

## Section 2: Details of information disclosure

1. The Company's history, policy, objective and strategy in operating its business and achieve to Company's objective. This also includes information about business characteristic, details of products and services, contact channels of the Company, claim procedure and duration under the insurance contract.

### 1.1 The Company's history

20 June 2008 marked the first step of "Muang Thai Insurance Public Company Limited" as a leading Non-Life insurance company in Thailand. Born out of "the amalgamation between Phatra Insurance Public Company Limited and Muang Thai Insurance Company Limited", Muang Thai Insurance Public Company Limited is a milestone in the country's Non-Life insurance history because it has perfectly combined the expertise of the two firms boosting both strength and potential therein. So, the Company is indeed clearly well prepared for the policy to liberalize insurance industry in the near future

Muang Thai Insurance Public Company Limited has "an objective and commitment to become the leading company in Thai Non-Life insurance industry, stay on as a stable firm, listed on the SET with the registered capital of THB 590 Million, be a true professional in Non-Life insurance, and remain a Thai-owned Non-Life insurance company which has operated its business in line with ethics, transparency and good corporate governance."

Throughout its operation, Muang Thai Insurance Public Company Limited has reinforced public confidence in it via its constant development and safeguarded identity as a Thai-owned Non-Life insurance company which has upheld transparency, good corporate governance, and corporate social responsibility. The Company's executives and staff have also collaborated to maintain its outstanding strength. Due to the efficient operation and honest service, Muang Thai Insurance Public Company Limited has now won the trust of its customers and enjoyed good reputation among the public.

Under the leadership of Mrs. Nualphan Lamsam, President and Chief Executive Officer, the Company has been regarded as a reliable and reputational organisation through the campaign "Chuer Pang" or "Believe in Pang". It is a CEO Marketing for building consumers' trust that the Company promises to lighten customers' burden when it comes to an accident as well as strongly commit to achieve further success while giving a smile on every customer's expression as the slogan says, "Smile Over Trouble."



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## 1.2 Policy, objective and business strategy

### Vision

"To be the most preferred insurance partner providing outstanding solutions"

### Mission

Be a customer centric organization

- Optimize shareholder's value through sustainable and profitable growth with sound risk management
- Emphasize continuous improvement through value added products, service excellence and operational efficiency
- Commit to corporate governance and social responsibility
- Be an employer of choice

### The Company's business goal

Muang Thai Insurance Public Company Limited has a goal to operate the business, at the same time with ensuring stability, gaining trust from the customers, and continuing to develop various business processes. Our business operations are based on righteousness, honesty, and uprightness in order to become the number one non-life insurance company of customers. Also the Company aimed to create highest satisfaction and strive to be one of the leading non-life insurance players, with the vision of "To be the Most Preferred Insurance Partner Providing Outstanding Solutions." The Company has formulated the policies covering various aspects. For example, to improve and develop work processes to be faster and more precise by adopting modern technology and to be able to provide services under the such competitive landscape, including developing products that meet the target customers demand exhaustively with services provided via various channels in order to create the most comfortable touch point for the customers and ensure service quality and constant engagement with the customers.

### Short-term goal

Muang Thai Insurance Public Company Limited continuously focuses on retail segment through a rich selection of distribution channels. The Company focuses growth generated from profitable products by developing products for each channel to differentiate, personalize and satisfy customer's demand. Also, the Company provides excellent service to increase the customer base and attract new customers. The Company have put considerable efforts in developing digital channels to acquire more individual customers who are smartphone users, by continuous improving mobile application to be more effective, able to support online purchase and providing customer with new products and after sales service in order to satisfy them and keep pace with the current digital age.



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In summary, the Company aims to operate the business with sustainable and quality growth, by strengthening and stabilizing business fundamentals and focusing on product quality improvement and personnel development in order to keep up with the current business competition. In addition, the Company has develop channels that will streamline customers to access the services in the digital era and prioritized project management which is vital to the business expansion and growth of the Company. The Company has been improving the operating cost management and underwriting profits for the Company sustainable growth, by offering excellent service, convenience, and speed for the customers throughout the country. The control and risk management includes appropriate proportion of underwriting and reinsurance management in order to diversify and mitigate damages risk in order to achieve sustainable profitability is also the important matter of the Company. Besides, the Company continues to focus on the development of its service to be faster and more efficient by adapting new innovations, using technology to help manage and develop internal work processes to be more efficient and can reduce operating expenses, resulting in higher net profit while the Company always prioritizes customer satisfaction and service quality.

#### Long-term goal

#### Strategic plan supporting business expansion in 2022 – 2024

Muang Thai Insurance Public Company Limited has been operating the business, at the same time with ensuring stability, honesty, and trust from the customers. The Company has maintained its reputation as a leading non-life insurance company with the main goal of meeting the needs of the customer and generating returns to shareholders at a satisfactory level through strategic business plans as below.

**1. Development of insurance products:** The Company focuses on developing and designing new products to suit the needs of customers by customers' age group and by sales channel as behaviors are rapidly changes due to economic, social trends, and technology. We aims to differentiate by providing excellent customer services in order to expand the customer base, attract new customers, and strengthen relationships with business partners. The Company's direction is to grow from all profitable products by focusing on retail customers on the products such as fire insurance for homes, accident and health insurance, travel insurance, and motor insurance. Finally, the Company will concentrate on pricing management by adjusting product prices to align with the actual costs of each product in each sales channel.

**2. Distribution channel management:** The Company focuses on both corporate and retail customers through traditional distribution channels such as bancassurance, agent, broker, and new channels such as digital and ecosystem partnerships. Moreover, the Company is seeking for strategic alliance with new business partners in order to expand target customers. Furthermore, the Company has been applying CEO Marketing strategy to



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build our brand awareness and to promote brand image through the campaign “Believe in Pang”. As a result, the Company successfully expanded new businesses in upcountry both primary and secondary provinces as targeted.

**3.Improvement of work processes:** The Company aims to develop and to improve the management structure and work processes to increase the efficiency and service excellence level. Moreover, we need to enhance digital transformation to escalate the competitive advantages in the event of digital disruption. Last year, the Company has collaborated with business partners to study and develop “Artificial Intelligence” or “AI” to be used for motor’s claim and underwriting processes in order to reduce turnaround time and operating costs. Additionally, we have developed technology to integrate all workflow systems starting from insurance sales processes to claims which help reducing duplicated works, increase level of quality control, and support the performance measurement. Lastly, the technology development plan also supports monitoring and reporting processes which are the keys of continuous improvement, and assists the Company for substantial growth and expansion in order to be the leading non-life insurance company in digital age.

**4.Human resource development:** The Company emphasizes on staff trainings on all levels covering insurance knowledge, business administration and information technology that could improve customer service. The programs are available through e-learning modules, internal and external classes and workshops which run on annual basis. Moreover, the Company provides a career management and development program to all employees in order to support the Company’s succession plan and consistently builds the organizational cultures and the Company’s core values in terms of customer centric to deliver excellent customer services.

**5.Information technology improvement:** Due to the shifts in customer’s behaviors in digital age, the Company’s services and information systems need to be improved consistently in order to keep up with the changes and ensure its competitiveness and to provide the impressive and reliable services to the customers in every segment. The Company has conducted several researches for digital innovation and searched for the alternative solutions to apply technology and software to help improving its efficiency of the business operations and workflows such as AI, Social Marketing, Cloud Technology, Enterprise Resource Planning, Business Process Management, Robotic Process Automation, Mobile Application, and Web Application to shorten the work duration and be able to facilitate customers faster with lower operational costs. In addition, the Company also aims to utilize the technology for data management, data analysis, and system development such as e-Commerce, e-Policy, e-Claim and, e-Service to enhance the efficiency of the selling processes and services among customers, agents and business partners.

**6. Public relations:** Public imagine and MTI’s branding - the Company aims to increase trust and confidence of the customers through the campaign “Believe in Pang, Believe in Muang Thai Insurance” via online



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and offline medias especially in upcountry to expand our customer base. In 2022, the Company has launched the campaign “No.1 to make Thai people smile” to celebrate the 90th years of Muang Thai Insurance.

**7. Corporate social responsibility:** The Company has strong determination to give back to the communities with wide range of CSR activities done by MTI group of employees called “MTI's voluntary workers”, business partners, and general public. Furthermore, our CSR activities also promote road safety and encourage equal opportunities for children and people with disabilities. In addition, the Company participates in Madam Pang Foundation to support the communities.

### 1.3 Business characteristic

Muang Thai Insurance Public Company Limited has been conducting non-life insurance business both direct insurance and reinsurance through various distribution channels such as agent channel, broker channel, bancassurance channel, telemarketing channel, walk-in channel and digital channel, etc.

### 1.4 Details of products and services and proportion of premium classified by types of product

Types of Company's insurance are classified into 4 categories as follows.

- 1.4.1 Fire Insurance - This insurance covers property which belongs to individual and business sector. The insurance provides various insurance plans with different coverage to serve the insured's needs in each segment.
- 1.4.2 Marine and Transportation Insurance - The coverage is specially designed for the entrepreneurs. The insurance covers sea and air transportation, domestic transportation, carrier liability and vessel.
- 1.4.3 Motor Insurance - This insurance covers the insured's car and liability for life, body and property of third party. There are compulsory and voluntary insurance. In order to fully serve the insured's needs, the Company provides different plans of voluntary insurance such as type 1, type 2 and type 3. In order to meet the needs of the insured, there is a special insurance plan which covers travel compensation paid to an insured during car reparation in case of being the right party, car damaged from flood, personal belonging robbery inside car, daily hospital compensation in case of hospitalization as inpatient caused by car accident.
- 1.4.4 Miscellaneous Insurance - Apart from 3 types of insurance mentioned above, there are other types of insurance such as personal accident and health Insurance, public liability insurance, golfer insurance, fidelity guarantee insurance, bicycle insurance, pet insurance, trade credit insurance, etc. in order to provide variety plans for the customers to select as they desire.



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In 2021, the Company main income is from non-life insurance business consisting of 4 main insurances: Fire Insurance, Marine Insurance, Motor Insurance and Miscellaneous Insurance.

The table shows proportion of premium classified by type of products in 2021

Unit: Million Baht

Item	Fire	Marine		Motor		Miscellaneous						Total
		Hull	Carrier liability	Compulsory	Voluntary	Property all risks	Third party liability	Engineer	Personal accident	Health	Others	
Direct Premium	1,394	35	164	359	8,021	1,430	289	405	1,530	1,105	784	15,516
Proportion or premium (percentage)	9	0	1	2	52	9	2	3	10	7	5	100

## 1.5 Contact channel and claim procedure

1.5.1 Procedure, duration, document and process of claim under the insurance contact – please visit following link <https://www.muangthaiinsurance.com/th/service/>

1.5.2 Contact channel of the Company and related departments in case of dispute or complaint - please contact a customer service center at head office building, G floor, 252 Rachadaphisek Road, Huaykwang, Bangkok 10310 Tel: 0-2665-4000, 0-2290-3333 , Fax: 0-2665-4166, 0-2274-9511, or Call center no. 1484 for 24 hours

## 2. Good Corporate Governance Framework and Internal Control Process including related details that the Company comply with such framework and process Good Corporate Government Policy Good Corporate Governance Policy

### 2.1 Good Corporate Governance and Internal Control

Muang Thai Insurance Public Company Limited had realized the importance of and committed to conduct the business under the good corporate governance by supporting for accountability and responsibility in order to create transparency and fairness. Therefore, the Company has established a good corporate governance policy (CG Code) in order to comply with good corporate governance principles for listed companies B.E. 2560



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(2017) by the Office of the Securities and Exchange Commission and the notification on Good Corporate Governance of Non-life Insurance Companies B.E. 2562 (2019) by the Office of Insurance Commission (OIC).

#### MTI Corporate Governance Code

- Clear Roles and Responsibilities
- Risk management within acceptable level
- Adequate internal control activity
- Adopting IT and communication to develop the Company to meet the standard
- Establishing the monitoring and evaluation process for improvement under appropriate time frame
- Creating value-added to the business operations
- Reducing expenses for a crucial foundation of the sustainable development

#### Anti-Corruption Policy

The Company realizes the importance of anti-corruption, by establishing the Company's anti-corruption policy and measures stipulating that all executives and employees have a duty to comply with the law, business ethics and regulations related to the anti-corruption, including having to perform their duties with transparency. Any action that may imply or indicate the intention that it is a corruption shall be prohibited. Accepting or giving bribes, gifts, assets or any other benefits to the stakeholders involved shall be prohibited as well. This includes prohibiting the payment of bribes for the benefit of business operations, by taking any action that may be at risk of committing corruption. So, all executives and employees must take cautious action. Moreover, the Company provides a corruption assessment and establishes corruption risk management, measures, guidelines for supervision and controls for prevention. It has been monitoring risks to be within an acceptable level. The guidelines for monitoring and evaluating the compliance of the policy are established as well. More information about the Company's anti-corruption policy, please visit: [www.muangthaiinsurance.com](http://www.muangthaiinsurance.com)

#### Anti-Money Laundering and Combating the Financing of Terrorism Policy

The Company's customers are required to identify and verify their information before every transaction. The Company also reviews and checks blacklist and watching list collected by the Anti-Money Laundering Office Through electronic system before every transaction. In 2021, the Company is approved by the Anti-Money Laundering Office to provide the training course and issue certificates for those who have passed the course on prevention and suppression of money laundering and the prevention and suppression of the financing of terrorism and the proliferation of weapons of mass destruction in the non-life insurance companies which is classified as financial institutions, according to the regulation of the Anti-Money Laundering Commission requiring the company



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to provide training course to those who has reporting duty, which are the executives and employees of the Company under the law Section 13 and Section 16 B.E. 2564.

#### Gift Policy

This policy is a part of the against corruption measures by refraining from accepting gifts during festivals and on any other occasions. The policy applies to employees, business partners and related parties. The no gift policy was initially implemented in 2019 to reinforce the Company's commitment in building good governance principles. In the year 2021, the Company has prepared and communicated the policy with a slogan "Change from 'gift' to 'blessing' through both internal and external media. This policy has the objectives to adhere to the principles of good governance and to ensure the business operations comply with the corporate governance policy that enhances the culture of transparency.

#### Whistleblowing

The Board of Directors has been ensuring that there is a process for receiving complaints of stakeholders, by providing several channels for reporting clues and complaints regarding corruption. The Company also provides the channels for receiving complaints on its website or its annual report and open to suggestions about anti-corruption measures from business partners and stakeholders with transparency. The Board of Directors oversees the handling of complaints in a systematic way to protect the rights of complainants and informants acting in good faith. It is prohibited to disclose information to other persons who are not involved, unless it is a lawful order or order of the court or the relevant regulators.

#### Internal control and risk management

The Board of Directors established the policy and guideline on the company operation, organization structure and good control environment, appropriate risk management and the management operation monitoring. Also, the Board of Directors has set up and improved internal control to be sufficient and in line with the company's operation guideline, latest regulations and laws in order to achieve the goals with efficiency and effectiveness, by reviewing adequacy of the company's internal control at least once a year according to an assessment of the Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC) on the regulations, procedures and conditions in receiving and paying money and internal audit and control of non-life insurance company B.E. 2557(2014)

In the Board of Directors meeting No. 1/2022 held on 25 February 2022, all 3 members of Audit Committee had attended the meeting. Besides, the Board of Directors assigned the Audit Committee to review the result of internal control assessment of the Company conducted by the Management on an annual basis before



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proposing to the Board of Directors for consideration. The summary of internal control assessment of the Company comprises 5 elements as follows.

**1. Control Environment:** Clear business goal, organization structure and work manual were formulated in writing. The Company specified the work ethics focusing in integrity and transparency of its business operation where its management was in line with the Corporate Governance. The employees had good understanding about scope of responsibility and they were aware of the importance of customers.

**2. Risk Assessment:** Objective of the activities was specified to be in line with the Company's goals under proper budgets and resources. Also, the Management determined internal and external risk factors that may impact such goals. The Management and employees from every department took part in analyzing risks, forecasting risk factors and setting risk management measure to be at acceptable level, and communicating to everyone in the Company to acknowledge and follow up the compliance of such measures set by the Company.

**3. Control Activities:** Policy, work procedure, scope of responsibility, limit of authorization of the executives were properly set. Work operation of the Company had been monitored to ensure the regulatory compliance in order to achieve the target set by the Management with efficiency and effectiveness.

**4. Information and Communications:** The Company had sufficient and efficient information and technology system that could serve the need of users. The accounting records and IT information such as financial information and operating information were complete and sufficient for decision-making with regular monitoring of business operation. Besides, the information and technology system had been improved to be more efficiency using new technologies to support business expansion of the Company that had recently increased and to serve the need of users and customers. Moreover, the Company had efficient internal and external communication system.

**5. Monitoring:** The Company had a follow-up measure on internal control assessment and performance evaluation which were parts of normal work operation of the Management, supervisors and persons in charge in monitoring and evaluating the performance compared to the Company



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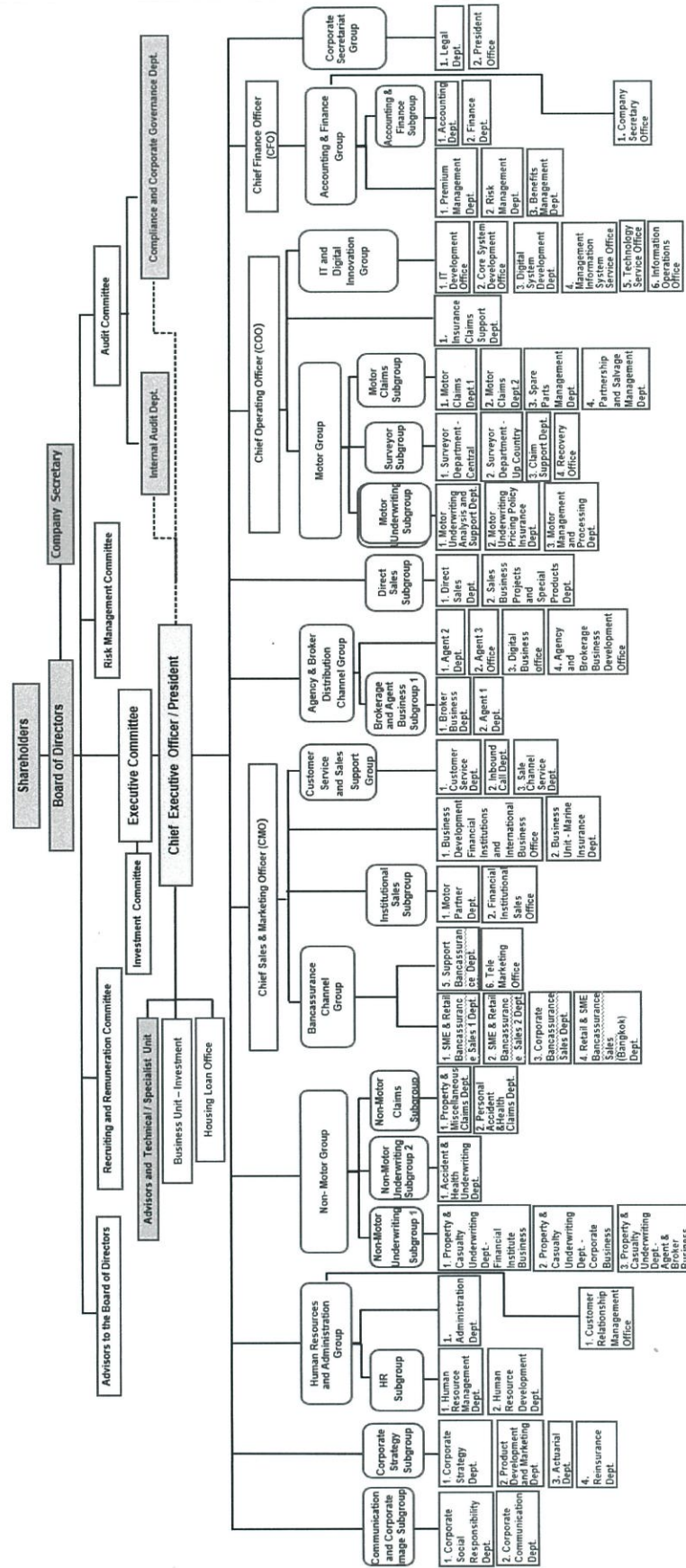
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## 2.2 Organization chart

Effective from February 17, 2021

### Muang Thai insurance Public





## 2.3 Management Structure

The structure of the Directors consists of the Board of Directors per the following list:

1. Mr. Photipong Lamsam	Chairman
2. Mr. Jingjai Hanchanlash	Vice Chairman
3. Ms. Sujitpan Lamsam	Vice Chairman
4. Mrs. Nualphan Lamsam	President and Chief Executive Officer
5. Mr. Sara Lamsam	Director
6. Mr. Somkiat Sirichatchai	Director
7. Mrs. Puntri Baingern	Director
8. Mr. Frank Johan Gerard Van Kempen	Director
9. Mr. Han Mong Siew	Director
10. Mr. Thanawat Phonwichai	Director
11. Mr. Chusak Direkwattanachai	Independent Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee
12. Mr. Asoke Wongcha-um	Independent Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee
13. Mr. Pravej Ongartsittigul	Independent Director
14. Mr. Boonchai Chokwattana	Independent Director and Member of the Nomination and Remuneration Committee
15. Mr. Pilas Puntakosol	Independent Director and Member of the Audit Committee
16. Mr. Kumpol Sontanarat	Independent Director

### Authorized signers to bind the Company

Any two directors jointly sign and affix the Company's seal except Mr. Chusak Direkwattanachai, Mr. Asoke Wongcha-um, Mr. Pilas Puntakosol, Mr. Pravej Ongartsittigul, Mr. Boonchai Chokwattana and Mr. Thanavath Phonwichai are not authorized to sign and except Mr. Frank Johan Gerard Van Kempen and Mr. Mong Siew Han who cannot jointly sign.

### Duties and responsibilities of the Board of Directors

#### 1. Duties and responsibilities of Chairman as a leader of the Board of Directors.

1.1 Oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's objectives.



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- 1.2 Ensure that all directors contribute to the Company's ethical culture and good corporate governance.
- 1.3 Set the Board meeting agenda by discussing with the President which important matters should be included and set as an agenda.
- 1.4 Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly and encourage directors to exercise independent judgment in the best interest of the Company.
- 1.5 Ensure constructive relations between executive and non-executive directors, and between the Board and Management.
2. Duties and responsibilities of President
  - 2.1 President reports directly to the Board of Directors.
  - 2.2 President is a member of Executive Committee.
  - 2.3 President has the power to manage, control and approve, and is responsible for the operations as defined in the business plan and strategy, budget, work operation, investment and other related operations to discharge from burdens of the company.
  - 2.4 President has the power to perform as assigned by the Board of Directors.
  - 2.5 President has the power to appoint various committees as see it appropriate for the nature of business operation.
  - 2.6 President has the power to approve and manage expenses under a specified limit but not exceed power and duties assigned President must not use his/her power and duties in any event that might create conflict of interest with the Company.
  - 2.7 In case where President has delegated the power to another person to act on his/her behalf, scope of authority delegation of such person shall not include the authorization to enter into a transaction whereby the power of attorney may have conflict of interest or other benefits conflicting with the Company.
3. Duties and responsibilities of directors
  - 3.1 To determine the policies and the directions of the Company's operations in compliance with the laws, the objectives and the Articles of Association and the resolutions from the Shareholders' Meeting;
  - 3.2 To control and monitor the management to proceed per the stipulated policies effectively and efficiently in order to protect the benefits of the Company, the shareholders, the policyholders and other stakeholders;



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- 3.3 To coordinate between the shareholders and the management to avoid the conflict of interests between the Company and the management;
- 3.4 To supervise the investment, business expansion, procurement, sales or asset transfer that significantly affects the Company;
- 3.5 To attend the Board of Directors' meeting, to appoint and dispose the Executive Officer(s), and to screen and propose qualified person(s) to be considered and appointed as the Director(s) by the shareholders;
- 3.6 To propose an auditor for consideration and appointment by the shareholders;
- 3.7 To disclose the accurate information and in compliance to the regulations stipulated by laws;
- 3.8 To have the authorities to act as prescribed in the Memorandum of Association, rules and regulations required by laws.

## 2.4 The Committees

The Board of Directors has appointed the sub-committees to oversee and ensure that the important matters are carefully considers and scrutinized and to propose the guidelines for consideration before proposing to the Board of Directors for further approval.

### 2.4.1 Audit Committee

is the knowledgeable person in reviewing the Financial Statements. Has the period in office of 3 years per the following list

- |                                |          |
|--------------------------------|----------|
| 1. Mr. Chusak Direkwattanachai | Chairman |
| 2. Mr. Asoke Wongcha-um        | Member   |
| 3. Mr. Pilas Puntakosol        | Member   |

By having Ms. Kanoktorn Pramthai, Head of Internal Audit Office, as the Secretary.

#### Scope of Authorities and Responsibilities of the Audit Committee<sup>1</sup>

1. To review the Company's financial reporting process to ensure that it is adequate, accurate, and reliable with adequate disclosure of important information in accordance with the general accounting standards.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable, efficient and concise according to the standard framework, to define the authorities, duties and responsibilities, to determine an internal audit unit's independence, as well as to



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approve the appointment, transfer and dismissal of the Head of an Internal Audit unit or any other units in charge of an Internal Audit.

3. To review the Company's compliance with the law on Non-Life insurance, the regulations of the Office of Insurance Commission, the law on securities and exchange, the Exchange's regulations, and the law relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's Auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an Auditor at least once a year.
5. To provide suggestions to the management to ensure effective and efficient operational supervision and to report on the Audit Committee's operations to the Company's Board of Directors at the time the Audit Committee deems appropriate, in case there are any suspicious transactions or actions as follows:
  - 5.1 transactions that may lead to conflicts of interests
  - 5.2 corruption, irregularity, or significant deficiency in the Internal Control,
  - 5.3 violation of the Law on Non-Life insurance, the law on securities and exchange, the Exchange's regulations, and the law relating to the Company's business. If the Board of Directors or the executives do not proceed with the revision within the time specified by the Audit Committee, the Audit Committee must report to the Office of Insurance Commission without delay.
6. To provide an overall opinion on the Company's Internal Control performance report to the Board of Directors.
7. To review the effectiveness of the Company's Fraud Risk Management to ensure it follows the standard operation procedure. If it is found or suspected that there is fraud or any acts that has material impact on the financial position or the reputation of the Company, the Audit Committee shall report to the Board of Directors for rectification within the appropriate time, without delay, and as the Audit Committee deemed appropriate. If the Board of Directors or the executives fails to make a rectification within the time specified by the Audit Committee, the Audit Committee shall report on such fraud to the Office of Insurance Commission thereafter
8. To review the connected transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations and to ensure that such transactions are reasonable and for the highest benefit of the Company.



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9 To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information as follows:

- 9.1 an opinion the accuracy, completeness and creditability of the Company's financial report,
- 9.2 an opinion on the adequacy of the Company's internal control system,
- 9.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the law relating to the Company's business,
- 9.4 an opinion on the suitability of an Auditor,
- 9.5 an opinion on the transactions that may lead to conflicts of interests,
- 9.6 the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
- 9.7 an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
- 9.8 other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

10. To review the accuracy of reference documents and self-assessment form regarding the Company's measures against corruption according to the Private Sector Collective Action Coalition against Corruption Program.

11. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee. If it considers necessary, the Audit Committee may seek advice, from external consultants or audit specialists at the Company's expense.

In the case that the Audit Committee's duties are changed, the Company shall disclose a resolution to change its duties and name list of members and scope of work of the audit committee according to such change in the form as prescribed by the Stock Exchange of Thailand within 3 (three) business days and in the form prescribed by the Office of Insurance Commission within 15 (fifteen) business days from the date on which the change is made.

#### 2.4.2 Risk Management Committee

Has the period in office of 3 years per the following list

- |                            |          |
|----------------------------|----------|
| 1.Mr. Somkiat Sirichatchai | Chairman |
| 2.Mrs. Sujitpan Lamsam     | Member   |
| 3.Mrs. Nualphan Lamsam     | Member   |



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4.Mrs. Puntrika Baingern	Member
5.Mr. Suthee Mookhavesa	Member
6.Mr. Han Mong Siew	Member
7.Mr. Harvey Chamberlain	Member
8.Mr. Adrian Lim	Member
9.Mr. Wasit Lamsam	Member
10.Mr. Surat Srisomboonkul	Member
11.Mr. Prawith Jimarkorn	Member
12.Mr. Pongsathorn Liamnak	Member

by having Mr. Narudon Sakulpaisansap, Head of Risk Management Department, as the Secretary.

#### Scope of Authorities and Responsibilities of the Risk Management Committee

1. To assist the Board of Directors to determine the Risk Appetite;
2. To review and recommend the Risk Management Strategies, Policies and Risk Tolerance for the Board of Directors' consideration and approval;
3. To determine and seek endorsement from the Board of Directors on the overall Risk Management Policies which must cover various major risks such as insurance risk, credit risk, liquidity risk, market risk ,operational risk, investment risk and reputation risk;
4. To review the adequacy of the Risk Management Policies and Framework for identifying, measuring, monitoring and controlling risks and to provide recommendations to the Board of Directors as deemed necessary;
5. To ensure adequate infrastructure, resources, systems and documentation are in place for effective risk management;
6. To review the management's periodic reports on risk exposure, capital efficiency, risk portfolio composition and the Company's activities that related to Risk Management to ensure the Company operates its business under the Risk Management Policy.
7. To provide recommendation to the Board of Directors periodically concerning the solvency position of the Company at present and expect to be in the future;
8. To ensure clear delineation of lines of authority and responsibilities for managing risks;
9. To ensure that the risk governance procedures fully comply with the prevailing corporate governance regulations of Thailand, and to advise the Board of Directors on any risk of potential breach of such regulations;
10. To establish Risk Mitigation Plan to handle the risk of emergencies;



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11. To perform any other actions as assigned by the Board of Directors or Audit Committee.

### 2.4.3 Investment Committee

has the period in office of 3 years per the following list

- |                           |          |
|---------------------------|----------|
| 1. Mrs. Sujitpan Lamsam   | Chairman |
| 2. Mrs. Nualphan Lamsam   | Member   |
| 3. Mrs. Puntrika Baingern | Member   |
| 4. Mr. Han Mong Siew      | Member   |

by having Mr. Wuttisak Udompornpadung, Head of Investment Business Unit, as the Secretary.

#### Scope of Duties, Authorities and Responsibilities of the Investment Committee

1. Set Overall Strategies and Tactics, consistent with laws or regulations, in the Investment Policy Framework and Investment Plan of the Company which are approved by the Board of Directors as proposed by the Risk Management Committee.
2. Propose Investment Policies and Tactics to the Board of Directors via the Risk Management Committee once a year and to review these policies on a quarterly basis per the proposal of the Head of Investment Department and to report to the Risk Management Committee.
3. Monitor compliance of investments with relevant laws and regulations. If breaches occur, decide on the appropriate actions to be taken by the Chief Investment Officer, and if resolving the breaches seem practically unachievable, liaise with the Insurance Commissioner on how to manage the situation.
4. Monitor the compliance of the investments with the Investment Policy Framework. If breaches occur, decide on appropriate actions to be taken by the Chief Investment Officer and if resolving the breaches seems practically unachievable, decide on how to manage the situation in the best interest of all stakeholders.
5. Manage and coordinate with financial institutions, external fund managers, responsible custodians and banks of the Company.
6. Provide recommendation to the Risk Management Committee concerning revisions in the Investment Policy Framework and Investment Plan before presenting to the Board of Directors.
7. Ensure adequate and effective operational procedures, internal controls and systems for identifying, measuring, monitoring and controlling investment risks are in place to implement the Board of Directors' approved policies and standards.



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8. Ensure effective management information systems to ensure timely, accurate and informative reporting on investment activities and the existence of a comprehensive reporting process.
9. Ensure clear delineation of lines of authority and responsibilities for managing investments.
10. Perform any other duties that may be delegated by the Executive Committee from time to time.

#### 2.4.4 Nomination and Remuneration Committee

has the period in office of 3 years as per the following list

- |                                |          |
|--------------------------------|----------|
| 1. Mr. Asoke Wongcha-um        | Chairman |
| 2. Mr. Chusak Direkwattanachai | Member   |
| 3. Mr. Boonchai Chokwatana     | Member   |

by having Captain Chayada Neeparn, Executive Vice President, Head of Human Resources and Administration Group, as the Secretary;

#### Scope of Authorities and Responsibilities of the Nomination and Remuneration Committee

1. To determine and seek endorsement from the Board of Directors on the policies, criteria, and method to recruit the Directors and the Members of various Committees with the authorities and responsibilities directly assigned by the Board of Directors, and the nomination of the Executive Officers from the President level and higher;
2. To nominate, select, and seek endorsement from the Board of Directors on the qualified persons to hold the positions of Directors, Members of the Committees and Executive Officers from the President level and higher;
3. To determine the policies for remuneration payment and other benefits which will be offered to the Directors, Members of the Committees, and Executive Officers from the President level and higher to propose to the Board of Directors for considerations.
4. To determine the guidelines to evaluate the performance of the Directors and the Executive Officers from the President level and higher for the purpose of an annual review, by taking into account of their authorities, responsibilities and related risks, and value the long-term incremental value of the Shareholders' Equity to support the assessment too;
5. To consider and provide recommendations regarding the policies of Human Resources Management and policies related to the remuneration structure of the employees;
6. To perform any other acts assigned by the Board of Directors.



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#### 2.4.5 Other Committees

Executive Committee has the period in office of 3 years per the following list

1.Mr. Somkiat Sirichatchai	Chairman
2.Mrs. Sujitpan Lamsam	Member
3.Mrs. Nualphan Lamsam	Member
4.Mr. Sara Lamsam	Member
5.Mr. Han Mong Siew	Member
6.Mr. Wasit Lamsam	Member
7.Mr. Adrian Lim	Member
8.Mr. Surat Srisomboonkul	Member
9.Mrs. Puntrika Baingern	Member and Secretary

By having Mrs. Puntrika Baingern, Chief Financial Officer, as the Secretary.

#### Scope of Authorities and Responsibilities of the Executive Committee

1. To coordinate with the Management on all aspects of the day-to-day operations of the Company and on the implementation per the business plan and budget by the Management;
2. To consider and decide on certain issues assigned by the Board of Directors which shall be subject to annual review and revision as the Board of Directors shall see fit;
3. To consider and approve and/or endorse various issues in the ordinary course of business that are referred to them by the Management;
4. To consider all other issues not in the ordinary course of business and/or beyond the scope of the approved business plan and budget which will significantly affect the financial condition, performance, or reputation of the Company.

#### 2.5 Selection and nomination of Directors, Independent directors and Executives

The Nomination and Remuneration Committee considers the selection and recruitment of suitably qualified persons who will be useful for the Company's operation. The criteria and procedures for recruitment are transparent, by considering the qualifications, experience and knowledge, abilities, skills and expertise required as the Board of Directors, along with considering the diversity in the structure of the Board such as age, gender, education, etc. Board skills matrix is another criteria for consideration in order to determine the qualifications of the potential director, by considering the necessary skills that are still missing in the Board of Directors including qualifications that are appropriate and consistent with the composition and structure of the Board of Directors, according to the business strategy of the Company. The IOD's director pool may be used as a component for



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recruiting new directors or from other sources such as proposals or recommendations from the Board of Directors or the granting of rights to minority shareholders of the Company to nominate directors, etc. Aforesaid process must be transparent and clear in accordance with the Company's Articles of Association and the requirements of relevant laws in order to ensure the confidence of shareholders. The recruitment and appointment of directors will be through the prudent deliberation and consideration of the Board of Directors and the Nomination and Remuneration Committee in nominating the suitably qualified person to be a director of the Company with sufficient background information for the decision of the shareholders' meeting to appoint in accordance with the Company's Articles of Association. In 2021, no shareholder has nominated a person to be a director.

#### Qualification of the Independent Directors

1. Hold not more than 1% of the total no. of voting shares of the Company, the parent company, the subsidiary companies, the joint ventures, the major shareholders or the person who has the control authority of the Company by counting the shareholding of the related parties of each Independent Director too.
2. Do not be or have never been the Director who participates in the management, employee, staff, advisor who receives the salary or the person who has the control authority of the Company, the parent company, the subsidiaries, the joint ventures or the subsidiary in the same order, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office. Such prohibition does not include the case where the Independent Director was the civil servant or the advisor of the government agency which is the major shareholder or the person with the control authority of the Company.
3. Do not be the person who has the blood relation or by legal registration as the parents, the spouse, brother and sister, and children, including the spouse of the children of the Executive, the major shareholder, the person who has the control authority or the person who will be proposed to be the Executive or the person who has the control authority of the Company or the subsidiaries.
4. Do not have or never have the business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company in the manner which may be the obstruction for using own independent judgment, including do not be or have never been the strategic shareholder or the person who has the control authority of the person who has business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.



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The business relationship in the previous interval includes the making of the normal trade transaction to carry out the business for leasing or renting the real estate, the item related to properties or services or to provide or receive financial assistance through borrowing or lending, guarantee, pledging the asset as collateral, including other behavior in the same manner, which results in the Company or the party to the contract to have the debt burden to pay to another party from 3% of the net tangible assets of the Company or from Twenty Million Baht upward, whichever will be lesser. The calculation of such debt burden will be adapted per the calculation method for the value of the related transaction items per the notification of the Capital Market Commission concerning the criteria in making the related transaction item. However, the consideration for such debt burden will include the debt burden which incur during the year before the date which has the business relationship with the same person.

5. Do not be or have never been the Auditor of the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, and do not be the strategic shareholder or the person who has the control authority of the person who has business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company belong to, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.
6. Do not be or have never been the person who provides any professional service which includes the service to be the legal advisor or the financial advisor who received the service fee more than Two Million Baht per year from the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, and do not be the strategic shareholder or the person who has the control authority or the partner of that professional service provider, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.
7. Do not be the Director who has been appointed as the nominee of the Director, the major shareholder or the shareholder who is related to the major shareholder.
8. Do not operate the same business and has significant competition to the business of the Company or the subsidiaries or do not be the strategic partner in the Partnerships, or be the director who participates in the management, employee, staff, advisor who receives the salary or has the shareholding more than 1% of total no. of voting shares of other companies which operate the business which has the same liquidity and has significant competition with the business of the Company or the subsidiaries.



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9. Do not have any other characteristics which are unable to provide independent opinion concerning the operations of the Company.

#### Recruitment of Top Executives

In recruiting a person to hold the position of president or higher, the Nomination and Remuneration Committee will consider and seek for the qualified person who has knowledge, ability, skill and experience that will benefit the business operation. Such person should have good understanding in non-life insurance business and be able to manage the business to achieve the objective and goal set by the Board of Directors. The committee will propose the matter to the Board of Directors for further approval.

## 2.6 Remuneration policy

### 2.6.1 Consider remuneration of the Board of Directors

- (1) The Board is responsible for considering structure and rate of remuneration of directors to be in line with the same industry and fit the directors' responsibility, in order to motivate the Board to lead the Company to achieve both short-term and long-term goals.
- (2) The Board establishes the Nomination and Remuneration Committee to primarily consider remuneration and propose to the Board meeting for consideration and the shareholders' meeting for approval. The remuneration of the directors must be at an appropriate level, in line with industry standard, taking into account knowledge, ability and experience, fit responsibilities of the directors, sufficient to retain qualified directors. The Committee, at the same time, must consider the company's performance as well.

For executive directors, president and executives of the Company will receive remuneration in accordance with the Company's performance and individual performance in accordance with the target, duties and responsibilities and in line with industry standard. This is to retain the competent executives to work with the Company.

- (3) Shareholders must approve the Board remuneration structure, both cash-based and non-cash compensation. The Board should consider the appropriateness of each pay component, in terms of fixed rates and remuneration paid according to the Company's performance.
- (4) The Board should disclose the directors' remuneration policy that reflects the duties and responsibilities of each individual, including the pay components and level received by each director



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## 2.6.2 Determine an appropriate compensation structure and performance evaluation

- (1) The Board should ensure that the compensation structure rewards individual performance, incentivises the President, key executives and staff at all levels to act in support of the Company's objectives and values, and fosters long-term commitment by aligning incentives with future Company's performance through:
  - (1.1) Appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation)
  - (1.2) Ensure that the director total compensation takes into account industry standards and Company's performance, and
  - (1.3) Predetermined and communicated performance evaluation criteria.
- (2) Executive directors are responsible for determining the total compensation of, and performance evaluation criteria for the President. The executive directors should:
  - (2.1) Ensure that the President's performance evaluation is based on pre-determined criteria. The performance evaluation criteria should incentivize the President to perform his/her duties in support of the Company's objectives, values, and long-term sustainable value creation.
  - (2.2) Perform the annual performance evaluation of the President.
  - (2.3) Approve total annual compensation of the President, taking into consideration the performance of the President and other relevant factors.
- (3) The Board reviews the performance evaluation criteria and relevant factors and approves the compensation of the President as proposed by the Remuneration and Nomination Committee, while assign the President to review and consider the staff compensation structure.

## 3. Enterprise Risk Management (ERM) and Asset Liability Management (ALM)

### 3.1 Enterprise Risk Management : ERM

The Company has provided the comprehensive risk management per the notification of the Office of Insurance Commission (OIC) on the Criteria, Procedures, and Conditions for Supervising Enterprise Risk Management and Own Risk and Solvency Assessment of Non-Life insurance Companies B.E. 2562 (2019). The Board of Directors has assigned the Risk Management Committee to define the policies with the approval from the Board of Directors and assigned the Risk Management Department to communicate the defined policies and monitor within the Company in order to comply with the guideline and to continuously report to the Board of Directors. The risk management policy has been set in writing and brought to review and update every year before



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annual submission to the Office of Insurance Commission (OIC). The Committee must ensure that the risk management of the Company has been implemented appropriately per the policy requirement and conformed to the Company's strategies and assure that the policy thoroughly covers the risks and the important issues of the Company and in accordance with the Vision and Mission which includes a clear and straightforward risk assessment. Types of risk are classified as follows:

- 3.1.1 Strategic Risk
- 3.1.2 Insurance Risk
- 3.1.3 Liquidity Risk
- 3.1.4 Operational Risk
- 3.1.5 Market Risk
- 3.1.6 Credit Risk
- 3.1.7 Reputation Risk
- 3.1.8 Information Technology Risk
- 3.1.9 Catastrophe Risk
- 3.1.10 Emerging Risk
- 3.1.11 Group Risk

### 3.1.1 Strategic Risk

Strategic risk means risks and uncertainties that arisen from policy, strategic plan, operational plan and improper implementation or non-correspondence with internal factors and also external scenarios, including social development, technological innovation and public expectation.

#### Risk Management Guideline

The Corporate Strategy Group is the main unit with direct responsibility of defining the company's strategy and operational plan, therefore, its duties include constantly monitoring, performing research and analysis together with managing strategic risk factors and reporting the results to the top management, including the related groups and departments on periodic basis. All the important issues will be prudently discussed among all of the related parties in order to reach the best solution among the changing environment. The important components are as follows.

- **Product Development and Premium Pricing**

New products and the premium rates must be firstly approved by the Product Development Committee (PDC) which consists of the representatives from all relevant departments. The Committee will review the suitability of the coverage, including the use of widely-accepted actuarial methods to



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determine the premium rate to ensure that the premium rate is adequate, suitable and competitive. Once launched, each product performance will be monitored to see if there is any necessity to revise the coverage or premium rate. Moreover, when a new product is requested, the related units will provide all necessary information in order to help assessing all risk factors associated with the new product and find suitable method to ensure that the product can be developed and the sales volume target can be achieved.

- **Sales and Distribution Channel Management**

Sales and distribution channel management are critical to acquire and control premiums in both amount and proportion to be in line with the Company's target. Sales Department is responsible for presenting products to the prospective insured via all distribution channels and coordinating with the related parties to ensure that the sales target can be achieved. In this regard, the Sales Department has to monitor the business volume from the channels that they are responsible and regularly report to the Group Head. The problem and obstacle will be identified and communicated among all related functions to ensure that such problem will be solved efficiently.

### 3.1.2 Insurance Risk

Insurance Risk means the risk which may arise from the fluctuation in the frequency, severity and timing of loss which may be deviated from the assumption used in determining the premium rate, reserve calculation and underwriting.

#### Risk Management Guideline

- **Underwriting**

The Company will thoroughly consider the acceptable level of risk taken by referring to the handbook and the predefined premium rates, to monitor and control the proper risk diversification, not aggregate by geography and size of risk. Risk that has the level higher than the Company can retain will be ceded to the reinsurers, through annual treaty reinsurance contract and facultative reinsurance, which the Company will select the reinsurers by considering their financial stability as the first priority. The Company also prudently manages the proportion of insurance portfolio, for both underwriting result and in line with the strength and the target of the Company.

- **Claim Management and Claim Reserve**

Reserves are calculated based on the widely-accepted actuarial methods and certified by the licensed actuary. The Company has been regularly monitoring and analyzing the changes of reserves, has set up the Non-Motor Claims Committee and has regularly considered the factors which



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may affect the setup of Company's reserves in order to ascertain that all reserves are justifiable and adequate for the Company's liability toward the Insured in the future.

- **Reinsurance Management Strategy**

The Company has provided the reinsurance management strategy in writing and conformed to the rules and regulations of the Office of Insurance Commission (OIC), which is part of the risk management framework of the Company and must be approved by the Reinsurance Committee, Risk Management Committee, Executive Committee and the Board of Directors, respectively. The strategy consists of selecting suitable reinsurance plan, implementing, auditing and monitoring, reviewing, controlling and providing related reinsurance documents by considering the Company's risk appetite, financial cost compares with liquidity, tendency of reinsurance market and the Company's business plan which are suitable for the characteristic, size and complexity of the Company's business.

- **Concentration Risk**

The Company has set the limit of concentration for the risk with each reinsurer as follows:

1. To set the concentration level of the reinsurers who participate in the reinsurance treaty by considering the size of the treaty, financial rating and share to be allocated to each reinsurer to prevent the concentration risk that may arise from the particular reinsurer.
2. To consider appropriate share to be allocated to the reinsurer who will be the leader in each treaty to be suitable with the size of risk to be ceded.

### 3.1.3 Liquidity Risk

Liquidity risk means the risk which may arise from the Company's inability to pay the debt or obligation which becomes due, because of the inability to convert the assets into cash or cannot obtain adequate source of fund or can obtain the required source of fund but at higher cost which is not acceptable.

#### Risk Management Guideline

- **Financial Management**

To maintain adequate liquidity, the Company has invested in highly liquid assets. The efficient financial management allows the Company to consistently maintain cash or cash equivalent at an appropriate level. In case of a big claim arises which the total amount to be paid is likely to exceed the daily cash on hand, the Finance Department will immediately notify Investment Department in advance to adequately liquidate the investment assets to meet such demand of cash and to make sure that the liquidity risk is under control.



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- Premium Receivable Management

As the Office of Insurance Commission (OIC) has set up the guideline for monitoring and controlling the financial status and the operation of the Non-Life insurance companies by using quantitative and qualitative measure, the ratio of premium receivable to Appraised value of premium receivable per accounting value which is one of the ratios on qualitative measure to assess the liquidity risk which arise from the inability of the Company to collect the premium receivable. The OIC's requirement on this ratio must not be less than 80% and Company continues to maintain the ratio at level above the OIC's threshold.

- Investment Management

The Company has considered to invest in the liquid assets in accordance with the Company's liability and obligations suitably and maintained adequate liquid assets in case of extra cash required.

### 3.1.4 Operational Risk

Operational Risk means the risk which may arise from the failure, inadequacy or unsuitability of staff, internal process, work process or from external factors.

#### Risk Management Guideline

- Risk Report and Assessment under CRSA Framework (Control and Risk Self-Assessment)

The Company has continuously emphasized on the operational risk management by providing risk report and assessment under CRSA framework (Control and Risk Self -Assessment) in the main operation of the Company such as the process of income acquire from underwriting and the process of claim management. The result of risk assessment has been presented to the Company's President and Chief Executive Officer and the Risk Management Committee. Risk owner will jointly determine the risk response measure with the Risk Management Committee after the assessment has been done. Once the measure has been implemented, the risk owner must report the progression and performance to the Risk Management Department within the stipulated time. The specific working team will be set up to monitor the joint corporate risk and improve the work process to be more concise and efficient all the time.

- Business Continuity Plan: BCP

The Company has prepared the Business Continuity Plan (BCP) for the important systems to retrieve the operation to return to the normal situation which will assist the business to operate continuously in case of business interruption. Also, the plan has been tested in order to prepare for the emergency situation which may arise. There are four predominant systems which have been ranked according to the priority as follows:



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1. Call Center service (Customer service through telephone and claim notification)
2. Motor claim service
3. Property and casualty claim service
4. Personal accident claim service

### 3.1.5 Market Risk

Market Risk means the risk which may arise from the change in the market price of the invested assets, interest rate, exchange rate, equity price and commodity price.

#### Risk Management Guideline

- Investment

The Company controls its investment activity by having the Investment Management Guideline (IMG) in writing which lays down the investment framework and direction for each calendar year. Limits are set for every class of investment assets, taking into consideration the target returns on investment and desired level of liquidity and the impact on the Company's capital requirement under the risk-based capital supervision.

The Investment Department has closely monitored and reported the investment performance to the top management including the Investment Committee. In addition, the Risk Management Department has participated in the investment risk assessment by using several methods and models such as to measure the potential loss to the investment portfolio by using Value at Risk Model and to measure the potential loss under the abnormal situation by using Stress Test to enhance the Company's confidence to cope with the investment risk factors properly and timely.

The Company does not yet have policy to invest in neither derivative nor foreign currency.

### 3.1.6 Credit Risk

Credit Risk means the risk which may arise from the counterparties cannot comply with the agreed obligations with the Company including the opportunity which the counterparties may be downgraded on their credit rating.

#### Risk Management Guideline

- Reinsurance Selection Criteria

1. Have acceptable reputation on both domestic and overseas reinsurance markets.
2. Have the secured and acceptable financial position with the minimum Reinsurer's Financial Rating prepared by S&P, Fitch, Moody's and/or A.M. BEST which are updated monthly. The Company has set the financial rating for the overseas reinsurers per minimum requirement as follows.



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- S&P, Fitch and A.M. Best: minimum A-
- Moody's: minimum A3

In case that there is reinsurance ceded to any reinsurer which does not meet the minimum criteria of the Financial Security Rating, the approval must be taken as special case. For domestic reinsurers, their Capital Adequacy Ratio (CAR) must meet the requirement stipulated by the Office of Insurance Commission (OIC) and the Company

3. Having the clarity in the accounting system and the document.
4. Having good claim recovery payment history

- **Consideration of Credit Rating for Investment**

The Investment Committee is responsible to consider and review various influential factors regularly in order to accompany the Company's consideration in investment and control the investment to be in line with scope and regulation of the Office of Insurance Commission (OIC) which is a significant mechanism of investment and the Company's asset management. The Company has invested in various securities which their portfolio has been classified by credit rating. Also, the Company has no policy to invest in below A- credit rating counterparties.

### 3.1.7 Reputation Risk

Reputation risk means risks of loss resulting from damages to a company's reputation due to customers, business partners, shareholders, and/or regulators have negative perspective on the company.

#### Risk Management Guideline

The Customer Support and Sales Division has a direct responsibility for coordinating with the department that deals with complaint management to ensure all customers and partners are most satisfied, which will enhance the company's reputation. Beside the company has established the Crisis Communication to manage social media news that causes negative feelings to the organization such as Facebook, Pantip etc.

### 3.1.8 Information Technology (IT) Risk

Information technology risk means risks that result from using technology to operate a business and that technology has an impact on operational system, including risk of cyber threat.

#### Risk Management Guideline

IT group has direct responsibility for monitoring, analyzing, and evaluating IT related risks which including the risk from System Recovery (under BCM guideline), Data & Cyber Security and the risk arise from delay of key IT Projects. The action plans must be prepared in order to cope with all these risks.

### 3.1.9 Catastrophe Risk



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Catastrophe risk means risks that circumstances or important ongoing events cause a company to pay actual compensation more than their expectation.

#### Risk Management Guideline

The company conducts a stress test annually, one of which is catastrophic events such as floods, earthquakes and big claims from risk accumulation of each product type. The Stress test results will be used to review reinsurance strategies and framework including risk accumulation, to ensure that companies are able to handle this risk.

#### 3.1.10 Emerging Risk

Emerging risk means new risks that become apparent in new or unfamiliar conditions and the risks are quite difficult to estimate emerging trends, possibilities and a level of consequent damages because of uncertainty of the conditions, such as politics, law, society, technology, physical factors and natural changes.

#### Risk Management Guideline

The Company regularly reviews the key risk register in order to be up-to-date and able to handle the risks that may occur at every moment of business operation, including following news and trends of various factors which may result in new risks to the insurance industry.

In 2020, the emerging risk was COVID-19 which affected many industries. However it could be seen as both risk and opportunity for insurance industry. During pandemic, the Company handled the situation by allowing some employees to work from home, setting conference call for meeting, using thermo scan for visitors and wearing surgery masks. As for opportunity, the Company launched COVID-19 product and received huge public attention.

For legal risk, Personal Data Privacy Act (PDPA) would be effective in 2021, the Company hired legal consultant and set working team which consisted of qualified professionals in order to improve the company's standard operating manual and general business operation in accordance with such law and applicable laws.

#### 3.1.11 Group Risk

Group risk means risks that arisen among business group and normally caused by negative financial and non-financial situations. Moreover, the risks are also including solvency risk of the whole group or some companies in a group that received the effect from negative conditions. The negative situations could be an internal or external event.

#### Risk Management Guideline

The Company considers the possibility that the Company must provide financial support to the business group. Therefore, a financial support plan has been established by specifying the minimum capital adequacy ratio criteria, in other words if the Company within the business group has a ratio lower than the threshold which set by the Company, it will find a solution by having to consider the financial support and / or find suitable ways. In this



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regard, the Company must carefully consider the impact on the Company's CAR, and to take the financial support plan to stress test in order to ensure that the financial support plan will not have a significant impact on the company's CAR.

### 3.2 Asset Liability Management: ALM

As insurance contract liability of the Company is a short-term liability, the Company has maintain sufficient cash to support daily business operations and invests in the investment assets that have liquidity and be able to trade in secondary market and exchangeable to cash immediately under its investment policy. For example, the Company will invest in ordinary shares which must be listed in SET 100, mutual funds which must be opened - end fund or has a secondary market for trading and fixed income security which must has A- credit rating. It also set an average duration of the fixed income portfolio not to be more than 3.5 years.

For loss prevention measure, the Investment Department regularly reports the investment performance to the Investment Committee. The Company set a stop loss policy as a trigger point for the Investment Committee to make a decision when the performance reaches the loss point. Besides, various risk preventive tools are used to prevent loss and monitor stock market fluctuation during bear market situation whereby consideration and approval from the Investment Committee is required.

Quantitative information is as below table

Unit: Million baht

Item	2021		2020	
	Book value	Appraised value	Book value	Appraised value
Total Investment Assets	14,309	14,384	13,541	13,671
Total Liquid Assets	14,252	14,229	13,415	13,544
Total Liabilities	24,006	23,509	20,157	19,663
Insurance Contract Liabilities	14,985	14,591	12,451	11,979

**Remark:**

- Book value refers to the Company's assets and liabilities assessed under the financial reporting standards.
- Appraised value refers to assets and liabilities estimated under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract.



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#### 4. Insurance risk that can be anticipated and has significant impact on the financial status of the Company, reinsurance management, relation between the capital and insurance risk and underwriting concentration

Insurance risk that can be anticipate and has significant impact on the financial status of the Company and reinsurance risk and underwriting concentration can be found under no. 3.1.2 Insurance Risk and no. 3.1.6 Credit risk.

Details about relation between the capital and insurance risk and underwriting concentration are as follows. Apart from risk managements mentioned above, the Company has been aware of risks that might affect investment of the shareholders. So, principal of Capital Management based on Risk Level has been applied in risk management by defining the risk appetite for capital fund which will be used as a guideline for maintaining Company's capital level during its business operation. In addition, stress test had been done for analyzing incidents and events, once they occur, they might negatively affect the Company's operation and capital such as huge amount of claim payment, natural disasters and loss in investment, etc. Therefore, result of the study will be used for planning and setting strategies of the Company such as underwriting strategy, reinsurance strategy and investment strategy, etc.

On December 31, 2021, the Company had the Capital Ratio required by law higher than the minimum requirement of the Office of Insurance Commission (OIC). Proven by result of the stress test, it could be concluded that capital level of the Company is adequate and higher than the requirement prescribed by law and can withstand severe incidents as set in the assumption.

Quantitative information is as below table

Unit: Million Baht

item	Amount
Insurance recoverable from reinsurance companies	8,040
Amount due from reinsurance	1,098
Amount Deposit on reinsurance	-

#### 5. Value, process and assumption for assessing insurance contract liability

##### (a) Loss reserves

Loss reserves consist of outstanding claims, which are recorded at the amount to be actually paid and estimated claims, which are provided upon receipt of claim advices from the insured based on



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the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate shall not exceed the sum-insured of the related insurance policies.

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

(b) Unearned premium reserve

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

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

Others - Monthly average basis (the one-twenty fourth basis)

Unearned premium reserve of reinsurance is calculated based on ceded premium for reinsurer as the same method with direct insurance that transfer insurance risk to reinsurer throughout the period of insurance coverage.

Quantitative information is as below table

Unit: Million Baht

Item	2021		2020	
	Book value	Appraised value	Book value	Appraised value
<b>Insurance contract liabilities</b>				
- Unearned premium reserve (Premium liabilities)	8,214	6,920	7,183	6,047
- Loss reserves (Claim liabilities)	6,771	7,671	5,268	5,932

**Remark:** - Book value refers to insurance contract liability assessed per accounting standard with the main purpose for investors and financial analysts to be able to understand the economic value of insurance contract liability which is acceptable per accounting standard in Thailand. Such value is certified by the certified public accountant.

- Appraised value refers to assessed under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract. This assessment shall be conducted by a certified and licensed actuarial under the acceptable actuarial standard. The assumptions used must be based on real experience or in case where the Company has insufficient information based on experience of the industry.



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Such assumptions must be adjusted to be appropriate and fit the nature of underwriting portfolio of the company.

Moreover, such reserve must include Provision of Adverse Deviation (PAD) as required by OIC.

**Note:** In some reporting period of financial statement, insurance contract liability might be significantly different from book value and appraised value because of different purpose and assessment method as aforementioned. To use this information, please thoroughly study and understand the purpose and guideline of this insurance contract liability assessment.

## 6. The Company's Investment

The Company has set the investment policy framework, investment plan, SAA, stress test to test capital adequacy ratio (CAR%) and asset back ratio (ABR%) and set the investment budget and review the exposure limit for each year which have been considered by the Investment Committee and Risk Management Committee and approved by the Board of Directors. The Company will strictly invest under the investment policy framework and investment plan and payment authorization limits. The investment performance will be regularly report to the Investment Committee on a daily, monthly, quarterly and yearly basis. In order to comply with the internal control, the Risk Management department is assigned to make a report to monitor on investment risk and exposure limit every month, including internal audit review by internal audit department.

Moreover, the Company regularly reviews the investment procedures and working instructions to be up-to-date.

The investment assets will be assessed value based on applicable accounting standard such as market value, bidding price, amortized cost, initial cost or book value. The impairment test is set for unlisted common stock and the calculation of expected credit loss for debt instrument based on widely acceptable financial theory.

Quantitative information is as below table

Unit: Million Baht

Type of Investment Assets	The information as of 31 December			
	2021		2020	
	Book value	Appraised value	Book value	Appraised value
Deposit and certificates of deposit at financial institution	834	846	847	846
Fixed incomes (bond, debenture, promissory note, bill of exchange, convertible bond and Government Saving Tickets)	8,738	8,805	7,938	8,071



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Type of Investment Assets	The information as of 31 December			
	2021		2020	
	Book value	Appraised value	Book value	Appraised value
Equities (excluding investment in subsidiary company and associate)	2,152	2,152	2,000	2,001
Unit trust	2,537	2,538	2,706	2,707
Loans, Hire purchasing loans and rent asset under leasing contract	1	1	3	3
Warrants, debentures, investment units	-	-	-	-
Derivatives	-	-	-	-
Other Investments	47	42	47	43
<b>Net Investment Assets</b>	<b>14,309</b>	<b>14,384</b>	<b>13,541</b>	<b>13,671</b>

**Remark:** - Book value refers to the Company's assets and liabilities assessed under the financial reporting standards.

- Appraised value refers to assets and liabilities assessed under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract.

## 7. Performance and related financial ratios analysis

The Company's gross premium comprised direct premium and assumed/inward premium received. In the year 2021, gross premium of all products was Baht 15,556 million, increased by Baht 831 million or 5.6%. Net premium was Baht 7,924 million, increased by 2.2% from last year. The Company's retention ratio was 50.9%. However, the Company continues to manage its portfolio mix with balancing of risk and return. Earned premium for the year was Baht 7,438 million, decreased by 1.6% from last year, from reinsurance premiums under excess of loss treaty. Commission and brokerage income from reinsurers increased from Baht 1,921 million to Baht 2,220 million, or 15.6% from previous year.

In the year 2021, the Company had claims and loss adjustment expenses of Baht 3,972 million with loss ratio on earned premium at 53.4%. The 2021 decrease in loss ratio from 57.9% was due to the improvement of motor claim operation, the adjustment of motor premium rates and COVID-19 measures, including WFH, cross province travel restrictions and curfew hours. In terms of general insurance, the claim ratio was not much different from the 2020's, even though there were a high number of claims arising from COVID-19 insurance policies and large claims arising from major fire and flood incidents in the third quarter of 2021, it was due to proper reinsurance management schemes. Other underwriting and operating expenses increased by Baht 436 million due to various



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marketing and sales promotion expenses incurred to retain existing customers and gain new customers under high market competition.

The Company's annual net profit in 2021 as presented in the statement of comprehensive income was Baht 767 million, an increase of Baht 177 million or 29.9% from 2020.

Quantitative information is as below table

Unit: Million Baht

item	2021	2020
Gross Premium Written	15,556	14,725
Earned Premium (Net)	7,438	7,559
Investment Income and Other Incomes	619	416
Net Profit (Loss)	767	591

#### Key Financial Ratios (Percentage)

Ratio	2021	2020
Loss Ratio	53.4	57.9
Expense Ratio	41.8	37.6
Combined Ratio	95.2	95.5
Liquidity ratio	210.6	258.4
Return on equity	13.4	10.7

## 8. The Company's capital adequacy

The Company, as a public company, has focused on overseeing and managing its business and building up confidence for insurers, shareholders, investors and any related parties. This is considered the essential part of its operation and a crucial responsibility, including risk management as specified in the notification of the Office of Insurance Commission (OIC) on the Criteria, Procedures, and Conditions for Supervising Enterprise Risk Management and Own Risk and Solvency Assessment of Non-life Insurance Companies B.E. 2563 (2020), as well as risk management in various areas that could affect related parties (the Company's stakeholders). The Company's risk management is based on Risk Based Capital Framework whereby Investment Risk Appetite is set as a guideline to maintain the Company's capital adequacy ratio throughout business operations. In addition, stress testing has been performed to analyze events and scenarios that may have negative impact on the Company's performance and capital, for example, major claim payments, disaster, loss on investment, etc. The result of the



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study will be used for planning and setting strategies of the Company such as underwriting strategy, reinsurance strategy and investment strategy, etc.

On December 31, 2021, the Company's Solvency Ratio was higher than the minimum requirement of the Office of Insurance Commission (OIC). Proven by result of the stress test, it could be concluded that capital level of the Company is adequate and higher than the requirement prescribed by law and can withstand severe incidents as set in the assumption.

Quantitative information is as below table

Unit: Million Baht

item	As of 31 December	
	2021	2020
Total Assets	30,011	25,585
Total Liabilities	24,006	20,157
- Insurance contract liabilities	14,985	12,451
- Other Liabilities	9,021	7,706
Equity	6,005	5,428
Equity tier 1 (CET1) capital ratio to legally maintained capital (percentage)	287	305
Ratio of Tier 1 capital to capital required by law (percentage)	287	305
Capital Adequacy Ratio (percentage)	287	305
Total Capital Available: TCA	4,934	4,708
Total Capital Required: TCR	1,717	1,542

- Remarks:**
- According to the announcement of the Office of Insurance Commission regarding the determination of categories and types of capital funds including the rules, methods and conditions for calculating the capital of the non-life insurance companies, the registrar may establish necessary measures to supervise companies with capital adequacy ratio (CAR) lower than supervisory CAR specified in the announcement.
  - The above items are calculated using the value as announced by the Office of Insurance Commission on the appraisal of assets and liabilities and the determination of categories and types of capital funds including the rules, methods and conditions for calculating the capital of the non-life insurance companies.



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9. Financial statements and note to financial statements for the last calendar cycle which has been reviewed by the auditor as below link.

<https://www.muangthaiinsurance.com/upload/F/en/2564.pdf>



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