

Nam Seng Insurance Public Company Limited
Report and financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of Nam Seng Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Nam Seng Insurance Public Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022, 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 Nam Seng Insurance Public Company Limited as at 31 December 2022, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 1.2 to the financial statements regarding the delisting of the Company's securities from the Stock Exchange of Thailand and the entire business transfer of the Company to Tender Offeror. My opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

Gross premium written recognition

In 2022, the Company had revenue from insurance premium written of Baht 3,086 million which were insurance to retail customers and had a large number of policies. The insurance premiums are collected from variety customers and the calculation and recognition of gross premium written as revenue were rely on the information technology systems. I therefore focused on examining that gross premium written was correctly recognised as actually incurred.

I assessed and tested the internal controls of information technology systems and its internal controls with respect to calculation premium amount and recognition of gross premium written. I tested, on a sampling basis, the key reports relevant to insurance premium and reviewed the insurance policies and endorsement transactions occurring during the accounting period, before and after period-end. In addition, I performed analytical procedures to disaggregate gross premium written by insurance types, and examined, on a sampling basis, for key accounting entries related to gross premium written made through journal vouchers.

Insurance contract liabilities - loss reserves

As discussed in Note 17 to the financial statements, as at 31 December 2022, the Company had loss reserves of Baht 730 million (included in insurance contract liabilities), representing 21 percent of total liabilities. Loss reserves include both claims incurred and reported and claims incurred but not yet reported. Such reserves were calculated using actuarial method, which involved certain assumptions that required the management to exercise a high level of judgment. I therefore focused on examining the adequacy of loss reserves.

I assessed and tested the internal controls of information technology systems and its internal controls with respect to recognition of loss reserves. I tested, on a sampling basis, claim transactions against documents of major claim files. I performed analytical procedures on the frequency of claims and average loss per claim. Furthermore, I reviewed the report on estimated loss reserves prepared by an the Company's actuary by comparing the calculated loss reserves with the reserves recognised in the accounts and utilised the knowledge and skill of our specialists to assess the appropriateness of estimate loss reserves, the methodology and assumptions used in estimating loss reserves, comparing the assumption applied to the estimations with those applied in the prior year and testing, on a sampling basis, the data used by the actuary in the estimations against the Company's current and historical claims data.

Insurance contract liabilities - long-term insurance policy reserves

As described in Note 17 to the financial statements, as at 31 December 2022, the Company had long-term insurance policy reserves amounting to Baht 909 million (included in insurance contract liabilities), representing 26 percent of total liabilities, which were set aside for policies in force as at 31 December 2022, with reference to the Unearned Premium Reserve method. The Company tests the adequacy of such reserves by comparing them to the reserve amounts determined using the Gross Premium Valuation method. If the reserves are found to be inadequate, the Company recognises the shortfall as an expense and presents the gross premium valuation reserve in the financial statements. The Gross Premium Valuation method involves the use of assumptions regarding matters such as incident rate, accidental death rate, lapse rate, expense as well as discount rate. Changes in such assumptions will affect the amount of long-term insurance policy reserves. The Company's management is required to exercise considerable judgement in selecting and applying these assumptions. I therefore focused on examining the adequacy of long-term insurance policy reserves.

I assessed and tested the Company's internal controls, together with its information technology systems, relevant to recognition of long-term insurance policy reserves. I tested the calculation of unearned premium reserves. Furthermore, I reviewed the report on estimated long-term insurance policy reserves prepared by the Company's actuary by comparing the long-term insurance policy reserves calculated using the Gross Premium Valuation method with the reserves recognised in the accounts and utilised the knowledge and skill of our specialists to assess the appropriateness of estimate insurance policy reserves, the methodology and assumptions used in estimating reserves, and testing, on a sampling basis, the data used by the actuary in the estimations against the Company's accounting data and its sources. I also performed analytical procedures on movements of long-term insurance policy reserves.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Narissara Chaisuwan
Certified Public Accountant (Thailand) No. 4812

EY Office Limited
Bangkok: 27 February 2023

Nam Seng Insurance Public Company Limited**Statement of financial position****As at 31 December 2022**

		(Unit: Baht)	
	Note	2022	2021
Assets			
Cash and cash equivalents	6	477,398,261	950,447,203
Premium receivables	7	308,203,509	248,658,231
Accrued investment income		11,501,499	6,637,088
Reinsurance assets	8	197,041,943	169,953,895
Reinsurance receivables	9	53,969,656	48,940,998
Investment assets			
Investments in securities	10	3,209,577,259	2,499,595,686
Loans	11	8,311,885	8,050,201
Property foreclosed		-	8,590,942
Premises and equipment	12	159,370,753	163,508,191
Right-of-use assets	13.1	2,493,582	2,858,382
Intangible assets	14	1,866,871	3,375,858
Deferred tax assets	15	345,005,611	245,414,501
Receivable from sales of securities		-	15,770,334
Other assets	16	48,606,013	25,018,813
Total assets		4,823,346,842	4,396,820,323

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

Nam Seng Insurance Public Company Limited

Statement of financial position (continued)

As at 31 December 2022

		(Unit: Baht)	
	Note	2022	2021
Liabilities and owners' equity			
Liabilities			
Insurance contract liabilities	17	2,991,287,224	2,461,498,680
Amounts due to reinsurers	18	204,101,372	198,667,728
Income tax payable		26,151,724	21,296,882
Lease liabilities	13.2	1,791,087	1,985,728
Employee benefit obligations	19	62,169,081	64,147,756
Accrued commissions		54,272,966	43,757,274
Other liabilities	20	219,254,739	178,032,655
Total liabilities		3,559,028,193	2,969,386,703
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Statutory reserve	21	24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		591,256,930	645,151,419
Other component of owners' equity			
Revaluation surplus on available-for-sale investments - net of income taxes			
	10.5	(91,387,753)	17,832,729
Total owners' equity		1,264,318,649	1,427,433,620
Total liabilities and owners' equity		4,823,346,842	4,396,820,323

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

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Directors
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Nam Seng Insurance Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2022

		(Unit: Baht)	
	Note	2022	2021
Profit or loss:			
Revenues			
Gross premium written		3,085,675,505	2,649,873,668
Less: Premium ceded to reinsurers		(288,559,955)	(275,230,992)
Net premium written		2,797,115,550	2,374,642,676
Less: Unearned premium reserves increased from prior years		(159,784,059)	(115,054,480)
Net earned premium		2,637,331,491	2,259,588,196
Commission and brokerage income from reinsurers		68,818,960	82,823,705
Net investment revenues	10.7	63,566,169	76,844,346
Losses on investments		(75,670,180)	(10,354,626)
Fair value loss		-	(3,578,668)
Rental income		15,505,627	15,875,862
Other income		2,994,214	2,751,616
Total revenues		2,712,546,281	2,423,950,431
Expenses			
Long-term insurance policy reserve increased		240,947,623	167,941,640
Gross claims		1,445,961,314	1,251,204,621
Less: Claim recovery from reinsurers		(122,692,157)	(69,589,403)
Commission and brokerage expenses		513,696,650	443,331,009
Other underwriting expenses		238,597,353	197,229,120
Operating expenses	23	346,671,225	278,248,577
Finance cost		122,054	85,165
Reversal expected credit loss	24	(1,016,078)	(513,905)
Total expenses	25	2,662,287,984	2,267,936,824
Profit before income tax expenses		50,258,297	156,013,607
Less: Income tax expenses	15.2	(9,329,945)	(26,387,802)
Profit for the year		40,928,352	129,625,805

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

Nam Seng Insurance Public Company Limited
Statement of comprehensive income (continued)
For the year ended 31 December 2022

		(Unit: Baht)	
	Note	2022	2021
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Gain (loss) on revaluation of available-for-sale investments measured at fair value through other comprehensive income		(136,525,602)	5,619,728
Add (less): Benefit (expense) tax		27,305,120	(1,123,946)
Items to be recognised in profit or loss in subsequent periods - net of income taxes (loss)		(109,220,482)	4,495,782
Items not to be recognised in profit or loss in subsequent periods:			
Actuarial gain		3,091,136	4,882,292
Less: Expense tax		(618,227)	(976,458)
Items not to be recognised in profit or loss in subsequent periods - net of income tax (loss)		2,472,909	3,905,834
Other comprehensive income (loss) for the year		(106,747,573)	8,401,616
Total comprehensive income for the year		(65,819,221)	138,027,421
Earnings per share			
Basic earnings per share			
Profit for the year	27	2.94	9.33

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

Nam Seng Insurance Public Company Limited

Statement of cash flows

For the year ended 31 December 2022

	(Unit: Baht)	
	2022	2021
Cash flows from (used in) operating activities		
Direct premium written	3,026,173,176	2,637,023,342
Cash paid on reinsurance	(127,179,810)	(85,874,783)
Interest income	44,395,436	51,586,341
Dividends income	14,306,321	28,318,446
Rental and other income	18,009,942	18,678,540
Losses paid on direct insurance	(1,314,518,423)	(1,203,561,562)
Commission and brokerage expenses on direct insurance	(503,179,666)	(444,252,481)
Other underwriting expenses	(243,343,598)	(191,335,762)
Operating expenses	(315,064,422)	(247,958,288)
Income taxes	(76,761,093)	(64,938,482)
Cash received from brokers	4,322,638	5,979,245
Proceeds from sales of investment in securities	378,728,143	2,481,492,584
Cash paid for purchase of investment in securities	(1,284,575,935)	(2,507,996,221)
Loans and accrued interest	(261,684)	(399,445)
Net cash from (used in) operating activities	(378,948,975)	476,761,474
Cash flows from (used in) investing activities		
Cash received from premises and equipment	369,125	61,476
Cash received from property foreclosed	9,210,090	-
Cash paid on premises and equipment	(4,626,885)	(4,701,100)
Cash paid on intangible assets	(300,000)	(1,198,050)
Net cash from (used in) investing activities	4,652,330	(5,837,674)
Cash flows from (used in) financing activities		
Repayment of lease liabilities	(1,923,447)	(2,450,290)
Dividends paid	(97,295,750)	(107,725,000)
Net cash used in financing activities	(99,219,197)	(110,175,290)
Net increase (decreased) in cash and cash equivalents	(473,515,842)	360,748,510
Cash and cash equivalents at beginning of the year	950,447,203	590,036,598
Decreased (increased) in allowance for expected credit losses	466,900	(337,905)
Cash and cash equivalents at end of the year	477,398,261	950,447,203

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

Nam Seng Insurance Public Company Limited

Statement of changes in owners' equity

For the year ended 31 December 2022

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other component of owner's equity Revaluation surplus (deficit) on available-for-sale investments measured fair value through other comprehensive income - net of income taxes	Total
				Appropriated		Unappropriated		
				Statutory reserve	General reserve			
Balance as at 1 January 2021		139,000,000	594,436,835	24,848,787	6,163,850	619,344,780	13,336,947	1,397,131,199
Profit for the year		-	-	-	-	129,625,805	-	129,625,805
Other comprehensive income for the year		-	-	-	-	3,905,834	4,495,782	8,401,616
Total comprehensive income for the year		-	-	-	-	133,531,639	4,495,782	138,027,421
Dividend paid	28	-	-	-	-	(107,725,000)	-	(107,725,000)
Balance as at 31 December 2021		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>645,151,419</u>	<u>17,832,729</u>	<u>1,427,433,620</u>
Balance as at 1 January 2022		139,000,000	594,436,835	24,848,787	6,163,850	645,151,419	17,832,729	1,427,433,620
Profit for the year		-	-	-	-	40,928,352	-	40,928,352
Other comprehensive income for the year		-	-	-	-	2,472,909	(109,220,482)	(106,747,573)
Total comprehensive income for the year		-	-	-	-	43,401,261	(109,220,482)	(65,819,221)
Dividend paid	28	-	-	-	-	(97,295,750)	-	(97,295,750)
Balance as at 31 December 2022		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>591,256,930</u>	<u>(91,387,753)</u>	<u>1,264,318,649</u>

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

Nam Seng Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2022

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand whereby as at 31 December 2022 and 2021, such major shareholder held 28.75% of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life insurance while its head office is located in Bangkok and has 26 sub-branches located in provinces. The Company’s registered office is located at No. 767 Krungthep-Nonthaburi Road, Bangsue Sub-district, Bangsue District, Bangkok.

1.2 Significant information during the year 2022

On 9 December 2022, the Extraordinary General Meeting of Shareholders No. 1/2565 passed the following resolutions.

- To approve the delisting of the Company’s securities from the Stock Exchange of Thailand (the “SET”), through a tender offer by ThaiSri Insurance Public Company Limited (the “ThaiSri”) to purchase all of the Company’s ordinary shares. The offering price of the shares is Baht 215.0 per share.
- To approve the entire business transfer to ThaiSri. After the completion of the Tender Offer, ThaiSri will pay compensation in the aggregated amount of not exceeding Baht 2,988.5 million to the Company.

In this regard, the tender offer by ThaiSri is subject to several important conditions. For instance, the Company’s shareholders’ meeting shall have approved (1) the delisting of the Company’s shares from the SET, (2) the entire business transfer to ThaiSri, and (3) the amendment of the Company’s Articles of Association concerning the proportion of the Company’s shareholders and directors. In addition, the Company shall have been notified by the SET of the preliminary approval results for the delisting of the Company’s ordinary shares from the SET, and the Office Insurance Commission (“OIC”) shall have approved the acquisition of shares in the Company by ThaiSri and the Entire Business Transfer Transaction, which includes OIC’s approval for the capital increase of ThaiSri.

Currently, the aforementioned conditions have been fulfilled and ThaiSri has made a tender offer for the Company’s securities, as described in Note 34 to the financial statements.

However, the Company prepares its financial statements using the going concern basis of accounting since the Company's operations will continue and be combined with the operations of ThaiSri after transferring the entire business of the Company to ThaiSri.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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 (No.2) B.E. 2562 dated 4 April 2019.

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

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year 2022, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. 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 Company applied the temporary exemption for the adoption of Thai Financial Reporting Standard 9 (TFRS 9): Financial Instruments and Thai Financial Reporting Standard 7 (TFRS 7): Disclosure of Information relating to Financial Instruments, which were revised in Thai Financial Reporting Standard 4: Insurance Contracts allowing the extension of the exemption period for the adoption of such TFRS 9 and TFRS 7 whereby the exemption period will end for the financial statements having the fiscal period starts on or after 1 January 2025 or when Thai Financial Reporting Standard 17: Insurances Contracts becomes effective.

3.2 Financial reporting standards that became effective for fiscal year beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The Company's management believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Premium income

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

Direct premium income is recognised on the date the insurance policy comes into effect by amount specified in policy.

Reinsurance premium income is recognised as revenue on the date the insurance policy comes into effect or when the reinsurer places the statement of accounts with the Company.

(b) Commission and brokerage income

Commission and brokerage income are recognised as revenue in the period of service is provided.

(c) Investment revenue

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive payment is established.

(d) Gain (loss) on investment

Gain (loss) on investments consist of gain (loss) on disposal of investment net of the related expenses and impairments.

Gain (loss) on investment is recognised as revenue 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 reinsurance company as the amounts contain in insurance policies.

(b) Gross claims

Gross claims consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include those for both reported incurred claims and not yet reported incurred claims. The amounts included the incurred amounts of claims, related expenses, and loss adjustments of the current and prior periods' claims, less residual value and other recoveries (if any).

Claims 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 policy.

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

Claim recovery from reinsurers is recognised as a deduction item against gross claims when recording of claim from direct insurance in related with conditions and specified proportions in reinsurance contract.

(c) Commission and brokerage expenses

Commissions and brokerages are expenses when incurred.

(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.

(f) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.3 Classification of insurance contracts

The Company classifies insurance contracts and reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders. 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 contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. Financial risks are risks of changes in interest rates, exchange rate or price.

The Company classified contract based on assessment of the significance of the insurance risk at an inception of contract, for each contract. 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 contract 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 net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period. Increase (decrease) in an allowance for doubtful accounts is recognised to increase (decrease) expenses in profit or loss during the year.

4.6 Reinsurance assets and allowance for impairment

Reinsurance assets are stated at the amounts of insurance reserves refundable from reinsurers, which consist of (a) long-term insurance policy reserves (b) loss reserves and (c) unearned premium reserves that are estimated with reference to related reinsurance contracts, in accordance with the law regarding insurance reserves calculation.

The Company recognised impairment loss whenever there are object evidences as a result of events that occurred after initial recognition of the reinsurance assets, and the Company may not receive whole of reinsurance assets and the effect of such amount can be measured with reliability. Increase (decrease) in allowance for impairment is recorded as an increase (a decrease) to expense for the year in profit or loss.

4.7 Reinsurance receivables and amount due to reinsurers

- (a) Reinsurance receivables consist of amounts due from reinsurers and amounts deposits on reinsurance.

Amounts due from reinsurers consist of inward premium receivable, accrued commission and brokerage income, claims and various other items receivable from reinsurers less allowance for doubtful accounts. The Company records allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience and the current status of receivables from reinsurers as at the end of reporting period. Increase (decrease) in allowance for doubtful accounts is recognised as an expense during the year.

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

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

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 assets

(a) Investments in securities

The Company measures investments in securities according to classification of investments as follows:

- (1) Trading investments are stated at fair value. Changes in the fair value of the securities are recorded in profit or loss. Investments are classified as trading investment if intends to sell them in the near future.
- (2) Available-for-sale investments are stated at fair value. Changes in the fair value of the securities are recorded in other comprehensive income.
- (3) Investments in debt instruments, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt instruments is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (4) Investments in non-marketable equity securities (non-listed company) are state at fair value and classified as available-for-sale investments. Changes in fair value of the securities are recognised in other comprehensive income.

The fair value of marketable security 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 fair value of non-marketable equity instruments is determined using discounted cash flow analysis and risks and generally accepted pricing model.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investments is recognised in profit or loss. The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the cost of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as revaluation surplus or deficit in other components of equity, depending on the type of investment that is reclassified.

At end of reporting period, available-for-sale equity investments are stated net of an allowance for impairment (if any). Available-for-sale debt investments and held-to-maturity debt instruments are stated net of an allowance for expected credit loss (if any).

Loss on impairment (if any) are recorded as expenses in profit or loss.

- (b) Loan and interest receivables and allowance for expected credit loss

Loans and interest receivables are stated at amortised cost less allowance for expected credit loss (if any).

4.9 Impairment of financial assets

Allowances for expected credit losses of financial assets - debt instruments

The Company recognises expected credit loss on its financial assets which measured at amortised cost, investments in debt instruments measured at fair value through comprehensive income by applying the general approach as the accounting guidance are as follow:

Measurement of expected credit loss

An expected credit loss (ECL) represents the present value of expected cash shortfalls over the residual term of a financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Estimates of expected cash shortfalls are determined by multiplying the probability of default (PD) with the loss given default (LGD) and the expected exposure at the time of default (EAD). The estimates calculate the probability of default and potential loss when a counterparty defaults, based on information from the Thai Bond Market Association (in case of debt securities investment), historical data, adjusted for current observable data and forecasts of future events that are supportable and reasonable. The Company reviews and revises of the methods, assumptions and forecasts of future events on a regular basis.

For ECL recognition, financial assets are classified in any of the below 3 stages. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1 Financial assets without a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instrument that considered to have low credit risk at each reporting date. An allowance for expected credit losses are recognised at the amount equivalent to the expected credit losses in the next 12 months.

The Company identifies government and state enterprise securities and private debt instruments with a credit rating not lower than BBB- as low credit risk and classified them as investment grade. Debt instruments with a credit rating lower than BBB- and/or subject to any event which negatively affects their credit quality are classified as non-investment grade, and investment officer is to closely monitor and review the quality of these assets to determine whether the credit risk has increased significantly.

Stage 2 Financial assets with a significant increase in credit risk

When financial assets have a significant increase in credit risk since initial recognition but not credit-impaired, expected credit losses are recognised for possible default events over the lifetime of the financial assets (Lifetime ECL). A significant increase in credit risk is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since initiation, such as downgrade of counterparty credit rating. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the counterparties' or debt instrument issuers' ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

Stage 3 Credit impairment financial assets

Financial assets are considered to be credit-impaired where the counterparties or debt instrument issuers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets. Evidence that a financial asset is credit-impaired include observable information such as significant financial difficulty of counterparties or debt instrument issuers, a breach of contract or past due event and probability that the borrower will enter bankruptcy or other financial reorganisation and so on.

For other financial assets or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Increase (decrease) in allowance for expected credit loss is recognised as expenses during the year in profit or loss in statement of comprehensive income. The Company has a policy to write off any financial assets when it is believed that they will not be collected from the debtor.

Allowances for expected credit losses of financial asset - equity instrument

Recognition of loss from impairment of equity instruments classified as investments in available-for-sale securities is immediately recognised through profit or loss when there is an objective evidence supporting impairment of the instruments, which indicate that the cost of the investment in an equity instrument may not be recovered, and there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

4.10 Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.11 Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.13 Premises 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 the straight-line basis over the following estimated useful lives:

Buildings and building improvements	20 years
Furniture, fixtures and office equipment	3 - 8 years
Vehicles	5 - 7 years

Depreciation is recognised in profit or loss. No depreciation is provided on land and work in process.

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

4.14 Intangible assets and amortisation

Intangible assets acquired are recognised at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and allowance for impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible 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 softwares, are 3 years.

4.15 Insurance contract liabilities

Insurance contract liabilities consist of long-term insurance policy reserves, loss reserves and premium reserves

(a) Long term insurance policy reserves

(1) Unearned premium reserves

Unearned premium reserves are calculated based on direct premium before deducting premium ceded as follows:

Personal accident	- Monthly average basis (the one-twenty fourth basis)
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Unearned premium reserves on reinsurance are calculated based on ceded premium for reinsurer in the same manner as direct insurance when insurance risk is already transferred to reinsurer.

(2) Gross premium valuation reserves

Gross premium valuation reserves are insurance policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to incident rate, accidental death rate, lapse rate, expense and discount rate.

At the end of the reporting period, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will recognise such difference and gross premium valuation reserves are presented in the financial statements.

(b) Loss reserves

Outstanding claims are recorded at the amounts to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate shall not exceed the sum insured of the relevant insurance policies.

Estimates of loss reserves are calculated using an actuarial method based on the best estimate of the claims expected to be paid in respect of claims occurred before or as at the reporting date, covering both reported and not reported claims, and including claims handling expenses, but deducting salvage values and other recoverable values. Differences between the calculated loss reserves and the claims already recognised are recorded as incurred but not reported (IBNR).

(c) Premium reserves

Premium reserves are the higher amounts of unearned premium reserves and unexpired risk reserves.

(1) Unearned premium reserves

Unearned premium reserves are calculated based on direct premium before deducting premium ceded as follows:

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

Unearned premium reserves on reinsurance are calculated based on ceded premium for reinsurer in the same manner as direct insurance when insurance risk is already transferred to reinsurer.

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

(2) Unexpired risk reserves

Unexpired risk reserves are the reserves for the future claims and related expenses that may be incurred in respect of in-force policies. Unexpired risk reserves are set aside using an actuarial method based on the best estimates of the claims that are expected to be incurred during the remaining coverage period based on historical claim data.

As at the end of the reporting periods, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if the amount of unexpired risk reserves is higher than that of the unearned premium reserve, the difference is recognised to present the amounts of premium reserves equal to unexpired risk reserves.

4.16 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plan

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 plan

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 and directly against retained earnings.

4.17 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

The right-of-use of Company is buildings is calculated depreciation over 3 years lease term.

Lease liabilities

Liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments and amounts expected to be payable under residual value guarantees.

The Company discounted the present value of the lease payments by the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.18 Income taxes

Income taxes represent the sum of corporate income taxes currently payable and deferred income taxes.

(a) Current income taxes

Current income taxes are 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.

(b) Deferred income taxes

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

The Company recognises deferred tax liabilities for all taxable temporary differences while 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 assets to be utilised.

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

4.19 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, buildings and equipment, right-of-use asset 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 the profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased in carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.20 Foreign currencies

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

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

Gain and loss on exchange are recorded as revenue or expense in profit or loss.

4.21 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.

4.22 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.

4.23 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 its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. When there is 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 estimate. Significant judgments and estimates are as follows:

5.1 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 exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity risk, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statements of financial position and reported in disclosures of fair value hierarchy.

5.2 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.

5.3 Allowances for doubtful accounts

In determining allowances for doubtful accounts on premium receivables and reinsurance 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.

5.4 Impairment on reinsurance assets

In determining impairment on reinsurance assets, the management needs to make judgement and estimates loss on impairment of each reinsurers based on conditions in contract and events occurred that the Company may not receive entire amount under the term of contract.

5.5 Impairment of equity instruments and unit trusts

The Company recognises impairment of equity instruments and unit trusts classified as investments in available-for-sale securities as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

5.6 Allowance for expected credit loss on financial assets

The management needs to make judgement and estimate allowance for expected credit losses for financial assets. The calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the debtors and counterparties status analysis and the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.7 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 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 loss when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.9 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions and assumptions determined on the policy inception dates, which reflect the best estimates at that times. The main assumptions used are incident rate, accidental death rate, lapse rate, expense and discount rate, and so on. However, the use of different assumptions could affect the amount of reserves and adjustments to the reserves may therefore be required in the future.

5.10 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserve taking into account two parts, which are for the claims incurred and reported, and the claims incurred but not reported. Such estimates are calculated using an actuarial method and the main assumptions used for such calculation involve historical data, including the development of claim estimates, payments of claims and loss ratios, etc. Nevertheless, the estimation requires the management's judgments reflecting the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual results could differ.

5.11 Unexpired risk reserves

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

5.12 Employee benefit obligations

Employee benefit obligations are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate and staff turnover rate.

5.13 Leases

The Company as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Company as lessor

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

5.14 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts in the financial statements.

6. Cash and cash equivalents

(Unit: Baht)

	31 December	
	2022	2021
Cash on hand	107,452	128,593
Deposits at banks with no fixed maturity date	477,664,074	951,158,775
Total	477,771,526	951,287,368
Less: Expected credit losses	(373,265)	(840,165)
Cash and cash equivalents - net	477,398,261	950,447,203

As at 31 December 2022, bank deposits in saving accounts carried interest at the rates between 0.00 - 0.40 percent per annum (2021: between 0.00 - 0.25 percent per annum).

7. Premium receivables

As at 31 December 2022 and 2021, the outstanding balances of premium receivables from direct insurances were classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

(Unit: Baht)

	31 December	
	2022	2021
Not yet due	267,866,794	206,246,740
Overdue not longer than 30 days	28,713,444	31,667,385
Overdue 31 days to 60 days	17,272,611	15,691,760
Overdue 61 days to 90 days	3,136,700	4,792,034
Overdue 91 days to 1 year	4,163,941	6,828,969
Overdue longer than 1 year	5,686,034	3,944,985
Total	326,839,524	269,171,873
Less: Allowance for doubtful accounts	(18,636,015)	(20,513,642)
Premium receivables - net	308,203,509	248,658,231

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)	
	31 December	
	2022	2021
Insurance reserves refundable from reinsurers		
- Long-term insurance policy reserves	2,417,041	4,202,156
- Loss reserves	59,058,315	28,538,980
- Unearned premium reserves	135,566,587	137,212,759
Reinsurance assets - net	<u>197,041,943</u>	<u>169,953,895</u>

9. Reinsurance receivables

	(Unit: Baht)	
	31 December	
	2022	2021
Amounts deposited on reinsurance	-	3,074
Amounts due from reinsurers	53,969,656	48,937,924
Reinsurance receivables - net	<u>53,969,656</u>	<u>48,940,998</u>

As at 31 December 2022 and 2021, the balances of amounts due from reinsurers were classified by aging as follows:

	(Unit: Baht)	
	31 December	
	2022	2021
Not yet due	53,969,656	47,751,602
Overdue not longer than 12 months	-	1,186,322
Amounts due from reinsurers - net	<u>53,969,656</u>	<u>48,937,924</u>

10. Investments in securities

10.1 Classified by type of investment

(Unit: Baht)

	31 December			
	2022		2021	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
measured at fair value through				
other comprehensive income				
Equity securities	19,899,840	111,217,499	2,148,020	78,080,465
Unit trusts	1,332,378,452	1,024,534,751	1,304,070,406	1,221,535,554
Private enterprises debt securities	612,151,810	614,580,340	441,593,990	446,298,268
Total	1,964,430,102	1,750,332,590	1,747,812,416	1,745,914,287
Add: Unrealised gain (loss)	(114,234,691)		22,290,911	
Less: Allowance for expected credit losses	(1,743,223)		(2,026,172)	
Less: Allowance for impairment	(98,119,598)		(22,162,868)	
Total	1,750,332,590		1,745,914,287	
Held-to-maturity investments				
measured at amortised cost				
Government and state enterprise securities	298,186,995		292,901,069	
Private enterprise debt securities	495,197,989		415,300,448	
Foreign debt securities	20,000,000		49,878,943	
Deposits at financial institutions which matured over 3 months	655,000,000		5,000,000	
Total	1,468,384,984		763,080,460	
Less: Allowance for expected credit losses	(9,140,315)		(9,399,061)	
Total	1,459,244,669		753,681,399	
Investment in securities - net	3,209,577,259		2,499,595,686	

10.2 Remaining periods of debt securities

(Unit: Baht)

	2022				2021			
	Remaining periods to maturity			Total	Remaining periods to maturity			Total
	1 year	1 - 5 years	Over 5 years		1 year	1 - 5 years	Over 5 years	
Available-for-sale investments								
measured at fair value through								
other comprehensive income								
Private enterprise securities								
Debentures	235,008,810	347,143,000	30,000,000	612,151,810	66,511,973	345,082,017	30,000,000	441,593,990
Add: Unrealised gains	635,361	1,462,887	330,282	2,428,530	422,916	3,942,806	338,556	4,704,278
Total	235,644,171	348,605,887	30,330,282	614,580,340	66,934,889	349,024,823	30,338,556	446,298,268
Held-to-maturity investments								
measured at amortised cost								
Government and state enterprise securities								
Government bonds	-	221,186,995	-	221,186,995	-	102,929,921	92,410,616	195,340,537
State enterprise bonds	-	-	50,000,000	50,000,000	20,010,532	-	50,000,000	70,010,532
State enterprise debentures	-	10,000,000	-	10,000,000	-	10,000,000	-	10,000,000
Saving lottery	12,000,000	5,000,000	-	17,000,000	550,000	17,000,000	-	17,550,000
Total	12,000,000	236,186,995	50,000,000	298,186,995	20,560,532	129,929,921	142,410,616	292,901,069
Private enterprise securities								
Debentures	85,047,309	195,150,680	215,000,000	495,197,989	30,000,000	180,300,448	205,000,000	415,300,448
Total	85,047,309	195,150,680	215,000,000	495,197,989	30,000,000	180,300,448	205,000,000	415,300,448
Foreign debt securities								
Government bond	-	-	-	-	29,878,943	-	-	29,878,943
Private enterprise bond	-	20,000,000	-	20,000,000	-	20,000,000	-	20,000,000
Total	-	20,000,000	-	20,000,000	29,878,943	20,000,000	-	49,878,943
Deposits at banks with								
amounts maturing in over								
3 months								
Deposit at commercial banks	655,000,000	-	-	655,000,000	5,000,000	-	-	5,000,000
Total	655,000,000	-	-	655,000,000	5,000,000	-	-	5,000,000
Total	752,047,309	451,337,675	265,000,000	1,468,384,984	85,439,475	330,230,369	347,410,616	763,080,460
Total investments in debt securities	987,691,480	799,943,562	295,330,282	2,082,965,324	152,374,364	679,255,192	377,749,172	1,209,378,728

10.3 Classified by stage of credit risk

	(Unit: Baht)			
	2022		2021	
	Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
Available-for-sale investments measured at fair value through other comprehensive income				
Stage 1 - Debt securities without a significant increase of credit risk	614,580,340	(1,743,223)	446,298,268	(2,026,172)
Total	614,580,340	(1,743,223)	446,298,268	(2,026,172)

	(Unit: Baht)		
	2022		
	Amortised cost - gross	Allowance for expected credit losses	Carrying value
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	1,453,384,984	(1,175,315)	1,452,209,669
Stage 2 - Debt securities with a significant increase of credit risk	-	-	-
Stage 3 - Debt securities with credit impaired	15,000,000	(7,965,000)	7,035,000
Total	1,468,384,984	(9,140,315)	1,459,244,669

	(Unit: Baht)		
	2021		
	Amortised cost - gross	Allowance for expected credit losses	Carrying value
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	718,201,517	(931,530)	717,269,987
Stage 2 - Debt securities with a significant increase of credit risk	29,878,943	(607,531)	29,271,412
Stage 3 - Debt securities with credit impaired	15,000,000	(7,860,000)	7,140,000
Total	763,080,460	(9,399,061)	753,681,399

10.4 Fair values of investments in debt securities

(Unit: Baht)

	2022			
	The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the only outstanding principal amount		The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the only outstanding principal amount	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments measured at fair value through other comprehensive income				
Private enterprise securities	-	-	614,580,340	(2,275,748)
Unit trusts - debt securities	312,360,639	2,049,040	-	-
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	-	-	298,730,440	(8,894,746)
Private debt securities	-	-	485,420,674	(11,210,597)
Foreign debt securities	-	-	19,676,123	17,919
Deposits at financial institutions which matured over 3 months	-	-	655,000,000	-
Total	312,360,639	2,049,040	2,073,407,577	(22,363,172)

(Unit: Baht)

	2021			
	The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the only outstanding principal amount		The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the only outstanding principal amount	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments measured at fair value through other comprehensive income				
Private enterprise securities	-	-	446,298,268	1,265,517
Unit trusts - debt securities	310,311,599	(1,514,785)	-	-
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	-	-	302,339,259	(14,777,561)
Private debt securities	-	-	416,733,731	(4,791,275)
Foreign debt securities	-	-	49,537,148	(1,901,497)
Deposits at financial institutions which matured over 3 months	-	-	5,000,000	-
Total	310,311,599	(1,514,785)	1,219,908,406	(20,204,816)

10.5 Other components of equity - revaluation surplus (deficit) on available-for-sale investments measured at fair value through other comprehensive income

(Unit: Baht)

	For the years ended 31 December	
	2022	2021
Balance - beginning of the year	17,832,729	13,336,947
Change during the year		
Unrealised loss on incurred during the year	(138,042,019)	(6,868,188)
Realised loss is recognised in profit or loss	1,516,417	12,487,916
Other comprehensive income (loss)	(136,525,602)	5,619,728
Related income taxes	27,305,120	(1,123,946)
Other comprehensive income (loss) for the year - net	(109,220,482)	4,495,782
Balances - end of the years	(91,387,753)	17,832,729

10.6 Investments subject to restriction and obligation

As at 31 December 2022 and 2021, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and place with court and other units to secure against performance obligations as required in normal course of business.

(Unit: Million Baht)

	31 December			
	2022		2021	
	Cost	Fair value	Cost	Fair value
Placed as securities with the Registrar				
Stated enterprise bonds	15.8	15.1	16.2	15.7
Placed as insurance reserves with the Registrar				
Government and state enterprise bonds	241.6	243.0	204.9	214.2
Placed as securities with the Court				
Deposits with financial institutions due more than 3 months	0.5	0.5	0.5	0.5
Placed to secure against performance obligations				
Government and state enterprise bonds	25.7	25.1	25.6	25.5

10.7 Investment income

During the years ended 31 December 2022 and 2021, the Company has investment income as follows:

(Unit: Baht)

	For the years ended 31 December	
	2022	2021
Interest income from debt securities	46,510,251	45,794,841
Dividend income from equity securities and units trust	14,320,852	28,318,446
Other investment income	2,735,066	2,731,059
Total investment income	63,566,169	76,844,346

11. Loans and interest receivables

As at 31 December 2022 and 2021, the outstanding balances of loans and interest receivable were divided by stage are as follows:

(Unit: Baht)

Overdue periods	2022		
	Mortgage loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	5,931,984	2,388,050	8,320,034
Total loans and interest receivables	5,931,984	2,388,050	8,320,034
Less: Allowance for expected credit losses	(4,899)	(3,250)	(8,149)
Loans and interest receivables - net	<u>5,927,085</u>	<u>2,384,800</u>	<u>8,311,885</u>

(Unit: Baht)

Overdue periods	2021		
	Mortgage loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	4,735,402	3,324,030	8,059,432
Total loans and interest receivables	4,735,402	3,324,030	8,059,432
Less: Allowance for expected credit losses	(4,748)	(4,483)	(9,231)
Loans and interest receivables - net	<u>4,730,654</u>	<u>3,319,547</u>	<u>8,050,201</u>

The maximum credit limit on employee loans that are secured by personal guarantee is set at 20 times of an employee's monthly salary but not exceeding Baht 500,000. The maximum credit limit on mortgage loans is set at 90% of the appraisal value of the underlying immovable properties and will be taken into accounts the purpose of borrowings and their ability to repay. Interest rate may be set higher or lower than minimum lending rates (MLR) of commercial banks.

12. Premises and equipment

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Assets in progress	Total
Cost:						
1 January 2021	120,562,866	122,222,811	102,424,105	8,354,745	310,900	353,875,427
Additions	-	-	4,243,100	-	458,000	4,701,100
Transfer in (out)	-	-	9,700	-	(9,700)	-
Disposals	-	-	(3,918,014)	-	(750,000)	(4,668,014)
31 December 2021	120,562,866	122,222,811	102,758,891	8,354,745	9,200	353,908,513
Additions	-	-	4,430,485	-	-	4,430,485
Transfer in (out)	-	-	196,400	-	-	196,400
Disposals	-	-	(7,235,646)	-	-	(7,235,646)
31 December 2022	120,562,866	122,222,811	100,150,130	8,354,745	9,200	351,299,752
Accumulated depreciation:						
1 January 2021	-	97,567,519	85,992,380	2,000,872	-	185,560,771
Depreciation for the year	-	1,917,031	5,897,196	831,353	-	8,645,580
Depreciation on disposals	-	-	(3,806,029)	-	-	(3,806,029)
31 December 2021	-	99,484,550	88,083,547	2,832,225	-	190,400,322
Depreciation for the year	-	1,917,031	5,556,414	792,765	-	8,266,210
Depreciation on disposals	-	-	(6,737,533)	-	-	(6,737,533)
31 December 2022	-	101,401,581	86,902,428	3,624,990	-	191,928,999
Net book value:						
31 December 2021	120,562,866	22,738,261	14,675,344	5,522,520	9,200	163,508,191
31 December 2022	120,562,866	20,821,230	13,247,702	4,729,755	9,200	159,370,753
Depreciation for the year						
2021						8,645,580
2022						8,266,210

As at 31 December 2022 and 2021, certain buildings and building improvements, furniture, fixtures and office equipment and vehicles have been fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets amounted to approximately Baht 156.0 million and Baht 154.1 million, respectively.

13. Lease agreements

The Company has entered into several lease agreements of office building space. The terms of the agreements are generally between 1 - 3 years.

13.1 Right-of-use assets

Changes of right-of-use assets for the years ended 31 December 2022 and 2021 were summarised below:

	(Unit: Baht)
	<u>Buildings</u>
As at 1 January 2021	4,273,036
New lease contracts increased during the year	560,000
Amortisation for the year	<u>(1,974,654)</u>
As at 31 December 2021	2,858,382
New lease contracts increased during the year	1,606,753
Amortisation for the year	<u>(1,971,553)</u>
As at 31 December 2022	<u><u>2,493,582</u></u>

13.2 Lease liabilities

Changes of lease liabilities for the year ended 31 December 2022 and 2021 were summarised below:

	(Unit: Baht)
	<u>Buildings</u>
As at 1 January 2021	3,790,852
Add: New lease contracts increased during the year	560,000
Add: Financial cost for the year	85,166
Less: Lease payments during the year	<u>(2,450,290)</u>
As at 31 December 2021	1,985,728
Add: New lease contracts increased during the year	1,606,753
Add: Financial cost for the year	122,053
Less: Lease payments during the year	<u>(1,923,447)</u>
As at 31 December 2022	<u><u>1,791,087</u></u>

	(Unit: Baht)	
	Buildings	
	31 December	
	2022	2021
Lease liabilities before deferred interest expense		
Portion due within 1 year	1,111,263	1,486,605
Portion due over 1 year	796,842	604,948
Total lease liabilities before deferred interest expense	1,908,105	2,091,553
Less: Financial cost	(117,018)	(105,825)
Lease liabilities as at 31 December 2022	<u>1,791,087</u>	<u>1,985,728</u>

13.3 Expenses relating to lease that are recognised in profit or loss

	(Unit: Baht)	
	For the year ended 31 December	
	2022	2021
Depreciation expenses of right-of-use assets	1,971,553	1,974,654
Financial cost on lease liabilities	122,054	85,166
Expenses from short-term leases and lease of low-value assets contracts	341,800	329,799
Total expenses	<u>2,435,407</u>	<u>2,389,619</u>

13.4 Others

The Company had total cash outflows for leases for the years ended 31 December 2022 and 2021 of Baht 2.3 million and Baht 2.7 million, respectively, including the cash outflow related to short-term lease. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 1.6 million and Baht 0.6 million, respectively.

14. Intangible assets

(Unit: Baht)

	Computer softwares	Computer softwares under development	Total
Cost			
1 January 2021	11,555,502	1,041,750	12,597,252
Additions	13,900	1,184,150	1,198,050
Transfer in (out)	845,900	(845,900)	-
Disposals/write-off	(5,050)	(180,000)	(185,050)
31 December 2021	12,410,252	1,200,000	13,610,252
Addition	-	300,000	300,000
Transfer in (out)	1,500,000	(1,500,000)	-
Disposals/write-off	(743,574)	-	(743,574)
31 December 2022	13,166,678	-	13,166,678
Accumulated amortisation			
1 January 2021	8,803,398	-	8,803,398
Amortisation charge for the year	1,435,495	-	1,435,495
Amortisation on disposals/write-off	(4,499)	-	(4,499)
31 December 2021	10,234,394	-	10,234,394
Amortisation charge for the year	1,808,725	-	1,808,725
Amortisation on disposals/write-off	(743,312)	-	(743,312)
31 December 2022	11,299,807	-	11,299,807
Net book value			
31 December 2021	2,175,858	1,200,000	3,375,858
31 December 2022	3,675,858	(1,808,987)	1,866,871
Amortisation for the year			
2021			1,435,495
2022			1,808,725

As at 31 December 2022 and 2021, certain computer software items have been fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets amounted to approximately Baht 6.3 million and Baht 6.4 million, respectively.

15. Deferred tax assets/Income taxes

15.1 Deferred tax assets

As at 31 December 2022 and 2021, the components of deferred tax assets (liabilities) arose from the following temporary differences:

	(Unit: Baht)			
	31 December		Changes in deferred tax assets or liabilities that are recognised in profit or loss	
	2022	2021	2022	2021
Deferred tax assets (liabilities) arose from:				
Allowance for doubtful accounts	3,890,886	4,674,120	(783,234)	165,290
Allowance for impairment on available-for-sale investments measured at fair value through other comprehensive income	19,623,920	4,432,574	15,191,346	1,326,816
Premium reserves	200,942,737	154,594,230	46,348,507	31,990,574
Loss reserves on claims incurred and reported	61,071,790	48,373,393	12,698,397	(8,886,973)
Loss reserves on claims incurred but not yet reported	22,061,357	22,665,464	(604,107)	1,250,100
Employee benefits obligations	12,433,816	12,829,551	(395,735)	101,335
Unrealised gain (loss) on revaluation of Trading investments measured at fair value through profit or loss	-	-	-	715,734
Available-for-sale investments measured at fair value through other comprehensive income	22,846,938	(4,458,182)	27,305,120	(1,123,945)
Allowance for expected credit losses	2,274,666	2,477,882	(203,216)	(102,781)
Lease liabilities	(140,499)	(174,531)	34,032	(78,274)
Deferred tax assets	345,005,611	245,414,501	99,591,110	25,357,876
Changes in deferred tax assets or liabilities that are recognised				
- Profit or loss			72,904,217	27,458,280
- Other comprehensive income			26,686,893	(2,100,404)
			99,591,110	25,357,876

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2022 and 2021 were made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Current income taxes:		
Current income tax charge	(82,234,162)	(53,846,082)
Deferred taxes:		
Relating to origination and reversal of temporary differences	72,904,217	27,458,280
Income tax expenses reported in profit or loss	<u>(9,329,945)</u>	<u>(26,387,802)</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2022 and 2021 and applicable tax rate were as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Accounting profits before income tax expenses	<u>50,258,297</u>	<u>156,013,607</u>
Applicable tax rate	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(10,051,659)	(31,202,722)
Tax effect of:		
- Revenues are not taxable	1,510,834	4,674,460
- Non-deductible expenses	(851,357)	134,574
- Allowed additional expense deductions	62,237	5,886
Income tax expenses reported in profit or loss	<u>(9,329,945)</u>	<u>(26,387,802)</u>

16. Other assets

	(Unit: Baht)	
	31 December	
	2022	2021
Other asset - financial assets		
Advances payment	1,541,800	1,159,116
Postdated cheque received	4,086,483	3,524,526
Claim receivables from litigants - net	3,027,597	1,991,278
Accrued income	1,748,810	4,686,995
Total	10,404,690	11,361,915
Other assets - others		
Deposits on rice field insurance scheme	24,120,921	-
Prepaid expenses	394,142	151,466
Undue input value added taxes	3,955,492	3,784,600
Others	9,730,768	9,720,832
Total	38,201,323	13,656,898
Total other assets	48,606,013	25,018,813

17. Insurance contract liabilities

	(Unit: Baht)		
	2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	909,036,139	(2,417,041)	906,619,098
Loss reserves			
- Claims incurred and reported	603,056,759	(42,678,168)	560,378,591
- Claims incurred but not yet reported	126,686,935	(16,380,147)	110,306,788
Unearned premium reserves	1,352,507,391	(135,566,587)	1,216,940,804
Total	2,991,287,224	(197,041,943)	2,794,245,281

(Unit: Baht)

	2021		Net
	Insurance contract liabilities	Reinsurance on liabilities	
Long-term insurance policy reserves	669,873,632	(4,202,156)	665,671,476
Loss reserves			
- Claims incurred and reported	475,524,296	(20,135,051)	455,389,245
- Claims incurred but not yet reported	121,731,248	(8,403,929)	113,327,319
Unearned premium reserves	1,194,369,504	(137,212,759)	1,057,156,745
Total	2,461,498,680	(169,953,895)	2,291,544,785

During 2022 and 2021, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although risks are managed on a net basis by management, insurance contract liabilities disclosures were made on both gross and net basis in these financial statements.

17.1 Methodology and main assumptions used in calculation

Long-term insurance policy reserves

The main assumptions for long-term insurance contract under Gross Premium Valuation (GPV) Method are Best Estimate Assumptions (BEA) that are analysed from actual Company's experiences. The assumptions in this valuation are consisted of;

(a) Incident rate

- Loan Protection Insurance ("PAIG") and Personal Accident Insurance - Annual policy ("PAIB"), PAIG and PAIB incident rate is developed by age and gender from PAIG actual portfolio experiences and blended with industrial data according to credibility method.

(b) Accidental death rate

- Accident death rate is referred to statistics data from the Ministry of Public Health due to insufficient actual experience data.

(c) Lapse rate

- PAIG - Lapse rate is developed by lapse duration from PAIG actual portfolio experiences.
- PAIB - PAIB lapse rate is referred to PAIG which is the similar type of product due to PAIB was launched on 2017 and the actual claim experiences data are not sufficient to use for statistic calculation (incredibility).

(d) Expense

- Expense assumption, including inflation, of both PAIG and PAIB are developed from actual expense experience of claim department of non-motor business, which is excluded,
 - a. Acquisition cost - there is no future acquisition expense.
 - b. Maintenance expense - this cost is responded by the banks who sold and issued policies.

(e) Discount rate

- Discount rate is maximum of:
 - a. Risk-free rate of return of zero coupon government bond as of valuation date and
 - b. Average last 8 quarters of interest rate of return according to OIC announcement

Loss reserves

In estimating loss reserves, the Company uses various actuarial methods to determine the best estimates, such as the Chain Ladder method, Bornhvetten - Ferguson method and Expected Loss Ratio method, on a case by case basis, depending on the quality and quantity of data used in the estimate.

The significant assumptions underlying the valuation of loss reserves for insurance contracts are based on the expectation that the nature and development of claims in the future will be the same as in the past. The key assumptions used are as follows:

(a) Expected loss ratios for the most recent accident year

Expected loss ratio is an estimate of the ratio of ultimate claim liabilities and earned premiums of the most recent accident year. This assumption is selected based on experiences and ultimate loss ratios from previous accident periods.

(b) First claim development factor

First claim development factor is the ratio of cumulative incurred claims at the second end of development period and the first development period. This factor is selected based on historical averages. This factor has a substantial impact on the estimation of loss reserves of incurred but not yet reported claim for the most recent accident period.

17.2 Long-term insurance policy reserves

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the year	669,873,632	504,702,170
Reserves increased from new policies and enforced policies	505,005,474	376,660,608
Reserves decreased from insurance policies	(265,842,967)	(211,489,146)
Balance - end of the year	909,036,139	669,873,632

17.3 Loss reserves

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the year	597,255,544	549,509,454
Claim incurred during the years	1,436,598,237	1,203,537,154
Changes in loss reserves of prior years' claims	(17,087,174)	9,349,050
Changes in assumption in calculation of loss reserves	4,955,687	10,136,900
Claim paid during the years	(1,291,978,600)	(1,175,277,014)
Balances - end of the year	729,743,694	597,255,544

17.4 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Accident year / Reporting year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss reserves:												
- as at accident year		940.8	884.9	982.1	1,125.2	1,217.2	1,042.9	1,206.4	1,011.9	1,078.8	1,322.9	
- Next one year		979.6	876.9	1,023.2	1,127.2	1,193.0	1,064.8	1,243.4	994.8	1,041.2		
- Next two years		942.0	859.2	1,025.7	1,109.7	1,196.0	1,089.3	1,236.5	961.7			
- Next three years		943.8	857.6	999.3	1,073.6	1,190.7	1,108.8	1,230.4				
- Next four years		942.8	848.3	978.0	1,071.3	1,195.1	1,108.1					
- Next five years		942.8	849.3	972.1	1,071.6	1,193.8						
- Next six years		943.4	848.6	972.0	1,071.4							
- Next seven years		942.9	848.5	972.4								
- Next eight years		942.9	848.5									
- Next nine years		942.9										
Cumulative ultimate claim estimates		942.9	848.5	972.4	1,071.4	1,193.8	1,108.1	1,230.4	961.7	1,041.2	1,322.9	
Cumulative payment to date		(940.0)	(846.6)	(970.8)	(1,068.4)	(1,191.8)	(1,106.8)	(1,224.7)	(949.5)	(976.1)	(781.7)	
Net	6.0	2.9	1.9	1.6	3.0	2.0	1.3	5.7	12.2	65.1	541.2	642.9
Unallocated loss adjustment expenses												40.9
Others												45.9
Total gross loss reserves												729.7

(b) Net claim table

(Unit: Million Baht)

Accident year / Reporting year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss reserves:												
- as at accident year		873.5	839.0	873.6	1,002.8	1,050.2	919.1	977.0	950.0	1,009.5	1,220.5	
- Next one year		910.0	836.8	898.9	1,013.3	1,046.7	941.9	983.4	933.3	973.2		
- Next two years		873.0	820.2	903.2	1,002.6	1,049.6	966.3	977.5	901.1			
- Next three years		874.9	821.0	889.6	977.9	1,045.0	985.8	971.6				
- Next four years		873.9	816.5	878.4	976.7	1,049.3	985.1					
- Next five years		874.2	817.5	875.3	976.9	1,047.9						
- Next six years		874.8	816.7	875.1	976.8							
- Next seven years		874.4	816.6	875.6								
- Next eight years		874.4	816.6									
- Next nine years		874.4										
Cumulative ultimate claim estimates		874.4	816.6	875.6	976.8	1,047.9	985.1	971.6	901.1	973.2	1,220.5	
Cumulative payment to date		(871.4)	(814.7)	(874.0)	(973.8)	(1,045.9)	(983.8)	(966.0)	(891.6)	(912.8)	(723.5)	
Net	6.0	3.0	1.9	1.6	3.0	2.0	1.3	5.6	9.5	60.4	497.0	591.3
Unallocated loss adjustment expenses												34.4
Others												45.0
Total net loss reserves												670.7

17.5 Unearned premium reserves

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the year	1,194,369,504	1,049,269,649
Premium written for the year	2,580,670,032	2,273,213,060
Decrease in policy reserves	(2,422,532,145)	(2,128,113,205)
Balances - end of the year	<u>1,352,507,391</u>	<u>1,194,369,504</u>

18. Amounts due to reinsurers

	(Unit: Baht)	
	31 December	
	2022	2021
Amounts withheld on reinsurance	112,505,274	129,311,981
Other reinsurance payables	91,596,098	69,355,747
Total amounts due to reinsurers	<u>204,101,372</u>	<u>198,667,728</u>

19. Employee benefit obligations

Movements of employee benefit obligations during the years ended 31 December 2022 and 2021 were as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Employee benefit obligations at beginning of the year	64,147,756	63,641,077
Recognised in profit or loss:		
Current service costs	7,594,416	8,178,600
Interest costs	1,439,244	954,950
Recognised in other comprehensive income:		
Actuarial (gain) loss:		
Demographic assumptions changes	390,458	1,377,248
Financial assumptions changes	(3,824,379)	(4,640,390)
Experience adjustments	342,785	(1,619,150)
Less: Benefits paid during the year	(7,921,199)	(3,744,579)
Employee benefit obligations at end of the year	<u>62,169,081</u>	<u>64,147,756</u>

As at 31 December 2022 and 2021, the weighted average durations of employee benefit obligations were 13 years and 14 years, respectively, and the Company expected to pay Baht 3.5 million and Baht 8.0 million, respectively, on such obligations during the next 1-year period.

Significant actuarial assumptions at the valuation date were as follows:

	(Unit: % per annum)	
	For the years ended 31 December	
	2022	2021
Discount rate	3.1	2.4
Future salary increase rate	5.0	4.0 - 5.0
Staff turnover rates (depending on age)	2.0 - 15.4	2.0 - 15.0

The result of sensitivity analysis for significant assumptions that affected employee benefit obligations as at 31 December 2022 and 2021 were summarised below:

Assumptions	Change in assumptions	(Unit: Million Baht)	
		Increase (decrease) in employee benefit obligations as at 31 December 2022	Increase (decrease) in employee benefit obligations as at 31 December 2021
		Discount rate	+ 1%
	- 1%	6.0	6.2
Salary increasing rate	+ 1%	6.1	6.3
	- 1%	(5.4)	(5.5)
Staff turnover rate	+ 10%	(2.0)	(2.1)
	- 10%	2.1	2.3

20. Other liabilities

(Unit: Baht)

	31 December	
	2022	2021
Revenue Department payable	7,625,700	7,996,902
Withholding income tax payable	3,706,797	3,255,331
Undue output value added taxes	11,516,341	11,542,239
Short-term employee benefit payable	32,291,767	33,961,600
Accrued expenses	55,800,082	13,251,724
Deposits from brokers	87,504,354	83,181,716
Others	20,809,698	24,843,143
Total other liabilities	219,254,739	178,032,655

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

22. Operating segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Managing Director.

For management purposes, the Company are organised into business units based on non-life insurance and have two reportable segments which are motor insurance and others insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

No inter-segment transactions occurred during the years.

The Company operated in one geographical area, Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Segment profit or loss for the years ended 31 December 2022 and 2021 were as follows:

(Unit: Baht)

	Motor insurance		Others insurance		Total	
	For the years ended		For the years ended		For the years ended	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
Underwriting revenues						
Gross premium written	1,795,444,995	1,657,389,033	1,290,230,510	992,484,635	3,085,675,505	2,649,873,668
Less: Premium ceded to reinsurers	(2,556,553)	(9,771,636)	(286,003,402)	(265,459,356)	(288,559,955)	(275,230,992)
Net premium written	1,792,888,442	1,647,617,397	1,004,227,108	727,025,279	2,797,115,550	2,374,642,676
Less: Unearned premium reserves						
increased from prior years	(54,081,792)	(65,976,500)	(105,702,267)	(49,077,980)	(159,784,059)	(115,054,480)
Net earned premium	1,738,806,650	1,581,640,897	898,524,841	677,947,299	2,637,331,491	2,259,588,196
Commission and brokerage income from reinsurance	95,199	108,703	68,723,761	82,715,002	68,818,960	82,823,705
Total underwriting revenues	1,738,901,849	1,581,749,600	967,248,602	760,662,301	2,706,150,451	2,342,411,901
Underwriting expenses						
Long-term insurance policy reserve increased	-	-	240,947,623	167,941,640	240,947,623	167,941,640
Gross claims	1,034,399,505	954,773,155	411,561,809	296,431,466	1,445,961,314	1,251,204,621
Less: Claim recovery from reinsurers	(3,526,300)	-	(119,165,857)	(69,589,403)	(122,692,157)	(69,589,403)
Commission and brokerage expenses	303,437,860	278,669,753	210,258,790	164,661,256	513,696,650	443,331,009
Other underwriting expenses	139,114,420	117,057,440	99,482,933	80,171,680	238,597,353	197,229,120
Total underwriting expenses before operating expenses	1,473,425,485	1,350,500,348	843,085,298	639,616,639	2,316,510,783	1,990,116,987
Gross profits from underwriting	265,476,364	231,249,252	124,163,304	121,045,662	389,639,668	352,294,914
Operating expenses					(346,671,225)	(278,248,577)
Finance cost					(122,054)	(85,165)
Profit from underwriting					42,846,389	73,961,172
Net investment revenue					63,566,169	76,844,346
Losses on investments					(75,670,180)	(10,354,626)
Fair value loss					-	(3,578,668)
Rental income					15,505,627	15,875,862
Other income					2,994,214	2,751,616
Reversal expected credit losses					1,016,078	513,905
Profit before income tax expenses					50,258,297	156,013,607
Income tax expenses					(9,329,945)	(26,387,802)
Profit for the year					40,928,352	129,625,805

For the years ended 31 December 2022 and 2021, the Company had premium written from a major broker (having gross premium written from the broker more than 10% of total gross premium written in each year), which is its related party, amounting to Baht 362.2 million and Baht 353.6 million, respectively, from motor segment, contributing 12% and 13%, respectively, of total premium written.

As at 31 December 2022 and 2021, segment assets and liabilities were as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 December 2022	186,110,815	373,104,293	4,264,131,734	4,823,346,842
31 December 2021	188,943,303	278,609,821	3,929,267,199	4,396,820,323
Liabilities				
31 December 2022	1,478,494,916	1,773,812,116	306,721,161	3,559,028,193
31 December 2021	1,379,660,268	1,327,405,490	262,320,945	2,969,386,703

23. Operating expenses

(Unit: Baht)

	For the years ended 31 December	
	2022	2021
Personnel expenses	109,431,457	103,142,571
Premises and equipment expenses	58,847,326	53,576,029
Taxes and duties	1,842,140	1,887,906
Bad debts and doubtful accounts	(3,787,250)	826,454
Other operating expenses	180,337,552	118,815,617
Total operating expenses	<u>346,671,225</u>	<u>278,248,577</u>

24. Expected credit losses (reversal)

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Expected credit losses (reversal) from		
Cash and cash equivalents	(466,900)	337,905
Accrued investment income	(6,402)	(5,866)
Available-for-sale investments measured at fair value through other comprehensive income	(282,949)	387,732
Held-to-maturity investments measured at amortised cost	(258,746)	(1,233,089)
Loan and accrued interest	(1,081)	(587)
Total	<u>(1,016,078)</u>	<u>(513,905)</u>

25. Expenses by nature

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Long-term insurance policy reserves increased	240,947,623	167,941,640
Net claims	1,234,980,622	1,093,297,973
Commission and brokerage expenses	513,696,650	443,331,009
Contribution expenses	30,166,577	31,108,821
Other underwriting expenses	129,398,165	95,248,071
Employees expenses	246,484,651	239,504,928
Premises and equipment expenses	58,847,326	53,576,029
Bad debts and doubtful accounts (reversal)	(3,787,250)	826,454
Advertising expenses	150,418,868	126,346,965
Other expenses	62,028,776	17,183,674
Finance cost	122,054	85,165
Reversal expected credit losses	(1,016,078)	(513,905)
Total expenses by nature	<u>2,662,287,984</u>	<u>2,267,936,824</u>

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund on monthly at rates of 4% to 7% of basic salaries. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During 2022 and 2021, the Company contributed approximately Baht 9.3 million and Baht 9.0 million, respectively, to the fund.

27. Earning per shares

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

28. Dividends paid

Dividends declared during the years ended 31 December 2022 and 2021 were as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
The interim dividends for 2022	Meeting of Board of Directors on 24 August 2022	34.75	2.50
Final dividends for 2021	Meeting of Board of Directors on 31 March 2022	62.55	4.50
Total		97.30	7.00
The interim dividends for 2021	Meeting of Board of Directors on 24 August 2021	41.70	3.00
Final dividends for 2020	Annual General Meeting of the shareholders on 31 March 2021	66.03	4.75
Total		107.73	7.75

29. Related party transactions

29.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors

29.2 Related party transactions

During 2022 and 2021, the Company had significant business transactions with its related parties. Such transactions, which were summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	(Unit: Million Baht)	
	For the years ended 31 December	
	2022	2021
Gross premium written		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	362.2	353.6
Asia Hotel Plc.	0.7	0.8
Asia Pattaya Hotel Co., Ltd.	0.2	0.3
Zeer Property Plc.	3.5	4.0
Asia Airport Hotel Co., Ltd.	0.4	0.5
Commission and brokerage expenses		
Dung Seng Insurance Broker Co., Ltd.	61.9	61.4

⁽¹⁾ Premium written from non-life insurance brokers

Transaction with related parties	Transfer pricing policy
Gross premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	Normal commercial terms for non-life insurance broker

29.3 Outstanding balances

As at 31 December 2022 and 2021, the outstanding balances of transactions between the Company and those related parties were as follows:

	(Unit: Million Baht)	
	31 December	
	2022	2021
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	73.0	77.3
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	12.4	13.3

29.4 Directors' and key management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses incurred on directors and key management as below.

	(Unit: Million Baht)	
	For the years ended 31 December	
	2022	2021
Short-term employee benefits	14.8	14.8
Long-term employee benefits	1.0	0.6
Total	15.8	15.4

30. Contribution to the General Insurance Fund

	(Unit: Baht)	
	For the years ended 31 December	
	2022	2021
Accumulated contribution at the beginning of the year	57,397,414	50,772,911
Contribution during the year	7,714,249	6,624,503
Accumulated contribution at the end of the year	65,111,663	57,397,414

31. Commitments and contingent liabilities

31.1 Capital commitment

As at 31 December 2022 and 2021, the Company did not have capital commitments contracted for computer program development (2021: Baht 0.3 million).

31.2 Operating lease and related service commitments

As at 31 December 2022 and 2021, future minimum lease payments required under short-term leases and leases of low-value and related service agreements were as follows:

	(Unit: Million Baht)	
Payable	2022	2021
Within 1 year	5.2	7.5

31.3 Litigation

As at 31 December 2022 and 2021, the Company had litigation cases being sued for claims totaling Baht 297.5 million and Baht 185.8 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised. However, the Company considered the estimated losses that might be incurred and already recognised as loss reserves of Baht 44.2 million and Baht 29.3 million, respectively, in the financial statements.

32. Risk and risk's management policies

32.1 Insurance risk

The Company has a policy to manage insurance risks including objectives, procedures, monitoring and evaluation so that the Company is able to achieve its objectives. The Company intends to reduce the chances and impacts of risks which deviate from assumptions set by the Company regarding insurance premium rates, calculating loss reserves and making underwriting decision.

(a) Insurance premium rates and procedure of underwriting

The Company sets condition and premium rates for each product in accordance with its associated risks, taking into consideration statistical data and relevant risk information. Risk evaluation has been done before underwriting. Provide training for employees to have knowledge on underwriting. In addition, the insurance underwriting policy is regularly reviewed.

(b) Loss reserves determination

The Company has policy to completely recognise loss reserves and adjust it in a timely manner. Moreover, the Company uses actuarial valuer to determine loss reserves to ensure that loss reserves are appropriately accounted for.

(c) Reinsurance

Some associated risks have been transferred to reinsurers with strong financial position. The Company has system in place to a comprehensive check before reinsurance. The adequacy of reinsurance has always been appraised, so that payment for damage will not deteriorate the Company's financial position.

(d) Concentration risk

The Company's products and distribution channels have been diversified. The portion of risks has been passed to many reinsurers to diversify risks in accordance with the notification of the Office of Insurance Commission.

Risks Managing Committee set up by the Board of Directors regularly monitors the management of risks in order to ensure that its objectives is achieved and reports the Board of Directors every quarter.

Concentration of insurance contract liabilities as at 31 December 2022 and 2021, segregated by insurance type, were shown below.

(Unit: Million Baht)

	31 December					
	2022			2021		
	Gross long-term insurance policy reserves	Outward long-term insurance policy reserves	Net	Gross long-term insurance policy reserves	Outward long-term insurance policy reserves	Net
Personal accident	909.0	(2.4)	906.6	669.9	(4.2)	665.7
Total	909.0	(2.4)	906.6	669.9	(4.2)	665.7

(Unit: Million Baht)

	31 December					
	2022			2021		
	Gross loss	Outward loss	Net	Gross loss	Outward loss	Net
	reserves	reserves		reserves	reserves	
Fire	9.1	(4.0)	5.1	2.2	(1.0)	1.2
Marine and transportation	15.5	(6.6)	8.9	11.3	(5.0)	6.3
Motor	546.8	-	546.8	496.3	-	496.3
Personal accident	100.6	(8.0)	92.6	66.9	(9.5)	57.4
Miscellaneous	57.8	(40.5)	17.3	20.6	(13.1)	7.5
Total	729.8	(59.1)	670.7	597.3	(28.6)	568.7

(Unit: Million Baht)

	31 December					
	2022			2021		
	Gross	Outward	Net	Gross	Outward	Net
	premium	premium		premium	premium	
reserves	reserves	reserves	reserves	reserves	reserves	
Fire	91.2	(22.4)	68.8	60.5	(13.3)	47.2
Marine and transportation	26.4	(11.5)	14.9	21.7	(9.4)	12.3
Motor	899.6	(0.1)	899.5	845.6	(0.2)	845.4
Personal accident	206.2	(9.0)	197.2	198.1	(69.5)	128.6
Miscellaneous	129.1	(92.6)	36.5	68.5	(44.8)	23.7
Total	1,352.5	(135.6)	1,216.9	1,194.4	(137.2)	1,057.2

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 results of the sensitivity analysis from the assumptions change that affected to the long-term insurance policy reserves as at 31 December 2022 and 2021 was summarised below.

(Unit: Million Baht)

2022					
Assumption	change	Increase (decrease) in			Increase (decrease) in equity
		gross long-term insurance policy reserves	net long-term insurance policy loss reserves	profit before income taxes	
Incident rate	+10%	41.6	41.5	(41.5)	(33.2)
	-10%	(41.7)	(41.6)	41.6	33.3
Lapse rate	+10%	(0.2)	(0.2)	0.2	0.1
	-10%	0.2	0.2	(0.2)	(0.1)
Expenses	+10%	0.7	0.7	(0.7)	(0.6)
Discount rate	-10%	1.9	1.9	(1.9)	(1.5)

(Unit: Million Baht)

2021					
Assumption	change	Increase (decrease) in			Increase (decrease) in equity
		gross long-term insurance policy reserves	net long-term insurance policy loss reserves	profit before income taxes	
Incident rate	+10%	32.6	32.4	(32.4)	(25.9)
	-10%	(32.7)	(32.5)	32.5	25.9
Lapse rate	+10%	(0.1)	(0.1)	0.1	0.1
	-10%	0.1	0.1	(0.1)	(0.1)
Expenses	+10%	0.8	0.8	(0.8)	(0.6)
Discount rate	-10%	0.9	0.9	(0.9)	(0.7)

The results of the sensitivity analysis from the assumption change that affected to the loss reserves as at 31 December 2022 and 2021 were summarised below.

(Unit: Million Baht)

	2022				
	Assumption change	Increase (decrease) in gross loss reserves	Increase (decrease) in net loss reserves	Increase (decrease) in profit before income taxes	Increase (decrease) in equity
Expected loss ratios for the most recent accident year	+10%	40.2	35.4	(35.4)	(28.3)
	-10%	(40.2)	(35.4)	35.4	28.3
First claim development factor	+10%	18.2	14.5	(14.5)	(11.6)
	-10%	(21.7)	(17.7)	17.7	14.2

(Unit: Million Baht)

	2021				
	Assumption change	Increase (decrease) in gross loss reserves	Increase (decrease) in net loss reserves	Increase (decrease) in profit before income taxes	Increase (decrease) in equity
Expected loss ratios for the most recent accident year	+10%	16.6	12.4	(12.4)	(9.9)
	-10%	(16.6)	(12.4)	12.4	9.9
First claim development factor	+10%	21.1	19.9	(19.9)	(15.9)
	-10%	(25.8)	(24.3)	24.3	19.4

32.2 Financial risk

The Company's financial instruments, principally comprise cash and cash equivalents, loans, investments in debt securities and equity securities, reinsurance assets and reinsurance payable, and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

(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 or obligations specified in the contract. 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.

Credit risk from insurance contracts

Credit risks for insurance and reinsurance relates to premium receivable, reinsurance assets and receivables. The Company controls the proportion of premiums receivables at an appropriate level and complies with the criteria determined by the OIC, closely following up on overdue insurance premiums, and selecting reinsurers with a stable financial status and a high credit rating and there is an history of compensation at the appropriate period. In addition, the credit concentration risk arising from the premium receivable is insignificant as the Company's insured are distributed across different industries and regions in Thailand.

Credit risk from investment assets

Credit risk from investment assets relates to loans and investments in debt securities. The Company determines an appropriate line of credit for each counterparty by considering their income, source of income, other financial obligations, etc. In addition, the Company arranges appropriate loan terms to be within short- to medium-term with respect to the Company's sources of capital, establishes debt collection process and adjusts interest rate in correspondence with market conditions. Credit risk relating to investments in debt securities is managed by investing in government and state enterprise bonds and debt securities issued by large private firms that are financially stable and have good credit ratings.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk of financial assets before both the effect of mitigation through use master netting and collateral arrangements. The maximum exposure to credit risk is carrying amount of financial assets present in the financial statement.

The maximum exposure to credit risk of financial assets by credit rating of counterparty is carrying amount as at 31 December 2022 and 2021 as follows.

(Unit: Million Baht)

	2022			Carrying amount
	Investment grade	Non-investment grade	Not rated	
Cash and cash equivalents	477.4	-	-	477.4
Available-for-sale debt investments measured at fair value through other comprehensive income	614.6	-	-	614.6
Held-to-maturity debt investments measured at amortised cost	1,452.2	7.0	-	1,459.2
Accrued investment income	11.5	-	-	11.5
Loans and interest receivables	-	-	8.3	8.3
Other assets - other receivables	-	-	10.4	10.4

(Unit: Million Baht)

	2021			Carrying amount
	Investment grade	Non-investment grade	Not rated	
Cash and cash equivalents	950.4	-	-	950.4
Available-for-sale debt investments measured at fair value through other comprehensive income	446.3	-	-	446.3
Held-to-maturity debt investments measured at amortised cost	717.3	36.4	-	753.7
Accrued investment income	6.3	0.3	-	6.6
Loans and interest receivables	-	-	8.1	8.1
Other assets - other receivables	-	-	11.4	11.4
Other assets - Receivable from sales of securities	-	-	15.8	15.8

In case the instrument's credit rating is non-investment grade and lower than the investment criteria, the Company will consider qualitative and quantitative data of the counterparty and other external information, including the use of rating information from external credit rating agencies.

Credit impairment assessment of financial assets

The Company's measurement and valuation method of the expected credit losses relating to financial assets are as follow

Financial assets with a significant increase in credit risk

The Company continuously monitors and analyses the status of financial assets to assess whether there has been a significant increase in credit risk since initial recognition. In making these assessments, the Company compares the risk of non-compliance of financial assets at the end of reporting period with the risk of non-compliance of financial assets at the initial recognition date.

Determination of whether there has been a significant increase in credit risk since initial recognition is based on consideration of counterparty's non-compliance, which occurs when a contractual payment is overdue or downgrade or counterparty credit rating. Moreover, financial assets are considered credit impaired when one or more events occur affecting the counterparty's future cashflow estimates. Evidence of a financial asset being credit impaired other than the counterparty's contractual payment is overdue includes observable information such as the issuer of a financial instrument facing significant financial difficulty, a high probability that the counterparty will be entered bankruptcy or undergo financial restructuring, and a significantly change in the counterparty's credit rating. The Company monitors and reports these changes of credit rating to Investment Committee to manage the risk.

Allowance for expected credit losses

The staging for financial assets is based on changes in credit risk since initial recognition, recognition expected credit losses within the next 12 months, lifetime expected credit losses and credit impairment as discussed in Note 4.9 to financial statements, allowance for expected credit losses.

The credit quality of financial assets exposed to credit risk, which are presented as carrying amount are as follows.

2022

	Stage 1 - Financial assets that have not had a significant increase in credit risk (12-mth ECL)	Stage 2 - Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired)	Stage 3 - Financial assets that are credit- impaired (Lifetime ECL -credit impaired)	Total
Cash and cash equivalents				
Investment grade	477.8	-	-	477.8
Total	477.8	-	-	477.8
Less: Allowance for expected credit losses	(0.4)	-	-	(0.4)
Net book value	477.4	-	-	477.4
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	614.6	-	-	614.6
Total	614.6	-	-	614.6
Allowance for expected credit losses	1.7	-	-	1.7
Held-to-maturity investments measured at amortised cost				
Investment grade	1,453.4	-	-	1,453.4
Non-investment grade	-	-	15.0	15.0
Total	1,453.4	-	15.0	1,468.4
Less: Allowance for expected credit losses	(1.2)	-	(8.0)	(9.2)
Net book value	1,452.2	-	7.0	1,459.2
Accrued investment income				
Investment grade	11.5	-	-	11.5
Non-investment grade	-	-	0.1	0.1
Total	11.5	-	0.1	11.6
Less: Allowance for expected credit losses	-	-	(0.1)	(0.1)
Net book value	11.5	-	-	11.5
Loans, and interest receivables				
Not yet due	8.3	-	-	8.3
Total	8.3	-	-	8.3
Less: Allowance for expected credit losses	-	-	-	-
Net book value	8.3	-	-	8.3
Other asset - other receivables				
Not yet due	10.4	-	-	10.4
Total	10.4	-	-	10.4
Less: Allowance for expected credit losses	-	-	-	-
Net book value	10.4	-	-	10.4

(Unit: Million Baht)

2021

	Stage 1 - Financial assets that have not had a significant increase in credit risk (12-mth ECL)	Stage 2 - Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired)	Stage 3 - Financial assets that are credit- impaired (Lifetime ECL -credit impaired)	Total
Cash and cash equivalents				
Investment grade	951.3	-	-	951.3
Total	951.3	-	-	951.3
Less: Allowance for expected credit losses	(0.9)	-	-	(0.9)
Net book value	950.4	-	-	950.4
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	446.3	-	-	446.3
Total	446.3	-	-	446.3
Allowance for expected credit losses	2.0	-	-	2.0
Held-to-maturity investments measured at amortised cost				
Investment grade	718.2	-	-	718.2
Non-investment grade	-	29.9	15.0	44.9
Total	718.2	29.9	15.0	763.1
Less: Allowance for expected credit losses	(0.9)	(0.6)	(7.9)	(9.4)
Net book value	717.3	29.3	7.1	753.7
Accrued investment income				
Investment grade	6.3	-	-	6.3
Non-investment grade	-	0.3	0.1	0.4
Total	6.3	0.3	0.1	6.7
Less: Allowance for expected credit losses	-	-	(0.1)	(0.1)
Net book value	6.3	0.3	-	6.6
Loans, and interest receivables				
Not yet due	8.1	-	-	8.1
Total	8.1	-	-	8.1
Less: Allowance for expected credit losses	-	-	-	-
Net book value	8.1	-	-	8.1
Other asset - other receivables and investment receivables				
Not yet due	27.2	-	-	27.2
Total	27.2	-	-	27.2
Less: Allowance for expected credit losses	-	-	-	-
Net book value	27.2	-	-	27.2

The movement in the allowance for expected credit loss for the years ended 31 December 2022 and 2021 are as below

(Unit: Million Baht)

	2022			Total
	Stage 1 - Financial assets that have not had a significant increase in credit risk (12-mth ECL)	Stage 2 - Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired)	Stage 3 - Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	
Held-to-maturity investments measured at amortised cost				
Beginning balance	0.9	0.6	7.9	9.4
Change due to remeasurement of allowance for impairment	(0.3)	-	0.1	(0.2)
	0.7	-	-	0.7
Amounts written off	(0.1)	(0.6)	-	(0.7)
Ending balance	1.2	-	8.0	9.2

(Unit: Million Baht)

	2021			Total
	Stage 1 - Financial assets that have not had a significant increase in credit risk (12-mth ECL)	Stage 2 - Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired)	Stage 3 - Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	
Held-to-maturity investments measured at amortised cost				
Beginning balance	1.2	1.5	7.9	10.6
Change due to remeasurement of allowance for impairment	0.3	(0.7)	-	(0.4)
Amounts written off	(0.6)	(0.2)	-	(0.8)
Ending balance	0.9	0.6	7.9	9.4

(b) Market price risk

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

Interest rate risk

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

The Company's policy on managing interest rate risk is to invest in debt securities with a different range of maturity, in compliance with the Investment Committee's policy on interest rate risk management. In addition, the Company invests mostly in held-to-maturity securities, and is thus not affected by market valuations that reduce the price of securities.

As at 31 December 2022 and 2021, significant assets classified by type of interest rate were summarised in the table below, with those assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	2022						
	Fixed interest rates			Floating	Non-interest		Interest rate (% p.a)
	Within 1 year	1 - 5 years	Over 5 years	interest rate	Bearing	Total	
Cash equivalents	-	-	-	466.5	10.8	477.3	0.00 - 0.40
Investments in securities							
Government and state							
enterprise securities	12.0	236.2	50.0	-	-	298.2	0.15 - 6.80
Private enterprise							
debt securities	314.6	539.8	245.2	-	-	1,099.6	2.35 - 5.10
Foreign debt securities	-	19.9	-	-	-	19.9	5.50
Certificate of deposit	654.5	-	-	-	-	654.5	0.15 - 1.20
Loans	-	-	-	8.3	-	8.3	2.90 - 12.00

(Unit: Million Baht)

	2021						
	Fixed interest rates			Floating		Total	Interest rate (% p.a)
	Within	1 - 5	Over	interest	Non-interest		
	1 year	years	5 years	rate	Bearing		
Cash equivalents	-	-	-	940.0	10.3	950.3	0.00 - 0.25
Investments in securities							
Government and state							
enterprise securities	20.6	129.9	142.4	-	-	292.9	0.15 - 6.80
Private enterprise							
debt securities	96.5	519.4	235.0	-	-	850.9	2.35 - 5.10
Foreign debt securities	29.4	19.8	-	-	-	49.2	4.00 - 5.50
Certificate of deposit	5.0	-	-	-	-	5.0	0.15
Loans	-	-	-	8.1	-	8.1	1.45 - 8.75

Cash, premium receivables, investments in equity securities, reinsurance assets, reinsurance receivables and amount due to reinsurers are assets and liabilities which were non-interest bearing. Hence, they do not expose to the risk from the changes in market interest rates.

Interest rates sensitivity analysis

This sensitivity shows the effect of the Company's profit before tax and equity of changes in market interest rates of financial assets as of 31 December 2022 and 2021 that are reasonably likely to occur within the next 12 months, with other variables fixed. There are as follow:

	2022		
	Increase / (Decrease)	Effect on profit	Effect on other
		before tax	comprehensive
(%)	(Million Baht)	income	
		(Million Baht)	
Available-for-sale			
investments measured at			
fair value through other			
comprehensive income	0.25	-	(2.5)
	(0.25)	-	2.5

	2021		
	Increase /(Decrease)	Effect on profit before tax	Effect on other comprehensive income
	(%)	(Million Baht)	(Million Baht)
Available-for-sale			
investments measured at			
fair value through other			
comprehensive income	0.25	-	(2.1)
	(0.25)	-	2.1

Price change risk

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

As at 31 December 2022 and 2021, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

The Company's has separate policies on managing equity position risk. For investments classified as investments in trading securities, which consist of short-term investments, it relies on speed and expertise in investment and the ability to adjust investment portfolios in a timely enough manner in each circumstance. The Investment Committee therefore selects appropriately qualified private fund managers to help the Company take care of its investments, in order to reduce the risk from changes in market prices. For available-for-sale investments, the Company makes its own investment decision, focusing on long-term investments to reduce the risk from changes in market prices, and investing in stocks and unit trusts with strong fundamentals and that consistently make dividend payments.

(c) Liquidity risk

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

The Company policy on managing liquidity risk is maintain liquid financial instruments more than 125% of liabilities and obligation under insurance contracts. If there are decreasing in financial instruments close to 125% from economic fluctuations or in the event of continuously negative cash flow from operations, the Company will reduce in investing in high risk or very volatile price instruments. In addition, if there is reliable information that interest rates are likely to rise, the Company will change to hold debt instruments with short-term duration.

The periods remaining to maturity of the Company's assets and liabilities as at 31 December 2022 and 2021 were as follow:

(Unit: Million Baht)

	2022					Total
	At call	Within		Over		
		1 year	1 - 5 years	5 years	Unspecified	
Financial assets						
Cash and cash equivalent	477.4	-	-	-	-	477.4
Investments in securities	1,039.9	981.7	796.9	295.2	95.9	3,209.6
Loans	-	1.5	1.9	4.9	-	8.3
Insurance assets						
Premium receivables	-	308.2	-	-	-	308.2
Reinsurance receivables	-	54.0	-	-	-	54.0
Claim recovery from reinsurers	-	51.4	7.7	-	-	59.1
Insurance liabilities						
Loss reserves	-	619.4	92.9	17.4	-	729.7
Amount due to reinsurers	-	204.1	-	-	-	204.1

(Unit: Million Baht)

	2021					Total
	At call	Within		Over		
		1 year	1 - 5 years	5 years	Unspecified	
Financial assets						
Cash and cash equivalent	950.4	-	-	-	-	950.4
Investments in securities	1,221.5	151.7	670.8	377.5	78.1	2,499.6
Loans	-	0.9	4.4	2.8	-	8.1
Insurance assets						
Premium receivables	-	248.7	-	-	-	248.7
Reinsurance receivables	-	48.9	-	-	-	48.9
Claim recovery from reinsurers	-	23.7	4.8	-	-	28.5
Insurance liabilities						
Loss reserves	-	496.1	85.4	15.8	-	597.3
Amount due to reinsurers	-	198.7	-	-	-	198.7

32.3 Fair value of financial instruments

As at 31 December 2022 and 2021, the Company had the financial assets measured at fair value, or measured at cost but have to disclose fair value, using different levels of inputs as follows:

(Unit: Million Baht)

	2022				
	Carrying values	Fair values			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments measured					
at fair value through other					
comprehensive income					
Equity securities	111.2	15.3	-	95.9	111.2
Unit trusts	1,024.5	149.3	875.2	-	1,024.5
Debenture	614.6	-	614.6	-	614.6
Financial assets disclosed at fair value					
Cash and cash equivalents	477.4	477.4	-	-	477.4
Held-to-maturity investments measured					
at amortised cost					
Government and state enterprise securities	298.2	-	298.7	-	298.7
Private enterprise debt securities	486.7	-	485.4	-	485.4
Foreign debt securities	19.9	-	19.7	-	19.7
Deposits at financial institutions which matured over 3 months	655.0	655.0	-	-	655.0
Loans	8.3	-	-	8.3	8.3

(Unit: Million Baht)

	2021				
	Carrying values	Fair values			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments measured					
at fair value through other					
comprehensive income					
Equity securities	78.1	-	-	78.1	78.1
Unit trusts	1,221.5	159.9	1,061.6	-	1,221.5
Debenture	446.3	-	446.3	-	446.3
Financial assets disclosed at fair value					
Cash and cash equivalents	950.4	950.4	-	-	950.4
Held-to-maturity investments measured					
at amortised cost					
Government and state enterprise					
securities	292.9	-	302.3	-	302.3
Private enterprise debt securities	406.6	-	416.7	-	416.7
Foreign debt securities	49.1	-	49.5	-	49.5
Deposits at financial institutions which					
matured over 3 months	5.0	5.0	-	-	5.0
Loans	8.1	-	-	8.1	8.1

The fair value hierarchy of financial assets presents according to Note 4.23 to financial statements.

The method used for fair value measurement depends upon the characteristics of the financial instrument. The Company establishes the fair value of its financial instruments by adopting the following methods:

- (a) Fair values of cash, cash equivalents and deposits at financial institutions are approximated to their carrying value.
- (b) Fair value of investments in debts securities (government and state enterprise securities, foreign debt securities and private debt securities) is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

- (c) For investments in equity securities, their fair values are derived from quoted market price. Fair values of investments units are derived from quoted market price or determined by using the net asset value per investment unit as announced by fund managers. For investment in non-marketable securities, fair value is determined using valuation technique i.e. use a current market value of another security that is substantially the same term and characteristics, or discounted cash flow analysis with discount rates equal to prevailing rate of return for similar securities and relevant risks.
- (d) Loans are presented at fair value, which are estimated by discounting expected future cash flow by the current market interest rate.

During the current year, there were no transfer with in the fair value hierarchy.

Reconciliation of recurring fair value measurements of financial assets, categorised within Level 3 of the fair value hierarchy, are as follow:

		(Unit: Million Baht)
		Equity instruments
Balance as of 1 January 2022		78.1
Loss recognised in other comprehensive income		17.8
Balance as of 31 December 2022		95.9

Key assumption used in the valuation of investments catagorised within Level 3 which is significant change in fair value measurement is summarised below.

				(Unit: Million Baht)
Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Investment in non-listed equity investments	Discounted future cash flows	Discount rate	9.5%	1% decrease in the discount rate would result in an increase in fair value by Baht 2.23 million.

33. Capital management

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

34. Events after the reporting period

On 17 January 2023 the Company received the tender offer to purchase securities of the Company (Form 247-4) by ThaiSri as the Tender Offeror. The tender offer will be made for 13,900,000 ordinary shares, representing 100% of the total issued and paid-up shares, at a price of Baht 215.0 per share, which is not lower than the highest price calculated based on procedures as specified under TorChor.12/2554 Re. Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover, in order to delist the Company's securities from the SET. The Tender Offer period is 45 business days, from 18 January 2023 to 22 March 2023.

On 15 February 2023, according to the Preliminary result of Tender Offer to purchase securities report (form 247-6-Khor), the proportion of tendered shares until 14 February 2023 is 90.61% of total number of outstanding shares of the business.

Since it is currently during the tender offer period of the Company's securities by ThaiSri, as a result, as of the date of approval for issuance of financial statements for the year ended 31 December 2022, the Company's major shareholder changed to ThaiSri Insurance Public Company Limited.

35. Approval of the financial statements

These financial statements were authorised for issue by the Board of Directors on 27 February 2023.