



ทิพยประกันภัย

DHIPAYA INSURANCE

ภาครัฐเป็นผู้ถือหุ้นใหญ่

ห่วงใยทุกชีวิตในสังคม

Non-Life Disclosure Form (Por Por Wor 1)

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*

General Somchai Dhanarajata

Director



*Somporn Suebthawilkul*

Mr. Somporn Suebthawilkul

Managing Director

15 May 2020

2019 Annual Information



## *Section 2: Information Disclosure Details*

### **1. Company Background, Policies, Purposes and Business Strategies used for achieving the objectives, Business Operations, Important Products and Service Details, Company Contact Details, Process and Duration for Indemnity Claim, Consideration and Payment as per Insurance Contract**

#### **1.1. Company Background**

<https://www.dhipaya.co.th/insurance/StaticPage.aspx?ID=98&idMenu=117>

#### **1.2. Policies, Purposes and Business Strategies**

Dhipaya Insurance Public Company Limited employs customer-centric policies for products and services provided by the Company. The Company aims to increase its capacities in term of competitiveness and business operations, as well as to support technological changes and brace itself for the advent of the Start-Up players, which can play a significant role in transforming insurance industry in the future, by developing basic structures and implementing some disruptive technologies in its operations in order to earn itself a leadership in the digital insurance and to become the one-stop service provider in non-life insurance. The company has established business strategies for its 5 main aspects as follows:

1. Generate Sustainable Profit
  - Create new products and provide new services
  - Expand business partners
  - Develop new sales channels
  - Retain existing customers
2. Operating Capital Management
  - Use information technology in business operations
3. Work Process Development
  - Connect and improve work processes
  - Internal control
4. Human Resource Development
  - Human resource planning
  - Create organizational culture

## 5. Information Technology Development

- Tailor the information technology system to fit in current business operations

### 1.3. Business Operations

Dhipaya Insurance Public Company Limited engages in the following business activities:

#### 1. Non-Life Insurance

The non-life insurance consists of four major departments: Fire Insurance, Marine Insurance, Motor Insurance, and Miscellaneous Insurance.

#### 2. Investment Business

The Company is able to conduct investment activities as regulated by the Non-Life Insurance Act under the control of the Office of Insurance Commission (OIC) by investing its remaining fund from insurance business operations in different forms, such as, financial institution deposits, promissory notes, government bonds, and both short-term and long-term securities.

### 1.4. Important Products and Service Details

#### **Insurance Products**

- **Fire Insurance** provides protection against damages from fire, lightning, and cooking gas explosion. Other damages, which include floods, earthquakes, hail, and storm, are not generally covered by general policy, but additional protection can be purchased separately. Assets that can be protected are categorized as buildings, furniture, fixed decorations, product inventory, machinery, and so on. Fire insurance policy are divided into two groups: Residential Fire Insurance and General Fire Insurance.
- **Marine Insurance** provides protection for insured properties against the damage or loss of properties, which can be goods, hulls, or transporters' liability during international and/or domestic transits. The damages or losses may be caused by natural disasters or accidents, such as sinking, stranding, collision, explosion, or fires. Transportation channels include sea, water, inland, and air.

- Motor Insurance provides protection against damage or loss of insured vehicles due to natural disaster or accidents. There are two types of motor insurance: Compulsory Motor Insurance and Voluntary Motor insurance.
- Miscellaneous Insurance provides protection against injury to person (s) and/or damages to properties not covered by the three classes of insurance mentioned above. Miscellaneous insurance can be divided into three categories:

*Personal Insurance:* Personal Accident Insurance, Travel Accident Insurance, Health Insurance and Serious Illness Insurance

*Property Insurance:* Money Insurance, Burglary Insurance, Machinery Insurance, Aviation Insurance, Petrochemical and Energy Insurance, and all other risk insurances

*Third Party Insurance:* Professional Indemnity Insurance, Product Liability Insurance

### **Insurance Services**

The Company provides customers with services from purchasing insurance to indemnity claims with leading indemnity policies in the market and excellent insurance services. The Company has implemented technology vital for facilitating customers as follows:

- **TIP Insure M Application** provides support regarding the Company's products and services
- **TIP Flash Claim Application** allows customers to lodge claims on mobile straightaway in the cases of accident
- **TIP Call Centre 1736** is a 24-hour hotline for making indemnity notification and handling customers' inquiries
- **"Dhipaya Insurance Facebook Fanpage"** is an online platform developed for managing customer relationship and communicating the Company's insurance products and services with the public

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Description	Fire	Marine and Transportation		Motor		Miscellaneous						Total (2019)
		Hull	Cargo	Compulsory	Voluntary	All risks	Public Liability	Engineering	Personal Accident	Health	Others	
Direct Premium Written	1,790.13	140.35	267.98	648.91	3,489.99	4,638.39	222.89	632.50	7,734.45	364.92	1,720.55	21,651.06
Proportion of Premium (%)	8.27	0.65	1.24	3.00	16.12	21.42	1.03	2.92	35.72	1.68	7.95	100.00

Remarks: Information from The Company's Annual Report

## **1.5. Process and Duration for Claims, Consideration and Payment as per Insurance Policy.**

### **1.5.1. Process, Duration, Documents, and Process of Claims as per Insurance Policy.**

#### **1. Motor Claims**

- Claims Process

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=32&idMenu=55>

- Supporting Documents for Claims Consideration

1. Repairs with Contracted Garages

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=580&idMenu=496>

2. Repairs with Non-contracted Garages

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=581&idMenu=497>

3. Damage to property

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=582&idMenu=498>

4. Injuries or Disabilities

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=583&idMenu=499>

5. Death

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=584&idMenu=500>

6. Additional Protection for TIP LADY

- <https://www.dhipaya.co.th/insurance/insurance.asp?ID=611&idMenu=544>

## 2. Health, Accident and Travel Claims

- Claims Process  
<https://www.dhipaya.co.th/insurance/insurance.asp?ID=550&idMenu=459>
- Supporting Documents for Claim Consideration  
<https://www.dhipaya.co.th/insurance/insurance.asp?ID=568&idMenu=482>

## 3. General Claims

- Claims Process  
<https://www.dhipaya.co.th/insurance/insurance.asp?ID=574&idMenu=488>
- Supporting Documents for Claims Consideration  
<https://www.dhipaya.co.th/USERFILES/FILE/GENERALCLAIM.PDF?idMenu=489>

### 1.5.2. Contacting the Company and Related Departments : Disputes and Complaints

<https://www.dhipaya.co.th/insurance/insurance.asp?ID=632&idMenu=567>

## 2. Scope of Good Corporate Governance, The Company's Internal Control Process, and Process Details

### 2.1 Scope of Good Corporate Governance and the Company's Internal Control Process

<https://bit.ly/34nD9W0>

### 2.2 Organizational Structure

<https://www.dhipaya.co.th/insurance/StaticPage.aspx?ID=99&idMenu=118>

### 2.3 Management Structure

#### 2.3.1 Board of Directors

- Name and Position  
<https://www.dhipaya.co.th/insurance/StaticPage.aspx?ID=387&idMenu=267>
- Scope of Responsibility  
[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการบริษัท.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการบริษัท.PDF)

#### 2.3.2 List of Executives

- Name and Position  
<https://www.dhipaya.co.th/insurance/StaticPage.aspx?ID=438&idMenu=318>
- Scope of Responsibility  
<https://www.dhipaya.co.th/insurance/StaticPage.aspx?ID=645&idMenu=582>

## **2.4 Sub-Committees**

The Company's six Sub-Committees are as follows:

### **2.4.1 Executive Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการบริหาร.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการบริหาร.PDF)

### **2.4.2 Audit Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการตรวจสอบ.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการตรวจสอบ.PDF)

### **2.4.3 Investment Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการบริหารการลงทุน.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการบริหารการลงทุน.PDF)

### **2.4.4 Corporate Governance Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการบริษัทภิบาล.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการบริษัทภิบาล.PDF)

### **2.4.5 Risk Management Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการบริหารความเสี่ยง.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการบริหารความเสี่ยง.PDF)

### **2.4.6 Nomination, Remuneration and Human Resource Management Committee**

[https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN\\_คณะกรรมการสรรหากำหนดค่าตอบแทน.PDF](https://www.dhipaya.co.th/userfiles/file/คณะกรรมการ/EN_คณะกรรมการสรรหากำหนดค่าตอบแทน.PDF)

## **2.5 Nomination and Appointment of Directors, Independent Directors and Executives**

For more information, please refer to 2019 Annual Report Page 68 as follow:

<https://www.dhipaya.co.th/userfiles/file/AnnualReport2019.pdf>

## **2.6 Remuneration Policy**

The Company has specified in one of its regulations, item 37, that Directors shall be entitled to remuneration from the Company in term of financial rewards, meeting allowance, pension, bonuses or other forms of remuneration according to the Company's regulation or the decisions of shareholders in annual meeting, which may be either fixed amount or a case-by-case basis. Additionally, Directors shall receive allowance and benefits according to the Company's regulation. However, this shall not prevent the company's employee who have been promoted to Director from receive remuneration and benefits as the Company's employees.

## **3. Enterprise Risk Management (ERM) and Asset Liability Management (ALM)**

### **3.1 Enterprise Risk Management (ERM)**

<https://www.dhipaya.co.th/USERFILES/FILE/ปผว/นโยบายความเสี่ยง EN.PDF?idMenu=585>

### 3.2 Asset Liability Management (ALM)

The Company has been controlling the difference between the duration of assets and insurance contract liability to be within acceptable level to limit potential risks from a change in interest rates.

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Description	2019		2018	
	Book Value	Appraised Value	Book Value	Appraised Value
Total Investment Assets	15,715.09	15,637.93	17,595.87	17,570.51
Total Liquid Assets	14,824.16	14,830.88	16,662.92	16,663.98
Total Liabilities	32,456.50	32,166.31	37,268.93	37,676.53
Insurance Contract Liabilities	17,615.84	17,371.06	18,924.41	19,381.21

Remark:

- Book Value refers to the values of assets and liabilities based on financial reporting standard.
- Appraised Value refers to the values of assets and liabilities based on the announcement of the Insurance Commission regarding the valuation of assets and liabilities of non-life insurance companies to ensure the financial stability of insurance companies and their ability to pay indemnity to the insured as per the insurance contracts.

#### **4. Forecasted risk from underwriting which may significantly affect the Company's financial status, reinsurance management, the connection between capital and risk from underwriting and the concentration of underwriting**

The Company has forecasted possible impact based on current risk exposure by using actuarial methods and statistical data to calculate the best estimated claim loss, which is expected to occur within the remaining insured period from the date of calculation.

The Company's underwriting risk arises from unexpected underwriting results, which are the consequence of fluctuations in liabilities from insurance contract consisting of claim loss reserve and unearned premium reserve. The Company has conducted sensitivity analysis of capital from the aforementioned fluctuations and undergone a stress test to evaluate the capital adequacy in case that the catastrophe occurs.

The Company has various types of underwriting within each insurance category; Fire Insurance, Marine Insurance, Motor Insurance, and Miscellaneous Insurance, by establishing criteria for risk retention to be



in line with the characteristics of each insurance category. The acceptable risk level, determined by the consideration of capital and returns, must not exceed 10 percent of the Company's capital, or must be in compliance with rules and regulations specified by the Office of Insurance Commission. The Company also specifies risk retention ratio according to insurance categories by evaluating possible risk, risk appetite, and per risk and per event maximum risk allocation based on information of the insures as well as stating risk consideration factors according to the Company's established guidelines.

The Company has created underwriting guidelines to determine risk reinsurance and retention ratios. The guidelines categorize risks according to risk level into 4 categories: Level 1 (lowest), Level 2, Level 3, and Level 4 (highest). The Company analyzes and adjusts risk retention ratio by considering the operating results from all underwriting categories. That is, it increases the risk retention ratio in the risk categories with good operating results. On the other hand, the Company reduces the risk retention ratio in those with poor operating result and starts utilizing measures to manage such risk.

Additionally, the Company has implemented information technology in conducting reports, as well as monitoring and reviewing the underwriting concentration information on a regular basis to ensure that the Company's risk retention has received adequate coverage from reinsurers to be in line with continuously increasing underwriting risk.

The Company has allocated reinsurance suitable to risk characteristics and categories, as well as specified selection criteria and reinsurance processes in the Company's quality management system by categorizing reinsurance contracts as follows:

1. **Facultative Reinsurance** is used for unique or large risks which are mostly exceptions of proportional treaty with high risks or sum insured higher than the capacity limit of proportional treaty.
2. **Proportional Treaty** is used for large quantity of risks which share the same characteristics. The Company and reinsurer will clearly specify contract conditions in advance. If the Company underwrites insurance according to the contract, the Company can include these underwriting into the contract immediately.
3. **Non-Proportional Treaty** provides coverage for damages exceeding the Company's deductible for risk or an incident as specified in the contract.
4. **Catastrophic Reinsurance** provides coverage for damages from catastrophic disaster such as flood or earthquake.

The Company requires that the domestic reinsurers have Capital Adequacy Ratio (CAR) of 200 percent as a minimum, and international reinsurers have a Financial Strength Ratio not less than A-, according to S&P, or equivalent. Additionally, the Company also monitors the reinsurer concentration limits and decrees that the concentration limit of each reinsurers not exceed 50 percent of the Company's underwriting portfolio.

Furthermore, the Company also assigns the Risk Management and Actuary Departments to conduct a stress test for evaluating the reliability and adequacy of reinsurance plans to make sure that the Company's reinsurance strategies are efficient and expedient.

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Description	Amount (2019)
Insurance Reserve to be Called from Reinsurance Companies	12,769.38
Amount Due from Reinsurance	2,805.19
Amount Deposited on Reinsurance	0.00

## **5. Value, Methodology, and Assumption Related to Insurance Contract Liability Valuation**

For more information, please refer to the Notes to Financial Statements in 2019 Financial Statements as followings:

- **Item 2. Accounting Policies:**

- Item 2.4 Premium Reserve

- Item 2.5 Loss Reserve and Outstanding Claims

- [https://www.dhipaya.co.th/userfiles/file/201912\\_FS\\_Eng.pdf](https://www.dhipaya.co.th/userfiles/file/201912_FS_Eng.pdf)

- **Item 3. Critical Accounting Estimates, Assumptions and Judgements:**

- Item 3.5 Valuation of Insurance Contract Liabilities

- Item 3.6 Unexpired Risk Reserve

- [https://www.dhipaya.co.th/userfiles/file/201912\\_FS\\_Eng.pdf](https://www.dhipaya.co.th/userfiles/file/201912_FS_Eng.pdf)

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Description	2019		2018	
	Book Value	Appraised Value	Book Value	Appraised Value
Insurance Contract Liabilities				
- Premium Liabilities	12,181.82	11,067.65	11,136.19	9,975.18
- Claim Liabilities	5,434.02	6,303.41	7,788.22	9,406.03

**Remarks:**

- Book Value refers to the value of insurance contract liability based on accounting standards which aims to enable investors and financial analysts to understand the economic value of insurance contract liabilities which is acceptable according to Thai accounting principles. The value must be approved by certified auditors.

- Appraised Value refers to the value of insurance contract liability based on the notification of the Insurance Commission regarding the evaluation of assets and liabilities of non-life insurance companies to ensure their financial stability and their abilities to pay indemnity to the insured as stipulated in the insurance contracts. All of these factors must be examined by certified actuaries according to acceptable actuarial principles. The assumptions used must correspond with real experiences. In case that the Company has insufficient information, industrial experiences may be applied in the context of an insurance company's underwriting portfolio. Additionally, the insurance reserve value must cover Provision of Adverse Deviation (PAD) according to OIC Requirement.

**Comment:** In certain financial reporting periods, the value of liability according to insurance contract may have significant differences between book value and appraised value due to different purposes and evaluation approaches aforementioned. It is recommended that the user fully understand the purposes and evaluation approaches of both kinds of insurance contracts before making decisions.

## **6. Company Investment**

### **Investment**

#### **▪ Investment Policy**

The Company's investment policies are established in accordance with risk management policies, which include insurance product design, underwriting, reinsurance contract, asset and liability management, capital position, acceptable risk levels, expected returns, readiness of work systems and human resource to support investment.

- **Purposes**

To monitor the Company's investment and other business operations and ensure that both activities are suitable for the company's conditions; considering the company's financial stability, financial strength, operations, including good corporate governance and risk management. While an asset allocation must comply with business characteristics, non-life insurance products, and the Company's obligation to its policy holders whether in form of cash flow, cash amount, duration and currency.

- **Processes**

The Company monitors and controls investment management to be in line with its objectives by conducting annual investment plans and assigning a product limit for each asset class.

### **Investment in Other Businesses**

- **Policy**

The Company prioritizes its financial stability and insurance business operation; which is its core business, good corporate governance, and risk management. According to the announcement of OIC regarding Investment in Other Businesses by General Insurance Company B.E. 2556, the Company can conduct other types of businesses. However, investment in other businesses must synergize with its insurance business operations or allow the Company to fully utilize its resources or specialization without causing a significant risk.

- **Purposes**

The Company's purposes are to assign responsibilities to related departments by creating mutual understanding among them and to establish approaches and processes of investment in other businesses according to the related regulations and specifications.

- **Processes**

The Company has established and assigned responsibilities to executives and related departments to create mutual understanding by specifying departments with responsibility in work coordination and authorized signatories.

## **Investment Assets Evaluation Method**

### **1. Listed Equity**

The Company has recorded the price reported in financial statement and capital adequacy report using the last bid price of securities. As equity must be recorded as trading or as available for sale to comply with current accounting standards, the values reported in financial statement and those stipulated in capital adequacy report are equal.

### **2. Non-Listed Equity**

The Company recorded the price reported in the financial statement as the price it paid on the date of purchase. However, the capital adequacy report appraised the price by employing methods specified by OIC, which includes discounted cash flow valuation by using the most recent information and discounted rate corresponding to the company's financial structure and business risks based on peers registered in the stock market.

### **3. Infrastructure and Property Funds**

The Company has recorded the price reported in financial statement and capital adequacy report using the last bid price of securities. As infrastructure and property funds must be recorded as trading or as available for sale to comply with current accounting standards, the values reported in financial statement and those stipulated in capital adequacy report are equal.

### **4. Held-to-Maturity Debt Instruments**

The Company has recorded the price reported in the financial statement according to the amortized cost, but the capital adequacy report uses the appraised value based on net asset value calculation which reflects the fair value by The Thai Bond Market Association (ThaiBMA). As a result, there are differences between the amount shown in financial statements and that shown in capital adequacy report.

### **5. Held-for-Trading Debt Instruments**

The Company has recorded the price reported in financial statement and capital adequacy report according to appraised value based on net asset value calculation reflecting fair value by The Thai Bond Market Association (ThaiBMA). So, the values stipulated in both aforementioned sources turn out to be the same.

### **6. Available-for-Sale Debt Instruments**

The Company has recorded the price reported in financial statement and capital adequacy report according to appraised value based on net asset value calculation fair value by The Thai Bond Market Association (ThaiBMA). So, the values indicated in both aforementioned sources are equal.

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Type of Investment Asset	Value as of 31 December			
	2019		2018	
	Book Value	Appraised Value	Book Value	Appraised Value
Deposits at Financial Institutions and Negotiable Certificate of Deposit at Financial Institutions	3,334.58	3,334.58	4,177.82	4,177.82
Debt Securities (Government Bond, Corporate Bond, Promissory Note, Bill of Exchange, Convertible Bond, and Saving Lottery)	5,905.89	5,916.84	7,119.95	7,123.97
Equity Securities (excluding Investments in Subsidiaries and Associates Companies)	3,099.19	3,011.08	3,017.73	2,988.35
Unit trusts	3,375.43	3,375.43	3,280.37	3,280.37
Loans, Motor Hired Purchase and Asset Leasing	-	-	-	-
Warrants (for stock, bond, and unit trust)	-	-	-	-
Derivatives	-	-	-	-
Other Investments	-	-	-	-
<b>Total Investment Assets</b>	<b>15,715.09</b>	<b>15,637.93</b>	<b>17,595.87</b>	<b>17,570.51</b>

Remark:

- Book Value refers to the values of assets and liabilities based on financial reporting standards.
- Appraised Value refers to the values of assets and liabilities based on the notification of the Insurance Commission regarding the evaluation of assets and liabilities of non-life insurance companies to ensure their financial stability and their ability to pay indemnity to the insured according to the insurance contracts.

**7. Insurance Company Operating Results**  
**(including analysis result and other related ratios)**

For more information regarding the management discussion and analysis, please refer to 2019 Annual Report Page 118-127 as follow:

<https://www.dhipaya.co.th/userfiles/file/AnnualReport2019.pdf>

*Quantitative Information Details as Follows:*

Unit : Million Bahts

Description	2019	2018
Gross Premium Written	21,846.25	20,521.83
Net Premium Earned	5,619.65	4,533.49
Revenues on Investments and Other Income	1,098.94	972.21
Net Profit (Loss)	1,863.19	1,531.16

**Significant Financial Ratio (%)**

Description	2019	2018
Loss Ratio	51.68	46.34
Expense Ratio	26.14	32.01
Combined Ratio	77.82	78.35
Liquidity Ratio	282.03	217.54
Return on Equity	23.25	20.11

## **8. Capital Adequacy**

### **8.1 Policies**

The Company manages capital to be in line with the Risk Based Capital (RBC) requirements, which is specified by regulator, the Insurance Commission (OIC). This requirement was enacted on 1<sup>st</sup> September, 2011, stating that the companies must maintain adequate capital to cover insurance risk, marketing risk, credit risk, and concentration risk. However, starting from 31<sup>st</sup> December, 2019 an operational risk has been added according to the Risk Based Capital (RBC) framework phase 2 in which the OIC has revised to be appropriate to current business operation and strengthen quality of capital, as well as in line with international standard, with effective from 31<sup>st</sup> December, 2019 onwards.

The Company discloses the capital adequacy information in order to provide clear and sufficient information to the insured, external parties, or stakeholders so that these aforementioned parties can analyze and assess the risks of the non-life insurance companies.

## **8.2 Objectives**

The Company's objectives 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 with a minimum Capital adequacy ratio (CAR) higher than the standards specified by OIC.

## **8.3 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(s) and risks according to the OIC Requirement regarding Risk Based Capital (RBC) framework. The Company has evaluated, monitored, and regularly provided capital adequacy report to the Risk Management Committee to ensure capital management is effective and timely.

The Company undertakes a Stress Test annually by using risk factors, which include; for instance, 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 its 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 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.

#### **8.4 Capital Adequacy Assessment**

The Company monitors the capital to ensure that it is adequate for all risk appetite levels. At the end of 2019, the Company has a Total Capital Available (TCA) of 7,851.46 Million Baht and a Total Capital Required (TCR) of 2,452.52 Million Baht. Hence, the Company's Capital Adequacy Ratio (CAR) is 320.14 percent, which is higher than the standard 120 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.

Quantitative information details as follows:

Unit : Million Bahts

Description	As of 31 December	
	2019	2018
Total Assets	40,814.05	44,941.73
Total Liabilities	32,456.50	37,268.93
- Insurance Contract Liabilities	17,615.84	18,924.41
- Other Liabilities	14,840.66	18,344.52
Total Equity	8,357.55	7,672.80
Capital Adequacy Ratio (%)	320.14	308.06
Total Capital Available	7,851.46	7,186.12
Total Capital Required	2,452.52	2,332.71

**Remarks:**

- The notification of Insurance Commission regarding specification of the types and classes of capital, rules, procedures and conditions for the calculation of capital of non-life insurance companies requires that the Registrar may prescribe necessary measures for monitoring companies with capital adequacy ratio lower than the following.

(1) 120 percent from 31<sup>st</sup> December 2019 – 31<sup>st</sup> December 2021

(2) 140 percent from 1<sup>st</sup> January 2022 onwards

- Capital refers to appraised capital based on the notification of the Insurance Commission regarding the evaluation of assets and liabilities of non-life insurance companies.

- Values in the table above are calculated by using appraised value based on the notification of the Insurance Commission regarding the evaluation of assets and liabilities of non-life insurance companies.

**9. Financial Statements and Accompanying Notes to Financial Statements for the Previous Fiscal Year (audited and expressed an opinion by the financial auditor)**

Please refer to the 2019 financial statements as follows:

[https://www.dhipaya.co.th/userfiles/file/201912\\_FS\\_Eng.pdf](https://www.dhipaya.co.th/userfiles/file/201912_FS_Eng.pdf)