Information Disclosure Form (Appendix Registrar Order 48/2561)

Subject: Non-Life Insurance Company Information Disclosure B.E. 2561

Section 1: Certification of Disclosed Information

The Company has carefully reviewed the disclosed information and certified that all the information is correct, complete, factual, unambiguous and no important information has been missing.

S. Dhanarajata
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General Somchai Dhanarajata

Director

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Mr. Somporn Suebthawilkul

Managing Director

Information disclosed on 29th August 2019

Information for quarter 2, 2019

Section 2: Information Disclosure Details

1. Capital Adequacy

Disclosed on 29th August 2019

Unit : Million Baht

Description	*1st Quarter*		*2nd Quarter*		*3rd Quarter*	
	2019	***2018***	***2019***	***2018***	***2019***	***2018***
Capital adequacy ratio (%)	***382.55***	***375.55***	***386.34***	***334.16***		***340.06***
Total capital available	***7,947.63***	***7,811.40***	***7,917.86***	***7,470.14***		***7,663.22***
Total capital required	***2,077.55***	***2,079.99***	***2,049.48***	***2,235.51***		***2,253.50***

Remarks:

- The notification of Insurance Commission regarding specification of the types and classes of capital, rules, procedures, and conditions for calculating the capital of non-life insurance companies specifies that the Registrar may prescribe necessary measures for monitoring companies with capital adequacy ratio lower than 140 percent.
- Capital appraisal is based on the notification of the Insurance Commission regarding the valuation of assets and liabilities of non-life insurance companies.
- Quarter 2 refers to six-month cumulative operating results and Quarter 3 refers to nine-month cumulative operating results.

1.1 Policies

The Company manages capital according to the Risk Based Capital (RBC) requirements specified by regulator, which is the Insurance Commission (OIC). This was enacted on 1 September 2011 which states that every company must maintain adequate capital to cover insurance risk, marketing risk, credit risk and concentration risk.

The Company disclosed information about capital adequacy to provide the insured, external parties, or stakeholders with clear and sufficient information which can help the aforementioned parties to analyze and assess the risks of the non-life insurance companies.

1.2 Objective

The Company's objective in maintaining the capital adequacy level is to support business expansion strategies and to sustainably generate suitable long-term returns for stakeholders both in the present and in the future, within acceptable risks and in compliance with the requirements of the regulator by keeping minimum Capital adequacy ratio (CAR) higher than the standards specified by OIC.

1.3 Capital Management Process

Capital management involves evaluating capital adequacy level in line with all the Company's significant risk appetite to suitably manage capital risks by considering capital structure and risks according to the notification by OIC regarding Risk Based Capital (RBC) framework. The Company evaluates, monitors, and regularly provides the capital adequacy report to the Risk Management Committee to ensure that capital management is efficient and be in timely fashion.

The Company undertakes a Stress test annually by using factors including various testing factors involving; for example, economic variables or catastrophic disasters, to assess the effect and resilience of the Company's capital. The Company also seeks new approaches to keep the capital adequacy level readily sufficient to withstand potential crises and adjust it to be suitable for each level of risk appetite, which will help increase the effectiveness of capital management in compliance with the requirements and direction of OIC.

The Company has underwriting policies that specify risk categories and the Company's underwriting capacity, retention limit and reinsurance management strategies which outline domestic and international reinsurer selection criteria as well as the reinsurance proportion of each insurance company to suitably diversify risk. Therefore, underwriting and reinsurance policies are directly related to capital required for these following risk areas: insurance risk, credit risk, and concentration risk.

In addition to underwriting and reinsurance policies, the Company has complete and adequate reserved capital for insurance provision as well as plans designed for arranging timely claim payment and accelerating collection from reinsurers to keep the insurance provision in appropriate level, which will directly affect capital required for areas of insurance and credit risk capital.

Furthermore, the Reinsurance Department regularly reviews credit rating of insurance companies, manages reinsurance proportion of each insurance company to comply with specified policies, and reports to the Risk Management Committee on the regular basis.

The Company also manages its investment and administrates its conductions of other businesses according to investment policies and guidelines, which outline the direction and plans for investment every year, specifies investment capacities in all types and levels, and considers investment grades. Therefore, investment plans directly relate to and affect the capital required for these following risk areas: market risk, credit risk, and concentration risk.

Therefore, the Investment Department will calculate the capital to be prepared for relevant investment risks in both equity instruments and debt instruments to monitor the changes in investment value which impacts CAR ratio as well as regularly report to the Investment Committee. Additionally, the Investment Department monitors and administrates investments by reporting the investment returns ratio compared to benchmarks in each investment category, as well as Value at Risk (VaR) ratio compared to Portfolio's market value and Duration ratio according to investments proportion, in order to manage the Company's liquidity.

1.4 Capital Adequacy Assessment

The Company monitors the capital to ensure that it is adequate for all risk appetite levels. At the end of Quarter 1, 2019, the Company has a Total Capital Available (TCA) of 7, 917.86 Million Baht and a Total Capital Required (TCR) of 2,049.48 Million Baht. Hence, the Company's Capital Adequacy Ratio (CAR) is 386.34 percent, which is higher than the standard 140 percent set by the OIC. The result of stress test; therefore, indicates that Capital Adequacy Ratio is higher than the OIC requirements for both medium and severe crises. In sum, the Company has adequate capital to cover various areas of risks.

2. Financial Reporting

Please refer to the quarterly financial statement reviewed by the financial auditor as follows:
https://www.dhipaya.co.th/userfiles/file/201906_FS_Eng.pdf