

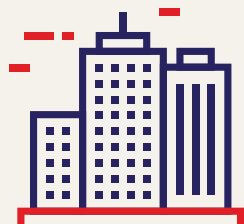
Annual Report

MSIG Insurance (Thailand) Public Company Limited

2023

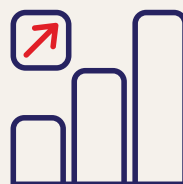


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Operating in
Thailand

100+ years



Gross Written
Premium 2023

4,627 million
Baht



Employees

700+
people



Network

14 locations
nationwide

Strong Financial Credit Rating MS&AD Group

MSIG Insurance (Thailand) Public Company Limited a member of
is a company in the world's leading non-life insurance group

MS&AD

Japan Credit Rating
Agency, Ltd. (JCR)

AA+

MS & AD Holdings
Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.

(Long-Term Issuer Rating)

Moody's

A1

Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.
(Insurance Financial Strength Rating)

Mitsui Sumitomo Insurance Co., Ltd.
(Long-Term Issuer Rating)

Rating and Investment
Information, Inc. (R&I)

AA

Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.
(Issuer Rating)

Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
Mitsui Sumitomo Primary Life Insurance Co., Ltd.
(Insurance Claims Paying Ability)

A.M.Best Co.

A+

Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.

(Financial Strength Rating)

Standard & Poor's

A+

Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.
Mitsui Sumitomo Primary Life Insurance Co., Ltd.
(Financial Strength Rating)

Mitsui Sumitomo Insurance Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.
(Long-Term Issuer Credit Rating)



Mr. Arnop Phorndhiti
Chairman of the Board of Directors

Mr. Rattapol Gitisakchaiyakul
Chief Executive Officer

In 2023 the overall Thai Economy expanded by 1.9%, falling from the 2.5% growth recorded in 2022, mainly due to the slowdown in the country's exports and industrial production. The Thai non-life insurance business however continued to grow following the country economic recovery, the establishment of a new government, the continuing recovery of tourism both domestic and international, and the increase in car sales, especially Electrical Vehicles (EV), all of which had a positive impact on the non-life insurance industry.

In 2023, MSIG Thailand regained its top No. 1 market share position in providing Travel Insurance generating gross written premium of Baht 574 million, representing 24% of the travel insurance market.

The Company earned annual gross written premium of Baht 4,627 million, which slightly decreased from Baht 4,652 million in 2022. The Company however earned a record high underwriting profit of Baht 210 million, which was higher than in 2022 and better than the 2023 Business Plan.

MSIG (Thailand) had investment income of Baht 66 million for the year, exceeding the 2023 Business Plan, which mainly derived from realized gains from securities trading, and income from bonds, interest, and dividend payments.

The Company's Profit after Tax was Baht 230 million, a significant increase over the 2022 result (of Baht 143 million). Earnings for the year were Baht 161 per share. The Company's Equity position increased slightly from Baht 1,835 million in 2022 to Baht 1,977 million in 2023. The Capital Adequacy Ratio improved to 359%, increasing from 320% in 2022, 3.5 times higher than the required regulatory ratio (of 100%). The Company therefore maintained its strong financial position and has the capital funds to support sustainable business development going forward.

For 2024, the Company aims to be a leader in digital insurance not only for Travel insurance but also in other classes of business, such as Usage-Based Motor Insurance (UBI), and Home & Shop Insurance with expansion through new and existing business alliances. We are also looking for new business opportunities with various strategic products such as Personal Cyber Insurance and Commercial Property Insurance to further drive profitable growth. In addition, the Company will continue to build up its capabilities and embed ESG (Environmental Social Governance) principles for sustainable growth into our corporate culture.

On behalf of the Company's Board of Directors, we would like to take this opportunity to sincerely thank all stakeholders who helped to contribute to the Company's successes in 2023.

Yours faithfully,



Mr. Arnop Phorndhiti

Chairman of the Board of Directors



Mr. Rattapol Gitisakchaiyakul

Chief Executive Officer



Mr. Sanit Rangnoi

Independent Director,
member of the Nomination
and Remuneration Committee
and the Chairman of the Audit Committee



Mr. Arnop Phorndhiti
Chairman of the Board of Directors



Mr. Tetsuya Adachi

Director
and Chairman of the Nomination
and Remuneration Committee



Mr. Dhevan Liauburindr
Director



Mr. Clemens Philippi

Director,
member of the Audit Committee
and the Nomination
and Remuneration Committee



Mr. Boonchu Angchaisuksiri

Independent Director
and member of the Audit Committee



Mr. Rattapol Gitisakchaiyakul
Director and Chief Executive Officer

Name of Company : MSIG Insurance (Thailand) Public Company Limited.
 Registration No. : 0107555000414
 Head Office : 1908 MSIG Building, New Petchburi Road, Bangkok,
 Huay Kwang, Bangkok 10310 Telephone : +66 2825 8888 Fax : +66 2318 8550
 Type of Business : Insurance
 Registered Capital : 1,426,662 Ordinary shares, in a total value of 142,666,200 Baht
 Paid-up Capital : 1,426,662 Ordinary shares, in a total value of 142,666,200 Baht
 Legal entity which MSIG holds share exceeding 10% : -None-

Declaration of Directors on a direct or indirect interest in any contract which is made by the Company during an accounting year -None-

Declaration of holding of shares or debentures of the Company or an affiliated company (as at 31st December 2023)

Name of Directors	Number of Shares held as at 1 st January 2023	Number of Shares held as at 31 st December 2023	Change
1. Mr. Arnop Phorndhiti	6,133	6,133	-
2. Mr. Tetsuya Adachi	-	-	-
3. Mr. Sanit Rangnoi	-	-	-
4. Mr. Dhevan Liauburindr	-	-	-
5. Mr. Clemens Philippi*	-	-	-
6. Mr. Boonchu Angchaisuksiri	-	-	-
7. Mr. Rattapol Gitisakchaiyakul	4,367	4,367	-

Note:* Mr. Clemens Philippi was appointed as the Company's director instead of Mr. Alan John Wilson from 3 April 2023 according to the resolution of the Board of Directors meeting on 15 March 2023





Mr. Rattapol Gitisakchaiyakul
Chief Executive Officer



Miss Suporn Raopitiwongkul
Senior Vice President,
Finance and Accounts



Miss Pawana Thaisuan
Senior Vice President,
Underwriting



Miss Sathaporn Thaneerat
Senior Vice President,
Information Technology



Mr. Worapon Lopansri
Senior Vice President,
Internal Audit



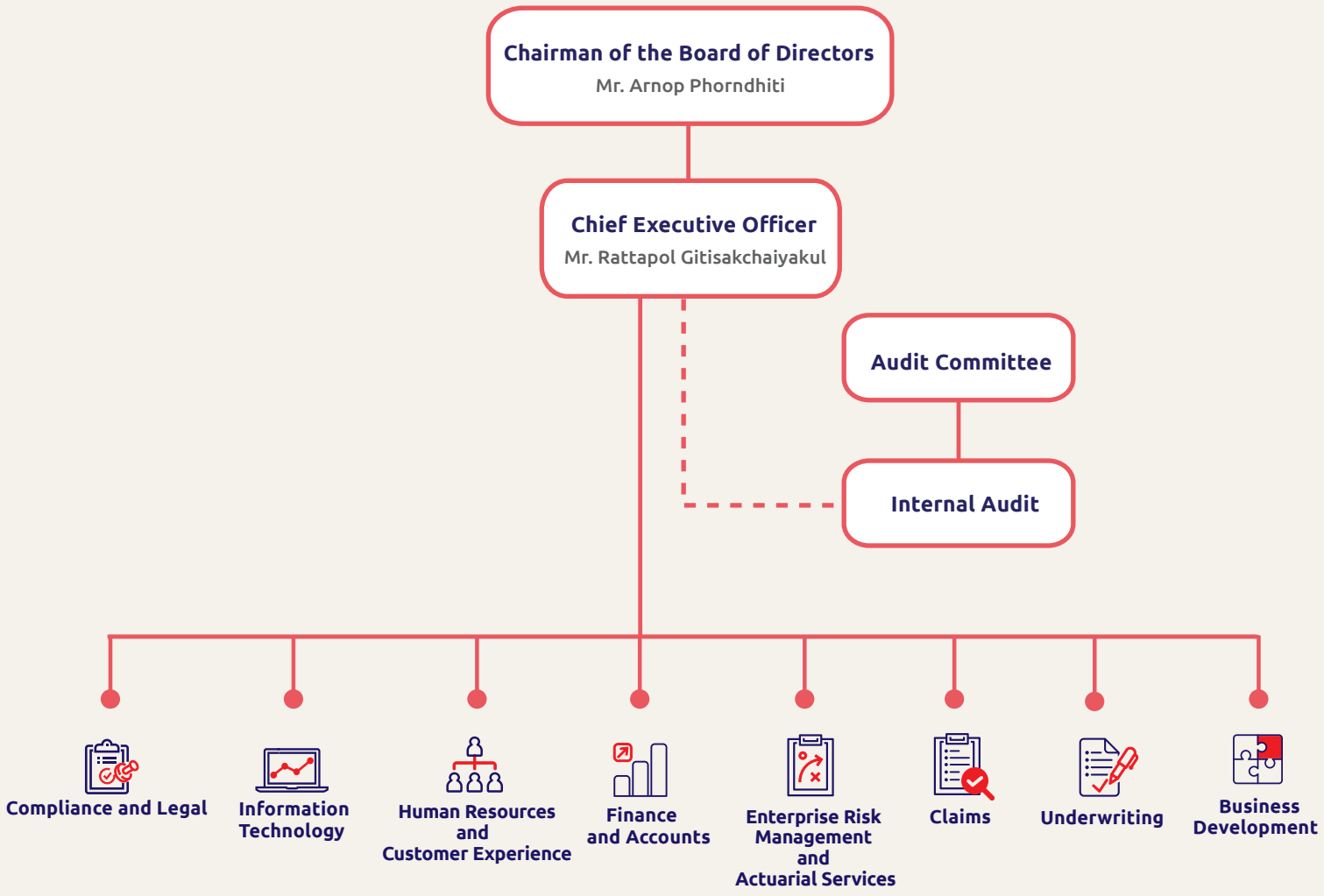
Dr. Somkiat Sakulsuraekkapong
Senior Vice President,
Human Resources
and Customer Experience



Mrs. Lalita Suwanarat
Senior Vice President,
Compliance and Legal



Miss Suppawan Nakapanant
Senior Vice President,
Claims



Achievements

- 2014 : Consumer Protection Thailand Call Center Award
- 2015 : Consumer Protection Thailand Call Center Award
- 2016 : Prime Minister Insurance Award 2017 for Best Thailand Non-Life Insurer
- 2017 : Consumer Protection Thailand Call Center Award
- 2019 : Happy Provident Fund Company Award
- 2020 : Organization of the Year – Insurance Services and Social Contribution
- 2020 : BSA Building Safety Award
- 2021 : DhepMahesak Award
 - : Most Innovative Customer Centric Digital Insurance Product
- 2022 : MEA ENERGY AWARDS 2022
- 2023 : Prime Minister’s Insurance Award for Outstanding Sustainable Development



Mission & Vision



Mission : To contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.



Vision : To create a world-leading insurance and financial services group that consistently pursues sustainable growth and enhances corporate value.

Core Values



Customer Focused

We continuously strive to provide security to our customers and achieve customer satisfaction.



Integrity

We are sincere, fair and just in all our dealings.



Teamwork

We achieve mutual growth by respecting one another's individuality and opinions and by sharing knowledge and ideas.



Innovation

We listen to our stakeholders and continuously seek ways to improve the way we work and do business.



Professionalism

We make continuous efforts to improve our skills and proficiency to provide high quality services.



Sustainability Management 2023

Throughout 2023, MSIG Insurance (Thailand) Public Company Limited introduced a range of sustainability initiatives, focusing on three main areas of responsibility, the first being the company's commitment to environmental responsibility. The second, the social element, concerns the Company's duty to society in the proper handling of its relationships and communication with its employees, partners, customers, and key stakeholders. The third area is adherence to upholding good governance and ensuring responsible practices to ensure the proper efficient, transparent, and auditable management of our operations.

Environment

Climate change and other environmental matters pose a potential risk to business and could lead to adverse events from natural disasters. These events have the capacity to significantly disrupt business operations. Property or financial loss caused by natural calamities result in claims incurred to policyholders under insurance plans that include protection against disaster-related damage. Strategies have therefore been implemented to help reduce exposure to such risks, including the following:



- Advanced technology has been used by the company to provide a comprehensive range of services to assist both customers and business partners. These services encompass tasks like creating quotes, issuing insurance policies, and handling accident notifications. The emphasis lies in leveraging different resources to enhance efficiency and productivity. By deploying diverse business strategies across all departments, the company has successfully delivered notable outcomes in its operations. These achievements have resulted in decreased paper usage, financial savings, and general enhancements in operational efficiency. The outcomes are aligned with the objectives set out in Sustainable Development Goal 12 - promoting responsible consumption and production.

- The company recently made a positive change to services by switching from single-use plastic envelopes to paper envelopes for delivering policy documents to customers. This eco-friendly adjustment aims to decrease the use of plastic, ultimately benefiting the environment. Approximately 300,000 plastic envelopes are being replaced with more sustainable paper material each year as a result of this switch. This initiative promotes environmental mindfulness by raising awareness among employees and policyholders about the importance of reducing single-use plastics. The outcomes are aligned with the objectives of Sustainable Development Goal 12 - responsible consumption and production, and Goal 13 - climate action.

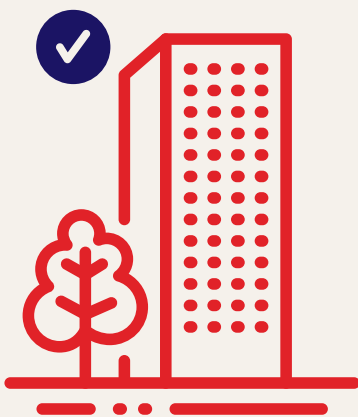


- Encouraging the use of Flexible Work Arrangements (FWA) among employees is another successful strategic factor in reducing the dependence on energy resources for commuting, without compromising service quality. By adopting this approach, customers and partners can still experience convenience and efficiency when accessing services through various communication channels such as email, telephone, and web applications. This not only decreases energy consumption but also plays a significant role in promoting a sustainable environment by reducing air pollution and protecting our planet. Such practices also are aligned with the objectives of Sustainable Development Goal 12 - responsible consumption and production, and Goal 13 - climate action.

- Raising awareness and promoting eco-friendly lifestyle changes are key objectives of the **MSIG Green InWasteMent project**, aimed at improving waste management practices. Over 180 employees are actively involved in the project and benefit from working with professionals in the waste management field and community. The initial phase involved identifying ways to minimize daily waste production and finding opportunities to repurpose waste materials. Participants are educated on the importance of different types of waste to make informed choices. The project focuses on converting waste into useful resources while reducing our environmental footprint. The management of various types of waste involves the transformation process of waste into renewable energy resources while minimizing environmental impact. The outcomes of this initiative have significantly contributed to carbon reduction efforts. Over the year, staff members have collectively reduced carbon emissions by a total of **4,283.36 kg CO₂e**, in alignment with Sustainable Development Goal 2 – zero hunger, Goal 3 - good health and well-being and Goal 13 - climate action.



- In the year 2023, the company recognized the significance of implementing building safety management measures. This is important for enhancing the well-being of building occupants and minimizing the potential risk of accidents that may arise during work activities. As a proactive step towards ensuring building safety, the company actively took part in the prestigious **BSA Building Safety Awards 2023**. The assessment process involved rigorous evaluation based on safety standards, including adherence to fire prevention and suppression regulations, as well as ensuring the availability of proper functioning equipment. Thanks to commendable efforts in maintaining good building safety practices, the company was honored with a **Bronze Award**. Additionally, the company also showcased its commitment to safety and excellence by participating in the **"GEN THAI AWARD" 2023**, which focused on the design and installation of generators. Through adhering to strict standards and safety protocols, particularly in generator design and installation at the MSIG building (Head Office), the company further demonstrated its dedication to ensuring top-notch safety measures across its operations and the company was honored with a **Bronze Award**.



- The company has shown compassion by contributing funds to support people affected by the recent earthquakes in Türkiye and Syria through the 'Friends Help Friends' initiative **Friends Help Friends (HELP and PRAY for Türkiye-Syria)**. The catastrophic earthquake that struck Türkiye and Syria caused extensive damage and casualties, leaving numerous people without proper shelter and access to sufficient food. In response to this crisis, both the company and employees wanted to show they cared for those affected by offering support and encouragement during this challenging period. The company matched employees' donations by adding an additional sum equal to the original donation amount. This generous contribution was passed on to the Thai Red Cross Society, who assisted the Turkish Red Crescent Society and the Syrian Arab Crescent as part of the International Red Cross Movement. We are dedicated to addressing the urgent challenges posed by major disasters and climate change, in alignment with Sustainable Development Goal 2 - zero hunger, Goal 3 - good health and well-being and Goal 13 - climate action.



Society

The company is dedicated to creating shared value by addressing employee well-being, promoting diversity and inclusion initiatives, and fostering a safe and inclusive work environment.

- The company aims to make financial opportunities and risk protection more accessible through the introduction of innovative insurance products. Recognizing the significance of educating consumers about risk management tools, we have developed a specialized mechanism for motor insurance that is designed to boost confidence and foster a positive perception of insurance. A new feature that has been introduced to motor insurance is '**Drive Any Car**' insurance, where the policy holder is covered while driving any car under the terms and conditions of their insurance policy, allowing for multiple vehicles to be covered under one policy. Ensuring road safety is a top priority for the company, as we are committed to offering consumers peace of mind. Furthermore, the company aims to provide customers with access to competitive premium rates, especially when insuring multiple vehicles. This removes the necessity of buying individual insurance policies for each car, simplifying the process for customers. Ultimately, these efforts contribute to achieving Sustainable Development Goal 8 - decent work and economic growth and Goal 9 - Industry, Innovation, and Infrastructure.

- The company has established policies and guidelines to promote diversity and inclusion. In line with this, MSIG Thailand is committed to supporting equality and respecting human rights, particularly through its employment initiatives for individuals with disabilities. In 2023, the company partnered with the Thailand Labor with Disability Federation to assist individuals with disabilities in securing sustainable employment opportunities. This collaboration aims to empower disabled individuals to generate income and achieve more independence. As part of this effort, the company provides financial support to disabled individuals working as tailors in Bangkok and those engaged in selling a la carte food in Chiang Mai Province, all in accordance with the Sustainable Development Goal 1 - no poverty, Goal 8 – decent work and economic growth, and Goal 10 – reduced inequalities. More information about the company's policy on human rights can be found on the MSIG website. <https://www.msig-thai.com/th/msad-insurance-group-basic-policy-human-rights>
- In 2023, The company collaborated with the Institute of Pathology at Phramongkutklao Medical Center to organize blood donations. By contributing their blood, employees not only help patients in need but also play a role in building a more compassionate society. Their generous donations can truly make a difference in someone's life. In total, 77,850 cc of blood was collected from donors during this event. Furthermore, the company has implemented wellness initiatives for our employees with several programs aimed at enhancing employee well-being throughout the year, such as annual health check-ups, vaccinations, and exercises. In addition, "**FAT Becomes FIT Season 4**" was held with the objective of helping employees achieve a healthier and more toned physique within a period of 60 days. This initiative aims to instill a sense of responsibility towards maintaining physical health among employees. By establishing a better equilibrium in their daily routines and providing access to fundamental healthcare privileges, employees are encouraged to take charge of their own well-being. This is in line with Sustainable Development Goal 3 - good health and well-being.

The company actively partners with external organizations to participate in various social responsibility events aligned with other Sustainable Development Goals, these activities include:

- **The annual Ploenchit Fair** has been a significant social event in Thailand for many years. Established in 1957 by the British Community in Thailand Foundation for the Needy, this event has become a longstanding tradition. Over the past two decades, the fair has managed to raise over 55 million Baht, all of which has been donated to various charitable organizations across Thailand. With over 30 years of participation, the company has shown unwavering support for the Ploenchit Fair and its noble causes which is also in line with Sustainable Development Goal 3 - good health and well-being.

- The company participated in the **4th AEON Mini Marathon** event alongside some key business partners, under the theme **"TO THE DELIGHTFUL FUTURE"**. All proceeds from the registration fees of the charity run (without subtracting expenses) were given to the Ramathibodi Foundation to assist in the **"Project to develop innovations in cancer treatment"** contributing towards shaping the future of cancer treatment. About 1,300 runners gathered for the run at Queen Sirikit Park (both in person and some virtually), and donations were collected in addition to the entry fees for the charity race. The company is dedicated to supporting initiatives that promote employees' well-being and encourages them to make their health a top priority. This initiative aligns with Sustainable Development Goal 1 - no poverty and Goal 3 - good health and well-being.
- The company shows its support for the **"My Future Project"** through collaboration with the **World Vision Foundation of Thailand**. A donation box has been placed at the MSIG Head office building for contributions towards this project. The funds will be utilized to improving the lives of children, families, and their communities through the foundation's activities such as child sponsorship, sustainable community development, advocacy, relief, youth development, child protection, and early child-care development. We share the belief that it is important to consider the potential impact on children, families and their communities when addressing the various factors that affect their lives. By providing support, care, and opportunities for growth, we can contribute to creating a brighter future for them. Ensuring the well-being of vulnerable children within the community is crucial for enhancing their quality of life and overall happiness, in alignment with the Sustainable Development Goal 1 - no poverty, Goal 3 - good health and well-being and Goal 4 - quality education.
- Every year, the company collects old desk calendars from staff members to give to the Foundation for the Blind in Thailand. In the year 2023, we collaborated with Chulalongkorn Hospital on the **"PLUS+Punsuk"** initiative. All calendars and additional contributions go towards supporting the Foundation for the Blind in Thailand, helping to produce Braille materials for those with visual impairments and encouraging ongoing education opportunities. This activity is aligned with Sustainable Development Goal 4 - quality education.
- The company has shown its support for employees and the community by purchasing wreaths to offer condolences during times of loss within the employees' families. The company sources its products from socially responsible organizations like Carenation and Boon-Wreath, which provide opportunities for career growth and prioritize environmental sustainability. Additionally, for every order placed, 10% of the proceeds go towards charitable causes through the Thai Red Cross and other reputable foundations. This activity is aligned with Sustainable Development Goal 1 - no poverty and Goal 8 – decent work and economic growth and Goal 10 - reduced inequalities.

Governance

At the forefront of the company's focus is creating a corporate culture that is built on the principles of good governance. This involves upholding legal and regulatory standards to foster business practices that are ethical, transparent, and equitable for both clients and stakeholders. Additionally, the company implements ethical frameworks and protocols for its employees to adhere to, some examples of company policies that support ethical conduct include a strict No Gift Policy, Anti-corruption measures, and a firm Zero Tolerance Policy towards unlawful activities. The company upholds strictly policies such as Anti-Bribery guidelines, Conflict of Interest regulations, protocols against improper payments, and has procedures for reporting violations, Whistle blowing protocols, and stringent rules against Harassment and Discrimination. Complying with changing laws and regulations that impact daily operations is of utmost importance to the company. This involves following cyber security protocols, protecting data, and maintaining the privacy of personal information. The company has established precise protocols for managing personal data, which includes procedures for safely returning and disposing of information as required. We make an effort to promote awareness and cultivate a better comprehension of the company's policies. We believe it is important to consistently follow these guidelines and protocols. The company organizes regular training sessions focusing on governance, legal compliance, and regulations for all employees. Furthermore, we provide support to help coordinate training for the company's external associates. In modern-day Thailand, online platforms and media channels are flooded with sensitive information that could potentially be exploited, including the confidential data of clients and business collaborators. The company therefore keeps well-informed about such challenges and proactively works towards finding the best possible solutions.

More information about the company's policy on data privacy can be found on the MSIG website. <https://www.msig-thai.com/en/privacy-policy>



No Gift Policy



Zero DUA



Anti-Bribery



Conflict of Interest



Improper Payment



Whistle Blowing



Harassment



Discrimination

MSIG Insurance joins hands with Freeland Foundation to promote biodiversity at Dong Phrayayen.

MSIG Insurance together with the Freeland Foundation, a wildlife NGO, organized a Surviving Together Activity aimed at helping to reduce illegal hunting and to promote and monitor the protection of wildlife in national parks. The activity focused on the biodiversity conservation area of the Dong Phrayayen – in the Khao Yai forest, a 6,000 square kilometer park, which is registered as a UNESCO World Heritage Site.

**MSIG Insurance won the 2022 award for the outstanding non-life insurance company with sustainable development in the insurance industry.**

MSIG Insurance won the 2022 award for Outstanding Non-life Insurance Company with Sustainable Development in the insurance industry. Our Sustainable Development Goals are in line with the Sustainable Development Goals (SDGs) of the United Nations. MSIG Thailand has good governance management and a stable financial position, aiming to be recognized also for implementing activities with environmental, social and quality of life improvement according to ESG guidelines.

Mr. Rattapol Gitiisakchaiyakul, Chief Executive received the award from Mr. Krisada Chinawicharana, Deputy Minister of Finance at the Prime Minister's Insurance Awards 2023 award ceremony, held on Friday, 8th September 2023, by the Office of the Insurance Commission (OIC).



MSIG Insurance launches 'Drive Any Car', a new motor insurance that does not follow cars but follow people.

MSIG Insurance launched **"Drive Any Car"**, a new motor insurance plan, which for the first time in Asia covers all vehicles that the insured drives; a single driver's license is used to apply for the motor insurance without the need for car inspections. Drive Any Car offers 2 plans, Motor Type 3 and Motor Type 3 Plus, with premiums starting from 2,890 Baht. The plans cover third party injury and property as well as damage to the vehicle being driven at the time of the accident.

**MSIG**

A brand new Motor Insurance
with coverage attached to the insured driver

Drive Any Car Insurance



Premium starts from

2,890 Baht/year



Covers any car driven
by the Insured



Easy to buy
with only a driving license

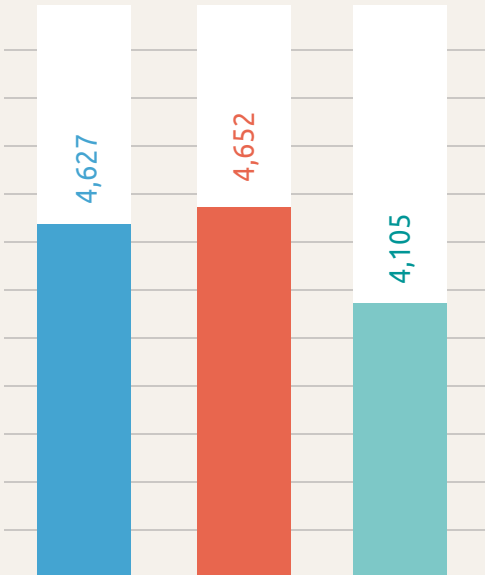


No car
inspection

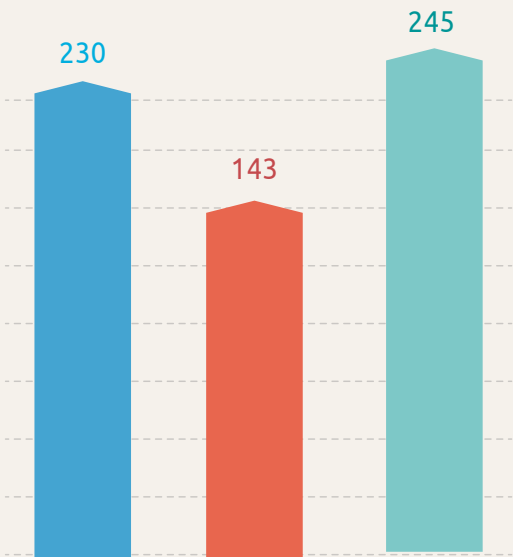


Choose the plan between
3rd class and 3rd class plus

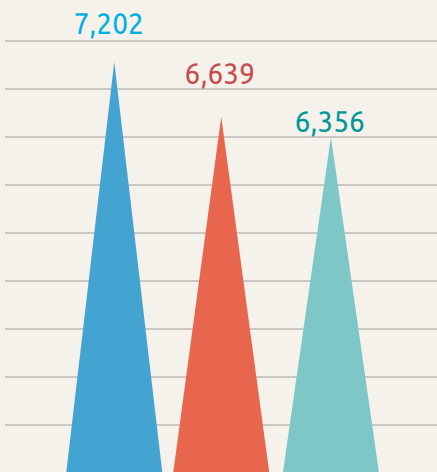
Summary Financial Information (Million Baht)



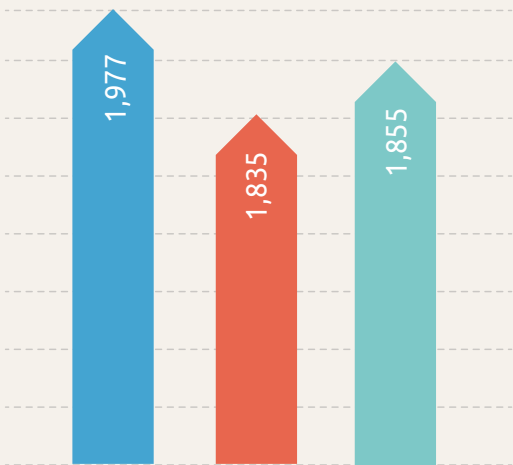
Gross Premium Written



Net Profit

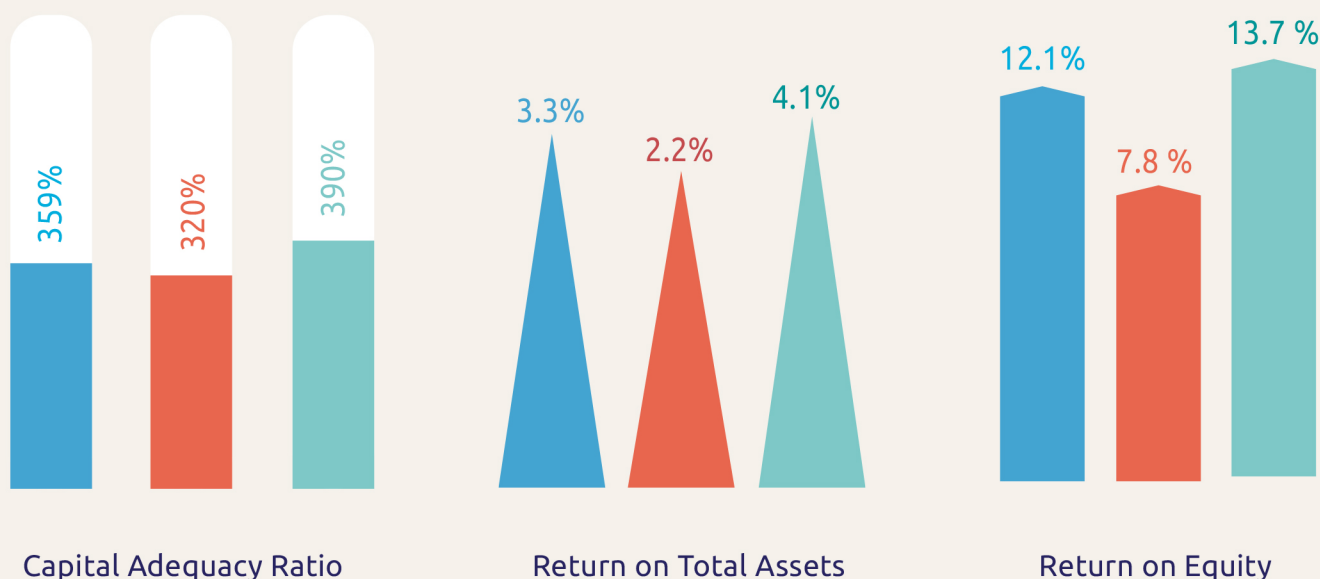


Total Assets



Equity

Financial Ratio (%)



31 December (Million Baht)	2023	2022	2021
Gross Premium Written	4,627	4,652	4,105
Net Premium Earned	3,740	3,708	3,211
Underwriting Profit	210	116	215
Investment income and gains on investment	66	60	88
Net Profit	230	143	245
Total Assets	7,202	6,639	6,356
Total Liabilities	5,225	4,804	4,501
Equity	1,977	1,835	1,855

Auditor's Remuneration in 2023

No.	Type of services	Name	Amount (Million Baht)
1	Audit of annual financial statements and review quarter financial statements of 2023	Mr. Jedsada, Leelawatanasuk / KPMG Phoomchai Audit Ltd.	1.83
2	Review half-year and audit annual Risk-Based Capital Reports of 2023	Mr. Jedsada, Leelawatanasuk / KPMG Phoomchai Audit Ltd.	0.56
3	Review accounting treatment of TFRS17 Insurance Contract	Mr. Jedsada, Leelawatanasuk / KPMG Phoomchai Audit Ltd.	0.50
4	Review the preparation and modification in transfer pricing reports of 2020 and 2021	Mr. Burin Yenthanakorn /KPMG Phoomchai Tax Ltd.	0.40

Financial Statements and Independent Auditor's Report



MSIG Insurance (Thailand) Public Company Limited

Financial statements for the year ended
31 December 2023
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

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ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
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แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

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 2023, 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 2023 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 the *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 blue ink, appearing to read 'Jedsada Lu'.

(Jedsada Leelawatanasuk)
Certified Public Accountant
Registration No. 11225

KPMG Phoomchai Audit Ltd.
Bangkok
19 March 2024

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2023	2022
		(in Baht)	
Cash and cash equivalents	4, 25	385,644,828	236,303,121
Premiums due and uncollected	5, 22	705,912,586	646,365,826
Accrued investment income		12,019,058	9,785,840
Reinsurance assets	10, 22	579,236,684	372,932,709
Reinsurance receivables	6, 22	197,944,326	88,212,662
Investments assets			
Investments in securities	7, 24, 25	3,869,961,120	3,796,892,610
Premises and equipment	8	267,639,734	264,689,048
Right-of-use assets		8,346,721	14,291,579
Intangible assets	9	34,757,324	30,053,429
Deferred acquisition costs		619,605,855	664,478,562
Deferred tax assets	18	459,193,250	446,439,499
Other assets	22	61,605,602	68,542,363
Total assets		7,201,867,088	6,638,987,248

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	
		2023	2022
		<i>(in Baht)</i>	
Liabilities			
Insurance contract liabilities	10	3,832,856,298	3,754,549,904
Reinsurance payables	11, 22	535,447,045	291,821,094
Income tax payable		13,111,467	19,800,459
Employee benefit obligations	12	294,064,355	293,974,241
Lease liabilities		8,496,500	12,985,415
Other liabilities	13, 22	541,054,308	430,444,041
Total liabilities		5,225,029,973	4,803,575,154
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		1,727,845,990	1,542,897,264
Other components of shareholders' equity	15	(54,010,492)	(10,486,787)
Total equity		1,976,837,115	1,835,412,094
Total liabilities and equity		7,201,867,088	6,638,987,248

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income

	Note	For the year ended 31 December	
		2023	2022
		<i>(in Baht)</i>	
Revenues			
Gross premiums written		4,626,490,664	4,652,267,157
Less premiums ceded	22	<u>(964,383,525)</u>	<u>(748,416,254)</u>
Net premiums written		3,662,107,139	3,903,850,903
Unearned premium reserve increased from previous year		(84,678,765)	(188,235,911)
Add (less) reinsurers' share of unearned premium reserve increased (decreased) from previous year		<u>162,164,569</u>	<u>(7,764,412)</u>
Net premiums earned		3,739,592,943	3,707,850,580
Commission and brokerage income	22	227,336,710	225,699,564
Net investment income		70,356,280	49,268,779
Gain (loss) on investments		(4,651,719)	10,402,035
Other income	22	<u>16,083,029</u>	<u>13,628,713</u>
Total revenues		<u>4,048,717,243</u>	<u>4,006,849,671</u>
Expenses			
Insurance claims expenses	17	1,962,723,306	2,281,248,894
Less insurance claims expenses recovered from reinsurers	22	<u>(234,222,628)</u>	<u>(263,023,350)</u>
Net insurance claims expenses		1,728,500,678	2,018,225,544
Commission and brokerage expenses	22	685,808,337	572,669,638
Other underwriting expenses	17	812,783,197	727,924,064
Operating expenses	16, 17, 22	529,377,593	499,213,463
Other expenses		7,500,734	10,127,739
Expected credit loss (reversal)	21	<u>42,255</u>	<u>(198,205)</u>
Total expenses		<u>3,764,012,794</u>	<u>3,827,962,243</u>
Profit before income tax		284,704,449	178,887,428
Income tax	18	<u>54,421,031</u>	<u>35,505,100</u>
Net profit		<u>230,283,418</u>	<u>143,382,328</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	2023	2022
		(in Baht)	
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)		(54,404,632)	(30,860,807)
Income tax relating to items that will be reclassified subsequently to profit or loss	18	10,880,927	6,172,161
Total items that will be reclassified subsequently to profit or loss		(43,523,705)	(24,688,646)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plan		14,664,735	5,212,998
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	(2,932,947)	(1,042,599)
Total items that will not be reclassified subsequently to profit or loss		11,731,788	4,170,399
Other comprehensive loss for the year, net of income tax		(31,791,917)	(20,518,247)
Total comprehensive income for the year		198,491,501	122,864,081
Basic earnings per share (in Baht)	19	161.41	100.50

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 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							
Distributions to shareholders of the Company							
Dividends	20, 22	-	-	-	(142,666,200)	-	(142,666,200)
Total distributions to shareholders of the Company		-	-	-	(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 changes in equity

				Retained earnings	Other components of equity		
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	Loss on investment measured at fair value through other comprehensive income	Total equity
	Note						
For the year ended 31 December 2023							
Balance at 1 January 2023		142,666,200	146,068,797	14,266,620	1,542,897,264	(10,486,787)	1,835,412,094
Transactions with shareholders, recorded directly in equity							
Distributions to shareholders of the Company							
Dividends	20, 22	-	-	-	(57,066,480)	-	(57,066,480)
Total distributions to shareholders of the Company		-	-	-	(57,066,480)	-	(57,066,480)
Comprehensive income (loss) for the year							
Net profit		-	-	-	230,283,418	-	230,283,418
Other comprehensive income (loss)		-	-	-	11,731,788	(43,523,705)	(31,791,917)
Total comprehensive income (loss) for the year		-	-	-	242,015,206	(43,523,705)	198,491,501
Balance at 31 December 2023		142,666,200	146,068,797	14,266,620	1,727,845,990	(54,010,492)	1,976,837,115

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

MSIG Insurance (Thailand) Public Company Limited

Statement of cash flows

		For the year ended 31 December	
	Note	2023	2022
		(in Baht)	
Cash flows from operating activities			
Premium received		4,556,641,724	4,754,938,637
Cash paid to reinsurers		(368,425,634)	(241,729,857)
Interest received		63,585,044	45,247,700
Dividend received		3,991,520	4,757,098
Other income		8,604,707	5,995,019
Insurance claims expenses		(1,925,401,716)	(2,076,283,918)
Commission and brokerage expenses		(674,664,633)	(662,923,923)
Other underwriting expenses		(722,170,511)	(694,599,921)
Operating expenses		(488,862,662)	(513,023,279)
Income tax paid		(65,915,794)	(126,233,879)
Cash received - financial assets		1,523,932,627	2,685,416,648
Cash payment - financial assets		(1,655,553,246)	(2,994,941,331)
Net cash flows provided by operating activities		255,761,426	186,618,994
Cash flows from investing activities			
Cash flows provided by			
Proceeds from sale of hardware and equipment		-	78,051
Cash flows provided by investing activities		-	78,051
Cash flows used in			
Purchase of building improvement, hardware and equipment		(29,829,891)	(34,454,454)
Purchase of intangible assets		(11,900,952)	(5,468,133)
Cash flows used in investing activities		(41,730,843)	(39,922,587)
Net cash flows used in investing activities		(41,730,843)	(39,844,536)
Cash flows from financing activities			
Payment of lease liabilities		(6,968,270)	(6,458,921)
Interest paid		(654,126)	(711,817)
Dividend paid	20, 22	(57,066,480)	(142,666,200)
Net cash flows used in financing activities		(64,688,876)	(149,836,938)
Net increase (decrease) in cash and cash equivalents		149,341,707	(3,062,480)
Cash and cash equivalents at 1 January		236,303,121	239,365,601
Cash and cash equivalents at 31 December	4	385,644,828	236,303,121

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 2023

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 19 March 2024.

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 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.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2023. 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 2023

(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 2023 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 2023

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 2023

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 2023

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.

MSIG Insurance (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(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.

MSIG Insurance (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

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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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

	2023	2022
	<i>(in thousand Baht)</i>	
Cash on hand	30	30
Deposits at banks - call deposits	385,615	236,273
Total	385,645	236,303

5 Premiums due and uncollected

As at 31 December 2023 and 2022, the aging analyses for premiums due and uncollected were as follows:

	2023	2022
	<i>(in thousand Baht)</i>	
Within credit terms	567,178	543,747
Overdue:		
Not over than 30 days	63,810	54,043
31 - 60 days	41,711	36,857
61 - 90 days	26,545	12,296
91 days - 1 year	12,180	6,363
Over 1 year	4,930	4,560
Total	716,354	657,866
Less allowance doubtful accounts	(10,441)	(11,500)
Net	705,913	646,366

	2023	2022
	<i>(in thousand Baht)</i>	
Doubtful accounts (reversal) for the year ended 31 December	(1,059)	6,123

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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

	2023 (in thousand Baht)	2022 (in thousand Baht)
Due from reinsurers	<u>197,944</u>	<u>88,213</u>

As at 31 December 2023 and 2022, the aging analyses for due from reinsurers were as follows:

	2023 (in thousand Baht)	2022 (in thousand Baht)
Overdue:		
Less than 1 year	175,585	75,683
Within 1 - 2 years	22,347	12,507
Over 2 years	12	23
Total	<u>197,944</u>	<u>88,213</u>

7 Investments in securities

7.1 Investment in securities by measurement are as follows:

	2023		2022	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
	(in thousand Baht)			
Investment measured at fair value through other comprehensive income				
Government and state enterprise debt securities	2,597,743	2,550,043	2,545,211	2,525,919
Private debt securities	877,726	864,955	848,446	837,314
Equity securities	129,596	122,723	187,995	202,951
Unit trust	44,000	41,429	-	-
Total	<u>3,649,065</u>	<u>3,579,150</u>	<u>3,581,652</u>	<u>3,566,184</u>
Less unrealised losses	(69,745)	-	(15,298)	-
Less allowance for impairment	(170)	-	(170)	-
Total investment measured at fair value through other comprehensive income	<u>3,579,150</u>	<u>3,579,150</u>	<u>3,566,184</u>	<u>3,566,184</u>
Allowance for impairment loss	<u>2,067</u>	<u>-</u>	<u>2,067</u>	<u>-</u>
Allowance for expected credit loss	<u>165</u>	<u>-</u>	<u>123</u>	<u>-</u>

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	2023		2022	
	Cost / Amortised cost	Fair value (in thousand Baht)	Cost / Amortised cost	Fair value
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	290,811	290,811	230,709	230,709
Total investment measured at amortised cost	290,811	290,811	230,709	230,709
Total investment in securities	3,869,961	3,869,961	3,796,893	3,796,893

7.2 Investment measured at fair value through other comprehensive income

	2023		2022	
	Fair value	Allowance for expected credit loss / Allowance for impairment loss (in thousand Baht)	Fair value	Allowance for expected credit loss / Allowance for impairment loss
Debt securities - no significant increase in credit risk (stage 1)	3,414,998	165	3,363,233	123
Equity securities	122,723	2,237	202,951	2,237
Unit trust	41,429	-	-	-
Total	3,579,150	2,402	3,566,184	2,360

7.3 Investment measured at amortised cost

	Book value	2023 Allowance for expected credit loss (in thousand Baht)	Net book value
Debt securities - no significant increase in credit risk (stage 1)	290,811	-	290,811
Total	290,811	-	290,811

	Book value	2022 Allowance for expected credit loss (in thousand Baht)	Net book value
Debt securities - no significant increase in credit risk (stage 1)	230,709	-	230,709
Total	230,709	-	230,709

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7.4 Remaining period of debt securities

As at 31 December 2023 and 2022, 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:

	2023 Maturities				2022 Maturities			
	1 year	Over 1 - 5 years	Over 5 years	Total	1 year	Over 1 - 5 years	Over 5 years	Total
	<i>(in thousand Baht)</i>							
Debt securities measured at fair value through other comprehensive income								
<i>Government and state enterprise debt securities</i>								
- Thai government bonds	181,989	1,640,784	691,470	2,514,243	587,141	1,021,569	853,001	2,461,711
- State enterprise bonds	-	59,900	23,600	83,500	-	31,400	52,100	83,500
Total	181,989	1,700,684	715,070	2,597,743	587,141	1,052,969	905,101	2,545,211
Add (less) unrealised gains (losses)	(855)	(38,261)	(8,584)	(47,700)	295	(17,815)	(1,772)	(19,292)
Total	181,134	1,662,423	706,486	2,550,043	587,436	1,035,154	903,329	2,525,919
<i>Private debt securities</i>								
- Debentures	125,095	470,587	282,044	877,726	-	553,574	294,872	848,446
Less unrealised losses	(201)	(8,306)	(4,264)	(12,771)	-	(3,385)	(7,747)	(11,132)
Total	124,894	462,281	277,780	864,955	-	550,189	287,125	837,314
Total debt securities measured at fair value through other comprehensive income	306,028	2,124,704	984,266	3,414,998	587,436	1,585,343	1,190,454	3,363,233

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	2023 Maturities				2022 Maturities			
	1 year	Over 1 - 5 years	Over 5 years	Total (in thousand Baht)	1 year	Over 1 - 5 years	Over 5 years	Total
<i>Debt securities at amortised cost</i>								
Deposits at banks with original maturities over 3 months	290,811	-	-	290,811	230,709	-	-	230,709
Total debt securities at amortised cost	290,811	-	-	290,811	230,709	-	-	230,709
Total investment in debt securities	596,839	2,124,704	984,266	3,705,809	818,145	1,585,343	1,190,454	3,593,942

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

Classification of financial assets	Fair value as at 31 December 2023	Changes in fair value during the year	Fair value as at 31 December 2022	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>3,705,809</u>	<u>111,867</u>	<u>3,593,942</u>	<u>416,704</u>
Contractual cash flows from financial assets at the defined date are not solely payment of principal and interest.	<u>41,429</u>	<u>41,429</u>	<u>-</u>	<u>(89,805)</u>

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8 Premises and equipment

	Land	Buildings	Buildings improvement (in thousand Baht)	Furniture, fixtures and equipment	Vehicles	Total
Cost						
At 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 and 1 January 2023	119,074	218,765	90,853	255,193	2,205	686,090
Additions	-	-	1,324	26,410	-	27,734
Disposals	-	-	-	(7,830)	-	(7,830)
Transfer in	-	-	-	3,400	5,240	8,640
At 31 December 2023	119,074	218,765	92,177	277,173	7,445	714,634
Accumulated depreciation						
At 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 and 1 January 2023	-	198,747	33,721	188,350	583	421,401
Depreciation charge for the year	-	1,051	4,510	21,207	89	26,857
Disposals	-	-	-	(6,108)	-	(6,108)
Transfer in	-	-	-	1,700	3,144	4,844
At 31 December 2023	-	199,798	38,231	205,149	3,816	446,994
Net book value						
At 1 January 2022	119,074	21,070	54,377	60,132	1,864	256,517
At 31 December 2023 and 1 January 2023	119,074	20,018	57,132	66,843	1,622	264,689
At 31 December 2023	119,074	18,967	53,946	72,024	3,629	267,640

The gross carrying amount of the Company's fully depreciated buildings improvement and equipment that was still in use as at 31 December 2023 amounted to Baht 175 million (2022: Baht 123 million).

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9 Intangible assets

	Software licences (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	90,739
Additions	5,468
Disposal	(6,673)
At 31 December 2022 and 1 January 2023	89,534
Additions	11,951
Disposal	(110)
At 31 December 2023	101,375
<i>Amortisation and impairment losses</i>	
At 1 January 2022	56,900
Amortisation for the year	6,721
Disposal	(4,140)
At 31 December 2022 and 1 January 2023	59,481
Amortisation for the year	7,197
Disposal	(60)
At 31 December 2023	66,618
<i>Net book value</i>	
At 1 January 2022	33,839
At 31 December 2022 and 1 January 2023	30,053
At 31 December 2023	34,757

The gross carrying amount of the Company's fully amortised intangible assets that still in use as at 31 December 2023 amounted to Baht 36 million (2022: Baht 34 million).

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10 Insurance contract liabilities

	2023			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	1,199,894	(195,002)	1,004,892	1,220,633	(150,238)	1,070,395
- Incurred but not reported	150,578	(25,923)	124,655	136,211	(26,547)	109,664
Total loss reserves and outstanding claims	1,350,472	(220,925)	1,129,547	1,356,844	(176,785)	1,180,059
Unearned premium reserves	2,482,385	(358,312)	2,124,073	2,397,706	(196,148)	2,201,558
Total	3,832,857	(579,237)	3,253,620	3,754,550	(372,933)	3,381,617

10.1 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 year	1,760,018	(234,847)	1,525,171	2,148,991	(262,505)	1,886,486
Insurance claim expenses paid during the year	(1,780,757)	190,083	(1,590,674)	(1,956,405)	275,742	(1,680,663)
Change in estimation and assumption	14,367	624	14,991	6,222	(518)	5,704
At 31 December	1,350,472	(220,925)	1,129,547	1,356,844	(176,785)	1,180,059

10.2 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 year	4,626,491	(964,384)	3,662,107	4,652,267	(748,416)	3,903,851
Earned premium in the year	(4,541,812)	802,220	(3,739,592)	(4,464,031)	756,180	(3,707,851)
At 31 December	2,482,385	(358,312)	2,124,073	2,397,706	(196,148)	2,201,558

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10.3 Loss development table

10.3.1 Gross loss development triangle

At 31 December 2023

Accident year/ Accounting year	Prior and within 2018	2019	2020	2021	2022	2023	Total
				<i>(in thousand Baht)</i>			
Estimated loss reserve and outstanding claims							
At year ended		1,936,421	1,656,868	1,769,681	2,316,316	2,121,334	
Development year 1		1,867,277	1,516,826	1,742,520	2,106,717	-	
Development year 2		1,708,211	1,394,685	1,614,177	-	-	
Development year 3		1,695,807	1,386,523	-	-	-	
Development year 4		1,688,336	-	-	-	-	
Absolute estimated loss reserve and outstanding claim	37,587	1,688,336	1,386,523	1,614,177	2,106,717	2,121,334	8,954,674
Accumulative claims paid	(29,849)	(1,645,918)	(1,370,823)	(1,572,873)	(1,854,628)	(1,212,881)	(7,686,972)
Total	7,738	42,418	15,700	41,304	252,089	908,453	1,267,702
Reconciliation							
Unallocated loss adjustment expenses							82,770
Total loss reserve and outstanding claims							1,350,472

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At 31 December 2022

Accident year/ Accounting year	Prior and within 2017	2018	2019	2020 (in thousand Baht)	2021	2022	Total
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	(210,732)	(1,892,790)	(1,637,661)	(1,360,506)	(1,549,505)	(1,324,919)	(7,976,113)
Total	6,677	1,134	58,146	34,179	193,015	991,397	1,284,548
Reconciliation							
Unallocated loss adjustment expenses							72,296
Total loss reserve and outstanding claims							1,356,844

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10.3.2 Net loss development triangle

At 31 December 2023[illegible]

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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	(66,569)	(1,515,495)	(1,471,901)	(1,211,407)	(1,317,563)	(1,226,172)	(6,809,107)
Total	3,559	210	5,711	22,945	175,901	899,437	1,107,763
Reconciliation							
Unallocated loss adjustment expenses							72,296
Total loss reserve and outstanding claims, net							1,180,059

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11 Reinsurance payables

	2023	2022
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	153,667	88,960
Due to reinsurers	381,780	202,861
Total	535,447	291,821

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 2023 and 2022 were as follows:

	2023		2022	
	(in thousand Baht)			
Defined benefit plans				
- Post-employment benefits			285,362	285,155
- Other long-term employee benefits			8,702	8,819
Total present value of unfunded obligations			294,064	293,974

Present value of the defined benefit obligations	2023		2022		Total
	Post-employment benefits	Other long-term employee benefits	Post-employment benefits	Other long-term employee benefits	
					(in thousand Baht)
At 1 January	285,155	8,819	293,974	275,667	9,393
285,060					
Include in profit or loss:					
Current service cost	19,294	1,464	20,758	19,461	1,439
Interest on obligation	4,588	146	4,734	4,533	140
Paid during the year	(9,010)	(1,152)	(10,162)	(9,293)	(1,216)
Actuarial gain	-	(575)	(575)	-	(937)
Total	300,027	8,702	308,729	290,368	8,819
299,187					

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<i>Present value of the defined benefit obligations</i>	2023			2022		
	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	(14,665)	-	(14,665)	(4,701)	-	(4,701)
- Experience adjustment	-	-	-	(596)	-	(596)
Total	(14,665)	-	(14,665)	(5,213)	-	(5,213)
At 31 December	285,362	8,702	294,064	285,155	8,819	293,974

Principal actuarial assumptions

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

	2023	2022
	(%)	
Discount rate	2.6 - 3.2	1.1 - 1.9
Future salary increase rate	3.0 - 5.0	3.0 - 5.0
Employee turnover rate	0.0 - 14.0	0.0 - 14.0

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 (%)	2023 Increase (decrease) in liabilities (in thousand Baht)	2022 Increase (decrease) in liabilities
Discount rate	+1	(11,782)	(14,127)
Discount rate	-1	13,119	15,752
Future salary	+1	24,560	24,446
Future salary	-1	(22,549)	(22,468)
Employee turnover rate	+10	(2,300)	(2,630)
Employee turnover rate	-10	2,437	2,795

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(b) Defined other long-term employee benefits obligation

	Change in variable (%)	2023 Increase (decrease) in liabilities (in thousand Baht)	2022 Increase (decrease) in liabilities
Discount rate	+1	(443)	(476)
Discount rate	-1	488	527
Employee turnover rate	+10	(273)	(289)
Employee turnover rate	-10	292	310

13 Other liabilities

	2023 (in thousand Baht)	2022
Commission payables	147,124	135,930
Accrued expenses	314,108	238,320
Others	79,823	56,194
Total	541,055	430,444

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

	2023	2022
	<i>(in thousand Baht)</i>	
Employee expense	286,063	257,266
Premises and equipment expense	71,170	98,258
Taxes and duties	2,886	2,422
Bad debt and doubtful account expense (reversal)	(727)	5,713
Others	169,985	135,554
Total	529,377	499,213

17 Employee benefit expenses

	2023	2022
	<i>(in thousand Baht)</i>	
Director's remuneration	3,620	4,180
Wages, salaries and bonuses	623,587	574,659
Post-employment benefits	59,811	58,501
Total	687,018	637,340

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

	2023	2022
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	58,225	85,939
Understatement in prior year	1,001	1,100
Deferred tax expense		
Movements in temporary differences	(4,805)	(51,534)
Total	54,421	35,505

Income tax recognised in other comprehensive income

Deferred tax expenses

Loss on remeasurement of investments - fair value through other comprehensive income	10,881	6,172
Actuarial gain on defined benefit plan	(2,933)	(1,042)
Total	7,948	5,130

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Reconciliation of effective tax rate

	2023		2022	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		284,704		178,888
Income tax using the tax rate	20.0	56,941	20.0	35,778
Understatement in prior year	0.4	1,001	0.6	1,100
Income not subject to tax	(0.8)	(2,312)	(0.2)	(295)
Addition deductible expense for tax purpose	(0.6)	(1,577)	(0.9)	(1,562)
Expenses not deductible for tax purposes	0.1	368	0.3	484
Total	19.1	54,421	19.8	35,505

Deferred tax assets and liabilities

	2023	2022
	(in thousand Baht)	(in thousand Baht)
Deferred tax assets	463,772	448,162
Deferred tax liabilities	(4,579)	(1,722)
Net	459,193	446,440

Movements in deferred tax balance are as follows:

	At 1 January 2023	(Charged) / credited to		At 31 December 2023
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Allowance for doubtful accounts	2,596	(209)	-	2,387
Loss on remeasurement of investments - fair value	3,059	-	10,889	13,948
Allowance for impairment loss on investment	447	-	-	447
Unearned premium reserve	128,004	3,842	-	131,846
Incurred but not reported loss reserves (IBNR)	21,933	2,998	-	24,931
Loss reserves	214,079	(13,100)	-	200,979
Employee benefit obligations	58,795	2,951	(2,933)	58,813
Accrued Expense	22,283	8,105	-	30,388
Expected credit loss	25	8	-	33
Total	451,221	4,595	7,956	463,772
Deferred tax liabilities				
Depreciation expense for buildings	4,003	(210)	-	3,793
Depreciation expense for financial lease	340	-	-	340
Allowance for impairment loss on investment	413	-	-	413
Expected credit loss	25	-	8	33
Total	4,781	(210)	8	4,579
Net	446,440	4,805	7,948	459,193

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	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

19 Basic earnings per share

	2023 (in thousand Baht/share)	2022
Profit for the year attributable to ordinary shareholders of the company (basic)	230,283	143,382
Number of ordinary shares outstanding	1,426,662	1,426,662
Basic earnings per share (in Baht)	161.41	100.50

20 Dividends

The shareholders of the Company have approved dividends as follows:

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

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21 Expected credit loss (reversal)

	2023	2022
	<i>(in thousand Baht)</i>	
Expected credit loss (reversal)		
Investment in securities		
- Debt securities measured at fair value through other comprehensive income	42	(198)
Total	42	(198)

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) Limited	Hong Kong	The subsidiary company of the Ultimate parent company
MS Amlin Underwriting Limited	United Kingdom	The subsidiary company of the Ultimate parent company
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

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Name of entities/Personnel	Country of Incorporation/ Nationality	Nature of relationships
MSIG Insurance Europe AG (France)	France	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 2023 and 2022 with key management and related parties were summarised as follows:

	2023	2022
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Commission and brokerage income	19,733	16,519
Service income	10,565	10,176
Expenses		
Other related parties		
Premiums ceded	99,712	87,995
Commission and brokerage expense	192	126
Insurance claims expenses recovered from reinsurers	23,564	32,657
Marketing and management support services agreement fee	60,358	40,412
Key management and director compensation		
Directors' remuneration	3,620	4,180
Short-term benefits	58,924	58,800
Post-employment benefit	10,370	10,615
Total	72,914	73,595
Dividends		
Major shareholders		
Dividend paid	49,317	123,292

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

	2023 (in thousand Baht)	2022
Premiums due and uncollected		
Other related parties		
Calm Sea Service Co., Ltd.	<u>219</u>	<u>296</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	31,054	26,411
MS Amlin Underwriting Limited	4,899	3,427
Amlin Bermuda Limited	129	807
MS First Capital Insurance Limited	11,177	3,340
MS Amlin Insurance SE	900	3,246
MSIG Insurance (Hong Kong) Limited	506	326
MS Amlin Asia Pacific Pte. Ltd.	338	922
Total	<u>49,003</u>	<u>38,479</u>
Reinsurance receivables		
Due from reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	-	2
MS Amlin Underwriting Limited	15,617	1,152
MS First Capital Insurance Limited	71	48
MS Amlin Insurance SE	12,760	31,341
MSIG Insurance (Hong Kong) Limited	45	31
MSIG Insurance Europe AG (France)	20	-
Total	<u>28,513</u>	<u>32,574</u>
Other assets		
Other receivables		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. Thailand Branch	<u>1,690</u>	<u>466</u>
Reinsurance payables		
Due to reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	6,694	1,220
MS Amlin Underwriting Limited	26,677	508
Amlin Bermuda Limited	271	41
MS First Capital Insurance Limited	2,058	908
MS Amlin Insurance SE	23,840	46,793
MSIG Insurance (Hong Kong) Limited	606	419
MS Amlin Asia Pacific Pte. Ltd.	89	917
MSIG Insurance Europe AG (France)	89	-
Total	<u>60,324</u>	<u>50,806</u>

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	2023	2022
	<i>(in thousand Baht)</i>	
<i>Amount withheld on reinsurance</i>		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	12,542	13,623
MS First Capital Insurance Limited	6,099	1,683
Amlin Bermuda Limited	10	702
Total	18,651	16,008
 <i>Other liabilities</i>		
Payables to related parties		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd.	3,339	2,229
MSIG Asia Pte. Ltd.	15,242	5,597
Calm Sea Service Co., Ltd.	194	343
Total	18,775	8,169

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;

	2023		2022	
	Gross of reinsurance	Net	Gross of reinsurance	Net
	<i>(in thousand Baht)</i>			
Loss reserves and outstanding claims				
<i>Type of insurance</i>				
Fire	23,371	18,558	27,351	22,834
Marine	129,036	58,309	171,787	76,539
Motor	884,533	841,778	950,028	931,656
Miscellaneous	313,532	210,902	207,678	149,030
Total	1,350,472	1,129,547	1,356,844	1,180,059
Unearned premium reserves				
<i>Type of insurance</i>				
Fire	195,798	138,446	157,019	134,106
Marine	84,277	57,512	78,440	56,035
Motor	1,144,837	1,024,128	1,230,504	1,214,466
Miscellaneous	1,057,473	903,987	931,743	796,951
Total	2,482,385	2,124,073	2,397,706	2,201,558

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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.

		2023		2022	
	Change	Increase	Increase	Increase	Increase
	in variable	(decrease) in	(decrease) in	(decrease) in	(decrease) in
	(%)	liabilities	profit and	liabilities	profit and
			equity		equity
			(in thousand Baht)		
Net expected loss ratio	-1	(40,353)	40,353	(39,499)	39,499
Net expected loss ratio	+1	40,353	(40,353)	39,499	(39,499)

23.4 Capital management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure, preserves 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% (2022: 140%) 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 2023 and 2022 significant financial assets classified by type of interest rate are as follows:

	2023				2022			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total (in thousand Baht)	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets								
Cash and cash equivalents	385,615	-	30	385,645	236,273	-	30	236,303
Investments in securities								
Government and state enterprise debt securities	-	2,550,043	-	2,550,043	-	2,525,919	-	2,525,919
Private debt securities	-	864,955	-	864,955	-	837,314	-	837,314
Equity securities	-	-	122,723	122,723	-	-	202,951	202,951
Unit trusts	-	-	41,429	41,429	-	-	-	-
Deposits at banks with original maturities over 3 months	-	290,811	-	290,811	-	230,709	-	230,709
Total financial assets	385,615	3,705,809	164,182	4,255,606	236,273	3,593,942	202,981	4,033,196

As at 31 December 2023 and 2022, 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				Average interest rate (% per annum)
	Within 1 year	Over 1 - 5 years (in thousand Baht)	Over 5 years	Total	
2023					
Financial assets					
Investments in securities					
Government and state enterprise debt securities	181,134	1,662,423	706,486	2,550,043	1.75
Private debt securities	124,894	462,281	277,780	864,955	2.63
Deposit at banks with original maturities over than 3 months	290,811	-	-	290,811	1.56
Total financial assets	596,839	2,124,704	984,266	3,705,809	

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	Maturity period				Average interest rate (% per annum)
	Within 1 year	Over 1 - 5 years (in thousand Baht)	Over 5 years	Total	
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	

Sensitivity analysis

A reasonable possible change of interest rates as at 31 December 2023 and 2022 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.

	2023		2022	
	Net profit (loss) + 25 basis point	- 25 basis point (in thousand Baht)	Other components of shareholders' equity + 25 basis point	- 25 basis point
Yield curve	-	-	(32,915)	33,389
	2023		2022	
	Net profit (loss) + 25 basis point	- 25 basis point (in thousand Baht)	Other components of shareholders' equity + 25 basis point	- 25 basis point
Yield curve	-	-	(26,041)	26,431

23.6 Foreign currency risk

As at 31 December 2023 and 2022, the Company was exposed to foreign currency risk in respect of financial assets and financial liabilities denominated in the following currency:

	Note	2023 (in thousand Baht)	2022
Assets denominated in the foreign currency			
Deposits at banks - Singapore Dollars		10,831	-
Deposits at banks - Japanese Yens		4,874	-
Total		15,705	-
Liabilities denominated in the foreign currency			
Payables to related parties - Singapore Dollars	22	15,242	5,597
Payables to related parties - Japanese Yens	22	3,339	2,229
Total		18,581	7,826

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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 2023 and 2022 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.

	2023		2022	
	Net profit (loss) 1% increase	Net profit (loss) 1% decrease	Other components of shareholders' equity 1% increase	Other components of shareholders' equity 1% decrease
	<i>(in thousand Baht)</i>			
SET Index	-	-	1,639	(1,639)
	<i>(in thousand Baht)</i>			
SET Index	-	-	1,663	(1,663)

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 2023 and 2022 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 2023 <i>(in thousand Baht)</i>			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments measured at fair value through other comprehensive income</i>				
Government debts securities				
Non-rated	2,470,662	-	-	2,470,662
State enterprise debt securities				
Rated A and above	79,381	-	-	79,381

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	31 December 2023 (in thousand Baht)			
	Stage 1	Stage 2	Stage 3	Total
<i>Investments measured at fair value through other comprehensive income</i>				
Private debt securities				
Rated A and above	864,955	-	-	864,955
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	3,414,998	-	-	3,414,998
Allowance for excepted credit loss	165	-	-	165
<i>Investments measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months				
Rated A and above	290,811	-	-	290,811
Rated BBB+ to A-	-	-	-	-
Rated BBB and below	-	-	-	-
Carrying amount	290,811	-	-	290,811
Less allowance for excepted credit loss	-	-	-	-
Net carrying amount	290,811	-	-	290,811

	31 December 2022 (in thousand Baht)			
	Stage 1	Stage 2	Stage 3	Total
<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
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

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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
2023			
Insurance contract liabilities			
Loss reserves and outstanding claims, net	1,036,279	93,268	1,129,547
2022			
Insurance contract liabilities			
Loss reserves and outstanding claims, net	1,070,108	109,951	1,180,059

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 2023</i>	<i>Note</i>	Carrying amount	Level 1	Fair value (in thousand Baht)		Total
				Level 2	Level 3	
Financial assets						
Investment in securities	7					
Government and state enterprise debt securities		2,550,043	-	2,550,043	-	2,550,043
Private debt securities		864,955	-	864,955	-	864,955
Equity securities		122,723	118,639	4,084	-	122,723
Unit trusts		41,429	-	41,429	-	41,429
Total		3,579,150	118,639	3,460,511	-	3,579,150
At 31 December 2022						
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

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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 2023, the Company did not have equity securities measured at FVOCI that were transferred from Level 2 to Level 1 (2022: *nil*) or from Level 1 to Level 2 (2022: *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 2023 and 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:

	2023		2022	
	Book value	Face value (in thousand Baht)	Book value	Face value
Bank of Thailand bond	15,302	15,000	14,921	15,000
Total	15,302	15,000	14,921	15,000

- 24.2 As at 31 December 2023 and 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:

	2023		2022	
	Book value	Face value (in thousand Baht)	Book value	Face value
Government and Bank of Thailand bonds	470,486	468,000	381,609	368,000
Deposit at bank - time deposit	100,000	100,000	200,000	200,000
Total	570,486	568,000	581,609	568,000

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25 Restricted and collateral assets

	2023	2022
	<i>(in thousand Baht)</i>	
Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	<u>800</u>	<u>700</u>

26 Contribution to Non-Life Insurance Fund

As at 31 December 2023 and 2022, the accumulated Contribution to Non-Life Insurance Fund were as follows:

	2023	2022
	<i>(in thousand Baht)</i>	
At 1 January	118,930	107,305
Increase during the year	<u>14,423</u>	<u>11,625</u>
At 31 December	<u>133,353</u>	<u>118,930</u>

27 Commitments with non - related parties

Commitments under office rental and service agreements

	2023	2022
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	1,226	4,587
After one year but within five years	<u>235</u>	<u>329</u>
Total	<u>1,461</u>	<u>4,916</u>

28 Contingent liabilities

As at 31 December 2023 lawsuits have been brought against the Company, in relation to insurance claims of Baht 217 million (2022: Baht 211 million) whereas the sum insured of insurance policy and reinsurance claim recoverable of Baht 138 million and Baht 4 million, respectively (2022: Baht 239 million and Baht 5 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.

30 Event after reporting period

At the meeting of the Board of Directors of the Company held on 19 March 2024, the Board of Directors agreed to propose the meeting of shareholders will be held on 26 April 2024 to approve the appropriation of dividends of Baht 85 per share, amounting to Baht 121 million.

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