

Annual
Report

2018



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The Navakij Insurance Public Company Limited

Vision

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology.
- Provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.



Mission

- Provide good and high quality services to customers with fairness and integrity.
- Innovate and develop new insurance products for the changing needs of society.
- Focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
- Support and develop a good working environment and promote unity among employees as well as maintaining competitive benefits and compensation suitable for social environment.
- Invest in human resource development and encourage employees to be professional and maintain high ethical standard.
- Develop and implement new technology to effectively improve our service to the customers.

Content

02

Financial Highlights

04

Message from the Chairman of the Board

05

Message from the Chief Executive Officer
and the President

06

Operating Results from Underwriting

08

The Remuneration, Nomination
and Governance Committee's Report

09

Audit Committee's Report

11

Report of the Board of Directors' Responsibilities
for the Financial Statements

12

Organizational Structure

14

The Company's General Information

16

Board of Directors and Executive Profiles

24

Shareholders and Management Structure

37

Economic and Non-Life
Insurance Industry Trends

39

Nature of Business

40

Risk Management

45

Management Discussion and Analysis

51

Sustainable Development

63

Independent Auditor's Report

66

Financial Statements and
Notes to Financial Statements

Financial Highlights

For the fiscal year ended 31 December

Financial Statements in which the equity method is applied

	Unit	2018	2017	2016
Financial Position				
Total assets	million Baht	5,228.00	5,164.95	5,587.42
Total liabilities	million Baht	3,120.82	2,992.53	3,436.21
Company shareholders' equity	million Baht	2,107.18	2,172.42	2,151.22
Investment in securities	million Baht	2,820.82	2,960.75	3,111.99
Dividend per share	Baht	1.79	1.80	1.00
Paid-up capital	Share	34,000,000	33,000,000	33,000,000
Authorized capital	Share	34,000,000	33,000,000	33,000,000
Operating Performance				
Gross written premium	million Baht	2,892.62	2,635.82	2,839.04
Net written premium	million Baht	2,192.43	2,010.22	2,199.55
Earned premium	million Baht	2,094.44	2,086.21	2,547.95
Fee and commission income	million Baht	197.96	179.93	147.83
Net loss incurred	million Baht	1,218.97	1,350.34	1,786.69
Underwriting expenses include operating expenses	million Baht	2,286.59	2,296.14	2,835.37
Underwriting profit (loss) after deducting operating expenses	million Baht	5.81	(30.00)	(139.59)
Investment and other Income (loss)	million Baht	98.87	159.53	177.67
Profit before income tax expenses	million Baht	104.68	129.53	38.08
Income tax expenses	million Baht	18.17	18.88	4.05
Net profit	million Baht	86.51	110.65	34.03
Liquidity Ratio				
Liquidity ratio	Times	1.37	1.39	1.32
Collection period for premium due and uncollected	Days	53	54	57

**Financial Statements
in which the equity method is applied**

	Unit	2018	2017	2016
Profitability Ratio				
Retention rate	Percent	75.79	76.27	77.47
Loss ratio	Percent	58.20	64.73	70.12
Underwriting profit margin	Percent	18.01	14.01	8.54
Underwriting expenses ratio	Percent	50.97	45.34	41.16
Return on investment	Percent	3.48	5.38	6.48
Net written premium to shareholders' fund	Times	1.02	0.93	1.03
Net profit margin	Percent	3.62	4.5	1.17
Return on equity	Percent	4.04	5.12	1.59
Earning per share*	Baht	2.54	3.25	1.00
Efficiency Ratio				
Return on assets	Percent	1.66	2.06	0.60
Assets turnovers	Times	0.46	0.45	0.52
Financial Position Ratio				
Debt to equity ratio	Times	1.48	1.38	1.60
Policy Liability to Capital Fund	Times	1.04	0.99	1.13
Unearned premium reserve to equity	Times	0.74	0.66	0.72
Unearned reserve to total assets	Percent	29.67	27.70	27.72
Dividend payout ratio	Percent	70.51	53.68	97.00

* The Company adjusted number of shares used to calculate earnings per share as if the stock dividend has been issued since the first day of the year of the offer.



Message from the Chairman of the Board

Vision of “Navakij” consists of providing quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders, and the general public and operating a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.

Board of Directors is committed to such vision requires consistent discipline in managerial rules, strict compliance with procedures and regulations of all relevant regulatory bodies, anticipation and consideration of events related to the market and the national and global financial landscapes. These are the challenges that we undertook when we started this company and the values we aspire to always maintain.

The Company has achieved tremendous progress in its operation since its establishment in the year 1933. For more than 85 years, the Company has been in the forefront in providing insurance services to various sectors of economy in the country. Overall, our goal is to be the leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology. This will require a proactive and sustainable development approach supported by rigorous management supported by a team of dynamic professionals.

Our strategy, culture, and the strengths of our business put us in an enviable position, helping us to generate cash for shareholders, while making us better at serving those who depend on us, year for year, to secure their lives, livelihoods and futures as the Company’s vision “Secured Future with Dependable Insurer”.

Another very successful year for the Company has just ended and this report will explain it in great detail. For this success to happen we needed the full effort of dedicated employees, our loyal clients and, last but not least, the support of our shareholders. To the many that contributed throughout the year, my sincere thanks and appreciation.

Suchin Wanglee
Chairman of the Board of Directors

Message from the Chief Executive Officer and the President

Based on the Company's operating results for the year 2018, it has shown that the Company has developed an appropriate plan to engage and support new opportunities in the Thai insurance industry that is becoming more intense and competitive today. With the given challenges, the Company continues to strive in product development and distribution channels. As a result, the Company is able to move forward with stability amidst challenges in the past year.



Despite the difficulty and challenges in our sector last year, the Company was able to maintain a steady and healthy growth as we ended with the net profit of 88 million Baht, resulting from implementing high standards in the care of the Company's customers.

The Company's strategy is to focus on its customers and at the same time reducing the complexity of doing business. By introducing new innovations and products, the Company sets itself apart from other companies in the same industry. The Company's market shares in 2018 has improved in line with the Company's goals. The Board of Directors has approved the strategic plan for 2019 which set goals and guidelines for achieving those goals for growth and remain profitable, preparation for expected market and regulatory changes including long term cost reduction. Nonetheless, the Company continues to focus on increasing the underwriting profits and reducing the claims on the motor side.

As a result of the Company's performance last year, we demonstrate a strong financial status and whilst maintaining focus on our goals, treating all stakeholders equally, revise our underwriting policy, cost reduction and expanding sources of business which will enable the Company to compete in the upcoming year.

The Company can only succeed when it is able to create satisfaction for its customers and stakeholders. I would like to thank all the employees of Navakij for their hard work, ideas and integrity which makes the Company confident that it has assigned the right person for the appropriate responsibility and at the same time encourage employees to demonstrate their full potential in a given role.

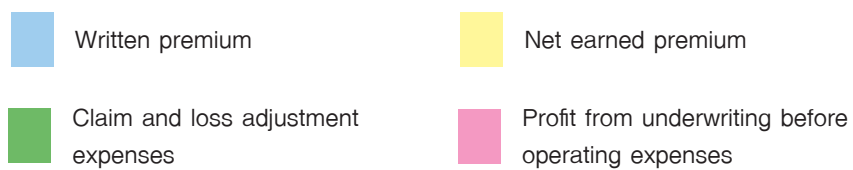
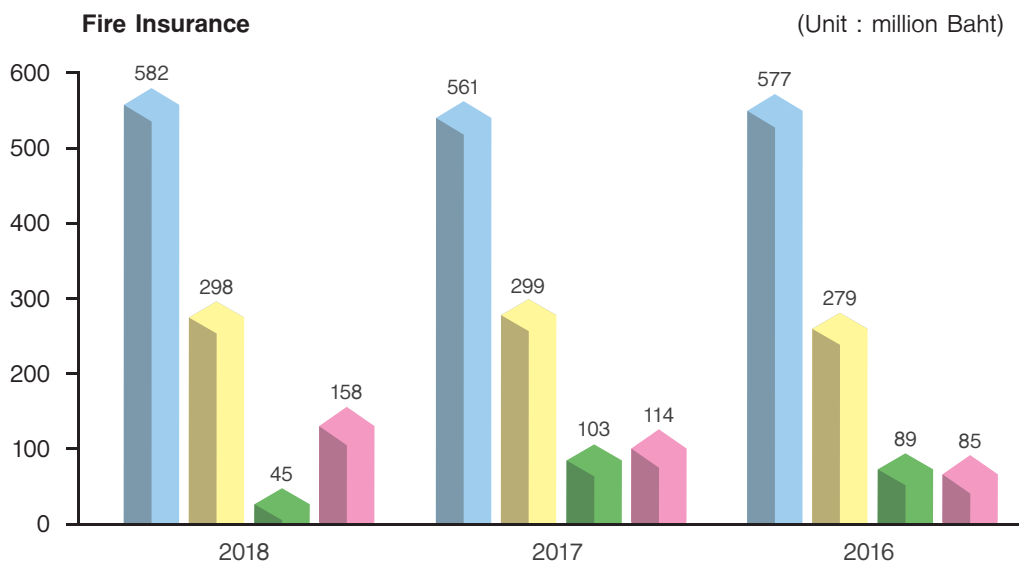
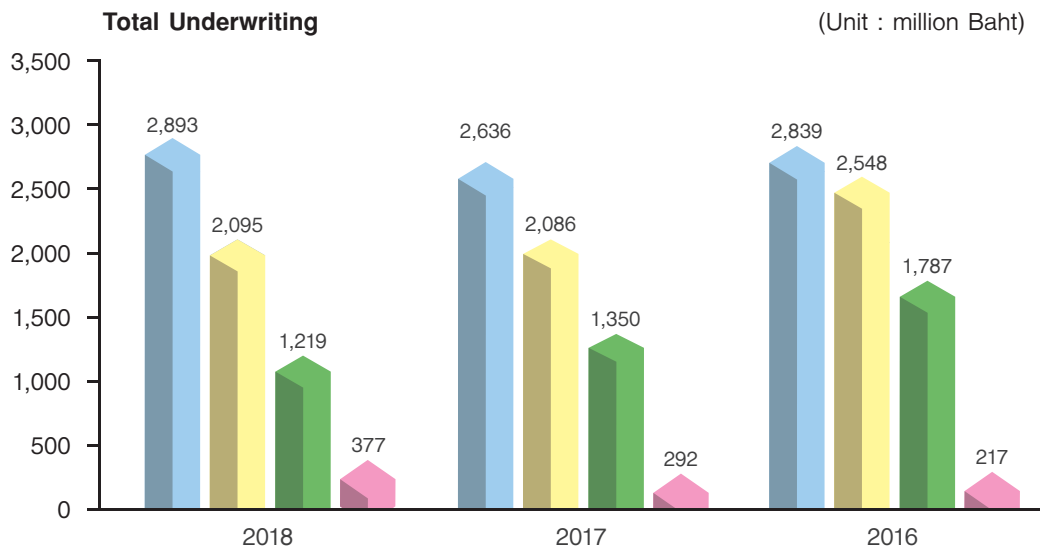
I would like to express my sincere thanks to our shareholders, stakeholders and all our business partners, all regulatory bodies who have provided us the support and guidance that has enabled us to march forward with confidence.

A handwritten signature in black ink, appearing to read 'Pitiphong Bisalputra'. The signature is fluid and cursive, written on a white background.

Pitiphong Bisalputra

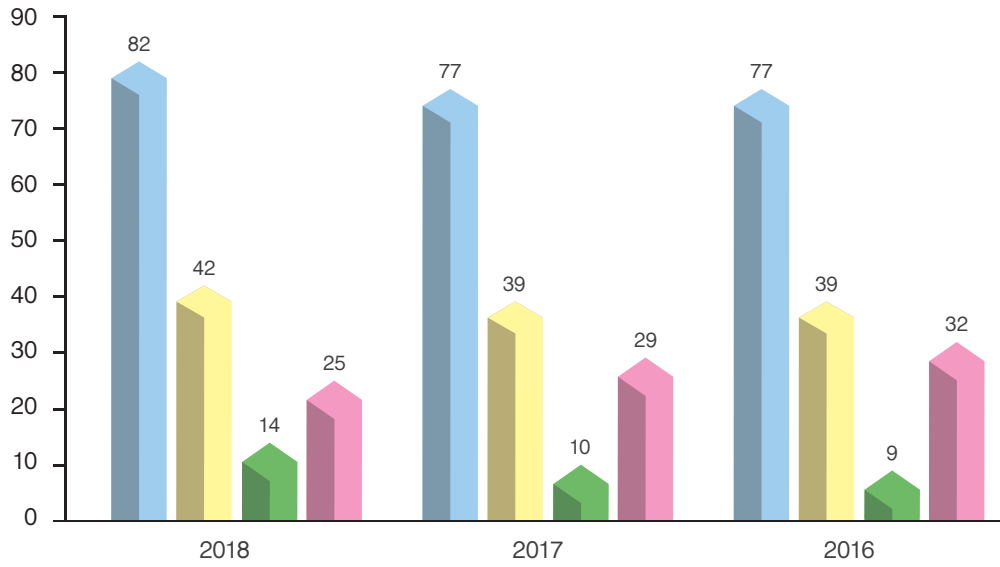
CEO & President

Operating Results from Underwriting



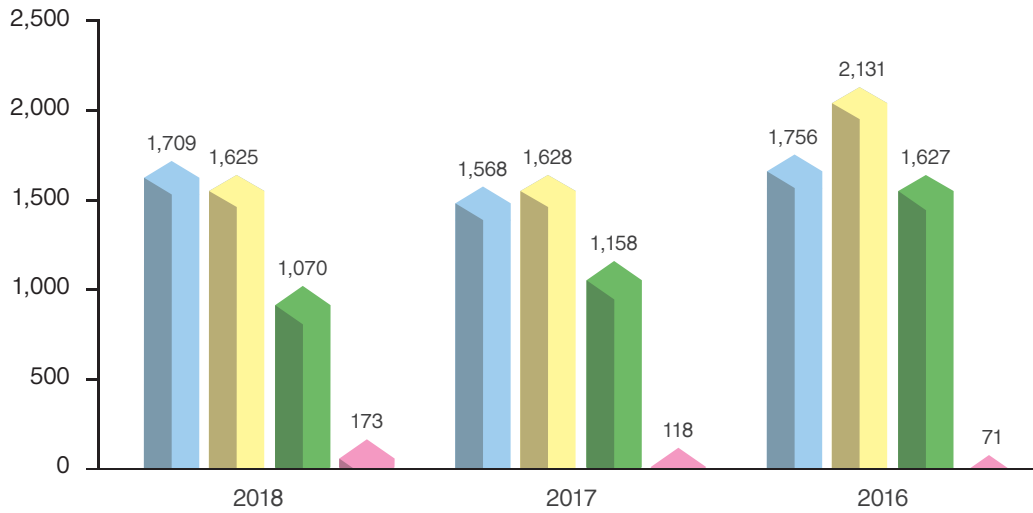
Marine and Transportation Insurance

(Unit : million Baht)



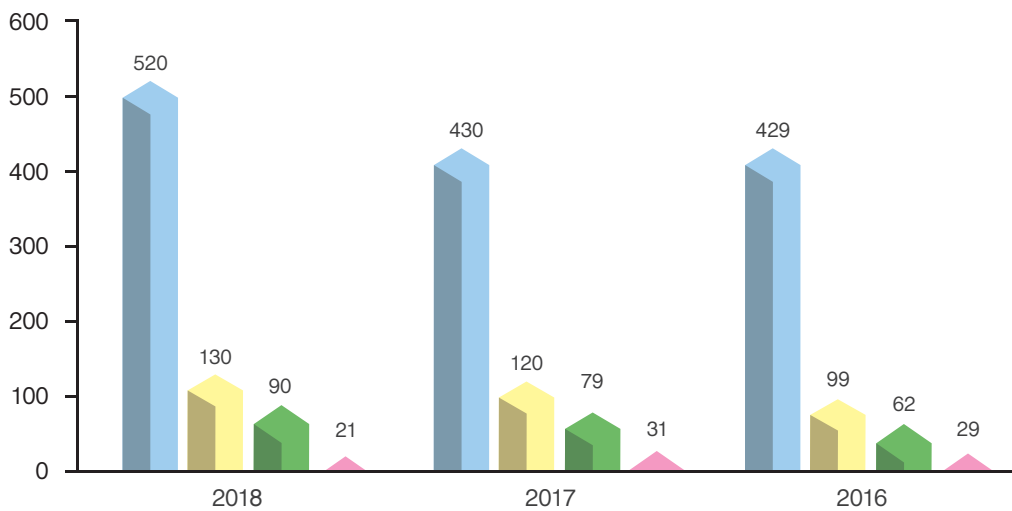
Motor Insurance

(Unit : million Baht)



Miscellaneous Insurance

(Unit : million Baht)





The Remuneration, Nomination and Governance Committee's Report

The Remuneration, Nomination and Governance Committee (The "Committee"), was created to assist the Board of Directors in fulfilling its corporate governance responsibilities, nomination and consideration for the remuneration of directors and the top executives, in order to ensure the Board's effectiveness.

In 2018, the Committee held two meetings and its members' attendance was 100 percent by the three directors. The Committee's performance of its duties is summarized as follows:

Navakij's remuneration structure puts a greater emphasis on variable remuneration elements, the directors shall receive remuneration that is suitable for their duties and responsibilities with consideration to the operation result and dividend payment in comparison to the same type of industry. For the top executives, it is determined by the achievements against predefined measures which are aligned with the Company's strategy and financial targets.

Each year, the Committee reviews the composition of the Board against the Board approved ideal skills, experiences and diversity to identify gaps. Then, with the approval of the Board, the Committee looks for strong candidates to fill these gaps and recommends them to the Board for endorsement. The Company gave the directors and shareholders an opportunity to propose the qualified candidates to be nominated as director prior to the date of the annual general meeting of shareholders for the year 2018. However, none of shareholders proposed a qualified candidate to be nominated as the director of the Company. As a result, all retired directors have been re-elected to serve another term as the Board of Directors.

The Committee has reviewed and evaluated the implementation of the Corporate Governance Code for listed companies 2017 to the Company's business in the interest of long-term sustainable value creation. Thus, by following the advice of governing body for certain issues on whether or not it can be implemented, results are that some principles and sub-principles are not applicable.

The Board and Management believe that corporate governance is a critical component of sound strategic business management and will therefore places importance on creating awareness within the organization to ensure that the principles of fairness, accountability and transparency are indispensable in conducting business of the Company.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

Pramon Sutivong

Chairman of the Remuneration, Nomination and Governance Committee



Audit Committee's Report

The Audit Committee (the "Committee") comprises a team of independent directors who are all expert of accountancy, finance and organization management, namely Professor Hiran Radeesri, Chairman of the Committee, and two members; Mr. Pramon Sutivong and Mr. Kiet Srichomkwan

During 2018, the Committee held ten meetings and its members' attendance was 100% by those three members. The Committee's performance of its duties and responsibilities assigned by the board of directors and comply with the Committee charter, is summarized as follows:

1. Review of the financial statements for the year 2017 and the quarterly financial statements for the year 2018

The Committee had jointed meetings with the Company's executive officers e.g. vice president of finance, vice president of office of internal audit as well as the Company's external auditor, to discuss and answer questions on the preparation of financial statements in order to comply with relevant law and standard of accounting principles. The meeting was held to ensure that the audited financial statement were accurate conforming to accounting principles standard and disclosed information were adequate, complete and reliable. Feedbacks and suggestions from the external auditor were considered and applied to achieve optimum benefit to the Company. In addition, the Committee held one meeting with the Company's external auditor specifically to ensure that the financial statements were prepared without any intervention and the Company's external auditor was independent. Executive vice president who is the chief financial officer confirmed that the Company's accounting system was effective and were confident that collection and recording of transactions were complete, conforming to accounting principles standard of the time. From reviewing the statements and explanation received from the persons in charge and the external auditor, the Committee formed an opinion that the financial statements were completely and accurately prepared according to the Thai Financial Reporting Standards and also in line with the stipulations of the Office of Insurance Commission (OIC).

2. Review of the adequacy of internal control systems

The Committee reviewed and assessed the system together with the external auditor through reports of office of internal audit on regular basis. There is no significant deficiency and the internal control system is reasonably adequate and appropriate. The Committee reviewed and assessed the annual internal audit plan which follows the risk assessment result and approved budget of office of internal audit and laurels of the vice president of office of internal audit. From a review of the internal control system conducted by the Committee, it had an opinion that the internal control system was adequate and appropriate.

3. Review of the related-party transaction or the transactions that may lead to conflict of interest

The Committee reviewed on the compliance with laws, rules and regulations of relevant regulatory bodies. During 2018, the Company had significant business transactions with related parties arose in the ordinary course of business that compliance checklist has been implemented to ensure compliance with the rules and regulations of related laws with adequately and appropriate.

4. Review of good corporate governance and regulatory compliance

The Committee reviewed the efficiency and effectiveness of good governance and the compliance with rules and regulations and related laws and it was found that the directors, executives, and employees had complied with the policy and all relevant laws and regulations. The Company, therefore, is a member of Thailand's Private Sector Collective Action Coalition Against Corruption and the anti-corruption policy has been implemented properly to its business.

5. Risk management

Risk management committee was formed and assigned to formulate and manage risk management plan of the Company. The Committee assessed with the Company's executives to ensure that the plan was implemented effectively and to provide recommendations to the board of directors for adjustment in order to enhance the plan effectiveness and to comply with OIC's regulations and guidelines.

6. The Committee reviewed charter of the Committee on a yearly basis to be in line with a change in risk condition and current situation and also evaluated their performance, of which the assessment result is ranked in a good level and recommended to regularly update.

7. Appointment of the external auditor for 2019

The Committee evaluated the external auditor performance during the past year, of which result is satisfactory. It also considered their independence and qualifications and was of opinion that they were conformed to criteria regulated by Securities and Exchange Commission. Therefore, the Committee recommended the board of directors to appoint Ms. Somjai Khunapasut, C.P.A. Registration No. 4499 or Mrs. Nongluk Pumnoi, C.P.A. Registration No. 4172 or Ms. Rachada Yongsawadvanich, C.P.A. Registration No. 4951 or Ms. Narissara Chaisuwan, C.P.A. Registration No. 4812, all from EY Office Limited, to be the Company's external auditor for the year 2019 and also proposed audit fees and others, totaling of 2.275 million Baht, submitted to the annual general meeting of shareholders for approval.

The Committee forms an opinion that the Company observed good governance principles in conducting its business, with efficiency in risk management, accuracy and credibility of financial statements and accountancy in compliance with law and regulations which related to its business. The Company also has proper systems of internal controls and monitoring to assess business situation on regular basis.



Professor Hiran Radeesri
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for the Financial Statements

Board of directors puts strong emphasis on principles of good corporate governance and supervised financial reports presented in the annual report and such financial reports were stated in accordance with Thai Financial Reporting Standards, applying the appropriate accounting policies and consistently adhered with careful discretion and best estimation in the preparation. Beside, significant information was disclosed sufficiently in the notes to financial statements benefit to shareholders and investors in a transparent manner.

The board of directors has provided and maintained the appropriate and efficient internal control system to reasonably ensure that the accounting data are accurate, complete, and sufficient to maintain its assets and to prevent fraud and materially irregular operation.

The audit committee that comprises independent directors have been assigned by the board of directors to take charge of the Company's financial reports and internal control quality matters. The audit committee's views regarding this issue is disclosed in this annual report under the section of the audit committee's report.

The board of directors is of the opinion that the overall internal control system of the Company is sufficient and appropriate and can build the confidence that the financial statements of NKI for the year ended 31 December 2018 are reliable, comply with relevant laws and regulations as well as in accordance with Thai Financial Reporting Standards.



Suchin Wanglee

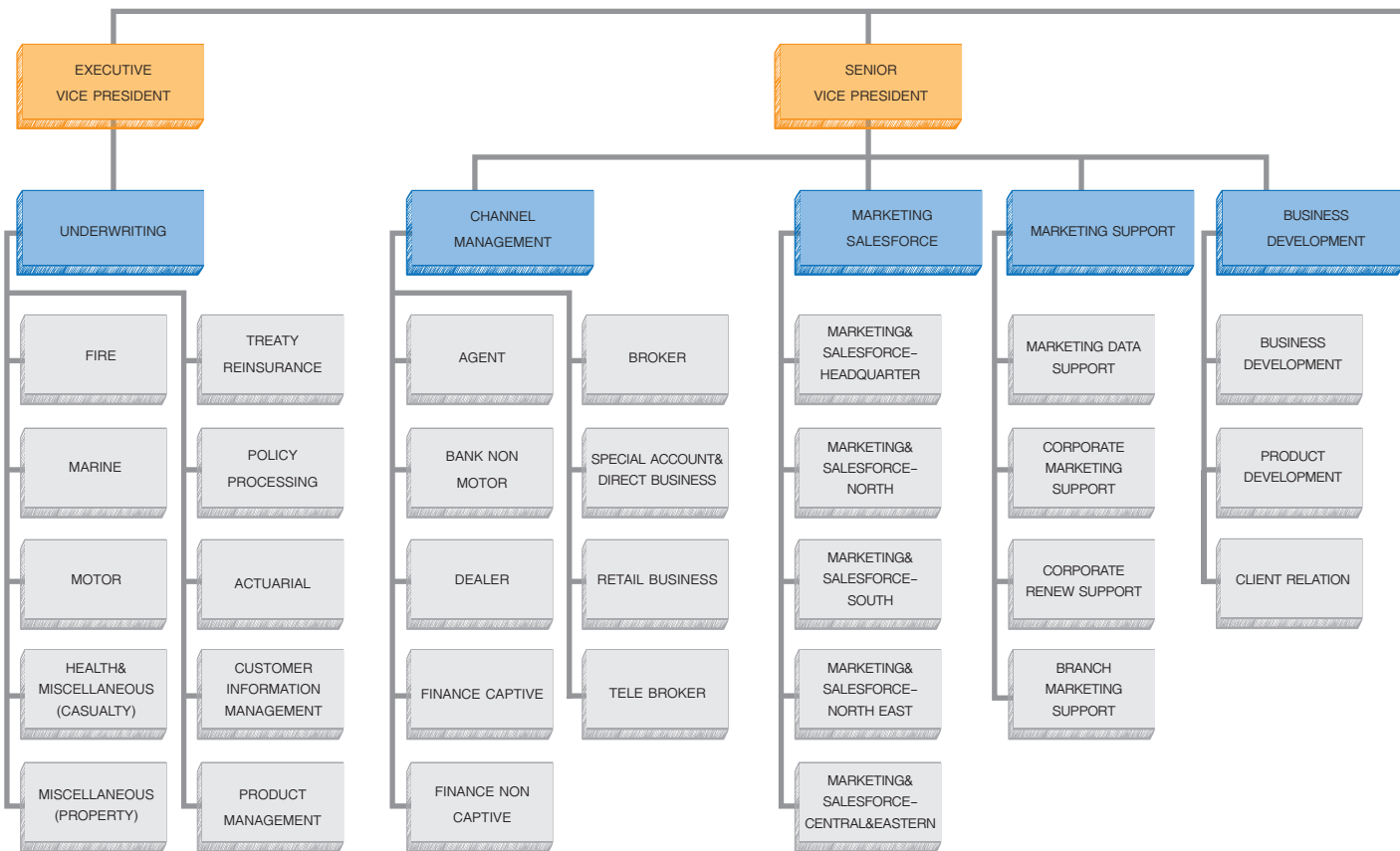
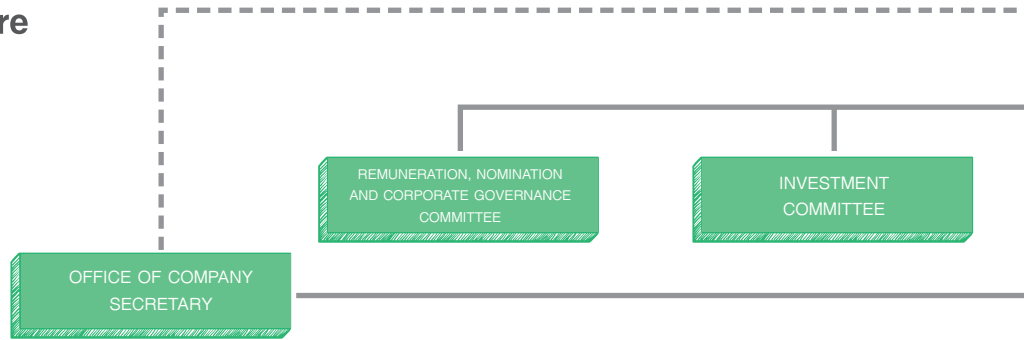
Chairman of the Board of Directors

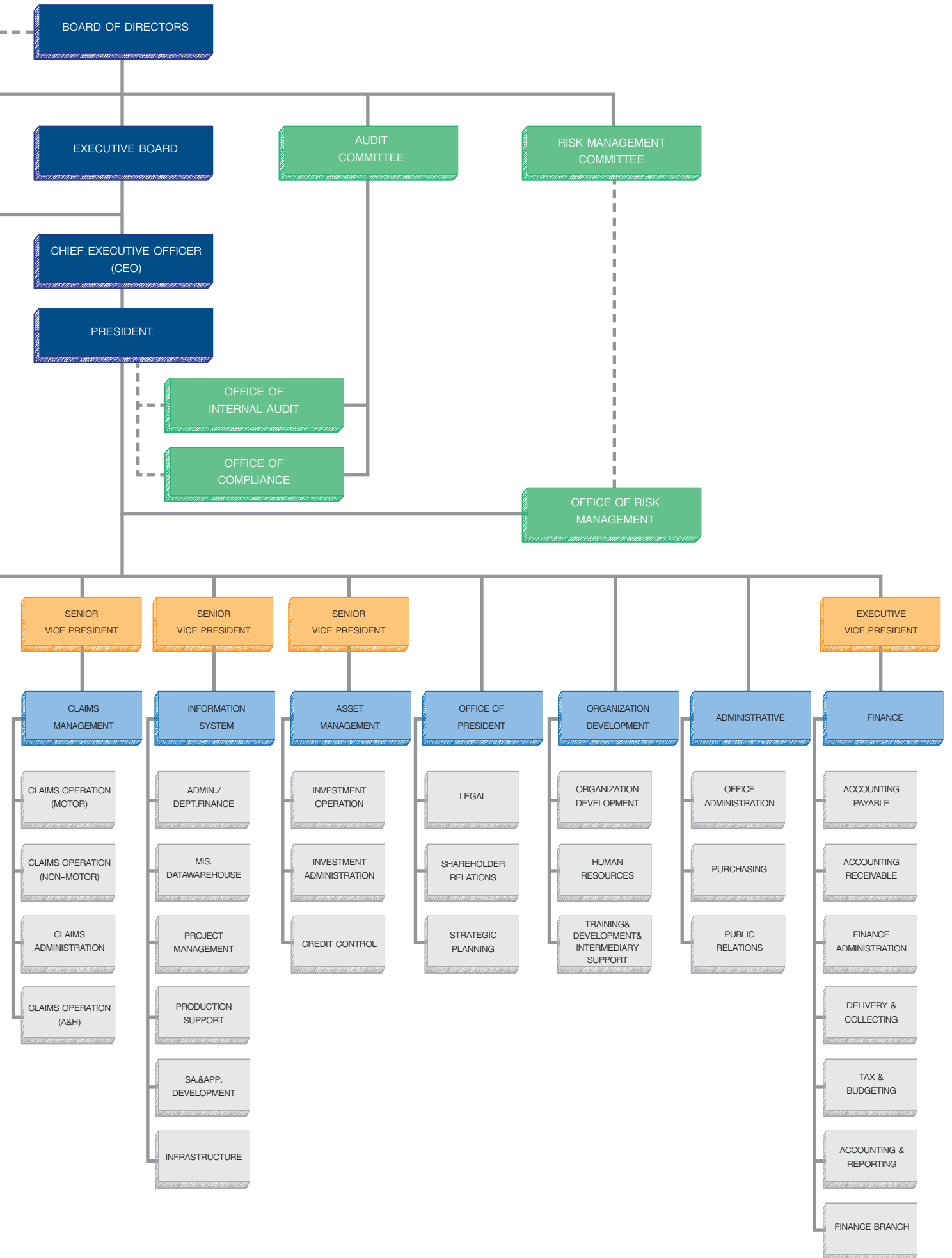


Pitiphong Bisalputra

CEO & President

Organizational Structure





The Company's General Information

The Company's Information

Stock Code	NKI
Type of Business	Non-life Insurance
Registration No.	0107536000862
Year of Establishment	23 September 1933
First Trade Date	24 August 1990
Registered Capital	340 million Baht, comprised of 34 million shares @10 Baht par value
Paid-up Capital	340 million Baht
Headquarter Address	25 th -27 th Floor, Sathorn Nakorn Tower, 100/47-55, 1 st Floor, Sathorn Thani Building, 90/3-6 North Sathorn Road, Silom, Bangrak, Bangkok 10500
Corporate Headquarters	Telephone (66) 2664 7777 Fax (66) 2636 7999 Accident Notification: 1748
Website	www.navakij.co.,th
Shareholder Relations	office_president@navakij.co.th

Investment in other company at 10 percent or more of paid-up capital (Direct shareholding)

Company Name	The Falcon Insurance Plc.
Type of Business	Non-life Insurance
Listed Share	Common stock 10 million shares @10 Baht par value
Paid-up Stock	Common stock 10 million shares @10 Baht par value
Shareholding Structure	NKI holds 1.2 million shares or 12 percent of paid-up stock
Headquarter Address	33/4 Building A, The 9th Towers, 24th - 25th Floor, Rama 9 Road, Huay Khwang, Bangkok 10310
Telephone	(66) 2676 9888
Fax	(66) 2676 9898
Company Name	TKI General Insurance Co., Ltd.
Type of Business	Non-life Insurance
Listed Share	Common stock 8 million shares @2,000 LAK par value
Paid-up Stock	Common stock 8 million shares @2,000 LAK par value
Shareholding Structure	NKI holds 2.6 million shares or 32.5 percent of paid-up stock
Headquarter Address	Level 4, Zone A Office Unit, The Iconic, Unit 11, Phonxay Road, Phonxay Village, Saysettha District, Vientiane Capital, 01000, Lao PDR
Telephone	(856) 21 417707
Fax	(856) 21 417705
Company Name	TKI Life Insurance Co., Ltd.
Type of Business	Life Insurance
Listed Share	Common stock 8 million shares @2,000 LAK par value
Paid-up Stock	Common stock 8 million shares @2,000 LAK par value
Shareholding Structure	NKI holds 2.6 million shares or 32.5 percent of paid-up stock

Headquarter Address	Level 4, Zone A office Unit, The Iconic, Unit 11, Phonxay Road, Phonxay Village, Saysettha District, Vientiane Capital, 01000, Lao PDR
Telephone	(856) 21 417707
Fax	(856) 21 417705

Other References

Securities Registrar	Thailand Securities Depository Co., Ltd. 93 Ratchadsaphisek Road, Dindaeng, Bangkok 10400 Telephone (66) 2009 9000 Fax (66) 2009 9991
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External Auditor	Miss Somjai Khunapasut C.P.A. Registration No. 4499 EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Telephone (66) 2264 0777 Fax (66) 2264 0789-90
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Board of Directors and Executive Profiles

Board of Directors

Mr. Suchin Wanglee

Chairman of the Board of Directors, Director, Advisor to the Investment Committee, & Advisor to the Executive Board

Age	82 years	
Date of Appointment	29 April 1993	
The latest reelection	27 April 2017	
Education	Bachelor Degree in Electronic Engineering,	
NKI Shareholding	Northrop Institute of Technology, USA	
Director and Executive Training Program	13.56 percent	
Thai Institute of Directors Association	<ul style="list-style-type: none"> - Director Accreditation Program 2013 - Role of the Chairman Program 2011 	
OIC Advance Insurance Institute	- Thailand Insurance Leadership Program, class 2/2012	
Urban Green Development Institute Bangkok	- Top Executive Program in Urban Green Development 2011	
Commerce Academy	- Top Executive Program in Commerce and Trade 2010	
Capital Market Academy	- Capital Market Academy Leadership Program, class 9/2009	
Harvard University, USA	- Executive Course	
Position in Other Listed Company (5)		
Sermsuk Plc.	2013–Present	Audit Committee Member
	2012–Present	Chairman of the Compensation Committee
	2011–Present	Vice Chairman
	2010–Present	Director
BTS Group Holding Plc.	2010–Present	Director, Audit Committee Member, & Nomination and Remuneration Committee Member
Thai Metal Drums MFG. Plc.	2018–Present	Chairman
	1989–Present	Director
Thaire Life Assurance Plc.	1999–Present	Chairman
Varopakorn Plc.	1994–Present	Director
Position in Other Non-Listed Company (12)		
5-year Past Experiences		
Thai Metal Drums MFG. Plc.	2010–2018	Vice Chairman
	2009–2018	Chairman of the Remuneration and Nomination Committee
Thai Reinsurance Plc.	1978–2016	Chairman
Thai-German Ceramics Industry Plc.	1969–2013	Director
The Falcon Insurance Plc.	2007–2014	Chairman
	1970–2014	Director
Nuchapon Co., Ltd.	1990–2017	Director

Mr. Pitiphong Bisalputra

Director, Chairman of the Investment Committee, Chairman of the Executive Board, Risk Management Committee Member, Chief Executive Officer and President

Age	54 years	
Date of Appointment	25 April 2002	
The latest reelection	27 April 2017	
Education	Master Degree in Business Administration, University of Hartford, USA	
NKI Shareholding	0.46 percent	

Mr. Pitiphong Bisalputra (continued)**Director and Executive Training Program**

Thai Institute of Directors Association	- Successful Formulation& Execution of Strategy 2009
	- Director Certification Program 2003
The Association National Defence College of Thailand Under The Royal Patronage of His Majesty the King	- Advanced Diploma in Security Management Program
	- National Defence College, The National Defence Course Class 57

Position in Other Listed Company (1)

Thai Metal Drums MFG. Plc.	2018–Present	Director, Audit Committee Member & Remuneration and Nomination Committee Member
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Position in Other Non–Listed Company (11)**5–year Past Experiences**

The Navakij Insurance Plc.	2008–2014	Investment Committee Member
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Professor Hiran Radeesri**Independent Director and Chairman of the Audit Committee**

Age	89 years
Date of Appointment	24 August 1999
The latest reelection	21 April 2016
Education	Honorary Doctorate in Accounting, Thammasat University
NKI Shareholding	None

Director and Executive Training Program

Thai Institute of Directors Association	- Successful Formulation& Execution of Strategy 2009
	- Director Certification Program 2000
Capital Market Academy	- Capital Market Academy Leadership Program, class 5/2007
Yale School of Management, USA	- Certificate, Corporate Director Education Program 2002

Position in Other Listed Company (1)

Dusit Thani Plc.	1999–Present	Chairman of the Audit Committee
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Position in Other Non–Listed Company (3)**5–year Past Experiences**

Thai Com Plc.	2001–2018	Chairman of the Audit Committee
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Mr. Pramon Sutivong**Independent Director, Audit Committee Member & Chairman of the Remuneration, Nomination and Governance Committee**

Age	79 years
Date of Appointment	29 April 1994
The latest reelection	24 April 2018
Education	Master Degree in Mechanical Engineering, University of Kansas, USA
NKI Shareholding	0.52 percent

Director and Executive Training Program

Thai Institute of Directors Association	- Audit Committee Program 2013
	- Role of the Compensation Committee 2009
	- Director Accreditation Program 2003
	- Role of the Chairman Program 2001
Harvard Business School, USA.	- Advance Management Program 1987

Mr. Pramon Sutivong (continued)**Position in Other Listed Company (1)**

The Siam Cement Plc.	2011–Present	Audit Committee Member
	2009–Present	Director and Remuneration Committee Member

Position in Other Non–Listed Company (5)**5–year Past Experiences**

Office of the Civil Service	2007–2017	Director
Toyota Motor Thailand Co., Ltd.	1999–2017	Chairman

Mr. Nipol T.Jeerawong

Director, Chairman of the Risk Management Committee, Investment Committee and advisor to the Chairman of the Board

Age	67 years	
Date of Appointment	29 April 1992	
The latest reelection	21 April 2016	
Highest Education Degree	Bachelor Degree in Statistics and Mini MBA, Thammasat University	
NKI Shareholding	0.31 percent	
Director and Executive Training Program		
Thai Institute of Directors Association	<ul style="list-style-type: none"> – Board Matters and trends 2017 – Director Certification Refresher Program 2008 – Director Certification Program 2002 	
Capital Market Academy	– Capital Market Academy Leadership Program, class 13/2011	
The Association of National Defence College of Thailand Under The Royal Patronage of His Majesty the King	– National Defence College, The State, Private Sector and Political Sector Course Class 2005	
Sasin Graduate Institute of Business Administration of Chulalongkorn University	– Senior Executive Program (SEP–10)	
Scandia Management Program, Sweden	– Insurance Management Program	
Swiss Insurance Training Center, Switzerland	– General and Insurance Management	
Position in Other Listed Company	None	
Position in Other Non–Listed Company	None	
5–year Past Experiences		
Eastern Water Resources Development and Management Plc.	2017–2018	<ul style="list-style-type: none"> Advisor to the Board Advisor to the Investment Committee Advisor to the Remuneration Committee
	2016–2017	Director
The Navakij Insurance Plc.	2007–2014	CEO and Chairman of the Investment Committee
	1997–2017	President
The Falcon Insurance Plc.	2006–2014	Advisor

Mr. Kiet Srichomkwan**Independent Director, Audit Committee Member &
Remuneration, Nomination and Governance Committee Member**

Age	81 years
Date of Appointment	23 November 1999
The latest reelection	27 April 2017
Highest Education Degree	Bachelor Degree in Business Administration, New Mexico University, USA
NKI Shareholding	0.12 percent
Director and Executive Training Program	
Thai Institute of Directors Association	<ul style="list-style-type: none"> - Director Certification Program Update 2015 - Role of the Chairman Program, Role of the Nomination and Governance Committee 2012 - Monitoring the System of Internal Control and Risk Management, Monitoring Fraud Risk Management, Monitoring the Internal Audit Function 2010 - Monitoring the Quality of Financial Reporting 2009 - Improving the Quality of Financial Reporting 2006 - Audit Committee Program 2004 - Finance for Non-Finance Director, Director Accreditation Program 2003 - Director Certification Program 2002
Commerce Academy	<ul style="list-style-type: none"> - Top Executive Program in Commerce and Trade 2009
Position in Other Listed Company (1)	
VGI Global Media Plc.	2016–Present Director and Audit Committee Member
Position in Other Non-Listed Company (8)	
5-year Past Experiences	-

Mr. Phornpong Phornprapha**Independent Director &
Remuneration, Nomination and Governance Committee Member**

Age	68 years
Date of Appointment	26 April 2007
The latest reelection	27 April 2017
Education	Bachelor Degree in Business Administration, California State University, USA
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	None
Position in Other Listed Company	None
Position in Other Non-Listed Company (23)	
5-year Past Experiences	-

Mr. Chan Soo Lee**Independent Director**

Age	58 years
Date of Appointment	29 April 2003
The latest reelection	24 April 2018
Education	Bachelor Degree in Electronic & Computer, National University of Singapore, Singapore
NKI Shareholding	0.98 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2013
Position in Other Listed Company	None
Position in Other Non-Listed Company (5)	
5-year Past Experiences	-

Mr. Thamnu Wanglee**Director**

Age	81 years
Date of Appointment	29 April 1992
The latest reelection	21 April 2016
Education	Diploma, E.M.I. Electronic College, England
NKI Shareholding	1.28 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2006
Position in Other Listed Company	None
Position in Other Non-Listed Company (3)	
5-year Past Experiences	-

Mr. Vuttichai Wanglee**Director**

Age	77 years
Date of Appointment	29 April 1992
The latest reelection	24 April 2018
Education	Bachelor Degree in Industrial Engineering, Boston University, USA
NKI Shareholding	1.78 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2011
Position in Other Listed Company	None
Position in Other Non-Listed Company (5)	
5-year Past Experiences	-

Ms. Jittinan Wanglee**Director**

Age	46 years
Date of Appointment	29 April 2003
The latest reelection	24 April 2018
Education	Master Degree in Business Administration, Babson College, USA
NKI Shareholding	0.68 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2007
Position in Other Listed Company	None
Position in Other Non-Listed Company (9)	
5-year Past Experiences	-

Mr. Kaet Wanglee**Director**

Age	39 years
Date of Appointment	10 May 2012
The latest reelection	27 April 2017
Education	Master Degree in Science (Hospitality Management), New York University, USA
NKI Shareholding	0.21 percent
Director and Executive Training Program	
Thai Institute of Directors Association	- Director Accreditation Program 2014
Position in Other Listed Company	None
Position in Other Non-Listed Company (8)	
5-year Past Experiences	-

Ms. Charuwan Chabchamrun**Director and Company Secretary**

Vice President; Office of Company secretary, Office of Compliance and Office of President

Age	48 years
Date of Appointment	26 February 2015
The latest reelection	21 April 2016
Education	Bachelor of Arts, Chulalongkorn University
NKI Shareholding	None
Director and Executive Training Program	
Thai Institute of Directors Association	- Board Matters and Trends 2018 - Company Secretary Program 2015 - Director Accreditation Program 2014
Position in Other Listed Company	None
Position in Other Non-Listed Company	None
5-year Past Experiences	
The Navakij Insurance Plc.	2009-2014 Vice President of Administration Department

Executive as the definition defined by SEC

Ms. Anukul Thitikulrat Executive Vice President–Finance (Chief Financial Officer),
Risk Management Committee and Executive Board Members

Age	56 years
Commence in	Year 2002
Education	Master Degree in Business Administration, Chulalongkorn University
NKI Shareholding	None
Director and Executive Training Program	Thai Institute of Directors Association (None)
Position in Other Listed Company	None
Position in Other Non–Listed Company	None
5–year Past Experiences	
The Navakij Insurance Plc.	2004–2013 Senior Vice President

Mrs. Nalina Bodharamik Executive Vice President–Underwriting,
Risk Management Committee and Executive Board Members

Age	48 years
Commence in	Year 2009
Education	Master Degree in Business Administration, University of West Florida, USA
NKI Shareholding	None
Director and Executive Training Program	Thai Institute of Directors Association (None)
Position in Other Listed Company	None
Position in Other Non–Listed Company	None
5–year Past Experiences	
The Navakij Insurance Plc.	2009–2013 Senior Vice President

Mr. Anak Wanglee Senior Vice President–Assets Management,
Risk Management Committee and Investment Committee Members

Age	41 years
Commence in	Year 2014
Highest Education Degree	M.S. Information System, Northeastern University, USA M.A. Economics, Boston University, USA
NKI Shareholding	0.19 percent
Director and Executive Training Program	Thai Institute of Directors Association (None)
Position in Other Listed Company	None
Position in Other Non–Listed Company (7)	
5–year Past Experiences	–

Mr. Anin Wanglee**Senior Vice President–Claims Management,
Acting, Vice President of Claims Management**

Age	39 years	
Commence in	Year 2009	
Education	M.B.A. Bently College, Massachusetts, USA	
NKI Shareholding	0.29 percent	
Director and Executive Training Program	Thai Institute of Directors Association – Director Accreditation Program 2015	
Position in Other Listed Company (1)	Thai Metal Drums MFG. Plc. 2015–Present Director and Audit Committee Member	
Position in Other Non–Listed Company (5)		
5–year Past Experiences	The Navakij Insurance Plc. 2013–2014 Vice President of Claims Management	

Mr. Raywat Matevelungsun**Senior Vice President–Information System**

Age	58 years	
Commence in	Year 2016	
Education	M.S. in Management Information System, University of Baltimore Master of Business Administration, Ohio University	
NKI Shareholding	None	
Director and Executive Training Program	Thai Institute of Directors Association (None)	
Position in Other Listed Company	None	
Position in Other Non–Listed Company	None	
5–year Past Experiences	CITI Bank, N.A. Thailand 1994–2014 Country Technology Head	

Dr. Saran Wanglee**Senior Vice President; Business Development, Channel Management,
Marketing Salesforce and Marketing Support**

Age	37 years	
Commence in	Year 2008	
Education	Doctor of Philosophy in Business Administration: Marketing, Sasin Graduate Institute of Business Administration of Chulalongkorn University	
NKI Shareholding	0.54 percent	
Director and Executive Training Program	Thai Institute of Directors Association – Financial Statements for Directors 2015 OIC Advance Insurance Institute – Thailand Insurance Leadership Program, class 5/2015 King Prajadhipok’s Institute – The Intermediate Certificate Course, Young Leadership in Democratic Governance, class 3/2013	
Position in Other Listed Company	None	
Position in Other Non–Listed Company (12)		
5–year Past Experiences	–	

Shareholders and Management Structure

Shareholders Structure

Top ten major shareholders as of 7 March 2019

Shareholders	Shareholding	
	No. of Shares	Percentage of Total Number of Shares
1. Mr. Suchin Wanglee Group ⁽¹⁾	4,795,293	14.10
2. The United Indemnity Company Limited	2,418,248	7.11
3. Thanasarn Sombat (Thai) Company Limited	1,719,444	5.06
4. Mr. Nataphol Srichomkwan	1,601,832	4.71
5. Siam Motors Company Limited	1,373,600	4.04
6. Mr. Pradit Rodloytuk	988,474	2.91
7. Mrs. Saijit Wanglee Group ⁽²⁾	985,634	2.90
8. Wanglee Company Limited	925,197	2.72
9. Poon Phol Company Limited	906,664	2.67
10. Mr. Chan Chi Keung	757,461	2.23
Other Shareholders	17,528,153	51.55

Note: (1) Mr. Suchin Wanglee Group consisted of (1) Mr. Suchin Wanglee holds 3,421,843 shares (2) Mrs. Rujiraporn Wanglee holds 1,190,000 shares (3) Dr. Saran Wanglee holds 183,450 shares
(2) Mrs. Saijit Wanglee Group consisted of (1) Mrs. Saijit Wanglee holds 620,980 shares (2) Ms. Jittinan Wanglee holds 231,866 shares (3) Mr. Nattachai Wanglee holds 132,788 shares

Dividend policy

The Company has a policy to pay dividend at the rate of not less than 40 percent of the net profit base on consolidate financial statements, the separate financial statement has no accumulated loss and after it is resolved by the opinion of the Board and the general meeting of shareholders.

Management Structure

1. **Board of directors** consists of the following:

- | | | |
|----|---------------------------|--|
| 1. | Mr. Suchin Wanglee | Chairman of the Board, Non-executive Director |
| 2. | Mr. Pitiphong Bisalputra | Executive Director |
| 3. | Professor Hiran Radeesri | Independent Director & Chairman of the Audit Committee |
| 4. | Mr. Pramon Sutivong | Independent Director, Audit Committee Member & Chairman of the Remuneration, Nomination & Governance Committee |
| 5. | Mr. Nipol T. Jeerawong | Non-Executive Director & Chairman of the Risk Management Committee |
| 6. | Mr. Kiet Srichomkwan | Independent Director, Audit Committee Member & Remuneration, Nomination & Governance Committee Member |
| 7. | Mr. Phornpong Phornprapha | Independent Director & Remuneration, Nomination & Governance Committee Member |

8.	Mr. Chan	Soo Lee	Independent Director
9.	Mr. Thamnu	Wanglee	Non-Executive Director
10.	Mr. Vuttichai	Wanglee	Non-Executive Director
11.	Ms. Jittinan	Wanglee	Non-Executive Director
12.	Mr. Kaet	Wanglee	Non-Executive Director
13.	Ms. Charuwan	Chabchamrun	Executive Director & Company Secretary

Duties and Responsibilities of the Board of directors

1. To oversee that the Company's operations are operated in accordance with the objects, the articles of association of the Company, and the resolutions of the shareholders' meeting, as well as the regulations specified by related laws in good faith and with due care to preserve the greatest interests of the Company.

2. To consider and approve vision, mission, directions, as well as overseeing and superintend the management to be in line with the vision or framework with effectiveness and efficiency.

3. To regularly monitor and evaluate the implementation of the corporate governance policy and the code of conduct of the Company at least once a year.

4. To approve connected transactions and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

5. To approve the acquisition and disposition of assets and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

6. To approve a significant matters submitted by the management such as business plan, budget or any project that the transaction value is greater than the authority of the management.

7. To set up a control system for financial reports, compliance with regulatory, risk management and internal control as well as providing units or personnel with an independent duty to act in the audit practice to ensure the efficient and transparent management.

8. To oversee selection of directors and set up the efficient succession plan of the top executives.

9. To appoint the committees to be adequate and appropriate of its duties, and to appoint or delegate any power to any other person(s) to conduct the Company's business subject to the control of and within the time frame as may be specified by the Board.

10. Assessing the performance of the board of directors and its committees annually.

11. To approve the criteria for annual special bonus payment for the employees.

12. To appoint the Company Secretary.

2. The Committees

1) **Audit Committee** consists of a team of independent directors. Term of office is three years and subject to a three-year term. All members as below names list have been reelected by the Board in November 2018 to serve another term in the Committee.

1.	Professor Hiran	Radeesri*	Chairman
2.	Mr. Pramon	Sutivong	Member
3.	Mr. Kiet	Srichomkwan	Member

* The first member in the list has expertise and vast experience in accounting, finance practice and experienced to review of creditability the financial report.

Mr. Phisit Photisatian, vice president, office of internal audit, is the secretary to the Committee.

Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reports to ensure the quality that are completely and accurately prepared according to the accounting standards.

2. To review the Company's internal control system and internal audit systems to ensure the efficient and to approve the appointment, transfer, removal and considering compensation and merit increases of internal audit chief as well as to define duties and responsibilities of internal audit unit.

3. To review the Company's operations in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

4. To consider, select, nominate and lay-off an independent person to be the Company's external auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.

5. To review connected transactions or any transactions in compliance with the laws and regulations specified by SET, to prevent transactions that may have a conflict of interest, to ensure that the transactions are reasonable and to preserve the greatest interest of the Company.

6. To review the efficiency of the Company's risk management system.

7. To report the Committee's performance to the board of directors at least 4 times a year.

8. To prepare report of the Committee that would be signed by the Committee's Chairman to be disclosed in the Company's annual report. The report must consist of at least following items;

8.1 An opinion on the accuracy, completeness and creditability of the Company's financial reports

8.2 An opinion on the adequacy of the Company's internal control system

8.3 An opinion on complying with the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

8.4 An opinion on the suitability of the auditor

8.5 An opinion on the transactions that may have a conflict of interest

8.6 Number of the Committee's meetings and the attendance of each member

8.7 An opinion or overview comment received by the Committee from its performance of duties in accordance with the charter

8.8 Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors

9. To perform any other tasks as assigned by the board of directors thereof with the approval of the Committee.

10. In performing of their duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Committee shall report to the board of directors for rectification within the period of time that the Committee thinks fit;

10.1 The transactions that may have a conflict of interest

10.2 Any fraud, irregularity, or material defect in the internal control system

10.3 An infringement of the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

If the Company's board of directors or management fails to make a rectification within the period of time under the first paragraph, any member of the Committee may report on the transaction or act under the first paragraph to SEC or SET and the Committee must be reported to OIC immediately.

11. If the external auditor discovers any suspicious circumstance that the director, manager or any other person responsible for the operation of the Company commits an offense as defined by laws and the auditor informed the fact relating to such circumstance to the Committee in order to continue the inspection without delay. The Committee shall inspect the circumstance and report the result of preliminary inspection to SEC and the external auditor within 30 days from the date received the external auditor noticed. The suspicious circumstance to be reported and the process to uncover facts of such circumstance shall be as specified by the Capital Market Supervisory Board.

The Committee holds at least six meetings a year.

2) Remuneration, Nomination and Governance Committee consists of a team of independent directors and hold a term of 3 years. All members as below names list have been reelected by the Board in February 2019 to serve another term in the Committee.

- | | | | |
|----|---------------|-------------|----------|
| 1. | Mr. Pramon | Sutivong | Chairman |
| 2. | Mr. Kiet | Srichomkwan | Member |
| 3. | Mr. Phornpong | Phornprapha | Member |

Duties and Responsibilities of Remuneration

1. Propose to the board of directors' meeting or shareholder's meeting (as it may be) to consider approval of structure and procedures of remunerations for the board of directors, the committees and senior executives.
2. Consider and fix bonus for the board of directors and the committees propose to the board of directors and shareholders' meeting for approval.
3. Consider and fix bonus for senior executives propose to the board of directors for approval.
4. Consider and review authority and duties of the remunerating to appropriate and comply with legal, regulations and regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Nomination

1. Determine criteria and procedures for selection of nominees to serve as the Company's directors, member of the committees and senior executives propose to the board of directors for approval.
2. Recruit and nominate a qualified person serve as the Company's director, the committees and senior executives when retiring by rotation or the position is vacant, propose to the board of directors' meeting or shareholder's meeting for approval.
3. Review structure and composition of the board of directors appropriate to the organization and accountability to the shareholders.
4. Consider and review authority and duties of the nominating to appropriate and comply with legal, regulations or regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Governance

1. To consider and reviewing whether policy and the practice concerning the corporate governance policy and code of conduct of the Company are appropriate and adequate to the board for approval.
2. To monitor and evaluate the implementation of the corporate governance policy and the code of conduct of directors and staffs at least once a year.
3. To consider the appointing of working group to support relating works to the corporate governance and the code of conduct suitability.

The Committee holds at least two meetings a year.

3) Risk Management Committee consists of the Company's director or senior executives and holds a term of three years. All members as below names list have been reelected by the board in February 2019 to serve another term in the Committee.

- | | | | |
|----|---------------|--------------|----------|
| 1. | Mr. Nipol | T. Jeerawong | Chairman |
| 2. | Mr. Pitiphong | Bisalputra | Member |
| 3. | Ms. Anukul | Thitikulrat | Member |
| 4. | Mrs. Nalina | Bodharamik | Member |
| 5. | Mr. Anak | Wanglee | Member |

Duties and Responsibilities of the Risk Management Committee

1. Review and propose risk management policy and risk appetite to the board of directors for approval.
2. Oversee development and ensure that all division/department within the Company to perform by the risk management system.

3. Review the risk management reports and periodically follow up on major risks and make sure the Company has managed risks appropriately and with efficiency.

4. Submit to the board of directors, a report of overall risk exposure to the Company including review whether the internal audit system is appropriate to manage exposure from major risks.

5. Give advice to all division/department of the risk management sector, consider and resolve development system of the risk management.

The Committee holds at least four meetings a year.

4) Investment Committee consists of the Company's executives who served as chief executive officer and president and vice president of asset management department and the other must be appointed by the board of directors. Term of office shall effective consistent with the status of the Company's executive officers.

- | | | | |
|----|---------------|--------------|----------|
| 1. | Mr. Pitiphong | Bisalputra | Chairman |
| 2. | Mr. Nipol | T. Jeerawong | Member |
| 3. | Mr. Anak | Wanglee | Member |

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Investment Committee

1. To set investment policy and submit to the board of directors for approval.
2. To review investment plans and complying with the policies designed by the board of directors, the Company's risk management strategy and to ensure its consistency and compliance with regulations of OIC and related laws.

3. To consider and define guidelines for investment risk management strategy.

4. To consider and set investment procedures for the Company.

5. To oversee the investment management in accordance with the policies, plans, procedures and risk management strategy approved by the board of directors.

6. To review and adjust investment policy and investment plans so as to fit in with a change in investment climate and propose a revised investment policy to the board of directors for approval.

7. To consider approval of investment in securities.

8. To consider approval of general loan.

9. To consider approval of disposition of real property

The Committee holds at least four meetings a year.

5) Executive Board consists of the following Company's executive officers who have been appointed by the Board of Directors. Term of office shall effective consistent with the status of the Company's executive officers.

- | | | | |
|----|---------------|-------------|----------|
| 1. | Mr. Pitiphong | Bisalputra | Chairman |
| 2. | Ms. Anukul | Thitikulrat | Member |
| 3. | Mrs. Nalina | Bodharamik | Member |

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Executive Board

1. To control and supervise the Company's operation and its subsidiaries that are carried out according to the policies and major operating plans, with utmost efficiency and effectiveness, as assigned by the Board.

2. To make corporate policy, budget, guideline and other operating plans of the Company and its subsidiaries and report on such to the Board.

3. To control and supervise the Company and its subsidiaries conducts in compliance with the Securities and Exchange Act, the Non-Life Insurance Act, the Public Company Act and other related applicable regulations thereof.

4. To control and supervise the Company to follow generally accepted accounting standards and prepare financial statements to show accurately and reasonably the financial and operation results of the Company and its subsidiaries.

5. To evaluate and assess risks in operating business of the Company and its subsidiaries and make appropriate measures to manage such risk and inform the Board thereof.
6. To perform any other tasks as assigned by the Board thereof.

Authority

1. To manage the Company's operation and its subsidiaries according to the policy, budget and operating plans.
2. To delegate the management authority to the respective responsible executives of the Company and its subsidiaries according to level of command.
3. To manage and handle all matters related to underwriting, claims management, investment and general management.
4. To purchase, hire, sell and transfer assets, and to authorize expenditure within the limit of 50 million Baht.
5. To authorize expenditure that exceeds the budget but not over 20 percent of the budget.
6. In the event that the Board has given authority to the executive board or in the event that the executive board has given authority to the President and/or any executives to act on behalf of the Company or its subsidiaries, the authority given so does not include the power to approve transactions that the assignee or the involved person may have interest, or conflict of interest with the Company or its subsidiaries.

The Committee holds at least two meetings a month.

3. Executive consists of:

- | | | |
|------------------|---------------|---|
| 1. Mr. Pitiphong | Bisalputra | Chief Executive Officer and President |
| 2. Ms. Anukul | Thitikulrat | Executive Vice President – Finance |
| 3. Mrs. Nalina | Bodharamik | Executive Vice President – Underwriting |
| 4. Mr. Anak | Wanglee | Senior Vice President – Assets Management |
| 5. Mr. Anin | Wanglee | Senior Vice President – Claims Management |
| 6. Dr. Saran | Wanglee | Senior Vice President – Business Development,
Marketing Salesforce, Channel Management & Marketing Support |
| 7. Mr. Raywat | Matevelungsun | Senior Vice President – Information System |

Duties and Responsibilities of the Chief Executive Officer

1. To monitor and provide advises to the president and the management in managing the Company to achieve its vision and overall objectives set by the board of directors, will all units in the organization cooperatively to achieve their respectively responsible objectives.
2. To motivate and/or oversee participation from all members of the organization towards common directions and objectives.
3. To establish sound working understandings of roles and duties of the management with the board of directors to work towards a common direction.
4. To provide recommendations to the management including review and oversee management direction and business strategies as a whole including normal business operation plans before presenting to the board of directors.
5. To oversee the adequacy of having strategies, annual budget and operation plans in accordance with the Board's policy.
6. To oversee development of good culture and sound environment in work place for the Company's personnel with taking in consideration of their pride and respect for human dignity including having code of moral and equal treatment for them.
7. To consider and evaluate the president's performance and report it directly to the board of directors and/or assigned sub-committees.
8. Cooperating with the president to consider and evaluate performance of executives to ensure fairness.

Duties and Responsibilities of the President

1. To perform policy, strategic direction, business plan and annual budget of the Company propose to the board of directors for approval and to proceed as the resolutions approved by the board of directors.

2. To report the Company's operating performance by monthly and quarterly compared to business plan and budget with suggestion to the board of directors.
3. To approve the Company's expenditure with limit of not over 1 million Baht that he must be reported to the Executive Board in case of inconsistent with the authority.
4. Other matters assigned by the board of directors.

4. Company Secretary

Ms. Charuwan Chabchamrun, the Company's director and vice president, was appointed by the board of directors since 15 May 2014, to serve as the company secretary that her qualifications in term of skills and knowledge should fulfils the functions for which she has been appointed. Office of Company Secretary supports the Company secretarial work to be efficiency and effectiveness as well as compliance with the principles of good corporate governance.

Duties and Responsibilities of Company Secretary

1. Organizing the meetings of shareholders and the Board as stipulated by law, the Company's Articles of Association, and other guidelines.
2. Preparing the minutes of shareholders' meetings and the minutes of the Board's meetings as well as filing documents
3. Ensuring disclosure of the Company's operations and the Board activities to comply with rules and regulations of SET and SEC.
4. Providing appropriate advice to the Board regarding related laws, the Company's rules and regulations, as well as monitoring to comply with accuracy on a regular basis.
5. Communicating to the Company's shareholders to acknowledge the Company's news and general information.

5. Nomination of Directors and the Top executives

The remuneration, nomination and governance committee will nominate new directors who shall replace those retiring by rotation or otherwise based on the following procedures:

1) Independent Director

The Company defined definition of independent directors as well prescribed by the Office of Securities and Exchange Commission, these qualifications are as follows:

1. Shall not hold shares exceeding one percent of the total number of voting share of the Company, its parent company, subsidiary, associate, major shareholders or controlling person, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director.
3. Shall not be a person related by blood relation or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person. The term of business relationship being subject to indebtedness payable to the other party in amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

7. Shall not be a director appointed as representative of the board of directors, major shareholder or shareholder who is related to a major shareholders of the Company.

8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or hold shares exceeding one percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's operations.

The Business Relationship of Independent Directors

The board of directors approved the rules to waive the prohibitive business relationship of independent directors. The value size is not more than three percent of the value of Net Tangible Assets (NTA) of the Company and the business relationships must be an ordinary business and must support the Company's operations in the general condition. The company should treat contract parties in the same situation. Furthermore, the business relationship is not going to provide the benefit and the effect with independent opinions that may lead to conflict of interest. The steps of supervision are as follows.

- To review and report the business relationship of independent direction size that is more than three percent of the value of NTA of the Company to the board of directors to review the independence.
- To illustrate the business relationship of independent directors during the board of directors and the shareholders' meeting to nominate independent directors.
- To disclose the business relationship of the independent directors in the Annual Report and Form 56-1 or the criteria specified in the notification.

2) Nomination of Director and Top Executive

The remuneration, nomination and governance committee, comprising a team of independent directors, in charge of electing and nominating the qualified person to be the Company's director and chief executive officer as well as president, and shall propose to the Board and shareholders' meeting for approval respectively.

At the meeting of shareholders, there shall be not less than one-half the total number of votes of the shareholders attending the meeting and having the rights to vote and shareholders shall consider and elect each board member individually, except the director having interests in any matter shall have no right to vote on such matter and leave the meeting room.

Quality of the Director

1. Directors must posse the qualifications as specified by law such as the Public Company Act, the Securities and Stock Exchange Act and the Non-Life Insurance Act.


2. Directors should be competent with skills and extensive experience to benefit the Company's operations. Directors must have willingness and good ethical business practices.

3. Directors should have the ability to exercise sound and independent judgments, free from the management and other interest groups.

4. Directors should dedicate appropriate time to the Company that he/she serves director and perform he/she duty with due care.

6. NKI's Shareholding of the Board of Directors and Executives

Ordinary Shares (Shares)						
Name lists	As of 28 December 2018		As of 9 March 2018		Increase (Decrease) during Financial Year	
	Held Personally	Held by Spouse/ Minor Child	Held Personally	Held by Spouse/ Minor Child	Held Personally	Held by Spouse/ Minor Child
1. Mr. Suchin Wanglee	3,421,843	1,190,000	3,321,202	1,155,000	100,641	35,000
2. Mr. Pitiphong Bisalputra	150,471	-	146,047	-	4,424	-
3. Prof. Hiran Radeesri	-	-	-	-	-	-
4. Mr. Pramon Sutivong	-	175,664	-	170,498	-	5,166
5. Mr. Nipol T. Jeerawong	56,222	48,768	54,569	47,334	1,653	1,434
6. Mr. Kiet Srichomkwan	40,599	-	39,405	-	1,194	-
7. Mr. Phornpong Phornprapha	-	-	-	-	-	-
8. Mr. Chan Soo Lee	233,596	-	226,726	-	6,870	-
9. Mr. Thamnu Wanglee	417,412	16,414	405,136	15,932	12,276	482
10. Mr. Vuttichai Wanglee	592,735	13,712	575,302	13,309	17,433	403
11. Ms. Jittinan Wanglee	231,866	-	225,047	-	6,819	-
12. Mr. Kaet Wanglee	72,814	-	70,673	-	2,141	-
13. Ms. Charuwan Chabchamrun	-	-	-	-	-	-
14. Ms. Anukul Thitikulrat	-	-	-	-	-	-
15. Mrs. Nalina Bodharamik	-	-	-	-	-	-
16. Mr. Anak Wanglee	59,106	-	57,368	-	1,738	-
17. Mr. Anin Wanglee	92,186	-	89,476	-	2,710	-
18. Dr. Saran Wanglee	178,450	-	173,202	-	5,248	-
19. Mr. Raywat Matevelungsun	-	-	-	-	-	-

 The Company's shareholders received the stock dividend on May 18, 2018, at the ratio of 33 existing ordinary shares to 1 newly issued ordinary share.

7. Meeting Attendance of the Board of Directors and the Committees in 2018

Directors	Board of Directors/ Non-executive Director	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Investment Committee	Executive Board
1. Mr. Suchin Wanglee	6/6 1/1	-	-	-	-	-
2. Mr. Pitiphong Bisalputra	6/6 -	-	-	5/5	4/4	45/48
3. Prof. Hiran Radeesri	6/6 1/1	10/10	-	-	-	-
4. Mr. Pramon Sutivong	5/6 1/1	10/10	2/2	-	-	-
5. Mr. Nipol T. Jeerawong	6/6 1/1	-	-	5/5	2/4	-
6. Mr. Kiet Srichomkwan	6/6 1/1	10/10	2/2	-	-	-
7. Mr. Phornpong Phomprapha	5/6 0/1	-	2/2	-	-	-
8. Mr. Chan Soo Lee	6/6 1/1	-	-	-	-	-
9. Mr. Thamnu Wanglee	6/6 1/1	-	-	-	-	-
10. Mr. Vuttichai Wanglee	5/6 1/1	-	-	-	-	-
11. Ms. Jiittinan Wanglee	4/6 1/1	-	-	-	-	-
12. Mr. Kaet Wanglee	6/6 1/1	-	-	-	-	-
13. Ms. Charuwan Chabchamrun	6/6 -	-	-	-	-	-
Executive officers who served as director in the Committees						
14. Ms. Anukul Thitikulrat	- -	-	-	4/5	-	30/48
15. Mrs. Nalina Bodharamik	- -	-	-	5/5	-	45/48
16. Mr. Anak Wanglee	- -	-	-	4/5	4/4	-

Note:

- The Board meeting totaling six times a year. The five independent directors are number 3, 4, 6, 7 and 8.
- The non-executive directors' meeting one time and members are number 1 and 3-12.
- The three audit committee members are number 3, 4 and 6/ Total meetings are ten times a year.
- The three remuneration, nomination and governance committee members are number 4, 6 and 7/ Total meeting are two times a year.
- The risk management committee members are number 2, 5 and 14-16/ Total meetings are five times a year.
- The investment committee members are number 2, 5 and 16 (Number 1 is an advisor to the Committee)/ Total meetings are four times.
- The executive board members are number 2, 14 and 15 (Number 1 is an advisor to the Committee)/ Total meetings are forty-eight times.

8. Remuneration of Directors and Executives in 2018

1) Cash Remuneration

The remuneration, nomination and governance committee responsible for review the remuneration of directors and the Company's top executives and propose to the meeting of the board of directors and/or shareholders for approval.

Remuneration of Directors

The remuneration of directors is determined by the board of directors and has been approved by the shareholders, with consideration to the duties, responsibilities and performance of directors, by comparing to the same type of industry and at the level closely applicable in the industry including dividend payment.

Meeting allowances: Paid to directors who attend the meeting, payable to the chairman and other directors in amounting of 30,000 Baht and 20,000 Baht per meeting respectively

Bonus: Pay to the Board as a whole at approximately five percent of dividend payment, payable to the chairman and the CEO at the rate of two times of the Board members rate.

The Committees paid to the members who attend the meeting as following:

The audit committee

Chairman 30,000 Baht

Other members 20,000 Baht

The remuneration, nomination and governance committee, the risk management committee and the investment committee

Chairman 20,000 Baht

Other members 10,000 Baht

Executive Remuneration

The remuneration, nomination and governance committee is responsible for reviewing the remuneration for CEO and president and propose to the board of directors for approval. Such remuneration will be appropriately fixed based on the remuneration structure of the Company, including his/her performance and consistency with the duties and responsibilities assigned.

The CEO and the president shall determine the appropriate amount of remuneration for the Company's executive officers at a level of vice president and higher, with consideration of his/her performance and the Company's operation result.

In 2018, the total remuneration for seven executives in the form of salaries and bonuses amounted to 25,114,375 Baht.

2) Other Remuneration

Other Remuneration of Directors

-None-

Other Remuneration of the Executive

The Company has established a provident fund at the rate of five percent of the salary. For 2018, the Company made contributions of 738,120 Baht to provident fund for the 7 executives.

The remuneration is paid to the Board of Directors and the Committees in 2018

Remuneration (Baht)

Directors	Board of Director/ Non-executive Directors	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Investment Committee	Director's Bonus	Total	
1. Mr. Suchin Wanglee ¹	180,000	30,000	-	-	-	396,666.67	606,666.67	
2. Mr. Pitiphong Bisalputra ²	120,000	-	-	50,000	80,000	396,666.67	646,666.67	
3. Prof. Hiran Radeesri ³	120,000	20,000	300,000	-	-	198,333.33	638,333.33	
4. Mr. Pramon Sutivong ⁴	100,000	20,000	200,000	40,000	-	198,333.33	558,333.33	
5. Mr. Nipol T. Jeerawong ⁵	120,000	20,000	-	100,000	20,000	198,333.33	458,333.33	
6. Mr. Kiet Srichomkwan	120,000	20,000	200,000	20,000	-	198,333.33	558,333.33	
7. Mr. Phompong Phomprapha	100,000	-	-	20,000	-	198,333.33	318,333.33	
8. Mr. Chan Soo Lee	120,000	20,000	-	-	-	198,333.33	338,333.33	
9. Mr. Thamnu Wanglee	120,000	20,000	-	-	-	198,333.33	338,333.33	
10. Mr. Vuttichai Wanglee	100,000	20,000	-	-	-	198,333.33	318,333.33	
11. Ms. Jittinan Wanglee	80,000	20,000	-	-	-	198,333.33	298,333.33	
12. Mr. Kaet Wanglee	120,000	20,000	-	-	-	198,333.33	338,333.33	
13. Ms. Charuwan Chabchamrun	120,000	-	-	-	-	198,333.33	318,333.33	
14. Ms. Anukul Thitikulrat	-	-	-	40,000	-	-	40,000	
15. Mrs. Nalina Bodharamik	-	-	-	50,000	-	-	50,000	
16. Mr. Anak Wanglee	-	-	-	40,000	40,000	-	80,000	
Total	1,520,000	210,000	700,000	80,000	280,000	140,000	2,975,000	5,905,000

Note:

1. Chairman of the Board, excluding the remuneration as an advisor to the executive board in term of salary, bonus and provident fund, totaling 8,768,760 Baht.
2. Chief Executive Officer and Chairman of the investment committee.
3. Chairman of the audit committee.
4. Chairman of the remuneration, nomination and governance committee.
5. Chairman of the risk management, excluding the remuneration as advisor to the Chairman of the Board in term of salary, bonus and provident fund, totaling 5,402,000 Baht.

9. Related Transactions/ Connected Transactions

1) Related Transactions

The Company and related businesses are bound to conduct transactions with one another in such ways as through shareholding, common directors or business transaction arose in the ordinary course of business based on market terms and conditions. They are disclosed in notes to the financial statements, under item 29.

2) Procedures for Approval of Related Transactions

The board of directors has approved guidelines and procedures of related transactions to ensure the Company's best interest, authorized the management and/or the person authorized by the management the power to make related transaction that are normal business or normal business support under traditional business practices e.g. insurance or investment transactions. The directors and management who hold up a position of vice president shall disclose to the Company annually whether they hold any stakes involving potential conflict of interest and in case where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the audit committee, the board of directors or at the shareholders' meeting for approval respectively, and shall disclose the information completely. Under no circumstance shall directors or management concerned be allowed to participate in the process of considering approval.

3) Policy or Tendency of Related Transactions Process in the Future

Related transactions in the future will continue due to the controlling authority's policy requiring insurance companies to place reinsurance with Thai companies and encouraging insurance companies to form reinsurance pools to cede and accept retrocession from Thai Reinsurance Public Company Limited ("Thaire"). Another factor is the agreement to place business with Thaire to keep data and statistics of the insurance business in Thailand.

However, the Company shall proceed by implementing fair method, transparent and complying with rules and regulations of the Notification of Capital Market Supervisory Board and OIC.



Economic and Non-Life Insurance Industry Trends

Thailand's Economy in 2018

Economic Growth

Thailand's economic growth rate in 2018 was 4.1 percent, increased by 3.9 percent from the previous year. The expansion was supported by the rise of 4.5 percent in private consumption and private investments, which resulted in a 3.4 percent of total investment. The increase in employment was supported by measures to support low income group and the progress of mega public investment projects. Public investment favorably increased by 4.2 percent with the continued expansion of government consumption at a growth rate of 2.0 percent. Meanwhile, export of goods and services decelerated due to imposed restrictions as a consequence of unfavorable economic conditions of key trading partners. The uncertainty of trade protection and reciprocal retaliation in conjunction with additional US trade restrictions imposed on China and its other trading partners. The quantity of export goods grew by 3.1 percent, whilst the quantity of import goods accelerated at 7.4 percent, in line with the acceleration of private investment as well as large government investment projects.

Economic Stability

Domestic stability in terms of general inflation in 2018 stood at 1.1 percent, higher than that of 2017, following the increase of global crude oil price and the growth of domestic demand. Regarding Thailand's external stability, current account recorded a surplus of USD 32.8 billion which is equivalent to 6.4 percent of GDP. The trade balance decreased to USD 20.8 billion following the value of import accelerated grew by 14.2 percent, whilst the export value expanded by 6.5 percent.

Thailand's Economy in 2019

Economic Growth

Thailand's economy in 2019 is expected to grow at a rate of 4.0 percent, supported by the acceleration of government expenditure and public investment. Total investment and public consumption are expected to grow at a rate of 5.3 percent and 2.3 percent respectively. Therefore, public-private partnership projects (PPP) regarding infrastructure investments and clarity on electoral management will support the overall investment and thus further expand on a continuous pattern. Private investment is expected to expand faster at a rate of 4.5 percent. Private consumption is forecasted to slightly improve at a rate of 4.3 percent due to the acceleration of household consumption in alignment with the constant rise in non-agricultural employment. However, it is expected that the export value will grow at a rate of 3.2 percent, partly from unfavorable economic conditions with key trading partners and trade tensions between US and China, whilst the import value is expected to grow at a rate of 4.8 percent following expansion in export quantity.

Economic Stability

In 2019, inflation rate is expected to be 1.0 percent, higher than that of the previous year following a decrease in crude oil price. Regarding external stability, it is expected that the current account will record a surplus of USD 36.3 billion which is equivalent to 6.8 percent of GDP; this could be explained by the trade balance that is expected to record a surplus of USD 19.6 billion following the acceleration of import value which is expected to grow at a rate of 5.4 percent, higher than the expected rate of 4.5 percent for the export value.

The Non-Life Insurance Industry in 2018 and trends for 2019

The non-life insurance industry in 2018 was the year of "Driving Insurance Innovation", with the focus on proactive operations in promoting insurance technology innovations in the insurance industry through the Office of Insurance Commission (OIC) to make it more concrete and with the combined encouragement of the implementation for Insurance Development Plan Volume 3 (2016-2020). The insurance industry continued to expand although there are many factors that affect the development of the insurance system which includes macroeconomic, world market, Thailand 4.0 Policy, advancements in information technology and cybercrime. The non-life insurance industry growth rate in 2018 was 6.05 percent, with direct premium of 169,524 million Baht; fire insurance premium of 7,850 million Baht, marine and transportation premium of 4,192 million Baht, motor insurance premium of 99,802 million Baht,

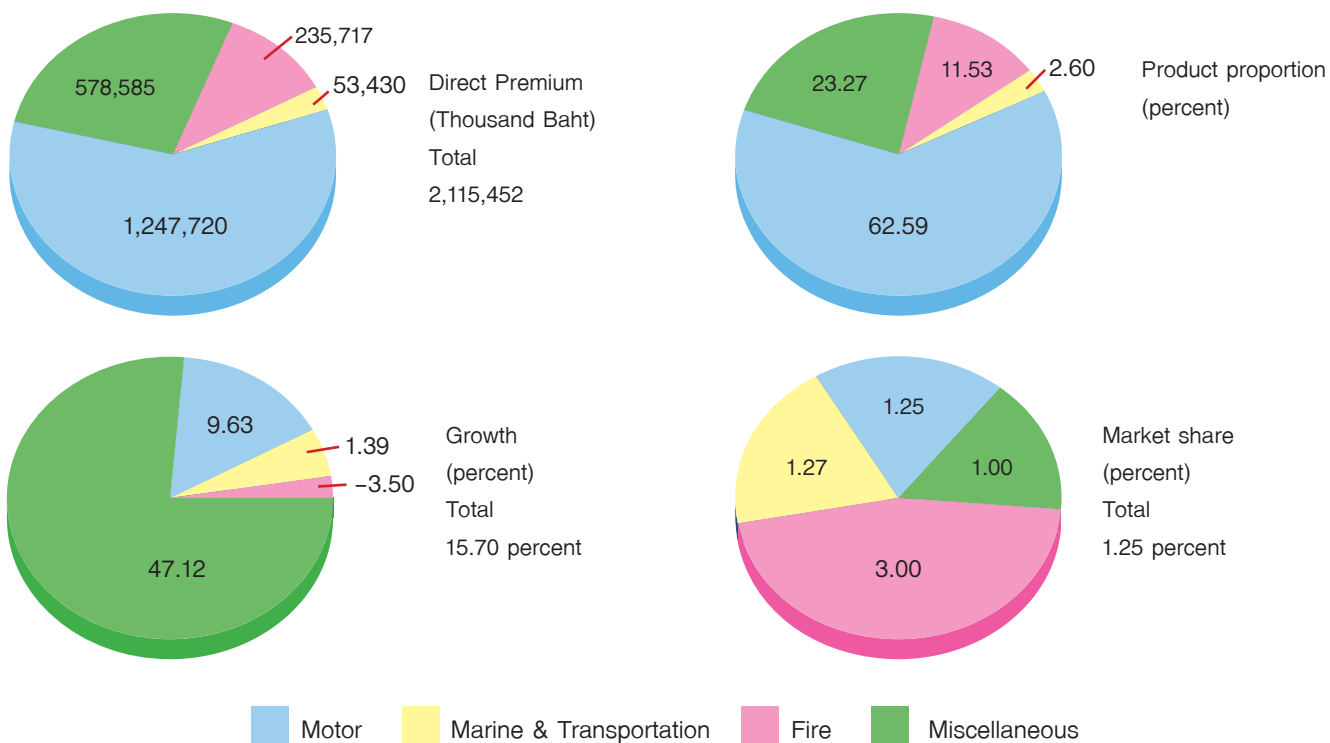
and miscellaneous insurance premium of 57,680 million Baht. Total assets of the industry was 465,369 million Baht, increased by 1.04 percent of which mostly are investment assets of 326,770 million Baht which is equivalent to 70.22 percent of the total assets.

The trends for 2019

In 2019, the non-life insurance industry is expected to grow in the range of 4.7–5.7 percent. The supporting factors for the growth includes (i) redirection of international trade, global manufacturing, and foreign investment that will cause the export sectors to increase (ii) investment tends showing improvement led by accelerated growth of public investment (iii) private consumption tends to keep its growth momentum (IV) a recovery in the tourism sector will contribute more to the overall economy and (V) key public infrastructure projects have made significant progresses such as the Eastern Economic Corridor (EEC) and MRT construction. OIC, therefore, will focus on Pro Active policies, especially in regulatory reforms as well as encouraging the use of Center of InsurTech, Thailand. The development of the E-Claim Gateway system to increase the efficiency of claims management for motor insurance and to reduce the insurance industry’s overhead expenses, develop Insurance Bureau System, encourage the industry to participate the project of Insurance Regulatory Sandbox as well as to perform Flood Model.

Motor insurance is forecasted to be grow in 2019 as a result of continually improve sales. The automotive industry will gradually shift its new car models to be electric vehicle (EV) which will be developed the insurance business. The barriers to entry in the insurance industry include higher loss ratios, higher coverage and inflation rates which results in a higher cost for spare parts. The demand for health and personal accident insurance have risen, these interesting products will support the government policy and provide higher benefits as well for the aging society that is becoming more aware of their benefits in the future. Therefore, property and IAR are insurance products that have been forecasted to be grow following the public investment. However, the market maintains a competitive premium, customers continue to seek lower prices at the expense of appropriate sum insured. Nonetheless, property insurance rates such as condominium has increased.

The Company’s market shares as of 30 September 2018



Nature of Business

Business Overview

The Navakij Insurance Public Company Limited (the “Company”) has been engaged in the non-life insurance business since the 23rd of September 1933. Founded by the Wanglee Family, the Company was initially known as Luang Lee Insurance Company Limited. At the initial period, there were only two classes of insurance provided by the Company, fire and marine insurance. The Company changed its name to The Navakij Insurance Public Company Limited on 15 August 1985. On 24 August 1990, the Company was listed in the Stock Exchange of Thailand with a paid up capital of forty million Baht and as a result, increased its capital to eighty million Baht in 1992 and on 20 August 1993, the Company converted its status to a public limited company.

For more than eight decades, the Company has developed its business with achieving sustainable growth. Presently, its paid up capital is 340 million Baht.

Underwriting is the core function of the Company. The Company engages in most of non-life insurance i.e. fire, marine and transportation, motor and miscellaneous.

Underwriting

- Direct insurance: The direct business comes from agents, brokers, broker firms and branch offices and which accounts for over 90 percent of the total written premiums.
- Reinsurance and retrocession is ceded to and accepted from other insurance companies to spread risks.

Investment

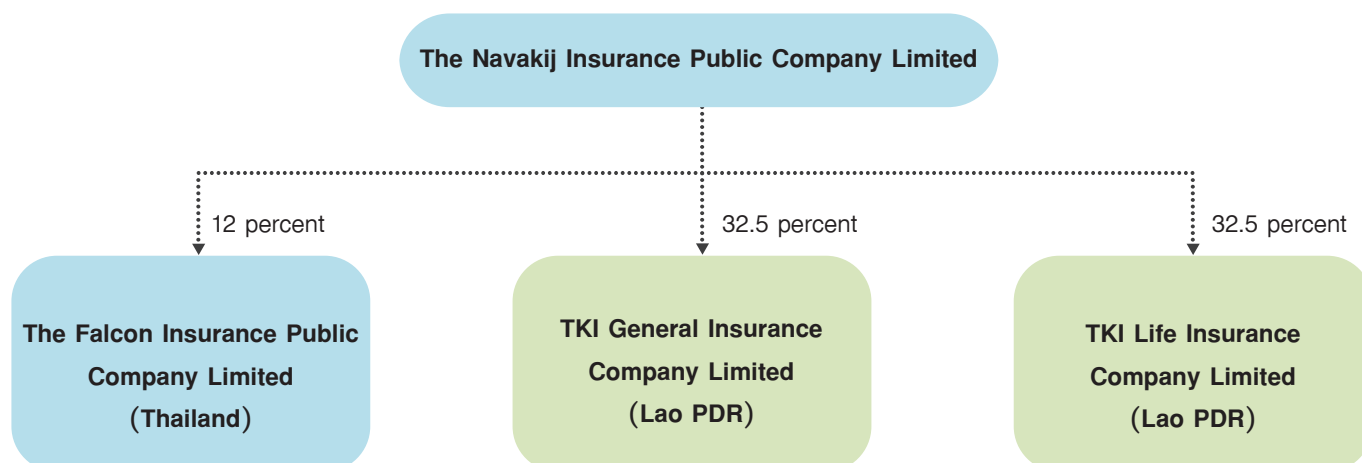
In addition to underwriting, the Company also spends its income on investment in compliance with the type of investment and with limits for lines of investment as specified by regulations of the Office of Insurance Commission (OIC). The majority of the investment is in deposits with financial institutions, promissory notes, government bonds, debentures, stocks and unit trusts.

Business Objectives

The Company developed a strategic roadmap by setting an objective for the years 2015–2019 that focuses on sustainable growth of its market share, reduction of operating expenses and maintaining its current return on equity. The company’s long-term objective is to establish its presence in the individual as well as small and medium size business sectors of non-life insurance industry in line with the Company’s vision and mission.

The Company’s strategy for the year 2019 has been reviewed and approved by the board of directors’ meeting held back in 2018. The Company emphasizes on being a smart working mid-sized insurance house that capitalizes on opportunities, sets its vision to achieve the goals for growth and at the same time, maintains profitability and preparation for expected market and regulatory changes including long-term reduction in cost.

Shareholding Proportion of the Company



The Company focuses on the principles risk factors as follows:

Strategic Risk

1. The competitiveness and the liberalization of the insurance industry

Currently there is a greater competition in the non-life insurance business which can be seen in the concentration of large and medium sized companies. Entry in ASEAN economic community in 2020 plays a major role in the increase of competition for both foreign and domestic insurance companies which have strong financial standings, modern technology and new innovative products for the consumer. Therefore, these companies have a potential for a higher market share supported by a strong financial backing allowing them to compete in terms of pricing, strategy and quality of service. To stay competitive, insurance companies must adjust accordingly with those given conditions.

The strategies are

1. Adjusting competitive strategy by looking for new and high potential marketing channels. Developing new products to effectively respond to changes in customers' needs, economy, and social conditions.
2. Consider merger plan with other small and medium-sized local companies in order to increase customer base and shareholders' fund to increase its retention capacity. Moreover, it will reduce operating cost by sharing resources with subsidiaries.

2. Economic situation

The economy is a significant factor in conducting business. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies due to reduction of production, reduce in export volume and expense cut. All of which effects underwriting operation.

To mitigate this, we carefully analyze the impact of the economy on the client's business and inform them that some insurance covers are orthogonal to the impact of the economy. While we emphasize the importance of having property insurance covers, we also suggest to clients to reevaluate their property more carefully to purchase the necessary cover without being over insured. For certain clients, we may offer alternative products that are best suited to their needs given the circumstances.

3. Reputational/Appearance

The risk arises from expectation from stakeholders that the Company may not response to all issues such as the expectation of insurance coverage or customer expectations to response their needs that may resulting in the loss of trust, faith, reputation and image of the Company.

To mitigate this, the Company concerns on strategic vision and reputation though the cooperation between the Board of Directors and top executives. Therefore, we are having several sources of information and experience sharing which is relevant to identify the possible risk of Company's reputation.

Insurance Risk

1. Increasing of amount and frequency of loss. The impact of external factors whether physical or geographical factors, natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured.

2. Suboptimal proportion of types of insurance. The Company provides all types of non-life insurance. Motor insurance constitutes the core market for the industry's total premium; it is also the class of insurance that is consistently very difficult to see profitable bottom line. This is mainly due to high acquisition cost and increasing claims ratio. Focusing too much on the top-line premium growth may thus impact profitability.

3. Ethics and moral. The risk may arise from insurers who intend to take advantage of insurance company. In this respect, insurers may have to pay for a higher settlement than the fair amount.

The Company adopts measures to deal with the above risks by

1. Analyzing on the basis of Loss ratio and Combined ratio.
2. Implements strict risk selection criteria, client groups and type of business.
3. Reinsuring to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies. In addition, it also purchases excess of loss reinsurance to reduce exposure to catastrophe losses and to protect its operation and financial status.
4. Managing composition of the portfolio by writing all classes of business and monitors for the portfolio mix according to market situation. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.

Liquidity Risk

The risk arises from a given security or asset that cannot be traded quickly enough, and at the required quantity, price and time to enable the Company to have cash to pay loans or meet its obligations as they become due. Liquidity is critical to insurance operation as it can create damages in terms of monetary as well as non-monetary damages such as reputation, image, and credibility to clients, business partners, public and industry.

The Company establishes policy to manage liquidity risk on investment operation by

1. Making investment on securities that are liquid such as fixed income securities from government sector or private sector that has good credit rating. It also spreads out investment funding and balances the portfolio with taking into account time horizons and fund needs to pay loans and meet obligations, managing account receivable, account payable, remaining useful life of assets and changes in value of assets, deals with the remaining useful life of assets and liabilities was taken into consideration and anticipated quantity and duration properly needed in circumstances whether inside and outside the Company.
2. Maintaining adequate shareholders' equity to meet its liabilities and have an appropriate ratio to handle exposure from business and operation risks and provides other funding sources for its contingency plans for handling liquidity crisis.
3. Responsibilities and line of report to those who manage liquidity risk are clearly defined as well as establish reporting system to generate an early warning report to executives for transactions that are not conform to the Company' policy or promptly, timely and accurately report warning signs to key risk indicators.

Operational risk

1. **Personnel:** There exists limited skilled and specialized workforce for insurance industry. The strategies are to support continuing growth in career path through training programs both domestic and international, to sponsored higher education scholarship, to keep high potential employees to work permanently.
2. **Processing system:** The risk arises from the insufficient or inappropriate internal control system also including the classification of responsibility ineffectively as well as there exists no guideline for examining any person who commits an offense under Anti-Money Laundering Act and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing Act that may cause the Company shall be liable to fine and discredit.

The strategies are

- 1) To endorse and establish code of work ethics based on good governance on a continuous basis.
 - 2) Work manual, authority to exercise power and responsibilities are clearly defined in writing and periodically revised.
 - 3) To build up a culture that values corporate risk management and work integrity and ethics.
3. **Technology:** Statistical data and information of clients were lost or leaked to outsiders or competitors, the Company will suffer negative image. The operation will be interrupted if problems occurred to the central computer it will lead to system failure or losing all data.

There are effective information security solutions to protect electronic information and contingency plan for central computer unit. There is a back-up system in preparation for emergency disaster. A contingency business continuity plan has been designed and tested on a yearly basis.

In addition, procedures and regulations have been clearly defined and practiced in respect of security of data and system, are

1) Software Security and Data, the Company installs a program to check and detect computer viruses, firewall and the patch programs from each particular program producers to get rid of bugs and errors in the computer system. Two sets of backup data are kept. They are updated daily, monthly and yearly at secured outside locations in preparation for emergency disaster.

2) Hardware and Network, the Company has a contingency plan to use an outside backup site if disaster occurs.

3) Physical security of the central computer unit, the Company provides backup power system to support short term power outage. It also has a generator capable of keeping the unit live should we experience longer term power outage. The Company has installed fire alarm system and fire extinguishers specifically for electronic system protection.

4) Personnel security, the Company establishes clearly defined procedures identify those who can access to send mail out of the office, set size limit to sent mail, and report of sent mail.

5) The Company has done computer audit to improve procedures and working processes by external computer auditor in accordance with international standard procedures.

4. External Factors: Outsider effect that can impact the Company's operation and financial status, might include social (third party), market conditions, political environment and natural factors e.g. fire, flood or earthquake.

The Company manages these external factors by carefully selecting of partnership management and increasing more diligence for the record of claims arising from moral hazard as well as the KYC: know your customer should be done before the issue of every new policy following the principles of risk management and also comply with Anti-Money Laundering Act and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing Act

Market Risk

The risk arises from decreasing in value of securities from fluctuations in exchange rates, interest rating and security prices as well as from external factors such as economic, social and political situations.

The Company manages the market risk by diversifying the portfolio and spreading investment funding to include various lines of investment as well as categories of business in order to reduce fluctuations in aggregate value of investment. It closely monitors and regularly assesses factors that may cause fluctuations to value of investment instruments in order to make a proper investment transaction according to situation. It has policy not to invest in speculative securities that price fluctuation is high but concentrates on blue-chip securities and ones that have steady yield. The Company has an investment committee who considers and sets up investment policy, in addition to the Office of Insurance Commission's rule of practice promulgated under the Non-Life Insurance Act B.E.2535, in order to reduce exposure from the loss of investment funding. The committee considers and reviews structure of the portfolio mix on a regular basis.

Asset and Liability Management Risk

A mismatch between assets and liabilities either due to liquidity or changes in interest rates, stock prices and property prices, especially a loss reserve, unearned premium reserve, premium received in advance and duration of asset is longer than the average life of liability which affected the Company's financial standing and liquidity.

The strategy is defining asset and liability management as a mechanism to address the investment risk in line with investment policy, investment plan and procedure of the Company as well as guideline for investment in other business set by the Company's investment committee and have been approved by the Board of Directors in order to ensure that the Company has a suitable asset and liability management, investment in equity securities, cash ratio and liquid assets.

Credit Risk

The counterparty is unable to meet the agreement which has been stated in the contract and the probability that the counterparty's credit rating is downgraded.

1. Investment: More than 50 percent of the Company asset is securities investment, so the Company is taking on the risk should the issuer is default.

The strategy is making selection of investment base on credit rating of issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company policy to invest in fixed income securities at least "Investment Grade" quality. All invested fixed income securities will be periodically monitored for an adjustment of the debtors' credit rating and relevant information will be gathered to review business potential of the issuers. It also regularly monitors and reviews the limit for investment to ensure adequate investment limit of individual line is maintained at all time.

2. Reinsurance: The reinsurance companies cannot pay claim recovery to the Company as specify in the contract so the Company's liquidity is affected consequently. However, the Company will consider and choose only the A- credit rating reinsurer and will be periodically monitored for an adjustment of the credit rating of reinsurance companies.

Concentration Risk

The risk arises from the value of specific asset concentration is too high including investment and reinsurer. As the issuer and reinsurer have credit difficulties and unable to pay obligation, the Company will have liquidity problem subsequently.

1. Investment: The Company is investing in both equity and security market in order to get high return as targeted. Therefore, if the Company invests on one specific equity in order to get high return might cause the big loss when the value of equity is dramatically decreased.

The Concentration restriction is applicable through the investment diversification. The Company is investing on various types of securities which is categorized the level of risk. We are strictly tightening the Concentration policy because it might affect the severity to the Company in term of Liquidity, Reinsurance risk, and Capital Adequacy Ratio and Risk Based Capital.

2. Reinsurance: The Company is facing the risk if choosing one reinsurer more than 45 percent of total reinsurance value. In the case that reinsurer are bankrupt, the Company will possibly be defaulted from the reinsurer.

The Company has the reinsurance counterparty with both local and international reinsurers. The reinsurance policy of the Company is restricted though the ceiling of the amount of reinsure. The diversification to each reinsurer does not exceed 45 percent of the aggregate reinsure value of the Company.

Legal and Regulatory Risk

The Company abuses, neglects or an offense to comply with the law, the rules and regulations stipulated by the regulatory specifications. **The strategies are**

1. The Company requires all employees to follow the relevant regulations properly as their responsibilities.
2. The Company communicates and gives the understanding to the employee to the effect and the loss that will be occurred according to the law discipline.
3. The Company records and pursues the legal and regulation policy issued.
4. Each division in the organization set their work instructions to prevent offense against the serious law such as Anti-Money Laundering Act and Counter Terrorism Financing Act.

Group Risk

The risk that the financial status of affiliated company impacts to other associates companies. Currently, the Company has investments in associates are incorporated in Laos.

The strategy is complying with investment plan and procedure and guideline for investment in other business defined in the risk management policy as well as relevant laws and regulations to prevent the Company's operation from causing any damage.

Emerging Risk

Risk has not happened yet but is likely to happen in the future according to the changing of the environment. This risk may occur gradually and has low probability but if it happens, this will cause a large damage to the Company. This risk is based on statistically and expectation of the reliable evidence.

The risk management plan is applicable through the product development in order to cover cost of loss and restricting the threshold of underwriting process.



Management Discussion and Analysis

Summary of Operating Results in 2018 compared to 2017 according to financial statements in which the equity method is applied

As of December 2018, the Company's operating results represented a net profit of 86.51 million Baht compared to last year of 110.65 million Baht. Return on Equity was 4.04 percent compared to last year reported of 5.12 percent. Earnings per share was 2.54 Baht compared to last year having 3.25 Baht per share.

Gross written premium was 2,892.62 million Baht, an increase of 256.80 million Baht or 9.74 percent compared to the previous year.

Total income consisted of underwriting income and income on investment and other income, totaling of 2,391.27 million Baht, a decrease of 34.40 million Baht or 1.42 percent from the previous year, of which the underwriting income was 2,292.40 million Baht, an increase of 26.26 million Baht or 1.16 percent whilst the investment and other income was 98.87 million Baht, a decrease of 60.66 million Baht or 38.02 percent.

Total expenses consisted of underwriting expense before operating expenses and the operating expenses amount of 2,286.59 million Baht, a decrease of 9.55 million Baht or 0.42 percent comparing with the previous year, of which the underwriting expense before operating expenses was 1,915.25 million Baht, a decrease of 58.61 million Baht or 2.97 percent whilst the operating expenses was 371.34 million, an increase of 49.06 million Baht or 15.22 percent compared to the same period last year.

Major Factors Attributed to Operating Results in 2018 are as follows:

1. Operating Results from Underwriting

In 2018, the Company's underwriting profit before operating expenses was 377.15 million Baht, an increase of 84.87 million Baht or 29.04 percent. Underwriting profit margin was 18.01 percent and 14.01 percent in 2018 and 2017 respectively. Nevertheless, the operating results after deducting operating expenses represented the underwriting profit of 5.81 million Baht compared to the same period last year that represented the loss of 30 million Baht, an increase of 35.81 million Baht or 119.35 percent.

1.1 Underwriting Income

In 2018, the Company's underwriting income was 2,292.40 million Baht, an increase of 26.26 million Baht or 1.16 percent from the previous year, mainly due to:

Gross written premium was 2,892.62 million Baht, an increase of 256.80 million Baht or 9.74 percent compared to the same period last year of 2,635.82 million Baht, resulted from increasing direct premium for all line of business while outward premium was 700.19 million Baht, an increase of 74.59 million Baht from last year. Net written premium was 2,192.43 million Baht, an increase of 182.21 million Baht or 9.06 percent compared to the same period last year. Retention rate was 75.79 percent, lower than that of 76.27 percent in the previous year.

The Company's earned premium was 2,094.44 million Baht, an increase of 8.23 million Baht from the same period last year. This was due to an increase in earned premium of 3.15 million Baht and 9.30 million Baht from marine and transportation insurance and miscellaneous insurance respectively whilst the reduction in earned premium of 1.14 million Baht and 3.08 million Baht from fire and motor insurance respectively.

Fee and commission income was 197.96 million Baht, an increase of 18.03 million Baht or 10.02 percent. The ratio of fee and commission income was 28.27 percent and 28.76 percent in 2018 and 2017 respectively.

1.2 Underwriting Expenses Before Operating Expenses

As of December 2018, the Company's underwriting expenses before operating expenses was 1,915.25 million Baht, a decrease of 58.61 million Baht or 2.97 percent comparing with the same period last year of 1,973.86 million Baht.

The underwriting expenses before operating expenses included:

(1) Claims and loss adjustment expenses was 1,218.97 million Baht, a decrease of 131.37 million Baht comparing with the previous year of 1,350.34 million Baht that represented loss ratio of 58.20 percent, which was lower than that of 64.73 percent in the previous year. This was due to the reduction in claims and loss adjustment expenses of fire and motor insurance.

(2) Commission and brokerage expenses were 451.05 million Baht, an increase of 14.18 million Baht or 3.25 percent comparing with same period last year. These expenses were a variation to direct written premium and reinsurance premium which represented the gross written premium in 2018 of 2,892.62 million Baht, increased by 9.74 percent compared to the same period last year of 2,635.82 million Baht.

(3) Other underwriting expenses was 245.23 million Baht, an increase of 58.58 million Baht or 31.38 percent compared to the same period last year which was a variation to the written premium.

1.3 Profits from Underwriting before Operating Expenses

Fire Insurance

As of December 2018, fire underwriting profit before operating expenses was 158.37 million Baht, an increase of 43.95 million Baht or 38.41 percent compared to the same period last year.

Fire written premium was 581.72 million Baht, an increase of 20.60 million Baht or 3.67 percent from the previous year. Net written premium was 311.39 million Baht, an increase of 7.22 million Baht or 2.37 percent. Retention rate was 53.53 percent in 2018, lower than that of 2017.

Underwriting income was 385.51 million Baht, an increase of 5.99 million Baht or 1.58 percent comparing with the same period last year. Earned premium was 298.42 million Baht, a decrease of 1.14 million Baht or 0.38 percent, fee and commission income was 87.09 million Baht, an increase of 7.13 million Baht or 8.92 percent compared to the same period last year. The ratio of fee and commission income was 32.22 percent in 2018 compared to 31.12 percent in 2017.

Underwriting expenses before operating expenses was 227.14 million Baht, a decrease of 37.96 million Baht or 14.32 percent from the last year, as a result of reduction in claims and loss adjustment expenses amount of 44.47 million Baht, a decrease of 58.78 million Baht or 56.93 percent from the previous year that represented the claims and loss adjustment ratio of 14.90 percent in 2018 compared to 34.47 percent in 2017. Commission and brokerage expenses was 138.56 million Baht, an increase of 10.89 million Baht from the last year. Other underwriting expense was 44.11 million Baht, an increase of 9.93 million Baht from the previous year.

Marine and Transportation Insurance

As of December 2018, underwriting profit before operating expenses of marine and transportation was 24.51 million Baht, a decrease of 4.36 million Baht or 15.10 percent compared to the same period last year.

The written premium was 82.39 million Baht, an increase of 5.75 million Baht or 7.50 percent from the last year. Net written premium was 42.85 million Baht, increased from the previous year due to increasing in retention rate from 51.88 percent in 2017 to 52.01 percent in 2018.

Underwriting income was 55.04 million Baht, an increase of 3.45 million Baht or 6.69 percent from the previous year. Earned premium was 41.72 million Baht, an increase of 3.15 million Baht or 8.17 percent from the last year. Fee and commission income was 13.32 million Baht, an increase of 0.30 million Baht or 2.30 percent compared to the same period last year.

Underwriting expenses before operating expenses was 30.53 million Baht, an increase of 7.81 million Baht or 34.38 percent from the previous year, as a result of increasing in claims and loss adjustment expenses amount of 13.96 million Baht, an increase of 4.12 million Baht or 41.87 percent from the previous year. Commission and brokerage expenses was 11.44 million Baht, an increase of 1.17 million Baht from the last year. Other underwriting expense was 5.13 million Baht, an increase of 2.52 million Baht from the previous year.

Motor Insurance

Motor underwriting profit before operating expenses was 172.88 million Baht, an increase of 54.64 million Baht or 46.21 percent compared to the same period last year.

Motor written premium was 1,709.02 million Baht, an increase of 141.25 million Baht or 9.01 percent compared to same period the last year. Net written premium was 1,699.56 million Baht, an increase of 147.47 million Baht from the previous year.

Underwriting income was 1,626.62 million Baht, a decrease of 3.54 million Baht due to a reduction in earned premium by 3.08 million Baht. Fee and commission income was 2.04 million Baht, a decrease of 0.46 million Baht from the last year.

Underwriting expenses before operating expenses was 1,453.74 million Baht, a decrease of 58.18 million Baht or 3.85 percent from the last year, caused by the reduction of claims and loss adjustment expenses amount of 1,070.11 million Baht, a decrease of 88.10 million Baht or 7.61 percent. The loss ratio was 65.87 percent in 2018 compared to 71.16 percent in 2017. Commission and brokerage expenses was 239.80 million Baht, a decrease of 4.84 million Baht from the last year. Other underwriting expense was 143.83 million Baht, an increase of 34.76 million Baht comparing with the previous year.

Miscellaneous

As of December 2018, underwriting profit before operating expenses was 21.39 million Baht, a decrease of 9.36 million Baht or 30.44 percent compared to same period the last year.

Written premium was 519.49 million Baht, an increase of 89.20 million Baht or 20.73 percent compared to same period last year. Net written premium was 138.63 million Baht, an increase of 24.43 million Baht from the previous year.

Underwriting income was 225.23 million Baht, an increase of 20.36 million Baht or 9.94 percent from the previous year. This was due to increasing in earned premium of 9.30 million Baht or 7.72 percent. Fee and commission income was 95.51 million Baht, an increase of 11.06 million Baht or 13.10 percent compared to the same period last year that the ratio of fee and commission income was 25.08 percent in 2018 compared to 26.72 percent in 2017.

Underwriting expenses before operating expenses was 203.84 million Baht, an increase of 29.72 million Baht or 17.07 percent from the last year as a result of increasing in claims and loss adjustment expenses amount of 90.43 million Baht, an increase of 11.39 million Baht that represented the loss ratio of 69.71 percent in 2018 compared to 65.64 percent in 2017. Commission and brokerage expenses amount of 61.25 million Baht, an increase of 6.96 million Baht and other underwriting expenses amount of 52.16 million Baht, an increase of 11.37 million Baht from the previous year.

1.4 Operating Expenses

As of December 2018, the Company's operating expenses was 371.34 million Baht, an increase of 49.06 million Baht or 15.22 percent compared to same period last year.

2. Investment Income and Other

As of December 2018, the Company's investments income, profit on investments, and other income was 98.87 million Baht, a decrease of 60.66 million Baht or 38.02 percent compared to the same period last year of 159.53 million Baht, caused by the reduction of interest and dividend income and profit on investment by 15.51 percent and 79.56 percent respectively compared to the same period last year. Return on investment was 3.48 percent in 2018 compared to 5.38 percent in 2017. Other income was 6.22 million Baht, a decrease of 0.96 million Baht or 13.37 percent from the previous year. Share of profit from investments in associate represented a loss of 3.59 million Baht and 3.95 million Baht in 2018 and 2017 respectively.

Factors Affecting Future Results of Operations

1. Economic Situation

The economy of Thailand and the World are a significant factor in conducting business of the Company. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies. Therefore, to reduce such risk, the Company developed its products and services together with looking for new channels of distribution in order to reach more policy holders.

2. Natural perils and Disasters

The impact of present condition geography will result in an increase of natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured. The Company adopts measures to deal with this risk by implements strict risk selection criteria, client groups and type of business as well as control the risk aggregation for situated in the same locations.

Financial Status

1. Composition of Assets and Liabilities

As of 31 December 2018, financial statements in which the equity method is applied represented the Company's total assets of 5,228 million Baht, an increase of 63.05 million Baht or 1.22 percent compared to year 2017 of 5,164.95 million Baht. The significantly changed are as follows:

- Cash and cash equivalents was 119.44 million Baht, equivalent to 2.28 percent of total assets, increased by 8.99 million Baht or 8.14 percent compared to year 2017.
- Premium receivable was 441.29 million Baht, equivalent to 8.44 percent of total assets, an increase of 40.87 million Baht or 10.21 percent compared to year 2017.
- Reinsurance assets was 451.92 million Baht, equivalent to 8.64 percent of total assets, a decrease of 9.59 million Baht or 2.08 percent compared to year 2017.
- Reinsurance receivables was 579.12 million Baht, equivalent to 11.08 percent of total assets, an increase of 221.64 million Baht or 62.00 percent compared to year 2017.
- Investment assets were 2,820.82 million Baht, equivalent to 53.96 percent of total assets, a decrease of 139.92 million Baht or 4.73 percent compared to year 2017.
- Intangible assets was 57.42 million Baht equivalent to 1.10 percent of total assets, an increase of 28.29 million Baht or 97.08 percent compared to year 2017
- The Company deposited for the rice scheme amount of 21.73 million Baht, equivalent to 0.42 percent of total assets, a decrease of 28.62 million Baht or 56.83 percent compared to year 2017.

Total liabilities were 3,120.82 million Baht, an increase of 128.29 million Baht or 4.29 percent compared to the same period last year of 2,992.53 million Baht. The mainly changed was due to:

- Liabilities under insurance contracts was 2,196.32 million Baht, equivalent to 42.01 percent of total liabilities and equity, an increase of 56.23 million Baht or 2.63 percent compared to the same period last year.
- Due to Reinsurers amount of 674.43 million Baht, equivalent to 12.90 percent of total liabilities and equity, an increase of 47.36 million Baht or 7.55 percent compared to the same period last year.
- Fee and commission payables amount of 71.80 million Baht, equivalent to 1.37 percent of total liabilities and equity, a decrease of 14.29 million Baht or 16.60 percent compared to the same period last year.

2. Assets Quality

2.1 Investment in Securities

As of 31 December 2018, investment in securities in the financial statements in which the equity method is applied was 2,820.82 million Baht and fair value is less than cost price, mainly divided to (i) Government bonds and treasury bills at the cost price of 360.63 million Baht, (ii) Debentures at the cost price of 759.36 million Baht, (iii) Listed shares at the cost price of 764.42 million Baht, (IV) Unit-trusts at the cost price of 280 million Baht. The Company had revised the fair value of financial instruments as of 31 December 2018 that represented unrealized loss on change in value of investment in securities of 19.75 million Baht as well as the recognition of loss for impairment of unit-trusts was recorded by 55.94 million Baht. Therefore, deposit at financial institutions and saving lottery was 590 million Baht and non-listed shares of 142.10 million Baht.

2.2 Property, Building and Equipment, net

In 2018, the book value of property, buildings and equipment before deducting accumulated depreciation was 607.25 million Baht. The net book value was 258.35 million Baht, a decrease of 12.09 million Baht. In 2018, the Company invested in (i) the core IT system and equipment amount of 7.54 million Baht to develop operational flow more effectively and (ii) the purchase of vehicles to support the operations amount of 8.99 million Baht. The Company had depreciation and amortization to 28.62 million Baht.

Intangible assets before deducting amortization for the year was 126.53 million Baht, accumulated amortization was 69.11 million Baht and the net book value of intangible assets was 57.42 million Baht. In 2018, the Company increased its intangible assets; computer software amounted to 32.83 million Baht.

2.3 Premium Receivable

In 2018, the net premium receivable was 441.29 million Baht, an increase of 40.86 million Baht from the last year. Due from insured and due from agents and brokers totaled to 446.53 million Baht that was not yet due and not over 30 days premium of 419.75 million Baht or 94 percent. Premium due date was 53 days. The Company, therefore, has continuously developed its premium collection system.

The Company set up an allowance for doubtful accounts for loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period. In 2018, the Company set aside allowance for doubtful accounts on premium receivable of 5.24 million Baht which will be sufficient to serve the risk may be occurred.

2.4 Other Assets

In 2018, claims receivable from litigants was 267.67 million Baht, an increase of 19.55 million Baht compared to the same period last year of 248.12 million Baht.

Allowance for doubtful accounts was 150.26 million Baht in 2018 compared to 138.82 million Baht in 2017, its ratio was 56.14 percent and 55.95 percent respectively.

The Company deposited amount of 21.73 million Baht for the rice scheme in 2018, a decrease of 28.62 million Baht from the previous year.

3. Liquidity

During the year 2018, the Company's net cash from operating activities was 99.69 million Baht. Net cash used in investing activities amount of 34.06 million Baht, financing activities amount of 56.65 million Baht, of which 49.50 million Baht to support dividend payment

As of 31 December 2018, the Company's liquidity ratio stood at 1.37 times, fewer than the last year of 1.39 times. Nonetheless, the Company's liquid assets are cash and cash equivalents, including highly liquid investments these can be readily converted to cash.

In 2018, the Company's capital expenditures included information systems development and buying vehicles to continually serve its business expansion.

4. Source of Fund

As of 31 December 2018, the Company total liabilities was 3,120.82 million Baht, total equity was 2,107.18 million Baht which is equivalent to 1.48 times of debt to equity ratio, higher than that 1.38 times of 2017. The majority of funds used in business operations came from a combination of shareholders' equity and income generated from operations. The major liabilities are loss reserves and outstanding claims and unearned premium reserve.

5. Shareholders' Equity

As of 31 December 2018, shareholders' equity was 2,107.18 million Baht, a decrease of 65.25 million Baht or 3 percent compared to the same period last year. This was due to (i) cash dividend payment for the year 2017, (ii) operating profit for the year 2018 of 86.51 million Baht and (iii) the reduction of other components of equity of 101.79 million Baht.

6. Commitments and Liabilities and Management of Off-Balance Sheet Transactions

As of 31 December 2018, the Company has been sued for damages totaling approximately 157.70 million Baht. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is 14.80 million Baht. Nonetheless, the Company has set aside reserve for contingent loss amounting to 14.60 million Baht.

Auditor's fee

1. Auditing Fees

Fees paid for review and audit of the financial statements during the 2018 accounting year totaled to 1,590,000 Baht.

2. Other Fees

Other service fees paid for review and audit of the Risk Based Capital Report as required by Office of Insurance Commission, totaled to 585,000 Baht.

Sustainable Development

At Navakij, we believe that virtuous operation and accounting for the rights of all stakeholders successfully adds sustainable value to both the Company and its shareholders. Since the Company operates in the service sector then we have to maintain all stakeholder credence and treat them equitably as well as development of new products and services that are better tailored to policy holders' needs and expectations are implemented. Our CSR strategy is contributed back to society by focusing on fairness and mutual benefit to the both parties as identified in following vision of the Company

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology.
- To provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.

The Company produces a sustainable development report, as part of its annual report consistent with 9 guidelines of The Stock Exchange of Thailand (SET) as follows:

1. Corporate Governance

Guidelines on Corporate Governance

The Company's principles of good corporate governance has been approved by the board of directors that we comply with the latest reviewed took place in 2018. In year 2018, the Thai Institute of Directors Association awarded the Company with corporate governance rating of "excellent" in its survey of SET listed companies and the Company also achieved a rating of "Excellent" in the 2018 Annual General Meeting of Shareholders Checklist Survey that the Company adhered to the principles of good corporate governance as follows:

Rights of Shareholders

- The Company encourages its shareholders, including institutional investors, to attend the general shareholders meeting for participation in any decision making relate to their benefits.
- 2018 Annual General Meeting of Shareholders (2018 AGM) was organized on 24 April 2018, at the Grand Hall, 28th floor, the Bangkok Club, Sathorn City Tower, whereby Chairman of the Board, all chairpersons of the committees and the Company's chief executive officer were presented in the meeting.
- Allow shareholders to send their question to the Company prior to the meeting date as criteria determined by the Company and disclose them on the Company's website.
- Encourage the use of proxy form B which shareholders are able to specify their votes that is attached to the notice of the meeting and also downloaded from the Company's website.
- Encourage the Company to use secure, fast, precise and accurate technology in the shareholders meeting, including barcode system in recording attendee registration, printing ballots for the agenda required the shareholders meeting to approve and certify and processing voting results. In addition, shareholders are able to register after the meeting has been commenced and be able to vote for agenda that a resolution is not yet made.
- The chairman of the meeting provided opportunities for the shareholders to express their opinions and ask questions related to the Company's operations and the meeting agenda and all inquiries were recorded in the minutes of the meeting.
- The Company informed the SET the resolutions of each agenda of 2018 AGM by indicating the votes as "approved" "disapproved" "abstained" and "voided ballot" from voting.
- The minutes of shareholders' meeting was sent to SET within 14 days after the meeting, and also posted on the Company's website promptly for shareholders to acknowledge, express their opinions and verify.

Equitable Treatment of Shareholders

- The Company released 2018 AGM notice, with detailed agenda and explanatory circulars both Thai and English, and presented in the Company's website on 21 March 2018.

- In advance of 2018 AGM date, during 19 September–31 December 2017, The Company set criteria and procedures for the proposal any agenda item and the nomination of candidates by minority shareholders that the Company informed its shareholders via newsletter to SET and posted on the Company’s website. However, no shareholders proposed any agenda item or candidate.

- Chairman of the remuneration, nomination and governance committee encouraged members of the Board to nominate qualified person to be director in place of those retiring by rotation.

- Chairman of the meeting conducted 2018 AGM as agenda prepared in the notice chronologically, without adding any agenda item other than those specified in the notice.

- The shareholders were entitled to vote based on the amount of shares held whereby one share was equal to one vote.

- The shareholders are able to elect each director individually on the agenda of an election of directors in place of those retiring by rotation.

- The Company wrote the internal control policy that has been communicated as notification to everyone in the Company to protect against abuse of inside information.

- Every director and executive regularly submit to the office of company secretary a report on their ownership of the Company’s shares as regulation specified by SEC and the information shall disclose in every meeting of the board of directors.

- Every director and executive are prohibited from trading the Company’s security during two weeks prior to the disclosure the Company’s information and/or financial reports to the public.

- The director who had conflicts of interest must report to the board of directors meeting before considering the agenda item and to abstain from voting and/or leave the meeting.

Roles of the Stakeholders

Guidelines to various stakeholders are as follows:

- **Shareholders**

The Company is strongly committed to provide values and maintain business growth to preserve the greatest interest of the shareholders, including disclose information to shareholders correctly, completely, and transparently.

- **Employee**

The Company believes that our employees are the most important asset, we treat employees fairly and are determined to ensure that every employee is proud of and were confident in the organization. The Company sets the appropriate compensation and provision of fringe benefits to employees not only complies with but also exceeds relevant standard mandatory requirements, e.g. provident fund, health and accident insurance, annual health check-up, safe and sanitary workplace environment, employee recreational activities, and in-house physical workout facility to promote mutual recreation among employees as well as continually developing progress on career paths including provide both local and overseas scholarships and training courses year plan for employee at each level.

The Company takes into account the safety of its employees so as to provide continually the knowledge regarding workplace safety and hygiene guidelines throughout the year 2018 and the Company’s had zero work-related accidents.

- **Customers**

The Company policy is to respond to customer’s satisfaction and to maintain the customers’ long-term relationships. We provide advice for appropriate and adequate coverage at a fair price through quality insurance policy and compensations are paid with fairness. The Company’s information discloses correctly to the customers and Customer Service Center was set up to provide assistance to clients in handling their complaints.

- **Suppliers**

The Company treats suppliers/trade partners with transparency and notifies them to acknowledge of the level-playing field. No nepotism is allowed in our Company. These suppliers/trade partners will be given opportunities to comment and propose suggestions concerning any and all joint business issues. To ensure that the rights of business partners are protected, the Company will treat suppliers/trade partners’ secrets as strictly confidential. Selection of suppliers shall in line with the policy for treatment of trading partners based upon seven criteria:

- ▶ Affidavit
- ▶ Pricing
- ▶ Technical capability
- ▶ Expertise and experience
- ▶ Quality of goods and services
- ▶ Business reputation
- ▶ Service policy

- **Competitors**

The Company operates its business within a competitive context by being fair and strictly following the law, never defaming other insurance companies and harnessing other intellectual properties. The Company emphasizes the quality and efficiency of its services, stressing the greatest benefit to the customers.

- **Creditors**

The Company has a policy to operate efficiently and extremely maintains the capability to redemption, to maintain the reputation and creditability of the Company and fair basis of both sides, do not violate the rights of the creditors and complies with terms agreed including promptly to discuss with the creditors to find suitable and quick solutions to their mutual benefit.

- **Community, Society and Environment**

The Company realizes its responsibilities to society and to the preservation of environment. The Company promotes awareness of social responsibility and supports many activities that benefit the community as well as encourages all stakeholders of the Company's participation in community development and social sustainability, such as granting scholarships to poor students with a good school-record and supporting a fund for the rehabilitation of academy. Furthermore, the Company has also offered training program of environment and various activities to its management and staff to participate, as well as realize the significance of conducting themselves in a way would benefit society. All activities have been continuously implemented and effectively carried out.

- **Human Rights**

The Company policy is to support and to respect issues that present the organization through to the employees to be involved in human rights violation, realizes and respects equal rights by following the principles of human rights protected by the Constitution of the Kingdom of Thailand. The Company will not take any actions that violate human dignity, personal right and liberty, and will avoid discrimination with regard to people's origin, race, physical condition or health, economic or social status, education and training, or personal characteristics that are unrelated to work.

- **Intellectual Property or Copyright**

The Company had defined policy and guidelines to prevent non-infringement of intellectual property or copyright and an act on the computer offense commission and notified them to the Company's employees together with inspection their using software programs to prevent the misuse or piracy. The Company has an efficient control process for the practices of its employees in compliance with rules and regulations that the Company's confidential business data must not be disclosed to outsiders without the Company's permission. The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company's procedures.

Disclosure and Transparency

The Company recognizes the importance of information disclosure due to it greatly affects decision-making by investors and stakeholders and has a policy to strictly disclose information transparent, accurate, complete, reliable and timely in accordance with the rules and regulations of SET, SEC, OIC and other relevant regulatory bodies.

The Company provides various channels to communicate with shareholders, investors and other interested parties alike may have access to the information expediently, such as the form 56-1, annual reports, quarterly financial reports, the Company's website, interviewing and making conference call as well as organizing press conference to update important events and new products of the Company to acknowledged thoroughly by the public.

Shareholder Relations division was set up to represent the Company in communicating information useful to shareholders, investors and relevant parties, may contact at +66 2664 7777 Ext. 7719, 1905 and 1906 or submit questions by e-mail to office_president@navakij.co.th or via the Company's website at www.navakij.co.th.

In 2018, the Company had no any record of changing the financial statements by SEC and did not face any sanctions by regulations for failures to make announcement within the requisite time period for material events.

Responsibilities of the Board of Directors

Structure of the Board of Directors

- Directors should be competent with various skill mixes and integrity. At least one director shall be an expert in the area of non-life insurance business that consistent with the Company's strategies, and at least one in the area of accounting and finance.

- The Board shall comprise of directors who competent with skills and extensive experience to benefit the Company's operation. The number of directors is currently limited to thirteen, comprising eleven non-executive directors and two executive directors i.e. the chief executive officer (CEO) and the company secretary. The five directors who have been qualified as independent directors, namely, Professor Hiran Radeesri, Mr. Pramon Sutivong, Mr. Kiet Srichomkwan, Mr. Phornpong Phornprapha and Mr. Chan Soo Lee. The proportion is one-third of total number of the total directors.

- Directors shall have a term of three years and any director vacating the office on due term may be re-elected.
- The board of directors agreed that the chairman of the board of directors and CEO have separate functions and responsibilities and are not the same person, to enable independent performance of the managements' checks and balances. Further details are clearly defined in the section of "Shareholders and Management Structure".

Limit of board seats in other publicly listed companies

A Board member cannot hold more than five directorship positions in publicly listed companies. The CEO and President cannot hold more than five directorship or the executive positions at other company, including holding a directorship in other rival incorporation or any related business with the Company. Nevertheless, those positions must be approved by the board of directors.

Board of Directors' Meetings

- The Board holds at least seven meetings a year which is one meeting for non-executive directors only. All meetings will be scheduled at the beginning of the year. The extraordinary meetings are allowed if required. Moreover, the Board shall receive a monthly report on the Company's performance for the month when meetings are not scheduled.

- The Chairman of the Board, the topmost position of executive and an independent director shall consider and agree to the meeting agenda and all members of the Board are entitled to propose the agenda items.

- The Company Secretary is responsible for the agenda and supporting documents that shall send to all members not less than seven days before the date of meeting, except in the case of emergency.

- Each meeting takes at least two hours, and the Chairman will allow every director to express his/her opinion openly before proceeding with the vote and concluding a resolution of the meeting in each agenda.

- The Company's executive will attend the meeting to clarify and answer queries of the Board on the issues that he/she is directly responsible for, and give the Board chance to know more about him/her as well as be useful for preparing succession plans.

- The Board has access to additional information, under prearranged conditions, via CEO, president, company secretary or executive designated as a contact person.

- The company secretary is responsible for preparing the minutes propose to the chairman of the Board to consider before propose to all directors to consider and certify in the next Board's meeting. After approval and duly signed by the chairman, minutes are stored securely at office of company secretary. Electronics copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.

- In 2018, one non-executive directors' meeting was organized to discuss the Company's direction and business operations management.

Performance Evaluation of the Board of Directors

The board of directors is required to evaluate their performance annually, it consists of whole and individual self-assessments, to express his/her view on the performance of the board of directors as a whole and to consider and review the results, problems and obstacles on its performance over the past year, as following procedures:

1. The company secretary performs and reviews self-assessment evaluations to be accuracy, completeness and in line with the best practices of relevant regulatory bodies.
2. The company secretary submits the self-assessment to the directors to evaluate their performance.
3. The company secretary summarizes and reports the assessment result to the board of directors' meeting and ensures to improve for the effective performance.

The performance evaluation of the board of directors contains six major topics those are (i) Board structures and qualifications, (ii) Roles, duties and responsibilities of the Board, (iii) Board of directors' meetings, (iv) The director's function, (v) Relationship with executives and (vi) Self-improvement of directors and executives. For the self-assessment of the board of directors on an individual basis contains three major topics those are (i) Qualifications of the director, (ii) Roles, duties and responsibilities of the director, (iii) Board of directors' meetings.

The assessment criteria divided into five levels based on percentage; excellent (90–100), very good (80–89), good (70–79), satisfactory (60–69), need improvement (50–59). The assessment result can be conducted that the directors performed their duties in compliance with the principles of good governance and the code of conduct, the average score was 95.65 percent for the self-assessment as a whole and 96.33 percent for individual self-assessment.

Performance Evaluation of the Committees

The committees at the board level comprising of the audit committee and the remuneration, nomination and governance committee, are required to perform self-assessment once a year to comply with standard of ASEAN Corporate Governance Scorecard. The self-assessment of the committees as a whole contains three major topics those are (i) Board structure and qualifications, (ii) Roles, duties and responsibilities of the committees, (iii) The committees meeting. The assessment criteria divided into five levels based on percentage; excellent (90–100), very good (80–89), good (70–79), satisfactory (60–69), need improvement (50–59). The assessment result of the audit committee and the remuneration, nomination and governance committee was excellent, the average score was 100 percent and 98.06 percent respectively.

Development Programs for the Directors and Executives

Directors' handbook was prepared by the Company that contains listed company directors' handbook, the principles of good corporate governance for listed companies, good corporate governance and best practice for insurance companies, related Act for the directors and the Company's general information, how to the Company operates and what is required and expected as a director.

The Board encourages its directors and executives to attend training courses organized by various established institutions in order to broaden their knowledge and perspective that may become useful in their roles within the Company. In 2018, Miss Charuwan Chabchamrun, director & company secretary, attended the course organized by the Thai Institute of Directors Association; CGR Workshop 2/2018: Enhancing Good Corporate Governance based on CGR Scorecard held on 26 September 2018 and Board Matters & Trends (BMT 6/2018) held on 30–31 October 2018

The Board, therefore, established a development program for senior executives and the program has been reported by the President on a regular basis that the senior executives shall assign successors in case they cannot perform their duties.

Internal Information Control and Risk Management

The board of directors has established measure to control the use and prevent misuse of internal information especially as regards insider trading for the board of directors, the management and related employees involved the significant internal information including their spouses and children who are minors.

The board of directors assigned the audit committee to be responsible for reviewing the Company's internal control system to ensure the efficient, properly and sufficient that inclusive the Company's operational flow include administration, operation, finance and accounting and compliance with relevant laws and regulations in line with the guideline of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Control activities are as follows:

1. Authorization is designed to provide reasonable assurance that all transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials. Actions taken to minimize risk to be appetite.

2. Clearly separated functions and responsibilities consistent with the organization structure, to enable independent performance of the managements' checks and balances as well as the appropriate length of a job rotation should be taken.

3. Connected transactions or any transactions in compliance with the laws and regulations specified by SEC must get approval from the audit committee.

4. Set the policy on guidelines for staff on how to use computer networks to encourage them to realize the security of information technology and to check whether authorized access has been implemented.

5. Controlled technology activities have been designed and developed to support the objective of internal control system based on Control Objective for Information and Related Technology (COBIT).

6. The Office of Compliance is responsible for reviewing how the Company's operations are operated in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

7. Submit the notice to all members of the Board and the management to cease trading of NKL security during two weeks prior to the disclosure of the Company's information and/or financial reports.

8. The directors and the executives must prepare their reports to the Company at Office of Company Secretary for the purpose of using it to check transactions with the Company and connected transactions as follows:

8.1 Report on interest; (i) First submission after being appointed as director or executive, (ii) Every time there is a change on their interests, (iii) Review and report at every year end; the company secretary will gather and submit them to Chairman of the Board and Chairman of the Audit Committee for acknowledgement.

8.2 Report on changes of securities holdings (Form 59) via SEC's online system and inform the company secretary accordingly.

8.3 Report on the securities holdings of the directors and the executives shall include in the agenda of every board of directors' meeting.

9. The Company makes regulations in its code of conduct on safe guarding confidential information and all employees must sign an agreement to comply with the policy on confidential data and prevent them from misuse of internal formation. The disciplinary penalties for violations are clearly stated in the employee's manual. Maximum penalty is termination without any compensation.

10. The Company created a manual for business continuity plan (BCP) and provided a practical testing of BCP at the rented computer facility and the outcome was satisfactory. In addition, it also made the risk management policy and a 3-year plan in compliance with the OIC regulations.

The application of the Corporate Governance Code for listed companies 2017

The board of directors has properly considered and reviewed annually the application of the CG Code Principles and Sub-Principles.

Compliance on the Principles of Good Corporate Governance

The Company continues to have a strong commitment to the principles of good corporate governance of relevant regulatory bodies including CG Code that are suitable for the Company's business, except for the following issues:

1. The Chairman is not an independent director, since in the non-life insurance industry, the core business of the Company, strongly needs a knowledgeable chairman with long business experience person to lead the Company to achieve its goals of stability and sustainable growth. Nonetheless, the Chairman is not executive director, the CEO and President is authorized to monitor on the whole policies and the president is authorized to take responsibility for managing the Company's operations.

2. The board of directors composed of 38.46 percent of independent directors. Nonetheless, there is a clear separation of duties and responsibilities among the Board and management, giving rise to a concise and transparent management, maximum benefit for the Company and fairness to all shareholders. However, the Company will follow for the most of these principles that fit to the Company's business characteristics.

3. The Board has a policy for independent directors to hold a term of three years and shall not hold office more than three consecutive terms or not exceeding nine years unless the Board considers otherwise and those directors remain to provide their opinion independently and comply with relevant guidelines. Nevertheless, the five independent directors hold a term more than nine consecutive years, due to those directors have properly and specific qualifications benefit to the Company, and it is not simply for nominating of a new director. Nonetheless, the Board would be proposed to the shareholders meeting for reasonable and necessity to re-appoint those directors to serve another term in the Board of Directors.

4. The Company did not participate in the event "opportunity day" which was organized by SET. However, the Company allowed the media and analysts to interview and find out about the Company's business performance, important events and new products.

2. Operate Business with Fairness

We believe that virtuous operation and accounting, for the rights of all stakeholders, successfully add sustainable values to both the Company and its shareholders as follows:

- 1) Provide advice for appropriate and adequate coverage at a fair price.
- 2) Define criteria to select suppliers with transparency, and notify them to acknowledge the level-playing field. No nepotism. Selection of suppliers shall in line with the policy for treatment of trading partners.
- 3) The Company treats employee fairly, in terms of their opportunities, compensation, benefits and training.
- 4) The Company complies with term agreed and made payment regularly on time.
- 5) The Company has set a policy to its directors, executives and employees to avoid making connected transactions, related transactions or transactions that may cause conflict of interest.
- 6) The Company has the policy to comply with intellectual property or copyright laws, provide a list of monitoring software installed on computer system in both the Server and Client regularly and continuously.
- 7) The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company's procedures.

3. Anti-Corruption

The Board approved the anti-corruption policy. It has been announced to all employees in the organization and also communicated to the third parties such as customers, suppliers and all stakeholders through commercial contract, the Company's website and the Company's journal, and annual report, to strictly comply with it guidelines, it is prohibited that all directors, executives and staffs at all level including our business partners be associated with corruption. All activities of the Company's business must be operated without corruption.

The Company is always required for a risk assessment in relation to such anti-corruption regularly, which all departments are responsible to assess the risks relating to their operation as well as to identify preliminary risk management strategies. The office of risk management is responsible for analyze the processes of operational risk and fraud management, analysis, monitoring and control. It also complied the overall risk position to remain within an appropriate risk appetite and then report to the risk management committee and the board of directors accordingly. Therefore, office of internal audit is responsible for evaluate and monitor risk of fraud beyond corporate risk assessment.

The Company shall train employees about the anti-corruption policy to cultivate a culture of honesty, recognize the importance of the policy and understand the guidelines set out in this policy as well as notice in the Company's intranet. In 2018, the Company organized the three courses to educate our employees in 2018 on 29 January, 5 February, 16 July, 6 October and 8 October.

The Company put in place an internal compliance and control program to prevent and monitor a corruption risk as follows:

1. The audit committee has a duty and responsibility that's been assigned by the Board to supervise the compliance of the policy, to review the system of financial accounting, internal controls, internal audit and risk management with compliance to the related laws and international standards and the same time, be efficient and effective.
2. Provided the provision to encourage understanding and to be a basis on the operation concerning the policy.
3. Provided whistleblowing channels include protection of whistleblowers and the investigation must be conducted with justice and also impose a penalty which subject to disciplinary or legal action.

The procedures to monitor and enforce the anti-corruption policy are as follows:

1. Office of Internal Audit has a duty and responsibility to monitor and review the internal control systems to ensure that the controls are appropriate and adequate. Also, audit the business operations to ensure that it is within compliance with the law and regulations of relevant regulatory bodies and the Company and to report the audit result to the audit committee.
2. Risk management committee has a duty and responsibility to oversee risk management to ensure that the Company has managed its risk appropriately and with efficiency. To preserve the greatest interest of the Company and to be consistent with the Company's strategy and overall risk management policy, and report to the board of directors.
3. The Company has reviewed the guidelines and requirements for the implementation of the policy against regulation guidelines in order to comply with the laws and regulations.

• **Communications with Stakeholders**

The Company provided whistleblowing and grievance policy to its stakeholders to give suggestions, complaints and reports illegal acts. Whistleblower may raise a concern through various channels provided in the Company's website for all stakeholders properly selection and the Company will store securely those complaints and offer whistleblowers protection from harassment or disciplinary proceedings.

- Vice President of Organization Development Department
Tel: +66 2664 7712 Email: phatarawipha_w@navakij.co.th
- Vice President of Office of Compliance
Tel: +66 2664 7719 Email: charuwan_c@navakij.co.th
- Chief Executive Officer
Tel: +66 2664 7738 Email: pitiphong@navakij.co.th
- Chairman of the Audit Committee through the secretary
Tel: +66 2664 7778 Email: phisit_p@navakij.co.th

In addition, may raise by send mail to the Company at 100/47-55, 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok 10500

Consideration and Process

1. The information of the matter must be substantially true and clear enough for the investigation process.
2. Whistleblowers must identify themselves for further information.
3. The matter disclosure and the investigation process are kept confidential. Concerns and complaints of staff will be responsible only by those related to investigation. Concerns related to Executives are disclosed directly to the Audit Committee for investigation and report the findings directly to the Audit Committee.
4. Vice Presidents of Organization Development Department, Office of Compliance and Office of Internal Audit are responsible for the investigation and report the findings to the President and the Audit Committee
5. The investigation must be conducted with justice.
6. The duration of the investigation depends on the complexity of the issues, the sufficiency of the evidence provided by whistleblowers and those involved with the process of investigation.
7. Any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary or legal action.

4. Respect to Human Rights

The Company policy is neither to support nor to respect issues that may put the organization and its employees to be involved in human rights violation, realizes and respects equal rights by following the principles of human rights protected by the Constitution of the Kingdom of Thailand. The Company will not take any actions that violate human dignity, personal right and liberty, and will avoid discrimination with regard to people's origin, race, physical condition or health, economic or social status, education and training, or personal characteristics that are unrelated to work. This is done by using the following guidelines:

- 1) Set recruitment criteria regardless of race, religion and sexual orientations.
- 2) Have sexual equality, and forbid sexual oppression and harassment.
- 3) Give the freedom of thought and participation in political activities as long as it does not affect or damage the organization.
- 4) Give the right to file complaints and provide written procedures in the employee handbook for employees who have faced various issues to submit complaints. The right of complaint includes channels for other parties such as third party stakeholders.
- 5) Provide a welfare committee to oversee employee well-being and ensure that they are entitled to equal legal rights.

5. Treating Employee Fairly

Employee remuneration and welfare

- 1) Arrange appropriate and fair compensation structure, consistent with duties and responsibilities.
- 2) Increase annual salary by being fair and in line with the Company's business performance, cost of living, competency level and performance assessment result.
- 3) Arrange welfare compliance with related laws and others appropriately, to support and response the employees' needs to have a good quality of work life, such as sickness benefit, accident and health insurance, provident fund, emergency loan etc.
- 4) Employee welfare committee is responsible for the consideration and review a scheme of welfare and benefits as guidelines for the employees, and to implement them correctly and efficiently. The committee consists of representative of the employee and the employer.

Training and Development

The Company has a policy to encourage employees to enhance their knowledge and potential in line with the Company's core competency, to grow in their career paths and to serve the Company's business expansion, of which guidelines was defined as follows:

- 1) Define training courses yearly plan in both functional and management competencies to the employees of each level.
- 2) Map out a concrete succession plan and talent management to establish and maintain for high potential and performance employees. Define individual development plan that the employees have to participate in training, seminar and observation courses organized in both local and overseas.
- 3) Store valuable knowledge in term of electronics system, for the benefit of employees' learning.
- 4) Support the Company's staff to share their knowledge and work experience as well as solve problems together, to enhance more efficient work process.

Policy concerns of Safety and Health Issues

- 1) Promotion and maintenance of healthy conditions both physically and mentally in the workplace.
- 2) Prevention of employees' declining health resulting from work.
- 3) Protection of employees against working in hazardous workplace which could result in illness and injury.
- 4) Placing of employees in appropriate working environment.
- 5) Adaptation of work appropriate to the nature of the work and the workers.

6. Product Responsibility

The Company stresses the importance of responding to customer needs that cause to achieve the Company goals. We also try to seek other technique to serve the customer needs more efficiently; to emphasize on prompt service with the policy to reach accident site within thirty minutes for survey and process claims payment within fifteen days after settlement, to sell of quality insurance policy, to provide advice for appropriate and adequate coverage at fair price and provide customer service center to accommodate clients to report a claim quickly 24 hours together with giving non-life insurance information through Navakij Call Center 1748 and the Company also performs surveys form send to the clients who had motor claims in order to evaluate and improvement to service.

There was no significant complaint report arise from the Company's services received throughout the year 2018. The Company also provides various information benefits consumer such as insurance news, public relations news in marketing and corporate social responsibilities and frequently asked questions.

7. Environmental Responsibility

Despite being a predominantly service industry with no direct impact on the environment, however the company has set a policy pertaining to social and environmental well-being as follows:

- 1) Conduct business with an aim to benefit economy and society as a whole.
- 2) Comply with the law and regulations as well as cooperate with authorities in projects.
- 3) Support the underprivileged and victims of natural disasters.
- 4) Promote awareness of social and environmental responsibility.

The Company has encouraged employee awareness of saving energy and reduction to global warming policies e.g.

- Use recycled paper on both sides.
- Print document that require printing only.
- Turn off main air-conditioning system 30 minutes before lunch break and ending of office hour.
- Turn off the lights every time existing from the working areas or meeting rooms and turn off the main lighting during lunch.
- Use energy saving light bulbs for the Company's office.
- Turning off computer screens when not in use.
- All the Company's cars use gasohol as opposed to petrol.

8. Community Development

Social Activities

1) Collaborated with the Thai Red Cross Society, Poon Phol Co., Ltd. and Sathorn Thani Complex, under the project of "Good Deed, Give Blood, In Remembrance of His Majesty King Bhumibhol Adulyadej", blood donation amounting to 397,200 cc was collected from 1,203 donors.

2) Supported a project "Body, Organs and Eyes Donation", donated to Chulalongkorn Memorial Hospital, the Thai Red Cross Society Organ Donation Center and Thai Red Cross Eye Bank.

Quality of Life Development

1) Distributed relief kits, supported health and dentistry check-up to families who affected by cold weather in the wilderness area of Lamphun Province, in conjunction with members and associate Relief and Community Health Bureau, The Thai Red Cross Society.

2) Participated in a project of Office of Insurance Commission (OIC), donated ambulances and medical equipment to those hospitals in need, in effort to provide a quicker and more effective medical treatment for society.

3) Supported a project "Thai Rice Insurance Scheme 2018", a collaborative project between Department of Agricultural Extension Ministry of Agriculture and Cooperatives, Bank for Agriculture and Agricultural Cooperatives, Fiscal Policy Office Ministry of Finance, OIC and TGIA to push the state policy to create a crop insurance system for sustainable benefits to Thai farmers.

4) Collaborated with Sittinan Co., Ltd. and Thongpoon Wanglee Foundation, to donate cash, providing of consumable goods and foods to the Foundation for the Disable Person, Baanphrapradaeng, Samut Prakan Province.

Educational Supports

Restruktion of building in conjunction with the Thailand Insurance Magazine to faraway schools; Wat Don Ping Dad school, Phetchaburi Province.

9. Socially Responsible Innovation

The Company continues to leverage on technological advancements that are become widely available and relevant to the insurance industry and also gives emphasize to social responsibilities issues. We streamlined our information technology and new proprietary product developments have enabled the Company to become able at efficiently serving consumers' insurance needs and we also concern the economy situations both domestic and overseas. A range of product availability includes motor and non-motor products and it is also a policy of expanding motor insurance along with the expansion of other types of insurance.



Independent Auditor's Report

To the Shareholders of The Navakij Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements, in which the equity method is applied, of The Navakij Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2018, and the related statements of income, comprehensive income, changes in owner's equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of The Navakij Insurance Public Company Limited.

In my opinion, the financial statements, in which the equity method is applied, referred to above present fairly, in all material respects, the financial position of The Navakij Insurance Public Company Limited as at 31 December 2018, its financial performance and cash flows for the year then ended and the separate financial statements of The Navakij Insurance Public Company Limited in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Insurance premium recognition

In 2018, the Company had revenue from insurance premiums amounting to Baht 2,893 million, which were derived from retail insured and had a large number of policies. The insurance premiums are collected from variety customers and insurance premiums amount rely on the processing of information technology system. I therefore focused on the recognition of insurance premiums with respect to the amount and appropriate timing.

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

insurance premiums recognised throughout the period and tested on sampling basis for accounting entries related to insurance premiums made through journal vouchers.

Insurance contract liabilities - claim reserves and outstanding claims

Insurance contract liabilities - claim reserves and outstanding claims account is highly significant to the financial statements. As at 31 December 2018, the Company had claim reserves and outstanding claims amounted to Baht 645 million (representing 21 percent of total liabilities). Claim reserves and outstanding claims normally includes both claims incurred and reported and claims incurred but not reported, which were calculated by the Company's management using actuarial techniques. The key assumptions applied were based on historical data and required the management to exercise substantial judgement in estimating such reserves so I addressed the adequacy of claim reserves and outstanding claims as a key audit matter. In addition, such claim reserves and outstanding claims are directly relevant to claim reserves refundable from reinsurers which were also calculated by the Company's management using actuarial techniques. As at 31 December 2018, the Company had claim reserves refundable from reinsurers amounting to Baht 113 million.

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

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.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499
EY Office Limited
Bangkok: 21 February 2019

Statements of financial position

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	6	119,443,830	110,457,820	119,443,830	110,457,820
Premium receivables	7	441,292,191	400,426,698	441,292,191	400,426,698
Accrued investment income		7,176,640	8,750,223	7,176,640	8,750,223
Reinsurance assets	8	451,918,948	461,512,334	451,918,948	461,512,334
Reinsurance receivables	9	579,118,997	357,479,075	579,118,997	357,479,075
Investment assets					
Investments in securities	10	2,820,823,822	2,960,745,991	2,765,599,227	2,905,521,396
Loans	11	592,076	669,755	592,076	669,755
Investments in associates	12	32,466,779	37,015,198	43,256,079	43,256,079
Property, building and equipment	13	258,354,225	270,438,590	258,354,225	270,438,590
Intangible assets	14	57,420,913	29,136,044	57,420,913	29,136,044
Deferred tax assets	15.1	181,256,430	172,208,336	179,098,570	172,208,336
Other assets					
Claims receivable from litigants	16	117,409,834	109,296,171	117,409,834	109,296,171
Deposits on rice field insurance scheme		21,732,674	50,347,585	21,732,674	50,347,585
Receivable on sales of securities		-	13,163,979	-	13,163,979
Others		138,987,912	183,300,005	138,987,912	183,300,005
Total assets		5,227,995,271	5,164,947,804	5,181,402,116	5,115,964,090

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

Statements of financial position (continued)

The Navakij Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and equity					
Liabilities					
Insurance contract liabilities	17	2,196,320,380	2,140,090,410	2,196,320,380	2,140,090,410
Due to reinsurers	18	674,431,561	627,073,739	674,431,561	627,073,739
Employee benefit obligations	19	50,076,495	45,818,627	50,076,495	45,818,627
Other liabilities					
Fee and commission payables		71,796,074	86,085,712	71,796,074	86,085,712
Accrued expenses		83,753,471	43,894,883	83,753,471	43,894,883
Liabilities under finance lease agreements	20	17,990,612	9,473,679	17,990,612	9,473,679
Others		26,451,936	40,089,290	26,451,936	40,089,290
Total liabilities		3,120,820,529	2,992,526,340	3,120,820,529	2,992,526,340
Equity					
Share capital	21				
Registered					
34,000,000 ordinary shares of Baht 10 each (2017: 33,000,000 ordinary shares of Baht 10 each)		340,000,000	330,000,000	340,000,000	330,000,000
Issued and paid up					
34,000,000 ordinary shares of Baht 10 each (2017: 33,000,000 ordinary shares of Baht 10 each)		340,000,000	330,000,000	340,000,000	330,000,000
Share premium		647,260,093	647,245,520	647,260,093	647,245,520
Retained earnings					
Appropriated					
Statutory reserve	22	34,000,000	33,000,000	34,000,000	33,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,084,314,951	1,058,789,835	1,035,119,143	1,007,515,095
Other components of equity		(18,400,302)	83,386,109	(15,797,649)	85,677,135
Total equity		2,107,174,742	2,172,421,464	2,060,581,587	2,123,437,750
Total liabilities and equity		5,227,995,271	5,164,947,804	5,181,402,116	5,115,964,090

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

Statements of income

The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Income					
Gross premium written		2,892,615,189	2,635,821,877	2,892,615,189	2,635,821,877
Less: Premiums ceded to reinsurers		(700,186,941)	(625,597,889)	(700,186,941)	(625,597,889)
Net premium written		2,192,428,248	2,010,223,988	2,192,428,248	2,010,223,988
Add (less): Unearned premium reserves (increase)					
decrease from prior year		(97,994,405)	75,979,395	(97,994,405)	75,979,395
Net earned premium		2,094,433,843	2,086,203,383	2,094,433,843	2,086,203,383
Fee and commission income		197,963,712	179,930,356	197,963,712	179,930,356
Share of loss from investments in associate	12.3	(3,586,129)	(3,949,855)	-	-
Investments income, net	10.5	84,810,439	100,382,157	84,810,439	100,382,157
Profit on investments		11,424,248	55,924,253	11,424,248	55,924,253
Other income		6,224,008	7,175,994	6,224,008	7,175,994
Total income		2,391,270,121	2,425,666,288	2,394,856,250	2,429,616,143
Expenses					
Gross claim and loss adjustment expenses		1,651,995,475	1,686,238,818	1,651,995,475	1,686,238,818
Less: Claim recovery from reinsurers		(433,030,489)	(335,900,773)	(433,030,489)	(335,900,773)
Commission and brokerage expenses		451,055,713	436,869,508	451,055,713	436,869,508
Other underwriting expenses		245,226,814	186,650,559	245,226,814	186,650,559
Operating expenses	23	371,345,251	322,277,687	371,345,251	322,277,687
Total expenses		2,286,592,764	2,296,135,799	2,286,592,764	2,296,135,799
Profit before income tax expenses		104,677,357	129,530,489	108,263,486	133,480,344
Income tax expenses	15.2	(18,167,336)	(18,881,212)	(19,674,533)	(18,881,212)
Profit for the year		86,510,021	110,649,277	88,588,953	114,599,132
Earnings per share					
Basic earnings per share	26	2.54	3.25	2.61	3.37

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

Statements of comprehensive income

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2018	2017	2018	2017
Profit for the year	<u>86,510,021</u>	<u>110,649,277</u>	<u>88,588,953</u>	<u>114,599,132</u>
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Exchange differences on translation of financial statements in foreign currency (loss)	(962,290)	(2,291,026)	-	-
Loss on changes in value of available-for-sale investments	(126,843,480)	(62,776,741)	(126,843,480)	(62,776,741)
Income tax effect	<u>26,019,359</u>	<u>12,555,348</u>	<u>25,368,696</u>	<u>12,555,348</u>
Other comprehensive income to be reclassified to profit and loss in subsequent periods – net of tax (loss)	<u>(101,786,411)</u>	<u>(52,512,419)</u>	<u>(101,474,784)</u>	<u>(50,221,393)</u>
Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Actuarial loss	(606,221)	(4,914,693)	(606,221)	(4,914,693)
Income tax effect	<u>121,244</u>	<u>982,938</u>	<u>121,244</u>	<u>982,938</u>
Other comprehensive income not to be reclassified to profit and loss in subsequent periods – net of tax (loss)	<u>(484,977)</u>	<u>(3,931,755)</u>	<u>(484,977)</u>	<u>(3,931,755)</u>
Total comprehensive income for the year (loss)	<u>(15,761,367)</u>	<u>54,205,103</u>	<u>(13,370,808)</u>	<u>60,445,984</u>

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

Statements of changes in equity

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2018

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity			Total	
			Statutory reserve	Appropriated	General reserve	Unappropriated	Exchange differences Surplus (deficit) on			
							on translation of financial statements in available-for-sale foreign currency	changes in value of investments		Total other components of equity
Balance as at 1 January 2017	330,000,000	647,245,520	33,000,000	33,000,000	20,000,000	985,072,273	-	135,898,528	135,898,528	2,151,216,321
Dividend paid (Note 27)	-	-	-	(32,999,960)	-	(32,999,960)	-	-	-	(32,999,960)
Profit for the year	-	-	-	-	-	110,649,277	-	-	-	110,649,277
Other comprehensive income for the year (loss)	-	-	-	-	-	(3,931,755)	(2,291,026)	(50,221,393)	(52,512,419)	(56,444,174)
Balance as at 31 December 2017	330,000,000	647,245,520	33,000,000	33,000,000	20,000,000	1,058,789,835	(2,291,026)	85,677,135	83,386,109	2,172,421,464
Balance as at 1 January 2018	330,000,000	647,245,520	33,000,000	33,000,000	20,000,000	1,058,789,835	(2,291,026)	85,677,135	83,386,109	2,172,421,464
Increase in share capital (Note 21)	10,000,000	14,573	-	-	-	-	-	-	-	10,014,573
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-
Dividend paid (Note 27)	-	-	-	(59,499,928)	-	(59,499,928)	-	-	-	(59,499,928)
Profit for the year	-	-	-	-	-	86,510,021	-	-	-	86,510,021
Other comprehensive income for the year (loss)	-	-	-	-	-	(484,977)	(311,627)	(101,474,784)	(101,786,411)	(102,271,388)
Balance as at 31 December 2018	340,000,000	647,260,093	34,000,000	34,000,000	20,000,000	1,084,314,951	(2,602,653)	(15,797,649)	(18,400,302)	2,107,174,742

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

Statements of changes in equity (continued)

The Navakij Insurance Public Company Limited

Statements of changes in equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements							Total	
	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity – surplus (deficit) on changes in value of available-for-sale investments			
			Statutory reserve	Appropriated	General reserve				Unappropriated
Balance as at 1 January 2017	330,000,000	647,245,520	33,000,000	20,000,000	20,000,000	929,847,678	135,898,528	2,095,991,726	
Dividend paid (Note 27)	-	-	-	-	-	(32,999,960)	-	(32,999,960)	
Profit for the year	-	-	-	-	-	114,599,132	-	114,599,132	
Other comprehensive income for the year (loss)	-	-	-	-	-	(3,931,755)	(50,221,393)	(54,153,148)	
Balance as at 31 December 2017	330,000,000	647,245,520	33,000,000	20,000,000	20,000,000	1,007,515,095	85,677,135	2,123,437,750	
Balance as at 1 January 2018	330,000,000	647,245,520	33,000,000	20,000,000	20,000,000	1,007,515,095	85,677,135	2,123,437,750	
Increase in share capital (Note 21)	10,000,000	14,573	-	-	-	-	-	10,014,573	
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	-	-	(1,000,000)	-	-	
Dividend paid (Note 27)	-	-	-	-	-	(59,499,928)	-	(59,499,928)	
Profit for the year	-	-	-	-	-	88,588,953	-	88,588,953	
Other comprehensive income for the year (loss)	-	-	-	-	-	(484,977)	(101,474,784)	(101,959,761)	
Balance as at 31 December 2018	340,000,000	647,260,093	34,000,000	20,000,000	20,000,000	1,035,119,143	(15,797,649)	2,060,581,587	

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

Statements of cash flows

The Navakij Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) operating activities				
Direct premium written	2,830,656,173	2,582,919,520	2,830,656,173	2,582,919,520
Cash paid for reinsurance	(199,983,304)	(121,239,712)	(199,983,304)	(121,239,712)
Interest income	33,421,120	34,017,111	33,421,120	34,017,111
Dividend income	53,118,665	66,174,204	53,118,665	66,174,204
Other income	5,580,958	7,365,097	5,580,958	7,365,097
Loss incurred and loss adjustment expenses on direct insurance	(1,696,899,284)	(1,772,520,455)	(1,696,899,284)	(1,772,520,455)
Commission and brokerage on direct insurance	(455,149,511)	(436,820,436)	(455,149,511)	(436,820,436)
Other underwriting expenses	(245,226,813)	(186,650,560)	(245,226,813)	(186,650,560)
Operating expenses	(263,911,054)	(306,761,568)	(263,911,054)	(306,761,568)
Income tax expenses	493,908	(9,496,048)	493,908	(9,496,048)
Investments in securities	82,511,153	(15,848,456)	82,511,153	(15,848,456)
Investments in associates	-	(43,256,079)	-	(43,256,079)
Loans	77,680	(59,230)	77,680	(59,230)
Deposits and certificate of deposits at financial institutions	(45,000,000)	220,100,000	(45,000,000)	220,100,000
Net cash from operating activities	99,689,691	17,923,388	99,689,691	17,923,388
Cash flows from (used in) investing activities				
Purchases of property, building and equipment	(1,880,221)	(9,321,380)	(1,880,221)	(9,321,380)
Purchases of intangible assets	(32,826,600)	(2,342,500)	(32,826,600)	(2,342,500)
Disposals of property, building and equipment	649,310	956,093	649,310	956,093
Net cash used in investing activities	(34,057,511)	(10,707,787)	(34,057,511)	(10,707,787)
Cash flows from (used in) financing activities				
Cash received from share capital issuance	14,573	-	14,573	-
Repayment of liabilities under finance lease agreements	(7,160,815)	(1,423,137)	(7,160,815)	(1,423,137)
Dividend paid	(49,499,928)	(32,999,960)	(49,499,928)	(32,999,960)
Net cash used in financing activities	(56,646,170)	(34,423,097)	(56,646,170)	(34,423,097)
Net increase (decrease) in cash and cash equivalents	8,986,010	(27,207,496)	8,986,010	(27,207,496)
Cash and cash equivalents at beginning of year	110,457,820	137,665,316	110,457,820	137,665,316
Cash and cash equivalents at end of year	119,443,830	110,457,820	119,443,830	110,457,820

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

The Navakij Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2018

1. General information

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 25 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

2. Basis for preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016, which became effective as from 1 January 2016 onwards.

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

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 Thai language financial statements.

2.1 Financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

2.2 Separate financial statements

The separate financial statements have been prepared, which presented investments in associates under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

3.2 Financial reporting standards that will become effective for fiscal year beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal year beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with

most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

TFRS 4 (revised 2018) Insurance contracts

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

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

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal year beginning on or after 1 January 2020

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

4. Significant accounting policies

4.1 Revenue recognition

(a) Gross premium written

Gross premium written consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders and adjust with unearned premium reserve.

Direct premium is recognised as income on the date the insurance policy comes into effect.

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

(b) Fee and commission income

Fee and commission income from ceded premium are recognised as income when incurred.

(c) Investment income

Interest income and dividends on investment

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

Interest income on loan

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

(d) Profit (loss) on investment

Profit (loss) on investment is recognised as revenue or expense on the transaction date.

4.2 Expenses recognition

(a) Premiums ceded to reinsurer

Premiums ceded to reinsurer is recognised as expenses when the insurance risk is transferred to another insurer at amount per policy.

(b) Claim and loss adjustment expense

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

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

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

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

(c) Commission and brokerage expenses

Commission and brokerage expenses are expended 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.

4.3 Product classification

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

The Company classifies contracts based on assessment of the significance of the insurance risk at inception of contract, on a contract by – contract basis. Once a contract has been classified as an insurance contract, it remains

an insurance contract for the remainder of its lifetime. A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the 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 is stated at net realisable value. The Company set 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 due as at the end of reporting period.

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

4.6 Reinsurance assets

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

The Company set up an allowance for doubtful accounts, of reinsurance assets when had indicator for impairment, based on losses that may be incurred due to uncollectible, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods. Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.7 Reinsurance receivables and due to reinsurers

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

Amounts due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company set up an allowance for doubtful accounts for loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

(b) Due to reinsurers are stated at the outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.

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

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

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

4.8 Investments in securities

Investments in available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded in statements of comprehensive income, and will be recorded in the statements of income when the securities are sold.

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equities securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

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

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statements of income.

Loss on impairment of investments (if any) is recorded as an expenses in the statement of income.

4.9 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in statements of income.

4.10 Investments in associates

Investments in an associates, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and is subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investments in an associates, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in the statement of income.

4.11 Property, buildings and equipment /Depreciation

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

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

Buildings	- 20	years
Condominium units	- 20, 40	years
Buildings improvement	- 5, 10, 20	years
Office furniture, fixture and equipment	- 5, 10	years
Motor vehicles	- 5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, 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 statements of income when the asset is derecognised.

4.12 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite life is 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 asset are reviewed at least at each financial year end. The amortisation expense is charged to statements of income.

The useful life of intangible assets with finite useful life which is computer software is 10 years.

4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the land, buildings and equipment or 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 statements of income.

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

4.14 Insurance contract liabilities

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

(a) Claim reserve and outstanding claims

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

Outstanding claim provision are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of the reporting periods for both reported and not reported losses including loss adjustment expense, after deducting salvage values and other recoverable values. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, the Company has additionally provided reserves for claims incurred but not yet reported (IBNR).

(b) Premium reserves

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

(1) Unearned premium reserve

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

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

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, and recognised for the policy that transfer insurance risk to reinsurer.

(2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims and related expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is therefore presented in the financial statements.

4.15 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

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

4.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.17 Related party transactions

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

They also include associated companies, individuals or enterprises 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.

4.18 Long-term lease

Leases of premises or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the lease assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to statements of income over the lease period. The premises or equipment acquired under finance leases is depreciated over the useful life of the asset.

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

4.19 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 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 included in determining income.

4.20 Provisions

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

4.21 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

5.1 Allowance for doubtful accounts on receivables/ loans/ premium receivables/ amounts due from reinsurers

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

5.2 Impairment of investments in securities

The Company treats investments as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

5.3 Land, buildings and equipment/ Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review land, buildings and equipment for impairment on a periodical basis and record impairment loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 Intangible assets and amortisation

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

5.5 Deferred tax assets

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

5.6 Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred loss, average costs per claim and claim numbers, etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.7 Unexpired risk reserve

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

5.8 Post-employment benefits under defined benefit plans

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

5.9 Leases

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

5.10 Litigation

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

5.11 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.

5.12 Fair value of financial instruments

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

6. Cash and cash equivalents

	(Unit: Baht)	
	2018	2017
Cash on hand	312,000	282,000
Deposits at banks with no fixed maturity date	119,131,830	110,175,820
Cash and cash equivalents	<u>119,443,830</u>	<u>110,457,820</u>

As at 31 December 2018, bank deposits in saving account and fixed deposits carried interest between 0.13 and 2.30 percent per annum (2017: between 0.10 and 1.75 percent per annum).

7. Premium receivables

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

	(Unit: Baht)	
	2018	2017
Not yet due	365,126,489	343,302,615
Not over 30 days	54,626,429	34,151,021
Over 31 days to 60 days	11,265,304	12,017,578
Over 61 days to 90 days	2,685,869	3,486,906
Over 91 days to 1 year	8,346,282	8,288,492
Over 1 year	4,478,688	5,579,271
Total premium receivables	446,529,061	406,825,883
Less: Allowance for doubtful accounts	(5,236,870)	(6,399,185)
Total premium receivables, net	441,292,191	400,426,698

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

8. Reinsurance assets

	(Unit: Baht)	
	2018	2017
Insurance reserve refundable from reinsurers		
Claims reserve	113,339,539	145,651,788
Unearned premium reserve	338,579,409	315,860,546
Reinsurance assets	451,918,948	461,512,334

9. Reinsurance receivables

	(Unit: Baht)	
	2018	2017
Amounts deposit on reinsurance	28,003	3,106
Amounts due from reinsurers	579,090,994	357,475,969
Total	579,118,997	357,479,075

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

	(Unit: Baht)	
	2018	2017
Not yet due	404,581,921	341,841,652
Not over 1 year	173,087,457	13,234,876
Over 1 year to 2 years	1,290,503	2,274,613
Over 2 years	131,113	124,828
Total amounts due from reinsurers	579,090,994	357,475,969

10. Investments in securities

10.1 Classified by type of investments

(Unit: Baht)

	Financial statements in which the equity method is applied			
	2018		2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	423,921,108	414,038,221	409,700,865	405,306,289
Private debt securities	724,356,810	724,147,933	780,662,739	786,624,859
Equity securities	1,016,129,394	950,531,873	999,933,398	1,081,709,048
Total	2,164,407,312	2,088,718,027	2,190,297,002	2,273,640,196
Add (less): Unrealised gain (loss)	(19,747,061)		107,096,418	
Less: Allowance for impairment	(55,942,224)		(23,753,224)	
Total available-for-sale investments	2,088,718,027		2,273,640,196	
Held-to-maturity investments				
Government and state enterprise securities	10,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which matured over 3 months	580,000,000		535,000,000	
Total held-to-maturity investments	590,000,000		545,000,000	
Other investments				
Equity securities	144,673,295		144,673,295	
Less: Allowance for impairment	(2,567,500)		(2,567,500)	
Total other investments	142,105,795		142,105,795	
Total investments in securities	2,820,823,822		2,960,745,991	

(Unit: Baht)

	Separate financial statements			
	2018		2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	423,921,108	414,038,221	409,700,865	405,306,289
Private debt securities	724,356,810	724,147,933	780,662,739	786,624,859
Equity securities	1,016,129,394	950,531,873	999,933,398	1,081,709,048
Total	2,164,407,312	2,088,718,027	2,190,297,002	2,273,640,196
Add (less): Unrealised gain (loss)	(19,747,061)		107,096,418	
Less: Allowance for impairment	(55,942,224)		(23,753,224)	
Total available-for-sale investments	2,088,718,027		2,273,640,196	
Held-to-maturity investments				
Government and state enterprise securities	10,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which matured over 3 months	580,000,000		535,000,000	
Total held-to-maturity investments	590,000,000		545,000,000	
Other investments				
Equity securities	89,448,700		89,448,700	
Less: Allowance for impairment	(2,567,500)		(2,567,500)	
Total other investments	86,881,200		86,881,200	
Total investments in securities	2,765,599,227		2,905,521,396	

As at 31 December 2018 and 2017, equity securities in other investments caption included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

10.2 Classified by remaining period of debt securities

Investments in debt securities as at 31 December 2018 and 2017 will be matured redemption as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements					
	2018			2017		
	Period to maturity			Period to maturity		
	1 year	1 - 5 years	Total	1 year	1 - 5 years	Total
Available-for-sale investments						
Government and state enterprise securities	370,393,668	25,235,662	395,629,330	294,592,764	65,392,083	359,984,847
Private enterprise securities	205,225,360	519,131,450	724,356,810	300,710,236	479,952,503	780,662,739
Total	575,619,028	544,367,112	1,119,986,140	595,303,000	545,344,586	1,140,647,586
Add (less): Unrealised gain (loss)	268,070	(293,906)	(25,836)	891,349	6,048,420	6,939,769
Total available-for-sale investments	575,887,098	544,073,206	1,119,960,304	596,194,349	551,393,006	1,147,587,355
Held-to-maturity investments						
Government and state enterprise securities	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Deposits and certificate of deposits at financial institutions which matured over 3 months	530,000,000	50,000,000	580,000,000	535,000,000	-	535,000,000
Total held-to-maturity investments	530,000,000	60,000,000	590,000,000	535,000,000	10,000,000	545,000,000

10.3 Other components of equity – surplus (deficit) on changes in value of available-for-sale investments

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2018	2017
Balance – beginning of the year	85,677,135	135,898,528
Changes during the year		
Unrealised loss during the year	(115,419,232)	(6,852,488)
Realised gain that included in statement of income	(11,424,248)	(55,924,253)
	(126,843,480)	(62,776,741)
Relating income tax	25,368,696	12,555,348
Net comprehensive income for the years (loss)	(101,474,784)	(50,221,393)
Balance – end of the year	(15,797,649)	85,677,135

10.4 Investments subject to restriction

As at 31 December 2018 and 2017, the Company placed some investments as a security with the Registrar and pledged some investments as bail bond in cases where insured drivers have been charged with criminal offence as described in Note 30 and 31 to the financial statements.

10.5 Net investment income

During the years ended 31 December 2018 and 2017, the Company has investment income as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2018	2017
Interest income from debt securities	31,691,773	34,208,703
Dividends received from equity securities	53,118,666	66,173,454
Investment income	84,810,439	100,382,157

11. Loans

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

(Unit: Baht)

Outstanding year	2018			2017		
	Mortgage loans	Other loans	Total	Mortgage loans	Other loans	Total
	Not yet due	247,337	344,739	592,076	282,342	387,413
Total loans	247,337	344,739	592,076	282,342	387,413	669,755

These are loans provided to employees in accordance with the employee welfare scheme, with a credit line of Baht 50,000 for loans secured by personal guarantees, and the credit line is not to exceed 50 times the employee's monthly salary for secured loans. Interest on these loans is charged at rate of 7.0% and 6.5% per annum, respectively.

12. Investments in associates

12.1 Details of associates

As at 31 December 2018 and 2017, the Company has investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, as detailed below:

(Unit: Baht)

Company's name	Nature of business	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
		Book value		Cost/Book value			
		2018	2017	2018	2017	2018	2017
		(%)	(%)				
TKI General Insurance Company Limited	Non-life insurance	32.50	32.50	16,364,725	18,675,444	21,628,040	21,628,040
TKI Life Insurance Company Limited	Life insurance	32.50	32.50	16,102,054	18,339,754	21,628,039	21,628,039
				32,466,779	37,015,198	43,256,079	43,256,079

12.2 Financial information of associate

Summarised information about financial position

(Unit: Baht)

	2018		2017	
	TKI General	TKI Life	TKI General	TKI Life
	Insurance	Insurance	Insurance	Insurance
	Company Limited	Company Limited	Company Limited	Company Limited
Total assets	58,747,967	50,540,877	61,378,411	58,627,564
Total liabilities	(8,394,968)	(996,094)	(3,915,508)	(2,197,551)
Net assets	50,352,999	49,544,783	57,462,903	56,430,013
Shareholding percentage (%)	32.50	32.50	32.50	32.50
Book value of the associate based on equity method	16,364,725	16,102,054	18,675,444	18,339,754

Summarised information of comprehensive income

(Unit: Baht)

	For the years ended 31 December			
	2018		2017	
	TKI General	TKI Life	TKI General	TKI Life
	Insurance	Insurance	Insurance	Insurance
	Company Limited	Company Limited	Company Limited	Company Limited
Revenues	4,481,638	3,951,732	614,952	667,601
Loss for the years	(5,616,636)	(5,417,607)	(5,538,701)	(6,614,698)
Other comprehensive income				
– exchange differences on translation of financial statements in foreign currency	(1,493,268)	(1,467,623)	(3,546,210)	(3,503,102)
Total comprehensive income (loss)	(7,109,904)	(6,885,230)	(9,084,911)	(10,117,800)

The financial information of associate companies as the above tables were prepared by the management of such company.

12.3 Shares of loss and dividend received

During the years ended 31 December 2018 and 2017, the Company recognised its share of loss from investments in an associate company in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

Associated company	Financial statements in which the equity method is applied				Separate financial statements	
	Share of loss from profit and loss		Exchange differences on translation from other comprehensive income		Dividend received	
	2018	2017	2018	2017	2018	2017
TKI General Insurance Company Limited	(1,825,407)	(1,800,078)	(485,312)	(1,152,518)	-	-
TKI Life Insurance Company Limited	(1,760,722)	(2,149,777)	(476,978)	(1,138,508)	-	-
	<u>(3,586,129)</u>	<u>(3,949,855)</u>	<u>(962,290)</u>	<u>(2,291,026)</u>	<u>-</u>	<u>-</u>

13. Property, building and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2017	5,385,371	24,521,452	270,282,501	109,213,192	103,045,027	65,564,168	16,417,671	594,429,382
Additions	-	-	-	-	11,688,599	4,697,000	1,920,781	18,306,380
Disposals	-	-	-	(2,937,849)	(3,838,956)	(6,672,500)	-	(13,449,305)
Transfers in (out)	-	-	-	14,798,652	3,114,800	-	(17,913,452)	-
31 December 2017	<u>5,385,371</u>	<u>24,521,452</u>	<u>270,282,501</u>	<u>121,073,995</u>	<u>114,009,470</u>	<u>63,588,668</u>	<u>425,000</u>	<u>599,286,457</u>
Additions	-	-	-	-	6,322,771	8,994,785	1,218,765	16,536,321
Disposals	-	-	-	(1,163,264)	(1,216,596)	(6,189,252)	-	(8,569,112)
Transfers in (out)	-	-	-	478,400	850,000	-	(1,328,400)	-
31 December 2018	<u>5,385,371</u>	<u>24,521,452</u>	<u>270,282,501</u>	<u>120,389,131</u>	<u>119,965,645</u>	<u>66,394,201</u>	<u>315,365</u>	<u>607,253,666</u>
Accumulated depreciation								
1 January 2017	-	8,855,342	145,444,654	41,944,123	73,314,543	46,297,914	-	315,856,576
Depreciation for the year	-	700,804	3,966,519	4,084,949	10,611,498	5,931,630	-	25,295,400
Depreciation on disposals	-	-	-	(1,945,545)	(3,817,101)	(6,541,463)	-	(12,304,109)
31 December 2017	<u>-</u>	<u>9,556,146</u>	<u>149,411,173</u>	<u>44,083,527</u>	<u>80,108,940</u>	<u>45,688,081</u>	<u>-</u>	<u>328,847,867</u>
Depreciation for the year	-	700,804	3,030,370	4,501,534	13,461,972	6,919,749	-	28,614,429
Depreciation on disposals	-	-	-	(1,163,261)	(1,211,459)	(6,188,135)	-	(8,562,855)
31 December 2018	<u>-</u>	<u>10,256,950</u>	<u>152,441,543</u>	<u>47,421,800</u>	<u>92,359,453</u>	<u>46,419,695</u>	<u>-</u>	<u>348,899,441</u>
Net book value								
31 December 2017	<u>5,385,371</u>	<u>14,965,306</u>	<u>120,871,328</u>	<u>76,990,468</u>	<u>33,900,530</u>	<u>17,900,587</u>	<u>425,000</u>	<u>270,438,590</u>
31 December 2018	<u>5,385,371</u>	<u>14,264,502</u>	<u>117,840,958</u>	<u>72,967,331</u>	<u>27,606,192</u>	<u>19,974,506</u>	<u>315,365</u>	<u>258,354,225</u>
Depreciation for the year								
2017								<u>25,295,400</u>
2018								<u>28,614,429</u>

As at 31 December 2018, the Company had certain items of buildings and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 235.8 million (2017: Baht 238.2 million).

14. Intangible assets

As at 31 December 2018 and 2017, the net book value of intangible assets are presented below.

(Unit: Baht)

	Computer Software	Computer software under improvement	Total
Cost			
1 January 2017	89,660,840	-	89,660,840
Additions	4,042,500	-	4,042,500
31 December 2017	93,703,340	-	93,703,340
Additions	575,500	32,251,100	32,826,600
31 December 2018	94,278,840	32,251,100	126,529,940
Accumulated amortisation			
1 January 2017	60,344,513	-	60,344,513
Amortisation for the year	4,222,783	-	4,222,783
31 December 2017	64,567,296	-	64,567,296
Amortisation for the year	4,541,731	-	4,541,731
31 December 2018	69,109,027	-	69,109,027
Net book value			
31 December 2017	29,136,044	-	29,136,044
31 December 2018	25,169,813	32,251,100	57,420,913

As at 31 December 2018, the Company had certain items of computer software which have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 52.2 million (2017: Baht 49.7 million)

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2018	2017	2018	2017
Deferred tax assets				
Unearned premium reserve	67,167,246	62,144,705	5,022,541	(49,985)
Allowance for loss on impairment of investments	11,701,945	5,264,145	6,437,800	2,000,000
Allowance for doubtful accounts	30,232,537	28,011,166	2,221,371	1,238,769
Loss reserves	38,117,274	50,645,524	(12,528,250)	(28,003,622)
Provision for loss incurred but not reported (IBNR)	6,735,653	6,892,008	(156,355)	147,326
Employee benefit obligations	20,515,299	12,763,724	7,630,330	1,121,051
Unutilised tax loss	-	27,728,525	(27,728,525)	8,130,694
Share of loss from investments in associates	2,157,860	-	1,507,197	-
Unrealised loss on changes in value of available-for-sale securities	3,949,412	-		
Others	2,241,620	1,625,533	616,087	(2,017,734)
Total	182,818,846	195,075,330		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale securities	-	21,419,283		
Others	1,562,416	1,447,711	(114,705)	(1,447,711)
Total	1,562,416	22,866,994		
Deferred tax assets – net	181,256,430	172,208,336		
Total change			(17,092,509)	(18,881,212)

(Unit: Baht)

	Separate financial statements			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2018	2017	2018	2017
Deferred tax assets				
Unearned premium reserve	67,167,246	62,144,705	5,022,541	(49,985)
Allowance for loss on impairment of investments	11,701,945	5,264,145	6,437,800	2,000,000
Allowance for doubtful accounts	30,232,537	28,011,166	2,221,371	1,238,769
Loss reserves	38,117,274	50,645,524	(12,528,250)	(28,003,622)
Provision for loss incurred but not reported (IBNR)	6,735,653	6,892,008	(156,355)	147,326
Employee benefit obligations	20,515,299	12,763,724	7,630,330	1,121,051
Unutilised tax loss	-	27,728,525	(27,728,525)	8,130,694
Unrealised loss on changes in value of available-for-sale securities	3,949,412	-		
Others	2,241,620	1,625,533	616,087	(2,017,734)
Total	180,660,986	195,075,330		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale securities	-	21,419,283		
Others	1,562,416	1,447,711	(114,705)	(1,447,711)
Total	1,562,416	22,866,994		
Deferred tax assets – net	179,098,570	172,208,336		
Total change			(18,599,706)	(18,881,212)

15.2 Income tax expenses

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

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge for the year	1,074,827	-	1,074,827	-
Deferred tax:				
Relating to origination and reversal of temporary differences	17,092,509	18,881,212	18,599,706	18,881,212
Income tax expenses reported in statements of income	18,167,336	18,881,212	19,674,533	18,881,212

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	104,677,357	129,530,489	108,263,486	133,480,344
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	20,935,471	25,906,098	21,652,697	26,696,069
Effects of:				
Exempted expenses	8,798,837	6,448,755	8,798,837	6,448,755
Allowed additional expense deductions	(1,636,301)	(1,550,616)	(1,636,301)	(1,550,616)
Others	(9,930,671)	(11,923,025)	(9,140,700)	(12,712,996)
Income tax expenses reported in statements of income	18,167,336	18,881,212	19,674,533	18,881,212

16. Claims receivable from litigants

Claims receivable from litigants classified by the year of the claims incurred are as follows:

(Unit: Baht)

	2018	2017
Claim years		
Year 2018	83,822,782	-
Year 2017	44,475,373	82,925,615
Year 2016	41,501,799	58,774,527
Year 2015	30,195,124	33,304,498
Year 2014	15,788,668	16,697,216
Prior to 2014	51,889,905	56,414,662
Total claims receivable from litigants	267,673,651	248,116,518
Less: Allowance for doubtful accounts	(150,263,817)	(138,820,347)
Claims receivable from litigants, net	117,409,834	109,296,171

17. Insurance contract liabilities

(Unit: Baht)

	2018		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	575,263,180	(77,347,542)	497,915,638
Claim incurred but not reported	69,670,264	(35,991,997)	33,678,267
Premium reserves			
Unearned premium reserves	1,551,386,936	(338,579,409)	1,212,807,527
Total	2,196,320,380	(451,918,948)	1,744,401,432

(Unit: Baht)

	2017		Net
	Insurance contract liabilities	Reinsurance assets	
Claim reserves and outstanding claims			
Claim incurred and reported	623,877,548	(94,572,633)	529,304,915
Claim incurred but not reported	85,539,194	(51,079,155)	34,460,039
Premium reserves			
Unearned premium reserves	1,430,673,668	(315,860,546)	1,114,813,122
Total	2,140,090,410	(461,512,334)	1,678,578,076

During the years 2018 and 2017, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, insurance contract liabilities disclosures have been made on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Claim reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2018	2017
Beginning balance	709,416,742	879,861,626
Claim expenses for the year	1,808,398,264	1,771,006,876
Change in claim reserves and outstanding claims		
from the prior year	(56,865,078)	(10,211,659)
Change in assumption for calculating claim reserves	(15,868,930)	24,180,455
Claim paid during the year	(1,800,147,554)	(1,955,420,556)
Ending balance	644,933,444	709,416,742

As at 31 December 2018, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 8.3 million (2017: Baht 10.3 million).

17.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to	2011	2012	2013	2014	2015	2016	2017	2018	Total
	2011									
Claim estimates:										
– as at accident year		1,160	1,269	1,379	1,409	1,956	2,187	1,761	1,754	
– Next one year		1,182	1,232	1,396	1,388	1,941	2,199	1,749		
– Next two years		1,175	1,213	1,359	1,385	1,961	2,200			
– Next three years		1,172	1,211	1,361	1,386	1,957				
– Next four years		1,169	1,213	1,358	1,379					
– Next five years		1,172	1,211	1,359						
– Next six years		1,170	1,211							
– Next seven years		1,170								
Ultimate claim reserves		1,170	1,211	1,359	1,379	1,957	2,200	1,749	1,754	
Cumulative payment to date		(1,167)	(1,208)	(1,353)	(1,373)	(1,946)	(2,177)	(1,700)	(1,232)	
Total	7	3	3	6	6	11	23	49	522	630
Claim for inward treaty										9
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims before reinsurance										645

(b) Net claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to									Total
	2011	2011	2012	2013	2014	2015	2016	2017	2018	
Claim estimates:										
- as at accident year		995	997	1,209	1,270	1,681	1,901	1,500	1,330	
- Next one year		1,009	1,008	1,236	1,262	1,660	1,853	1,470		
- Next two years		1,003	999	1,203	1,253	1,680	1,856			
- Next three years		1,002	998	1,205	1,254	1,678				
- Next four years		1,000	999	1,202	1,253					
- Next five years		1,002	997	1,202						
- Next six years		1,000	997							
- Next seven years		1,000								
Ultimate claim reserves		1,000	997	1,202	1,253	1,678	1,856	1,470	1,330	
Cumulative payment to date		(998)	(993)	(1,196)	(1,248)	(1,667)	(1,842)	(1,428)	(903)	
Total	6	2	4	6	5	11	14	42	427	517
Claim for inward treaty										9
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims after reinsurance										532

17.3 Methodology and assumption

The methodology and assumptions adopted for the gross and net valuations of insurance contract liabilities (claim reserves and outstanding claims) as at 31 December 2018 and 2017 are presented as follows:

(a) Outstanding claims provision

1. Direct and inward facultative business

The Company used 3 actuarial methods as follows:

- 1.1 Chain Ladder method based on both claims paid and claims incurred
- 1.2 Bornhuetter-Ferguson method (“BF”) based on both claims paid and claims incurred
- 1.3 Expected Loss Ratio method (“ELR”)

The Company mostly relies on the Chain Ladder method on claims incurred to derive the best estimate of claims liability. The BF and ELR methods are also used where appropriate. Loss Development Factors (“LDF”) are selected based on a range of criteria, which include the pattern of historical claims payments and claims incurred. In most instances, the loss development factors selected are based on various average loss development factors for each development year. The Company also takes into consideration whether averages may not be appropriate, such as the average does not reflect the Company’s operational changes, the average is inappropriate due to distortion by large claims, or the average is contrary to a trend in the recent ratios.

Both qualitative and quantitative factors are taken by the Company into consideration in the selection of LDF to produce claim reserves that appropriately reflect the Company’s future claims liability as at the valuation date.

2. Inward treaty business

The Company uses a basic approach in estimating claims reserves provision for inward treaty business. This approach assumes that the claims reserves requirements for the inward treaty business would be proportionally similar to those of the direct and inward facultative business. The Company therefore use the percentage of gross outstanding case reserves to apply with inward treaty contracts.

(b) Estimation of unallocated loss adjustment expenses reserve

In determining the unallocated loss adjustment expenses (ULAE) reserve, the Company used total expenses to estimate the claim expenses. ULAE is calculated from the ratio of ULAE to the average of paid losses and reported losses which is based on the assumption that half of a claim's ULAE is expended when a loss is reported, and half when it is paid.

The ULAE ratios are computed for motor and non-motor classes separately and are applied onto the best estimate of gross claim liability (excluding flood claims in 2011) to obtain the ULAE reserves for claims liability.

ULAE reserve is computed as the sum of the ULAE ratio multiplied by half of the case reserve and outstanding claims, plus the ULAE ratio multiplied by the incurred but not reported (IBNR) reserve.

(c) Economic assumptions

The Company has not discounted for future investment earnings, and has not explicitly inflation adjusted claim amounts payable in the future. However, the Company has implicitly allowed for future claims inflation to the extent that this is evident in past claims development.

(d) Other assumptions

The Company has assumed that claims development patterns are generally consistent and stable over the years and also assumed that the past inflation pattern will continue into future projected years. For claims prior to accident year 2004, the Company has reached their ultimate claim so there would be no IBNR from these claims.

17.4 Unearned premium reserves

	(Unit: Baht)	
	For the years ended 31 December	
	2018	2017
Beginning balance	1,430,673,668	1,548,576,308
Premium written for the year	2,892,615,189	2,635,821,877
Premium earned for the current year	(2,771,901,921)	(2,753,724,517)
Ending balance	1,551,386,936	1,430,673,668

18. Due to reinsurers

	(Unit: Baht)	
	2018	2017
Amounts withheld on reinsurance	241,495,346	238,684,737
Amounts due to reinsurers	432,936,215	388,389,002
Total due to reinsurers	674,431,561	627,073,739

19. Employee benefit obligations

The movement of provision for employee benefit obligations for the years ended 31 December 2018 and 2017 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2018	2017
Employee benefit obligations at beginning of year	45,818,627	44,298,674
Included in statement of income:		
Current service cost	4,261,476	4,142,732
Interest cost	1,357,171	1,506,528
Total items included in statement of income	5,618,647	5,649,260
Included in statement of comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumption change	(229,361)	3,097,826
Financial assumption change	(2,049,433)	129,895
Experience adjustment	2,885,015	1,686,972
Total items included in statement of comprehensive income	606,221	4,914,693
Benefits paid during the year	(1,967,000)	(9,044,000)
Employee benefit obligations at end of year	50,076,495	45,818,627

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years, and the Company expected to pay Baht 10.1 million of long-term employee benefits during the next year (2017: 11 years and Baht 2.4 million, respectively).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	2018	2017
Discount rate	2.7	2.7
Salary increase rate	6.3	6.4
Staff turnover rate	0.0 – 23.0	0.0 – 21.0

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

	(Unit: Baht)	
	2018	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 1,602,842	Liabilities increase 1,700,922
Salary increase rate	Liabilities increase 1,633,063	Liabilities decrease 1,556,611
Staff turnover rate	Liabilities decrease 1,762,215	Liabilities increase 1,862,959
	(Unit: Baht)	
	2017	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 1,519,254	Liabilities increase 1,608,584
Salary increase rate	Liabilities increase 1,543,470	Liabilities decrease 1,474,460
Staff turnover rate	Liabilities decrease 1,662,979	Liabilities increase 1,753,745

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company have additional liabilities for long-term employee benefits of Baht 11 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Liabilities under finance lease agreements

	(Unit: Baht)	
	2018	2017
Liabilities under finance lease agreements	19,474,450	10,286,743
Less: Deferred interest expenses	(1,483,838)	(813,064)
Total	17,990,612	9,473,679
Less: Portion due within one year	(6,848,505)	(2,978,018)
Liabilities under finance lease agreement		
- net of current portion	11,142,107	6,495,661

The Company has entered into finance lease agreements with the leasing companies to lease motor vehicles, equipment, and computer software for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)		
	2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	7,646,506	11,827,944	19,474,450
Deferred interest expenses	(798,001)	(685,837)	(1,483,838)
Present value of future minimum lease payments	6,848,505	11,142,107	17,990,612

	(Unit: Baht)		
	2017		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	3,406,848	6,879,895	10,286,743
Deferred interest expenses	(428,830)	(384,234)	(813,064)
Present value of future minimum lease payments	2,978,018	6,495,661	9,473,679

21. Share capital

On 24 April 2018, the 2018 Annual General Meeting of shareholders approved an increase of the Company's registered share capital from Baht 330 million to be Baht 340 million (34 million shares of Baht 10 each) by newly issued the ordinary shares in amount of 1 million shares with the par value at 10 Baht per share to support the stock dividend payment, and approved to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Registered Provident Fund. The Company registered the increase of share capital with the Ministry of Commerce on 25 May 2018.

22. Statutory reserve

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

23. Operating expenses

	(Unit: Baht)	
	2018	2017
Personnel expenses which is not expenses		
for underwriting and claims	223,126,655	185,066,966
Premises and equipment expenses	88,210,735	84,576,112
Taxes and duties	2,834,711	3,105,264
Bad debts and doubtful accounts	10,363,521	8,571,127
Other operating expenses	46,809,629	40,958,218
Total operating expenses	<u>371,345,251</u>	<u>322,277,687</u>

24. Expenses by nature

	(Unit: Baht)	
	2018	2017
Net claim and loss adjustment expenses	1,170,417,055	1,308,657,914
Commissions and brokerage expenses	451,055,713	436,869,508
Other underwriting expenses	206,464,234	154,755,637
Personnel expenses	310,437,166	258,642,019
Premises and equipment expenses	88,210,735	84,576,112
Bad debts and doubtful accounts	10,363,521	8,571,127
Other operating expenses	49,644,340	44,063,482
Total	<u>2,286,592,764</u>	<u>2,296,135,799</u>

25. 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 contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Tisco Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Company contributed Baht 8.4 million (2017: Baht 8.3 million) to the fund.

26. Earnings per share

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

On 24 April 2018, the 2018 Annual General Meeting of shareholders approved to pay a cash dividend of Baht 1.50 per share, and stock dividend of 1 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting periods.

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
		(Restated)		(Restated)
Number of ordinary shares issued during the year (Shares)	34,000,000	33,000,000	34,000,000	33,000,000
Number of stock dividend additional issue in 2018 (Shares)	–	1,000,000	–	1,000,000
Total (Shares)	34,000,000	34,000,000	34,000,000	34,000,000
Profit for the year (Baht)	86,510,021	110,649,277	88,588,953	114,599,132
Earnings per share (Baht per share)	2.54	3.25	2.61	3.37

27. Dividends

Dividends declared during the years ended 31 December 2018 and 2017 consisted of the following:

	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Dividends from 2017 net profit (Cash dividends of Baht 1.50 per share and stock dividends of Baht 0.30 per share)	Annual General Meeting of the shareholders on 24 April 2018	59.5	1.80
Dividends from 2016 net profit (Cash dividends of Baht 1.00 per share)	Annual General Meeting of the shareholders on 27 April 2017	33.0	1.00

28. 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 Chairman of the Executive Board.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous 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.

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

(Unit: Baht)

Financial statements in which the equity method is applied					
For the year ended 31 December 2018					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	581,722,178	82,387,288	1,709,017,434	519,488,289	2,892,615,189
Less: Premiums ceded to reinsurers	(270,327,693)	(39,539,689)	(9,458,680)	(380,860,879)	(700,186,941)
Net premium written	311,394,485	42,847,599	1,699,558,754	138,627,410	2,192,428,248
Less: Unearned premium reserves increase from prior year	(12,978,930)	(1,126,576)	(74,982,555)	(8,906,344)	(97,994,405)
Net earned premium	298,415,555	41,721,023	1,624,576,199	129,721,066	2,094,433,843
Fee and commission income	87,090,333	13,315,959	2,045,601	95,511,819	197,963,712
Total underwriting income	385,505,888	55,036,982	1,626,621,800	225,232,885	2,292,397,555
Underwriting expenses					
Claim and loss adjustment expenses - net	44,465,334	13,961,423	1,070,108,168	90,430,061	1,218,964,986
Commission and brokerage expenses	138,559,217	11,440,411	239,801,831	61,254,254	451,055,713
Other underwriting expenses	44,109,835	5,124,503	143,833,425	52,159,051	245,226,814
Total underwriting expenses before operating expenses	227,134,386	30,526,337	1,453,743,424	203,843,366	1,915,247,513
Profit from underwriting before operating expenses	158,371,502	24,510,645	172,878,376	21,389,519	377,150,042
Operating expenses					(371,345,251)
Profit from underwriting					5,804,791
Share of loss from investments in associates					(3,586,129)
Investment income					84,810,439
Profit on investments					11,424,248
Other income					6,224,008
Profit before income tax expenses					104,677,357
Income tax expenses					(18,167,336)
Profit for the year					86,510,021

Financial statements in which the equity method is applied

	For the year ended 31 December 2017				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	561,124,305	76,634,897	1,567,769,840	430,292,835	2,635,821,877
Less: Premiums ceded to reinsurers	(256,947,448)	(36,877,807)	(15,677,876)	(316,094,758)	(625,597,889)
Net premium written	304,176,857	39,757,090	1,552,091,964	114,198,077	2,010,223,988
Add (less): Unearned premium reserves (increase) decrease from prior year	(4,620,764)	(1,191,412)	75,567,624	6,223,947	75,979,395
Net earned premium	299,556,093	38,565,678	1,627,659,588	120,422,024	2,086,203,383
Fee and commission income	79,960,568	13,020,892	2,495,307	84,453,589	179,930,356
Total underwriting income	379,516,661	51,586,570	1,630,154,895	204,875,613	2,266,133,739
Underwriting expenses					
Claim and loss adjustment expenses – net	103,245,064	9,844,857	1,158,207,484	79,040,640	1,350,338,045
Commission and brokerage expenses	127,671,668	10,267,723	244,642,844	54,287,273	436,869,508
Other underwriting expenses	34,181,086	2,611,614	109,071,398	40,786,461	186,650,559
Total underwriting expenses before operating expenses	265,097,818	22,724,194	1,511,921,726	174,114,374	1,973,858,112
Profit from underwriting before operating expenses	114,418,843	28,862,376	118,233,169	30,761,239	292,275,627
Operating expenses					(322,277,687)
Loss from underwriting					(30,002,060)
Share of loss from investments in associates					(3,949,855)
Investment income					100,382,157
Profit on investments					55,924,253
Other income					7,175,994
Profit before income tax expenses					129,530,489
Income tax expenses					(18,881,212)
Profit for the year					110,649,277

Segment assets and liabilities of the Company's operating segments as at 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied						Total
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	
Assets							
As at 31 December 2018	320,240,588	32,612,682	221,502,993	318,854,876	893,211,139	4,334,784,132	5,227,995,271
As at 31 December 2017	315,722,177	37,569,063	182,637,585	326,010,207	861,939,032	4,303,008,772	5,164,947,804
Liabilities							
As at 31 December 2018	459,777,493	36,661,931	1,373,411,492	326,469,464	2,196,320,380	924,500,149	3,120,820,529
As at 31 December 2017	466,585,752	38,504,389	1,316,154,039	318,846,230	2,140,090,410	852,435,930	2,992,526,340

Geographic information

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customer's information

During the years ended 31 December 2018 and 2017, the Company had gross premium written from major customer as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	2018	2017
Gross premium written ⁽¹⁾	934	759

(1) Presented total amounts of gross premiums written from major customer who has premium written more than 10 percent.

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	Nature of relationship
TKI General Insurance Company Limited	Associated company
TKI Life Insurance Company Limited	Associated company
The United Indemnity Co., Ltd.	7.11% of shares held in the Company
The Falcon Insurance Plc.	12.00% of shares held by the Company
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc.	Common directors and through shareholding
Rangsit Plaza Co., Ltd.	Common directors and through shareholding
Sathorn Thani Co., Ltd.	Common directors and through shareholding
Siam Motors Co., Ltd.	Common directors and through shareholding
Wanglee Co., Ltd.	Common directors and through shareholding
The Siam Cement Plc.	Common directors and through shareholding
Thaire Life Assurance Plc.	Common directors and through shareholding
Thaicom Plc. ⁽¹⁾	Common directors
Dusit Thani Plc.	Common directors
Serm Suk Plc.	Common directors
Chaitip Co., Ltd.	Common directors
Alinkij Siam Co., Ltd	Common directors
Siam Calsonic Co., Ltd.	Common directors
Siam Riken Industrial Co., Ltd.	Common directors
Siam International Corp., Ltd.	Common directors
The Pet Co., Ltd.	Common directors
Rangsit Ruam Patana Co., Ltd.	Common directors
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Pechaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
Poon Phol Co., Ltd.	Common directors
C.E.S. Co., Ltd.	Common directors
Pipatanasin Co., Ltd.	Common directors
Sittinan Co., Ltd.	A related person of the Company's director is a major shareholder
PIA Interior Co., Ltd.	A related person of the Company's director is a major shareholder

(1) Not related parties in 2018

29.2 Significant related party transactions

During the years ended 31 December 2018 and 2017, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements		Pricing policy
	For the years ended 31 December		
	2018	2017	
Transactions with associated companies			
Reinsurance premium written	457,238	-	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission paid to reinsurance	126,921	-	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Transactions with related companies			
Direct premium written	69,564,640	65,115,664	Ordinary course of business premium rate
Reinsurance premium written	14,694,516	13,828,546	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	34,524,352	44,239,547	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses	13,290,024	14,980,117	Actual incurred
Commission paid to reinsurance	5,217,970	5,556,373	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	15,137,398	21,006,268	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Dividend income	21,592,110	21,925,434	As declared
Rental and service fee for branch office expenses	449,960	426,555	Contract price
Rental income	222,056	210,156	Contract price

29.3 Outstanding balances

The balances of the accounts between the Company and those related companies as at 31 December 2018 and 2017 are as follows:

	(Unit: Baht)	
	2018	2017
Reinsurance receivables – amounts due from reinsurers		
The Falcon Insurance Plc.	30,486,318	9,853,071
TKI General Insurance Co., Ltd.	207,700	–
Total	<u>30,694,018</u>	<u>9,853,071</u>
Investments in securities – equity securities		
Thai Metal Drum Manufacturing Plc.	242,473,440	255,812,480
BTS Group Holdings Plc.	66,850,000	57,750,000
Thaire Life Assurance Plc.	48,375,000	49,050,000
The Siam Cement Plc.	26,040,000	29,040,000
The Falcon Insurance Plc.	18,846,960	18,846,960
Sathorn Thani Co., Ltd.	12,780,000	12,780,000
Rangsit Plaza Co., Ltd.	6,560,000	6,560,000
Varopakorn Plc.	1,738,472	1,959,231
Total	<u>423,663,872</u>	<u>431,798,671</u>
Due to reinsurers – Amounts due to reinsurance		
The Falcon Insurance Plc.	14,233,124	12,802,242
TKI General Insurance Co., Ltd.	34,669	–
Total	<u>14,267,793</u>	<u>12,802,242</u>

29.4 Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employment benefits expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the years ended 31 December	
	2018	2017
Short-term benefits	54,649,991	50,028,940
Post-employment benefits	612,696	808,336
Total	<u>55,262,687</u>	<u>50,837,276</u>

30. Assets pledged and reserved with the Registrar

As at 31 December 2018 and 2017, the Company had the following assets pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

	(Unit: Baht)			
	2018		2017	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	15,000,000	15,177,520	15,000,000	15,379,153
Assets reserve as non-life insurance reserve				
Deposits and certificate of deposits				
at financial institutions	245,000,000	245,000,000	235,000,000	235,000,000

31. Other assets with restrictions and commitments

As at 31 December 2018 and 2017, the Company had pledged the following assets as collateral.

(Unit: Baht)

	2018		2017	
	Cost	Fair value	Cost	Fair value
Pledged as bail bond in cases where insured drivers have been charged with criminal offense				
Government bonds	440,000	440,000	440,000	440,000

32. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2018	2017
Accumulated contribution at the beginning of the year	52,202,680	45,678,351
Contribution during the year	7,162,879	6,524,329
Accumulated contribution at the end of the year	59,365,559	52,202,680

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 61.4 million (2017: Baht 0.4 million), relating to program computer and assets under construction.

33.2 Operating lease commitments

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

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

(Unit: Baht)

Payable within:	
Within 1 year	7,424,262
Over 1 to 5 years	5,472,006

33.3 Letter of Guarantees

As at 31 December 2018, there were bank guarantees amounting to Baht 2.8 million, and a certificate issued in the Company's name amounting to Baht 6 million, as required in the normal course of the Company's business (2017: Baht 2.8 million and Baht 9.2 million, respectively).

33.4 Litigation

As at 31 December 2018, the Company has been sued for damages totaling approximately Baht 157.7 million as insurer. The cases have not yet been finalised. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 14.8 million, and the Company has set aside reserves for contingent losses amounting to Baht 14.6 million in the financial statements (2017: Baht 184.9 million, Baht 28.3 million and Baht 27.8 million, respectively).

34. Risk management policy

34.1 Insurance risk

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

The insurance risk causes or is a factor that contributes to the following risks:

a. Increase in the amount and frequency of loss

The impact of external factors, including physical or geographical factors, natural perils, disasters, accidents, terrorism and burglary may increase damage to lives, physical and property insured by the Company, leading to higher than expected losses. Such risks may result in the premiums received from customers being lower than the actual losses or the claims reserve being inadequate, which may have an impact on the Company's capital at risk.

b. Suboptimal proportions of types of insurance products

The Company focuses on specific types of insurance products in order to expand its business and retain market share, which means that the Company's revenue and expenses are highly dependent on these insurance products. This in turn increases the Company's average cost of claims. As a result, the Company's risk with respect to revenue or profit, or its funds may be affected.

c. Ethical or moral risk

This is the risk of dishonest actions being taken by insured persons for their personal gains, causing the Company payment of a higher settlement than a fair amount. This may result in a higher of loss ratio than expected and effect to the Company's liquidity risk.

The measures adopted by the Company in response to those above risks are as follows:

1. Analysis on the basis of loss ratio and combined ratio plus expenses incurred in accordance with the ratio specified by the Company.
2. Selection based on client group, nature of business and insurable risk, in accordance with specified criteria that correlate with acceptable risk levels, and analysis of the appropriate retention and ceded ratios to improve potential profitability.
3. Reinsurance to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies which have a credit rating of at least A-, and by purchasing excess of loss reinsurance to reduce exposure to catastrophic losses and to protect the Company's operations, financial position and capital level.
4. Management of the composition of the portfolio by writing all classes of insurance products and adjusting the portfolio mix according to market situation and customer demands. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.
5. Analysis of the concentration of insurance risk.

Concentration of insurance contracts liabilities segregated by insurance type are shown below.

(Unit: Baht)

	2018			2017		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	412,142,547	(161,560,084)	250,582,463	381,497,093	(143,893,560)	237,603,533
Marine and transportation	23,471,253	(11,353,229)	12,118,024	17,864,857	(6,873,408)	10,991,449
Motor	891,004,955	(3,887,226)	887,117,729	816,902,870	(4,767,696)	812,135,174
Miscellaneous	224,768,181	(161,778,870)	62,989,311	214,408,848	(160,325,882)	54,082,966
Total	1,551,386,936	(338,579,409)	1,212,807,527	1,430,673,668	(315,860,546)	1,114,813,122

(Unit: Baht)

	2018			2017		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	47,634,946	(27,666,325)	19,968,621	85,088,658	(48,113,064)	36,975,594
Marine and transportation	13,190,678	(7,985,863)	5,204,815	20,639,533	(16,345,696)	4,293,837
Motor	482,406,537	(1,729,685)	480,676,852	499,251,169	(4,127,574)	495,123,595
Miscellaneous	101,701,283	(75,957,666)	25,743,617	104,437,382	(77,065,454)	27,371,928
Total	644,933,444	(113,339,539)	531,593,905	709,416,742	(145,651,788)	563,764,954

6. Sensitivity analysis

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

The Company performed analysis of the sensitivity of insurance liabilities to changes in key variables. The variables for which tests were performed were the ultimate loss ratio (“ULR”) in the latest accident year and the unallocated loss adjustment expense ratio (“ULAE”) for the best estimate of insurance liabilities, with selection of variables based on appropriateness and the possibility of occurrence.

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

(Unit: Million Baht)

	2018				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
Ultimate loss ratio in latest accident year	+ 5%	78	62	(62)	(49)
Ultimate loss ratio in latest accident year	- 5%	(77)	(61)	61	49
ULAE ratio	+ 50%	3	3	(3)	(2)
ULAE ratio	- 50%	(3)	(3)	3	2

2017

	Assumption change	Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
		in provision for gross claim liabilities	in provision for net claim liabilities	in profit before taxes	in owner's equity
Ultimate loss ratio in latest accident year	+ 5%	84	71	(71)	(57)
Ultimate loss ratio in latest accident year	- 5%	(83)	(70)	70	56
ULAE ratio	+ 50%	3	3	(3)	(2)
ULAE ratio	- 50%	(3)	(3)	3	2

34.2 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 instruments. The Company is exposed to credit risk primarily with respect to investments and reinsurance. The Company manages the risk by adopting appropriate credit control policies and procedures, as follows:

a. Risk from investments

The Company selects investments based on the credit ratings of the issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company's policy to invest in fixed income securities of at least "Investment Grade" quality. All invested fixed income securities are periodically monitored for any adjustment in the debtors' credit rating and relevant information is gathered to review the business potential of the issuers. The Company also regularly monitors and reviews the limits set for investment to ensure adequate investment limits are maintained for individual lines at all times.

b. Risk from reinsurers

The Company considers and selects only reinsurers with a credit rating of A- or higher and periodically monitors for any adjustments to the credit ratings of reinsurance companies.

c. Risk from premium receivables collection

The Company possesses an efficient process of closely following up its outstanding premiums from the insured, agents and brokers, in addition to requiring agents and brokers to submit collateral for the specified credit limits allowed by the Company.

The Company therefore did not expect the significant loss from credit risk. The Company's maximum exposure to credit risk is limited to the book value of investment assets, premium receivables, reinsurance receivables, and reinsurance assets less allowance for doubtful accounts as presented in the statements of financial position.

34.3 Market risk

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

The Company manages market risk by diversifying its portfolio and spreading its investment funding to include various lines of investment as well as categories of business in order to minimise fluctuations in the aggregate value of its investments. It closely monitors and regularly assesses factors that may cause fluctuations in the value of investment instruments in order to make appropriate investment transactions in the circumstances. The Company has a policy not to invest in speculative securities that are highly exposed to price fluctuations but to focus on blue-chip securities and securities that generate steady yields. The Company has an investment committee who consider and set investment policies in addition to the Office of Insurance Commission's rules, in order to reduce exposure to investment losses, and also review the structure of the portfolio mix on a regular basis.

a. Interest rate risk

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

As at 31 December 2018 and 2017, significant assets and liabilities classified by type of interest rates, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

(Unit: Baht)

Financial statements in which the equity method is applied							
2018							
Fixed interest rates							
Maturity date or repricing date							
	Within			Floating	Non-interest	Total	Effective
	1 year	1 – 5 years	Over 5 years	interest rate	bearing		interest rate
	(% per annum)						
Assets							
Cash and cash equivalents	-	-	-	119,131,830	312,000	119,443,830	0.13 – 2.30
Premium receivables	-	-	-	-	441,292,191	441,292,181	-
Reinsurance assets – claim reserves	-	-	-	-	113,339,539	113,339,539	-
Reinsurance receivables	-	-	-	-	579,118,997	579,118,997	-
Investments in securities							
Government and state enterprise securities	370,064,528	35,307,842	-	-	18,665,851	424,038,221	1.24 – 3.91
Private debt securities	205,382,569	518,765,364	-	-	-	724,147,933	1.60 – 3.94
Equity securities	-	-	-	-	1,092,637,668	1,092,637,668	-
Deposits and certificate deposits at financial institutions	530,000,000	50,000,000	-	-	-	580,000,000	1.30 – 2.30
Loans	78,656	266,083	247,337	-	-	592,076	6.50 – 7.00
Liabilities							
Insurance contract liabilities – claim reserves and outstanding claims	-	-	-	-	644,933,444	644,933,444	-
Due to reinsurers	-	-	-	-	674,431,561	674,431,561	-

Financial statements in which the equity method is applied

	2017						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Maturity date or repricing date						
	Within 1 year	1 – 5 years	Over 5 years				
Assets							
Cash and cash equivalents	-	-	-	110,175,820	282,000	110,457,820	0.10 – 1.75
Premium receivables	-	-	-	-	400,426,698	400,426,698	-
Reinsurance assets – claim reserves	-	-	-	-	145,651,788	145,651,788	-
Reinsurance receivables	-	-	-	-	357,479,075	357,479,075	-
Investments in securities							
Government and state enterprise securities	294,225,219	76,297,277	-	-	44,783,793	415,306,289	1.25 – 3.91
Private debt securities	301,529,131	485,095,728	-	-	-	786,624,859	1.84 – 3.94
Equity securities	-	-	-	-	1,223,814,843	1,223,814,843	-
Deposits and certificate deposits at financial institutions	535,000,000	-	-	-	-	535,000,000	1.40 – 1.75
Loans	103,431	283,981	282,343	-	-	669,755	6.50 – 7.00
Liabilities							
Insurance contract liabilities							
– claim reserves and outstanding claims	-	-	-	-	709,416,742	709,416,742	-
Due to reinsurers	-	-	-	-	627,073,739	627,073,739	-

Separate financial statements

	2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Maturity date or repricing date						
	Within 1 year	1 – 5 years	Over 5 years				
Assets							
Cash and cash equivalents	-	-	-	119,131,830	312,000	119,443,830	0.13 – 2.30
Premium receivables	-	-	-	-	441,292,191	441,292,191	-
Reinsurance assets – claim reserves	-	-	-	-	113,339,539	113,339,539	-
Reinsurance receivables	-	-	-	-	579,118,997	579,118,997	-
Investments in securities							
Government and state enterprise securities	370,064,528	35,307,842	-	-	18,665,851	424,038,221	1.24 – 3.91
Private debt securities	205,382,569	518,765,364	-	-	-	724,147,933	1.60 – 3.94
Equity securities	-	-	-	-	1,037,413,073	1,037,413,073	-
Deposits and certificate deposits at financial institutions	530,000,000	50,000,000	-	-	-	580,000,000	1.30 – 2.30
Loans	78,656	266,083	247,337	-	-	592,076	6.50 – 7.00
Liabilities							
Insurance contract liabilities							
– claim reserves and outstanding claims	-	-	-	-	644,933,444	644,933,444	-
Due to reinsurers	-	-	-	-	674,431,561	674,431,561	-

Separate financial statements

	2017						
	Fixed interest rates						
	Maturity date or repricing date						
	Within			Floating	Non-interest	Total	Effective
1 year	1 – 5 years	Over 5 years	interest rate	bearing	interest rate		
							(% per annum)
Assets							
Cash and cash equivalents	-	-	-	110,175,820	282,000	110,457,820	0.10 – 1.75
Premium receivables	-	-	-	-	400,426,698	400,426,698	-
Reinsurance assets – claim reserves	-	-	-	-	145,651,788	145,651,788	-
Reinsurance receivables	-	-	-	-	357,479,075	357,479,075	-
Investments in securities							
Government and state enterprise securities	294,225,219	76,297,277	-	-	44,783,793	415,306,289	1.25 – 3.91
Private debt securities	301,529,131	485,095,728	-	-	-	786,624,859	1.84 – 3.94
Equity securities	-	-	-	-	1,168,590,248	1,168,590,248	-
Deposits and certificate deposits at financial institutions	535,000,000	-	-	-	-	535,000,000	1.40 – 1.75
Loans	103,431	283,981	282,343	-	-	669,755	6.50 – 7.00
Liabilities							
Insurance contract liabilities							
– claim reserves and outstanding claims	-	-	-	-	709,416,742	709,416,742	-
Due to reinsurers	-	-	-	-	627,073,739	627,073,739	-

b. Equity position risk

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

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

34.4 Liquidity risk

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

The Company policies of management of liquidity risk are as follows:

- a. The Company invests in securities that are liquid, such as government sector securities or private sector securities with a low credit risk. It also spreads its investment funding and balances the portfolio, taking into account time horizons and fund needs to pay and meet obligations, management of accounts receivable, accounts payable, the period to maturity of assets and changes in the value of assets, given that, the maturity structure of assets and liabilities is in the appropriate level both volume and period, and correspond to external and internal circumstances surrounding the Company.

- b. Adequate shareholders' equity is maintained to cover liabilities and to manage exposure to business and operation risks. Other funding sources with high liquidity should also be secured as contingency plan.
- c. Responsibilities and lines of reporting to those who manage liquidity risk are clearly defined and a reporting system has been established to generate an early warning report for executives on transactions that do not conform to the Company's policy and to promptly, timely and accurately report warning signs of key risk indicators.

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

(Unit: Baht)

	Financial statements in which the equity method is applied					
	2018					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
Assets						
Cash and cash equivalents	119,131,830	-	-	-	312,000	119,443,830
Premium receivables	-	441,292,191	-	-	-	441,292,191
Reinsurance assets –						
claim reserves	-	89,766,620	19,997,438	3,575,481	-	113,339,539
Reinsurance receivables	-	579,118,997	-	-	-	579,118,997
Investments in securities	968,757,725	1,105,887,097	604,073,205	-	142,105,795	2,820,823,822
Loans	-	78,656	266,083	247,337	-	592,076
Liabilities						
Insurance contract						
liabilities – claim						
reserves and						
outstanding claims	-	528,240,945	107,372,959	9,319,540	-	644,933,444
Due to reinsurers	-	674,431,561	-	-	-	674,431,561

(Unit: Baht)

	Financial statements in which the equity method is applied					
	2017					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
Assets						
Cash and cash equivalents	110,175,820	-	-	-	282,000	110,457,820
Premium receivables	-	400,426,698	-	-	-	400,426,698
Reinsurance assets – claim						
reserves	-	113,729,602	26,893,841	5,028,345	-	145,651,788
Reinsurance receivables	-	357,479,075	-	-	-	357,479,075
Investments in securities	1,126,052,841	1,131,194,349	561,393,006	-	142,105,795	2,960,745,991
Loans	-	103,431	283,981	282,343	-	669,755
Liabilities						
Insurance contract liabilities						
– claim reserves and						
outstanding claims	-	576,849,218	121,649,769	10,917,755	-	709,416,742
Due to reinsurers	-	627,073,739	-	-	-	627,073,739

(Unit: Baht)

	Separate financial statements					
	2018					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
Assets						
Cash and cash equivalents	119,131,830	-	-	-	312,000	119,443,830
Premium receivables	-	441,292,191	-	-	-	441,292,191
Reinsurance assets – claim reserves	-	89,766,620	19,997,438	3,575,481	-	113,339,539
Reinsurance receivables	-	579,118,997	-	-	-	579,118,997
Investments in securities	968,757,725	1,105,887,097	604,073,205	-	86,881,200	2,765,599,227
Loans	-	78,656	266,083	247,337	-	592,076
Liabilities						
Insurance contract liabilities – claim reserves and outstanding claims	-	528,240,945	107,372,959	9,319,540	-	644,933,444
Due to reinsurers	-	674,431,561	-	-	-	674,431,561

(Unit: Baht)

	Separate financial statements					
	2017					
	At call	Within 1 year	1 – 5 years	Over 5 years	Unspecified	Total
Assets						
Cash and cash equivalents	110,175,820	-	-	-	282,000	110,457,820
Premium receivables	-	400,426,698	-	-	-	400,426,698
Reinsurance assets – claim reserves	-	113,729,602	26,893,841	5,028,345	-	145,651,788
Reinsurance receivables	-	357,479,075	-	-	-	357,479,075
Investments in securities	1,126,052,841	1,131,194,349	561,393,006	-	86,881,200	2,905,521,396
Loans	-	103,431	283,981	282,343	-	669,755
Liabilities						
Insurance contract liabilities – claim reserves and outstanding claims	-	576,849,218	121,649,769	10,917,755	-	709,416,742
Due to reinsurers	-	627,073,739	-	-	-	627,073,739

34.5 Fair value measurement for financial assets

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

(Unit: Baht)

Financial statements in which the equity method is applied

	2018				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	18,225,851	395,812,370	-	414,038,221	414,038,221
Private debt securities	-	724,147,933	-	724,147,933	724,147,933
Equity securities	898,895,627	51,636,246	-	950,531,873	950,531,873
Financial assets which fair value are disclosed					
Cash and cash equivalents	119,443,830	-	-	119,443,830	119,443,830
Held to maturity investments					
Government and state enterprise securities	-	9,961,252	-	9,961,252	10,000,000
Deposits and certificates deposits at financial institutions	-	580,000,000	-	580,000,000	580,000,000
Other investments	-	-	271,224,772	271,224,772	142,105,795
Loans	-	-	592,076	592,076	592,076

(Unit: Baht)

Financial statements in which the equity method is applied

	2017				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	44,343,793	360,962,496	-	405,306,289	405,306,289
Private debt securities	-	786,624,859	-	786,624,859	786,624,859
Equity securities	1,025,197,315	56,511,733	-	1,081,709,048	1,081,709,048
Financial assets which fair value are disclosed					
Cash and cash equivalents	110,457,820	-	-	110,457,820	110,457,820
Held to maturity investments					
Government and state enterprise securities	-	9,984,018	-	9,984,018	10,000,000
Deposits and certificates deposits at financial institutions	-	535,000,000	-	535,000,000	535,000,000
Other investments	-	-	319,862,306	319,862,306	142,105,795
Loans	-	-	669,755	669,755	669,755

(Unit: Baht)

	Separate financial statements				
	2018				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	18,225,851	395,812,370	-	414,038,221	414,038,221
Private debt securities	-	724,147,933	-	724,147,933	724,147,933
Equity securities	898,895,627	51,636,246	-	950,531,873	950,531,873
Financial assets which fair value are disclosed					
Cash and cash equivalents	119,443,830	-	-	119,443,830	119,443,830
Held to maturity investments					
Government and state enterprise securities	-	9,961,252	-	9,961,252	10,000,000
Deposits and certificates deposits at financial institutions	-	580,000,000	-	580,000,000	580,000,000
Other investments	-	-	271,224,772	271,224,772	86,881,200
Loans	-	-	592,076	592,076	592,076

(Unit: Baht)

	Separate financial statements				
	2017				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Available-for-sale investments					
Government and state enterprise securities	44,343,793	360,962,496	-	405,306,289	405,306,289
Private debt securities	-	786,624,859	-	786,624,859	786,624,859
Equity securities	1,025,197,315	56,511,733	-	1,081,709,048	1,081,709,048
Financial assets which fair value are disclosed					
Cash and cash equivalents	110,457,820	-	-	110,457,820	110,457,820
Held to maturity investments					
Government and state enterprise securities	-	9,984,018	-	9,984,018	10,000,000
Deposits and certificates deposits at financial institutions	-	535,000,000	-	535,000,000	535,000,000
Other investments	-	-	319,862,306	319,862,306	86,881,200
Loans	-	-	669,755	669,755	669,755

The fair value hierarchy of financial assets as at 31 December 2018 and 2017 presents according to Note 4.21 to financial statements.

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

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and deposit at financial institutions, their fair value is estimated based on the book value presented in the statements of financial position.
- (b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- (c) For equity securities, their fair value is generally derived from quoted market prices. For investments in non-marketable equity securities, their fair value is determined using discounted price per book value approach.
- (d) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the current market interest rate.

35. Capital management

The primary objectives of the Company's capital management is to ensure that it preserves ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

36. Event after the reporting period

On 21 February 2019, a meeting of the Board of Directors passed the following resolutions to propose to the Annual General Meeting of shareholders:

1. Approve an increase of the Company's registered capital from Baht 340 million to be Baht 350 million to be divided into 35 million shares with the par value at 10 Baht per share, by newly issue the ordinary shares in amount of 1 million shares with the par value at 10 Baht to support the stock dividend payment.
2. Approve the allocation of profits for cash dividend and stock dividend payment approximately Baht 61 million, as follows:
 - 2.1 Cash dividend will be paid at the rate of Baht 1.50 per share for the 34 million existing shares, totaling Baht 51 million. Payment is scheduled to be made on 21 May 2019.
 - 2.2 Stock dividend will be paid at the ratio of 34 existing shares per 1 stock dividend, totaling of the stock dividend payment at 1 million shares, at par value Baht 10, totaling Baht 10 million or equivalent to Baht 0.29 per share. In case that any shareholders hold the indivisible share remaining after such allocated, cash will be paid instead of the stock dividend at the rate of Baht 0.29 per share.
 - 2.3 Approve to allocate indivisible share remaining after such allocated the stock dividend to the registered Navakij Insurance Provident Fund.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2019.