



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



ANNUAL REPORT 2019

KRUNGTHAI PANICH INSURANCE
PUBLIC COMPANY LIMITED

INSPIRE
CONNECT
SUPPORT



C O N T E N T S

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> V I S I O N

"Creating our corporate culture to develop our staff members as an effective and high potential team in the highly competitive market and to advance our business with innovation and excellence in service in responding to the customers' and partners' demand for sustainable profit-making."

> C O R E V A L U E S

CUSTOMER-CENTRIC

Have service-mindedness with the emphasis on responsiveness and co-operation with the customers through perfectly-matched products and excellent service.

INTEGRITY

Behave accordingly to the rules and regulations.

TEAMWORK

Have empathy, vigor, dynamism, co-operation, creativity, responsibility, inquisitiveness to learn and willingness towards change.

TARGET-DRIVEN

Have a mutual goal and motivation to achieve the set target.

INTEGRATED PROCESS

Operate an integrated process via modern technology which is both efficient and effective.

> FINANCIAL HIGHLIGHTS

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

ITEMS	2017	2018	2019
GROSS WRITTEN PREMIUM	3,085	3,092	3,117
% CHANGE	0.68	0.22	0.78
NET WRITTEN PREMIUM	2,548	2,397	2,140
% CHANGE	-1.35	-5.91	-10.73
UNDERWRITING INCOME	400	521	490
% CHANGE	7.50	30.27	-5.99
INVESTMENT INCOME	370	325	405
% CHANGE	17.94	-12.22	24.39
NET INCOME	628	694	732
% CHANGE	10.90	10.53	5.46
EARNINGS PER SHARE	19.03	21.03	22.18
% CHANGE	10.90	10.53	5.46
TOTAL LIABILITIES	3,372	3,652	3,904
% CHANGE	3.98	8.29	6.89
SHAREHOLDER'S EQUITY	5,913	6,141	6,562
% CHANGE	3.41	3.85	6.85
TOTAL ASSETS	9,285	9,793	10,465
% CHANGE	3.62	5.47	6.86

Remark :

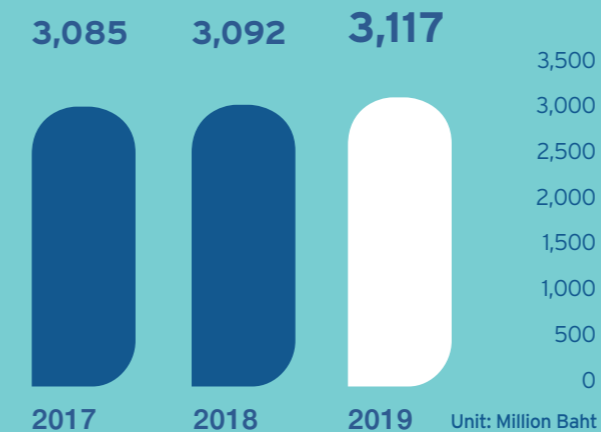
⁽¹⁾ Adjusted Earnings Per Share for comparison.

FINANCIAL RATIO	2017	2018	2019
NET PROFIT / NET WRITTEN PREMIUM	24.64	28.95	34.20
NET PROFIT / TOTAL ASSETS (ROA)	6.76	7.09	6.99
NET PROFIT / SHAREHOLDER'S EQUITY (ROE)	10.62	11.30	11.15
TOTAL LIABILITIES / SHAREHOLDER'S EQUITY	57.03	59.47	59.49
CAPITAL ADEQUACY RATIO (CAR RATIO)	724.91	767.82	595.69*

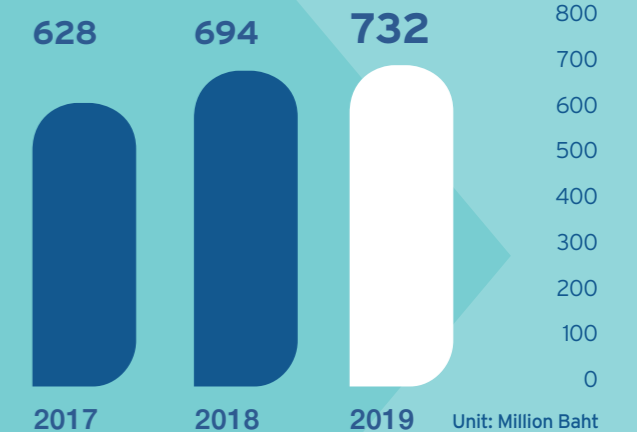
Note :

* CAR Ratio 2019 is prior to submission to the Office of Insurance Commission (OIC)

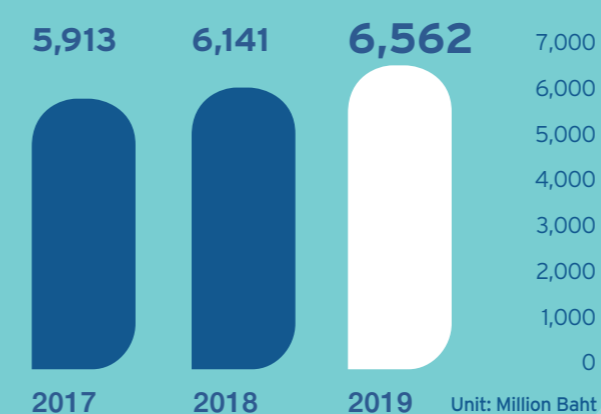
GROSS WRITTEN PREMIUM



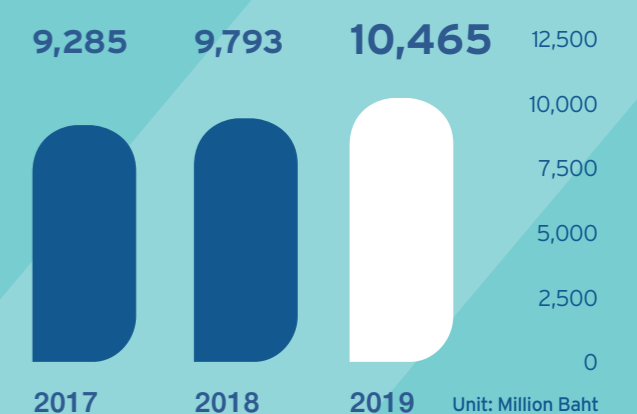
NET INCOME



SHAREHOLDER'S EQUITY



TOTAL ASSETS





➤ CONTINUAL DEVELOPMENT AND EXPANDABLE POTENTIALS

In response to the business stability and Thai people's lives and properties, we are determined to develop and solidify organization and management system. We do not cease in developing all aspects of our working process to gain higher potentials and to be ready in the competitive market. We are also resolute in expanding our capabilities to drive our business and to continue with effectiveness towards our objective in being "the reliable non-life insurance business entrepreneur with a high standard." We are ready to stand beside the Thai people to advance towards the mutual success of all interested parties.

➤ CLOSER CONNECTION DRIVES STRONGER BUSINESS

Our company has projected the directions in driving the company's business towards the objectives of sustainable growth. We emphasize building a base of new customers and maintaining our abilities in the competitive market with the policy of building constructive customer relationships. We also select new business partners and alliances with strategic plans to expand retail customer base online by in-depth research and analysis on the customer data and placing the significance of advanced technological system development. This will enable us to develop our products and services and provide solutions to customers' demand and the current business situations at our best.



➤ CARE FOR SOCIETY TOWARDS BRIGHTER FUTURE

The company is resolute to build solid strength for business along with responsible administration. It is essential to reflect upon the social benefits at large as well as paying attention to environmental effects. “KPI, The Ready Steps for Thai Future” is our company’s project to support education. It has been continuously and seriously applied with the concept of giving educational opportunities to Thai youths in the remote areas because these children are the nation’s future and will grow up to be quality Thai citizens in the coming years. This also plants higher conscience among the company’s staff members to think of social and environmental responsibilities together.





› MESSAGE FROM THE BOARD OF DIRECTORS

Office of the National Economic and Social Development Board (NESDB) has released its forecast that Thai economy in 2019 would expand 2.6 percent, a decrease from the previous year's growth rate at 4.1 percent (data as of 18th November 2019). Due to the deceleration in the export sector which was pressured from the trade restriction, this affected the manufacturers and exporters in deciding the continuous production and commerce. The expenditure from the private enterprises is still in the lower level as expected and affected in the decrease in the governmental investment. This was also coupled with the lateness in the operation of investment projects on the important infrastructure such as the high-speed train construction project between Bangkok and Nakorn Ratchasima. Furthermore, the effects from the temporary factors were created by the changes of automobile models in the domestic market and the closure of some refineries. Among these factors has resulted in the overall non-life insurance business for 2019 with the estimate of 244,062 million baht in direct premiums, a growth rate of 5.2 percent from 2018.

Accordingly, the company's income from direct premiums in 2019 amounted to 3,117 million baht and the income after operation expenditure was 490 million baht, the income from net investment amounted to 405 million baht and the net profit from business operation after deducting corporate income tax amounted to 732 million baht.

For 2020, NESDB has forecast the overall Thai economy's growth rate would be in the range of 2.7-3.7 percent. As for the non-life insurance business, the Office of Insurance Commission (OIC) forecasts that this year's direct premiums would grow at the rate of 5.3 percent amounted to 255,552 million baht. This is because Thai economy in 2020 will be supported from both governmental and private expenditure and the investment in the large transportation infrastructure by private enterprises. This will help build confidence in the private sector in domestic investment. As for foreign demands, the forecast shows that export and service sectors have higher increase and expenditure from 2019 along with Thailand's economic partner countries' expansions.

Accordingly, in 2020, KPI would continue to focus in middle-sized and retail customers as our primary target segments. While for large-sized 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. Moreover, 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 2020, 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 2019. Looking ahead, we are determined to continue our commitment to maintain steady and sustainable growth as well as utilize our competitive advantage to achieve greater success and strong performance.

(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 the Audit Committee /
Chairman of the Corporate Governance Committee

MR.UDOMSAK ROJVIBOONCHAI
Director / Chairman of Executive Director

MR.NIRUJ MANEEPUN
Director / Corporate Governance Committee

› BOARD OF DIRECTORS



MR.SUWAT NESTSAWAT
Director / Audit Committee



MR.WARAWUT SITTHIYOS
Director



MR.SAKDEE CHEABLUM
Director / Executive Director



MR.PONSAK JITPRASERT
Director

BOARD OF DIRECTORS

> BOARD OF DIRECTORS



ASST.PROF.KULAYA JANTADEJ PH.D.
 Independent Director /
 Audit Committee

MR.TANET PHANICHEWA
 Director /
 Corporate Governance Committee

MR.KERATI PANICHEWA
 Director / Executive Director



DR.PONGPANU DAMRONGSIRI
 Director / Executive Director

MS.SUCHAVADEE SANGANONG
 Director / Executive Director

BOARD OF DIRECTORS' PROFILE

DR.DHIRAPHORN SRIFUENG FUNG

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.PAYUNGS AK CHARTSUTIPOL

Director / 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
- Certificate of Management Development Program, North Western University, USA
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University

> TRAINING

- Director Accreditation Program (DAP SCC / 2004), Thai Institute of Directors
- Risk Management Program for Corporate Leaders (RCL 3 / 2016), Thai Institute of Directors
- Top Executives in the Energy Education Program (Batch 1), Thailand Energy Academy (TEA)
- Executive Program, Poompalungpandin Program (Batch 1), Chulalongkorn University
- Administrative Justice for Executives (Batch 2), Administrative Court
- Capital Market Academy Leader Program (Batch 11), Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCoT) Commerce Academy - Class 2

> NO. OF SHARES

None

> RELEVANT IMPORTANT POSITION

- Chairman of Glow Energy Public Company Limited
- Independent Director / Chairman of Corporate Governance and Sustainability Committee, Global Green Chemicals Public Company Limited
- Chairman of Siam City Leasing and Factoring Public Company Limited
- Director of Linde (Thailand) Public Company Limited
- Director of The Siam United Steel (1995) Company Limited
- Independent Director / Vice Chairman of Sapthip Company Limited
- Director of Glow 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)
- Capital Market Academy Leader Program, Capital Market Academy (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

- Chairman of Board of Directors Terabyte Net Solution Co.,Ltd.
- Chairman of Audit Committee Siamrajathane Plc.

MR.NIRUJ MANEEPUN

Director / Corporate Governance Committee

> EDUCATION

- Master of Laws (LL.M.), Temple University, Philadelphia Pennsylvania, U.S.A

> TRAINING

- The Advanced Management Program (AMP) (2018), The University of Chicago Booth School of Business
- The Program of Senior Executives on justice Administration
- Class 1/2012, Anti Corruption for Executive Program (ACEP), Thai Institute of Directors
- Class 143/2011, Director Certification Program (DCP), Thai Institute of Directors
- Class 10/2010, Financial Statements for Directors (FSD), Thai Institute of Directors
- Class 33/2009, Company Secretary Program (CSP), Thai Institute of Directors
- Class 102, Directorate Psychology Course, National Defences Studies Institute
- Advance Diploma of Administrative Justice Administration Program, The Administrative Court
- Power of The Kingdom, Chulalongkorn University Executive Program
- Rule of Law for Democracy, Institute of Constitution Studies
- Executive Program in Business Industry and Investment, Institute of Business and Industrial Development

> NO. OF SHARES

None

> RELEVANT IMPORTANT POSITION

None

BOARD OF DIRECTORS' PROFILE

MR.SUWAT NESTSAWAT

Director

- > **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

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
- > **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.PONSAK JITPRASERT

Director

- > **EDUCATION**
 - Master Degree of Business Administration, Ramkhamhaeng University
 - Bachelor Degree of Arts, 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-Lincoln, U.S.A.
- Master of Financial Management, The 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. 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

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

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 Thane Country Club Company Limited
- Director of Thai Public Port Company Limited

DR.PONGPANU DAMRONGSIRI
Director / Executive Director

› EDUCATION

- Ph.D. Organization Development, Assumption University
- M.S. Insurance University of Hartford, Connecticut, USA
- B.B.A. Life Insurance Assumption University

› TRAINING

- Digital Transformation for CEO, Nation Group
- Director Certification Program Class 283/ 2019, Thai Institute of Directors
- The CMO Academy, Marketing Association of Thailand
- Thailand Insurance Leadership Program Batch 5, OIC Advanced Insurance Institute
- Allianz Recognition and Education Conference (AREC) in Singapore
- Separation Notification Training
- "Managing the Business the AIU Personal Lines Way", New York
- "Maximum Impact Presentation Skills", Bangkok
- "AIG Leadership Breakthrough Part II", Hong Kong
- "AIG Leadership Breakthrough" in Hong Kong
- "AIG Strategic Leadership in the Marketplace"

› NO. OF SHARES

None

› RELEVANT IMPORTANT POSITION

None

MS.SUCHAVADEE SANGANONG
Director / Executive Director

› EDUCATION

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

› TRAINING

- Capital Market Academy Programs (CMA) - Class 29
- Top Executive Program for Creative & Amazing Thai Service (ToPCATS) - Class 1
- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy - Class 11
- International Management Seminar : Partnership for Success - New York, United States of America
- 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 (All), Office of Insurance Commission (OIC) - Class 3
- Leadership Program, PacRim Group
- East Asian Insurance Congress (EAIC)
- Singapore Reinsurance Conference (SIRC)

› NO. OF SHARES

None

› RELEVANT IMPORTANT POSITION

None

> THE EXECUTIVES



DR.PONGPANU DAMRONGSIRI
President



MS.SUCHAVADEE SANGANONG
Senior Executive Vice President



MR.RANISORN PHOUNGVARINTARA
Executive Vice President



MS. VEECHALITA JIRASANTIPONG
Executive Vice President

THE EXECUTIVES

THE EXECUTIVES' PROFILE

DR.PONGPANU DAMRONGSIRI

Director / Executive Director

> EDUCATION

- Ph.D. Organization Development, Assumption University
- M.S. Insurance University of Hartford, Connecticut, USA
- B.B.A. Life Insurance Assumption University

> WORK EXPERIENCE

- Senior Executive Vice President, Chief of Agency. Chubb Samaggi Insurance Public Company Limited
- Chief Executive Officer. KSK Insurance (Thailand) Public Company Limited
- CAO Management Team. Allianz Aydhaya Life Insurance Public Company Limited
- Vice President, Agency and Broker Channel Management Department. New Hampshire Insurance Company
- Vice President, Personal Lines Department, New Hampshire Insurance Company
- Senior Assistant Vice President, Personal Lines Department. New Hampshire Insurance Company
- Special Project Manager. Krungthai Panich Insurance Co., Ltd.

> TRAINING

- Digital Transformation for CEO, Nation Group
- Director Certification Program Class 283/ 2019, Thai Institute of Directors
- The CMO Academy, Marketing Association of Thailand
- Thailand Insurance Leadership Program Batch 5, OIC Advanced Insurance Institute
- Allianz Recognition and Education Conference (AREC) in Singapore
- Separation Notification Training
- "Managing the Business the AIU Personal Lines Way", New York
- "Maximum Impact Presentation Skills", Bangkok
- "AIG Leadership Breakthrough Part II", Hong Kong
- "AIG Leadership Breakthrough" in Hong Kong
- "AIG Strategic Leadership in the Marketplace"

> NO. OF SHARES

None

> RELEVANT IMPORTANT POSITION

None

MS.SUCHAVADEE SANGANONG

Senior Executive Vice President

> EDUCATION

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

> WORK EXPERIENCE

- Krungthai Panich Insurance PLC.
- Thai Reinsurance PLC.
- American Reinsurance, New York & New Jersey, United State of America
- Kasikorn Asset Management Co., Ltd.
- Muang Thai Life Assurance PLC.
- Thai Insurance Institution (Lecturer)
- Assumption University (Lecturer)

> TRAINING

- Capital Market Academy Programs (CMA) - Class 29
- Top Executive Program for Creative & Amazing Thai Service (ToPCATS) - Class 1
- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy - Class 11
- International Management Seminar: Partnership for Success - New York, United States of America
- Cyber Conference - Seoul, South Korea
- Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDPE) - 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 (All), 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.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.,Ltd.
- 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 Powers Thailand
- Factoring model at Toyota Nagoya Japan

MS.VEECHALITA JIRASANTIPONG

Executive Vice President

> EDUCATION

- Bangkok University, Master Degree of MBA
- South-East Asia University, Bachelor of Arts and Science, Major in Business English

> WORK EXPERIENCE

- HR and Admin Senior Manager (Head of Department) Aegon Insights (Thailand) Limited.
- HR & Admin Senior Manager (Head of Department) KSK Insurance (Thailand) Public Company Limited.
- HR & Admin Manager MJR Development Company Limited.
- HR Business Partner - AVP United Overseas Bank (Thai) Public Company Limited.
- HR Business Partner Manager Ayudhya Capital Auto Lease Public Company Limited.
- Recruitment Specialist Pruksa Real Estate Public Company Limited.
- Executive Consultant Progress HR Company Limited. (KasikornBank Group)
- Sales Executive (Export Department) TPI Polene Company Limited.

> TRAINING

- The 7 Habits of Highly Effective People @ Signature Edition
- Insurance Digital Go!
- Privacy and Cybersecurity Law
- AGILE Training for the Delivery Organization
- Digital Foundation
- Unconscious Bias Group
- Digital Transformation
- Future Fit and Team Development Workshop

SUMMARY OF THE MEETING PARTICIPATION

(JANUARY-DECEMBER 2019)

KRUNGTHAI PANICH INSURANCE PCL.

#	LIST OF DIRECTORS	APPOINTED DATE	NO. OF PARTICIPATIONS ⁽¹⁾
1	DR.DHIRAPHORN SRIFUENGFUNG	APRIL 10 , 2019	9 / 9
2	MR.PAYUNGSAK CHARTSUTIPOL	APRIL 19 , 2017	8 / 9
3	MR.UDOMSAK ROJVIBOONCHAI	APRIL 23 , 2018	9 / 9
4	MR.NIRUJ MANEEPUN ⁽²⁾	APRIL 10 , 2019	4 / 6
5	MR.SUWAT NESTSAWAT	APRIL 19 , 2017	9 / 9
6	MR.WARAWUT SITTHIYOS	APRIL 23 , 2018	7 / 9
7	MR.SAKDEE CHEABLAM	APRIL 19 , 2017	8 / 9
8	MR.PONSAK JITPRASERT ⁽²⁾	APRIL 10 , 2019	5 / 6
9	ASST.PROF.KULAYA JANTADEY PH.D.	MARCH 28 , 2018	9 / 9
10	MR.TANET PHANICHEWA	APRIL 23 , 2018	5 / 9
11	MR.KERATI PANICHEWA	APRIL 10 , 2019	9 / 9
12	DR.PONGPANU DAMRONGSIRI ⁽³⁾	JUNE 3 , 2019	5 / 5
13	MS.SUCHAVADEE SANGANONG ⁽²⁾	APRIL 10 , 2019	6 / 6

Note
 (1) No. of Participation / No. of Total Meeting
 (2) Assigned in April 10 , 2019
 (3) Assigned in June 3 , 2019

MAJOR SHAREHOLDERS

NAME	SHARES	% SHARE
KRUNGTHAI BANK PCL	14,850,000	45.00
PAIBUL CAPITAL CO.,LTD.	8,661,273	26.25
BOONPERMPOON CO.,LTD.	4,723,866	14.31
MR.SOMBATH PHANICHEWA	1,327,719	4.02
SRI BROTHERS CO.,LTD.	918,648	2.78
OTHERS	2,518,494	7.63
TOTAL	33,000,000	100.00

GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited was established on 1st September 1953 by the initiation of General Pramarn Adireksarn (his rank at that time) under the name of Ror Sor Por Insurance Company Limited with a registered capital of three million baht. The company's core business was motor insurance. In 1954, one of the most significant years in the company's history, the cabinet of Field Marshal Plaek Phibulsongkram announced that the government would take the company under its patronage. This is based on the company's policy in managing its business operation with transparency, loyalty, and trustworthiness towards 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 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, it was the year of expanding business opportunities to ensure the company's constant strong growth. By jointly investing with Thailand's leading financial institution, Krungthai Bank PCL held 40% of 100 million Thai baht registered capital and 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 with increased share holding to 45% of the registered capital.

On 1st June 2012, the company was transformed into 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 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 was agreed to transform "Krungthai Panich Insurance Company Limited" into the registered name as "Krungthai Panich Insurance Public Company Limited."

In 2019, the company also increased the registered capital from 110 million baht to 330 million baht.

Throughout the years of our business operation, the company has firmly believed 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 31st December 2019, the company's Capital Adequacy Ratio was at 595.69 percent and Liquidity Ratio was at 794.01 percent. They are significantly higher than standard ratios that have been set by Office of Insurance Commission (OIC) at no lower than 120 percent and 100 percent respectively. Furthermore, we are 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 along with our social responsibility towards the Thai society. The company believes that non-life insurance business will help heal and subside the loss of people's life and property as well as being the solid social pillar for the Thai society's better livelihood and happiness.

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

HEADQUARTER

1122 KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi,
Bangkok 10400
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



2013 THE THAI CHAMBER

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

2014 THE THIRD PRIZE

for Non-Life Insurance
with Excellent Management

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)

THE CONCEPT OF SOCIAL DEVELOPMENT TOWARDS SUSTAINABILITY

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 our society and its people as a whole. Additionally, it's in accordance to our company's objective to always be a "Good Corporate Citizen. Therefore we encourage our staff members 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 do not only follow the official good governance framework practice but also emphasize in strong co-operation with the Office of Insurance Commission in their CSR activities as we believe these activities will contribute to the betterment of Thai society.



SOCIAL RESPONSIBILITY PROJECTS IN 2019

KPI'S "THE READY STEPS" PROJECT FOR THE FUTURE OF THAILAND'S YOUNG GENERATIONS

KPI has continued this project in its seventh year with eight schools. The main objective is to provide greater education opportunities to students in the country's rural areas. It's because KPI's unwavering belief that good education is the most valuable asset for the development of young generations who will grow up to be higher capable adults contributing to the country's future development in comparison with other countries'. "KPI, The Ready Steps for Thai Future" is the project to improve the quality of libraries in Thailand's remote areas and transform them into the ideal learning environment suitable for everyone. With the concept of "Living Libraries," we have seriously applied from the conceptualization and realization. Good libraries should have good books, good librarians, and conducive ambience. We also adapted them along with the advanced technology which gains higher momentum. Therefore we added "Search Corner" areas with computerized system and equipment that are comprehensively efficient as well as multi-media rooms for the youths to search data widely via the internet system. In addition, scholarships are also available to academically distinct students as the way to motivate them to pursue further education. We still believe that knowledge is the valuable asset in the development among Thailand's young generations who will grow up to be the crucial part driving Thailand towards greater prosperity in the future.

BLOOD DONATION PROJECT FOR THE THAI RED CROSS

The Blood Donation Project is one of the Krungthai Panich Insurance Public Company Limited's projects that has continually been supported. Many kind-hearted KPI staffs and charitable neighbors living nearby KPI Tower are interested in and generously participate in this project. The donations ensures constant and sufficient supply to the Thai Red Cross' blood bank reserve in the biannual "Blood Donation with Heart: Given by One, Benefit to Three" Project. In 2019, the blood donation was held on 29th March and 27th September and received more than 200 bags of blood.



SUPPORTING ACTIVITIES AND PROJECTS FOR SOCIETY AND OFFICES PLUS OTHER PROJECTS

KPI also supports other activities and projects for other charities Top Executive Program for Creative and Amazing Thai Services (ToPCATS)

1. CHARITY PROJECT TO PROVIDE EDUCATIONAL SCHOLARSHIP AND EQUIPMENT TO SCHOOLS IN THE REMOTE AREAS.

- Charity project to support in purchasing medical equipment and appliances for hospitals.
- Charity project to improve and repair the infrastructure in public touristic sites.

2. CHARITY RALLY ACTIVITIES WITH THE SPECIAL MILITARY CADETS FROM CHULACHOMKLAO ROYAL MILITARY ACADEMY, CLASS 6

- To supplement the education funds for Baan Tha Haen School in Mae Tha district, Lampang province
- To provide the additional funds for helping the members and families of military cadets in the special curriculum at the Chulachomklao Royal Military Academy, Class 6

3. CHARITY GOLF ACTIVITIES WITH CAPITAL MARKET ACADEMY 29 AND THE GEM AND JEWELLERY INSTITUTE OF THAILAND (PUBLIC ORGANIZATION)

- To help children with less opportunities in education

"WE CARE KPI" PROJECT

The main purpose of this internal awareness campaign that has been continued for many years is to encourage KPI staff members to be socially conscious and be aware of the environmental issues and the energy saving issues that have 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.

THE CONCEPT AND SCOPE OF THE "WE CARE KPI" PROJECT ARE AS FOLLOWS:

- Energy Conservation
- Save Water
- Print Less
- Reduce Plastic Usage

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 Mittraphap 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 38381215

> CHIANG MAI

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

> CHIANG RAI

756 Phahon Yothin Road, T.Wiang,
A.Muang, Chiang Rai 57000
Tel. 0 5371 8373, 0 5371 8375
Fax. 0 5371 8376

> NAKHON PATHOM

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

> NAKHON RATCHASIMA

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

> NAKHON SI THAMMARAT

50, 52 Wandeekositsulporn 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 Tok, A.Muang, Nakhon Sawan 60000
Tel. 0 5622 2490, 0 5623 1771-2
Fax. 0 5622 4561

> PHITSANULOK

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

NETWORK SERVICES

› 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 1884-5
Fax. 0 4261 1886

› ROI ET

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

› RAYONG

300 / 41 - 42 M.5 T. Choengnoen,
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 Phahon 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. 0 445 11461
Fax. 0 4451 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 74345313, 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 three directors as follows:

1. Mr. Payungsak Chartsutipol, the Committee's Chairman
2. Mr. Suwat Nestsawat, the Committee's member
3. Asst. Prof. Kulaya Jantadej Ph.D., the Committee's member

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 2019, the Audit Committee had convened eight 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 2019 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.

According to the International Financial Reporting Standard model 17 on insurance contracts (IFRS 17) will be effective on 1st January 2023. It is essential to prepare for the new standard. In 2019, the Company thus hired PricewaterhouseCoopers ABAS Limited who is the expert in gap analysis, including the analysis in the effects of financial reporting between the current financial reporting standard and the new standard model by IFRS 17. This will enable the Company to make the necessary preparations before the aforementioned standard will be effective.

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 principle 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 2019 had been approved from the fourth meeting of the Company's Board of Directors on Wednesday 29th May 2019. 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 as the auditors in 2019.

REVIEW THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

The review of the internal control system for 2019 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 added 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 2019 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 and 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. For higher confidence, the Company has made the necessary preparations before the new International Financial Reporting Standard (IFRS 17) on insurance contracts, which will be changed and effectively applicable on 1st January 2023.

(MR. PAYUNGSAK CHARTSUTIPOL)
Chairman of the 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 2019, and the related statements of comprehensive income, changes in owners' 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 2019, 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: 19 MARCH 2020

STATEMENT OF FINANCIAL POSITION

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2019

		(Unit: Baht)	
	NOTE	2019	2018
Assets			
Cash and cash equivalent	6	227,442,511	302,839,971
Premium receivables	7	390,530,448	403,553,341
Accrued investment income		19,663,645	16,897,603
Reinsurance assets	8	975,444,148	664,232,110
Reinsurance receivables	9	196,891,446	159,666,870
Investment assets			
Investments in securities	10	7,600,016,081	7,145,547,852
Loans	11	344,118	512,270
Investment properties	12	207,072,936	213,660,144
Properties foreclosed		5,784,186	-
Property, buildings and equipment	13	616,248,623	634,584,088
Intangible assets	14	87,785,080	84,139,026
Other assets	16	137,868,602	167,207,590
Total assets		10,465,091,824	9,792,840,865

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

		(Unit: Baht)	
	NOTE	2019	2018
Liabilities and equity			
Liabilities			
Insurance contract liabilities	17	2,396,835,705	2,273,766,641
Due to reinsurers	18	379,626,871	430,430,066
Income tax payable		59,874,543	79,481,031
Employee benefit obligations	19	52,327,396	49,614,606
Deferred tax liabilities	15	171,505,312	128,408,153
Premiums received in advance		479,898,934	347,900,957
Other liabilities	20	363,513,153	342,398,014
Total liabilities		3,903,581,914	3,651,999,468
Equity			
Share capital			
Registered	21		
33,000,000 ordinary shares of Baht 10 each			
(2018: 11,000,000 ordinary shares of Baht 10 each)		330,000,000	110,000,000
Issued and paid up			
33,000,000 ordinary shares of Baht 10 each			
(2018: 11,000,000 ordinary shares of Baht 10 each)		330,000,000	110,000,000
Premium on share capital		934,570,000	934,570,000
Retained earnings			
Appropriated			
Legal reserve	22	33,000,000	11,000,000
General reserve		249,120,176	249,120,176
Unappropriated		3,756,754,310	3,695,246,420
Other components of equity	10.3	1,258,065,424	1,140,904,801
Total equity		6,561,509,910	6,140,841,397
Total liabilities and equity		10,465,091,824	9,792,840,865

STATEMENT OF COMPREHENSIVE INCOME

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2019

	NOTE	2019	2018
(Unit: Baht)			
Profit or loss:			
Income			
Gross premium written		3,116,503,194	3,092,253,451
Less: Premiums ceded to reinsurers		(976,721,168)	(695,154,033)
Net premium written		2,139,782,026	2,397,099,418
Add: Unearned premium reserves decrease from prior year		88,131,747	116,063,341
Net earned premium		2,227,913,773	2,513,162,759
Fee and commission income from reinsurers		224,551,204	177,381,731
Net investment income		254,896,647	216,972,160
Gains on investments		81,984,242	55,381,046
Fair value gain (loss)		230,493	(2,767,514)
Other income		67,400,808	55,612,827
Total income		2,856,977,167	3,015,743,009
Expenses			
Gross claims		1,639,434,654	1,691,063,938
Less: Claim recovery from reinsurers		(737,039,394)	(576,072,476)
Commission and brokerage expenses		361,198,839	336,133,103
Other underwriting expenses		430,145,336	466,915,937
Operating expenses	23	268,734,853	251,286,117
Total expenses		1,962,474,288	2,169,326,619
Profit before income tax expenses		894,502,879	846,416,390
Income tax expenses	15	(162,624,056)	(152,428,545)
Profit for the year		731,878,823	693,987,845

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

	NOTE	2019	2018
(Unit: Baht)			
Other comprehensive income			
<i>Other comprehensive income to be classified to profit or loss in subsequent period</i>			
Gain (loss) on changes in values of available-for-sale investments		146,450,779	(115,235,629)
Income tax relating to components of other comprehensive income	15	(29,290,156)	23,047,126
Other comprehensive income to be classified to profit or loss in subsequent period - net of income tax (loss)		117,160,623	(92,188,503)
<i>Other comprehensive income not to be classified to profit or loss in subsequent period</i>			
Actuarial gain		786,333	-
Income tax relating to components of other comprehensive income	15	(157,266)	-
Other comprehensive income not to be classified to profit or loss in subsequent period - net of income tax		629,067	-
Other comprehensive income for the period - net of income tax		117,789,690	(92,188,503)
Total comprehensive income for the period		849,668,513	601,799,342
Earnings per share:	26		
Basic earnings per share			
Profit for the year		22.18	21.03

STATEMENT OF CHANGES IN OWNERS' EQUITY

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2019

(Unit: Baht)

	RETAINED EARNINGS						OTHER COMPONENT OF EQUITY		
	APPROPRIATED			UNAPPROPRIATED	AVAILABLE-FOR-SALE INVESTMENTS	CHANGES IN VALUE OF	UNREALISED GAIN (LOSS) ON	OTHER COMPREHENSIVE INCOME	
	LEGAL RESERVE	GENERAL RESERVE	PREMIUM ON SHARE CAPITAL						
									ISSUED AND PAID-UP SHARE CAPITAL
Balance as at 1 January 2018	110,000,000	934,570,000	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 27)	-	-	-	-	(374,000,000)	-			(374,000,000)
Balance as at 31 December 2018	110,000,000	934,570,000	11,000,000	249,120,176	3,695,246,420	1,140,904,801			6,140,841,397
Balance as at 1 January 2019	110,000,000	934,570,000	11,000,000	249,120,176	3,695,246,420	1,140,904,801			6,140,841,397
Profit for the year	-	-	-	-	731,878,823	-			731,878,823
Other comprehensive income for the year	-	-	-	-	629,067	117,160,623			117,789,690
Comprehensive income for the year	-	-	-	-	732,507,890	117,160,623			849,668,513
Increase share capital (Note 21)	220,000,000	-	-	-	-	-			220,000,000
Transferred to retained earnings - legal reserve (Note 22)	-	-	22,000,000	-	(22,000,000)	-			-
Dividend paid (Note 27)	-	-	-	-	(649,000,000)	-			(649,000,000)
Balance as at 31 December 2019	330,000,000	934,570,000	33,000,000	249,120,176	3,756,754,310	1,258,065,424			6,561,509,910

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

STATEMENT OF CASH FLOWS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Cash flows from (used in) operating activities		
Direct premium written	3,227,006,498	3,019,490,519
Cash paid for reinsurance	(296,558,993)	(101,591,006)
Interest income	74,319,258	64,445,266
Dividend income	177,811,349	160,292,526
Other income	51,712,382	46,914,479
Gross claims on direct insurance	(1,496,313,053)	(1,459,276,897)
Commissions and brokerages on direct insurance	(371,805,262)	(338,833,116)
Other underwriting expenses	(433,846,408)	(458,290,110)
Operating expenses	(165,517,874)	(175,112,757)
Corporate income tax	(168,580,807)	(126,003,267)
Investments in securities	(194,232,973)	(161,723,313)
Loans	168,152	33,056
Net cash from operating activities	404,162,269	470,345,380
Cash flows from (used in) investing activities		
Purchase of property and equipment	(36,185,530)	(29,640,583)
Disposals of property and equipment	32,897	633,140
Purchase of intangible assets	(14,763,618)	(23,984,520)
Net cash used in investing activities	(50,916,251)	(52,991,963)
Cash flows from (used in) financing activities		
Dividend paid	(428,643,478)	(373,906,620)
Net cash used in financing activities	(428,643,478)	(373,906,620)
Net increase (decrease) in cash and cash equivalents	(75,397,460)	43,446,797
Cash and cash equivalents at beginning of year	302,839,971	259,393,174
Cash and cash equivalents at end of year	227,442,511	302,839,971

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 2019

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

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new and revised standards involve changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Company’s financial statements.

TFRS 4 (revised 2018) Insurance contracts

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

This standard does not have any significant impact on the Company’s financial statements.

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

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

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

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

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

The Company’s management has decided to adopt Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business after deciding that the Company meets the criteria stipulated in TFRS 4 Insurance contracts, making it eligible to adopt the Thai Accounting Guidance, and that adopting this Thai Accounting Guidance is more appropriate in the current situation.

The Company's management expects the adoption of this Thai Accounting Guidance to result in the financial statement in important matters as following.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company is to classify the investments as available-for-sale investment and to measure the investment at fair value through other comprehensive income.
- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred.

The management of the Company is currently evaluating the impact of this Thai Accounting Guidance on the financial statements in the year when it is adopted.

TFRS 16 Leases

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

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

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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.

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

The Company set up 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 expense 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 set up an allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of 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	-	Daily average basis (the one-three hundred and sixty fifth basis) (2018: Monthly average 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.

However, the increase or decrease in unearned premium reserves from prior year is to be recognised in profit or loss.

In the second quarter of 2019, the Company changed the method it uses to calculate unearned premium reserve for all type of insurance, except for transportation (cargo) and travelling accident with coverage periods of not over six-months, from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365) for policies are effective. This change is treated as changes in accounting estimate so prospective method is applied, in order that the recognition of unearned premium reserve would more reflect the period of coverage under insurance policy. However, this change in estimation has no significant impact on the financial statements.

(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.

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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

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 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.

4.20 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.

4.21 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 Allowance for doubtful accounts

In determining an allowance for doubtful accounts of premium receivable, reinsurance receivables, loans and other receivables, 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.

5.2 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.

5.3 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.

5.4 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.

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

5.6 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.

5.7 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.

5.8 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.

5.9 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.10 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use 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.

5.11 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.

5.12 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.

5.13 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.

6. > CASH AND CASH EQUIVALENTS

(Unit: Baht)

	2019	2018
Cash on hand	830,000	930,000
Deposits at banks with no fixed maturity date	226,582,511	221,609,971
Deposits at banks with fixed maturity date	30,000	80,300,000
Total cash and deposits at banks	227,442,511	302,839,971

As at 31 December 2019, saving account carried interest between 0.10 and 0.63 percent per annum (2018: 0.10 and 1.00 percent per annum).

7. > PREMIUM RECEIVABLES

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

(Unit: Baht)

	2019	2018
Not yet due	336,293,446	318,143,713
Not over 30 days	27,504,179	53,387,970
Over due 30 days to 60 days	7,626,052	13,417,046
Over due 60 days to 90 days	6,370,973	3,963,733
Overdue longer than 90 days	27,164,684	29,295,042
Total premium receivables	404,959,334	418,207,504
Less: Allowance for double account	(14,428,886)	(14,654,163)
Premium receivables - net	390,530,448	403,553,341

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)

	2019	2018
Insurance reserve refundable from reinsurers		
Loss reserves	536,908,834	345,090,155
Unearned premium reserves	438,535,314	319,141,955
Total reinsurance assets	975,444,148	664,232,110

9. > REINSURANCE RECEIVABLES

(Unit: Baht)

	2019	2018
Amount withheld from reinsurers	3,572,965	4,121,355
Amounts due from reinsurers	193,318,481	155,545,515
Total reinsurance receivables	196,891,446	159,666,870

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

(Unit: Baht)

	2019	2018
Not yet due	113,744,063	83,216,304
Not over 12 months	75,185,493	54,490,396
Over 1 year to 2 years	1,200,161	13,752,751
Over 2 years	3,188,764	4,086,064
Total amounts due from reinsurers	193,318,481	155,545,515

10. > INVESTMENTS IN SECURITIES

10.1 Classified by type of investments

(Unit: Baht)

	2019		2018	
	COST / AMORTISED COST	FAIR VALUE	COST / AMORTISED COST	FAIR VALUE
Trading investments				
Equity securities	12,110,645	12,469,816	13,450,927	13,579,605
Total	12,110,645	12,469,816	13,450,927	13,579,605
Add: Unrealised gains	359,171	-	128,678	-
Trading investments	12,469,816	12,469,816	13,579,605	13,579,605
Available-for-sale investments				
Government and state enterprise securities	96,501,525	97,811,158	103,955,198	104,616,685
Private enterprises debt securities	2,291,388,147	2,314,570,848	1,956,761,237	1,950,791,306
Equity securities	481,645,324	1,925,512,083	602,959,030	1,986,761,181
Unit trusts	2,359,861,446	2,456,784,134	2,301,890,805	2,345,228,100
Total	5,229,396,442	6,794,678,223	4,965,566,270	6,387,397,272
Less: Allowance for impairment	(7,300,000)	-	(4,300,000)	-
Add: Unrealised gains	1,572,581,781	-	1,426,131,002	-
Total available-for-sale investments	6,794,678,223	6,794,678,223	6,387,397,272	6,387,397,272
Held-to-maturity investments				
Government and state enterprise securities	30,000,000		30,000,000	
Private enterprises debt securities	99,029,781		99,525,826	
Deposits with financial institutions matured over than 3 months	652,962,538		604,169,426	
Total held-to-maturity investments	781,992,319		733,695,252	
Other investments				
Equity securities	27,672,460		27,672,460	
Less: Allowance for impairment	(16,796,737)		(16,796,737)	
Total other investments	10,875,723		10,875,723	
Total investments in securities	7,600,016,081		7,145,547,852	

10.2 Remaining periods of debt securities

Investments in debt securities and deposit at financial institutions as at 31 December 2019 and 2018 has remaining period to maturity as from the ending period as follows:

(Unit: Baht)

	2019			
	PERIOD TO MATURITY			TOTAL
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	
Available-for-sale investments				
Government and state enterprise securities	8,989,913	87,511,612	-	96,501,525
Private enterprises debt securities	692,140,221	1,599,247,926	-	2,291,388,147
Total	701,130,134	1,686,759,538	-	2,387,889,672
Add: Unrealised gain	2,573,448	21,918,886	-	24,492,334
Total available-for-sale investments	703,703,582	1,708,678,424	-	2,412,382,006
Held-to-maturity investments				
Government and state enterprise securities	30,000,000	-	-	30,000,000
Private enterprises debt securities	99,029,781	-	-	99,029,781
Deposits with financial institutions matured over than 3 months	652,962,538	-	-	652,962,538
Total held-to-maturity securities	781,992,319	-	-	781,992,319

(Unit: Baht)

	2018			
	PERIOD TO MATURITY			TOTAL
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	
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

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

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
Balance - beginning of the year	1,140,904,801	1,233,093,304
Changes during the year		
Unrealised gain (loss) during the year	227,280,554	(60,609,175)
Realised gain in profit or loss	(80,829,775)	(54,626,454)
Other comprehensive income (loss)	146,450,779	(115,235,629)
Relating income tax	(29,290,156)	23,047,126
Net comprehensive income for the year (loss)	117,160,623	(92,188,503)
Balance - end of the year	1,258,065,424	1,140,904,801

10.4 Investments subject to restriction

As at 31 December 2019 and 2018, the Company has placed the following securities as collateral.

(Unit: Baht)

	2019	2018
Fixed deposits have been pledged with the Court	30,000	1,340,000
Saving lottery have been pledged with the Court	1,900,000	1,300,000
Fixed deposits which pledged for letter of bank guarantees	5,800,000	10,000,000
Bonds have been pledged as a security in the electricity usage	3,235,383	3,238,430
Total	10,965,383	15,878,430

The Company pledged its securities with the Registrar as discussed in Notes 29 to the financial statements.

11. > LOANS

As at 31 December 2019 and 2018, the balances of loans are aged by principal as follows:

(Unit: Baht)

OUTSTANDING PERIOD	LOANS PROVIDED TO EMPLOYEES	
	2019	2018
Not yet due	344,118	512,270

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 - 6.50 percent per annum. As at 31 December 2019, loans to the Company's employees Baht 0.3 million (2018: Baht 0.5 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 2019 and 2018 are presented below.

(Unit: Baht)

NAME OF PROJECT	2019		2018	
	COST	FAIR VALUES	COST	FAIR VALUES
KPI Tower	207,072,936	327,513,770	213,660,144	326,851,243
Total	207,072,936	327,513,770	213,660,144	326,851,243

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 2019 and 2018 is presented below.

	(Unit: Baht)	
	2019	2018
Cost	263,668,781	263,668,781
Less: Accumulated depreciation	(56,595,845)	(50,008,637)
Net book value	207,072,936	213,660,144

	(Unit: Baht)	
	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
Net book value at beginning of the year	213,660,144	220,247,351
Depreciation charged	(6,587,208)	(6,587,207)
Net book value at end of the year	207,072,936	213,660,144

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

	(Unit: Baht)	
	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
Rental income	45,536,530	37,954,487
Direct operating expenses which related to rental income	17,870,330	17,320,756

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 2018	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
Additions	-	-	32,800,700	1,593,000	1,862,430	36,256,130
Transfers in (out)	-	-	1,994,930	-	(1,994,930)	-
Transfers of assets type	-	(147,200)	147,200	-	-	-
Disposals / write-off	-	-	(16,744,675)	-	-	(16,744,675)
Reclassify	(4,625,336)	(1,574,664)	-	-	-	(6,200,000)
31 December 2019	248,377,914	554,298,982	244,971,129	22,009,000	-	1,069,657,025
Accumulated depreciation						
1 January 2018	-	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
Depreciation for the year	-	24,420,559	21,357,272	2,972,198	-	48,750,029
Depreciation on transfers of assets type	-	(31,923)	31,923	-	-	-
Depreciation on disposals/write-off	-	-	(16,687,295)	-	-	(16,687,295)
Depreciation on reclassify	-	(415,814)	-	-	-	(415,814)
31 December 2019	-	244,134,383	191,928,295	17,345,724	-	453,408,402
Net book value						
31 December 2018	253,003,250	335,859,285	39,546,579	6,042,474	132,500	634,584,088
31 December 2019	248,377,914	310,164,599	53,042,834	4,663,276	-	616,248,623
Depreciation for the year						
2018						51,675,711
2019						48,750,029

As at 31 December 2019, certain buildings and equipment items have depreciated but are still in use. The gross carrying amount before deducting depreciation of those assets amounted to approximately Baht 226.1 million (2018: 169.0 million).

14. > INTANGIBLE ASSETS

(Unit: Baht)

	COMPUTER SOFTWARE	COMPUTER SOFTWARE UNDER INSTALLATION	TOTAL
Cost			
1 January 2018	108,679,597	50,885,504	159,565,101
Additions	3,678,643	20,305,877	23,984,520
Transfers in (out)	18,165,434	(18,165,434)	-
31 December 2018	130,523,674	53,025,947	183,549,621
Additions	9,019,188	6,098,230	15,117,418
Transfer in (out)	3,780,448	(3,780,448)	-
31 December 2019	143,323,310	55,343,729	198,667,039
Amortisation			
1 January 2018	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
Amortisation for the year	11,471,364	-	11,471,364
31 December 2019	75,031,230	-	75,031,230
Allowance for impairment loss:			
31 December 2018	-	35,850,729	35,850,729
31 December 2019	-	35,850,729	35,850,729
Net book value			
31 December 2018	66,963,808	17,175,218	84,139,026
31 December 2019	68,292,080	19,493,000	87,785,080
Amortisation for the year			
2018			9,976,382
2019			11,471,364

As at 31 December 2019, 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 25.0 million (2018: Baht 20.9 million).

15. > DEFERRED TAX LIABILITIES/INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Baht)

	2019	2018
Current income tax:		
Current corporate income tax charge	149,061,674	154,380,432
Adjustment of prior year's corporate income tax	(87,355)	(3,813,784)
Deferred tax:		
Relating to origination and reversal of temporary differences	13,649,737	1,861,897
Income tax expense reported in profit or loss	162,624,056	152,428,545

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

(Unit: Baht)

	2019	2018
Deferred tax relating to:		
Gain or loss on changes in value of available-for-sale investments	(29,290,156)	23,047,126
Actuarial gain	(157,266)	-

Reconciliation between the accounting profits and income tax expenses for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	2019	2018
Accounting profits before income tax expenses	894,502,879	846,416,390
Applicable corporate income tax rates	20%	20%
Income taxes at the applicable corporate income tax rate	178,900,576	169,283,278
Adjustment of prior year's corporate income tax	(87,355)	(3,813,784)
Net tax effect on income or expense that are not taxable or not deductible in determining taxable profits	(16,189,165)	(13,040,949)
Income tax expenses reported in profit or loss	162,624,056	152,428,545

As of 31 December 2019 and 2018, the components of deferred tax assets and 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	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	2,868,259	2,913,315	(45,056)	213,108
Allowance for loss on impairment of investments	4,819,347	4,219,347	600,000	20,697
Allowance for loss on impairment of assets	7,170,146	7,170,146	-	-
Premium reserves	23,865,359	20,906,317	2,959,042	(11,168,243)
Provision for losses incurred but not yet reported	26,085,682	30,343,635	(4,257,953)	6,907,599
Loss reserves	60,398,357	74,881,166	(14,482,809)	(453,923)
Employee benefit obligations	10,465,479	9,922,921	699,824	1,201,799
Difference between accounting and taxation relating to depreciation expenses	7,410,249	6,486,936	923,313	863,564
Total	143,082,878	156,843,783		
Deferred tax liabilities				
Gains on changes in values of investments - trading securities	(71,834)	(25,736)	(46,098)	553,502
Gains on changes in values of investments - available-for-sale securities	(314,516,356)	(285,226,200)		
Total	(314,588,190)	(285,251,936)		
Deferred tax liabilities - net	(171,505,312)	(128,408,153)		
Changes in deferred tax assets or liabilities that are recognised in profit or loss			(13,649,737)	(1,861,897)

16. > OTHER ASSETS

	(Unit: Baht)	
	2019	2018
Input tax refundable	12,347,537	12,869,249
Prepaid commission expenses	81,775,438	63,631,634
Deposits and guarantee	1,321,725	1,463,561
Prepaid expenses	11,613,367	12,643,012
Deposits on rice field insurance scheme	-	17,284,977
Advance payments and other receivable	21,173,884	19,971,539
Receivable on sales of securities	-	32,540,100
Others	9,636,651	6,803,518
Total other assets	137,868,602	167,207,590

17. > INSURANCE CONTRACT LIABILITIES

(Unit: Baht)			
2019			
	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES
Loss reserves			
Claims incurred and reported		667,311,141	(351,587,598)
Claims incurred but not reported		315,749,645	(185,321,236)
Total loss reserves	17.1	983,060,786	(536,908,834)
Premium reserves			
Unearned premium reserve	17.4	1,413,774,919	(438,535,314)
Total		2,396,835,705	(975,444,148)

(Unit: Baht)			
2018			
	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES
Loss reserves			
Claims incurred and reported		579,861,809	(185,416,804)
Claims incurred but not reported		311,391,525	(159,673,351)
Total loss reserves	17.1	891,253,334	(345,090,155)
Premium reserves			
Unearned premium reserve	17.4	1,382,513,307	(319,141,955)
Total		2,273,766,641	(664,232,110)

During the years 2019 and 2018, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, 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	
	2019	2018
Balances - beginning of the year	891,253,334	670,895,175
Claims incurred in the current accident year	1,608,693,027	1,496,277,266
Change in estimating claim reserves	26,383,507	29,433,830
Change in assumption for calculating claim reserves	4,358,120	165,352,842
Claims paid during the year	(1,547,627,202)	(1,470,705,779)
Balance - end of the year	983,060,786	891,253,334

As at 31 December 2019 and 2018, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve under such contracts of Baht 33.1 million and Baht 34.7 million, respectively.

17.2 Claims development table

(a) Gross claims table

PRIORITY YEAR		PRIORITY YEAR								(Unit: Baht)	
ACCIDENT YEAR / REPORTING YEAR	2012	2012	2013	2014	2015	2016	2017	2018	2019		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	1,758,040,578		
- 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	1,643,242,094			
- 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	1,495,996,497				
- Next three years	2,888,599,115	1,378,827,846	1,352,012,680	1,161,178,754	1,246,137,057	1,269,593,373					
- Next four years	2,887,663,557	1,382,513,635	1,350,007,135	1,157,426,449	1,246,489,398						
- Next five years	2,889,747,785	1,378,669,663	1,344,938,136	1,157,605,903							
- Next six years	2,893,375,113	1,383,282,036	1,344,891,904								
- Next seven years	2,890,720,090	1,380,589,137									
- Next eight years	2,889,381,050										
Ultimate claims reserves	2,889,381,050	1,380,589,137	1,344,891,904	1,157,605,903	1,246,489,398	1,269,593,373	1,495,996,497	1,643,242,094	1,758,040,578	14,185,829,934	
Cumulative claims payment to											
date	2,886,343,152	1,380,519,457	1,342,156,036	1,157,604,299	1,246,111,055	1,267,439,059	1,432,123,477	1,475,004,761	1,062,607,028	13,249,908,324	
Total	3,037,898	69,680	2,735,868	1,604	378,343	2,154,314	63,873,020	168,237,333	695,433,550	935,921,610	
Unallocated loss adjustment expenses											
Claim reserves for inward treaty contracts											
Other claim reserves											
Total claim reserves and outstanding claims before reinsurance											
983,060,786											

(b) Net claims table

PRIORITY YEAR		PRIORITY YEAR								(Unit: Baht)
ACCIDENT YEAR / REPORTING YEAR	2012	2012	2013	2014	2015	2016	2017	2018	2019	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	949,275,828	
- 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	1,101,898,144		
- 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	1,113,886,703			
- Next three years	2,048,521,191	942,594,657	1,173,202,738	1,097,667,967	1,132,555,289	1,179,420,820				
- Next four years	2,048,622,138	946,350,320	1,171,176,392	1,094,165,114	1,132,853,227					
- Next five years	2,050,456,230	942,505,820	1,166,393,400	1,094,309,661						
- Next six years	2,051,270,508	944,348,726	1,166,404,598							
- Next seven years	2,051,542,142	944,471,779								
- Next eight years	2,051,415,140									
Ultimate claims reserves	2,051,415,140	944,471,779	1,166,404,598	1,094,309,661	1,132,853,227	1,179,420,820	1,113,886,703	1,101,898,144	949,275,828	10,733,935,900
Cumulative claims payment to										
date	2,050,114,696	944,410,640	1,164,908,795	1,094,323,333	1,132,724,518	1,179,659,408	1,111,578,940	1,015,465,990	641,736,804	10,334,923,124
Total	1,300,444	61,139	1,495,803	(13,672)	128,709	(238,588)	2,307,763	86,432,154	307,539,024	399,012,776
Unallocated loss adjustment expenses										
Claim reserves for inward treaty contracts										
Other claim reserves										
Total claim reserves and outstanding claims after reinsurance										

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 - 2019, 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	
	2019	2018
Beginning balance	1,382,513,307	1,404,702,007
Premium written for the year	3,116,503,194	3,092,253,451
Premium earned for the current year	(3,085,241,582)	(3,114,442,151)
Ending balance	1,413,774,919	1,382,513,307

18. > DUE TO REINSURERS

(Unit: Baht)

	2019	2018
Amounts withheld on reinsurance	255,638,085	346,962,191
Others reinsurance payables	123,988,786	83,467,875
Total due to reinsurers	379,626,871	430,430,066

19. > EMPLOYEE BENEFIT OBLIGATIONS

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

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
Provision for long-term employee benefits at beginning of year	49,614,606	43,605,609
Recognised in profit or loss		
Current service cost	6,068,804	5,744,602
Interest cost	1,373,654	1,317,795
Past service cost	12,487,625	-
Recognised in other comprehensive income		
Actuaial (gain) loss arising from		
Demographic assumption changes	253,997	-
Financial assumption changes	2,444,971	-
Experience adjustments	(3,485,301)	-
Benefits paid during the year	(16,430,960)	(1,053,400)
Provision for long-term employee benefits at end of year	52,327,396	49,614,606

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company have additional long-term employee benefit liabilities of Baht 12.5 million as a result. The Company has reflected the effect of the change by recognising past service costs as expenses in profit or loss in the current year.

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

(Unit: Baht)

	2019	2018
Current service cost	6,068,804	5,744,602
Interest cost	1,373,654	1,317,795
Past service cost	12,487,625	-
Total expense recognised in profit or loss	19,930,083	7,062,397

The Company expects to pay Baht 2.5 million of long-term employee benefits during the next year (2018: Baht 12.1 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2018: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

	2019	2018
	(% PER ANNUM)	(% PER ANNUM)
Discount rate	2.38	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 2019 and 2018 are summarised below:

(Unit: Baht)				
2019				
	CHANGE	INCREASE AMOUNT (DECREASE)	CHANGE	INCREASE AMOUNT (DECREASE)
Discount rate	Increase 1%	(4,567,249)	Decrease 1%	5,233,566
Future salary increase rate	Increase 1%	4,916,589	Decrease 1%	(4,388,268)
Turnover rate	Increase 20%	(5,866,843)	Decrease 20%	7,343,495
(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

20. > OTHER LIABILITIES

	(Unit: Baht)	
	2019	2018
Accrued commission expenses	106,341,807	108,158,224
Accounts payable - others	53,616,342	51,315,080
Accounts payable - Revenue Department	11,312,288	8,600,510
Undue output tax	11,539,085	13,672,386
Accrued expenses	88,481,478	81,236,680
Endorsement payable	2,324,403	4,800,329
Accrued bonus	42,000,000	40,940,197
Suspense accounts - premium written	28,472,746	20,233,078
Advance deposit	8,740,442	7,683,040
Others	10,684,562	5,758,490
Total other liabilities	363,513,153	342,398,014

21. > SHARE CAPITAL

On 10 April 2019, the 2019 Annual General Meeting of shareholders approved an increase of the Company's registered share capital from Baht 110 million to be Baht 330 million (33 million shares of Baht 10 each) by newly issued the ordinary shares in amount of 22 million shares with the par value at 10 Baht per share, totaling Baht 220 million, to support the stock dividend payment. The Company registered the increase of share capital with the Ministry of Commerce on 13 June 2019.

22. > STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. During the year ended 31 December 2019, the Company had set aside the statutory reserve of Baht 22 million from its net profit. At present, the statutory reserve has fully been set aside.

23. > OPERATING EXPENSES

	(Unit: Baht)	
	2019	2018
Personnel expenses	146,083,683	137,393,493
Premises and equipment expenses	84,050,418	80,463,689
Taxes and duties	3,926,391	3,906,800
Other operating expenses	34,674,361	29,522,135
Total operating expenses	268,734,853	251,286,117

24. > EXPENSES BY NATURE

Expenses by nature are comprised significant expense transactions as follows:

	(Unit: Baht)	
	2019	2018
Claims expenses	832,941,434	1,048,949,224
Personnel expenses	338,938,327	324,426,751
Commissions and brokerage expenses	361,198,838	336,133,103
Other underwriting expenses	110,400,299	141,293,882
Premises and equipment expenses	142,267,772	139,207,004
Promotion expenses	76,548,336	68,718,467
Other expenses	100,179,282	110,598,188
Total expenses	1,962,474,288	2,169,326,619

25. > 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 2019, the Company contributed Baht 11.0 million (2018: Baht 10.9 million) to the fund.

26. > EARNINGS PER SHARE

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

On 10 April 2019, the Annual General Meeting of shareholders for the year 2019 approved to pay stock dividend of 22 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company therefore adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting period.

	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
		(RESTATED)
Number of ordinary shares issued during the period (Shares)	11,000,000	11,000,000
Issue stock dividend in 2019 (Shares)	22,000,000	22,000,000
Total (Shares)	33,000,000	33,000,000
Profit for the period (Baht)	731,878,823	693,987,845
Earnings per share (Baht per share)	22.18	21.03

27. > DIVIDEND PAID

On 10 April 2019, the Annual General Meeting of shareholders approved the allocation of profits for cash dividend and stock dividend payment approximately Baht 484 million and on 26 September 2019, the Board of Directors approved the allocation of profits for interim dividend approximately Baht 165 million. Total dividend payment for the period of 2019 is Baht 649 million (2018: Baht 374 million) and the details are as follows.

27.1 Cash dividend paid

Cash dividend declared during the periods 2019 and 2018 consist of the following:

APPROVED BY		TOTAL DIVIDEND	DIVIDEND PER SHARE
		(BAHT)	(BAHT)
Interim dividends for 2019	Meeting of Board of Directors on 26 September 2019	165,000,000	5
Final dividends for 2018	Annual General Meeting of the Shareholders on 10 April 2019	264,000,000	24
Total dividends for the period 2019		429,000,000	29
Interim dividends for 2018	Meeting of Board of Directors on 26 September 2018	110,000,000	10
Final dividends for 2017	Annual General Meeting of the Shareholders on 23 April 2018	264,000,000	24
Total dividends for the period 2018		374,000,000	34

27.2 Stock dividend paid

The Annual General Meeting of Shareholders declared its stock dividends as the increase in the Company's registered share capital. Stock dividends were paid at the rate of 1 existing shares per 2 stock dividends, or a total stock dividend of 22 million ordinary shares, at a par value of Baht 10, totaling Baht 220 million.

28. > 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.	Major shareholder
Thai Reinsurance Plc. ⁽¹⁾	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
Krungthai Zmico Securities Co., Ltd.	Related by way of common shareholder

⁽¹⁾ The Company held shares until April 2019 and sold in full amount.

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
	2019	2018	
Premium written	78,673,395	103,156,994	According to terms of underwriting agreement
Premium ceded	29,664,766	26,682,689	According to terms of reinsurance agreement and depending on type of reinsurance
Inward premium	15,449,616	22,027,888	According to terms of reinsurance agreement
Fee and commission income	4,768,622	4,123,587	According to terms of reinsurance agreement and depending on type of reinsurance
Claim recoverable from reinsurers	16,461,557	7,117,810	According to terms of reinsurance agreement and depending on type of reinsurance
Commissions and brokerages	122,382,923	127,176,084	According to terms of underwriting agreements
Claim payment	133,134,816	43,731,524	At actually incurred
Interest income - deposits at bank and debentures	3,672,019	2,054,139	Similar rates to the rates the financial institutions and related companies offer to other costumers
Dividend income	87,961,580	86,152,040	The declared amount
Cash dividend paid	193,050,000	168,300,000	The declared amount
Stock dividend paid	99,000,000	-	The declared amount
Other fees	5,220,765	3,236,868	Similar rates to the rates the related companies offer to their general customers

(Unit: Baht)

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

	(Unit: Baht)		(Unit: Baht)	
	2019		2018	
	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
Dhipaya Insurance Plc.	203,393,196	1,444,081,640	203,393,196	1,354,201,040
Krung Thai Bank Plc.	25,882,566	24,600,000	25,882,566	28,650,000
	<u>229,275,762</u>	<u>1,468,681,640</u>	<u>311,801,209</u>	<u>1,411,290,893</u>
Investments in debentures				
Krungthai Card Plc.	55,000,000	55,805,248	58,002,087	57,409,006
	<u>55,000,000</u>	<u>55,805,248</u>	<u>58,002,087</u>	<u>57,409,006</u>

	(Unit: Baht)		(Unit: Baht)	
	2019		2018	
Deposits at financial institution				
Krung Thai Bank Plc.	400,957,172		129,419,688	
Premium receivables				
Krung Thai Bank Plc.	8,885,948		13,156,858	
Accrued investment income				
Krung Thai Bank Plc.	1,604,936		41,611	
Krungthai Card Plc.	415,636		423,825	
	<u>2,020,572</u>		<u>465,436</u>	
Reinsurance receivables - amounts due from reinsurers				
Thai Reinsurance Plc.	327,418		3,870	
Dhipaya Insurance Plc.	5,639,642		12,478,290	
	<u>5,967,060</u>		<u>12,482,160</u>	
Investments in securities - Held-to-maturity investments				
Krungthai Zmico Securities Co., Ltd.	49,555,962		-	
Investments in securities - other investment				
Rabidham Co., Ltd.	492,163		492,163	
	<u>492,163</u>		<u>492,163</u>	

	(Unit: Baht)		(Unit: Baht)	
	2019		2018	
Reinsurance payables - outward premium payables				
Thai Reinsurance Plc.	3,383,345		2,499,556	
Dhipaya Insurance Plc.	1,931,500		282,582	
	<u>5,314,845</u>		<u>2,782,138</u>	
Other liabilities - accrued commission				
Krung Thai Bank Plc.	33,081,697		29,029,308	

Directors and management's remuneration

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

	(Unit: Baht)		(Unit: Baht)	
	2019		2018	
Short-term employee benefits	89,413,425		90,220,210	
Long-term employee benefits	8,189,137		7,062,397	
Total	<u>97,602,562</u>		<u>97,282,607</u>	

29. > ASSETS PLEDGED AND RESERVED WITH THE REGISTRAR

As at 31 December 2019 and 2018, 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)		(Unit: Baht)	
	2019		2018	
	COST/ AMORTISED COST	FAIR VALUE	COST/ AMORTISED COST	FAIR VALUE
Assets placed as securities				
Fixed deposit	-	-	20,000,000	20,000,000
Government and state enterprise securities	14,536,090	14,632,694	-	-
Assets reserved as insurance reserves				
Fixed deposit	290,000,000	290,000,000	300,000,000	300,000,000
Government and state enterprise securities	30,642,255	31,427,544	30,967,501	31,504,255
Total assets pledged and reserved with the Registrar	<u>335,178,345</u>	<u>336,060,238</u>	<u>350,967,501</u>	<u>351,504,255</u>

30. > CONTRIBUTION TO THE GENERAL INSURANCE FUND

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2019	2018
Accumulated General Insurance fund at the beginning of the year	62,440,974	54,855,331
Contribution during the year	7,690,044	7,585,643
Accumulated General Insurance fund at the end of the year	70,131,018	62,440,974

31. > COMMITMENTS AND CONTINGENCIES

31.1 Capital commitments

As at 31 December 2019, the Company has capital commitments of approximately Baht 17.3 million relating to acquisition of computer systems (2018: Baht 15.6 million).

31.2 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 2019, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	Baht
Payable within:	
Less than 1 year	10,945,288
1 - 5 years	14,217,787

31.3 Litigation

As at 31 December 2019, the Company had been sued as insurer, with the total sum insured of relevant policies is Baht 10.0 million (2018: Baht 19.1 million). Judgement has yet to be handed down in these cases. The Company has recorded provisions for potential losses amounting to Baht 2.1 million (2018: Baht 3.6 million) in the financial statements. The Company's management believes that such provision is adequate.

32. > NON-LIFE INSURANCE COMPANY'S RISKS

32.1 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. 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)

	2019			2018		
	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET
Fire	226,301,086	(16,148,782)	210,152,304	221,295,376	(21,233,212)	200,062,164
Marine and transportation	3,442,101	(1,378,992)	2,063,109	2,362,032	(841,524)	1,520,508
Motor	587,356,968	(283,402,511)	303,954,457	555,662,198	(123,414,303)	432,247,895
Miscellaneous	596,674,764	(137,605,029)	459,069,735	603,193,701	(173,652,916)	429,540,785
Total	1,413,774,919	(438,535,314)	975,239,605	1,382,513,307	(319,141,955)	1,063,371,352

(Unit: Baht)

	2019			2018		
	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET
Fire	21,809,909	(11,520,793)	10,289,116	12,525,856	(6,011,149)	6,514,707
Marine and transportation	27,575,283	(19,244,385)	8,330,898	9,008,993	(3,854,761)	5,154,232
Motor	528,754,023	(220,518,350)	308,235,673	475,592,753	(70,388,130)	405,204,623
Miscellaneous	404,921,571	(285,625,306)	119,296,265	394,125,732	(264,836,115)	129,289,617
Total	983,060,786	(536,908,834)	446,151,952	891,253,334	(345,090,155)	546,163,179

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 2019 and 2018 are summarised below.

(Unit: Baht)

2019

	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%	180,389,786	108,037,018	(108,037,018)	(86,429,614)
Loss ratio	-10%	(177,873,474)	(105,536,155)	105,536,155	84,428,924
Loss development factor	+1%	24,282,952	14,498,311	(14,498,311)	(11,598,649)
Loss development factor	-1%	(24,151,357)	(14,444,423)	14,444,423	11,555,538
ULAE ratio	+1%	6,110,383	6,110,383	(6,110,383)	(4,888,306)
ULAE ratio	-1%	(6,110,383)	(6,110,383)	6,110,383	4,888,306

(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

32.2 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 2019 and 2018 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)

2019

	FIXED INTEREST RATES							EFFECTIVE INTEREST RATE (% PER ANNUM)
	REMAINING PERIODS TO REPRICING RATE OR MATURITY DATE			FLOATING INTEREST RATE	NON- INTEREST BEARING	TOTAL		
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS					
<u>Financial assets</u>								
Cash and cash equivalents	30,000	-	-	224,391,606	3,020,905	227,442,511	0.10 - 0.63	
Investments in securities								
Government and state								
enterprise securities	38,996,749	88,814,409	-	-	-	127,811,158	1.88 - 4.30	
Private enterprise debt								
securities	793,736,614	1,619,864,015	-	-	-	2,413,600,629	1.85 - 4.50	
Equity securities	-	-	-	-	1,948,857,622	1,948,857,622	-	
Unit trust	-	-	-	-	2,456,784,134	2,456,784,134	-	
Deposits with financial								
institutions matured over								
than 3 months	652,962,538	-	-	-	-	652,962,538	0.60 - 1.90	
Loans	-	344,118	-	-	-	344,118	1.80 - 6.50	
<u>Assets under insurance contracts</u>								
Premium receivables	-	-	-	-	390,530,448	390,530,448	-	
Claims reserves refundable								
from reinsurers	-	-	-	-	536,908,834	536,908,834	-	
Reinsurance receivables	-	-	-	-	196,891,446	196,891,446	-	
<u>Liabilities under insurance contracts</u>								
Claim reserves	-	-	-	-	983,060,786	983,060,786	-	
Due to reinsurers	-	-	-	-	379,626,871	379,626,871	-	

(Unit: Baht)

2018							
	FIXED INTEREST RATES			FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL	EFFECTIVE INTEREST RATE (% PER ANNUM)
	REMAINING PERIODS TO REPRICING RATE OR MATURITY DATE						
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS				
<u>Financial assets</u>							
Cash and cash equivalents	80,300,000	-	-	218,221,747	4,318,224	302,839,971	0.10 - 1.00
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	-	-	-	-	2,011,216,509	2,011,216,509	-
Unit trust	-	-	-	-	2,345,228,100	2,345,228,100	-
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
<u>Assets under insurance contracts</u>							
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	-
<u>Liabilities under insurance contracts</u>							
Claim reserves	-	-	-	-	891,253,334	891,253,334	-
Due to reinsurers	-	-	-	-	430,430,066	430,430,066	-

(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 2019 and 2018, 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 2019 and 2018 are as follows:

(Unit: Baht)

	2019					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	227,412,511	30,000	-	-	-	227,442,511
Investments in securities	4,394,766,033	1,485,695,901	1,708,678,424	-	10,875,723	7,600,016,081
Loans	-	-	344,118	-	-	344,118
Assets under insurance contracts						
Premium receivables	-	390,530,448	-	-	-	390,530,448
Claims reserves refundable						
from reinsurers	-	290,403,709	201,035,840	45,469,285	-	536,908,834
Reinsurance receivables	-	196,891,446	-	-	-	196,891,446
Liabilities under insurance contracts						
Claims reserves	-	615,729,651	314,206,940	53,124,195	-	983,060,786
Due to reinsurers	-	379,626,871	-	-	-	379,626,871

(Unit: Baht)

	2018					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	222,539,971	80,300,000	-	-	-	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

32.3 Fair value of financial instruments

As of 31 December 2019 and 2018, 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)

	2019				
	FAIR VALUE				
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets measured at fair value					
Available-for-trading					
Equity securities	12,469,816	12,469,816	-	-	12,469,816
Available-for-sale investments					
Equity securities	1,925,512,083	1,925,512,083	-	-	1,925,512,083
Unit trusts	2,456,784,134	590,453,993	1,866,330,141	-	2,456,784,134
Debt securities	2,412,382,006	-	2,412,382,006	-	2,412,382,006
Loans	344,118	-	-	344,118	344,118
Assets disclosed at fair value					
Cash and cash equivalents	227,442,511	227,442,511	-	-	227,442,511
Held-to-maturity investments					
Debt securities	129,029,781	-	129,035,437	-	129,035,437
Cash at banks	652,962,538	652,962,538	-	-	652,962,538
Other investments	10,875,723	-	-	121,100,077	121,100,077
Investment properties	207,072,936	-	-	327,513,770	327,513,770

(Unit: Baht)

	2018				
		FAIR VALUE			
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<u>Assets measured at fair value</u>					
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
<u>Assets disclosed at fair value</u>					
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

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

The 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 determined by discounting expected future cash flow by rate of return and related risks.
- 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.

33. > CAPITAL MANAGEMENT

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

34. > EVENTS AFTER THE REPORTING PERIOD

On 19 March 2020, the Company's Board of Director's Meeting passed a resolution proposing the Annual General Meeting to approve dividend payment of Baht 14 per share, distributed from 2019 net profit. An interim dividend of Baht 5 per share was already paid to the shareholders, and therefore the remaining dividend of Baht 9 per share, or a total of Baht 297 million, is to be paid.

35. > APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Boards of Directors on 19 March 2020.