

MSIG Insurance (Thailand) Public Company Limited

Financial statements for the year ended
31 December 2022
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of MSIG Insurance (Thailand) Public Company Limited

Opinion

I have audited the financial statements of MSIG Insurance (Thailand) Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.



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 TFRSs, 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 TSAs 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 TSAs, I exercise professional judgment 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.

A handwritten signature in black ink, appearing to read 'P. Gulsantithamrong', with a checkmark-like flourish at the end.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
15 March 2023


MSIG Insurance (Thailand) Public Company Limited

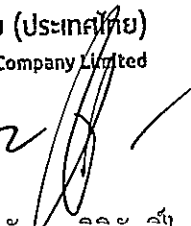
Statement of financial position

Assets	Note	31 December	
		2022	2021
		(in Baht)	
Cash and cash equivalents	4	236,303,121	239,365,601
Premiums due and uncollected	5, 22	646,365,826	760,610,706
Accrued investment income		9,785,840	9,326,207
Reinsurance assets	10, 22	372,932,709	393,415,655
Reinsurance receivables	6, 22	88,212,662	103,469,426
Investments assets			
Investments in securities	7, 24, 25	3,796,892,610	3,508,824,145
Premises and equipment	8	264,689,048	256,517,363
Right-of-use assets		14,291,579	13,889,176
Intangible assets	9	30,053,429	33,838,593
Deferred acquisition costs		664,478,562	565,279,431
Deferred tax assets	18	446,439,499	389,775,666
Other assets	22	68,542,363	81,867,855
Total assets		6,638,987,248	6,356,179,824



บมจ. เอ็ม เอส ไอ จี ประกันภัย (ประเทศไทย)
MSIG Insurance (Thailand) Public Company Limited


(นายอรรถนพ พรชิตี)
กรรมการผู้มีอำนาจ


(นายรัฐพล กิตติศักดิ์ไชยกุล)
กรรมการผู้มีอำนาจ

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2022	2021
		<i>(in Baht)</i>	
Liabilities			
Insurance contract liabilities	10	3,754,549,904	3,367,505,930
Reinsurance payables	11, 22	291,821,094	300,570,150
Income tax payable		19,800,459	58,994,967
Employee benefit obligations	12	293,974,241	285,060,126
Lease liabilities		12,985,415	12,588,062
Other liabilities	13, 22	430,444,041	476,246,376
Total liabilities		4,803,575,154	4,500,965,611
Equity			
Share capital			
Authorized share capital		142,666,200	142,666,200
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Issued and paid-up share capital		142,666,200	142,666,200
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Share premium on ordinary shares	14	146,068,797	146,068,797
Retained earnings			
Appropriated			
Legal reserve	15	14,266,620	14,266,620
Unappropriated			
Other components of shareholders' equity	15	(10,486,787)	14,201,859
Total equity		1,835,412,094	1,855,214,213
Total liabilities and equity		6,638,987,248	6,356,179,824

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

MSIG Insurance (Thailand) Public Company Limited**Statement of comprehensive income**

		For the year ended 31 December	
	Note	2022	2021
		<i>(in Baht)</i>	
Revenues			
Gross premiums written		4,652,267,157	4,105,404,569
Less premiums ceded	22	<u>(748,416,254)</u>	<u>(628,232,381)</u>
Net premiums written		3,903,850,903	3,477,172,188
Unearned premium reserve increased from previous year		(188,235,911)	(274,920,960)
Add reinsurers' share of unearned premium reserve increased (decreased) from previous year		<u>(7,764,412)</u>	<u>8,898,447</u>
Net premiums earned		3,707,850,580	3,211,149,675
Commission and brokerage income	22	225,699,564	148,180,154
Net investment income		49,268,779	37,094,559
Gain on investments		10,402,035	50,694,568
Other income	22	<u>13,628,713</u>	<u>14,286,739</u>
Total revenues		<u>4,006,849,671</u>	<u>3,461,405,695</u>
Expenses			
Insurance claims expenses	17	2,281,248,894	1,596,031,363
Less insurance claims expenses recovered from reinsurers	22	<u>(263,023,350)</u>	<u>(92,438,992)</u>
Net insurance claims expenses		2,018,225,544	1,503,592,371
Commission and brokerage expenses		572,669,638	539,674,221
Other underwriting expenses	17	727,924,064	541,053,527
Operating expenses	16, 17, 22	499,213,463	559,927,043
Other expenses		10,127,739	9,342,107
Expected credit loss (reversal) and impairment loss	21	<u>(198,205)</u>	<u>2,149,101</u>
Total expenses		<u>3,827,962,243</u>	<u>3,155,738,370</u>
Profit before income tax		178,887,428	305,667,325
Income tax	18	<u>35,505,100</u>	<u>60,766,357</u>
Net profit		<u>143,382,328</u>	<u>244,900,968</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income

		For the year ended 31 December	
	Note	2022	2021
<i>(in Baht)</i>			
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investment-fair value through other comprehensive income (loss)		(30,860,807)	(25,904,509)
Income tax relating to items that will be reclassified subsequently to profit or loss	18	<u>6,172,161</u>	<u>5,180,902</u>
Total items that will be reclassified subsequently to profit or loss		<u>(24,688,646)</u>	<u>(20,723,607)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plan		5,212,998	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	<u>(1,042,599)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss		<u>4,170,399</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax		<u>(20,518,247)</u>	<u>(20,723,607)</u>
Total comprehensive income for the year		<u>122,864,081</u>	<u>224,177,361</u>
Basic earnings per share <i>(in Baht)</i>	19	<u>100.50</u>	<u>171.66</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity

			Retained earnings		Other components of equity		
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	Gain (loss) on investment measured at fair value through other comprehensive income	Total equity
For the year ended 31 December 2021							
Balance at 1 January 2021		142,666,200	146,068,797	14,266,620	1,371,576,179	34,925,466	1,709,503,262
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	20, 22	-	-	-	(78,466,410)	-	(78,466,410)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(78,466,410)	-	(78,466,410)
Comprehensive income (loss) for the year							
Net profit		-	-	-	244,900,968	-	244,900,968
Other comprehensive income (loss)		-	-	-	-	(20,723,607)	(20,723,607)
Total comprehensive income (loss) for the year		-	-	-	244,900,968	(20,723,607)	224,177,361
Balance at 31 December 2021		142,666,200	146,068,797	14,266,620	1,538,010,737	14,201,859	1,855,214,213

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity

			Retained earnings		Other components of equity		
			Legal	Unappropriated	Gain (loss) on investment measured at fair value through other comprehensive income	Total equity	
	Note	Issued and paid-up share capital	Share premium on ordinary shares	reserve	(in Baht)		
For the year ended 31 December 2022							
Balance at 1 January 2022		142,666,200	146,068,797	14,266,620	1,538,010,737	14,201,859	1,855,214,213
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	20, 22	-	-	-	(142,666,200)	-	(142,666,200)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(142,666,200)	-	(142,666,200)
Comprehensive income (loss) for the year							
Net profit		-	-	-	143,382,328	-	143,382,328
Other comprehensive income (loss)		-	-	-	4,170,399	(24,688,646)	(20,518,247)
Total comprehensive income (loss) for the year		-	-	-	147,552,727	(24,688,646)	122,864,081
Balance at 31 December 2022		142,666,200	146,068,797	14,266,620	1,542,897,264	(10,486,787)	1,835,412,094

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

MSIG Insurance (Thailand) Public Company Limited

Statement of cash flows

	Note	For the year ended 31 December	
		2022	2021
		(in Baht)	
<i>Cash flows from operating activities</i>			
Premium received		4,754,938,637	4,083,271,793
Cash paid to reinsurers		(241,729,857)	(310,065,622)
Interest received		45,247,700	36,477,035
Dividend received		4,757,098	5,480,249
Other income		5,995,019	4,987,302
Insurance claims expenses		(2,076,283,918)	(1,484,333,014)
Commission and brokerage expenses		(662,923,923)	(561,334,286)
Other underwriting expenses		(694,599,921)	(514,469,315)
Operating expenses		(513,023,279)	(525,492,629)
Income tax paid		(126,233,879)	(143,031,013)
Cash received - financial assets		2,685,416,648	2,441,873,117
Cash payment - financial assets		(2,994,941,331)	(2,882,794,380)
Net cash flows provided by operating activities		186,618,994	150,569,237
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of equipment and vehicles		78,051	10,435
Cash flows provided by investing activities		78,051	10,435
Cash flows used in			
Purchase of building improvement and equipment		(34,454,454)	(28,190,298)
Purchase of intangible assets		(5,468,133)	(9,969,093)
Cash flows used in investing activities		(39,922,587)	(38,159,391)
Net cash flows used in investing activities		(39,844,536)	(38,148,956)
<i>Cash flows from financing activities</i>			
Payment of lease liabilities		(6,458,921)	(6,866,348)
Interest paid		(711,817)	(529,526)
Dividend paid	20, 22	(142,666,200)	(78,466,410)
Net cash flows used in financing activities		(149,836,938)	(85,862,284)
Net increase (decrease) in cash and cash equivalents		(3,062,480)	26,557,997
Cash and cash equivalents at 1 January		239,365,601	212,807,604
Cash and cash equivalents at 31 December	4	236,303,121	239,365,601

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

MSIG Insurance (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issuance by the Company's Board of Directors on 15 March 2023.

1 General information

MSIG Insurance (Thailand) Public Company Limited, (the "Company"), is incorporated in Thailand. The Company's registered office at 1908 MSIG Building, New Petchburi Road, Bangkok, HuayKwang, Bangkok.

The ultimate parent company, MS&AD Insurance Group Holdings, Inc., and the Company's major shareholders, Mitsui Sumitomo Insurance Co., Ltd. are incorporated in Japan and Yardhimar Co., Ltd. which is incorporated in Thailand.

The principal business of the Company is the operation of non-life insurance.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS") and guidelines promulgated by the Federation of Accounting Professions. In addition, the financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding "Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting of the Operations of Non-Life Insurance Companies" B.E. 2562 (No.2), dated 4 April 2019.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2022. The adoption of these new and revised TFRS did not have any material impact on the financial statements.

The Company has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 29.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

<i>Items</i>	<i>Measurement bases</i>
Investment measured at fair value through other comprehensive income	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (k)

MSIG Insurance (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2022

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand Baht in note to financial statements unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements, assumptions, and estimation uncertainties

Information about judgements, assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial statements is included in the following notes:

Note 10 Insurance contract liabilities

Insurance contract liabilities

Insurance contract liabilities consist of loss reserve, outstanding claims and unearned premium reserves. The carrying amount as at the reporting date is disclosed in note 10.

Process involved in determining assumptions of loss reserve and outstanding claims

The Company determines the loss reserve and outstanding claims in accordance with the Company's claim experiences. The assumptions used in the estimation are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen. However, because of the uncertainty of a provision for insurance claims, it is likely that the final outcome could prove to be different from the estimated liability.

Provision is estimated at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses. The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims.

The Chain-ladder technique involves the analysis of historical claims development factors and the selection of estimated development factors based on the historical claims development pattern. The selected development factors are then applied to cumulative claims data for each accident year.

The Bornhuetter-Ferguson method estimates the ultimate loss using a combination of actual reported losses and an estimate of loss developments for future losses which are based on the expected losses and the selected loss development factors of each accident year. The two estimates are combined using a formula that gives weight to the experience-based estimate as time passes.

Process involved in determining of premium reserves

The Company determines the premium reserves based on the greater amount of unearned premium reserves less deferred acquisition costs and unexpired risk reserves which as of reporting date.

MSIG Insurance (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2022

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Foreign currencies*

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the reporting date. Foreign currency differences are generally recognised in profit or loss.

(b) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition.

(c) *Classification of insurance contracts*

Insurance contracts are contracts under which the Company accepts significant insurance risk from another party by agreeing to compensate the policy holder or beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

(d) *Recognition and measurement of insurance contracts*

Premiums due and uncollected

Premiums due and uncollected are stated in the insurance policy value less allowance for doubtful accounts. Which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by an independent appraiser or the Company's appraiser, depending on the particular case. In addition, the Company set up a provision for losses incurred but not yet reported (IBNR) based upon estimates made by a qualified actuary.

Premium reserves

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

Unearned premium reserve

Unearned premium reserve represent the portion of the net premium written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily average basis from net premium written (the one-three hundred sixty fifth basis).

MSIG Insurance (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2022

Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary. Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserve.

Premium written and premium earned

Premium written is recognised on insurance policy comes into effect and are presented gross of premium ceded and commissions and brokerage expenses. Premium earned comprises of premium written during the year and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage.

Commissions and brokerage expenses

Acquisition costs which represent commission, brokerage expenses and other related expenses are deferred and recognised over the period in which the related premiums are earned.

Claims and loss adjustment expenses

Insurance claims and loss adjustment expenses consist of insurance claims and loss adjustment expenses of direct insurance and reinsurance, and include the amounts of insurance claims, related expenses, and loss adjustments of current loss reserves and brought forward period, less residual value and other recoveries (if any) and claims refundable from reinsurers. Insurance claims and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured and estimated loss incurred by the Company's claim department or external surveyors. The maximum value of claims estimated is not, however, to exceed the sum-insured under the relevant policy. Insurance claims and loss adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

Reinsurance

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Premium ceded, reinsurer's share of change in unearned premium reserve, fee and commission income and claims and loss adjustment expenses recovered from reinsurers are recognised as expense or income in accordance with the pattern of reinsurance service received when incurred. An asset or liability is recognised in the statement of financial position representing reinsurance receivables, reinsurer's share of insurance contract liabilities and reinsurance payables. The net amount is presented in the statement financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. Due to reinsurers and other payable are stated at cost.

MSIG Insurance (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2022

Liability adequacy test

Short-term insurance contracts

The liability of the Company under short-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows with the carrying amount of gross insurance contract provisions for unearned premiums and insurance claims on in force policies at the end of reporting period by using an actuarial method based on historical claims and expense. Where an expected shortfall is identified, additional provisions are made for unearned premiums or insurance claims and are recognized in profit or loss.

(e) Financial instruments

(1) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset and financial liability are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(2) Classification and subsequent measurement

Financial assets

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost, less impairment losses. Acquisition cost and maturity amount of debt securities differences are amortised by effective interest method through the remaining life of debt securities. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets other than those debt securities held to maturity, are classified as investments measured at fair value through other comprehensive income, subsequent to their initial recognition, these investments are measured at fair value to other comprehensive income, with changes in fair value on investments recognised directly in equity, except impairment losses and monetary in foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of debt securities is calculated by referencing to the price quoted by Thai Bond Market Association at reporting date. For debt securities which are not listed on the Thai Bond Market Association, the fair value is calculated by referencing to the price quoted by a reliable institutions at the reporting date. For equity securities and other securities which are listed, the fair value is estimated using the last bid price from the Stock Exchange of Thailand (SET) at reporting date. For unit trusts which are non-listed, fair value is estimated using net asset value at reporting date.

Financial liabilities

Financial liabilities are measured at amortised cost which subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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(3) *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(4) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) *Premises and equipment*

Recognition and measurement

Owned assets

Land is measured at cost less any impairment loss. Building and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of premises and equipment are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land or assets under construction.

The estimated useful lives are as follows:

Buildings	50 years
Buildings improvement	3 - 20 years
Furniture, fixtures and equipment	1 - 10 years
Computer equipment	3 - 10 years
Vehicles	5 years

(g) Lease

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

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At lease inception, the Company considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease. The Company recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

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(h) *Intangible assets*

Computer software that is acquired by the Company and had a finite useful life are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Computer software	1 - 10 years
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(i) *Impairment of financial assets*

Equity instruments and unit trust which is classified as FVOCI

Impairment loss is recognised when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists.

When a decline in the fair value of FVOCI financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Debt instruments except for unit trust which is classified as FVOCI securities

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, and debt investments measured at FVOCI.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

The Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Company recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

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ECLs for investments in debt securities

Probabilities of default (PD) and loss given default (LGD) for investment in debt securities are based on historical data supplied by rating agency for each credit rating.

The Company considers debt securities to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade' as equivalent to S&P BBB- grade at least.

The Company assumes that the credit risk on debt securities has increased significantly if it is significant deterioration in debt securities' credit rating.

The Company considers debt securities to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full; or
- the debt securities are more than 1 days past due.

(j) *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) *Employee benefits*

The Company operates a number of employee benefit plans as follows:

Defined contribution plans

Obligations for contributions to the Company's provident funds are expensed as the related service is provided.

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Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations are discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the assets or liabilities that are based on unobservable inputs.

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For the year ended 31 December 2022

If the inputs used to measure the fair value of an asset or liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period.

Further information about the methods made in measuring fair values is disclosed in note 23.

(n) Revenue

Revenue is recognised when a customer obtains control of service in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Rendering of services

Revenue for rendering of services is recognized over time as the services are provided. The related costs are recognized in profit or loss when they are incurred.

(o) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(p) Expenses-operating expenses

Operating expenses are recognised in the statement of comprehensive income as expenses on an accrual basis.

(q) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition construction. Interest expenses or borrowing costs are recognized in profit or loss using the effective interest method.

(r) Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; to the extent that it is probable that they will not reverse in the foreseeable future.

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The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Earnings per share*

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

(t) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company or the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4 Cash and cash equivalents

	2022	2021
	<i>(in thousand Baht)</i>	
Cash on hand	30	50
Deposits at banks - call deposits	236,273	184,211
Highly liquid short - term investments	-	55,105
Total	236,303	239,366

5 Premiums due and uncollected

As at 31 December 2022 and 2021, the aging analyses for premiums due and uncollected were as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
Within credit terms	543,747	618,774
Overdue:		
Not over than 30 days	54,043	61,314
31 - 60 days	36,857	39,057
61 - 90 days	12,296	15,818
91 days - 1 year	6,363	25,817
Over 1 year	4,560	5,208
Total	657,866	765,988
<i>Less allowance doubtful accounts</i>	<i>(11,500)</i>	<i>(5,377)</i>
Net	646,366	760,611

	2022	2021
	<i>(in thousand Baht)</i>	
Doubtful accounts (reversal) for the year ended 31 December	6,123	(1,839)

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The normal credit term of insured, agents and brokers granted by the Company is not over 60 days.

For premiums due and uncollected from agents and brokers, the Company has established collection guidelines in accordance with the regulatory requirement for premium collection. For overdue premium receivables, the Company pursues legal proceedings against such agents and brokers.

6 Reinsurance receivables

	2022 <i>(in thousand Baht)</i>	2021 <i>(in thousand Baht)</i>
Due from reinsurers	<u>88,213</u>	<u>103,469</u>

As at 31 December 2022 and 2021, the aging analyses for due from reinsurers were as follows:

	2022 <i>(in thousand Baht)</i>	2021 <i>(in thousand Baht)</i>
Within due	-	-
Overdue:		
Less than 1 year	75,683	97,590
Within 1 - 2 years	12,507	5,873
Over 2 years	23	6
Total	<u>88,213</u>	<u>103,469</u>

7 Investments in securities

7.1 Investment in securities by measurement are as follows:

	2022		2021	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Investment measured at fair value through other comprehensive income</i>				
Government and state enterprise debt securities	2,545,211	2,525,919	2,075,289	2,066,781
Private debt securities	848,446	837,314	761,964	766,358
Equity securities	187,995	202,951	229,481	241,781
Unit trust	-	-	82,800	89,805
Total	<u>3,581,652</u>	<u>3,566,184</u>	<u>3,149,534</u>	<u>3,164,725</u>
Add unrealised gains (losses)	(15,298)	-	15,361	-
Less allowance for impairment loss	(170)	-	(170)	-
Total investment measured at fair value through other comprehensive income	<u>3,566,184</u>	<u>3,566,184</u>	<u>3,164,725</u>	<u>3,164,725</u>
Allowance for impairment loss	<u>2,067</u>	<u>-</u>	<u>2,067</u>	<u>-</u>
Allowance for expected credit loss	<u>123</u>	<u>-</u>	<u>321</u>	<u>-</u>

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	2022		2021	
	Cost / Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost / Amortised cost	Fair value
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	<u>230,709</u>	<u>230,709</u>	<u>344,099</u>	<u>344,099</u>
Total investment measured at amortised cost	<u>230,709</u>	<u>230,709</u>	<u>344,099</u>	<u>344,099</u>
Total investment in securities	<u>3,796,893</u>	<u>3,796,893</u>	<u>3,508,824</u>	<u>3,508,824</u>

7.2 Investment measured at fair value through other comprehensive income

	2022		2021	
	Fair value	Allowance for expected credit loss / Allowance for impairment loss <i>(in thousand Baht)</i>	Fair value	Allowance for expected credit loss / Allowance for impairment loss
Debt securities - no significant increase in credit risk (stage 1)	3,363,233	123	2,833,139	321
Debt securities - unit trust	-	-	89,805	-
Equity securities	<u>202,951</u>	<u>2,237</u>	<u>241,781</u>	<u>2,237</u>
Total	<u>3,566,184</u>	<u>2,360</u>	<u>3,164,725</u>	<u>2,558</u>

7.3 Investment measured at amortised cost

	2022		
	Book value	Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	<u>230,709</u>	<u>-</u>	<u>230,709</u>
Total	<u>230,709</u>	<u>-</u>	<u>230,709</u>
	2021		
	Book value	Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	<u>344,099</u>	<u>-</u>	<u>344,099</u>
Total	<u>344,099</u>	<u>-</u>	<u>344,099</u>

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7.4 Remaining period of debt securities

As at 31 December 2022 and 2021, investments in debt securities which were classified as investment measured at fair value through other comprehensive income and investment measured at amortised cost were classified by the remaining maturity as follows:

	2022 Maturities				2021 Maturities			
	1 year	Over 1 - 5 years	Over 5 years	Total <i>(in thousand Baht)</i>	1 year	Over 1 - 5 years	Over 5 years	Total
<i>Debt securities measured at fair value through other comprehensive income</i>								
<i>Government and state enterprise debt securities</i>								
- Thai government bonds	587,141	1,021,569	853,001	2,461,711	537,639	1,107,112	347,038	1,991,789
- State enterprise bonds	-	31,400	52,100	83,500	-	5,500	78,000	83,500
Total	587,141	1,052,969	905,101	2,545,211	537,639	1,112,612	425,038	2,075,289
<i>Add (less) unrealised gains (losses)</i>	<i>295</i>	<i>(17,815)</i>	<i>(1,772)</i>	<i>(19,292)</i>	<i>865</i>	<i>(2,373)</i>	<i>(7,000)</i>	<i>(8,508)</i>
Total	587,436	1,035,154	903,329	2,525,919	538,504	1,110,239	418,038	2,066,781
<i>Private debt securities</i>								
- Debentures	-	553,574	294,872	848,446	-	481,210	280,754	761,964
<i>Add (less) unrealised gains (losses)</i>	<i>-</i>	<i>(3,385)</i>	<i>(7,747)</i>	<i>(11,132)</i>	<i>-</i>	<i>6,391</i>	<i>(1,997)</i>	<i>4,394</i>
Total	-	550,189	287,125	837,314	-	487,601	278,757	766,358
Total debt securities measured at fair value through other comprehensive income	587,436	1,585,343	1,190,454	3,363,233	538,504	1,597,840	696,795	2,833,139

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	2022 Maturities			Total (in thousand Baht)	2021 Maturities			Total
	1 year	Over 1 - 5 years	Over 5 years		1 year	Over 1 - 5 years	Over 5 years	
<i>Debt securities at amortised cost</i>								
Deposits at banks with original maturities over 3 months	230,709	-	-	230,709	344,099	-	-	344,099
Total debt securities at amortised cost	230,709	-	-	230,709	344,099	-	-	344,099
Total investment in debt securities	818,145	1,585,343	1,190,454	3,593,942	882,603	1,597,840	696,795	3,177,238

7.5 Disclosure on fair value of debt securities for each class as follow

Classification of financial assets	Fair value as at 31 December 2022	Changes in fair value during the year	Fair value as at 31 December 2021	Changes in fair value during the year
Financial assets - the contractual cash flows from financial assets at the defined date are solely payment of principal and interest, excluding financial assets meet to definition of held for trading in accordance with Thai Financial Reporting Standards: TFRS 9 or the company is managed and whose performance is evaluated on a fair value basis.	<u>3,593,942</u>	<u>416,704</u>	<u>3,177,238</u>	<u>431,201</u>
Contractual cash flows from financial assets at the defined date are not solely payment of principal and interest.	<u>-</u>	<u>(89,805)</u>	<u>89,805</u>	<u>8,485</u>

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8 Premises and equipment

	Land	Buildings	Buildings improvement <i>(in thousand Baht)</i>	Furniture, fixtures and equipment	Vehicles	Total
<i>Cost</i>						
At 1 January 2021	119,074	218,765	87,612	314,474	6,299	746,224
Additions	-	-	7,949	20,425	2,205	30,579
Disposals	-	-	(4,011)	(83,990)	(6,299)	(94,300)
At 31 December 2021 and 1 January 2022	119,074	218,765	91,550	250,909	2,205	682,503
Additions	-	-	7,669	26,786	-	34,455
Disposals	-	-	(8,366)	(22,502)	-	(30,868)
At 31 December 2022	119,074	218,765	90,853	255,193	2,205	686,090
<i>Accumulated depreciation</i>						
At 1 January 2021	-	196,644	34,657	249,071	5,669	486,041
Depreciation charge for the year	-	1,051	5,261	24,888	656	31,856
Disposals	-	-	(2,745)	(83,182)	(5,984)	(91,911)
At 31 December 2021 and 1 January 2022	-	197,695	37,173	190,777	341	425,986
Depreciation charge for the year	-	1,052	4,915	20,036	242	26,245
Disposals	-	-	(8,367)	(22,463)	-	(30,830)
At 31 December 2022	-	198,747	33,721	188,350	583	421,401
<i>Net book value</i>						
At 1 January 2021	119,074	22,121	52,955	65,403	630	260,183
At 31 December 2021 and 1 January 2022	119,074	21,070	54,377	60,132	1,864	256,517
At 31 December 2022	119,074	20,018	57,132	66,843	1,622	264,689

The gross carrying amount of the Company's fully depreciated buildings improvement and equipment that was still in use as at 31 December 2022 amounted to Baht 123 million (2021: Baht 130 million).

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9 Intangible assets

	Software licences <i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 January 2021	83,271
Additions	11,593
Disposal	(4,125)
At 31 December 2021 and 1 January 2022	90,739
Additions	5,468
Disposal	(6,673)
At 31 December 2022	89,534
 <i>Amortisation and impairment losses</i>	
At 1 January 2021	48,553
Amortisation for the year	10,849
Disposal	(2,502)
At 31 December 2021 and 1 January 2022	56,900
Amortisation for the year	6,721
Disposal	(4,140)
At 31 December 2022	59,481
 <i>Net book value</i>	
At 1 January 2021	34,718
At 31 December 2021 and 1 January 2022	33,839
At 31 December 2022	30,053

The gross carrying amount of the Company's fully amortised intangible assets that still in use as at 31 December 2022 amounted to Baht 34 million (2021: Baht 22 million).

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10 Insurance contract liabilities

	2022			2021		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,220,633	(150,238)	1,070,395	1,028,047	(163,475)	864,572
- Incurred but not reported	136,211	(26,547)	109,664	129,989	(26,029)	103,960
Total loss reserves and outstanding claims	1,356,844	(176,785)	1,180,059	1,158,036	(189,504)	968,532
Unearned premium reserves	2,397,706	(196,148)	2,201,558	2,209,470	(203,912)	2,005,558
Total	3,754,550	(372,933)	3,381,617	3,367,506	(393,416)	2,974,090

10.1 Loss reserves and outstanding claims

At 1 January	1,158,036	(189,504)	968,532	1,055,830	(222,438)	833,392
Insurance claim expenses incurred during the year	2,148,991	(262,505)	1,886,486	1,509,415	(149,186)	1,360,229
Insurance claim expenses paid during the year	(1,956,405)	275,742	(1,680,663)	(1,362,823)	125,373	(1,237,450)
Change in estimation and assumption	6,222	(518)	5,704	(44,386)	56,747	12,361
At 31 December	1,356,844	(176,785)	1,180,059	1,158,036	(189,504)	968,532

10.2 Unearned premium reserves

At 1 January	2,209,470	(203,912)	2,005,558	1,934,549	(195,014)	1,739,535
Premium written during the year	4,652,267	(748,416)	3,903,851	4,105,405	(628,232)	3,477,173
Earned premium in the year	(4,464,031)	756,180	(3,707,851)	(3,830,484)	619,334	(3,211,150)
At 31 December	2,397,706	(196,148)	2,201,558	2,209,470	(203,912)	2,005,558

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10.3 Loss development table

10.3.1 Gross loss development triangle

At 31 December 2022

Accident year/ Accounting year	Prior and within 2017	2018	2019	2020	2021	2022	Total
<i>(in thousand Baht)</i>							
Estimated loss reserve and outstanding claims							
At year ended		2,103,157	1,936,421	1,656,868	1,769,681	2,316,316	
Development year 1		1,996,700	1,867,277	1,516,826	1,742,520	-	
Development year 2		1,900,641	1,708,211	1,394,685	-	-	
Development year 3		1,896,042	1,695,807	-	-	-	
Development year 4		1,893,924	-	-	-	-	
Absolute estimated loss reserve and outstanding claim	217,409	1,893,924	1,695,807	1,394,685	1,742,520	2,316,316	9,260,661
Accumulative claims paid	<u>(210,732)</u>	<u>(1,892,790)</u>	<u>(1,637,661)</u>	<u>(1,360,506)</u>	<u>(1,549,505)</u>	<u>(1,324,919)</u>	<u>(7,976,113)</u>
Total	<u>6,677</u>	<u>1,134</u>	<u>58,146</u>	<u>34,179</u>	<u>193,015</u>	<u>991,397</u>	<u>1,284,548</u>
Reconciliation							
Unallocated loss adjustment expenses							<u>72,296</u>
Total loss reserve and outstanding claims							<u>1,356,844</u>

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At 31 December 2021

Accident year/ Accounting year	Prior and within 2016	2017	2018	2019	2020	2021	Total
<i>(in thousand Baht)</i>							
Estimated loss reserve and outstanding claims							
At year ended		2,003,669	2,103,157	1,936,421	1,656,868	1,769,681	
Development year 1		1,950,548	1,996,700	1,867,277	1,516,826	-	
Development year 2		1,875,305	1,900,641	1,708,211	-	-	
Development year 3		1,877,678	1,896,042	-	-	-	
Development year 4		1,874,401	-	-	-	-	
Absolute estimated loss reserve and outstanding claim	127,147	1,874,401	1,896,042	1,708,211	1,516,826	1,769,681	8,892,308
Accumulative claims paid	(121,777)	(1,866,393)	(1,891,376)	(1,625,103)	(1,338,619)	(955,414)	(7,798,682)
Total	5,370	8,008	4,666	83,108	178,207	814,267	1,093,626
Reconciliation							
Unallocated loss adjustment expenses							64,410
Total loss reserve and outstanding claims							1,158,036

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10.3.2 Net loss development triangle

At 31 December 2022

Accident year/ Accounting year	Prior and within 2017	2018	2019	2020	2021	2022	Total
<i>(in thousand Baht)</i>							
Estimated loss reserve and outstanding claims							
At year ended		1,626,174	1,690,769	1,460,488	1,612,701	2,125,609	
Development year 1		1,610,349	1,610,908	1,340,831	1,493,464	-	
Development year 2		1,520,312	1,488,061	1,234,352	-	-	
Development year 3		1,517,698	1,477,612	-	-	-	
Development year 4		1,515,705	-	-	-	-	
Absolute estimated loss reserve and outstanding claims	70,128	1,515,705	1,477,612	1,234,352	1,493,464	2,125,609	7,916,870
Accumulative claims paid	<u>(66,569)</u>	<u>(1,515,495)</u>	<u>(1,471,901)</u>	<u>(1,211,407)</u>	<u>(1,317,563)</u>	<u>(1,226,172)</u>	<u>(6,809,107)</u>
Total	<u>3,559</u>	<u>210</u>	<u>5,711</u>	<u>22,945</u>	<u>175,901</u>	<u>899,437</u>	<u>1,107,763</u>
Reconciliation							
Unallocated loss adjustment expenses							<u>72,296</u>
Total loss reserve and outstanding claims, net							<u>1,180,059</u>

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At 31 December 2021

Accident year/ Accounting year	Prior and within 2016	2017	2018	2019	2020	2021	Total
<i>(in thousand Baht)</i>							
Estimated loss reserve and outstanding claims							
At year ended		1,715,205	1,626,174	1,690,769	1,460,488	1,612,701	
Development year 1		1,681,410	1,610,349	1,610,908	1,340,831	-	
Development year 2		1,611,631	1,520,312	1,488,061	-	-	
Development year 3		1,611,927	1,517,698	-	-	-	
Development year 4		1,611,175	-	-	-	-	
Absolute estimated loss reserve and outstanding claims	57,628	1,611,175	1,517,698	1,488,061	1,340,831	1,612,701	7,628,094
Accumulative claims paid	<u>(52,302)</u>	<u>(1,606,450)</u>	<u>(1,514,554)</u>	<u>(1,472,689)</u>	<u>(1,190,765)</u>	<u>(887,212)</u>	<u>(6,723,972)</u>
Total	<u>5,326</u>	<u>4,725</u>	<u>3,144</u>	<u>15,372</u>	<u>150,066</u>	<u>725,489</u>	<u>904,122</u>
Reconciliation							
Unallocated loss adjustment expenses							<u>64,410</u>
Total loss reserve and outstanding claims, net							<u>968,532</u>

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11 Reinsurance payables

	2022	2021
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	88,960	85,336
Due to reinsurers	202,861	215,234
Total	<u>291,821</u>	<u>300,570</u>

12 Employee benefit obligations

Post-employment benefits

The Company operates a number of post-employment benefit plans including defined benefit plans. All defined benefit plans are unfunded. The Company has 3 defined benefit plans as follows:

Plan A

The retirement gratuity to staff employed by Commercial Union Assurance (Thailand) Company Limited prior to 15 July 1999. The employee benefits will be paid upon retirement or resignation.

Plan B

The post-employment benefit plan based on the requirement of the Thai Labor Protection Act B.E. 2541.

Plan C

Long service awards are given to eligible employees who complete 10 years of work, and subsequently every fifth year.

Present value of unfunded obligations as at 31 December 2022 and 2021 were as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
Defined benefit plans		
- Post-employment benefits	285,155	275,667
- Other long-term employee benefits	8,819	9,393
Total present value of unfunded obligations	<u>293,974</u>	<u>285,060</u>

<i>Present value of the defined benefit obligations</i>	2022			2021		
	Post-employment benefits	Other long-term employee benefits	Total	Post-employment benefits	Other long-term employee benefits	Total
	<i>(in thousand Baht)</i>					
At 1 January	275,667	9,393	285,060	276,509	8,962	285,471
Include in profit or loss:						
Current service cost	19,461	1,439	20,900	20,028	1,460	21,488
Interest on obligation	4,533	140	4,673	5,899	203	6,102
Paid during the year	(9,293)	(1,216)	(10,509)	(26,769)	(1,232)	(28,001)
Actuarial gain	-	(937)	(937)	-	-	-
Total	<u>290,368</u>	<u>8,819</u>	<u>299,187</u>	<u>275,667</u>	<u>9,393</u>	<u>285,060</u>

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<i>Present value of the defined benefit obligations</i>	2022			2021		
	Post-employment benefits	Other long-term employee benefits	Total	Post-employment benefits	Other long-term employee benefits	Total
			(in thousand Baht)			
Included in other comprehensive income:						
Actuarial gain						
- Demographic assumptions	84	-	84	-	-	-
- Financial assumptions	(4,701)	-	(4,701)	-	-	-
- Experience adjustment	(596)	-	(596)	-	-	-
Total	(5,213)	-	(5,213)	-	-	-
At 31 December	285,155	8,819	293,974	275,667	9,393	285,060

Principal actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2022	2021
		(%)
Discount rate	1.1 - 1.9	2.2 - 2.6
Future salary increase rate	3.0 - 5.0	4.0 - 6.0
Employee turnover rate	0.0 - 14.0	0.0 - 18.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(a) Defined post - employment benefits obligation

	Change in variable (%)	2022 Increase (decrease) in liabilities (in thousand Baht)	2021 Increase (decrease) in liabilities
Discount rate	+1	(14,127)	(15,010)
Discount rate	-1	15,752	16,797
Future salary	+1	24,446	32,081
Future salary	-1	(22,468)	(29,002)
Employee turnover rate	+10	(2,630)	(2,863)
Employee turnover rate	-10	2,795	3,043

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(b) Defined other long-term employee benefits obligation

	Change in variable (%)	2022 Increase (decrease) in liabilities <i>(in thousand Baht)</i>	2021 Increase (decrease) in liabilities
Discount rate	+1	(476)	(493)
Discount rate	-1	527	545
Employee turnover rate	+10	(289)	(290)
Employee turnover rate	-10	310	311

13 Other liabilities

	2022 <i>(in thousand Baht)</i>	2021
Commission payables	135,930	128,238
Accrued expenses	238,320	257,844
Others	56,194	90,164
Total	430,444	476,246

14 Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

15 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Investments measured at fair value through other comprehensive income

The fair value changes account within equity comprises the cumulative net change in the fair value of investment at FVOCI until the investments are derecognised or impaired, net of deferred tax.

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16 Operating expenses

	2022	2021
	<i>(in thousand Baht)</i>	
Employee expense	257,266	323,912
Premises and equipment expense	98,258	97,795
Taxes and duties	2,422	1,691
Bad debt and doubtful account expense (reversal)	5,713	(526)
Others	135,554	137,055
Total	<u>499,213</u>	<u>559,927</u>

17 Employee benefit expenses

	2022	2021
	<i>(in thousand Baht)</i>	
Director's remuneration	4,180	3,490
Wages, salaries and bonuses	574,659	592,970
Post-employment benefits	58,501	61,182
Total	<u>637,340</u>	<u>657,642</u>

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 15% of their basic salaries and by the Company at rates ranging from 5% to 15% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

18 Income tax

Income tax recognised in profit or loss

	2022	2021
	<i>(in thousand Baht)</i>	
<i>Current tax expense</i>		
Current year	85,939	105,457
Understatement in prior year	1,100	23,818
<i>Deferred tax expense</i>		
Movements in temporary differences	(51,534)	(68,509)
Total	<u>35,505</u>	<u>60,766</u>

Income tax recognised in other comprehensive income

Deferred tax expenses

Loss on remeasurement of investments - fair value through other comprehensive income	6,172	5,181
Actuarial gain on defined benefit plan	(1,042)	-
Total	<u>5,130</u>	<u>5,181</u>

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Reconciliation of effective tax rate

	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		178,888		305,668
Income tax using the tax rate	20.0	35,778	20.0	61,134
Understatement in prior year	0.6	1,100	7.8	23,818
Income tax adjustment - deferred	-	-	(6.5)	(19,968)
Income not subject to tax	(0.2)	(295)	(1.3)	(4,001)
Addition deductible expense for tax purpose	(0.9)	(1,562)	(0.6)	(1,716)
Expenses not deductible for tax purposes	0.3	484	0.5	1,499
Total	19.8	35,505	19.9	60,766

Deferred tax assets and liabilities

	2022	2021
	(in thousand Baht)	
Deferred tax assets	448,162	397,822
Deferred tax liabilities	(1,722)	(8,046)
Net	446,440	389,776

Movements in deferred tax balance are as follows:

	At 1 January 2022	(Charged) / credited to		At 31 December 2022
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Allowance for doubtful accounts	1,361	1,235	-	2,596
Allowance for impairment loss on investment	447	-	-	447
Unearned premium reserve	122,938	5,066	-	128,004
Incurred but not reported loss reserves (IBNR)	20,792	1,141	-	21,933
Loss reserves	172,914	41,165	-	214,079
Employee benefit obligations	57,012	2,825	(1,042)	58,795
Accrued Expense	22,294	(11)	-	22,283
Expected credit loss	64	(39)	-	25
Total	397,822	51,382	(1,042)	448,162
Deferred tax liabilities				
Depreciation expense for buildings	4,213	(210)	-	4,003
Depreciation expense for financial lease	282	58	-	340
Gain on remeasurement of investments - fair value	3,074	-	(6,133)	(3,059)
Allowance for impairment loss on investment	413	-	-	413
Expected credit loss	64	-	(39)	25
Total	8,046	(152)	(6,172)	1,722
Net	389,776	51,534	5,130	446,440

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	At 1 January 2021	(Charged) / credited to		At 31 December 2021
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,832	(471)	-	1,361
Allowance for impairment loss on investment	34	413	-	447
Unearned premium reserve	103,719	19,219	-	122,938
Incurred but not reported loss reserves (IBNR)	18,320	2,472	-	20,792
Loss reserves	148,359	24,555	-	172,914
Employee benefit obligations	57,094	(82)	-	57,012
Accrued Expense	-	22,294	-	22,294
Expected credit loss	48	16	-	64
Total	329,406	68,416	-	397,822
<i>Deferred tax liabilities</i>				
Depreciation expense for buildings	4,424	(211)	-	4,213
Depreciation expense for financial lease	164	118	-	282
Gain on remeasurement of investments - fair value	8,684	-	(5,610)	3,074
Allowance for impairment loss on investment	-	-	413	413
Expected credit loss	48	-	16	64
Total	13,320	(93)	(5,181)	8,046
Net	316,086	68,509	5,181	389,776

19 Basic earnings per share

	2022	2021
	<i>(in thousand Baht/share)</i>	
Profit for the year attributable to ordinary shareholders of the company (basic)	143,382	244,901
Number of ordinary shares outstanding	1,426,662	1,426,662
Basic earnings per share (in Baht)	100.50	171.66

20 Dividends

The shareholders of the Company have approved dividends as follows:

Annual dividend	Approval date	Payment schedule	Dividends rate per share <i>(Baht)</i>	Amount <i>(in million Baht)</i>
2022	25 April 2022	May 2022	100	143
2021	27 April 2021	May 2021	55	78

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21 Expected credit loss (reversal) and impairment loss

	2022	2021
	<i>(in thousand Baht)</i>	
Expected credit loss (reversal)		
Investment in securities		
- Debt securities measured at fair value through other comprehensive income	(198)	82
Impairment loss		
Investment in securities		
- Equity securities measured at fair value through other comprehensive income	-	2,067
Total	<u>(198)</u>	<u>2,149</u>

22 Related parties

Other related parties that the Company has significant transactions with during the year were as follows:

Name of entities/Personnel	Country of Incorporation/ Nationality	Nature of relationships
Key management personnel	Thais/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the Company.
MS&AD Insurance Group Holdings, Inc.	Japan	Ultimate parent company
Mitsui Sumitomo Insurance Co., Ltd.	Japan	Major shareholder, 49% shareholding
Yardhimar Co., Ltd.	Thailand	Major shareholder, 37% shareholding
Mitsui Sumitomo Insurance Co., Ltd. Thailand Branch	Thailand	The subsidiary company of the Ultimate parent company
MSIG Service and Adjusting (Thailand) Co., Ltd.	Thailand	The subsidiary company of the Ultimate parent company
Calm Sea Service Co., Ltd.	Thailand	The subsidiary company of the Ultimate parent company
MSIG Insurance (Singapore) Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company
MS First Capital Insurance Limited	Singapore	The subsidiary company of the Ultimate parent company
MS Amlin Asia Pacific Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company
MSIG Insurance Malaysia Bhd.	Malaysia	The subsidiary company of the Ultimate parent company
MS Frontier Reinsurance Limited, Kuala Lumpur Office	Malaysia	The subsidiary company of the Ultimate parent company
MSIG Insurance (Hong Kong) Ltd.	Hong Kong	The subsidiary company of the Ultimate parent company
MS Amlin Underwriting Limited	United Kingdom	The subsidiary company of the Ultimate parent company

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Name of entities/Personnel	Country of Incorporation/ Nationality	Nature of relationships
MS Amlin Insurance SE	United Kingdom	The subsidiary company of the Ultimate parent company
Amlin Bermuda Limited	Bermuda	The subsidiary company of the Ultimate parent company
MSIG Insurance (Vietnam) Co., Ltd.	Vietnam	The subsidiary company of the Ultimate parent company

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Premium ceded	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerage income	As stated in the agreement upon normal commercial terms for business operations
Service income	As stated in the agreement upon normal commercial terms for business operations
Insurance claims expenses recovered from reinsurers	Actual indemnity but not exceed as stated in the agreement upon normal commercial terms for business operations
Marketing and management support services agreement fee	As stated in the agreement upon normal commercial terms for business operations

Significant transactions for the years ended 31 December 2022 and 2021 with key management and related parties were summarised as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Commission and brokerage income	16,519	20,826
Service income	10,176	10,449
Expenses		
Other related parties		
Premiums ceded	87,995	110,029
Commission and brokerage expense	126	73
Insurance claims expenses recovered from reinsurers	32,657	21,475
Marketing and management support services agreement fee	40,412	52,879
Key management and director compensation		
Directors' remuneration	4,180	3,490
Short-term benefits	58,800	61,048
Post-employment benefit	10,615	10,009
Total	73,595	74,547

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	2022	2021
	<i>(in thousand Baht)</i>	
Dividends		
Major shareholders		
Dividend paid	123,292	67,811
Significant balances as at 31 December 2022 and 2021 with related parties were as follows:		
	2022	2021
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties		
Calm Sea Service Co., Ltd.	<u>296</u>	<u>156</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	26,411	35,768
MS Amlin Underwriting Limited	3,427	4,133
Amlin Bermuda Limited	807	931
MS First Capital Insurance Limited	3,340	2,043
MS Amlin Insurance SE	3,246	12,461
MSIG Insurance (Hong Kong) Limited	326	337
MS Amlin Asia Pacific Pte. Ltd.	922	310
Total	<u>38,479</u>	<u>55,983</u>
Reinsurance receivables		
Due from reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	2	-
MS Amlin Underwriting Limited	1,152	1,501
MS First Capital Insurance Limited	48	-
MS Amlin Insurance SE	31,341	13,410
MSIG Insurance (Hong Kong) Limited	31	35
Total	<u>32,574</u>	<u>14,946</u>
Other assets		
Other receivables		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. Thailand Branch	<u>466</u>	<u>511</u>
Reinsurance payables		
Due to reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	1,220	3,259
MS Amlin Underwriting Limited	508	265
Amlin Bermuda Limited	41	287
MS First Capital Insurance Limited	908	718
MS Amlin Insurance SE	46,793	21,715
MSIG Insurance (Hong Kong) Limited	419	459
MS Amlin Asia Pacific Pte. Ltd.	917	593
Total	<u>50,806</u>	<u>27,296</u>

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	2022	2021
	<i>(in thousand Baht)</i>	
<i>Amount withheld on reinsurance</i>		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	13,623	19,036
MS First Capital Insurance Limited	1,683	1,629
Amlin Bermuda Limited	702	699
Total	<u>16,008</u>	<u>21,364</u>
 <i>Other liabilities</i>		
Payables to related parties		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	2,229	7,875
MSIG Asia Pte. Ltd.	5,597	13,058
Calm Sea Service Co., Ltd.	343	543
Total	<u>8,169</u>	<u>21,476</u>

23 Insurance and financial risk management

23.1 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

23.2 Insurance risk

Insurance risk is the risk of financial loss exposed to the Company arising from incidents happened to risks accepted by the Company. Without proper risk management, this could cause negative impact to the Company.

Exposure to insurance risk varies by class of business, retention, reinsurance arrangement, and accumulation control for natural catastrophes.

The Company has established level governance of insurance risk management through various policies deployed to management and staff via strategic execution and operational controls in each area.

23.2.1 Insurance Risk Management

Insurance Risk Management shall include how the Company determines its risk appetite, risk acceptance/selection, establishment of underwriting manual/guideline, segregation of duties, appropriate underwriting authority delegation, accumulation/concentration control as well as risk transfer with sufficient protection through appropriate treaties structure. This is to ensure that in most circumstances of uncertainties, the Company will remain sustainable.

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23.2.2 Underwriting strategy

The Company sets out its underwriting strategy and direction in its annual business plan with an aim to drive the company to achieve its ultimate business objectives as well as to create a well-balanced portfolio to mitigate risk of volatility. This includes determination of targeted classes of business, develops products and segments. The Company's underwriting strategy is conveyed to relevant staff, in particular those in business development, underwriting and claims who prepare their own operational departmental plans geared towards common goals.

23.2.3 Reinsurance strategy

The Reinsurance Strategy of the Company was established and annually reviewed under the Reinsurance Strategic Management approved by the Board of Directors and has been filed with the Office of Insurance commission. It is in line with MS&AD Group Reinsurance and Retention Policy, Regulations and Guidelines. It governs how the Company manages reinsurance, reinsurance broker selection, approved reinsurance securities, the level of reinsurance protection required as well as risk concentration controls and monitoring etc. The strategy is set out to support the corporate Underwriting Strategy as well as the Business Plan and proper measures are put in place to ensure appropriate and independent controls. Such controls include regular operational audits locally and technical auditing conducted by Review teams from the Regional office and/or Mitsui Sumitomo Insurance Co., Ltd.

23.2.4 Risk Accumulation Control

As part of our risk acceptance, the Company lays down regulations to control risk accumulation, in particular for those risks located in Industrial Estate, multi-tenancy risks and also accumulation exposure in relation to natural catastrophe perils. The controls include underwriting guidelines in relation to natural perils, training conducted for people with underwriting authorities, restricted authority granted for natural perils in particular for flood exposure, regular monitoring of exposure limits and risk block controls.

23.3 Concentration of insurance risks

The concentration of gross insurance risk and net of reinsurance in relation to the types of insurance risk accepted by the Company is summarized below, with the carrying amount of insurance contracts liabilities;

	2022		2021	
	Gross of reinsurance	Net (in thousand Baht)	Gross of reinsurance	Net
Loss reserves and outstanding claims				
<i>Type of insurance</i>				
Fire	27,351	22,834	8,312	6,607
Marine	171,787	76,539	184,321	69,125
Motor	950,028	931,656	751,539	747,681
Miscellaneous	207,678	149,030	213,864	145,119
Total	1,356,844	1,180,059	1,158,036	968,532

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	2022		2021	
	Gross of reinsurance	Net	Gross of reinsurance	Net
Unearned premium reserves				
<i>Type of insurance</i>				
Fire	157,019	134,106	140,942	120,984
Marine	78,440	56,035	76,384	49,245
Motor	1,230,504	1,214,466	1,301,658	1,287,061
Miscellaneous	931,743	796,951	690,486	548,268
Total	2,397,706	2,201,558	2,209,470	2,005,558

Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. The assumption that has the greatest effect on the determination of loss reserve and outstanding claims is the expected loss ratio. The test was conducted based on a change level of -1% and +1% of the net of reinsurance recoveries.

	2022		2021	
	Change in variable (%)	Increase (decrease) in liabilities	Increase (decrease) in profit and equity	Increase (decrease) in profit and equity
Net expected loss ratio	-1	(39,499)	39,499	(34,399)
Net expected loss ratio	+1	39,499	(39,499)	34,399

23.4 Capital management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure, presences the ability to continue its business as a going concern and to maintain capital reserve in accordance with notifications of the Office of Insurance Commission. To maintain a strong capital fund base to maintain shareholders, policy holders, reinsurers and other stakeholders and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as results from operating activities divided by total equity, and also monitors the level of dividends to ordinary shareholders.

In accordance with the requirements of the Office of Insurance Commission, all insurers are required to maintain a minimum at least 140% (2021: 120%) of capital adequacy requirement (CAR). It is the Company's policy to hold capital levels in excess of CAR.

23.5 Interest rate risk

Interest rate risk is the risk that future movement in market interest rates which will affect the interest income from investments. The investments include both short-term and long-term investments that have fixed and floating interest rates. The Company has managed investment risk by considering the risk of investments together with the return on such investments.

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As at 31 December 2022 and 2021 significant financial assets classified by type of interest rate are as follows:

	2022			Total (in thousand Baht)	2021			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing		Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial assets								
Cash and cash equivalents	236,273	-	30	236,303	184,211	55,105	50	239,366
Investments in securities								
Government and state enterprise debt securities	-	2,525,919	-	2,525,919	-	2,066,781	-	2,066,781
Private debt securities	-	837,314	-	837,314	-	766,358	-	766,358
Equity securities	-	-	202,951	202,951	-	-	241,781	241,781
Unit trusts	-	-	-	-	-	-	89,805	89,805
Deposits at banks with original maturities over 3 months	-	230,709	-	230,709	-	344,099	-	344,099
Total financial assets	236,273	3,593,942	202,981	4,033,196	184,211	3,232,343	331,636	3,748,190

As at 31 December 2022 and 2021, the financial assets carrying interest at fixed rates are classified below, according to the period from the reporting date to the contractual repricing dates or to the maturity date (whichever dates are earlier):

	Maturity period			Total	Average interest rate (% per annum)
	Within 1 year	Over 1 - 5 years	Over 5 years		
2022					
Financial assets					
Investments in securities					
Government and state enterprise debt securities	587,436	1,035,154	903,329	2,525,919	1.14
Private debt securities	-	550,189	287,125	837,314	2.55
Deposit at banks with original maturities over than 3 months	230,709	-	-	230,709	1.15
Total financial assets	818,145	1,585,343	1,190,454	3,593,942	

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	Maturity period			Total	Average interest rate (% per annum)
	Within 1 year	Over 1 - 5 years (in thousand Baht)	Over 5 years		
2021					
Financial assets					
Cash and cash equivalents	55,105	-	-	55,105	0.31
Investments in securities					
Government and state enterprise debt securities	538,504	1,110,239	418,038	2,066,781	0.94
Private debt securities	-	487,601	278,757	766,358	2.32
Deposit at banks with original maturities over than 3 months	344,099	-	-	344,099	1.34
Total financial assets	937,708	1,597,840	696,795	3,232,343	

Sensitivity analysis

A reasonable possible change of interest rates as at 31 December 2022 and 2021 would have affected the measurement of investment in debt securities measured at FVOCI and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2022		2021	
	Net profit (loss) + 25 basis point	Net profit (loss) - 25 basis point	Other components of shareholders' equity + 25 basis point	Other components of shareholders' equity - 25 basis point
Yield curve	-	-	(26,041)	26,431
Yield curve	-	-	(19,725)	19,976

23.6 Foreign currency risk

As at 31 December 2022 and 2021, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currency:

	Note	2022 (in thousand Baht)	2021
Liabilities denominated in the foreign currency			
Payables to related parties - Singapore Dollars	22	5,597	13,058
Payables to related parties - Japanese Yens	22	2,228	7,875
Other payables - Singapore Dollars		-	2,290
Total		7,825	23,223

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23.7 Equity and unit trust price risk

Sensitivity analysis

A reasonably possible change of the stock market as at 31 December 2022 and 2021 would have affected the valuation of investment in listed equity investments included unit trust funds invested in stock exchange and affected equity and profit or loss by the amount shown below.

	Net profit (loss)		Other components of shareholders' equity	
	1% increase	1% decrease	1% increase	1% decrease
	(in thousand Baht)			
			2022	
SET Index	-	-	1,663	(1,663)
			2021	
	(in thousand Baht)			
SET Index	-	-	2,747	(2,747)

23.8 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Concentrations of the credit risk with respect to premium due and uncollected is less significant since the insured is dispersed across different industries and geographic regions in Thailand.

Credit quality analysis

The following table sets out information about the credit quality as at 31 December 2022 and 2021 of debt securities measured at fair value through other comprehensive income and debt securities measured at amortised cost, based on TRIS and Fitch ratings (Excluded unit trust classified as FVOCI debt securities).

	31 December 2022			Total
	(in thousand Baht)			
	Stage 1	Stage 2	Stage 3	
<i>Investments measured at fair value through other comprehensive income</i>				
Government debts securities				
Non-rated	2,446,139	-	-	2,446,139
State enterprise debt securities				
Rated A and above	79,780	-	-	79,780

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	31 December 2022 (in thousand Baht)			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments measured at fair value through other comprehensive income</i>				
Private debt securities				
Rated A and above	837,314	-	-	837,314
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	3,363,233	-	-	3,363,233
Allowance for excepted credit loss	123	-	-	123
<i>Investments measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months				
Rated A and above	230,709	-	-	230,709
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	230,709	-	-	230,709
Less allowance for excepted credit loss	-	-	-	-
Net carrying amount	230,709	-	-	230,709
	31 December 2021 (in thousand Baht)			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments measured at fair value through other comprehensive income</i>				
Government debts securities				
Non-rated	1,984,466	-	-	1,984,466
State enterprise debt securities				
Rated A and above	82,315	-	-	82,315
Private debt securities				
Rated A and above	766,358	-	-	766,358
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	2,833,139	-	-	2,833,139
Allowance for excepted credit loss	321	-	-	321
<i>Investments measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months				
Rated A and above	344,099	-	-	344,099
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	344,099	-	-	344,099
Less allowance for excepted credit loss	-	-	-	-
Net carrying amount	344,099	-	-	344,099

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23.9 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents and investment assets deemed adequate for operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the expected maturity profile of loss reserves and outstanding claims, net of reinsurance are as follows;

	1 year	Over 1-5 years (in thousand Baht)	Total
2022			
Insurance contract liabilities			
Loss reserves and outstanding claims, net	1,070,108	109,951	1,180,059
2021			
Insurance contract liabilities			
Loss reserves and outstanding claims, net	878,304	90,228	968,532

23.10 Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

<i>At 31 December 2022</i>	<i>Note</i>	Carrying amount	Level 1	Fair value		Total
				Level 2	Level 3	
<i>(in thousand Baht)</i>						
Financial assets						
Investment in securities	7					
Government and state enterprise debt securities		2,525,919	-	2,525,919	-	2,525,919
Private debt securities		837,314	-	837,314	-	837,314
Equity securities		202,951	185,880	17,071	-	202,951
Unit trusts		-	-	-	-	-
Total		3,566,184	185,880	3,380,304	-	3,566,184
At 31 December 2021						
Financial assets						
Investment in securities	7					
Government and state enterprise debt securities		2,066,781	-	2,066,781	-	2,066,781
Private debt securities		766,358	-	766,358	-	766,358
Equity securities		241,781	221,006	20,775	-	241,781
Unit trusts		89,805	-	89,805	-	89,805
Total		3,164,725	221,006	2,943,719	-	3,164,725

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Financial instruments measured at fair value

The Company determines Level 1 fair values of investment in market equity which are in SET 100 by using the last bidding at the reporting date.

The Company determines Level 2 fair values for debt securities measured at FVOCI by reference price provided by the Thai Bond Market Association, unit trusts using net asset value (NAV) provided by asset management companies at the reporting date. For market equity which are not in SET 100, the fair value is based on last bidding price from SET at the reporting date.

For Level 3 fair value, the Company management performed this judgement by cost approach and expected future dividend and cashflows.

Transfer between Level 1 and 2 of the fair value hierarchy

At 31 December 2022, the Company did not have equity securities measured at FVOCI that were transferred from Level 2 to Level 1 (2021: nil) or from Level 1 to Level 2 (2021: nil).

Financial instruments not measured at fair value

The carrying amounts of the following financial assets and financial liabilities are considered to be approximate to their fair values: cash and cash equivalents, accrued investment income, premiums due and uncollected, reinsurance assets and receivables, other assets, insurance contract liabilities, reinsurance payable, claim payable and other liabilities.

The fair value of deposits at financial institutions which have remaining terms to maturity of less than 90 days and for those with remaining terms to maturity greater than 90 days, the fair value are based on carrying value.

24 Securities and assets pledged with the Registrar

24.1 As at 31 December 2022 and 2021, the Company's investments were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	2022		2021	
	Book value	Face value	Book value	Face value
Bank of Thailand bond	14,921	15,000	15,008	15,000
Total	14,921	15,000	15,008	15,000

24.2 As at 31 December 2022 and 2021, the Company's investments in debt securities and deposit at banks were reserved with the Registrar in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non-life Insurance Company B.E. 2557" as follows:

	2022		2021	
	Book value	Face value	Book value	Face value
Government and Bank of Thailand bonds	381,609	368,000	278,725	255,000
Deposit at bank - time deposit	200,000	200,000	250,000	250,000
Total	581,609	568,000	528,725	505,000

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25 Restricted and collateral assets

	2022	2021
	<i>(in thousand Baht)</i>	
Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>

26 Contribution to Non-Life Insurance Fund

As at 31 December 2022 and 2021, the accumulated Contribution to Non-Life Insurance Fund were as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
At 1 January	107,305	97,053
Increase during the year	<u>11,625</u>	<u>10,252</u>
At 31 December	<u>118,930</u>	<u>107,305</u>

27 Commitments with non - related parties

Commitments under office rental and service agreements

	2022	2021
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	4,587	8,620
After one year but within five years	<u>329</u>	<u>2,651</u>
Total	<u>4,916</u>	<u>11,271</u>

28 Contingent liabilities

As at 31 December 2022 lawsuits have been brought against the Company, in relation to insurance claims of Baht 211 million (2021: Baht 189 million) whereas the sum insured of insurance policy and reinsurance claim recoverable of Baht 239 million and Baht 5 million, respectively (2021: Baht 126 million and Baht 6 million, respectively). The Company's management believes that the claim reserves accounted for in the financial statements are sufficient for potential losses in respect of those lawsuits.

29 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 17	Insurance contracts

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

TFRS 9 and TFRS 7 became effective for the annual periods beginning on or after 1 January 2020. TFRS 4 Insurance Contracts has allowed insurance entities that meet the conditions as laid down by TFRS 4, to use the deferral approach in application of TFRS 9 and TFRS 7 for insurance entities and continue to apply Accounting Guidance: Financial Instruments and Disclosures for Insurance Business until TFRS 17 Insurance contract becomes effective in 2025.

These TFRSs establish requirements related to definition, classification, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

(b) TFRS 17 - Insurance contracts

TFRS 17 will replace TFRS 4 - Insurance Contracts for the annual periods beginning on or after 1 January 2025.

TFRS 17 introduces the new measurement model which consists of fulfillment cash flows and a contractual service margin. The fulfillment cash flows represent the risk adjusted present value of the insurer's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting, and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that the Company will recognise as it provides services over the coverage period. The contractual service margin is earned based on a pattern of coverage units, reflecting the quantity of benefits provided. The simplified approach may be chosen to adopt when certain criteria are met.

The Company may elect to recognise the cumulative negative impact on insurance contract liabilities from the adoption of TFRS 17 to retained earnings by applying the straight-line method within the period not exceeding 3 years from transition date.

TFRS 17 also introduces substantial changes in both presentation of the statement of financial position and statement of comprehensive income, as well as more granular disclosure requirements.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.



บมจ. เอ็ม เอส ไอ จี ประกันภัย (ประเทศไทย)
MSIG Insurance (Thailand) Public Company Limited

Two handwritten signatures in black ink, one on the left and one on the right, positioned above their respective titles.

(นายอรรถพร พรธิติ)
กรรมการผู้มีอำนาจ

(นายรัฐพล กิติศักดิ์ไชยกุล)
กรรมการผู้มีอำนาจ