

MSIG Insurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2020
and
Independent auditor's review report

Independent auditor's report on review of interim financial information

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

I have reviewed the accompanying statement of financial position of MSIG Insurance (Thailand) Public Company Limited as at 30 June 2020; the statement of comprehensive income for the three-month and six-month periods ended 30 June 2020; changes in equity and cash flows for the six-month period ended 30 June 2020, and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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



(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
13 August 2020

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December
Assets	Note	2020	2019
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	4, 17	165,109	233,814
Premiums due and uncollected	5, 21	620,586	757,042
Accrued investment income		10,932	9,887
Reinsurance assets	8, 14	365,425	340,114
Reinsurance receivables	6	70,879	157,841
Investments assets			
Investments in securities	7, 15, 16	2,907,412	2,790,740
Premises and equipment		267,563	273,543
Right-of-use-assets		9,449	-
Intangible assets		32,329	36,347
Deferred acquisition costs		491,403	535,379
Deferred tax assets		252,068	265,859
Other assets	14, 21	81,530	69,560
Total assets		5,274,685	5,470,126

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December
	Note	2020	2019
Liabilities and equity		(Unaudited)	
		(in thousand Baht)	
Liabilities			
Insurance contract liabilities	8	2,764,137	2,941,592
Reinsurance payables	9, 14	235,318	222,191
Income tax payable		38,651	41,989
Employee benefit obligations		278,541	272,262
Lease liabilities	21	21,481	13,515
Other liabilities	14, 21	353,987	412,945
Total liabilities		3,692,115	3,904,494
Equity			
Share capital			
Authorized share capital		142,666	142,666
(1,426,662 ordinary shares, par value at Baht 100 per share)		142,666	142,666
Issued and paid-up share capital			
(1,426,662 ordinary shares, par value at Baht 100 per share)			
Share premium on ordinary shares		146,069	146,069
Retained earnings			
Appropriated			
Legal reserve		14,266	14,266
Unappropriated		1,253,078	1,231,928
Other components of shareholders' equity		26,491	30,703
Total equity		1,582,570	1,565,632
Total liabilities and equity		5,274,685	5,470,126

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

		Three-month period ended	
		30 June	
	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		755,727	932,136
<i>Less</i> premiums ceded	14	<u>(127,749)</u>	<u>(141,058)</u>
Net premiums written		627,978	791,078
Unearned premium reserve decreased from previous period		145,945	64,088
<i>Less</i> reinsurers' share of unearned premium reserve decreased from previous period		<u>(16,842)</u>	<u>(6,995)</u>
Net premium earned		757,081	848,171
Commission and brokerage income	14	34,819	50,933
Net investment income		9,981	13,738
Gain on investments		12,557	1,075
Other income (expense)	14	<u>(481)</u>	<u>1,875</u>
Total revenues		<u>813,957</u>	<u>915,792</u>
Expenses			
Insurance claim expenses		371,874	490,181
<i>Less</i> insurance claims expenses recovered from reinsurers	14	<u>(53,162)</u>	<u>(25,811)</u>
Net insurance claims expenses		318,712	464,370
Commission and brokerage expenses		159,992	157,968
Other underwriting expenses		120,002	158,835
Operating expenses	14	145,114	146,269
Expected credit loss	13	<u>140</u>	<u>-</u>
Total expenses		<u>743,960</u>	<u>927,442</u>
Profit (loss) before income tax		69,997	(11,650)
Income tax expense (benefit)	11	<u>13,275</u>	<u>(8,833)</u>
Net profit (loss)		<u>56,722</u>	<u>(2,817)</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Three-month period ended	
	30 June	
	2020	2019
	<i>(in thousand Baht)</i>	
Other comprehensive income		
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>		
Gain on remeasurement of investment - fair value through other comprehensive income	19,360	24,774
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	(3,872)	(4,955)
Total components of other comprehensive income that will be reclassified subsequently to profit or loss	15,488	19,819
<i>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</i>		
Actuarial gains on defined employee benefit plans	-	4,287
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	(857)
Total components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	3,430
Other comprehensive income for the period, net of income tax	15,488	23,249
Total comprehensive income for the period	72,210	20,432
Basic earnings (loss) per share <i>(in Baht)</i>	39.75	(1.97)

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

		Six-month period ended	
		30 June	
	Note	2020	2019
<i>(in thousand Baht)</i>			
Revenues			
Gross premiums written		1,726,505	1,971,096
Less premiums ceded	14	<u>(302,562)</u>	<u>(319,337)</u>
Net premiums written		1,423,943	1,651,759
Unearned premium reserve decreased (increased) from previous period		139,826	(26,436)
Less reinsurers' share of unearned premium reserve increased from previous period		<u>14,394</u>	<u>29,007</u>
Net premium earned		1,578,163	1,654,330
Commission and brokerage income	14	69,059	84,342
Net investment income		26,080	25,079
Loss on investments		(6,291)	(6,890)
Other income	14	<u>3,714</u>	<u>3,341</u>
Total revenues		<u>1,670,725</u>	<u>1,760,202</u>
Expenses			
Insurance claim expenses		785,157	1,034,807
Less insurance claims expenses recovered from reinsurers	14	<u>(74,103)</u>	<u>(110,223)</u>
Net insurance claims expenses		711,054	924,584
Commission and brokerage expenses		300,618	283,500
Other underwriting expenses		267,436	304,902
Operating expenses	14	286,363	277,008
Expected credit loss	13	<u>231</u>	<u>-</u>
Total expenses		<u>1,565,702</u>	<u>1,789,994</u>
Profit (loss) before income tax		105,023	(29,792)
Income tax expense (benefit)	11	<u>19,519</u>	<u>(13,214)</u>
Net profit (loss)		<u>85,504</u>	<u>(16,578)</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Six-month period ended	
	30 June	
	2020	2019
	<i>(in thousand Baht)</i>	
Other comprehensive income (loss)		
<i>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss</i>		
Gain (loss) on remeasurement of investment - fair value through other comprehensive income (loss)	(5,458)	41,268
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	1,092	(8,254)
Total components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	(4,366)	33,014
<i>Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</i>		
Actuarial gains on defined employee benefit plans	-	4,287
Income tax relating to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	-	(857)
Total components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	-	3,430
Other comprehensive income (loss) for the period, net income tax	(4,366)	36,444
Total comprehensive income (loss) for the period	81,138	19,866
Basic earnings (loss) per share (in Baht)	59.93	(11.62)

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

					Retained earnings	Other components of equity	
						Gain (loss) on investment measured at fair value through other comprehensive income	Total equity
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated		
(in thousand Baht)							
Six-month period ended 30 June 2019							
Balance at 1 January 2019		142,666	146,069	14,266	1,167,098	(9,495)	1,460,604
Transactions with shareholders, recorded directly in equity							
Distributions to shareholders of the Company							
Dividends	12	-	-	-	(64,200)	-	(64,200)
Total distributions to shareholders of the Company		-	-	-	(64,200)	-	(64,200)
Comprehensive income (loss) for the period							
Net loss		-	-	-	(16,578)	-	(16,578)
Other comprehensive income (loss)		-	-	-	3,430	33,014	36,444
Total comprehensive income (loss) for the period		-	-	-	(13,148)	33,014	19,866
Balance at 30 June 2019		142,666	146,069	14,266	1,089,750	23,519	1,416,270

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

			Retained earnings		Other components of equity		
					Gain (loss) on investment measured at fair value through other comprehensive income		Total equity
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in thousand Baht)	Unappropriated		
Six-month period ended 30 June 2020							
Balance at 31 December 2019, as previously reported		142,666	146,069	14,266	1,231,928	30,703	1,565,632
Impact of change in accounting policies	3	-	-	-	(154)	154	-
Balance at 1 January 2020, as restated		142,666	146,069	14,266	1,231,774	30,857	1,565,632
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	12	-	-	-	(64,200)	-	(64,200)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(64,200)	-	(64,200)
Comprehensive income (loss) for the period							
Net profit		-	-	-	85,504	-	85,504
Other comprehensive income (loss)		-	-	-	-	(4,366)	(4,366)
Total comprehensive income (loss) for the period		-	-	-	85,504	(4,366)	81,138
Balance at 30 June 2020		142,666	146,069	14,266	1,253,078	26,491	1,582,570

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

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

		Six-month period ended	
		30 June	
	Note	2020	2019
		(in thousand Baht)	
Cash flows from operating activities			
Premium received	21	1,858,352	2,005,928
Cash paid to reinsurers		(62,333)	(71,285)
Interest received		21,705	21,322
Dividend received		2,239	2,532
Other income		6,287	3,360
Insurance claims expenses	21	(800,582)	(1,096,483)
Commission and brokerage expenses		(290,452)	(313,796)
Other underwriting expenses	21	(288,608)	(317,883)
Operating expenses	21	(297,601)	(287,165)
Income tax paid		(7,976)	(26,818)
Cash received - financial assets	21	1,741,830	1,661,415
Cash payment - financial assets	21	(1,869,391)	(1,674,284)
Net cash flows provided by (used in) operating activities		13,470	(93,157)
Cash flows from investing activities			
Cash flows provided by			
Proceeds from sale of equipment		52	4
Cash provided by investing activities		52	4
Cash flows used in			
Purchase of building improvement and equipment		(13,693)	(7,736)
Cash used in investing activities		(13,693)	(7,736)
Net cash flows used in investing activities		(13,641)	(7,732)
Cash flows from financing activities			
Payment of lease liabilities	10, 21	(3,975)	(2,550)
Interest paid	10, 21	(359)	(171)
Dividend paid	12	(64,200)	(64,200)
Net cash flows used in financing activities		(68,534)	(66,921)
Net decrease in cash and cash equivalents		(68,705)	(167,810)
Cash and cash equivalents at beginning of period		233,814	311,329
Cash and cash equivalents at ending of period	4	165,109	143,519

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

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Company's Board of Directors on 13 August 2020.

1 General information

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim primary financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis ("interim financial statements") in accordance with Thai Accounting Standard ("TAS") No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding "Rules Procedures Conditions and Timing Period for Preparation and Submission of the Financial Statements and Reporting the Operation of Non-Life insurance Companies" B.E. 2562 (no.2), dated 4 April 2019, which are effective for annual periods beginning on or after 1 January 2020.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The Company has initially applied Accounting Guideline - Financial instruments standards and disclosure for insurance entities, TAS 32 Financial Instruments: Presentation, and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

In addition, 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 20.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS as described in note 3.

MSIG Insurance (Thailand) Public Company Limited
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3 Changes in accounting policies

From 1 January 2020, the Company has initially applied Accounting Guideline: Financial Instruments and disclosure for insurance entities and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

	Note	Retained earnings (in thousand Baht)	Other components of equity
At 31 December 2019 - as reported		1,231,928	30,703
<i>Increase (decrease) due to:</i>			
Adoption of Accounting Guideline: Financial Instruments and disclosure for insurance entities			
Classification of financial instruments	(a (1))	-	-
Impairment losses on financial assets	(a (2))	(154)	192
Related tax		-	(38)
Adoption of TFRS 16 - net of tax	(b)	-	-
At 1 January 2020 - restated		<u>1,231,774</u>	<u>30,857</u>

(a) Accounting Guideline: Financial Instruments and disclosure for insurance entities

The Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019.

TFRS 4 Insurance Contracts (revised 2019), has allowed insurance entities that meet the conditions as laid down by TFRS 4, to use the deferral approach to TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures and continue to apply Accounting Guideline: Financial Instruments and Disclosure for insurance entities until TFRS 17 Insurance contract becomes effective.

The Company has met the above condition as mentioned in TFRS 4 Insurance Contracts (revised 2019) and selected to apply Accounting Guideline for Financial Instruments and Disclosure for insurance Company.

Accounting Guideline: Financial Instruments and Disclosure for insurance entities is prepared using the principle of TFRS 9 Financial Instruments, TFRS 7 Financial Instruments: Disclosures and TAS 32 Financial Instruments: Presentation. The significant differences between Accounting Guideline: Financial Instruments and Disclosure for insurance entities and TFRS 9 are described below.

- Classification and measurement of financial assets : These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and receivables and loans, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available- for- sale equity securities and unit trust items are to be recognised in profit or loss.
- The embedded derivatives in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.
- The disclosure have some differences from TFRS 7.

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Unit trust which is reclassified as financial liabilities under TAS 32 Financial Instruments: Presentation, the gain or loss on foreign exchange rate are to recognised in profit or loss.

The impact from the adoption Accounting Guideline: Financial Instruments and disclosure for insurance entities as follows:

(1) Classification and measurement of financial assets and financial liabilities

The following table shows measurement categories under previous standards and Accounting Guideline: Financial Instruments and disclosure for insurance entities, including reconciliation of the carrying amounts of each class of the Company's financial assets and financial liabilities as at 1 January 2020.

Classification under previous standards at 31 December 2019		Classification under Accounting Guideline: Financial Instruments and disclosure for insurance entities at 1 January 2020		
	Carrying amounts	Fair value through profit or loss (in thousand Baht)	Fair value through other comprehensive income	Amortised cost - net
General investments	2,067	-	2,067	-
Other debt instruments held to maturities	220,702	-	-	220,702
Total	222,769	-	2,067	220,702

(2) Impairment - Financial assets

Accounting Guideline : Financial Instruments and disclosure for insurance entities introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Company estimates allowance for impairment account by analysing payment histories and future expectation of payment. Accounting Guideline : Financial Instruments and disclosure for insurance entities requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at 'fair value through other comprehensive income' (FVOCI), lease receivables, loans. For investments in equity instruments or unit trusts measured at FVOCI, impairment is considered from objective evidence of impairment, including information about significant change in negative technology, marketing, economy and law environment, which securities issuers has operated, indicate that cost of investment in this equity will not be recovered. Significant or prolonged of investment's fair value which is lower than their cost, as objective evidence impairment.

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The Company has determined that the application of Accounting Guideline :Financial Instruments and disclosure for insurance entities's impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	<i>(in thousand Baht)</i>
Allowance for impairment losses at 31 December 2019	
Allowance for impairment losses on investment in securities	170
<i>Additional impairment loss recognised at 1 January 2020 on:</i>	
- Cash and cash equivalents	-
- Debt instruments measured at amortised cost	-
- Debt instruments measured at FVOCI	192
Allowance for impairment losses at 1 January 2020	362

The Company has adopted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

(b) TFRS 16 Leases

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 Leases and TFRIC 4 Determining whether an arrangement contains a lease using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;

Impact from the adoption of TFRS 16

	<i>(in thousand Baht)</i>
At 1 January 2020	
Increase in Right-of-use assets	11,221
Increase in lease liabilities	11,221

Measurement of lease liability

	<i>(in thousand Baht)</i>
Operating lease commitment as disclosed at 31 December 2019	28,103
Discounted using the incremental borrowing rate at 1 January 2020	11,221
Finance lease liabilities recognised as at 31 December 2019	13,515
Recognition exemption for short-term leases	-
Recognition exemption for leases of low-value assets	-
Extension and termination options reasonably certain to be exercised	-
Variable lease payments based on an index or a rate	-
Residual value guarantees	-
Lease liabilities recognised at 1 January 2020	24,736
Weighted-average incremental borrowing rate (% per annum)	6.65%

MSIG Insurance (Thailand) Public Company Limited
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4 Cash and cash equivalents

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Cash on hand	350	472
Deposits at banks - call deposits	119,769	121,362
Highly liquid short-term investments	44,990	111,980
Total	165,109	233,814

5 Premiums due and uncollected

As at 30 June 2020 and 31 December 2019, the aging analyses for premiums due and uncollected were as follows:

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Within credit terms	480,608	633,833
Overdue:		
Not over than 30 days	66,484	64,485
31 - 60 days	32,830	25,993
61 - 90 days	13,563	12,457
91 days - 1 year	31,368	21,889
Over 1 year	-	213
Total	624,853	758,870
Less allowance for doubtful accounts	(4,267)	(1,828)
Net	620,586	757,042

	30 June 2020	30 June 2019
	<i>(in thousand Baht)</i>	
Doubtful accounts (reversal) for the period ended	2,439	(278)

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

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

During the period ended 30 June 2020, Office of Insurance commission through several announcement announced relief program under COVID 19 situation to extend the grace period by 60 days for all policies and offering an installment premium payment which original grace period expires during 27 February 2020 to 30 September 2020.

6 Reinsurance receivables

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Due from reinsurers	70,879	157,841
Total	70,879	157,841

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7 Investments in securities

7.1 Investment in securities by measurement are as follows:

	30 June 2020		31 December 2019	
	Cost / Amortised cost	Fair value (in thousand Baht)	Cost / Amortised cost	Fair value
Investment measured at fair value through other comprehensive income				
Government and state enterprise debt securities	1,739,636	1,774,463	1,751,623	1,777,030
Private debt securities	642,559	644,104	606,967	622,040
Equity securities	131,195	134,473	138,743	140,649
Unit trusts	66,800	59,670	34,500	30,319
Total	2,580,190	2,612,710	2,531,833	2,570,038
Add Unrealised gains	32,690	-	38,375	-
Less Allowance for impairment	(170)	-	(170)	-
Total Investment measured at fair value through other comprehensive income	2,612,710	2,612,710	2,570,038	2,570,038
Allowance for expected credit loss	424	424	-	-
Investment measured at amortised cost				
Deposits at banks with original maturities over 3 months	294,702	294,702	220,702	220,702
Total Investment measured at amortised cost	294,702	294,702	220,702	220,702
Total investments in securities	2,907,412	2,907,412	2,790,740	2,790,740

7.2 Investment measured at fair value through other comprehensive income

	30 June 2020	
	Fair value	Allowance for expected credit loss
	(in thousand Baht)	
Debt securities - no significant increase in credit risk (stage 1)	2,478,237	424
Debt securities - significant increase in credit risk (stage 2)	-	-
Debt securities - default / credit-impaired (stage 3)	-	-
Total	2,478,237	424

MSIG Insurance (Thailand) Public Company Limited**Notes to the condensed interim financial statements****For the three-month and six-month periods ended 30 June 2020 (Unaudited)****7.3 Amortised cost**

	30 June 2020		
	Book value	Loss allowance for ECL	Net book value
		(in thousand Baht)	
Debt securities - no significant increase in credit risk / performing (stage 1)	294,702	-	294,702
Debt securities - significant increase in credit risk / under - performing (stage 2)	-	-	-
Debt securities - Default / non- performing (stage 3)	-	-	-
Total	294,702	-	294,702

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8 Insurance contract liabilities

	30 June 2020			31 December 2019		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	824,776	(128,056)	696,720	847,121	(113,353)	733,768
- Incurred but not reported	115,102	(29,191)	85,911	130,386	(32,977)	97,409
Total loss reserves and outstanding claims	939,878	(157,247)	782,631	977,507	(146,330)	831,177
Unearned premium reserves	1,824,259	(208,178)	1,616,081	1,964,085	(193,784)	1,770,301
Total	2,764,137	(365,425)	2,398,712	2,941,592	(340,114)	2,601,478

8.1 Loss reserves and outstanding claims

At 1 January	977,507	(146,330)	831,177	1,261,316	(468,069)	793,247
Insurance claim expenses incurred during the period / year	738,213	(77,889)	660,324	1,725,449	(139,840)	1,585,609
Insurance claim expenses paid during the period / year	(760,558)	63,186	(697,372)	(2,028,315)	464,518	(1,563,797)
Change in estimation and assumption	(15,284)	3,786	(11,498)	19,057	(2,939)	16,118
At 30 June 2020 / 31 December 2019	939,878	(157,247)	782,631	977,507	(146,330)	831,177

8.2 Unearned premium reserves

At 1 January	1,964,085	(193,784)	1,770,301	1,857,060	(164,397)	1,692,663
Premium written during the period / year	1,726,505	(302,562)	1,423,943	4,054,693	(630,993)	3,423,700
Earned premium in the period / year	(1,866,331)	288,168	(1,578,163)	(3,947,668)	601,606	(3,346,062)
At 30 June 2020 / 31 December 2019	1,824,259	(208,178)	1,616,081	1,964,085	(193,784)	1,770,301

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9 Reinsurance payables

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	77,443	72,933
Due to reinsurers	157,875	149,258
Total	235,318	222,191

10 Leases

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Recognised in profit or loss</i>				
Interest on lease liabilities	191	90	359	171
Total	191	90	359	171

Total cash outflow for leases presented in the statement of cash flows for the six-month period ended 30 June 2020 were Baht 4.3 million (2019: Baht 2.7 million).

11 Income tax expense (benefit)

Income tax recognised in profit or loss

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Current tax expense</i>				
Current period	(1,108)	(5,374)	4,636	8,202
Over provided in prior year	-	(4,915)	-	(4,915)
<i>Deferred tax expenses</i>				
Movements in temporary differences	14,383	1,456	14,883	(16,501)
Total	13,275	(8,833)	19,519	(13,214)
<i>Income tax recognised in other comprehensive income</i>				
Gain (loss) on remeasurement of investments - fair value through other comprehensive income (loss)	(3,872)	(4,955)	1,092	(8,254)
Actuarial gains on defined employee benefit plan	-	(857)	-	(857)
Total	(3,872)	(5,812)	1,092	(9,111)

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Reconciliation of effective tax rate

	Three-month period ended 30 June				Six-month period ended 30 June			
	2020		2019		2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax		<u>69,997</u>		<u>(11,650)</u>		<u>105,023</u>		<u>(29,792)</u>
Income tax using the Thai corporation tax rate	20.0	14,000	20.0	(2,330)	20.0	21,005	20.0	(5,958)
Over provided in prior year	-	-	42.2	(4,915)	-	-	16.5	(4,915)
Income not subject to tax	(0.1)	(97)	1.4	(166)	(0.1)	(141)	0.8	(228)
Additional deductible expenses for tax purpose	(1.1)	(787)	6.8	(787)	(1.5)	(1,574)	5.3	(1,575)
Expenses not deductible for tax purposes	0.2	<u>159</u>	5.4	<u>(635)</u>	0.2	<u>229</u>	1.8	<u>(538)</u>
Total	<u>19.0</u>	<u>13,275</u>	<u>75.8</u>	<u>(8,833)</u>	<u>18.6</u>	<u>19,519</u>	<u>44.4</u>	<u>(13,214)</u>

12 Dividends

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

Annual dividend	Approval date	Payment schedule	Dividends per share (Baht)	Amount (in million Baht)
2020	24 April 2020	May 2020	<u>45</u>	<u>64</u>
2019	23 April 2019	May 2019	<u>45</u>	<u>64</u>

13 Expected credit loss

	Three-month period ended 30 June 2020	Six-month period ended 30 June 2020
	(in thousand Baht)	
Investment in securities		
- Debt securities measured at fair value through other comprehensive income	<u>140</u>	<u>231</u>
Total	<u>140</u>	<u>231</u>

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14 Related parties

Related parties which have material changes in relationships and the Company had significant transactions during the period with were as follow:

Name of entities/ Personnel	Country of Incorporation/ Nationality	Nature of relationships
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	Japan	Major shareholder on 11 May 2020, 49% shareholding (31 December 2019: nil)
MSIG Holdings (Asia) Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company (31 December 2019: 49% shareholding)

On 11 May 2020, MSIG Holdings (Asia) Pte. Ltd. who was the former major shareholder had transferred 699,064 shares (49%) of MSIG Insurance (Thailand) Public Company Limited to Mitsui Sumitomo Insurance Co., Ltd. (Japan). As a result, the new major shareholder of the Company has changed to Mitsui Sumitomo Insurance Co., Ltd. (Japan).

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

Transactions	Pricing policies
Premiums ceded	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerage income	As stated in the agreement upon normal commercial terms for business operations
Service income	As stated in the agreement upon normal commercial terms for business operations
Insurance claims expenses recovered from (paid to) 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	Actual cost

Significant transactions for the three-month and six-month periods ended 30 June 2020 and 2019 with key management and related parties were summarised as follows:

	Three-month period ended 30 June 2020		Six-month period ended 30 June 2020	
	2019		2019	
	(in thousand Baht)			
Revenue				
Other related parties				
Commission and brokerage income	4,068	5,447	11,086	13,127
Service income	2,317	67	5,920	67
Expenses				
Other related parties				
Premiums ceded	19,790	24,795	51,507	59,684
Insurance claims expenses recovered from (transferred to) reinsurers	16,110	(4,499)	26,605	(5,303)
Marketing and management support services agreement fee	10,247	9,997	20,202	19,933

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	Three-month period ended 30 June 2020		Six-month period ended 30 June 2020	
	2019	2019	2019	2019
	(in thousand Baht)			
Key management and director compensation				
Directors' remuneration	958	856	1,988	1,807
Short-term benefits	16,792	23,396	34,080	40,242
Post-employment benefit	2,381	2,986	4,726	4,679
Total	20,131	27,238	40,794	46,728
Dividends				
Major shareholders				
Dividend paid	55,481	55,481	55,481	55,481

Significant balances as at 30 June 2020 and 31 December 2019 with related parties were as follows:

	30 June 2020	31 December 2019
	(in thousand Baht)	
Reinsurance assets		
Insurance claims expenses recovered from reinsurers		
Other related parties	<u>28,432</u>	<u>168,506</u>
Other assets		
Other receivables		
Other related parties	<u>902</u>	<u>2,458</u>
Reinsurance payable		
Due to reinsurers		
Other related parties	<u>24,949</u>	<u>13,643</u>
Other liabilities		
Payables to related parties		
Other related parties	<u>12,161</u>	<u>4,703</u>

15 Financial instruments

Carrying amounts and fair value

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

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At 30 June 2020	Note	Carrying amount			Fair value				
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net	Total	Level 1	Level 2	Level 3	Total
(in thousand Baht)									
Financial assets									
Investment in securities	7								
Government and state enterprise debt securities		-	1,774,463	-	1,774,463	-	1,774,463	-	1,774,463
Private debt securities		-	644,104	-	644,104	-	644,104	-	644,104
Equity securities		-	134,473	-	134,473	127,814	4,592	2,067	134,473
Unit trusts		-	59,670	-	59,670	-	59,670	-	59,670
Deposits at banks with original maturities over than 3 months		-	-	294,702	294,702	-	-	-	-
Total		-	2,612,710	294,702	2,907,412				

At 31 December 2019	Note	Carrying amount			Fair value				Total	
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net	Total	Level 1	Level 2	Level 3		
(in thousand Baht)										
Financial assets										
Investment in securities	7									
Government and state enterprise debt securities		-	1,777,030	-	1,777,030	-	1,777,030	-	-	1,777,030
Private debt securities		-	622,040	-	622,040	-	622,040	-	-	622,040
Equity securities		-	140,649	-	140,649	130,942	7,640	2,067	-	140,649
Unit trusts		-	30,319	-	30,319	-	30,319	-	-	30,319
Deposits at banks with original maturities over than 3 months		-	-	220,702	220,702	-	-	-	-	-
Total		-	2,570,038	220,702	2,790,740					

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Measurement of fair values

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

- Level 1: quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable movement date (unobservable inputs).

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

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

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

Transfer between Level 1 and 2

At 30 June 2020, the Company did not have equity securities measured at FVOCI (31 December 2019: nil) that were transferred from Level 1 to Level 2. Equity securities measured at FVOCI with as carrying amount of Baht 0.3 million (31 December 2019: Baht 1.9 million) that were transferred from Level 2 to Level 1 by reference the fair value from intermediate.

16 Securities and assets pledged with the Registrar

- 16.1 As at 30 June 2020 and 31 December 2019, the Company's investments in deposit at bank and government bonds were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	30 June 2020		31 December 2019	
	Book value	Face value	Book value	Face value
	(in thousand Baht)			
Government and Bank of Thailand bonds	-	-	15,024	15,000
Deposit at bank - time deposit	14,000	14,000	-	-
Total	14,000	14,000	15,024	15,000

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- 16.2 As at 30 June 2020 and 31 December 2019, the Company's investments in debt securities and deposit at banks were reserved with the Registrar in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non - life Insurance Company B.E.2557" as follows:

	30 June 2020		31 December 2019	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	180,015	175,000	228,663	225,000
Deposit at bank - time deposit	280,000	280,000	220,000	220,000
Total	460,015	455,000	448,663	445,000

17 Restricted and collateral assets

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
(a) Deposit at bank - call deposit		
To secure group personal accident insurance	850	850
(b) Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	700	700

18 Commitments with non-related parties

As at 30 June 2020 and 31 December 2019, future minimum lease payments required under these non-cancellable contracts were as follows:

- (a) *Commitments under service agreements*

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	7,101	14,896
After one year but within five years	3,253	7,291
Total	10,354	22,187

- (b) *Commitments under car rental agreements*

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	-	2,459
After one year but within five years	-	3,457
Total	-	5,916

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19 Contingent liabilities

As at 30 June 2020, lawsuits have been brought against the Company, in relation to insurance claims of Baht 147 million (*31 December 2019: Baht 48 million*) whereas the sum insured of insurance policy was Baht 124 million, with to be received from reinsurance Baht 0.7 million (*31 December 2019: the sum insured of insurance policy was Baht 165 million, with to be received from reinsurance Baht 0.3 million*). The Company's management believes that the recorded amount of claim reserves accounted for in the financial statements is sufficient for potential losses in respect of those lawsuits.

20 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRSs, which are relevant to the Company's operations, expected to have a material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2021, are as follows:

TFRS	Topic
Framework	Conceptual Framework for Financial Reporting

21 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 and the statement of cash flows for the six-month period ended 30 June 2020, which are included in the interim financial statements for the three-month and six-month periods ended 30 June 2020 for comparative purposes, have been reclassified to conform to the presentation of interim financial statements in the current period. Significant reclassifications were as follows;

	31 December 2019		
	Before reclassification	Reclassification (in thousand baht)	After reclassification
<i>Statement of financial position</i>			
<i>Assets</i>			
Premiums due and uncollected	720,150	36,892	757,042
Other assets	71,221	(1,661)	69,560
		<u>35,231</u>	
<i>Liabilities</i>			
Lease liabilities	-	13,515	13,515
Other liabilities	391,229	21,716	412,945
		<u>35,231</u>	

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	For the six-month period ended 30 June 2019		
	Before reclassification	Reclassification (in thousand baht)	After reclassification
<i>Statement of cash flows</i>			
<i>Cash flows from operating activities</i>			
Premium received	2,028,980	(23,052)	2,005,928
Insurance claims expenses	(1,097,436)	953	(1,096,483)
Other underwriting expenses	(319,379)	1,496	(317,883)
Operating expenses	(310,489)	23,324	(287,165)
Investment in securities	(32,869)	32,869	-
Deposits at financial institutions	20,000	(20,000)	-
Cash received - financial assets	-	1,661,415	1,661,415
Cash payment - financial assets	-	(1,674,284)	(1,674,284)
		<u>2,721</u>	
<i>Cash flows from financing activities</i>			
Payment of lease liabilities	-	(2,550)	(2,550)
Interest paid	-	(171)	(171)
		<u>(2,721)</u>	

The reclassifications have been made because, in the opinion of management, the new classification is appropriate to the Company's current business.