

MSIG Insurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2023
and
Independent auditor's review report



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Independent auditor's report on review of interim financial information

To the Board of Directors of MSIG Insurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of MSIG Insurance (Thailand) Public Company Limited as at 30 June 2023; the statement of comprehensive income for the three-month and six-month periods ended 30 June 2023; changes in equity and cash flows for the six-month period ended 30 June 2023, and the condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
11 August 2023

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2023	2022
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 15	228,890	236,303
Premiums due and uncollected	4, 12	599,956	646,366
Accrued investment income		10,845	9,786
Reinsurance assets	7, 12	547,864	372,933
Reinsurance receivables	5, 12	167,995	88,213
Investments assets			
Investments in securities	6, 13, 14	3,890,641	3,796,893
Premises and equipment		259,020	264,689
Right-of-use assets		10,417	14,291
Intangible assets		36,517	30,053
Deferred acquisition costs		738,241	664,478
Deferred tax assets		456,438	446,440
Other assets	12	59,534	68,542
Total assets		7,006,358	6,638,987



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

Two handwritten signatures in blue ink are positioned below the company name. The signature on the left is more fluid and cursive, while the one on the right is more structured and blocky.

Mr. Anop Phorndhiti

Mr. Rattapol Gitisakchaiyakul

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December
Liabilities and equity	<i>Note</i>	2023	2022
		(Unaudited)	
		(in thousand Baht)	
Liabilities			
Insurance contract liabilities	7	3,902,737	3,754,550
Reinsurance payables	8, 12	493,871	291,821
Income tax payable		29,855	19,800
Employee benefit obligations		297,710	293,974
Lease liabilities		9,616	12,985
Other liabilities	12	369,239	430,444
Total liabilities		5,103,028	4,803,574
Equity			
Share capital			
Authorized share capital		142,666	142,666
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Issued and paid-up share capital		142,666	142,666
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Share premium on ordinary shares		146,069	146,069
Retained earnings			
Appropriated			
Legal reserve		14,266	14,266
Unappropriated		1,646,738	1,542,899
Other components of shareholders' equity		(46,409)	(10,487)
Total equity		1,903,330	1,835,413
Total liabilities and equity		7,006,358	6,638,987

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

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

	Three-month period ended	
	30 June	
	2023	2022
	<i>(in thousand Baht)</i>	
Revenues		
Gross premiums written	1,057,234	1,203,715
<i>Less</i> premiums ceded	<u>(276,985)</u>	<u>(243,844)</u>
Net premiums written	780,249	959,871
Unearned premium reserve decreased (increased) from previous period	105,202	(42,404)
<i>Add</i> reinsurers' share of unearned premium reserve increased from previous period	<u>60,406</u>	<u>2,154</u>
Net premium earned	945,857	919,621
Commission and brokerage income	54,434	77,656
Net investment income	18,600	12,053
Loss on investments	(726)	(1,361)
Other income	<u>3,822</u>	<u>2,955</u>
Total revenues	<u>1,021,987</u>	<u>1,010,924</u>
Expenses		
Insurance claim expenses	509,340	630,196
<i>Less</i> insurance claims expenses recovered from reinsurers	<u>(51,073)</u>	<u>(95,551)</u>
Net insurance claims expenses	458,267	534,645
Commission and brokerage expenses	143,079	152,483
Other underwriting expenses	191,152	177,022
Operating expenses	126,534	120,666
Other expenses	1,693	2,460
Expected credit loss (reversal)	<u>26</u>	<u>(188)</u>
Total expenses	<u>920,751</u>	<u>987,088</u>
Profit before income tax	<u>101,236</u>	<u>23,836</u>
Income tax	<u>18,827</u>	<u>6,694</u>
Net profit	<u>82,409</u>	<u>17,142</u>

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

	Three-month period ended	
	30 June	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Other comprehensive income (loss)</i>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Loss on remeasurement of investments - fair value through other comprehensive income (loss)	(39,424)	(79,759)
Income tax relating to items that will be reclassified subsequently to profit or loss	7,885	15,952
Total items that will be reclassified subsequently to profit or loss	<u>(31,539)</u>	<u>(63,807)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial loss on defined benefit plan	-	(949)
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	190
Total items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>(759)</u>
Other comprehensive loss for the period, net of income tax	<u>(31,539)</u>	<u>(64,566)</u>
Total comprehensive income (loss) for the period	<u><u>50,870</u></u>	<u><u>(47,424)</u></u>
Basic earnings per share (in Baht)	<u><u>57.76</u></u>	<u><u>12.02</u></u>

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

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

		Six-month period ended	
		30 June	
	Note	2023	2022
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		2,347,770	2,422,562
Less premiums ceded	12	<u>(500,122)</u>	<u>(448,785)</u>
Net premiums written		1,847,648	1,973,777
Unearned premium reserve increased from previous period		(80,317)	(245,145)
Add reinsurers' share of unearned premium reserve increased from previous period		<u>111,901</u>	<u>47,486</u>
Net premium earned		1,879,232	1,776,118
Commission and brokerage income	12	86,927	131,650
Net investment income		34,055	21,821
Loss on investments		(1,964)	(533)
Other income	12	<u>6,786</u>	<u>6,418</u>
Total revenues		<u>2,005,036</u>	<u>1,935,474</u>
Expenses			
Insurance claim expenses		1,056,515	1,272,198
Less insurance claims expenses recovered from reinsurers	12	<u>(126,679)</u>	<u>(245,355)</u>
Net insurance claims expenses		929,836	1,026,843
Commission and brokerage expenses	12	229,393	268,816
Other underwriting expenses		392,712	336,869
Operating expenses	12	250,709	227,760
Other expenses		3,589	4,807
Expected credit loss (reversal)	11	<u>31</u>	<u>(185)</u>
Total expenses		<u>1,806,270</u>	<u>1,864,910</u>
Profit before income tax		198,766	70,564
Income tax	9	<u>37,860</u>	<u>14,537</u>
Net profit		<u>160,906</u>	<u>56,027</u>

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

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

	Six-month period ended	
	30 June	
<i>Note</i>	2023	2022
	<i>(in thousand Baht)</i>	
<i>Other comprehensive income (loss)</i>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Loss on remeasurement of investments - fair value through other comprehensive income (loss)	(44,903)	(102,139)
Income tax relating to items that will be reclassified subsequently to profit or loss	9 8,981	20,428
Total items that will be reclassified subsequently to profit or loss	<u>(35,922)</u>	<u>(81,711)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain on defined benefit plan	-	5,213
Income tax relating to items that will not be reclassified subsequently to profit or loss	9 -	(1,043)
Total items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>4,170</u>
Other comprehensive loss for the period, net of income tax	<u>(35,922)</u>	<u>(77,541)</u>
Total comprehensive income (loss) for the period	<u>124,984</u>	<u>(21,514)</u>
Basic earnings per share (in Baht)	<u>112.78</u>	<u>39.27</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings Unappropriated	Other components of equity Gain (loss) on investment measured at fair value through other comprehensive income	Total equity
	<i>Note</i>						
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2022							
Balance at 1 January 2022		142,666	146,069	14,266	1,538,012	14,202	1,855,215
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	10	-	-	-	(142,666)	-	(142,666)
Total distributions to shareholders of the Company		-	-	-	(142,666)	-	(142,666)
Comprehensive income (loss) for the period							
Net profit		-	-	-	56,027	-	56,027
Other comprehensive income (loss)		-	-	-	4,170	(81,711)	(77,541)
Total comprehensive income (loss) for the period		-	-	-	60,197	(81,711)	(21,514)
Balance at 30 June 2022		142,666	146,069	14,266	1,455,543	(67,509)	1,691,035

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings Unappropriated	Other components of equity Loss on investment measured at fair value through other comprehensive income	Total equity
	<i>Note</i>						
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2023							
Balance at 1 January 2023		142,666	146,069	14,266	1,542,899	(10,487)	1,835,413
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	10	-	-	-	(57,067)	-	(57,067)
Total distributions to shareholders of the Company		-	-	-	(57,067)	-	(57,067)
Comprehensive income (loss) for the period							
Net profit		-	-	-	160,906	-	160,906
Other comprehensive income loss		-	-	-	-	(35,922)	(35,922)
Total comprehensive income (loss) for the period		-	-	-	160,906	(35,922)	124,984
Balance at 30 June 2023		142,666	146,069	14,266	1,646,738	(46,409)	1,903,330

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

MSIG Insurance (Thailand) Public Company Limited
Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
Note	2023	2022
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premium received	2,383,288	2,373,713
Cash paid to reinsurers	(183,129)	(139,083)
Interest received	30,081	17,609
Dividend received	2,691	2,979
Other income	3,209	2,105
Insurance claims expenses	(995,254)	(1,050,341)
Commission and brokerage expenses	(347,077)	(314,232)
Other underwriting expenses	(430,096)	(390,733)
Operating expenses	(221,936)	(268,434)
Income tax paid	(28,823)	(69,015)
Cash received - financial assets	953,808	1,097,144
Cash payment - financial assets	(1,094,230)	(1,115,382)
Net cash flows provided by operating activities	<u>72,532</u>	<u>146,330</u>
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Proceeds from sale of equipment	-	634
Cash provided by investing activities	<u>-</u>	<u>634</u>
Cash flows used in		
Purchase of building improvement and equipment	(8,992)	(16,750)
Purchase of intangible assets	(10,423)	(3,753)
Cash used in investing activities	<u>(19,415)</u>	<u>(20,503)</u>
Net cash flows used in investing activities	<u>(19,415)</u>	<u>(19,869)</u>
<i>Cash flows from financing activities</i>		
Payment of lease liabilities	(3,137)	(3,675)
Interest paid	(326)	(324)
Dividend paid	10 (57,067)	(142,666)
Net cash flows used in financing activities	<u>(60,530)</u>	<u>(146,665)</u>
Net decrease in cash and cash equivalents	(7,413)	(20,204)
Cash and cash equivalents at beginning of period	236,303	239,366
Cash and cash equivalents at ending of period	3 <u>228,890</u>	<u>219,162</u>

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

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

These notes form an integral part of these interim financial statements.

The interim financial statements issued for Thai 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 issue by the Company's Board of Directors on 11 August 2023.

1 General information

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

2 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis ("interim financial statements") in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding "Rules Procedures Conditions and Timing Period for Preparation and Submission of the Financial Statements of Non-Life insurance Companies" B.E. 2566, dated 8 February 2023 which was applicable for the financial reporting period starting from 1 January 2023. The interim financial statements focus on new activities, events, and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2022.

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 18.

3 Cash and cash equivalents

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Cash on hand	30	30
Deposits at banks - call deposits	228,860	236,273
Total	228,890	236,303

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

4 Premiums due and uncollected

As at 30 June 2023 and 31 December 2022, premiums due and uncollected by aging were as follows:

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Within credit terms	494,974	543,747
Overdue:		
Not over than 30 days	56,531	54,043
31 - 60 days	22,358	36,857
61 - 90 days	10,566	12,296
91 days - 1 year	20,614	6,363
Over 1 year	5,682	4,560
Total	<u>610,725</u>	<u>657,866</u>
Less allowance for doubtful accounts	<u>(10,769)</u>	<u>(11,500)</u>
Net	<u>599,956</u>	<u>646,366</u>
	30 June 2023	30 June 2022
	<i>(in thousand Baht)</i>	
Doubtful accounts (reversal) for the period ended	<u>(731)</u>	<u>304</u>

The normal credit term of insured and 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 closely follows up or pursues legal proceedings against such agents and brokers.

5 Reinsurance receivables

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>167,995</u>	<u>88,213</u>

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 June 2023		31 December 2022	
	Cost / Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost / Amortised cost	Fair value
<i>Investment measured at fair value through other comprehensive income</i>				
Government and state enterprise debt securities	2,682,063	2,640,086	2,545,211	2,525,919
Private debt securities	868,615	852,359	848,446	837,314
Equity securities	169,656	168,095	187,995	202,951
Unit trust	30,000	29,392	-	-
Total	3,750,334	3,689,932	3,581,652	3,566,184
<i>Less unrealised losses</i>	<i>(60,232)</i>	<i>-</i>	<i>(15,298)</i>	<i>-</i>
<i>Less allowance for impairment</i>	<i>(170)</i>	<i>-</i>	<i>(170)</i>	<i>-</i>
Total investment measured at fair value through other comprehensive income	3,689,932	3,689,932	3,566,184	3,566,184
Allowance for impairment loss	2,067	-	2,067	-
Allowance for expected credit loss	154	-	123	-
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	200,709	200,709	230,709	230,709
Total investment measured at amortised Cost	200,709	200,709	230,709	230,709
Total investment in securities	3,890,641	3,890,641	3,796,893	3,796,893

6.2 Investment measured at fair value through other comprehensive income

	30 June 2023		31 December 2022	
	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)	3,492,445	154	3,363,233	123
Unit trust	29,392	-	-	-
Equity securities	168,095	2,237	202,951	2,237
Total	3,689,932	2,391	3,566,184	2,360

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

6.3 Investment measured at amortised cost

	Book value	30 June 2023 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	200,709	-	200,709
Total	200,709	-	200,709
		31 December 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)	230,709	-	230,709
Total	230,709	-	230,709

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

7 Insurance contract liabilities

	30 June 2023			31 December 2022		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net (in thousand Baht)	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,298,061	(211,038)	1,087,023	1,220,633	(150,238)	1,070,395
- Incurred but not reported	126,653	(28,777)	97,876	136,211	(26,547)	109,664
Total loss reserves and outstanding claims	1,424,714	(239,815)	1,184,899	1,356,844	(176,785)	1,180,059
Unearned premium reserves	2,478,023	(308,049)	2,169,974	2,397,706	(196,148)	2,201,558
Total	3,902,737	(547,864)	3,354,873	3,754,550	(372,933)	3,381,617

7.1 Loss reserves and outstanding claims

At 1 January	1,356,844	(176,785)	1,180,059	1,158,036	(189,504)	968,532
Insurance claim expenses incurred during the period / year	976,405	(124,449)	851,956	2,148,991	(262,505)	1,886,486
Insurance claim expenses paid during the period / year	(898,977)	63,649	(835,328)	(1,956,405)	275,742	(1,680,663)
Change in estimation and assumption	(9,558)	(2,230)	(11,788)	6,222	(518)	5,704
At 30 June 2023 / 31 December 2022	1,424,714	(239,815)	1,184,899	1,356,844	(176,785)	1,180,059

7.2 Unearned premium reserves

At 1 January	2,397,706	(196,148)	2,201,558	2,209,470	(203,912)	2,005,558
Premium written during the period / year	2,347,769	(500,121)	1,847,648	4,652,267	(748,416)	3,903,851
Earned premium in the period / year	(2,267,452)	388,220	(1,879,232)	(4,464,031)	756,180	(3,707,851)
At 30 June 2023 / 31 December 2022	2,478,023	(308,049)	2,169,974	2,397,706	(196,148)	2,201,558

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2023 (Unaudited)

8 Reinsurance payables

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	85,094	88,960
Due to reinsurers	408,777	202,861
Total	493,871	291,821

9 Income tax

Income tax recognised in profit or loss

For the six-month period ended 30 June

	2023	2022
	<i>(in thousand Baht)</i>	
Current tax expense		
Current period	37,877	57,686
Under provided in prior year	1,001	1,100
Deferred tax expense		
Movements in temporary differences	(1,018)	(44,249)
Total	37,860	14,537

Income tax recognised in other comprehensive income

Deferred tax expense

Loss on remeasurement of investments - fair value through other comprehensive income (loss)	8,981	20,428
Actuarial gain on defined benefit plan	-	(1,043)
Total	8,981	19,385

Reconciliation of effective tax rate

For the six-month period ended 30 June

	2023		2022	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax		198,766		70,564
Income tax using the tax rate	20.0	39,754	20.0	14,113
Under provided in prior year	0.5	1,001	1.6	1,100
Income not subject to tax	(1.1)	(2,260)	(0.1)	(75)
Additional deductible expenses for tax purpose	(0.4)	(726)	(1.1)	(811)
Expenses not deductible for tax purposes	0.1	91	0.3	210
Total	19.1	37,860	20.7	14,537

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10 Dividends

The dividends paid by the Company to the shareholder are as follows:

Annual dividend	Approval date	Payment schedule	Dividends per share (Baht)	Amount (in million Baht)
2023	24 April 2023	May 2023	40	57
2022	25 April 2022	May 2022	100	143

11 Expected credit loss (reversal)

For the six-month period ended 30 June

2023 2022
(in thousand Baht)

Expected credit loss (reversal)

Investment in securities

- Debt securities measured at fair value through other comprehensive income

Total

31	(185)
<u>31</u>	<u>(185)</u>

12 Related parties

The Company do not have material changing in relationships with key management and related parties during the period.

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

Transactions	Pricing policies
Premiums 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
Commission and brokerage expenses	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

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Significant transactions for the six-month period ended 30 June 2023 and 2022 with key management and related parties were summarised as follows:

<i>For the six-month period ended 30 June</i>	2023	2022
	<i>(in thousand Baht)</i>	
Revenue		
Other related parties		
Commission and brokerage income	11,109	10,396
Service income	4,797	4,913
Expenses		
Other related parties		
Premiums ceded	65,417	58,266
Commission and brokerage expense	75	21
Insurance claims expenses recovered from reinsurers	29,665	29,535
Marketing and management support services agreement fee	28,923	15,774
Key management and director compensation		
Directors' remuneration	1,635	2,506
Short-term benefits	35,305	34,241
Post-employment benefit	5,213	9,035
Total	<u>42,153</u>	<u>45,782</u>
Dividends		
Major shareholders		
Dividend paid	49,317	123,292

Significant balances as at 30 June 2023 and 31 December 2022 with related parties were as follows:

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	<u>158</u>	<u>296</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	<u>74,583</u>	<u>38,479</u>
Reinsurance receivables		
Due from reinsurers		
Other related parties	<u>40,527</u>	<u>32,574</u>
Other assets		
Other receivables		
Other related parties	<u>530</u>	<u>466</u>
Reinsurance payables		
Due to reinsurers		
Other related parties	<u>87,095</u>	<u>50,806</u>

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	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
<i>Amount withheld on reinsurance</i>		
Other related parties	<u>13,887</u>	<u>16,008</u>
<i>Other liabilities</i>		
Payables to related parties		
Other related parties	<u>15,288</u>	<u>8,169</u>

13 Financial instruments

Carrying amounts and fair value

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 30 June 2023</i>	<i>Note</i>	Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
			<i>(in thousand Baht)</i>			
<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise debt securities		2,640,086	-	2,640,086	-	2,640,086
Private debt securities		852,359	-	852,359	-	852,359
Equity securities		168,095	139,104	28,991	-	168,095
Unit trusts		29,392	-	29,392	-	29,392
Total		<u>3,689,932</u>	<u>139,104</u>	<u>3,550,828</u>	<u>-</u>	<u>3,689,932</u>
<i>At 31 December 2022</i>						
<i>Financial assets</i>						
Investment in securities	6					
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
Total		<u>3,566,184</u>	<u>185,880</u>	<u>3,380,304</u>	<u>-</u>	<u>3,566,184</u>

Measurement of fair values

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 in 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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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 determines Level 1 fair values of investment in market equity which are in SET 100 by using the last bidding from the Stock Exchange of Thailand (SET) 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 the Stock Exchange of Thailand (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.

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

14 Securities and assets pledged with the Registrar

- 14.1 As at 30 June 2023 and 31 December 2022, the Company's investments were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	30 June 2023		31 December 2022	
	Book value	Face value	Book value	Face value
Bank of Thailand bond	14,949	15,000	14,921	15,000
Total	14,949	15,000	14,921	15,000

- 14.2 As at 30 June 2023 and 31 December 2022, 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:

	30 June 2023		31 December 2022	
	Book value	Face value	Book value	Face value
Government and Bank of Thailand bonds	375,395	368,000	381,609	368,000
Deposit at bank - time deposit	200,000	200,000	200,000	200,000
Total	575,395	568,000	581,609	568,000

15 Restricted and collateral assets

	30 June 2023	31 December 2022
Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	700	700

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16 Commitments with non-related parties

As at 30 June 2023 and 31 December 2022, the Company had future minimum lease payments required under these non-cancellable contracts as follows:

Commitments under office rental and service agreements

	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>	
<i>Operating lease commitments</i>		
Within one year	4,640	4,587
After one year but within five years	282	329
Total	4,922	4,916

17 Contingent liabilities

As at 30 June 2023, lawsuits have been brought against the Company, in relation to insurance claims of Baht 227 million (*31 December 2022: Baht 211 million*) whereas the sum insured of insurance policy and reinsurance claim recoverable of Baht 242 million and Baht 5 million, respectively (*31 December 2022: Baht 239 million and Baht 5 million, respectively*). The Company's management believes that the claim reserves accounted for in the financial statements is adequate for potential losses in respect of those lawsuits.

18 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

(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.

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(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

A handwritten signature in blue ink, appearing to read "Arnop Phomdhiti".

Mr. Arnop Phomdhiti

A handwritten signature in blue ink, appearing to read "Rattapol Gitisakchaiyakul".

Mr. Rattapol Gitisakchaiyakul