

The Navakij Insurance Public Company Limited
Report and financial statements
31 December 2020

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 2020, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2020, 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 2020, the Company had revenue from insurance premiums amounting to Baht 3,326 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 2020, the Company had claim reserves and outstanding claims amounted to Baht 861 million (representing 22 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 2020, the Company had claim reserves refundable from reinsurers amounting to Baht 154 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. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 23 February 2021

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash and cash equivalents	7	263,536,309	139,646,681	263,536,309	139,646,681
Premium receivables	8	495,415,614	460,188,833	495,415,614	460,188,833
Accrued investment income		6,310,348	7,992,591	6,310,348	7,992,591
Reinsurance assets	9	530,518,011	659,616,170	530,518,011	659,616,170
Reinsurance receivables	10	598,821,741	532,731,843	598,821,741	532,731,843
Investment assets					
Investments in securities	11	3,242,393,635	3,044,185,647	3,242,393,635	2,988,961,052
Loans and interest receivables	12	644,535	949,846	644,535	949,846
Investments in associates	13	24,810,808	27,016,839	33,337,976	43,256,079
Property, building and equipment	14	212,575,466	242,549,566	212,575,466	242,549,566
Right-of-use assets	15	57,274,903	-	57,274,903	-
Intangible assets	16	19,009,224	53,359,278	19,009,224	53,359,278
Deferred tax assets	17.1	234,453,056	213,721,758	221,702,704	210,473,910
Other assets					
Claims receivable from litigants	18	104,296,360	118,749,174	104,296,360	118,749,174
Deposits on rice field insurance scheme		148,316,496	73,691,390	148,316,496	73,691,390
Others		139,557,665	128,901,665	139,557,665	128,901,665
Total assets		6,077,934,171	5,703,301,281	6,073,710,987	5,661,068,078

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

The Navakij Insurance Public Company Limited
Statements of financial position (continued)
As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity					
Liabilities					
Insurance contract liabilities	19	2,639,423,125	2,581,112,521	2,639,423,125	2,581,112,521
Due to reinsurers	20	967,658,760	761,022,233	967,658,760	761,022,233
Income tax payable		25,976,848	9,095,850	25,976,848	9,095,850
Lease liabilities	15	54,273,631	-	54,273,631	-
Employee benefit obligations	21	63,575,523	61,300,779	63,575,523	61,300,779
Other liabilities					
Fee and commission payables		103,786,940	86,728,688	103,786,940	86,728,688
Accrued expenses		63,270,571	44,578,080	63,270,571	44,578,080
Liabilities under finance lease agreements	15	-	15,869,920	-	15,869,920
Others		65,412,256	77,106,342	65,412,256	77,106,342
Total liabilities		3,983,377,654	3,636,814,413	3,983,377,654	3,636,814,413
Equity					
Share capital					
Registered					
35,000,000 ordinary shares of Baht 10 each		350,000,000	350,000,000	350,000,000	350,000,000
Issued and paid up					
35,000,000 ordinary shares of Baht 10 each		350,000,000	350,000,000	350,000,000	350,000,000
Share premium		647,275,073	647,275,073	647,275,073	647,275,073
Retained earnings					
Appropriated					
Statutory reserve	22	35,000,000	35,000,000	35,000,000	35,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,053,031,005	1,047,820,233	998,292,067	1,000,237,594
Other components of equity		(10,749,561)	(33,608,438)	39,766,193	(28,259,002)
Total equity		2,094,556,517	2,066,486,868	2,090,333,333	2,024,253,665
Total liabilities and equity		6,077,934,171	5,703,301,281	6,073,710,987	5,661,068,078

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

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Directors
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The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Income					
Gross premium written		3,326,060,853	3,023,909,573	3,326,060,853	3,023,909,573
Less: Premiums ceded to reinsurers		(768,642,517)	(745,406,466)	(768,642,517)	(745,406,466)
Net premium written		2,557,418,336	2,278,503,107	2,557,418,336	2,278,503,107
Less: Unearned premium reserves increase					
from prior year		(120,205,390)	(69,054,376)	(120,205,390)	(69,054,376)
Net earned premium		2,437,212,946	2,209,448,731	2,437,212,946	2,209,448,731
Fee and commission income		193,847,519	182,357,986	193,847,519	182,357,986
Share of loss from investments in associates	13.3	(972,729)	(2,016,461)	-	-
Investments income	11.7	61,945,218	94,143,100	61,945,218	94,143,100
Profit on investments	11.8	7,441,488	83,373,624	7,441,488	83,373,624
Fair value loss		(57,748,450)	(3,601,761)	(57,748,450)	(3,601,761)
Loss on impairment of investments in associates	13.1	-	-	(9,918,103)	-
Other income		6,153,404	8,788,113	6,153,404	8,788,113
Total income		2,647,879,396	2,572,493,332	2,638,934,022	2,574,509,793
Expenses					
Gross claim and loss adjustment expenses		1,694,593,086	1,995,403,288	1,694,593,086	1,995,403,288
Less: Claim recovery from reinsurers		(253,632,343)	(560,594,048)	(253,632,343)	(560,594,048)
Commission and brokerage expenses		530,733,683	470,810,354	530,733,683	470,810,354
Other underwriting expenses		242,247,337	275,298,002	242,247,337	275,298,002
Operating expenses	23	338,187,246	361,110,926	338,187,246	361,110,926
Financial costs		3,037,773	864,337	3,037,773	864,337
Expected credit loss	24	6,112,685	-	6,112,685	-
Total expenses	25	2,561,279,467	2,542,892,859	2,561,279,467	2,542,892,859
Profit before income tax expenses		86,599,929	29,600,473	77,654,555	31,616,934
Income tax revenues (expenses)	17.2	(15,274,879)	44,949	(13,485,804)	(358,343)
Profit for the year		71,325,050	29,645,422	64,168,751	31,258,591
Earnings per share					
Basic earnings per share	27	2.04	0.85	1.83	0.89

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

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Profit for the year		71,325,050	29,645,422	64,168,751	31,258,591
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)	13.3	(1,233,302)	(3,433,479)	-	-
Loss on changes in value of available-for-sale investments which are measured at fair value through other comprehensive income		(100,324,459)	(15,576,691)	(100,324,459)	(15,576,691)
Income tax effect		20,311,553	3,802,034	20,064,893	3,115,338
Other comprehensive income to be reclassified to profit and loss in subsequent periods - net of tax (loss)		(81,246,208)	(15,208,136)	(80,259,566)	(12,461,353)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods					
Actuarial loss		(855,983)	(5,175,265)	(855,983)	(5,175,265)
Income tax effect		171,197	1,035,053	171,197	1,035,053
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of tax (loss)		(684,786)	(4,140,212)	(684,786)	(4,140,212)
Total comprehensive income for the year (loss)		<u>(10,605,944)</u>	<u>10,297,074</u>	<u>(16,775,601)</u>	<u>14,657,026</u>

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

The Navakij Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Cash flows from (used in) operating activities				
Direct premium written	3,250,724,673	3,006,438,290	3,250,724,673	3,006,438,290
Cash paid for reinsurance	(24,068,137)	(51,088,489)	(24,068,137)	(51,088,489)
Interest income	26,822,775	30,505,574	26,822,775	30,505,574
Dividend income	33,025,048	58,319,027	33,025,048	58,319,027
Other income	5,897,234	6,015,791	5,897,234	6,015,791
Loss incurred and loss adjustment expenses on direct insurance	(1,853,185,974)	(1,759,776,924)	(1,853,185,974)	(1,759,776,924)
Commission and brokerage on direct insurance	(503,733,637)	(446,387,309)	(503,733,637)	(446,387,309)
Other underwriting expenses	(244,402,761)	(260,016,583)	(244,402,761)	(260,016,583)
Operating expenses	(282,853,518)	(326,854,259)	(282,853,518)	(326,854,259)
Income tax expenses	(9,997,072)	(20,231,850)	(9,997,072)	(20,231,850)
Cash received - financial assets	2,404,080,894	2,824,724,222	2,404,080,894	2,824,724,222
Cash paid - financial assets	(2,638,199,628)	(2,979,746,098)	(2,638,199,628)	(2,979,746,098)
Net cash from operating activities	164,109,897	81,901,392	164,109,897	81,901,392
Cash flows from (used in) investing activities				
Purchases of property, building and equipment	(4,576,125)	(3,016,845)	(4,576,125)	(3,016,845)
Purchases of intangible assets	(2,347,619)	(150,006)	(2,347,619)	(150,006)
Disposals of property, building and equipment	232,699	639,587	232,699	639,587
Disposals/cancelled of intangible assets	31,214,500	-	31,214,500	-
Net cash from (used in) investing activities	24,523,455	(2,527,264)	24,523,455	(2,527,264)
Cash flows from (used in) financing activities				
Cash received from share capital issuance	-	14,980	-	14,980
Repayment of lease liabilities	(19,657,040)	(8,186,329)	(19,657,040)	(8,186,329)
Dividend paid	(44,999,449)	(50,999,928)	(44,999,449)	(50,999,928)
Net cash used in financing activities	(64,656,489)	(59,171,277)	(64,656,489)	(59,171,277)
Expected credit loss	(87,235)	-	(87,235)	-
Net increase in cash and cash equivalents	123,889,628	20,202,851	123,889,628	20,202,851
Cash and cash equivalents at beginning of year	139,646,681	119,443,830	139,646,681	119,443,830
Cash and cash equivalents at end of year	263,536,309	139,646,681	263,536,309	139,646,681

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

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which the equity method is applied								
	Issued and paid-up		Retained earnings			Other components of equity			
						Exchange differences on translation of financial statements in foreign currency	Surplus (deficit) on changes in value of investments in securities	Total other components of equity	Total
	share capital	Share premium	Appropriated	Unappropriated					
		Statutory reserve	General reserve						
Balance as at 1 January 2019	340,000,000	647,260,093	34,000,000	20,000,000	1,084,314,951	(2,602,653)	(15,797,649)	(18,400,302)	2,107,174,742
Increase in share capital	10,000,000	14,980	-	-	-	-	-	-	10,014,980
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-	-	-
Dividend paid (Note 28)	-	-	-	-	(60,999,928)	-	-	-	(60,999,928)
Profit for the year	-	-	-	-	29,645,422	-	-	-	29,645,422
Other comprehensive income for the year (loss)	-	-	-	-	(4,140,212)	(2,746,783)	(12,461,353)	(15,208,136)	(19,348,348)
Balance as at 31 December 2019	350,000,000	647,275,073	35,000,000	20,000,000	1,047,820,233	(5,349,436)	(28,259,002)	(33,608,438)	2,066,486,868
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,047,820,233	(5,349,436)	(28,259,002)	(33,608,438)	2,066,486,868
Cumulative effect of changes in accounting policy (Note 4)	-	-	-	-	(20,430,043)	-	104,105,085	104,105,085	83,675,042
Balance as at 1 January 2020 - after adjusted	350,000,000	647,275,073	35,000,000	20,000,000	1,027,390,190	(5,349,436)	75,846,083	70,496,647	2,150,161,910
Dividend paid (Note 28)	-	-	-	-	(44,999,449)	-	-	-	(44,999,449)
Profit for the year	-	-	-	-	71,325,050	-	-	-	71,325,050
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(986,642)	(80,259,566)	(81,246,208)	(81,930,994)
Balance as at 31 December 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,053,031,005	(6,336,078)	(4,413,483)	(10,749,561)	2,094,556,517

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

The Navakij Insurance Public Company Limited

Statements of changes in equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements					Other components of equity -	
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	surplus (deficit) on changes in value of investments	
			Appropriated			in securities	Total
			Statutory reserve	General reserve			
Balance as at 1 January 2019	340,000,000	647,260,093	34,000,000	20,000,000	1,035,119,143	(15,797,649)	2,060,581,587
Increase in share capital	10,000,000	14,980	-	-	-	-	10,014,980
Unappropriated retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-
Dividend paid (Note 28)	-	-	-	-	(60,999,928)	-	(60,999,928)
Profit for the year	-	-	-	-	31,258,591	-	31,258,591
Other comprehensive income for the year (loss)	-	-	-	-	(4,140,212)	(12,461,353)	(16,601,565)
Balance as at 31 December 2019	350,000,000	647,275,073	35,000,000	20,000,000	1,000,237,594	(28,259,002)	2,024,253,665
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,000,237,594	(28,259,002)	2,024,253,665
Cumulative effect of changes in accounting policy (Note 4)	-	-	-	-	(20,430,043)	148,284,761	127,854,718
Balance as at 1 January 2020 - after adjusted	350,000,000	647,275,073	35,000,000	20,000,000	979,807,551	120,025,759	2,152,108,383
Dividend paid (Note 28)	-	-	-	-	(44,999,449)	-	(44,999,449)
Profit for the year	-	-	-	-	64,168,751	-	64,168,751
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(80,259,566)	(80,944,352)
Balance as at 31 December 2020	350,000,000	647,275,073	35,000,000	20,000,000	998,292,067	39,766,193	2,090,333,333

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 2020

1. General information

1.1 Corporate 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 24 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.

1.2 The COVID-19 pandemic

The COVID-19 pandemic is continuing to evolve, and is directly and indirectly affecting businesses in many sectors, resulting in an economic slowdown and instability in money markets and capital markets. This situation may bring uncertainties and may have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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 (No.2) B.E. 2562 dated 4 April 2019.

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

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from 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 has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except for the new standards involve changes to key principles which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations

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

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

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

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting periods beginning on or after 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts.

According to the Company's statements of financial position as at 31 December 2017, insurance contract liabilities under the scope of TFRS 4 Insurance Contracts comprise more than 90% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there was no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Company's management believe that adoption of the Accounting Guidance is appropriate in the current circumstances and the Company has, therefore, elected to adopt such Accounting Guidance.

There will be impact in the following matters to the Company's financial statements from the adoption of this Accounting Guidance.

Classification and measurement of financial assets

The Company shall classify financial assets as trading investments, available-for-sale investments, held-to-maturity debt instruments, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

- Classification and measurement of trading investments that are listed equity instruments and debt instruments which are measured at fair value through profit or loss ("FVPL"), the Company considers and decides to continue classifying them as trading investments which are measured at FVPL.
- Classification and measurement of available-for-sale investments that are listed equity instruments and debt instruments which are measured at fair value through other comprehensive income ("FVOCI"), the Company considers and decides to continue classifying them as available-for-sale investments which are measured at FVOCI. Gain or loss on disposal are recognised in profit or loss.

- Classification and measurement of investments in non-listed equity instruments, these investments were classified as other investments under the former discontinued accounting standard, and have been reclassified as available-for-sale investments and presented at fair value. Gain or loss from changes in fair value are recognised in other comprehensive income. Gain or loss on disposal are recognised in profit or loss.
- Investments in debt instruments and loans, which the Company holds to collect contractual cash flow (both principal and interest), the Company classifies and presents them as held-to-maturity investments and loans, respectively, and measures at amortised cost.

Classification and measurement of financial liabilities

The adoption of this Accounting Guidance does not have any impact to classification of financial liabilities. The Company continues to classify them as financial liabilities and measures at amortised cost.

Impairment of financial assets

This Accounting Guidance requires the Company to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognising an allowance for expected credit loss on its financial assets with no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the general approach and the simplified approach to determine expected credit loss on financial assets, depending on type of financial assets.

Transition

The Company initially adopted this Accounting Guidance whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at 1 January 2020, and the comparative information was not restated. Therefore, the presentation of items of the year 2019 is not comparable with the financial statements of the year 2020.

The cumulative effect of the changes in accounting policies is described in Note 4 to the financial statements.

TFRS 16 Leases

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

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

The Company initially adopted these financial reporting standards whereby the adjustments of the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the changes in accounting policies is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand (“BOT”) No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations without collateral, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the BOT’s measures and electing to apply this accounting guidance have to apply all temporary relief measures in this Accounting Guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by the situations that affect the Thai economy for providing assistance to debtors during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes with which the entity is to comply.

The Company has not adopted such Accounting Guidance.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of the fair value of investments in non-listed equity instruments as of the period end date by using the fair value as at 1 January 2020.

In the fourth quarter of 2020, the Company assessed the impact and decided to discontinue the applying of the temporary relief measures, and then measured the fair value of investments in non-listed equity instruments as at year-end at fair value.

3.2 Financial reporting standards that became effective for fiscal year beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal year beginning on or after 1 January 2021. 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 has evaluated that these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards and accounting guidances

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted Financial reporting standards related to financial instruments (TAS 32 Financial Instruments: Presentation), Accounting Guidance related to financial instruments and disclosures applicable to insurance business and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings or other components of equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings and other components of equity for the year 2020 from changes in accounting policies due to the adoption of these Accounting Guidance and standards are presented as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied				
	31 December201 9	The impacts of		TFRS 16	1 January2020
		TAS 32 and Accounting			
		Guidance related to financial instruments			
	Classification	Measurement			
Statements of financial position					
Assets					
Cash and cash equivalents	139,646,681	-	(47,866)	-	139,598,815
Accrued investment income	7,992,591	-	(2,403)	-	7,990,188
Investments in securities	3,044,185,647	-	129,701,235	-	3,173,886,882
Property, building and equipment	242,549,566	-	-	(18,738,076)	223,811,490
Right-of-use assets	-	-	-	75,089,163	75,089,163
Intangible assets	53,359,278	-	-	(1,339,423)	52,019,855
Deferred tax assets	213,721,758	-	(20,918,761)	-	192,802,997
Other assets - Claims receivable from litigants	118,749,174	-	(25,057,163)	-	93,692,011
Other assets - Others	128,901,665	-	-	(1,889,164)	127,012,501
Liabilities					
Lease liabilities	-	-	-	68,992,420	68,992,420
Liabilities under finance lease agreements	15,869,920	-	-	(15,869,920)	-
Equity					
Retained earnings- unappropriated	1,047,820,233	-	(20,430,043)	-	1,027,390,190
Other components of equity	(33,608,438)	-	104,105,085	-	70,496,647

(Unit: Baht)

Separate financial statements				
The impacts of				
31 December 2019	TAS 32 and Accounting Guidance related to financial instruments		TFRS 16	1 January 2020
	Classification	Measurement		
Statements of financial position				
Assets				
Cash and cash equivalents	139,646,681	- (47,866)	-	139,598,815
Accrued investment income	7,992,591	- (2,403)	-	7,990,188
Investments in securities	2,988,961,052	- 184,925,830	-	3,173,886,882
Property, building and equipment	242,549,566	- -	(18,738,076)	223,811,490
Right-of-use assets	-	- -	75,089,163	75,089,163
Intangible assets	53,359,278	- -	(1,339,423)	52,019,855
Deferred tax assets	210,473,910	- (31,963,680)	-	178,510,230
Other assets - Claims receivable from litigants	118,749,174	- (25,057,163)	-	93,692,011
Other assets - Others	128,901,665	- -	(1,889,164)	127,012,501
Liabilities				
Lease liabilities	-	- -	68,992,420	68,992,420
Liabilities under finance lease agreements	15,869,920	- -	(15,869,920)	-
Equity				
Retained earnings- unappropriated	1,000,237,594	- (20,430,043)	-	979,807,551
Other components of equity	(28,259,002)	- 148,284,761	-	120,025,759

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

Details of the impact on equity as at 1 January 2020 due to the initial adoption of Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied	Separate financial statements
Retained earnings - Unappropriated		
Recognition of an allowance for expected credit loss on financial assets	(25,537,554)	(25,537,554)
Relating income tax	5,107,511	5,107,511
Total	(20,430,043)	(20,430,043)
Other components of equity		
Fair value measurement of investments in equity instruments of non-listed companies	129,799,094	185,023,689
Recognition of an allowance for expected credit loss on financial assets	332,262	332,262
Relating income tax	(26,026,271)	(37,071,190)
Total	104,105,085	148,284,761

The classification and measurement of financial assets in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business, and with the classification and measurement under the former basis, are as follows:

(Unit: Baht)

Financial statements in which the equity method is applied

Classification and measurement under the former basis as at 31 December 2019	Classification and measurement in accordance with Accounting Guidance as at 1 January 2020				
	Trading investments	Available-for-sale investments	Held-to-maturity investments	Amortised cost	Total
Financial assets					
Cost					
Cash and cash equivalents	139,646,681	-	-	-	139,598,815
Accrued investment income	7,992,591	-	-	-	7,990,188
Held-to-maturity investments					
Debt instruments	495,000,000	-	-	494,902,141	-
Other investments					
Equity instruments	142,105,795	-	271,904,889	-	-
Loans and interest receivables	949,846	-	-	-	949,846
Other assets - Claims receivable from litigants	118,749,174	-	-	-	93,692,011
Other assets-Brokers receivables	67,819,301	-	-	-	67,819,301
Fair value					
Trading investments					
Equity instruments	453,175,347	453,175,347	-	-	-
Unit trusts	156,267,420	156,267,420	-	-	-
Available-for-sale investments					
Debt instruments	1,341,250,748	-	1,341,250,748	-	-
Equity instruments	240,479,597	-	240,479,597	-	-
Unit trusts	215,906,740	-	215,906,740	-	-

(Unit: Baht)

		Separate financial statements				
Classification and measurement under the former basis as at 31 December 2019		Classification and measurement in accordance with Accounting Guidance as at 1 January 2020				
		Trading investments	Available-for-sale investments	Held-to-maturity investments	Amortised cost	Total
Financial assets						
Cost						
Cash and cash equivalents						
	139,646,681	-	-	-	139,598,815	139,598,815
Accrued investment income						
	7,992,591	-	-	-	7,990,188	7,990,188
Held-to-maturity investments						
	495,000,000	-	-	494,902,141	-	494,902,141
Other investments						
	86,881,200	-	271,904,889	-	-	271,904,889
Loans and interest receivables						
	949,846	-	-	-	949,846	949,846
Other assets - Claims receivable from litigants						
	118,749,174	-	-	-	93,692,011	93,692,011
Other assets - Brokers receivables						
	67,819,301	-	-	-	67,819,301	67,819,301
Fair value						
Trading investments						
	453,175,347	453,175,347	-	-	-	453,175,347
	156,267,420	156,267,420	-	-	-	156,267,420
Available-for-sale investments						
	1,341,250,748	-	1,341,250,748	-	-	1,341,250,748
	240,479,597	-	240,479,597	-	-	240,479,597
	215,906,740	-	215,906,740	-	-	215,906,740

As at 1 January 2020, the Company has designated all financial liabilities as financial liabilities measured at amortised cost.

The following table shows a reconciliation of the closing allowance for impairment as at 31 December 2019, recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and TAS 105 Accounting for Investments in Debt and Equity Securities to the opening allowance for expected credit loss as at 1 January 2020, determined in accordance with Accounting Guidance related to financial instruments. Such changes are due to remeasurement of allowance for expected credit loss under requirement of this Accounting Guidance.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	Allowance for impairment as at 31 December 2019	Increase	Allowance for impairment as at 1 January 2020
Amortised cost			
Cash and cash equivalents	-	47,866	47,866
Accrued investment income	-	2,403	2,403
Held-to-maturity investments in debt instruments which are measured at amortised cost	-	97,859	97,859
Claims receivable from litigants	167,664,639	25,057,163	192,721,802
Fair value			
Available-for-sale investments which are measured at FVOCI			
Debt instruments	-	332,263	332,263
Equity instruments	15,353,224	-	15,353,224
	<u>183,017,863</u>	<u>25,537,554</u>	<u>208,555,417</u>

5. Significant accounting policies

5.1 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.

The Company classifies all insurance contracts as short-term insurance contracts, which means insurance contracts that have coverage periods of up to 1 year and no automatic renewal clause, as well as insurance contracts that have coverage periods of more than 1 year and the Company can terminate, increase or decrease insurance premiums or change any benefits of the insurance contracts throughout the coverage period.

5.2 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.

Direct premium is recognised as income on the date the insurance policy comes into effect at the amount specify in the policies.

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) Interest income and dividends received from investments

Interest income

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

Dividends received

Dividends are recognised as revenue when the right to receive the dividends is established.

- (d) Profit (loss) on investments

Profit (loss) on investments consist of profit (loss) on disposal of investments and impairments of investments net of related expenses. Profit (loss) on investments are recognised as revenues or expenses on the transaction date.

- (e) Fair value gain (loss)

Fair value gain (loss) consist of gain (loss) from the change in fair value of financial instrument. The Company recognises in profit or loss on the fair value measurement date.

5.3 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.

(f) Finance cost

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

5.4 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.

5.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance are 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.

5.6 Reinsurance assets

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

The Company set up an allowance for doubtful accounts of reinsurance assets when had indicator for impairment, based on loss 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.

5.7 Reinsurance receivables and due to reinsurers

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

Amounts due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company set up an allowance for doubtful accounts for 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.

5.8 Financial instruments

(a) Investments in securities

Trading investments are stated at fair value. Change in the fair value of these investments are recorded in profit or loss. Investments are classified as trading investments if the Company intends to sell them in the near future.

Available-for-sale investments are stated at fair value. Change in the fair value of these investments are recorded in other comprehensive income.

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

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and classified as available-for-sale investments. Change in the fair value of these investments are recorded in other comprehensive income. (Before 1 January 2020, investments in non-marketable equity instruments were classified as other investments and stated at cost.)

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt instruments is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value. The fair value of non-marketable equity instruments is determined using generally accepted pricing model or approximated to their net book value if the fair value cannot be reliably estimated.

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.

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

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

(b) Loans and interest receivables

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

Before 1 January 2020, 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 analysis and evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral.

(c) Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost.

(d) Derecognition of financial instruments

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

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

(e) Impairment of financial assets

Since 1 January 2020, the Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments which are classified as available-for-sale investments using general approach in accordance with Accounting Guidance related to financial instruments. The Company recognises an allowance for expected credit loss at the amount equal to the lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition but that are not credit-impaired or that are impaired. However, if there has not been a significant increase in credit risk since initial recognition, the Company recognised allowance for expected credit loss at the amount equal to the expected credit loss in the next 12 months.

At every reporting date, the Company assesses whether there has been a significant increase in the credit risk of financial assets since initial recognition by considering internal and external credit ratings of the counterparties and overdue status such as over 30 days past due, and if the debtor is more than 90 days past due it is assessed to be credit-impaired.

Expected credit loss is calculated using probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Company assessed PD and LGD by considering the historical loss experience adjusted with current observable data and reasonable and supportable forward-looking information. The Company determines EAD using gross carrying value at the reporting date.

Loss on impairment of financial assets that are equity instruments and unit trusts which are classified as available-for-sale investments is recognised immediately in profit or loss when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investments may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs.

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

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

5.9 Investments in associates

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

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

5.10 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, 40	years
Condominium units	- 20, 40	years
Buildings improvement	- 5, 10, 20	years
Office furniture, fixture and equipment	- 5	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 (the difference between the net compensation from disposal of an asset and the carrying amounts) is included in statements of income when the asset is derecognised.

5.11 Intangible assets and amortisation

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

Intangible assets with finite 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 3, 5 and 10 years.

No amortisation is provided on computer software under development.

5.12 Leases

Accounting policies adopted since 1 January 2020

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

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

Right-of-use assets

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

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

Lease buildings	- 3 - 6	years
Office equipment	- 5	years
Motor vehicles	- 5	years
Computer software	- 10	years

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

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.

5.13 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the investments in associates, property, building and equipment, right-of-use asset or other 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in statements of income.

5.14 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 loss occurring before or as at the end of the reporting periods for both reported and not reported loss 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, are recognised as 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.

The increase or decrease in unearned premium reserves from prior year is to be recognised in statements of income

(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 to 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.

5.15 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.

5.16 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.

5.17 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange 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.

5.18 Income tax

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

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and 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.

5.19 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.

5.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities 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:

Level1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level3 - Use of unobservable inputs such as estimates of future cash flows

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

6. 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:

6.1 Allowance for doubtful accounts on premium receivables and amounts due from reinsurers

In determining an allowance for doubtful accounts on premium receivables and amounts 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.

6.2 Allowance for impairment on equity instruments and unit trusts classified as available-for-sale investments and measured at FVOCI

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

6.3 Allowances for expected credit loss of financial assets

The management is required to use judgement in estimating allowance for expected credit loss of financial assets. The Company’s calculation of allowance for expected credit loss depends on the criteria used for assessment of a significant increase in credit risk, the debtors status analysis and the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

6.4 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.

6.5 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.

6.6 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 various factors. 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.

6.7 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.

6.8 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.

6.9 Determining the lease term and estimating the incremental borrowing rate of leases

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

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

6.10 Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial assets, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, both fair value less costs of disposal calculation and value in use calculation. The calculation is based on a discounted cash flow model which requires various assumptions such as the discount rate used for the model, the expected future cash-inflows and the growth rate used for extrapolation purposes. Change in assumptions could affect the value in use calculation.

6.11 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.

6.12 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.13 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.

7. Cash and cash equivalents

	(Unit: Baht)	
	2020	2019
Cash on hand	307,000	312,000
Deposits at banks with no fixed maturity date	263,316,544	139,334,681
Total cash and cash equivalents	263,623,544	139,646,681
Less: Allowance for expected credit loss	(87,235)	-
Total cash and cash equivalents, net	263,536,309	139,646,681

As at 31 December 2020, bank deposits in saving and current accounts carried interest between 0.05 and 0.55 percent per annum (2019: between 0.13 and 1.30 percent per annum).

8. Premium receivables

As at 31 December 2020 and 2019, 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)	
	2020	2019
Not yet due	411,362,456	391,625,782
Not over 30 days	56,626,095	47,929,031
Over 31 days to 60 days	17,974,664	13,363,642
Over 61 days to 90 days	2,878,475	3,817,421
Over 91 days to 1 year	8,715,044	4,874,366
Over 1 year	4,288,660	4,215,739
Total premium receivables	501,845,394	465,825,981
Less: Allowance for doubtful accounts	(6,429,780)	(5,637,148)
Total premium receivables, net	<u>495,415,614</u>	<u>460,188,833</u>

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.

9. Reinsurance assets

	(Unit: Baht)	
	2020	2019
Insurance reserve refundable from reinsurers		
Claims reserve	153,880,298	298,792,366
Unearned premium reserve	376,637,713	360,823,804
Reinsurance assets	<u>530,518,011</u>	<u>659,616,170</u>

10. Reinsurance receivables

	(Unit: Baht)	
	2020	2019
Amounts deposit on reinsurance	145,408	59,817
Amounts due from reinsurers	598,676,333	532,672,026
Total	598,821,741	532,731,843

As at 31 December 2020 and 2019, the balances of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2020	2019
Not yet due	251,573,288	424,238,134
Not over 1 year	269,586,242	106,220,217
Over 1 year to 2 years	77,429,861	1,704,343
Over 2 years	86,942	509,332
Total amounts due from reinsurers	598,676,333	532,672,026

11. Investments in securities

11.1 Classified by type of investments

	(Unit: Baht)			
	Financial statements in which the equity method is applied			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Government and state enterprise securities	-	-	5,440,000	5,440,000
Equity instruments	445,368,008	424,182,917	451,337,108	447,735,347
Unit trusts	156,267,420	116,102,300	156,267,420	156,267,420
Total	601,635,428	540,285,217	613,044,528	609,442,767
Less: Unrealised loss	(61,350,211)		(3,601,761)	
Total	540,285,217		609,442,767	

(Unit: Baht)

	Financial statements in which the equity method is applied			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	979,883,319	980,893,657	679,590,742	677,750,938
Private debt securities	364,869,420	367,437,373	675,238,297	679,475,371
Equity instruments	262,837,897	194,781,440	260,526,131	224,504,036
Non-listed equity instruments	104,905,795	199,921,121	-	-
Foreign equity instruments	37,200,000	41,909,004	-	-
Unit trusts	255,585,212	199,229,535	232,958,890	215,906,740
Total	2,005,281,643	1,984,172,130	1,848,314,060	1,797,637,085
Less: Unrealised loss	(5,516,854)		(35,323,751)	
Less: Allowance for expected credit loss	(239,435)		-	
Less: Allowance for impairment	(15,353,224)		(15,353,224)	
Total	1,984,172,130		1,797,637,085	
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	30,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which are matured over 3 months	688,126,506		485,000,000	
Total	718,126,506		495,000,000	
Less: Allowance for expected credit loss	(190,218)		-	
Total	717,936,288		495,000,000	
Other investments				
Equity instruments	-		144,673,295	
Less: Allowance for impairment	-		(2,567,500)	
Total	-		142,105,795	
Total investments in securities	3,242,393,635		3,044,185,647	

(Unit: Baht)

	Separate financial statements			
	2020		2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Government and state enterprise securities	-	-	5,440,000	5,440,000
Equity instruments	445,368,008	424,182,917	451,337,108	447,735,347
Unit trusts	156,267,420	116,102,300	156,267,420	156,267,420
Total	601,635,428	540,285,217	613,044,528	609,442,767
Less: Unrealised loss	(61,350,211)		(3,601,761)	
Total	540,285,217		609,442,767	
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	979,883,319	980,893,657	679,590,742	677,750,938
Private debt securities	364,869,420	367,437,373	675,238,297	679,475,371
Equity instruments	262,837,897	194,781,440	260,526,131	224,504,036
Non-listed equity instruments	49,681,200	199,921,121	-	-
Foreign equity instruments	37,200,000	41,909,004	-	-
Unit trusts	255,585,212	199,229,535	232,958,890	215,906,740
Total	1,950,057,048	1,984,172,130	1,848,314,060	1,797,637,085
Add (less): Unrealised gain (loss)	49,707,741		(35,323,751)	
Less: Allowance for expected credit loss	(239,435)		-	
Less: Allowance for impairment	(15,353,224)		(15,353,224)	
Total	1,984,172,130		1,797,637,085	
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	30,000,000		10,000,000	
Deposits and certificate of deposits at financial institutions which are matured over 3 months	688,126,506		485,000,000	
Total	718,126,506		495,000,000	
Less: Allowance for expected credit loss	(190,218)		-	
Total	717,936,288		495,000,000	
Other investments				
Equity instruments	-		89,448,700	
Less: Allowance for impairment	-		(2,567,500)	
Total	-		86,881,200	
Total investments in securities	3,242,393,635		2,988,961,052	

11.2 Classified by stage of credit risk

	(Unit: Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	2020	
	Fair value	Allowance for expected credit loss which is recognised in profit or loss
Available-for-sale investments which are measured at FVOCI		
Stage 1 - Debt securities with no significant increase in credit risk		
Government and state enterprise securities	980,893,657	-
Private debt securities	367,437,373	(239,435)
Total	1,348,331,030	(239,435)

	(Unit: Baht)		
	Financial statements in which the equity method is applied and separate financial statements		
	2020		
	Carrying value - gross	Allowance for expected credit loss which is recognised in profit or loss	Net carrying value
Held-to-maturity investments which are measured at amortised cost			
Stage 1 - Debt securities with no significant increase in credit risk			
Government and state enterprise securities	30,000,000	(6,105)	29,993,895
Deposits and certificate of deposits at financial institutions which are matured over 3 months	688,126,506	(184,113)	687,942,393
Total	718,126,506	(190,218)	717,936,288

11.3 Classified by remaining period of debt instruments

As at 31 December 2020 and 2019, investments in debt instruments which are measured at FVOCI and amortised cost has period to maturity counting from the year end date as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements					
	2020			2019		
	Period to maturity			Period to maturity		
	1 year	1 - 5 years	Total	1 year	1 - 5 years	Total
Available-for-sale						
investments which are						
measured at FVOCI						
Government and state						
enterprise securities	958,501,714	21,381,605	979,883,319	625,675,716	35,000,000	660,675,716
Private enterprise securities	309,869,420	55,000,000	364,869,420	405,238,297	270,000,000	675,238,297
Total	1,268,371,134	76,381,605	1,344,752,739	1,030,914,013	305,000,000	1,335,914,013
Add: Unrealised gain	2,937,142	880,584	3,817,726	2,164,491	3,172,244	5,336,735
Less: Allowance for expected						
credit loss	(202,123)	(37,312)	(239,435)	-	-	-
Total	1,271,106,153	77,224,877	1,348,331,030	1,033,078,504	308,172,244	1,341,250,748
Held-to-maturity						
investments which are						
measured at amortised						
cost						
Government and state						
enterprise securities	-	30,000,000	30,000,000	10,000,000	-	10,000,000
Deposits and certificate of						
deposits at financial						
institutions which are						
matured over 3 months	688,126,506	-	688,126,506	485,000,000	-	485,000,000
Total	688,126,506	30,000,000	718,126,506	495,000,000	-	495,000,000
Less: Allowance for expected						
credit loss	(184,113)	(6,105)	(190,218)	-	-	-
Total	687,942,393	29,993,895	717,936,288	495,000,000	-	495,000,000

11.4 Fair value of investments in debt instruments

In classification and measurement of financial assets under the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business, the Company are not required to take into consideration its business model and the characteristics of the contractual cash flows, however, if the financial assets has been classified and measured in accordance with TFRS 9, the effects would have been as follows:

(Unit: Baht)

Financial statements in which the equity method is applied and separate financial statements				
2020				
	The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the outstanding principal		The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal	
	Fair value	Changes in fair value during year	Fair value	Changes in fair value during year
Available-for-sale investments				
which are measured at				
FVOCI				
Government and state enterprise securities	-	-	980,893,657	254,802
Private enterprise securities	-	-	367,437,373	(2,013,246)
Unit trusts	47,097,559	(4,914,725)	-	-
Held-to-maturity investments				
which are measured at				
amortised cost				
Government and state enterprise securities	-	-	30,549,530	442,204
Deposits and certificate of deposits at financial institutions which are matured over 3 months	-	-	688,126,506	-
Total	47,097,559	(4,914,725)	2,067,007,066	(1,316,240)

11.5 Other components of equity-surplus(deficit) on changes in value of investments in securities

(Unit: Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Balance - beginning of the year	(28,259,002)	(15,797,649)	(28,259,002)	(15,797,649)
Cumulative effects of changes in accounting policies - net relating income tax	104,105,085	-	148,284,761	-
Changes during the year				
Unrealised gain (loss) during the year	(92,153,065)	67,762,069	(92,153,065)	67,762,069
Realised gain that included in profit or loss	(8,171,394)	(83,338,760)	(8,171,394)	(83,338,760)
	(100,324,459)	(15,576,691)	(100,324,459)	(15,576,691)
Relating income tax	20,064,893	3,115,338	20,064,893	3,115,338
Net comprehensive income for the year (loss)	(80,259,566)	(12,461,353)	(80,259,566)	(12,461,353)
Balance - end of the year	(4,413,483)	(28,259,002)	39,766,193	(28,259,002)

11.6 Investments subject to restriction

As at 31 December 2020 and 2019, 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 31 and 32 to the financial statements.

11.7 Investments income

During the years ended 31 December 2020 and 2019, 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	
	2020	2019
Interest income from debt securities	28,920,171	35,824,073
Dividends received from equity securities	33,025,047	58,319,027
Investments income	<u>61,945,218</u>	<u>94,143,100</u>

11.8 Profit on investments

During the years ended 31 December 2020 and 2019, the Company has profit on investments as follows:

(Unit: Baht)

Financial statements in which the equity method is applied and separate financial statements

	For the years ended 31 December	
	2020	2019
Gain on disposal of investments	7,441,488	29,618,761
Gain on reclassification type of investments	-	60,354,863
Loss on impairment of investments	-	(6,600,000)
Profit on investments	<u>7,441,488</u>	<u>83,373,624</u>

During theyear 2019, the Company considered and transferred a part of its investments in company, listed on the Stock Exchange of Thailand, from “Available-for-sale investments” to “Trading investments” due to the change in its investment policy in respond to the Company’s investment situation and fluctuation of the share price in the stock market. The Company transferred available-for-sale investments amounting to Baht 614.8 million to trading investments. The differences between cost and fair value as at the transfer date amounting to Baht 60.4 million were recognised as a gain on reclassification of investments, and presented as past of profit on investments in statements of income for the year ended 31 December 2019.

12. Loans and interest receivables

As at 31 December 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

(Unit: Baht)

Classification	2020		
	Mortgaged loans	Others	Total
Stage1 - Loans with no a significant increase in credit risk	170,173	474,362	644,535
Total loans and interest receivables	170,173	474,362	644,535
Less: Allowance for expected credit loss	-	-	-
Loans and interest receivables - net	<u>170,173</u>	<u>474,362</u>	<u>644,535</u>

As at 31 December 2019, the balances of loans classified by aging were as follows:

(Unit: Baht)

Outstanding period	2019		
	Mortgaged loans	Others	Total
Not yet due	209,950	739,896	949,846
Total loans and interest receivables	<u>209,950</u>	<u>739,896</u>	<u>949,846</u>

These are loans provided to employees in accordance with the employee welfare scheme, with a credit facility not to exceed 5 times employee's base salary with a limit of Baht 50,000 for loans secured by personal guarantees, and a credit facility not to exceed 80% of the appraised value of collateral for secured loans. Interest on these loans is charged at rates of 7.0% and 6.5% per annum, respectively.

13. Investments in associates

13.1 Details of associates

As at 31 December 2020 and 2019, 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	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
TKI General Insurance Company Limited	Non-life insurance	32.50	32.50	11,956,098	13,392,311	21,628,040	21,628,040
TKI Life Insurance Company Limited	Life insurance	32.50	32.50	12,854,710	13,624,528	21,628,039	21,628,039
Total				24,810,808	27,016,839	43,256,079	43,256,079
Less: Allowance for impairment				-	-	(9,918,103)	-
Investments in associates - net				24,810,808	27,016,839	33,337,976	43,256,079

13.2 Financial information of associates

Summarised information about financial position

(Unit: Baht)

	2020		2019	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Total assets	51,918,175	43,725,452	53,516,674	44,067,450
Total liabilities	(15,130,183)	(4,172,497)	(12,309,563)	(2,145,826)
Net assets	36,787,992	39,552,955	41,207,111	41,921,624
Shareholding percentage (%)	32.50	32.50	32.50	32.50
Book value of the associates based on equity method	11,956,098	12,854,710	13,392,311	13,624,528

Summarised information of comprehensive income

(Unit: Baht)

	For the years ended 31 December			
	2020		2019	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Revenues	8,599,640	9,126,742	7,064,713	7,344,527
Loss for the year	(2,628,761)	(364,251)	(3,977,962)	(2,226,534)
Other comprehensive income				
- exchange differences on translation of financial statements in foreign currency	(1,790,358)	(2,004,418)	(5,167,926)	(5,396,625)
Total comprehensive income (loss)	(4,419,119)	(2,368,669)	(9,145,888)	(7,623,159)

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

13.3 Shares of loss from investments in associated companies and dividend received

During the years ended 31 December 2020 and 2019, the Company recognised its share of loss from investments in associated companies in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

Associates	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	
	2020	2019	2020	2019	2020	2019
	TKI General Insurance Company Limited	(854,347)	(1,292,838)	(581,866)	(1,679,576)	-
TKI Life Insurance Company Limited	(118,382)	(723,623)	(651,436)	(1,753,903)	-	-
	(972,729)	(2,016,461)	(1,233,302)	(3,433,479)	-	-

14. Property, building and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2019	5,385,371	24,521,452	270,282,501	120,389,131	119,965,645	66,394,201	315,365	607,253,666
Additions	-	-	-	-	2,404,733	5,201,300	612,112	8,218,145
Disposals	-	-	-	(110,283)	(2,455,333)	(3,958,803)	-	(6,524,419)
Transfers in (out)	-	-	-	927,477	-	-	(927,477)	-
31 December 2019	5,385,371	24,521,452	270,282,501	121,206,325	119,915,045	67,636,698	-	608,947,392
Adjustments due to TFRS								
16 first time adoption	-	-	-	-	(9,988,100)	(18,854,300)	-	(28,842,400)
Additions	-	-	-	16,822	2,335,209	2,224,094	-	4,576,125
Disposals	-	-	-	(373,348)	(1,266,787)	(642,000)	-	(2,282,135)
31 December 2020	5,385,371	24,521,452	270,282,501	120,849,799	110,995,367	50,364,492	-	582,398,982
Accumulated depreciation								
1 January 2019	-	10,256,950	152,441,543	47,421,800	92,359,453	46,419,695	-	348,899,441
Depreciation for the year	-	681,452	2,968,509	2,829,553	11,332,974	6,181,691	-	23,994,179
Depreciation on disposals	-	-	-	(110,279)	(2,454,363)	(3,931,152)	-	(6,495,794)
31 December 2019	-	10,938,402	155,410,052	50,141,074	101,238,064	48,670,234	-	366,397,826
Adjustments due to TFRS								
16 first time adoption	-	-	-	-	(4,007,324)	(6,097,000)	-	(10,104,324)
Depreciation for the year	-	698,098	3,022,719	4,524,566	5,472,107	2,066,908	-	15,784,398
Depreciation on disposals	-	-	-	(354,106)	(1,264,698)	(635,580)	-	(2,254,384)
31 December 2020	-	11,636,500	158,432,771	54,311,534	101,438,149	44,004,562	-	369,823,516
Net book value								
31 December 2019	5,385,371	13,583,050	114,872,449	71,065,251	18,676,981	18,966,464	-	242,549,566
31 December 2020	5,385,371	12,884,952	111,849,730	66,538,265	9,557,218	6,359,930	-	212,575,466
Depreciation for the year								
2019								23,994,179
2020								15,784,398

As at 31 December 2020, 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 359.0million (2019: Baht 269.3 million).

15. Leases

The Company has lease contracts for various items used in its operations. Leases generally have lease terms between 1 - 6 years.

15.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 is summarised below:

	(Unit: Baht)				
	Lease buildings	Office equipment	Motor vehicles	Computer software	Total
As at 31 December 2019 ⁽¹⁾	1,889,164	5,980,776	12,757,300	1,339,423	21,966,663
Adjustments due to TFRS 16 first time adoption	50,214,794	2,907,706	-	-	53,122,500
As at 1 January 2020	52,103,958	8,888,482	12,757,300	1,339,423	75,089,163
Increase during year	-	901,021	-	-	901,021
Adjustments	(434,509)	-	-	-	(434,509)
Depreciation for the year	(11,407,191)	(2,972,130)	(3,733,151)	(168,300)	(18,280,772)
As at 31 December 2020	<u>40,262,258</u>	<u>6,817,373</u>	<u>9,024,149</u>	<u>1,171,123</u>	<u>57,274,903</u>

(1) Presented as part of property, building and equipment, intangible assets and other assets.

15.2 Lease liabilities

	(Unit: Baht)	
	2020	2019
Lease liabilities	59,972,816	16,896,322
Less: Deferred interest expenses	(5,699,185)	(1,026,402)
Total	54,273,631	15,869,920
Less: Portion due within one year	(12,899,259)	(7,723,618)
Lease liabilities - net of current portion	<u>41,374,372</u>	<u>8,146,302</u>

15.3 Expenses relating to leases that are recognised in statement of income

	(Unit: Baht)
	For the year ended 31 December 2020
Depreciation of right-of-use assets	17,990,252
Finance costs on lease liabilities	3,037,773
Expense relating to short-term leases	198,972
Expense relating to leases of low-value assets	794,585
Total expenses	<u>22,021,582</u>

15.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 19.3 million, including the cash outflow related to short-term lease and leases of low-value assets. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 0.9 million.

16. Intangible assets

As at 31 December 2020 and 2019, the net book value of intangible assets are presented below.

	(Unit: Baht)		
	Computer Software	Computer software under improvement	Total
Cost			
1 January 2019	94,278,840	32,251,100	126,529,940
Additions	150,006	-	150,006
31 December 2019	94,428,846	32,251,100	126,679,946
Adjustments due to TFRS 16 first time adoption	(1,700,000)	-	(1,700,000)
Additions	1,178,169	1,169,450	2,347,619
Disposals/cancelled during the year	(822,000)	(31,214,500)	(32,036,500)
31 December 2020	93,085,015	2,206,050	95,291,065
Accumulated amortisation			
1 January 2019	69,109,027	-	69,109,027
Amortisation for the year	4,211,641	-	4,211,641
31 December 2019	73,320,668	-	73,320,668
Adjustments due to TFRS 16 first time adoption	(360,577)	-	(360,577)
Amortisation for the year	3,321,750	-	3,321,750
31 December 2020	76,281,841	-	76,281,841
Net book value			
31 December 2019	21,108,178	32,251,100	53,359,278
31 December 2020	16,803,174	2,206,050	19,009,224

As at 31 December 2020, 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 53.4million (2019: Baht 52.4 million)

17. Deferred tax assets and income tax expenses

17.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2020 and 2019 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	
	2020	2019	2020	2019
Deferred tax assets				
Unearned premium reserve	75,819,992	74,092,132	1,727,860	6,924,886
Allowance for loss on impairment of investments	3,070,645	3,584,145	-	(8,117,800)
Allowance for expected credit loss	39,862,976	-	1,222,537	-
Allowance for doubtful accounts	453,824	33,823,425	163,327	3,590,888
Loss reserves	66,105,532	56,798,988	9,306,544	18,681,714
Provision for loss incurred but not reported	8,916,089	8,523,399	392,690	1,787,746
Employee benefit obligations	18,700,944	14,367,576	4,162,172	(7,182,776)
Share of loss from investments in associates	3,689,053	3,247,848	194,546	403,292
Unrealised loss on changes in value of available-for-sale investments	1,103,372	7,064,750		
Fair value loss	12,270,042	720,352	11,549,690	720,352
Others	11,708,847	14,460,579	(2,751,732)	12,218,959
Total	241,701,316	216,683,194		
Deferred tax liabilities				
Difference of investment cost arising from reclassification	6,822,493	2,633,173	(4,702,820)	(2,633,173)
Others	425,767	328,263	(97,504)	1,234,153
Total	7,248,260	2,961,436		
Deferred tax assets - net	234,453,056	213,721,758		
Total changes			21,167,310	27,628,241

(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	
	2020	2019	2020	2019
Deferred tax assets				
Unearned premium reserve	75,819,992	74,092,132	1,727,860	6,924,886
Allowance for loss on impairment of investments	3,070,645	3,584,145	-	(8,117,800)
Allowance for loss on impairment of investments in associates	1,983,621	-	1,983,621	-
Allowance for expected credit loss	39,862,976	-	1,222,537	-
Allowance for doubtful accounts	453,824	33,823,425	163,327	3,590,888
Loss reserves	66,105,532	56,798,988	9,306,544	18,681,714
Provision for loss incurred but not reported	8,916,089	8,523,399	392,690	1,787,746
Employee benefit obligations	18,700,944	14,367,576	4,162,172	(7,182,776)
Unrealised loss on changes in value of available-for-sale investments	-	7,064,750		
Fair value loss	12,270,042	720,352	11,549,690	720,352
Others	11,708,847	14,460,579	(2,751,732)	12,218,959
Total	238,892,512	213,435,346		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale investments	9,941,548	-		
Difference of investment cost arising from reclassification	6,822,493	2,633,173	(4,702,820)	(2,633,173)
Others	425,767	328,263	(97,504)	1,234,153
Total	17,189,808	2,961,436		
Deferred tax assets - net	221,702,704	210,473,910		
Total changes			22,956,385	27,224,949

17.2 Income tax expenses (revenues)

Income tax expenses (revenues) for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge for the year	37,382,714	27,552,492	37,382,714	27,552,492
Adjustment in respect of current income tax of previous year	(940,525)	30,800	(940,525)	30,800
Deferred tax:				
Relating to origination and reversal of temporary differences	(21,167,310)	(27,628,241)	(22,956,385)	(27,224,949)
Income tax expenses (revenues) reported in statements of income	15,274,879	(44,949)	13,485,804	358,343

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Deferred tax from				
Exchange differences on translating of financial statements in foreign currency -loss	246,660	686,696	-	-
Unrealised loss on changes in value of available-for-sale investments	20,064,893	3,115,338	20,064,893	3,115,338
Actuarial loss	171,197	1,035,053	171,197	1,035,053
Total	20,482,750	4,837,087	20,236,090	4,150,391

Reconciliation between income tax expenses (revenues) and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	86,599,929	29,600,473	77,654,555	31,616,934
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	17,319,986	5,920,095	15,530,911	6,323,387
Adjustment in respect of current income tax of previous year	(940,525)	30,800	(940,525)	30,800
Effects of:				
Exempted expenses	4,194,630	4,634,058	4,194,630	4,634,058
Allowed additional expense deductions	(467,449)	(857,292)	(467,449)	(857,292)
Others	(4,831,763)	(9,772,610)	(4,831,763)	(9,772,610)
Income tax expenses (revenues) reported in statements of income	15,274,879	(44,949)	13,485,804	358,343

18. Claims receivable from litigants

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

(Unit: Baht)

	2020	2019
Claim years		
Year 2020	99,888,861	-
Year 2019	42,686,952	85,444,014
Year 2018	33,056,616	43,179,550
Year 2017	30,062,106	34,705,577
Year 2016	28,169,071	33,918,630
Prior to 2016	69,225,446	89,166,042
Total claims receivable from litigants	303,089,052	286,413,813
Less: Allowance for expected credit loss	(198,792,692)	-
Allowance for doubtful accounts	-	(167,664,639)
Claims receivable from litigants, net	104,296,360	118,749,174

19. Insurance contract liabilities

(Unit: Baht)

	2020		Net
	Insurance contract liabilities	Reinsurance assets	
Claim reserves and outstanding claims			
Claim incurred and reported	761,833,498	(99,576,123)	662,257,375
Claim incurred but not reported	98,884,621	(54,304,175)	44,580,446
Premium reserves			
Unearned premium reserves	1,778,705,006	(376,637,713)	1,402,067,293
Total	2,639,423,125	(530,518,011)	2,108,905,114

(Unit: Baht)

	2019		Net
	Insurance contract liabilities	Reinsurance assets	
Claim reserves and outstanding claims			
Claim incurred and reported	836,756,895	(239,739,440)	597,017,455
Claim incurred but not reported	101,669,919	(59,052,926)	42,616,993
Premium reserves			
Unearned premium reserves	1,642,685,707	(360,823,804)	1,281,861,903
Total	2,581,112,521	(659,616,170)	1,921,496,351

During the years 2020 and 2019, 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.

19.1 Claim reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Beginning balance	938,426,814	644,933,444
Claim expenses for the year	1,976,494,863	2,122,093,137
Change in claim reserves and outstanding claims from the prior year	(174,781,120)	(74,981,925)
Change in assumption for calculating claim reserves	(2,785,298)	31,999,655
Claim paid during the year	(1,876,637,140)	(1,785,617,497)
Ending balance	860,718,119	938,426,814

As at 31 December 2020, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 5.3 million(2019: Baht 6.3 million).

19.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Claim estimates:										
- as at accident year		1,379	1,409	1,956	2,187	1,761	1,754	2,143	1,901	
- Next one year		1,396	1,388	1,941	2,199	1,749	1,715	2,045		
- Next two years		1,359	1,385	1,961	2,200	1,742	1,701			
- Next three years		1,361	1,386	1,957	2,189	1,740				
- Next four years		1,358	1,379	1,953	2,188					
- Next five years		1,359	1,378	1,952						
- Next six years		1,356	1,378							
- Next seven years		1,357								
Ultimate claim reserves		1,357	1,378	1,952	2,188	1,740	1,701	2,045	1,901	
Cumulative payment to date		(1,353)	(1,375)	(1,947)	(2,183)	(1,728)	(1,681)	(1,981)	(1,175)	
Total	10	4	3	5	5	12	20	64	726	849
Claim for inward treaty										6
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims before reinsurance										861

(b) Net claims table

(Unit: Million Baht)

Reporting year/Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Claim estimates:										
- as at accident year		1,209	1,270	1,681	1,901	1,500	1,330	1,541	1,590	
- Next one year		1,236	1,262	1,660	1,853	1,470	1,309	1,471		
- Next two years		1,203	1,253	1,680	1,856	1,462	1,296			
- Next three years		1,205	1,254	1,678	1,852	1,461				
- Next four years		1,202	1,253	1,673	1,852					
- Next five years		1,202	1,251	1,672						
- Next six years		1,199	1,251							
- Next seven years		1,200								
Ultimate claim reserves		1,200	1,251	1,672	1,852	1,461	1,296	1,471	1,590	
Cumulative payment to date		(1,196)	(1,248)	(1,668)	(1,847)	(1,454)	(1,280)	(1,420)	(994)	
Total	9	4	3	4	5	7	16	51	596	695
Claim for inward treaty										6
Unallocated loss adjustment expenses										6
Total claim reserves and outstanding claims after reinsurance										<u>707</u>

19.3 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 2020 and 2019 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, for reasons such as the average not reflecting the Company’s operational changes, the average being inappropriate due to distortion by large claims, or the average being contrary to a trend of the historical 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(ULAE)

In determining the ULAE, the Company used total expenses to estimate the claim expenses. ULAE is calculated from the ratio of ULAE to the average of paid loss and reported loss 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.

(b) 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.

(c) 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.

19.4 Unearned premium reserves

(Unit: Baht)

	For the years ended 31 December	
	2020	2019
Beginning balance	1,642,685,707	1,551,386,936
Premium written for the year	3,326,060,853	3,023,909,573
Premium earned for the current year	(3,190,041,554)	(2,932,610,802)
Ending balance	<u>1,778,705,006</u>	<u>1,642,685,707</u>

20. Due to reinsurers

(Unit: Baht)

	2020	2019
Amounts withheld on reinsurance	321,305,350	277,788,790
Amounts due to reinsurers	646,353,410	483,233,443
Total due to reinsurers	<u>967,658,760</u>	<u>761,022,233</u>

21. Employee benefit obligations

The movement of provision for employee benefit obligations for the years ended 31 December 2020 and 2019 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Employee benefit obligations at beginning of year	61,300,779	50,076,495
Included in statement of income:		
Current service cost	5,472,099	5,164,320
Interest cost	1,128,462	1,772,466
Past service cost	-	11,393,299
Total items included in statement of income	6,600,561	18,330,085
Included in statement of comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumption change	7,113,993	2,975,592
Financial assumption change	(10,203,509)	859,491
Experience adjustment	3,945,499	1,340,182
Total items included in statement of comprehensive income	855,983	5,175,265
Benefit paid during the year	(5,181,800)	(12,281,066)
Employee benefit obligations at end of year	63,575,523	61,300,779

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 12 years, and the Company expected to pay Baht 5.0 million of long-term employee benefits during the next year (2019: 12 years and Baht 4.9 million, respectively).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	2020	2019
Discount rate	1.6	1.7
Salary increase rate	3.1 - 5.8	5.5
Staff turnover rate	0.0 - 16.9	0.0 - 21.0

The result of sensitivity analysis for significant assumption that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Baht)

	31 December 2020			
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
Discount rate	1.0%	(4,365,295)	1.0%	4,981,713
Salary increase rate	1.0%	5,165,439	1.0%	(4,619,841)
Staff turnover rates	10.0% ⁽¹⁾	(2,398,044)	10.0% ⁽¹⁾	2,602,387

⁽¹⁾ 10% of the turnover rate used as assumption.

(Unit: Baht)

	31 December 2019			
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
Discount rate	0.5%	(2,283,402)	0.5%	2,433,929
Salary increase rate	0.5%	2,331,864	0.5%	(2,213,594)
Staff turnover rates	0.5%	(2,475,373)	0.5%	2,627,661

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)

	2020	2019
Personnel expenses which is not expenses for underwriting and claims	216,164,199	218,353,422
Premises and equipment expenses	69,658,259	69,913,329
Taxes and duties	1,182,044	2,890,383
Bad debts and doubtful accounts	1,654,410	18,909,644
Other operating expenses	49,528,334	51,044,148
Total operating expenses	338,187,246	361,110,926

24. Expected credit loss

	(Unit: Baht)	
	2020	2019
Cash and cash equivalents	39,369	-
Accrued investments income	2,895	-
Investments in securities	(469)	-
Claims receivable from litigants	6,070,890	-
Total	<u>6,112,685</u>	<u>-</u>

25. Expenses by nature

	(Unit: Baht)	
	2020	2019
Net claim and loss adjustment expenses	1,395,077,008	1,386,851,580
Commissions and brokerage expenses	530,733,683	470,810,354
Other underwriting expenses	200,821,751	236,754,612
Personnel expenses	303,473,520	304,854,472
Premises and equipment expenses	69,658,259	69,913,329
Bad debts and doubtful accounts	1,654,410	18,909,644
Expected credit loss	6,112,685	-
Finance costs	3,037,773	864,337
Other operating expenses	50,710,377	53,934,531
Total	<u>2,561,279,466</u>	<u>2,542,892,859</u>

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company 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 2020, the Company contributed Baht 9.1 million (2019: Baht 9.1 million) to the fund.

27. 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.

28. Dividends

Dividends declared during the years ended 31 December 2020 and 2019 consisted of the following:

	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Interim dividends from 2019 retained earnings (Cash dividends of Baht 1.29 per share)	Board of Directors Meeting No. 3/2020 on 14 April 2020	45.0	1.29
Dividends from 2018 net profit (Cash dividends of Baht 1.50 per share and stock dividends of Baht 0.29 per share)	Annual General Meeting of the shareholders on 25 April 2019	61.0	1.79

29. 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 2020					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	656,921,903	83,624,957	2,007,205,149	578,308,844	3,326,060,853
Less: Premiums ceded to reinsurers	(293,977,849)	(43,409,360)	(11,784,632)	(419,470,676)	(768,642,517)
Net premium written	362,944,054	40,215,597	1,995,420,517	158,838,168	2,557,418,336
Add (less): Unearned premium reserves (increase) decrease from prior year	(33,688,316)	938,158	(79,917,629)	(7,537,603)	(120,205,390)
Net earned premium	329,255,738	41,153,755	1,915,502,888	151,300,565	2,437,212,946
Fee and commission income	82,462,686	14,196,604	2,727,996	94,460,233	193,847,519
Total underwriting income	411,718,424	55,350,359	1,918,230,884	245,760,798	2,631,060,465
Underwriting expenses					
Claim and loss adjustment expenses - net	69,964,533	4,908,214	1,278,651,570	87,436,426	1,440,960,743
Commission and brokerage expenses	149,254,540	12,161,237	310,889,959	58,427,947	530,733,683
Other underwriting expenses	54,483,375	3,692,089	138,760,333	45,311,540	242,247,337
Total underwriting expenses before operating expenses	273,702,448	20,761,540	1,728,301,862	191,175,913	2,213,941,763
Profit from underwriting before operating expenses	138,015,976	34,588,819	189,929,022	54,584,885	417,118,702
Operating expenses					(338,187,246)
Profit from underwriting					78,931,456
Share of loss from investments in associates					(972,729)
Investments income					61,945,218
Profit on investments					7,441,488
Fair value loss					(57,748,450)
Other income					6,153,404
Finance costs					(3,037,773)
Expected credit loss					(6,112,685)
Profit before income tax expenses					86,599,929
Income tax expenses					(15,274,879)
Profit for the year					71,325,050

(Unit: Baht)

Financial statements in which the equity method is applied

For the year ended 31 December 2019

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	620,182,221	78,376,805	1,767,674,426	557,676,121	3,023,909,573
Less: Premiums ceded to reinsurers	(293,582,142)	(34,737,289)	(11,467,207)	(405,619,828)	(745,406,466)
Net premium written	326,600,079	43,639,516	1,756,207,219	152,056,293	2,278,503,107
Add (less): Unearned premium reserves (increase) decrease from prior year	(10,673,203)	248,506	(54,134,600)	(4,495,079)	(69,054,376)
Net earned premium	315,926,876	43,888,022	1,702,072,619	147,561,214	2,209,448,731
Fee and commission income	63,101,887	15,120,216	2,271,008	101,864,875	182,357,986
Total underwriting income	379,028,763	59,008,238	1,704,343,627	249,426,089	2,391,806,717
Underwriting expenses					
Claim and loss adjustment expenses - net	104,672,104	6,146,770	1,182,075,060	141,915,306	1,434,809,240
Commission and brokerage expenses	142,994,133	11,184,269	255,924,830	60,707,122	470,810,354
Other underwriting expenses	56,515,612	5,762,820	162,951,109	50,068,461	275,298,002
Total underwriting expenses before operating expenses	304,181,849	23,093,859	1,600,950,999	252,690,889	2,180,917,596
Profit (loss) from underwriting before operating expenses	74,846,914	35,914,379	103,392,628	(3,264,800)	210,889,121
Operating expenses					(361,110,926)
Loss from underwriting					(150,221,805)
Share of loss from investments in associates					(2,016,461)
Investments income					94,143,100
Profit on investments					83,373,624
Fair value loss					(3,601,761)
Other income					8,788,113
Finance costs					(864,337)
Profit before income tax expenses					29,600,473
Income tax revenues					44,949
Profit for the year					29,645,422

Segment assets and liabilities of the Company's operating segments as at 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 31 December 2020	368,215,332	21,469,656	240,740,937	395,507,701	1,025,933,626	5,052,000,545	6,077,934,171
As at 31 December 2019	448,635,328	23,203,045	229,715,862	418,250,768	1,119,805,003	4,583,496,278	5,703,301,281
Liabilities							
As at 31 December 2020	535,238,645	25,623,259	1,669,715,900	408,845,321	2,639,423,125	1,343,954,529	3,983,377,654
As at 31 December 2019	622,197,490	27,737,728	1,486,373,090	444,804,212	2,581,112,520	1,055,701,893	3,636,814,413

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 customers' information

During the years ended 31 December 2020 and 2019, the Company had gross premium written from major customers as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	2020	2019
Gross premium written ⁽¹⁾	763	652

(1) Presented total amounts of gross premium written from major customers who have premium written more than 10 percent.

30. Related party transactions

30.1 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
ThanasarnSombat (Thai) Company Limited	5.06% of shares held in the Company and common directors
The Falcon Insurance Plc.	12.00% of shares held by the Company
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc. ⁽¹⁾	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. ⁽²⁾	Common directors and through shareholding
Thaire Life Assurance Plc.	Common directors and through shareholding
RangsitRuamPatana Co., Ltd.	Common directors and through shareholding
Poon Phol Co., Ltd.	Common directors and through shareholding
Pipatanasin Co., Ltd.	Common directors and through shareholding
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
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Petchaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
C.E.S. 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) During June - July 2019 not related party

(2) Since December 2019 not related party

30.2 Significant related party transactions

During the years ended 31 December 2020 and 2019, 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		
	2020	2019	
Transactions with associated companies			
Reinsurance premium written	1,834,017	1,601,101	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission paid to reinsurance	435,665	312,149	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Transactions with related companies			
Direct premium written	71,844,616	74,963,282	Rates as specified in insurance contracts
Reinsurance premium written	14,453,629	13,418,256	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Premium ceded	23,641,858	31,236,962	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Claim expenses	17,666,648	18,093,100	Actual incurred
Commission paid to reinsurance	4,912,890	4,737,364	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission received	9,321,160	14,129,589	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Dividend income	9,235,180	32,017,600	As declared
Rental and service fee for branch office expenses	406,432	454,156	Contract price
Rental income	170,352	224,436	Contract price

30.3 Outstanding balances

The balances of the accounts between the Company and those related companies as at 31 December 2020 and 2019 are as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	2020	2019
Reinsurance receivables - Amounts due from reinsurers		
The Falcon Insurance Plc.	20,362,658	9,478,860
TKI General Insurance Co., Ltd.	681,418	1,195,598
Total	21,044,076	10,674,458
Investments in securities - Equity securities		
Varopakorn Plc.	993,413	1,793,662
Thai Metal Drum Manufacturing Plc.	257,776,850	293,953,800
BTS Group Holdings Plc.	37,000,000	52,400,000
Thaire Life Assurance Plc.	23,550,000	27,000,000
The Siam Cement Plc.	-	23,520,000
The Falcon Insurance Plc.	61,932,000	74,071,555 ⁽¹⁾
Sathorn Thani Co., Ltd.	16,745,000	12,780,000
Rangsit Plaza Co., Ltd.	11,224,000	6,560,000
Total	409,221,263	492,079,017
Due to reinsurers - Amounts due to reinsurance		
The Falcon Insurance Plc.	22,038,732	14,906,724
TKI General Insurance Co., Ltd.	229,048	286,578
Total	22,267,780	15,193,302

⁽¹⁾ 2019 separate financial statements are stated at cost of Baht 18,846,960.

30.4 Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employment benefits expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Short-term benefits	50,720,645	49,393,564
Post-employment benefits	417,664	2,269,369
Total	51,138,309	51,662,933

31. Assets pledged and reserved with the Registrar

As at 31 December 2020 and 2019, 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)			
	2020		2019	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	15,000,000	16,171,969	15,000,000	15,098,068
Assets reserve as non-life insurance reserve				
Deposits and certificate of deposits at financial institutions	-	-	250,000,000	250,000,000
Government and state enterprise securities	293,000,000	292,693,731	20,000,000	19,914,109

32. Other assets with restrictions and commitments

As at 31 December 2020 and 2019, the Company had pledged the following assets as collateral.

	(Unit: Baht)			
	2020		2019	
	Cost	Fair value	Cost	Fair value
Pledged as bail bond in cases where insured drivers have been charged with criminal offense				
Government bonds	-	-	100,000	100,654

33. Contribution to the General Insurance Fund

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Accumulated contribution at the beginning of the year	66,859,132	59,365,559
Contribution during the year	8,236,155	7,493,573
Accumulated contribution at the end of the year	<u>75,095,287</u>	<u>66,859,132</u>

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 2.7 million (2019: Baht 61.2 million) relating to program computer.

34.2 Leases and service agreements commitments

As at 31 December 2020, future minimum payments required under short-term leases, leases of low-value assets and service agreements were as follows.

	(Unit: Baht)
Payable within:	
Within 1 year	425,830
Over 1 to 3 years	567,773

34.3 Letter of Guarantees

As at 31 December 2020, there were bank guarantees amounting to Baht 2.6 million, and a certificate issued in the Company's name amounting to Baht 6.5 million, as required in the normal course of the Company's business (2019: Baht 2.8 million and Baht 4.7 million, respectively).

34.4 Litigation

As at 31 December 2020, the Company has been sued for damages totaling approximately Baht 53.2 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 22.5 million, and the Company has set aside reserves for contingent losses amounting to Baht 22.5 million in the financial statements (2019: Baht 52.2 million, Baht 22.2 million and Baht 22.1 million, respectively).

35. Risk of insurance company

35.1 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. Some types of insurance have high loss ratio, and 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 capital 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 that helps control retention risk to prevent exposure from the crisis, and to reduce the volatility of 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)

	2020			2019		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	467,341,473	(172,397,491)	294,943,982	437,327,265	(176,071,600)	261,255,665
Marine and transportation	19,107,206	(8,175,845)	10,931,361	22,386,201	(10,516,682)	11,869,519
Motor	1,026,011,142	(4,841,184)	1,021,169,958	945,568,437	(4,316,108)	941,252,329
Miscellaneous	266,245,185	(191,223,193)	75,021,992	237,403,804	(169,919,414)	67,484,390
Total	1,778,705,006	(376,637,713)	1,402,067,293	1,642,685,707	(360,823,804)	1,281,861,903

(Unit:Baht)

	2020			2019		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	67,897,172	(42,325,983)	25,571,189	184,870,225	(140,520,947)	44,349,278
Marine and transportation	6,516,053	(1,412,646)	5,103,407	5,351,528	(999,383)	4,352,145
Motor	643,704,758	(723,842)	642,980,916	540,804,653	(177,948)	540,626,705
Miscellaneous	142,600,136	(109,417,827)	33,182,309	207,400,408	(157,094,088)	50,306,320
Total	860,718,119	(153,880,298)	706,837,821	938,426,814	(298,792,366)	639,634,448

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)

	2020				
	Assumption change	Increase (decrease)	Increase (decrease)	Increase (decrease) in profit before tax	Increase (decrease) in owner's equity
		in provision for gross claim liabilities	in provision for net claim liabilities		
Ultimate loss ratio in latest accident year	+5%	111	88	(88)	(70)
Ultimate loss ratio in latest accident year	-5%	(107)	(84)	84	67
ULAE ratio	+50%	3	3	(3)	(3)
ULAE ratio	-50%	(3)	(3)	3	3

(Unit: Million Baht)

	2019				
	Assumption change	Increase (decrease)	Increase (decrease)	Increase (decrease) in profit before tax	Increase (decrease) in owner's equity
		in provision for gross claim liabilities	in provision for net claim liabilities		
Ultimate loss ratio in latest accident year	+ 5%	101	79	(79)	(63)
Ultimate loss ratio in latest accident year	- 5%	(97)	(75)	75	60
ULAE ratio	+ 50%	3	3	(3)	(2)
ULAE ratio	- 50%	(3)	(3)	3	2

36. Risk management policy

The Company's financial risk principally related to insurance assets and liabilities and financial instruments and how they are managed is described below.

36.1 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 specified terms. The Company is exposed to credit risk primarily with respect to insurance and investments. The Company's maximum exposure to credit risk is limited to the book value less allowance for impairment as presented in the statements of financial position. The management manages the risk by adopting appropriate credit control policies and procedures, as follows:

a. Credit risk from underwriting such as

(1) Risk from reinsurers

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

(2) 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.

An impairment analysis of claims receivable from litigants is performed at each reporting date. The expected credit loss rates are based on actual claim statistics over the past 10 - 13 years, byclassifying debtors into 2 types, namely insurance company litigants and non-insurance litigants. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

b. Credit 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.

An impairment analysis of investments in debt instruments, cash deposits and accrued investment income is performed at each reporting date. The provision of expected credit loss is calculated by using the General Approach by classifying the investments into stages as follows:

Stage 1 Investment grade debt instruments where there has no significant increase in credit risk. The Company recognises allowance for expected credit loss at an amount equal to the expected credit loss in the next 12 months.

- Stage 2 Debt instruments where there has significant increase in credit risk but that are not credit impaired such as a downgrade of credit rating. The Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.
- Stage 3 When there is a significant indication of credit impairment, such as failure to fulfil a contract (overdue principal or interest), borrowers experiencing serious financial problems, the lender relaxing conditions for borrowers and the possibility of borrower bankruptcy, the Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

At every reporting date, the Company assesses whether there has been a significant increase in credit risk of financial assets since initial recognition. In the event of a significant change in credit risk, the debt instruments are restaged according to the indications or evidence of the assets being credit-impaired. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit loss).

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements

	31 December 2020				
	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Investment grade	263,623,544	-	-	-	263,623,544
Non-investment grade	-	-	-	-	-
Total	263,623,544	-	-	-	263,623,544
Allowance for expected credit loss	87,235	-	-	-	87,235
Available-for-sale investments which are measured at FVOCI					
Investment grade	1,348,331,030	-	-	-	1,348,331,030
Non-investment grade	-	-	-	-	-
Total fair value	1,348,331,030	-	-	-	1,348,331,030
Allowance for expected credit loss	239,435	-	-	-	239,435
Held-to-maturity investments which are measured at amortised cost					
Investment grade	718,126,506	-	-	-	718,126,506
Non-investment grade	-	-	-	-	-
Total	718,126,506	-	-	-	718,126,506
Allowance for expected credit loss	190,218	-	-	-	190,218
Accrued investment income					
Investment grade	6,315,646	-	-	-	6,315,646
Non-investment grade	-	-	-	-	-
Total	6,315,646	-	-	-	6,315,646
Allowance for expected credit loss	5,298	-	-	-	5,298
Loans and interest receivables					
Not yet due	644,535	-	-	-	644,535
Total	644,535	-	-	-	644,535
Allowance for expected credit loss	-	-	-	-	-
Other assets - Claims receivable from litigants					
Overdue	-	-	-	303,089,052	303,089,052
Total	-	-	-	303,089,052	303,089,052
Allowance for expected credit loss	-	-	-	198,792,692	198,792,692
Other assets - Brokers receivables					
Overdue	-	-	-	66,479,284	66,479,284
Total	-	-	-	66,479,284	66,479,284
Allowance for expected credit loss	-	-	-	-	-

The table below shows the movement in the allowance for expected credit loss for the year ended 31 December 2020.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements				Total
	31 December 2020				
	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	
Cash and cash equivalents					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	47,866	-	-	-	47,866
Change due to remeasurement of allowance for expected credit loss	39,369	-	-	-	39,369
Ending balance	87,235	-	-	-	87,235
Available-for-sale investments which are measured at FVOCI					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	332,263	-	-	-	332,263
Change due to remeasurement of allowance for expected credit loss	119,377	-	-	-	119,377
Newly purchased or acquired financial assets	12,189	-	-	-	12,189
Amounts written off	(224,394)	-	-	-	(224,394)
Ending balance	239,435	-	-	-	239,435
Held-to-maturity investments which are measured at amortised cost					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	97,859	-	-	-	97,859
Newly purchased or acquired financial assets	190,218	-	-	-	190,218
Amounts written off	(97,859)	-	-	-	(97,859)
Ending balance	190,218	-	-	-	190,218
Accrued investment income					
Beginning balance	-	-	-	-	-
Change due to adoption of new accounting standards	2,403	-	-	-	2,403
Change due to remeasurement of allowance for expected credit loss	3,106	-	-	-	3,106
Newly purchased or acquired financial assets	1,695	-	-	-	1,695
Amounts written off	(1,906)	-	-	-	(1,906)
Ending balance	5,298	-	-	-	5,298

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements

31 December 2020					
	Financial assets where there has been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Other assets - Claims receivable from litigants					
Beginning balance	-	-	-	167,664,639	167,664,639
Change due to adoption of new accounting standards	-	-	-	25,057,163	25,057,163
Change due to remeasurement of allowance for expected credit loss	-	-	-	11,691,737	11,691,737
Newly purchased or acquired financial assets	-	-	-	87,779,595	87,779,595
Amounts written off	-	-	-	(93,400,442)	(93,400,442)
Ending balance	-	-	-	198,792,692	198,792,692

As at 31 December 2020, the maximum exposure to credit risk of financial assets (excluding insurance assets) is the gross carrying amounts before deducting allowance for expected credit loss before both the effect of mitigation through use of master netting and collateral arrangements. The details are as follows:

(Unit: Baht)	
31 December 2020	
Cash and cash equivalents	263,536,309
Available-for-sale investments which are measured at FVOCI	1,348,331,030
Held-to-maturity investments which are measured at amortised cost	717,936,288
Accrued investment income	6,310,348
Loans and interest receivables	644,535
Other assets - Claims receivable from litigants	104,296,360
Other assets - Brokers receivables	66,479,284
Total maximum exposure to credit risk	2,507,534,154

36.2 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 loss, 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 2020 and 2019, 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 and Separate financial statements

2020						
Fixed interest rates						
Maturity date or repricing date						
	Within 1 year	1 -5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	263,229,309	307,000	263,536,309	0.05-0.55
Accrued investment income	-	-	-	6,310,348	6,310,348	-
Investments in securities						
Government and state						
enterprise securities	959,331,032	51,556,520	-	-	1,010,887,552	0.38-3.65
Private debt securities	311,775,121	55,662,252	-	-	367,437,373	0.95-3.41
Equity instruments	-	-	-	860,794,482	860,794,482	-
Unit trusts	-	-	-	315,331,835	315,331,835	-
Deposits and certificate						
deposits at financial						
institutions	687,942,393	-	-	-	687,942,393	0.35-2.30
Loans and interest receivables	188,607	455,928	-	-	644,535	6.50-7.00
Other assets - Claims						
receivable from litigants	-	-	-	104,296,360	104,296,360	-
Other assets - Brokers						
receivables	-	-	-	66,479,284	66,479,284	-
Insurance assets						
Premium receivables	-	-	-	495,415,614	495,415,614	-
Reinsurance assets - claim						
reserves	-	-	-	153,880,298	153,880,298	-
Reinsurance receivables	-	-	-	598,821,741	598,821,741	-
Financial liabilities						
Lease liabilities	12,899,259	41,374,372	-	-	54,273,631	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities -						
claim reserves and						
outstanding claims	-	-	-	860,718,119	860,718,119	-
Due to reinsurers	-	-	-	967,658,760	967,658,760	-

(Unit: Baht)

Financial statements in which the equity method is applied

2019						
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					
Financial assets						
Cash and cash equivalents	-	-	139,334,681	312,000	139,646,681	0.13 - 1.30
Accrued investment income	-	-	-	7,992,591	7,992,591	-
Investments in securities						
Government and state						
enterprise securities	636,431,252	35,344,125	-	21,415,561	693,190,938	1.34-3.41
Private debt securities	406,647,252	272,828,119	-	-	679,475,371	1.86-3.25
Equity instruments	-	-	-	814,345,178	814,345,178	-
Unit trusts	-	-	-	372,174,160	372,174,160	-
Deposits and certificate						
deposits at financial institutions	485,000,000	-	-	-	485,000,000	0.65-2.30
Loans and interest receivables	149,370	800,476	-	-	949,846	6.50-7.00
Other assets - Claims						
receivable from litigants	-	-	-	118,749,174	118,749,174	-
Other assets - Brokers						
receivables	-	-	-	67,819,301	67,819,301	-
Insurance assets						
Premium receivables	-	-	-	460,188,833	460,188,833	-
Reinsurance assets - claim						
reserves	-	-	-	298,792,366	298,792,366	-
Reinsurance receivables	-	-	-	532,731,843	532,731,843	-
Financial liabilities						
Liabilities under finance lease						
agreements	7,723,618	8,146,302	-	-	15,869,920	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities -						
claim reserves and outstanding claims	-	-	-	938,426,814	938,426,814	-
Due to reinsurers	-	-	-	761,022,233	761,022,233	-

(Unit: Baht)

Separate financial statements						
2019						
Fixed interest rates						
Maturity date or repricing date						
	Within 1 year	1 -5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	139,334,681	312,000	139,646,681	0.13 - 1.30
Accrued investment income	-	-	-	7,992,591	7,992,591	-
Investments in securities						
Government and state enterprise securities	636,431,252	35,344,125	-	21,415,561	693,190,938	1.34-3.41
Private debt securities	406,647,252	272,828,119	-	-	679,475,371	1.86-3.25
Equity instruments	-	-	-	759,120,583	759,120,583	-
Unit trusts	-	-	-	372,174,160	372,174,160	-
Deposits and certificate deposits at financial institutions	485,000,000	-	-	-	485,000,000	0.65-2.30
Loans and interest receivables	149,370	800,476	-	-	949,846	6.50-7.00
Other assets - Claims receivable from litigants	-	-	-	118,749,174	118,749,174	-
Other assets - Brokers receivables	-	-	-	67,819,301	67,819,301	-
Insurance assets						
Premium receivables	-	-	-	460,188,833	460,188,833	-
Reinsurance assets - claim reserves	-	-	-	298,792,366	298,792,366	-
Reinsurance receivables	-	-	-	532,731,843	532,731,843	-
Financial liabilities						
Liabilities under finance lease agreements	7,723,618	8,146,302	-	-	15,869,920	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	938,426,814	938,426,814	-
Due to reinsurers	-	-	-	761,022,233	761,022,233	-

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in interest rates which will effect to the fair value of debt instruments as at 31 December 2020.

	Financial statements in which the equity method is applied and Separate financial statements	
	Increase (decrease)	Effect on equity
	(%)	(Million Baht)
Available-for-sale investments - Debt instruments	1%	(6.7)
Available-for-sale investments - Debt instruments	(1%)	6.9

The above analysis has been prepared assuming that the amounts of debt instruments and all other variables remain constant. As a result, a change in interest rates affects fair value of investments in debt instruments.

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 2020 and 2019, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

36.3 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 and 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 2020 and 2019 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					Total
	2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<u>Financial assets</u>						
Cash and cash equivalents	263,536,309	-	-	-	-	263,536,309
Accrued investment income	-	6,086,078	224,270	-	-	6,310,348
Investments in securities	934,296,192	1,959,048,546	107,218,772	-	241,830,125	3,242,393,635
Loans and interest						
receivables	-	188,607	455,928	-	-	644,535
Other assets - Claims						
receivable from litigants	-	104,296,360	-	-	-	104,296,360
Other assets - Brokers						
receivables	-	66,479,284	-	-	-	66,479,284
<u>Insurance assets</u>						
Premium receivables	-	495,415,614	-	-	-	495,415,614
Reinsurance assets - claim						
reserves	-	132,780,917	20,619,228	480,153	-	153,880,298
Reinsurance receivables	-	598,821,741	-	-	-	598,821,741
<u>Financial liabilities</u>						
Lease liabilities	-	15,269,448	44,703,368	-	-	59,972,816
<u>Insurance liabilities</u>						
Insurance contract liabilities						
- claim reserves and						
outstanding claims	-	737,441,797	116,980,831	6,295,491	-	860,718,119
Due to reinsurers	-	967,658,760	-	-	-	967,658,760

(Unit:Baht)

Financial statements in which the equity method is applied

	2019					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<u>Financial assets</u>						
Cash and cash equivalents	139,334,681	-	-	-	312,000	139,646,681
Accrued investment income	-	7,992,591	-	-	-	7,992,591
Investments in securities	1,065,829,104	1,528,078,504	308,172,244	-	142,105,795	3,044,185,647
Loans and interest receivables	-	149,370	800,476	-	-	949,846
Other assets - Claims receivable from litigants	-	118,749,174	-	-	-	118,749,174
Other assets - Brokers receivables	-	67,819,301	-	-	-	67,819,301
<u>Insurance assets</u>						
Premium receivables	-	460,188,833	-	-	-	460,188,833
Reinsurance assets - claim reserves	-	238,081,711	51,920,462	8,790,193	-	298,792,366
Reinsurance receivables	-	532,731,843	-	-	-	532,731,843
<u>Financial liabilities</u>						
Liabilities under finance lease agreements	-	8,286,385	8,609,937	-	-	16,896,322
<u>Insurance liabilities</u>						
Insurance contract liabilities - claim reserves and outstanding claims	-	768,724,410	157,158,358	12,544,046	-	938,426,814
Due to reinsurers	-	761,022,233	-	-	-	761,022,233

(Unit:Baht)

Separate financial statements						
2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	139,334,681	-	-	-	312,000	139,646,681
Accrued investment income	-	7,992,591	-	-	-	7,992,591
Investments in securities	1,065,829,104	1,528,078,504	308,172,244	-	86,881,200	2,988,961,052
Loans and interest receivables	-	149,370	800,476	-	-	949,846
Other assets - Claims receivable from litigants	-	118,749,174	-	-	-	118,749,174
Other assets - Brokers receivables	-	67,819,301	-	-	-	67,819,301
<u>Insurance assets</u>						
Premium receivables	-	460,188,833	-	-	-	460,188,833
Reinsurance assets - claim reserves	-	238,081,711	51,920,462	8,790,193	-	298,792,366
Reinsurance receivables	-	532,731,843	-	-	-	532,731,843
<u>Financial liabilities</u>						
Liabilities under finance lease agreements	-	8,286,385	8,609,937	-	-	16,896,322
<u>Insurance liabilities</u>						
Insurance contract liabilities - claim reserves and outstanding claims	-	768,724,410	157,158,358	12,544,046	-	938,426,814
Due to reinsurers	-	761,022,233	-	-	-	761,022,233

36.4 Fair value measurement for financial assets

As at 31 December 2020 and 2019, the Company had the following financial assets and financial liabilities that were measured at fair value or 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 and Separate financial statements				Book value
	2020				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Trading investments which are measured at FVPL					
Equity instruments	424,182,917	-	-	424,182,917	424,182,917
Unit trusts	116,102,300	-	-	116,102,300	116,102,300
Available-for-sale investments which are measured at FVOCI					
Government and state enterprise securities					
	-	980,893,657	-	980,893,657	980,893,657
Private debt securities					
	-	367,437,373	-	367,437,373	367,437,373
Equity instruments					
	194,781,440	-	241,830,125	436,611,565	436,611,565
Unit trusts					
	152,131,976	47,097,559	-	199,229,535	199,229,535

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statement				Book value
	2019				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Trading investments which are measured at FVPL					
Government and state enterprise securities					
	5,440,000	-	-	5,440,000	5,440,000
Equity instruments					
	447,735,347	-	-	447,735,347	447,735,347
Unit trusts					
	156,267,420	-	-	156,267,420	156,267,420
Available-for-sale investments which are measured at FVOCI					
Government and state enterprise securities					
	15,975,562	661,775,376	-	677,750,938	677,750,938
Private debt securities					
	-	679,475,371	-	679,475,371	679,475,371
Equity instruments					
	224,504,036	-	-	224,504,036	224,504,036
Unit trusts					
	163,894,456	52,012,284	-	215,906,740	215,906,740

The fair value hierarchy of financial assets and financial liabilities as at 31 December 2020 and 2019 presents according to Note 5.20 to financial statements.

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

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income and other assets, their fair value is estimated based on the book value presented in the statements of financial position.
- (b) The fair value of investments in debt instruments is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- (c) Investments in marketable equity instruments have been presented at fair value by using market price. Investments in non-listed equity instruments are determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.
- (d) Investments in marketable unit trusts have been presented at fair value by using market price. Investments in non-listed unit trusts are determined by using the net asset value as announced by asset management company.
- (e) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the current market interest rate.
- (f) Fair values of lease liabilities were approximated to their carrying value due to carrying an approximate market rate.

As at 31 December 2020 and 2019, the Company does not disclosed the fair value of financial assets and financial liabilities which are stated at amortised cost since their fair value is estimated based on the book value.

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

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

(Unit: Baht)

	Financial statements in which the equity method is applied	Separate financial statements
	<u>Equity instruments</u>	
Balance as of 1 January 2020 - presented at cost	142,105,795	86,881,200
Change due to adoption of new accounting standards	129,799,094	185,023,689
Balance as of 1 January 2020 - present at fair value	271,904,889	271,904,889
Net loss recognised into other comprehensive income	(30,074,764)	(30,074,764)
Balance as of 31 December 2020 - present at fair value	<u>241,830,125</u>	<u>241,830,125</u>

37. 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.

38. Event after the reporting period

On 23 February 2021, a meeting of the Board of Directors passed the resolutions to propose to the Annual General Meeting of shareholders approving the allocation of profits for cash dividend at the rate of Baht 1.50 per share for the 35 million shares, totaling Baht 52.50 million. Payment is scheduled to be made on 21 May 2021.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2021.