institutions matured over than 3 months	603,369,426	800,000	-	604,169,426
Total held-to-maturity securities	702,895,252	30,800,000	-	733,695,252

(Unit: Baht)

	2017			
	PERIOD TO MATURITY			
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Available-for-sale investments				
Government and state enterprise securities	3,995,570	68,909,063	-	72,904,633
Private enterprises debt securities	385,640,913	987,031,290	-	1,372,672,203
Total	389,636,483	1,055,940,353	-	1,445,576,836
Add: Unrealised gains	3,091,290	7,115,798	-	10,207,088
Total available-for-sale investments	392,727,773	1,063,056,151	-	1,455,783,924
Held-to-maturity investments				
Government and state enterprise securities	30,000,000	30,000,000	-	60,000,000
Private enterprises debt securities	49,464,077	-	-	49,464,077
Deposits with financial institutions matured over than 3 months	865,616,860	-	-	865,616,860
Total held-to-maturity securities	945,080,937	30,000,000	-	975,080,937

10.3 Other components of equity - revaluation surplus on changes in value of investments

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017
Balance - beginning of the year	1,233,093,304	1,313,748,875
Changes during the year		
Unrealised loss during the year	(60,609,175)	(23,097,044)
Realised gain in profit or loss	(54,626,454)	(77,722,419)
Other comprehensive income (loss)	(115,235,629)	(100,819,463)
Relating income tax	23,047,126	20,163,892
Net comprehensive income for the year (loss)	(92,188,503)	(80,655,571)
Balance - end of the year	1,140,904,801	1,233,093,304

10.4 Investments subject to restriction

As at 31 December 2018 and 2017, the Company has placed the following securities as collateral.

(Unit: Baht)

	2018	2017
Fixed deposits have been pledged with the Court	1,340,000	1,560,000
Saving lottery have been pledged with the Court	1,300,000	1,750,000
Fixed deposits which pledged for letter of bank guarantees	10,000,000	10,000,000
Bonds have been pledged as a security in the electricity usage	3,238,430	3,328,813
Total	15,878,430	16,638,813

The Company pledged its securities with the Registrar as discussed in Notes 28 to the financial statements.

11. LOANS

As at 31 December 2018 and 2017, the balances of loans are aged by principal as follows:

(Unit: Baht)

OUTSTANDING PERIOD	LOANS PROVIDED TO EMPLOYEES	
	2018	2017
Not yet due	512,270	545,326

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. The interest rates for the loans charge at the rates of 1.80 - 8.50 percent per annum. As at 31 December 2018, loans to the Company's employees Baht 0.5 million (2017: Baht 0.6 million). At the end of reporting period, the Company has no accrued interest.

12. INVESTMENT PROPERTIES

The balances of investment properties, which are offices for rent, as at 31 December 2018 and 2017 are presented below.

(Unit: Baht)

NAME OF PROJECT	2018		2017	
	COST	FAIR VALUES	COST	FAIR VALUES
KPI Tower	213,660,144	326,851,243	220,247,351	330,936,165
Total	213,660,144	326,851,243	220,247,351	330,936,165

The fair values of the above investment properties, office building for rent, have been determined based on valuations performed by independent valuer. The fair value of the office building for rent has been determined using the income approach. The main assumptions used in the valuation are yield rate and discount rate.

A reconciliation of the net book value of investment properties for the years ended 31 December 2018 and 2017 is presented below.

	2018	2017
Cost	263,668,781	264,553,784
Less: Write-off	-	(885,003)
Less: Accumulated depreciation	(50,008,637)	(43,421,430)
Net book value	213,660,144	220,247,351

(Unit: Baht)

	2018	2017
Net book value at beginning of the year	220,247,351	227,595,928
Less: Write-off	-	(885,003)
Depreciation charged	(6,587,207)	(6,463,574)
Net book value at end of the year	213,660,144	220,247,351

(Unit: Baht)

FOR THE YEARS ENDED 31 DECEMBER

Revenue and expense related to investment properties are recognised in profit or loss as below:

	2018	2017
Rental income	37,954,487	37,891,225
Direct operating expenses which related to rental income	17,320,756	18,242,251

(Unit: Baht)

FOR THE YEARS ENDED 31 DECEMBER

13. PROPERTY, BUILDINGS AND EQUIPMENT

(Unit: Baht)

	LAND	BUILDINGS AND BUILDINGS IMPROVEMENT	FURNITURE, FIXTURES AND OFFICE EQUIPMENT	MOTOR VEHICLES	CONSTRUCTION IN PROGRESS	TOTAL
Cost						
1 January 2017	253,403,250	555,648,792	186,079,836	25,339,049	6,481,955	1,026,952,882
Additions	-	155,650	3,940,870	-	4,135,621	8,232,141
Transfers in (out)	-	1,614,639	8,282,500	-	(9,897,139)	-
Transfers of assets type	-	-	(45,000)	-	-	(45,000)
Disposals / write-off	(400,000)	(2,089,977)	(49,486)	(4,091,349)	-	(6,630,812)
31 December 2017	253,003,250	555,329,104	198,208,720	21,247,700	720,437	1,028,509,211
Additions	-	-	28,095,995	894,300	650,288	29,640,583
Transfers in (out)	-	726,075	512,150	-	(1,238,225)	-
Transfers of assets type	-	(34,333)	34,333	-	-	-
Disposals / write-off	-	-	(78,224)	(1,726,000)	-	(1,804,224)
31 December 2018	253,003,250	556,020,846	226,772,974	20,416,000	132,500	1,056,345,570
Accumulated depreciation						
1 January 2017	-	171,443,959	143,184,822	10,059,915	-	324,688,696
Depreciation for the year	-	24,940,248	21,186,938	4,406,498	-	50,533,684
Depreciation on disposals/write-off	-	(1,199,999)	(37,532)	(2,129,726)	-	(3,367,257)
31 December 2017	-	195,184,208	164,334,228	12,336,687	-	371,855,123
Depreciation for the year	-	24,977,776	22,935,098	3,762,837	-	51,675,711
Depreciation on transfers of assets type	-	(423)	423	-	-	-
Depreciation on disposals/write-off	-	-	(43,354)	(1,725,998)	-	(1,769,352)
31 December 2018	-	220,161,561	187,226,395	14,373,526	-	421,761,482
Net book value						
31 December 2017	253,003,250	360,144,896	33,874,492	8,911,013	720,437	656,654,088
31 December 2018	253,003,250	335,859,285	39,546,579	6,042,474	132,500	634,584,088
Depreciation for the year						
2017						50,533,684
2018						51,675,711

As at 31 December 2018, certain motor vehicles and 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 169.0 million (2017: Baht 137.1 million).

14. INTANGIBLE ASSETS

(Unit: Baht)

	COMPUTER SOFTWARE	COMPUTER SOFTWARE UNDER INSTALLATION	TOTAL
Cost			
1 January 2017	98,668,647	46,401,729	145,070,376
Additions	3,045,350	13,444,375	16,489,725
Transfers in (out)	6,920,600	(6,920,600)	-
Transfer of assets type	45,000	-	45,000
Write-off	-	(2,040,000)	(2,040,000)
31 December 2017	108,679,597	50,885,504	159,565,101
Additions	3,678,643	20,305,877	23,984,520
Transfer in (out)	18,165,434	(18,165,434)	-
31 December 2018	130,523,674	53,025,947	183,549,621
Amortisation			
1 January 2017	45,211,896	-	45,211,896
Amortisation for the year	8,371,588	-	8,371,588
31 December 2017	53,583,484	-	53,583,484
Amortisation for the year	9,976,382	-	9,976,382
31 December 2018	63,559,866	-	63,559,866
Allowance for impairment loss:			
31 December 2017	-	35,850,729	35,850,729
31 December 2018	-	35,850,729	35,850,729
Net book value			
31 December 2017	55,096,113	15,034,775	70,130,888
31 December 2018	66,963,808	17,175,218	84,139,026
Amortisation for the year			
2017			8,371,588
2018			9,976,382

As at 31 December 2018 and 2017, the Company has computer software which has been fully amortised but are still in use, with the gross carrying amount before deducting accumulated amortisation, amounting to approximately Baht 20.9 million.

15. DEFERRED TAX LIABILITIES/INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Baht)

	2018	2017
Current income tax:		
Current corporate income tax charge	154,380,432	134,420,048
Adjustment of prior year's corporate income tax	(3,813,784)	1,740,761
Deferred tax:		
Relating to origination and reversal of temporary differences	1,861,897	6,544,874
Income tax expense reported in the statement of comprehensive income	152,428,545	142,705,683

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	2018	2017
Deferred tax relating to:		
Losses on changes in value of available-for-sale investments	23,047,126	20,163,892

Reconciliation between the accounting profits and income tax expenses for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	2018	2017
Accounting profits before income tax expenses	846,416,390	770,561,316
Applicable corporate income tax rates	20%	20%
Income taxes at the applicable corporate income tax rate	169,283,278	154,112,263
Adjustment of prior year's corporate income tax	(3,813,784)	1,740,761
Net tax effect on income or expense that are not taxable or not deductible in determining taxable profits	(13,040,949)	(13,147,341)
Income tax expenses reported in the statement of comprehensive income	152,428,545	142,705,683

As of 31 December 2018 and 2017, the components of deferred tax assets and deferred tax liabilities are as follows:

	31 DECEMBER		CHANGE IN DEFERRED TAX ASSETS OR LIABILITIES THAT ARE RECOGNISED IN PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	2,913,315	2,700,207	213,108	67,830
Allowance for loss on impairment of investments	4,219,347	4,198,650	20,697	-
Allowance for loss on impairment of assets	7,170,146	7,170,146	-	-
Premium reserves	20,906,317	32,074,560	(11,168,243)	4,379,636
Provision for losses incurred but not yet reported (IBNR)	30,343,635	23,436,036	6,907,599	668,599
Loss reserves	74,881,166	75,335,089	(453,923)	(13,960,195)
Employee benefit obligations	9,922,921	8,721,122	1,201,799	1,220,984
Difference between accounting and taxation relating to depreciation expenses	6,486,936	5,623,372	863,564	1,529,814
Total	156,843,783	159,259,182		
Deferred tax liabilities				
Gains on changes in values of investments - trading securities	(25,736)	(579,238)	553,502	(451,542)
Gains on changes in values of investments - available-for-sale securities	(285,226,200)	(308,273,326)		
Total	(285,251,936)	(308,852,564)		
Deferred tax liabilities - net	(128,408,153)	(149,593,382)		
Changes in deferred tax assets or liabilities that are recognised in profit or loss			(1,861,897)	(6,544,874)

16. OTHER ASSETS

	2018	2017
Input tax refundable	12,869,249	11,994,484
Prepaid commission expenses	63,631,634	52,935,705
Deposits and guarantee	1,463,561	5,639,997
Prepaid expenses	12,643,012	10,842,783
Deposits on rice field insurance scheme	17,284,977	25,173,771
Advance payments and other receivable	19,971,539	21,884,646
Receivable on sales of securities	32,540,100	4,498,615
Others	6,803,518	8,129,482
Total other assets	167,207,590	141,099,483

17. INSURANCE CONTRACT LIABILITIES

		2018		
	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES	NET
Loss reserves				
Claims incurred and reported		579,861,809	(185,416,804)	394,445,005
Claims incurred but not reported		311,391,525	(159,673,351)	151,718,174
Total loss reserves	17.1	891,253,334	(345,090,155)	546,163,179
Premium reserves				
Unearned premium reserve	17.4	1,382,513,307	(319,141,955)	1,063,371,352
Total		2,273,766,641	(664,232,110)	1,609,534,531

		2017		
	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES	NET
Loss reserves				
Claims incurred and reported		524,856,492	(91,430,282)	433,426,210
Claims incurred but not reported		146,038,683	(28,858,500)	117,180,183
Total loss reserves	17.1	670,895,175	(120,288,782)	550,606,393
Premium reserves				
Unearned premium reserve	17.4	1,404,702,007	(225,267,314)	1,179,434,693
Total		2,075,597,182	(345,556,096)	1,730,041,086

During the years 2018 and 2017, 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, the management still requires to disclose insurance contract liabilities on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Loss reserves

	(Unit: Baht)	
	FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017
Balances - beginning of the year	670,895,175	703,511,145
Claims incurred in the current accident year	1,496,277,266	1,360,775,450
Change in estimating claim reserves	29,433,830	44,793,915
Change in assumption for calculating claim reserves	165,352,842	13,737,598
Claims paid during the year	(1,470,705,779)	(1,451,922,933)
Balance - end of the year	891,253,334	670,895,175

As at 31 December 2018 and 2017, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve under such contracts of Baht 34.7 million and Baht 33.1 million, respectively.

17.2 Claims development table

(a) Gross claims table

	(Unit: Baht)								
ACCIDENT YEAR / REPORTING YEAR	PRIOR YEAR 2012	2012	2013	2014	2015	2016	2017	2018	TOTAL
Claims estimates:									
- As at accident year	2,803,594,649	1,422,782,055	1,351,491,271	1,189,977,226	1,247,299,384	1,376,473,480	1,540,832,131	1,777,579,530	
- Next one year	2,901,322,992	1,403,195,035	1,374,129,756	1,185,185,376	1,276,215,842	1,285,574,999	1,496,732,321		
- Next two years	2,886,987,241	1,371,801,606	1,348,257,836	1,159,529,873	1,250,080,650	1,270,240,079			
- Next three years	2,888,599,115	1,378,827,846	1,352,012,680	1,161,178,754	1,246,137,057				
- Next four years	2,887,663,557	1,382,513,635	1,350,007,135	1,157,426,449					
- Next five years	2,889,747,785	1,378,669,663	1,344,938,136						
- Next six years	2,893,375,113	1,383,282,036							
- Next seven years	2,890,720,090								
Ultimate claims reserves	2,890,720,090	1,383,282,036	1,344,938,136	1,157,426,449	1,246,137,057	1,270,240,079	1,496,732,321	1,777,579,530	12,567,055,698
Cumulative claims payment to date	2,885,926,237	1,379,872,707	1,342,004,376	1,157,348,805	1,245,463,187	1,254,511,044	1,410,032,364	1,052,970,874	11,728,129,594
Total	4,793,853	3,409,329	2,933,760	77,644	673,870	15,729,035	86,699,957	724,608,656	838,926,104
Unallocated loss adjustment expenses									22,991,893
Claim reserves for inward treaty contracts									21,903,016
Other claim reserves									7,432,321
Total claim reserves and outstanding claims before reinsurance									891,253,334

(b) Net claims table

	(Unit: Baht)								
ACCIDENT YEAR / REPORTING YEAR	PRIOR YEAR 2012	2012	2013	2014	2015	2016	2017	2018	TOTAL
Claims estimates:									
- As at accident year	2,046,048,875	931,887,715	1,155,312,917	1,127,980,157	1,128,821,373	1,272,886,588	1,207,594,177	1,156,948,157	
- Next one year	2,056,280,917	958,777,292	1,192,527,613	1,122,411,439	1,163,575,187	1,193,984,673	1,171,861,756		
- Next two years	2,046,550,843	935,169,755	1,167,361,853	1,096,003,277	1,136,544,939	1,179,243,325			
- Next three years	2,048,521,191	942,594,657	1,173,202,738	1,097,667,967	1,132,555,289				
- Next four years	2,048,622,138	946,350,320	1,171,176,392	1,094,165,114					
- Next five years	2,050,456,230	942,505,820	1,166,393,400						
- Next six years	2,051,270,508	944,348,726							
- Next seven years	2,051,542,142								
Ultimate claims reserves	2,051,542,142	944,348,726	1,166,393,400	1,094,165,114	1,132,555,289	1,179,243,325	1,171,861,756	1,156,948,157	9,897,057,909
Cumulative claims payment to date	2,049,698,501	943,770,115	1,164,763,891	1,094,102,746	1,132,262,457	1,168,176,551	1,094,543,114	755,609,128	9,402,926,503
Total	1,843,641	578,611	1,629,509	62,368	292,832	11,066,774	77,318,642	401,339,029	494,131,406
Unallocated loss adjustment expenses									22,991,893
Claim reserves for inward treaty contracts									21,607,559
Other claim reserves									7,432,321
Total claim reserves and outstanding claims after reinsurance									546,163,179

17.3 Assumptions

Assumptions for insurance contract liabilities are as follows:

(a) Assumptions regarding incurred claims and paid claim development

The incurred claim development method assumes that the relative change in a given accident quarter's cumulative incurred claim estimates from one development quarter to the next is constant, which can imply that the relative adequacy of the Company's outstanding reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported and paid. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter and to estimate the ultimate loss.

The paid claim development method assumes that the relative change in a given accident quarter's cumulative paid claims from one development quarter to the next is constant, which can imply that there are no material changes in the rate at which claims have been paid. However, the paid claim development method could lead to erratic and unreliable projections if the coverage payment is delayed because the movement in claim payments during the initial period is too small. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter, and to estimate the ultimate loss. This method differs from the incurred claim development method in that the Company's case reserves are excluded from the analysis. As a result, this method has the advantage of avoiding the distortions which might be reflected in the incurred claim development method from abnormal reserve increases or decreases due to either changes to reserve policy or errors in determination of claim reserve.

The appropriate development factors are selected by referring to the historical development pattern, observed trends in historical claim development, changes in claim management personnel or policy, changes in underwriting control, and reinsurance arrangements. However, the calculation does not reflect the time value of money. For inward treaty reinsurance, the IBNR reserve is calculated by assuming the IBNR reserve and case reserve of treaty business share a similar relationship with the direct business.

(b) Assumptions regarding unallocated loss adjustment expenses (ULAE)

The ratio of unallocated loss adjustment expenses (ULAE) to the total gross claims paid is based on the historical information for the period from 2014 - 2018, and selected to broadly reflect the Company's actual experience in the past few years, taking into consideration any observed trends and distortion as a result of the 2011 floods. The assumption that half of the unallocated claims expenses are incurred when the claims file is opened and the remaining half are incurred when the claims are settled is used to derive the ULAE liability.

17.4 Unearned premium reserves

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017
Beginning balance	1,404,702,007	1,425,852,319
Premium written for the year	3,092,253,451	3,085,482,886
Premium earned for the current year	(3,114,442,151)	(3,106,633,198)
Ending balance	1,382,513,307	1,404,702,007

18. DUE TO REINSURERS

(Unit: Baht)

	2018	2017
Amounts withheld on reinsurance	346,962,191	283,365,132
Others reinsurance payables	83,467,875	101,370,450
Total due to reinsurers	430,430,066	384,735,582

19. EMPLOYEE BENEFIT OBLIGATIONS

(Unit: Baht)

	2018	2017
Long-term employee benefit	49,614,606	43,605,609

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017
Provision for long-term employee benefits at beginning of year	43,605,609	37,500,694
Current service cost	5,744,602	5,216,247
Interest cost	1,317,795	1,136,368
Benefits paid during the year	(1,053,400)	(247,700)
Provision for long-term employee benefits at end of year	49,614,606	43,605,609

Long-term benefit expense included in the profit or loss was as follows:

(Unit: Baht)

	2018	2017
Current service cost	5,744,602	5,216,247
Interest cost	1,317,795	1,136,368
Total expense recognised in profit or loss	7,062,397	6,352,615

The Company expects to pay Baht 12.1 million of long-term employee benefits during the next year (2017: Baht 1.2 million).

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years.

Principal actuarial assumptions at the valuation date were as follows:

	2018	2017
	(% PER ANNUM)	(% PER ANNUM)
Discount rate	3.06	3.06
Future salary increase rate	6.00 - 7.00	6.00 - 7.00
Turnover rate	0.00 - 27.00	0.00 - 27.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Baht)

	2018			
	CHANGE	INCREASE AMOUNT (DECREASE)	CHANGE	INCREASE AMOUNT (DECREASE)
Discount rate	Increase 1%	(3,392,102)	Decrease 1%	3,877,143
Future salary increase rate	Increase 1%	4,597,022	Decrease 1%	(4,075,862)
Turnover rate	Increase 20%	(4,707,521)	Decrease 20%	5,985,890

(Unit: Baht)

	2017			
	CHANGE	INCREASE AMOUNT (DECREASE)	CHANGE	INCREASE AMOUNT (DECREASE)
Discount rate	Increase 1%	(3,206,118)	Decrease 1%	3,668,557
Future salary increase rate	Increase 1%	3,863,999	Decrease 1%	(3,435,621)
Turnover rate	Increase 20%	(3,956,720)	Decrease 20%	5,005,040

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company have additional liabilities for long-term employee benefits of Baht 10.9 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

20. OTHER LIABILITIES

	(Unit: Baht)	
	2018	2017
Accrued commission expenses	108,158,224	113,606,300
Accounts payable - others	51,315,080	56,819,652
Accounts payable - Revenue Department	8,600,510	12,559,590
Undue output tax	13,672,386	18,034,578
Accrued expenses	81,236,680	75,249,915
Endorsement payable	4,800,329	20,253,096
Accrued bonus	40,940,197	39,455,000
Suspense accounts - premium written	20,233,078	26,789,849
Others	13,441,530	12,251,050
Total other liabilities	342,398,014	375,019,030

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. At present, the statutory reserve has fully been set aside.

22. OPERATING EXPENSES

	(Unit: Baht)	
	2018	2017
Personnel expenses	137,393,493	142,660,763
Premises and equipment expenses	80,463,689	79,498,757
Taxes and duties	3,906,800	7,532,770
Other operating expenses	29,522,135	44,149,452
Total operating expenses	251,286,117	273,841,742

23. EXPENSES BY NATURE

Expenses by nature are comprised significant expense transactions as follows:

	(Unit: Baht)	
	2018	2017
Claims expenses	1,048,949,224	1,038,786,052
Personnel expenses	324,426,751	333,894,107
Commissions and brokerage expenses	336,133,103	399,850,729
Other underwriting expenses	141,293,882	141,222,317
Premises and equipment expenses	139,207,004	140,353,768
Promotion expenses	68,718,467	74,408,031
Other expenses	110,598,188	148,618,342
Total expenses	2,169,326,619	2,277,133,346

24. PROVIDENT FUND

The Company and its employees jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the employees and the Company contribute to the fund monthly, at rates ranging from 3% to 7% of the employees' basic salaries, based on the length of employment. The fund which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Company contributed Baht 10.9 million (2017: Baht 10.3 million) to the fund.

25. EARNINGS PER SHARE

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

26. DIVIDEND PAID

Dividend declared during the periods 2018 and 2017 consist of the following:

APPROVED BY		TOTAL DIVIDEND	DIVIDEND PER SHARE
		(Baht)	(Baht)
The interim dividend for 2018	Meeting of Board of Directors on 26 September 2018	110,000,000	10
Final dividends for 2017	Annual General Meeting of the Shareholder on 23 April 2018	264,000,000	24
Total dividend for the period 2018		374,000,000	34
The interim dividend for 2017	Meeting of Board of Directors on 20 September 2017	110,000,000	10
Final dividends for 2016	Annual General Meeting of the Shareholder on 19 April 2017	242,000,000	22
Total dividend for the period 2017		352,000,000	32

27. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
Krung Thai Bank Plc.	Related by way of shareholding
Thai Reinsurance Plc.	Related by way of common directors and shareholding
Dhipaya Insurance Plc.	Related by way of shareholding
Rabidham Co., Ltd	Related by way of shareholding
Krungthai Card Plc.	Related by way of common directors

During the years, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

	FOR THE YEARS ENDED 31 DECEMBER		PRICING POLICY
	2018	2017	
Premium written	103,156,994	133,018,406	Normal commercial terms for underwriting for major customers
Premium ceded	26,682,689	23,448,311	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Inward premium	22,027,888	11,784,373	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Fee and commission income	4,123,587	2,673,508	At a mutually agreed percentage of premium ceded
Claim recoverable from reinsurers	7,117,810	14,090,585	At a mutually agreed percentage of reinsurance premium
Commissions and brokerages	127,176,084	101,321,530	At a mutually agreed percentage of premium written
Claim payment	43,731,524	13,687,095	Normal commercial terms for underwriting
Interest income - deposits at bank and debentures	2,054,139	7,790,824	Same as financial institutions and related companies offer to other customers
Dividend income	86,152,040	86,557,510	The declared amount
Dividend paid	168,300,000	158,400,000	The declared amount
Other fees	20,970,752	15,961,535	Mutually agreed

(Unit: Baht)

The Company had the following significant balances of assets and liabilities with its related companies.

(Unit: Baht)

	2018		2017	
	COST	FAIR VALUE	COST	FAIR VALUE
Investments in securities-available-for-sale investments				
Investments in equity securities				
Thai Reinsurance Plc.	82,525,447	28,439,853	82,525,447	58,533,187
Dhipaya Insurance Plc.	203,393,196	1,354,201,040	203,393,196	1,408,129,400
Krung Thai Bank Plc.	25,882,566	28,650,000	17,464,590	19,200,000
	<u>311,801,209</u>	<u>1,411,290,893</u>	<u>303,383,233</u>	<u>1,485,862,587</u>
Investments in debentures				
Krungthai Card Plc.	58,002,087	57,409,006	20,000,000	20,005,219
	<u>58,002,087</u>	<u>57,409,006</u>	<u>20,000,000</u>	<u>20,005,219</u>

(Unit: Baht)

	2018	2017
Deposits at financial institution		
Krung Thai Bank Plc.	129,419,688	190,126,898
Premium receivables		
Krung Thai Bank Plc.	13,156,858	19,155,078
Accrued investment income		
Krung Thai Bank Plc.	41,611	42,175
Krungthai Card Plc.	423,825	99,748
	<u>465,436</u>	<u>141,923</u>
Reinsurance receivables - amounts due from reinsurers		
Thai Reinsurance Plc.	3,870	4,530,852
Dhipaya Insurance Plc.	12,478,290	9,713,833
	<u>12,482,160</u>	<u>14,244,685</u>
Investments in securities - other investment		
Rabidham Co., Ltd.	492,163	595,650
Reinsurance payables - outward premium payables		
Thai Reinsurance Plc.	2,499,556	8,454,196
Dhipaya Insurance Plc.	282,582	2,035,610
	<u>2,782,138</u>	<u>10,489,806</u>
Other liabilities - accrued commission		
Krung Thai Bank Plc.	<u>29,029,308</u>	<u>32,132,747</u>

Directors and management's remuneration

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses to its directors and management as below.

(Unit: Baht)

	2018	2017
Short-term employee benefits	90,220,210	94,944,458
Long-term employee benefits	7,062,397	6,352,615
Total	<u>97,282,607</u>	<u>101,297,073</u>

28. ASSETS PLEDGED AND RESERVED WITH THE REGISTRAR

As at 31 December 2018 and 2017, the following assets have been placed as securities and reserved as insurance reserves with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	2018		2017	
	COST/ AMORTISED COST	FAIR VALUE	COST/ AMORTISED COST	FAIR VALUE
Assets placed as securities				
Fixed deposit	20,000,000	20,000,000	20,000,000	20,000,000
Assets reserved as insurance reserves				
Fixed deposit	300,000,000	300,000,000	300,000,000	300,000,000
Government and state enterprise securities	30,967,501	31,504,255	31,291,488	32,246,076
Total assets pledged and reserved with the Registrar	<u>350,967,501</u>	<u>351,504,255</u>	<u>351,291,488</u>	<u>352,246,076</u>

29. CONTRIBUTION TO THE GENERAL INSURANCE FUND

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2018	2017
Accumulated General Insurance fund at the beginning of the year	54,855,331	47,272,276
Contribution during the year	7,585,643	7,583,055
Accumulated General Insurance fund at the end of the year	<u>62,440,974</u>	<u>54,855,331</u>

30. COMMITMENTS AND CONTINGENCIES

30.1 Capital commitments

As at 31 December 2018, the Company has capital commitments of approximately Baht 15.6 million relating to acquisition of computer systems (2017: Baht 10.6 million).

30.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and other services.

As at 31 December 2018, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	Baht
Payable within:	
Less than 1 year	2,872,739
1 - 5 years	7,219,300

30.3 Litigation

As at 31 December 2018, the Company had been sued as insurer, with the total sum insured of relevant policies is Baht 19.1 million (2017: Baht 33.8 million). Judgement has yet to be handed down in these cases. The Company has recorded provisions for potential losses amounting to Baht 3.6 million (2017: Baht 0.6 million) in the financial statements. The Company's management believes that such provision is adequate.

31. NON-LIFE INSURANCE COMPANY'S RISKS

31.1 Underwriting risk

The Company determines the type of basic information required for the consideration of various types of insurance underwriting. The insurer must ensure that the insured person's information is accurate and that the actual condition of the property or the individual applying for insurance is correct. The insured must sign to confirm the accuracy of the information submitted to the Company. It must be clear that the assignment of the Company's staff is consistent with the basic knowledge and experience of personnel at each level. The development of the Company's database system must be sufficient for the decision making by the insurer, and the insurer must always arrange for allocation and / or reinsurance prior to underwriting.

Insurance contract liabilities segregated by insurance types as follows:

(Unit: Baht)

	2018			2017		
	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET
Fire	221,295,376	(21,233,212)	200,062,164	209,559,496	(18,524,068)	191,035,428
Marine and transportation	2,362,032	(841,524)	1,520,508	4,313,318	(1,940,399)	2,372,919
Motor	555,662,198	(123,414,303)	432,247,895	597,301,748	(47,539,974)	549,761,774
Miscellaneous	603,193,701	(173,652,916)	429,540,785	593,527,445	(157,262,873)	436,264,572
Total	1,382,513,307	(319,141,955)	1,063,371,352	1,404,702,007	(225,267,314)	1,179,434,693

(Unit: Baht)

	2018			2017		
	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET
Fire	12,525,856	(6,011,149)	6,514,707	17,011,137	(5,485,378)	11,525,759
Marine and transportation	9,008,993	(3,854,761)	5,154,232	9,948,788	(4,717,927)	5,230,861
Motor	475,592,753	(70,388,130)	405,204,623	431,259,019	(25,013,845)	406,245,174
Miscellaneous	394,125,732	(264,836,115)	129,289,617	212,676,231	(85,071,632)	127,604,599
Total	891,253,334	(345,090,155)	546,163,179	670,895,175	(120,288,782)	550,606,393

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of change in assumptions used in calculation, which may impact on both gross and net loss reserves. The risks may be caused by the frequency of loss, value of loss and claims, or loss adjustment expenses that are not as expected.

The impact on the best estimate of insurance liabilities of changes in key variables as at 31 December 2018 and 2017 are summarised below.

(Unit: Baht)

2018

	ASSUMPTION CHANGE	INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES	INCREASE (DECREASE) IN NET CLAIM LIABILITIES	INCREASE (DECREASE) IN PROFIT BEFORE TAX	INCREASE (DECREASE) IN EQUITY
Loss ratio	+10%	291,576,627	126,031,448	(126,031,448)	(100,825,158)
Loss ratio	-10%	(290,526,756)	(122,861,996)	122,861,996	98,289,597
Loss development factor	+1%	39,043,972	19,482,108	(19,482,108)	(15,585,656)
Loss development factor	-1%	(38,970,621)	(19,393,009)	19,393,009	15,514,407
ULAE ratio	+1%	5,599,410	5,599,410	(5,599,410)	(4,479,528)
ULAE ratio	-1%	(5,599,410)	(5,599,410)	5,599,410	4,479,528

(Unit: Baht)

2017

	ASSUMPTION CHANGE	INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES	INCREASE (DECREASE) IN NET CLAIM LIABILITIES	INCREASE (DECREASE) IN PROFIT BEFORE TAX	INCREASE (DECREASE) IN EQUITY
Loss ratio	+10%	191,727,030	136,228,660	(136,228,660)	(108,982,928)
Loss ratio	-10%	(186,359,701)	(130,943,443)	130,943,443	104,754,754
Loss development factor	+1%	32,641,795	27,092,517	(27,092,517)	(21,674,014)
Loss development factor	-1%	(30,482,836)	(26,979,919)	26,979,919	21,583,935
ULAE ratio	+1%	3,746,938	3,746,938	(3,746,938)	(2,997,550)
ULAE ratio	-1%	(3,746,938)	(3,746,938)	3,746,938	2,997,550

31.2 Risk management

(a) Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument. The Company is exposed to credit risk primarily with respect to premium receivables, loans, reinsurance assets and reinsurance receivables. The Company's maximum exposure to credit risk is limited to the book value less allowance for doubtful debt as presented in the statement of financial position.

The guidelines on the credit risk management are as follows.

- Set criteria for credit approval and updated the criteria to reflect current circumstances and business environment. It has also performed an evaluation and assessment of past issues and limitations to ensure more appropriate operational practices. In addition, the Company ensures that the risk management performance is reported to its Risk Management Committee or Investment Committee on a monthly basis.
- Prepares reports on reinsurance statistics by treaty contract to review the performance of each contract on a quarterly basis. The Company also prepares reports on the credit rating of the insurance and reinsurance companies under the insurance contracts, together with the distribution of reinsurance by risk level on a monthly basis, security review of insurance and reinsurance companies in the form of an annual report or financial report before preparation and/or renewal of reinsurance contracts. In addition, the Company prepares and submits a report on the investment portfolio to the Board of Directors and the Investment Committee on a regular basis.

(b) Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

The Company has set up an investment policy, investment objectives, criteria for consideration, types of investments, investment limits and conditions of each type of investment in accordance with the related notifications of the Office of Insurance Commission, and the Company's investment policy and other business policies which are approved by the Board of Directors after rigorous review on a yearly basis. It also monitors, appraise and reports on the performance of its investments to the Board of Directors on a monthly basis.

(1) Interest rate risk

Interest rate risk is the risk that the value of assets and liabilities will fluctuate due to changes in market interest rates.

Significant assets and liabilities as at 31 December 2018 and 2017 classified by type of interest rate are summarised in the table below, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date

(Unit: Baht)

(Unit: Baht)

2018							
	FIXED INTEREST RATES						
	REMAINING PERIODS TO REPRICING RATE OR MATURITY DATE						
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	FLOATING INTEREST RATE	NON- INTEREST BEARING	TOTAL	EFFECTIVE INTEREST RATE (% PER ANNUM)
Financial assets							
Cash and cash equivalents	80,300,000	-	-	218,221,747	4,318,224	302,839,971	0.13 - 1.25
Investments in securities							
Government and state							
enterprise securities	33,843,412	100,773,273	-	-	-	134,616,685	2.40 - 5.50
Private enterprise debt							
securities	316,341,910	1,733,975,222	-	-	-	2,050,317,132	1.84 - 4.92
Equity securities	-	-	-	-	4,356,444,609	4,356,444,609	-
Deposits with financial							
institutions matured over							
than 3 months	603,369,426	800,000	-	-	-	604,169,426	0.90 - 1.80
Loans	-	512,270	-	-	-	512,270	1.80 - 6.50
Assets under insurance contracts							
Premium receivables	-	-	-	-	403,553,341	403,553,341	-
Claims reserves refundable							
from reinsurers	-	-	-	-	345,090,155	345,090,155	-
Reinsurance receivables	-	-	-	-	159,666,870	159,666,870	-
Liabilities under insurance contracts							
Claim reserves	-	-	-	-	891,253,334	891,253,334	-
Due to reinsurers	-	-	-	-	430,430,066	430,430,066	-

2017

	FIXED INTEREST RATES						
	REMAINING PERIODS TO REPRICING RATE OR MATURITY DATE						
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	FLOATING INTEREST RATE	NON- INTEREST BEARING	TOTAL	EFFECTIVE INTEREST RATE (% PER ANNUM)
Financial assets							
Cash and cash equivalents	-	-	-	237,659,591	21,733,583	259,393,174	0.13 - 1.25
Investments in securities							
Government and state							
enterprise securities	33,995,540	70,203,020	-	-	30,000,000	134,198,560	3.65 - 5.50
Private enterprise debt							
securities	438,196,310	992,853,131	-	-	-	1,431,049,441	1.73 - 6.34
Equity securities	-	-	-	-	4,643,199,155	4,643,199,155	-
Deposits with financial							
institutions matured over							
than 3 months	865,616,860	-	-	-	-	865,616,860	0.90 - 1.80
Loans	-	545,326	-	-	-	545,326	1.80 - 8.50
Assets under insurance contracts							
Premium receivables	-	-	-	-	352,924,167	352,924,167	-
Claims reserves refundable							
from reinsurers	-	-	-	-	120,288,782	120,288,782	-
Reinsurance receivables	-	-	-	-	140,108,900	140,108,900	-
Liabilities under insurance contracts							
Claim reserves	-	-	-	-	670,895,175	670,895,175	-
Due to reinsurers	-	-	-	-	384,735,582	384,735,582	-

(2) Equity price risk

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

As at 31 December 2018 and 2017, the Company has risk from its investments in securities of which the price will change with reference to market conditions

(c) Liquidity risk

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

The Company clearly establishes the rules, procedures and authority levels for approval of various transactions, including rigorous compliance with the requirements of the Office of Insurance Commission. The Company prepares monthly reports on cash flow estimates, which are then compared to the actual cash flows, so that the causes of transactional irregularities can be determined and reported to the management for quick resolution. A monthly liquidity report is also prepared to report any early warning signals detected. Moreover, the Company transfers certain risk to reinsurers, in order to pay claims to customers and mitigate financial liquidity risk, and has prepared a contingency plan in case of a financial crisis.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	2018					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	302,839,971	-	-	-	-	302,839,971
Investments in securities	4,345,568,886	953,554,748	1,835,548,495	-	10,875,723	7,145,547,852
Loans	-	-	512,270	-	-	512,270
Assets under insurance contracts						
Premium receivables	-	403,553,341	-	-	-	403,553,341
Claims reserves refundable						
from reinsurers	-	321,538,146	20,958,336	2,593,673	-	345,090,155
Reinsurance receivables	-	159,666,870	-	-	-	159,666,870
Liabilities under insurance contracts						
Claims reserves	-	763,454,520	121,188,797	6,610,017	-	891,253,334
Due to reinsurers	-	430,430,066	-	-	-	430,430,066

(Unit: Baht)

	2017					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	259,393,174	-	-	-	-	259,393,174
Investments in securities	4,632,219,945	1,337,808,710	1,093,056,151	-	10,979,210	7,074,064,016
Loans	-	-	545,326	-	-	545,326
Assets under insurance contracts						
Premium receivables	-	352,924,167	-	-	-	352,924,167
Claims reserves refundable						
from reinsurers	-	104,250,278	15,036,098	1,002,406	-	120,288,782
Reinsurance receivables	-	140,108,900	-	-	-	140,108,900
Liabilities under insurance contracts						
Claims reserves	-	579,909,391	81,987,190	8,998,594	-	670,895,175
Due to reinsurers	-	384,735,582	-	-	-	384,735,582

31.3 Fair value of financial instruments

As of 31 December 2018 and 2017, the Company had financial assets measured at fair value, or measured at cost but have to disclose fair value, using different levels of inputs as follows:

(Unit: Baht)

	2018				
	FAIR VALUE				
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets measured at fair value					
Available-for-trading					
Equity securities	13,579,605	13,579,605	-	-	13,579,605
Available-for-sale investments					
Equity securities	1,986,761,181	1,986,761,181	-	-	1,986,761,181
Unit trusts	2,345,228,100	651,685,428	1,693,542,672	-	2,345,228,100
Debt securities	2,055,407,991	-	2,055,407,991	-	2,055,407,991
Loans	512,270	-	-	512,270	512,270
Assets disclosed at fair value					
Cash and cash equivalents	302,839,971	302,839,971	-	-	302,839,971
Held-to-maturity investments					
Debt securities	129,525,826	-	129,525,650	-	129,525,650
Cash at banks	604,169,426	604,169,426	-	-	604,169,426
Other investments	10,875,723	-	-	181,537,858	181,537,858
Investment properties	213,660,144	-	-	326,851,243	326,851,243

(Unit: Baht)

	2017				
	FAIR VALUE				
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets measured at fair value					
Available-for-trading					
Equity securities	16,178,135	16,178,135	-	-	16,178,135
Available-for-sale investments					
Equity securities	1,993,305,300	1,993,305,300	-	-	1,993,305,300
Unit trusts	2,622,736,510	570,564,260	2,052,172,250	-	2,622,736,510
Debt securities	1,455,783,924	-	1,455,783,924	-	1,455,783,924
Loans	545,326	-	-	545,326	545,326
Assets disclosed at fair value					
Cash and cash equivalents	259,393,174	259,393,174	-	-	259,393,174
Held-to-maturity investments					
Debt securities	109,464,077	-	109,473,100	-	109,473,100
Cash at banks	865,616,860	865,616,860	-	-	865,616,860
Other investments	10,979,210	-	-	171,340,622	171,340,622
Investment properties	220,247,351	-	-	330,936,165	330,936,165

The fair value hierarchy of financial assets as at 31 December 2018 and 2017 presents according to Note 4.20 to the financial statements.

The method 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:

- For financial assets which have short-term maturity, which consist of cash and cash equivalents and deposits with financial institutions, the fair values are estimated based on the carrying value presented in the statement of financial position.
- For investments in debt securities, fair value is derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or other market.
- Fair value of investments in marketable equity securities is derived from quoted market price. Unit trusts, the fair values are derived from quoted market price or determined by using the net assets value per unit as announced by the fund manager. For investments in non-marketable equity securities, the fair values are estimated based on the net book value.
- The fair value of loans is determined by discounting the expected future cash flows by the current market interest rate of similar loans.

- Investment properties are presented at fair values, which are appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate and discount rate.

During the current year, there were no transfers within the fair value hierarchy.

32. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that it preserves the ability to continue its business as a going concern and to maintain risk-based capital in accordance with Declaration of the OIC.

33. EVENT AFTER THE REPORTING PERIOD

On 27 March 2019, a meeting of the Board of Directors passed the following resolutions to propose to the Annual General Meeting of shareholders:

- Approve an increase of the Company's registered capital from Baht 110 million to be Baht 330 million, by newly issue the ordinary shares in amount of 22 million shares with the par value at 10 Baht to support the stock dividend payment.
- Approve the allocation of profits for cash dividend and stock dividend payment approximately Baht 484 million, as follows:
 - Cash dividend will be paid at the rate of Baht 24 per share for the 11 million existing shares, totaling Baht 264 million. Payment is scheduled to be made on 8 May 2019.
 - Stock dividend will be paid at the ratio of 1 existing shares per 2 stock dividend, totaling of the stock dividend payment at 22 million ordinary shares, at par value Baht 10, totaling Baht 220 million. Payment is scheduled to be made on 8 May 2019.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Boards of Directors on 27 March 2019.



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