



Pride in Protection



# 2016

## Annual Report

THE DEVES INSURANCE PUBLIC COMPANY LIMITED



## **Customer Centric**

*Means commitment to customer care by meeting the need of internal and external customer, and always be ready to provide the best services and unprejudiced support to ensure customer satisfaction, which will ultimately bring productive benefits to customers and the Company.*

## **Dignified**

*Means to have the sense of honor and pride in being a part of an organization owned by the Crown Property Bureau, and thereby working and behaving with self-respect, honestly, prudence, conscientiousness, and to be prepared to fulfill one's responsibilities with efficiency and transparency to oneself, the organization and customers.*

## **Masterly**

*Means striving to improve skills, knowledge and specializations, being open to new ideas and developments so as to attain prowess and be able to effectively share the acquired skill with colleagues, and having unyielding devotion to duty, with the ultimate aim of strengthening teamwork and enhancing the corporate competitiveness.*

## **Assuring**

*Means carrying out duties with honesty and transparency, keeping firmly to obligations in order to earn trust and confidence from customers, and promoting the good image of Deves Insurance.*

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## Chairman's Statement



## Dear Shareholder

The Office of the National Economic and Social Development Board (NESDB) expects the country's economy to have expanded by 3.2% in 2016, up from 2.8% in 2015, and to have an annual growth rate between 3.0% and 4.0% in 2017. The non-life insurance industry experienced rather aggressive price competition owing to such related factors as cautious consumer spending amid slowing economy, and financial institutions' tighter lending criteria. In such situation, insurers had to adapt themselves and devise strategies in order to survive in the market. The IMF estimates a 3.1% annual growth for the world's economy in 2016. The US economy, a major trading partner of Thailand, continued to grow with steadily falling unemployment. In contrast, the European Union still faced a high unemployment rate despite its expanding economy. Central banks of many countries continued to keep a low policy interest rate due to sustained low inflation and to adopt easing measures in stimulating stable economic growth.

On 2016 results, the Company recorded Baht 4,602.0 million in direct premiums and Baht 3,091.0 million in earned premiums - or a 13% rise over the prior year. We maintained a robust financial and capital position, with a capital adequacy ratio (CAR) of as high as 367.9% at the end of the third quarter of 2016. During the year, we continued to implement our strategy to expand the retail market and retain a high policy renewal rate. Preparatory investment in information and technology has been made to gear the organization towards Thailand 4.0 Value-Based Economy or an innovation-driven economy. The Company has also expanded its operations continuously by establishing a new branch every year, the most recently opened being in Krabi Province. The extensive operational network ensures well-distributed provision of services to all our customers, business partners and alliances.

As regards 2017 outlook, the NESDB predicts that the industrial production indices of global economies and trade will rise back up gradually. Public spending is due to accelerate, especially on transport infrastructure investments and on implementation of the Eastern Economic Corridor (EEC) development plan. Within such environment, the Deves Insurance PCL remains focused on innovating products to respond to a wide variety of risks in serving the customers' needs by operating with effective risk management, transparency, and conformity to regulatory and governance standards. We aim to carry on our expansion efforts in 2016 - to increase, in particular, the retail business of motor insurance and personal accident insurance.

Over the year, the Company supported a number of undertakings for social causes through events/activities organized in Bangkok and the regions. These include our contribution to and collaboration with the Thai Future Network, the "Don't Let Anyone Blame Thais" campaign, and the Equestrian and Aqua Therapy Project to promote the development and social and self-reliant skills of special needs children. The feedback received on such activities has been very good, with their objectives achieved through the cooperativeness of our staff volunteers as well as all parties and agencies concerned.

On behalf of the Board of Directors, may I take this opportunity to express our appreciation to all our policyholders, business allies, partners and shareholders for their vital role in supporting the Company's operations through these 70 years. I would also like to thank the Management and the staff for dedicating such talents and efforts to the discharge of their duties. The Company will continue to operate with integrity and transparency in maintaining the trust and confidence of our customers. We will also remain committed to contributing back to society and the environment in different ways.



Dr Chirayu Isarangkun na Ayuthaya  
Chairman

# General Information

A non-life insurance subsidiary of the Crown Property Bureau (CPB), The Deves Insurance Public Company Limited commenced operations on 17 January 1947 with an initial registered capital of Baht 4 million comprising 40,000 ordinary shares at par value of Baht 100. In the early stages of business, the Company was primarily involved in underwriting of fire insurance for tenants of the CPB. It was later licensed by the Ministry of Commerce to operate marine and miscellaneous insurance in 1972 and motor insurance in 1989.

With the vision of being a provider of quality non-life insurance services operating under good governance principles and recognized as “the insurer of choice” for businesses and the public, we have continuously enhanced our underwriting and management systems to keep pace with changing conditions, while also reinforcing our financial base and stability appropriately in every major phase of development. At present, the Company has a registered capital of Baht 500 million consisting of 50 million ordinary shares at Baht 10 each, 98.54 per cent of which is held by the Crown Property Bureau.

The par value reduction from Baht 100 to Baht 10 was made in line with the requirements for listing on the Stock Exchange of Thailand (SET). Deves Insurance obtained approval to be listed on the SET on 29 November 1990. It was then re-registered under the Public Limited Companies Act on 11 August 1994, with business registration number of 0107537002478 [previously Bor Mor Jor 494].

In 2007 the Crown Property Bureau, as Deves Insurance’s principal shareholder, started to make tender offers to other shareholders in order to apply for voluntary delisting of the Company’s shares. Approval was consequently given for the Company to be officially delisted from the Stock Exchange of Thailand on 22 August 2008.

Through more than 69 years, Deves Insurance has been committed to an honest, transparent approach to management as well as good governance and ethical standards. We have always given priority to promoting the well-being of our society and our environment. All our executives and staff members recognize the importance of acting responsibly towards society and every group of stakeholders, and pledge themselves to uphold such principles and practices at all times.

Another key development during over 69 years of our operations was the internal and external rebranding in 2005. The exercise focused on reforming the management systems within the organization as well as upgrading the information technology system to respond to customers’ needs and business environment. It also aimed at improving the Company’s efficiency so as to be geared for retail market competition and be able to create maximum satisfaction for all insurance users. The external rebrand was implemented through the adoption of a new logo for outside communication. The logo was redesigned from the original image of deva to a modern and easy-to-remember symbol, although the deva sign remains the Company’s legally binding seal.

In designing the logo for external communication, the Company also identified the following four brand attributes:

Customer Centric  
Dignified  
Masterly  
Assuring

These four attributes provide the direction for fostering, among all Deves personnel, the consciousness of and responsibility for fulfilling their duty towards both the business and society alike in delivering on the Company’s brand promise of “pride in protection”.



สัญลักษณ์ของบริษัท

# Marketing and Services

## Thailand's Economy and Non-Life Insurance Industry: 2016 Review and 2017 Outlook

### 2016 Review of Thailand's Economy and Non-Life Insurance Industry

According to the Office of the National Economic and Social Development Board, the Thai economy is forecast to have expanded in 2016 by 3.2%, up from 2015's growth of 2.9%. The 2016 third-quarter GDP figures show that agricultural production rose by 0.9% - the first positive growth following seven consecutive quarters of decline thanks to dwindling impact of the drought, while industrial production grew by 0.9%. Private-sector consumption went up 3.5% and gross investment increased by 1.4%. There was also a higher level of net exports with total exports of goods and services recording a 3.4% rise, while total imports of goods and services fell by 1.3%.

The growth in the manufacturing sector slowed down to 0.9% in the third quarter of 2016 from 2.1% in the previous quarter due to sluggish demand in foreign markets. The slackening was particularly marked in commercial car production and in the petrochemical, textile and clothing industries. However, some industries started to see improvement - especially production of industrial machinery and equipment parts which was boosted considerably by exports.

Economic indicators for January-October 2016 reveal that the industrial production index, shipment index and stocks of finished goods index were up somewhat over the same period of 2015. However, the consumer and business confidence index and the industrial confidence index for January-October 2016 fell slightly year over year, as there was still lack of confidence in the revival of global economy and exports. Exports of industrial goods, excluding gold, in the first ten months of 2016 contracted 1.2% from the year-ago period.

Private consumption and investment for January-October 2016 increased year over year, as a result of government aid to certain groups of farmers and the prevailing low level of oil prices. The Bank of Thailand's Monetary Policy Committee assesses that although the Thai economy is in the direction of revival, it is faced with global recovery risks that could be enlarged by: political uncertainties; the USA's new economic policy; the UK's exit from the EU possibly affecting the European economic recovery; and the financial situations in Europe and China which may impact upon Thai exports. Added to the above are our own domestic factors which could cause the number of Chinese tourists to fall below forecasts.

For the benefit of consumers, the Office of Insurance Commission (OIC) agreed, in consultation with insurers on 1 April 2016, to adjust policy coverage limits in proportion to insurance premiums by increasing auto policy coverage levels in accordance with the Road Accident Victims Protection Act, B.E. 2535 (1992). Medical cover for injury has been raised from Baht 50,000/person to Baht 80,000/person. Compensation for death/permanent disability has been raised from Baht 200,000/person to Baht 300,000/person and compensation for loss of organ has been increased from Baht 200,000 to Baht 200,000-300,000. The newly approved coverage limits shall also be applied to all insurance policies which have not expired.

Statistics from the OIC indicate that direct premiums written by the non-life industry in 2016 totalled Baht 211,813.0 million, a 1.2% expansion over the year-earlier period. The highest earning sector was motor insurance, registering 1.5% growth in premiums written which amounted to Baht 122,188.0 million and was made up of compulsory premiums of Baht 16,680.0 million or up by 2.4% and voluntary premiums of Baht 105,508.0 million or up by 1.3%. The second biggest earner was miscellaneous insurance business which recorded Baht 74,124.0 million in premiums or up by 1.5%. This was followed by fire insurance premiums of Baht 10,233.0 million which were down by 2.4% and marine insurance premiums of Baht 5,268.0 million or a 1.4% drop from the year-ago level.



## Direct Premiums Written by the Industry

Unit : Million Baht

Line of Business	Direct premiums written			
	2016	2015	Increase (Decrease)	Percentage (%)
<b>Fire insurance</b>	10,233	10,485	-252	-2.4
<b>Marine insurance</b>	5,268	5,343	-75	-1.4
Hull	415	438	-23	-5.3
Cargo	4,853	4,905	-52	-1.1
<b>Motor insurance</b>	122,188	120,424	1,764	1.5
Compulsory	16,680	16,294	386	2.4
Voluntary	105,508	104,130	1,378	1.3
<b>Personal accident insurance</b>	26,806	26,308	498	1.9
<b>Miscellaneous insurance</b>	47,318	46,719	599	1.3
All-risks and property	23,832	25,750	-1,918	-7.4
Third-party liability	2,264	2,007	257	12.8
Health	7,682	7,563	119	1.6
Others	13,540	11,399	2,141	18.8
<b>Total</b>	<b>211,813</b>	<b>209,279</b>	<b>2,534</b>	<b>1.2</b>

## Thailand's Economic and Non-life Insurance Industry Outlook for 2017

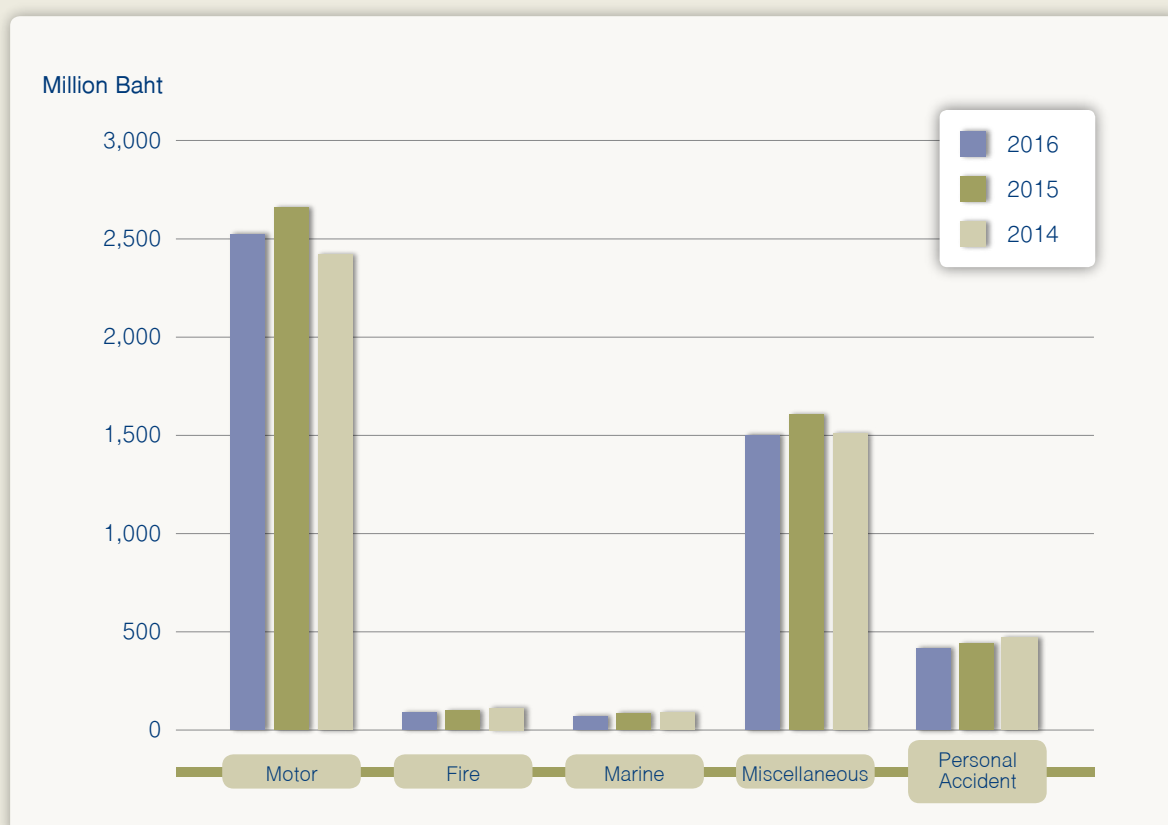
The Office of the National Economic and Social Development Board (NESDB) forecasts an economic growth rate of 3.0 to 4.0% for 2017. Thailand is likely to see its economy slowly growing driven by exports which have been fuelled by signs of improvement in the key economies during the third quarter of 2016. Positive growth in exports appeared for the first time in seven quarters and such pickup corresponds to the accelerating expansion of major economies. Recovery in agricultural production will be a factor propelling household spending. In the third quarter of 2016, agricultural production started to register its first positive growth rate in eight quarters and is expected to have grown at a faster pace in the last quarter of 2016 and in 2017.

State investment has increased following the progress in 20 transport infrastructure projects which began to make much headway in 2016 and will move forward more rapidly in 2017. This has been furthered by the approval by the Special Economic Development Zone Policy Committee of an Eastern Economic Corridor development plan (2017-2021) set to be implemented from 2017. The tourism industry will likely continue to perform well in 2017. The impact of visitors' concerns over curtailed activities during the mourning period and of the government's zero-dollar tour crackdown should be tapering off gradually. The number of arrivals and tourism revenue will thus be driven up to a satisfactory level and will serve as a steady contributor to economic expansion.

The non-life insurance industry in 2017 is predicted to expand more strongly than in 2016, with projected premiums growth of approximately 5.0%. The lines of product expected to enjoy sustained higher growth are those insurance products targeted at retail customers. Voluntary motor business is still facing tough price competition, whereas revived auto sales will help to spur growth in compulsory motor business. Personal accident and health sectors will continue to grow steadily as a result of consumers' awareness of insurance benefits.

## Deves Insurance PCL's 2016 Performance and 2017 Outlook

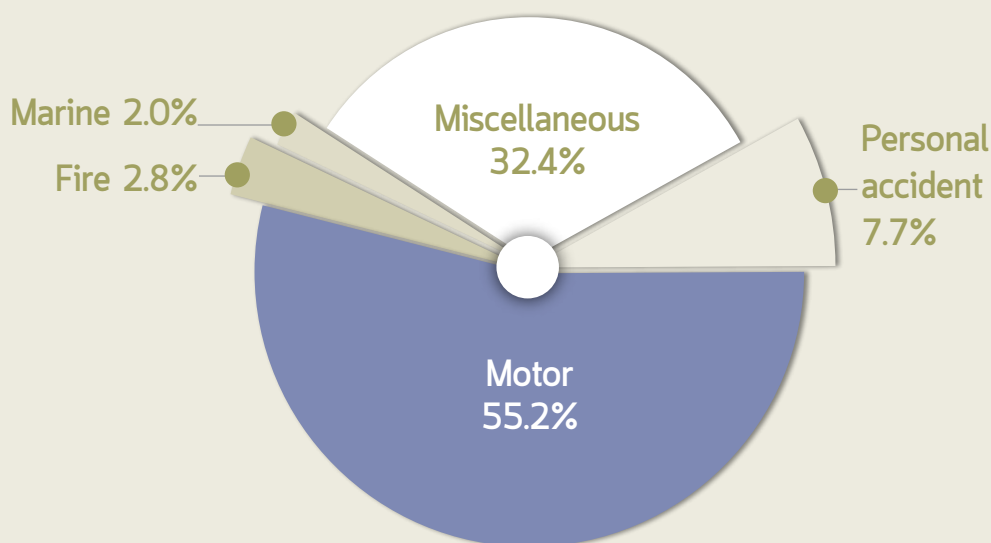
The 2016 annual results posted by The Deves Insurance Public Company Limited showed that gross premiums written amounted to Baht 4,602.0 million or down by 6% year on year due to the Company's policy shift in the underwriting of certain types of business. Net earned premiums rose by 13.0% over the prior year to Baht 3,091.0 million. The growth could be attributed to our policy of constant focus on retail market expansion, especially of our motor business which recorded Baht 2,610.0 million in earned premiums, a 19.0% increase over 2015. The Company reported an underwriting profit for the period of Baht 202.0 million and continued, over the course of 2016, to pursue the policy implemented in 2015 by aiming to boost premiums in the retail line of products.



## Our ranking and market share by direct premiums

Line of Insurance	2016		2015		2014	
	Rank	Market	Rank	Market	Rank	Market
Overall direct premiums	13	2.1	13	2.3	13	2
Motor direct premiums	14	2.1	12	2.2	17	1.6
Fire direct premiums	20	0.9	19	1.1	12	1.6
Marine direct premiums	17	1.7	15	1.9	15	2.2
Personal accident direct premiums	18	1.3	17	1.5	15	1.8
Miscellaneous direct premiums	9	3.1	8	3.4	8	3.3

## Composition of premiums written by the Company, 2016



Unit : Million Baht

Line of Insurance	Percentage		Percentage		Percentage	
	2016	(%)	2015	(%)	2014	(%)
Motor	2,538,376	55.2	2,626,515	53.7	1,872,106	44.9
Fire	128,056	2.8	152,666	3.1	204,765	4.9
Marine	90,168	2.0	100,767	2.1	114,005	2.7
Miscellaneous	1,492,119	32.4	1,623,249	33.2	1,524,966	36.6
Personal accident	353,642	7.7	391,393	8	454,298	10.9
Total	4,602,361	100	4,894,590	100	4,170,139	100

## IT Enhancement

From 2015 through 2016, the Company has adopted a policy aimed at improving its service provision systems through the setting up of a customer relationship management (CRM) project in order to understand our clients better. Originally, we have maintained databases of all customers' information and records, but such data is kept in separate systems across the organization. We therefore started by placing client information at the centre so as to provide the overview as well as in-depth information that would enable the staff concerned to use the data in delivering what impresses our customers most.



The following key projects have been planned for enhancing our CRM Project.

1. Development of a Contact Centre
2. Development of a CRM system by:
  - 2.1 Using tools analyzing and linking data to provide a single view of customers;
  - 2.2 Managing customer relationships through multiple communication channels such as phone call, website, face-to-face meeting and others;
  - 2.3 Increasing efficiency and effectiveness of all processes connected with customer relationships.
3. Strengthening of the motor claims function by upgrading systems and streamlining processes throughout the function, which include:
  - 3.1 Receiving accident reports and inspecting accidents;
  - 3.2 Managing claims;
  - 3.3 Procuring parts;
  - 3.4 Assessing losses;
  - 3.5 Following up on cases.

In addition, the Company has developed a new IT architecture through the design of service-oriented architecture (SOA\*) of program/system development which will enable linking of all data across the organization while reducing maintenance costs. As a result, new applications/programs can be developed quickly and, most importantly, the organization's IT system is not tied to any platform.

4. Development of a Branch Auto Clearing system to enable direct debit processing by the Premiums Collection Unit/Department through upgrading of the organization's IT infrastructure to SOA. The system will provide a number of benefits as follows:
  - 4.1 Business connectivity With the SOA linking internal IT systems to external ones which may be based on varied technologies, the Company is able to connect businesses on different platforms and serve all customers, business partners and its own personnel efficiently.
  - 4.2 Easy IT Modifications Since the SOA enables the existing IT systems to be re-used, adjustments to business processes can then be made quickly, thus allowing us to compete promptly in the market.
  - 4.3 Maintainance cost saving and cost-effective investment The SOA enables the organization to employ diverse technologies. The Company can therefore choose the most appropriate ones without having to be tied to any particular technology, thereby lowering IT maintenance costs in the long run.
  - 4.4 Greater congruence between business and IT functions The IT unit's design of business processes will be clearly and graphically illustrated in an easy-to-understand format. Therefore, the business units which need to understand such processes will be able to work more closely with the IT unit during the design stage.

\* SOA is a set of software designed to offer flexible usability. It runs during the phases of systems development and integration in computing. Any systems designed on the SOA platform will be composed of an operating set which functions as a service integrator, and can be applied to a wide range of systems or to any subsystems set up for separate units/different business operations.

## Claims Service Efficiency Drive

In fulfilling the corporate policy of boosting retail market expansion, the Company continued to keep the focus on improving the speed and convenience of its claims services. We made efforts to better serve the needs of different groups as follows.

### Customers:

- Streamlining work processes to deliver faster service to policyholders;
- Increasing efficiency in regional provision of claims services: allowing branch offices to process their own claims in ensuring smooth-running operation and in meeting the satisfaction of customers in the regions;
- Increasing the number of accident assessors to ensure prompt customer service and to improve customer satisfaction;
- Engaging local loss surveying firms to cover areas across the country in accommodating the expanded regional service operations.

### Business partners:

- Putting up quality approved signs for all garages under the “Deves-endorsed Garages” scheme to strengthen brand image and relationships with business partners;
- Visiting all provincial partner garages to establish good business relationships;
- Visiting contract parts suppliers/vendors to develop good business relationships.

### Employees:

- Training staff on motor insurance policies and coverage conditions in order for them to have thorough product understanding and be able to apply the knowledge to their work as well as building confidence of customers.

## Product Development

On product innovation, the Company developed and launched the following new insurance product in 2016.

### One Plus (1+) motor insurance

“One Plus” is a new form of motor insurance policy where the customer can choose to have the coverage put on pause when the car is not in use and such pause period can be accumulated up to 30 days. The policyholder will get a discount on premium upon renewal the following year. The policy further provides higher coverage limits, i.e. from Baht 100,000 to Baht 500,000 for personal accident cover; and from Baht 2.5 million to Baht 5.0 million for third-party liability cover. It also offers the added protection of Roadside Service to help you feel reassured through your journey.



การเปรียบเทียบความคุ้มครอง	One Plus	ประเภท 1
1. ความคุ้มครองสูงสุดต่อปี		
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60. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
61. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
62. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
63. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
64. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
65. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
66. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
67. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
68. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
69. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
70. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
71. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
72. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
73. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
74. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
75. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
76. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
77. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
78. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
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81. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
82. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
83. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
84. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
85. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
86. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
87. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
88. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
89. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
90. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
91. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
92. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
93. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
94. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
95. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
96. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
97. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
98. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
99. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี
100. ความคุ้มครองสูงสุดต่อปี	5 ปี	5 ปี

## Branch Expansion and Improvement

The Company pursued its policy of steady expansion into the retail market through branch renovation and relocation as well as creation of a new service channel, i.e. Krabi Branch. All of these are aimed at accommodating our extended service provision in the provinces. As a result, we now have a nationwide operation in 36 locations consisting of 24 provincial branches, 8 sub-branches and 4 Deves Stations to deliver a one-stop service to our clients - from processing insurance applications and premiums payments to providing help and information relating to insurance claims and enquiries. There are also plans to open more branches in 2017 so as to offer wider service coverage across the country.

**Krabi Branch** Location: 299/1 Moo 2, Phetchkasem Road, Tambon Sai Thai, Amphoe Mueang, Krabi 81000

Furthermore, to create a modern and impressive corporate image and to provide greater convenience for our customers, we have relocated our Phuket, Chiang Rai and Thung Song Branches as follows.

### **Phuket Branch**

New location: 9/105, 9/106 Sakdidej Road, Tambon Talad Nuea, Amphoe Mueang, Phuket 83000

### **Chiang Rai Branch**

New location: 1042/17 Satan Payaban Road, Tambon Rop Wiang, Amphoe Mueang, Chiang Rai 57000

### **Thung Song Branch**

New location: 182 Moo 2, Tambon Nong Hong, Amphoe Thung Song, Nakhon Si Thammarat 80110

## Advertising/Publicity

To increase recognition of the "Deves" image and gain a wider customer reach, the Company has employed advertising and publicity mediums via different channels like radio, television and print advertisements - particularly through radio commercials which effectively reach our target audience and are broadcast over all parts of the country. We generally publicize our motor insurance products and also advertise for insurance agents. During the past year, we launched such new product as the One Plus (1+) motor policy which, after having been advertised on the radio, has received substantial feedback. Other marketing activities we have engaged in every year include participation and exhibiting at large public events like the Motor Show, the Motor Expo, the Travel Thailand Travel the World Fair, etc.

## Structure of Shareholders

Currently, the Company's registered capital is Baht 500 million, consisting of 50 million ordinary shares at the par value of Baht 10 each.

	Name of Shareholders	Number of Shares	% of Shareholdings
1.	The Crown Property Bureau	49,272,239	98.54
2.	Other Shareholders	727,761	1.46
	<b>Total Issued Share Capital</b>	<b>50,000,000</b>	<b>100.00</b>



# Board of Directors



## DR CHIRAYU ISARANGKUN NA AYUTHAYA

### CHAIRMAN

- Other Positions/
- Grand Chamberlain - Bureau of the Royal Household
- Working Experience
- Director General - The Crown Property Bureau
  - Chairman  
The Siam Cement Public Company Limited
  - Director  
The Siam Commercial Bank Public Company Limited
- Education
- Ph.D. [Economics], Australian National University, Australia
- Training from Thai Institute of Directors
- Role of the Chairman Program



## MR SANSERN WONGCHA-UM

### INDEPENDENT DIRECTOR

### CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE



- Other Positions/
- Secretary - General of the National Economic and Social Development Board [1999 - 2002]
- Working Experience
- Deputy Minister of Transport [2006 - 2008]
  - Chairman and Independent Director  
Bualuang Securities Public Company Limited
  - Chairman and Independent Director  
Somboon Advance Technology Public Company Limited
  - Independent Director and Chairman of the Audit Committee  
The Erawan Group Public Company Limited
- Education
- Master of Business Administration, University of Bridgeport, USA
  - Diploma, National Defence College, Class 37
- Training from Thai Institute of Directors
- Role of the Chairman Program
  - Director Accreditation Program
  - Financial Statements for Directors



## MR MONTRI MONGKOLSWAT

### DIRECTOR

### MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

- Other Positions/
- Director [1999 - 2014]
- Working Experience
- Banpu Public Company Limited
- Education
- B.A. [Accounting and Commerce], Thammasat University
  - Diploma, National Defence College
- Training from Thai Institute of Directors
- Role of the Chairman Program





## MR AVIRUTH WONGBUDDHAPITAK

DIRECTOR

CHAIRMAN OF THE EXECUTIVE COMMITTEE

- |                        |   |
|------------------------|---|
| Other Positions/       | • Advisor - The Crown Property Bureau                                   |
| Working Experience     | • Director<br>Thai Plastic and Chemicals Public Company Limited         |
|                        | • Director<br>S&P Syndicate Public Company Limited                      |
|                        | • Director [2006 - 2015]<br>Advance Info Service Public Company Limited |
| Education              | • Master of Business Administration, New York University, USA           |
| Training from Thai     | • Director Certification Program  |
| Institute of Directors | • Role of the Compensation Committee                                    |

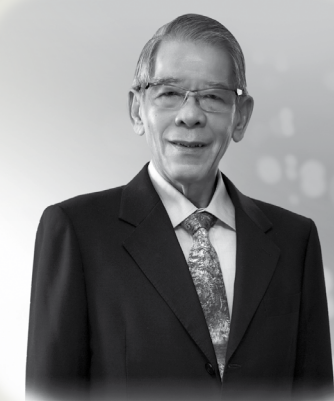


## DR CHARNCHAI MUSIGNISARKORN

INDEPENDENT DIRECTOR

MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

- |                        |   |
|------------------------|---|
| Other Positions/       | • Vice Chairman and Chairman of the Executive Committee   |
| Working Experience     | [2005 - 2009]<br>ACL Bank Public Company Limited          |
| Education              | • Ph.D. [Agricultural Economics], Kyoto University, Japan |
| Training from Thai     | • Director Certification Program                          |
| Institute of Directors | • Director Accreditation Program                          |



## MR NA BHENGBHASANG KRISHNAMRA

INDEPENDENT DIRECTOR

- |                        |   |
|------------------------|---|
| Other Positions/       | • Chairman of the Executive Board   |
| Working Experience     | The Cambodian Commercial Bank Company Limited   |
|                        | • Vice Chairman<br>Siam Administrative Management and Security Guards Company Limited |
| Education              | • Master of Engineering - Mechanical, University of Pennsylvania, USA                 |
|                        | • Diploma, National Defence College   |
| Training from Thai     | • Director Certification Program  |
| Institute of Directors |   |





### MR SOMPOCH INTRANUKUL

INDEPENDENT DIRECTOR

CHAIRMAN OF THE AUDIT COMMITTEE

MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Other Positions/ • Chairman, Subsritai Public Company Limited

Working Experience • Chairman

Siam Administrative Management and Security Guards Company Limited

• Chairman, Mudman Public Company Limited

• Chairman of the Audit Committee

HiFi Orient Thai Public Company Limited

Education

• B.A. [Accounting], Chulalongkorn University

• Diploma, National Defence College

Training from Thai

• Director Certification Program

Institute of Directors

• Audit Committee Program

• Director Accreditation Program

• Chartered Director Class



### MR VIRASAK TOKAKUNA

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Other Positions/ • Head of Business Promotion Department [2003 - 2004]

Working Experience The Crown Property Bureau

Education

• Master of Business Administration, Long Island University, USA

Training from Thai

• Director Certification Program

Institute of Directors



### MRS PHANSOPIT LIKITTHAMMANIT

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Other Positions/ • Accountant - The Support Foundation

Working Experience of Her Majesty Queen Sirikit of Thailand

Education

• B.A. [Accounting - 2<sup>nd</sup> Honoured], Chulalongkorn University

Training from Thai

• Director Certification Program

Institute of Directors







## MR SAK EUARCHUKIATI

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

- |   |   |
|---|---|
| Other Positions/                          | • Director, Member of the Remuneration Committee [1990 - 2012]  |
| Working Experience                        | <ul style="list-style-type: none"> <li>Thai Plastic and Chemicals Public Company Limited</li> <li>Independent Director, Member of the Nomination and Remuneration Committee and Member of the Audit Committee [2007 - 2012]</li> <li>Thoresen Thai Agencies Public Company Limited</li> </ul> |
| Education                                 | • Bachelor of Science [Management Science], Colorado State University, USA  |
| Training from Thai Institute of Directors | • Director Accreditation Program  |



## MR CHATCHAI CHINVETKITVANIT

PRESIDENT

MEMBER OF THE EXECUTIVE COMMITTEE

- |   |   |
|---|---|
| Other Positions/                          | • Executive Vice President : Marketing Division [2000 - 2004]   |
| Working Experience                        | <ul style="list-style-type: none"> <li>Executive Vice President : Insurance Business 1 &amp; 2 Division [2005 - 2008]</li> <li>Senior Executive Vice President : Insurance Business 1 &amp; 2 &amp; Underwriting Division [2009 - 2011]</li> <li>President The Deves Insurance Public Company Limited</li> <li>Director Road Accident Victims Protection Company Limited</li> <li>Member of the Executive Committee Thai General Insurance Association</li> <li>Chairman of the Accident and Health Insurance Committee Thai General Insurance Association</li> </ul> |
| Education                                 | <ul style="list-style-type: none"> <li>Master of Insurance - Georgia State University, USA</li> <li>Columbia University, Graduate School of Business</li> <li>SCG Executive Development Program IV</li> <li>Advance Insurance Institute, Office of Insurance Commissioning [All 1]</li> <li>Top Executive Program in Commerce and Trade [TEPCoT9]</li> </ul>  |
| Training from Thai Institute of Directors | • Director Certification Program  |





**MS SUPAPORN TREESAEN**

Secretary to the Board of Directors



**MR MANOT SINLAPARATANAPORN**

Secretary to the Audit Committee



**MRS PAWINEE TIPPETCH**

Secretary to the Executive Committee

Secretary to the Nomination and Remuneration Committee

# List of Executive Officers



## Corporate Functions Mr Chatchai Chinvetkitvanit President

**Mr Suchon Sa - ingthong**

Vice President : Corporate Functions

**Mr Sakchai Sakdarat**

Vice President : Corporate Functions

**Mr Manot Sinlaparatanaporn**

Vice President : Audit Office

**Mrs Pawinee Tippetch**

Vice President : Board Secretariat & Corporate Communications Office

**Mrs Navarat Teekhasaenee**

Vice President : Human Resources and Administration Department



## Corporate Strategic and Business Development Division Mr Santi Iamvuthipreecha

Executive Vice President : Corporate Strategic  
and Business Development Division

**Mr Santi Iamvuthipreecha**

Acting Vice President : Customer Service Department

**Mr Pongsathorn Thananurakwong**

Vice President : Corporate Strategic Department

**Miss Orawan Yutsapremanon**

Assistant Vice President : Corporate Strategic Department

**Mr Utain Srisai**

Assistant Vice President : Customer Service Department



## CLAIMS 1 DIVISION

### Mr Santi Iamvuthipreecha

Acting Executive Vice President : Claims 1 Division

Mr Santi Iamvuthipreecha

Acting Vice President : Non-Motor Claims Department

Mr Maiyatat Rittichai

Assistant Vice President : Non-Motor Claims Department



## CLAIMS 2 DIVISION

### Mr Ariya Jakranurak

Executive Vice President : Claims 2 Division

Mr Pramote Sawangchaeng

Vice President : Motor Claims Department

Mr Somchit Rungruengchotsakul

Assistant Vice President : Motor Claims Department

Mr Amornchart Siripattananuntakul

Assistant Vice President : Motor Claims Department

Mr Palipon Kerdswang

Assistant Vice President : Motor Claims Department

Mrs Roongthip Thongsook

Assistant Vice President : Motor Claims Department





## INFORMATION SYSTEM DIVISION

### **Mrs Santana Tantisiriwat**

Executive Vice President : Information System Division

**Mr Noppadol J.Jitcharoenchai**

Vice President : Technology Department

**Miss Chanthat Tongcharoen**

Vice President : Information System Development Department

**Mrs Santana Tantisiriwat**

Acting Vice President : Business Process Development Department



## COMPLIANCE AND RISK MANAGEMENT DIVISION

### **Mr Umnaj Lohsuwan**

Executive Vice President :  
Compliance and Risk Management Division

**Mrs Nichapat Pavaluksanawat**

Assistant Vice President : Compliance and Risk Management Division

**Mr Siriphot Orbaiyokvijit**

Assistant Vice President : Compliance and Risk Management Department

**Mrs Siriporn Chankaew**

Assistant Vice President : Legal Office



## INSURANCE BUSINESS 1 DIVISION

### Mrs Chutatip Sirimajan

Executive Vice President : Insurance Business 1 Division

#### Mrs Chutatip Sirimajan

Acting Vice President : Corporate & Government Business Department

#### Mr Montree Deo-Isares

Vice President : Energy Business Department

#### Mr Sombat Tanjaturon

Vice President : Branch&Transportation Statutory Business Department

#### Miss Kanyakorn Thiraprapa

Assistant Vice President and Acting Regional Manager - Central and East Area  
Branch&Transportation Statutory Business Department

#### Mrs Pussadee Sangkhat

Assistant Vice President and Acting Regional Manager - North Area  
Branch&Transportation Statutory Business Department

#### Mr Somchai Suernak

Regional Manager - Southern Area  
Branch&Transportation Statutory Business Department

#### Mr Alongkorn Milindhanuja

Regional Manager - Northeast Area  
Branch&Transportation Statutory Business Department

#### Miss Suthinun Julajerm

Assistant Vice President : Corporate & Government Business Department

#### Miss Chantatipa Cramanon

Assistant Vice President : Corporate & Government Business Department

#### Mr Wuthichai Chanprathat

Marketing Manager : Corporate & Government Business Department

#### Miss Boontharot Hooncharoen

Assistant Vice President : Energy Business Department



## INSURANCE BUSINESS 2 DIVISION

### Miss Duangratana Chinvanho

Executive Vice President : Insurance Business 2 Division

#### Miss Duangratana Chinvanho

Acting Vice President : Financial Business Department

#### Mr Nitawat Nitivirotkul

Vice President : Agent & Retail Business Department

#### Mr Paitoon Traisathidworn

Vice President : Broker Business Department

#### Mr Therdsak Pungvichar

Assistant Vice President : Financial Business Department

#### Mrs Natchawan Aramdee

Assistant Vice President : Agent & Retail Business Department



## UNDERWRITING DIVISION

### Mrs Supatra Disayabutr

Executive Vice President : Underwriting Division

**Mrs Supatra Disayabutr**

Acting Vice President : Motor Underwriting Department

**Mr Phanomsak Mongkhonimit**

Vice President : Non-Motor Underwriting Department

**Mrs Sirinuch Nilparisut**

Vice President : Reinsurance Department

**Miss Benjamas Santipreedathum**

Assistant Vice President : Motor Underwriting Department

**Miss Payorm Rattanasakon**

Assistant Vice President : Motor Underwriting Department

**Miss Soparwan Tongyuak**

Assistant Vice President : Non-Motor Underwriting Department

**Miss Aimorn Thanyacharoen**

Assistant Vice President : Non-Motor Underwriting Department

**Miss Jarunya Prapakasd**

Assistant Vice President : Reinsurance Department



## FINANCE DIVISION

### Mr Mongkol Sanongsriyukol

Executive Vice President : Finance Division

**Mr Mongkol Sanongsriyukol**

Acting Vice President : Accounting & Finance Department and

Acting Vice President : Investment Office

**Miss Parinsaya Namkul**

Vice President : Premium Collecting Department

**Miss Ruemolrat Putichaisiri**

Assistant Vice President : Accounting & Finance Department

**Miss Nutthanicha Assavanon**

Assistant Vice President : Accounting & Finance Department

**Mr Pipop Vongsarojchana**

Assistant Vice President : Premium Collecting Department

# Report of the Nomination and Remuneration Committee

During 2016, the Nomination and Remuneration Committee held six meetings in total to consider matters within the scope of its responsibilities and covering the roles delegated to it by the Board. The main areas of work considered and presented to the meetings of the Board and to the general meetings where relevant were as follows.

## Nomination

1. Considering the eligibility of Directors retiring by rotation in 2016: Adhering to the Public Limited Companies Act provisions and the guidelines of the Ministry of Commerce's Department of Business Development, the Committee recommended that the Board meeting re-appoint all four Directors retiring by rotation. The proposal was endorsed by the meeting of the Board and consequently approved by the 2016 Annual General Meeting.

The Directors who were due to retire by rotation in 2016 and then re-appointed to the Board were as listed below.

- |                                 |                               |
|---------------------------------|-------------------------------|
| 1. Mr Montri Mongkolswat        | 2. Mr Aviruth Wongbuddhapitak |
| 3. Mrs Phansopit Likitthammanit | 4. Mr Sansern Wongcha-Um      |

2. Reviewing the tenure of Board committees: Subsequent to the 2016 general meeting, the Nomination and Remuneration Committee reviewed, according to the established policy and guidelines, the structure and composition of all three committees of the Board, i.e. the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee before recommending to the Board meeting that the existing structure of all three committees should be maintained. The recommendation was duly endorsed by the meeting of the Board.

## Remuneration

The Nomination and Remuneration Committee proposed that annual fees on 2015 results - as per the basis approved by shareholders' meeting - amounting to Baht 4.0 million be paid to the Board of Directors. The Committee also recommended that the monthly stipend for the Chairman of the Board be raised by Baht 7,500 per month and the monthly and per-meeting stipends for all other members of the Board and for the chairs and members of Board committees be increased by Baht 5,000 per month or per meeting attended. The proposals were duly approved by the 2016 Annual General Meeting on 21 April 2016.

## Corporate Social Responsibility (CSR)

Since its establishment in 1947, the Company has been committed to operating with honesty within legal and governance framework, and to strictly fulfilling all of its pledges and obligations. We hope our business can play a role in driving the economy which is central to the country's growth and stability.

Thus, the Board-entrusted CSR role - involving responsibility for setting policies and action plans, allocating the Board's agreed annual budget as well as monitoring and reporting outcomes - is equally important to the Nomination and Remuneration Committee as other areas of work originally delegated to it. This is because our Directors, executives and staff alike recognize that, as an enterprise, the Company has a duty towards its clients and every group of stakeholders. In addition, as a non-life insurance company of the Crown Property Bureau and as a business organization which is a part of Thai society, The Deves Insurance Public Company Limited has therefore always been committed to remaining a good member of society and the nation.

## Corporate Social Responsibility (CSR)

Deves Insurance's CSR policy seeks to deliver sustainable and balanced development. It emphasizes not only the development of people to be quality, efficient, principled, disciplined and knowledgeable individuals, but also the improvement of the environment to ensure better living conditions for all dwellers. Such development approach will ultimately lead to strong and sustainable self-reliance of communities and society. Our CSR approaches are categorized into five core areas: social and community enrichment - "Clean, Safe Communities Are Deves' Delights"; children and youth development - "Smiles for Us"; education - "Deves Solicitude"; volunteering spirit - "Let Us be the Giver"; and moral promotion - "Moral Schools under Bangkok Metropolitan Administration".

### Always caring and devoted

#### Social and community enrichment - "Clean, Safe Communities Are Deves' Delights" Project

Hygiene and safety are fundamental to the life of people in society. Deves Insurance therefore initiated the "Clean, Safe Communities are Deves' Delights" Project as one of our main long-term CSR programmes. The project, which works to assist Phra Nakhon District authorities and communities in promoting safety and hygiene, encompasses the following sub-projects and activities.

- **Phra Nakhon District's Safety, Hygiene and Sustainable Development Promotion Project**

Over the course of 2016, Deves Insurance supported Phra Nakhon District Office as well as district agencies and communities in the areas of safety and hygiene. We furnished supplies and items necessary for the work of officials and community activities such as marquees, computers, and protective clothing for the safety of municipal staff/workers on outdoor duties. First-aid kits and equipment were also provided to support basic healthcare services for the communities. The "With Unity Comes Achievement" activities, which have been run since 2011, continued to be organized during the year to offer skills training to community members and to promote their livelihoods.



A "With Unity Comes Achievement" roadshow at the 2016 Red Cross Fair

Support for the provision of marquees and safety gear to Phra Nakhon District Office



Through our continued social responsibility work with Phra Nakhon communities, we have discovered the issue of growing number of elderly people - either those still able to lead a normal life, those preferring to be at home or those confined to bed. Thus, our social responsibility programming from 2014 onwards have included activities designed to improve the elderly's quality of life in collaboration with Phra Nakhon District Office and municipal public health centres.



In 2016, the Company provided support for the planning and implementation of a “Baan Phanthom Long-term Elderly Care Pilot Project”. The goal of the project is to motivate those stay-at-home seniors to go out to community events/ activities, to share and exchange welfare, social and environmental issues or health problems, and to be informed of relevant facts about the Elderly Person Act. The intention is to stimulate the elderly’s role and involvement in community development, to advise them on suitable exercises while encouraging them to join hands with youth volunteers in their communities so that there is a forum for mutual support, sharing, caring and concern between both groups. An example of such efforts was the organization of “Deves Insurance’s Bridging Gen Gap on Buddha Metta’s Path” trip to Wat Thipsukontharam in Kanchanaburi Province. The activity has successfully led to closer bonds and better understanding developed between both generations. The young have become more confident to approach and care for the elders, while the latter has learned to understand the youth’s nature, their needs to be recognized and their desire to be a part in improving the communities and in helping the weaker.

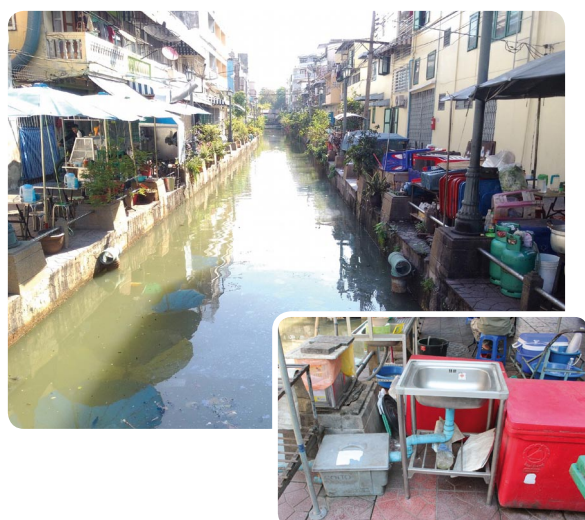


“Deves Insurance’s Bridging Gen Gap on Buddha Metta’s Path” excursion to Phra Buddha Metta Prachathai Buddhist Park, Wat Thipsukontharam, Kanchanaburi Province.

**Environment** - Addressing basic social issues, with community hygiene and environment in particular, requires cooperation from all concerned as well as intense and sustained action. Deves Insurance has always been aware of the need to protect the environment, especially over Phra Nakhon District-an old-town heritage area with cultural and historical attractions-and has therefore joined other leading bodies to support the work of local authorities. The Company has also sought collaboration from private organizations, foundations, schools and community representatives in working together to protect and improve the District’s environment and to create pleasant living conditions.

- **“Unity for Water Reclamation” water improvement project**

Intended to reduce direct wastewater discharge into public canals, the project involves the installation, in stages, of grease traps for houses and shops/stalls from the areas along the Banglampoo Canal, Wat Sungwej and Wat Parinayok to those in Fuengthong-Wisoot Alley Community and Nanglerng Market on the Crown Property Bureau’s land. Besides actively engaging in the above implementation since 2011, Deves Insurance has been involved in monitoring and building on the project’s outcomes by joining Phra Nakhon District’s Environment and Sanitation Section officials to survey actual use and



get feedback on satisfaction and problems as well as encouraging the adoption of such wastewater treatment practice in other target areas.

- **“From Waste to Worth” garbage management project**

Deves Insurance has continually promoted waste management solutions at community level. We have participated in a campaign to persuade community members and youths to collect wastes for the production of bioextract to be used for domestic and public cleaning. We have further teamed up with Phra Nakhon District Office as well as schools and youngsters in Phra Nakhon communities to undertake the “7am Litter Pick Brightens up Phra Nakhon” project. The exercise was designed to encourage children to help keep schools, temples and public spaces clean while learning to collect and sort litter so that together they could develop a sense of awareness, responsibility and discipline of maintaining cleanliness.



Apart from supporting children’s community-based activities and learning, Deves Insurance has taken the representatives and youth groups from Phra Nakhon communities on an outing to explore nature, flora and fauna in mangrove forests. The objective is to instil, among the youths, an awareness of the need to treasure their surrounding nature and the responsibility for protecting and improving the environment as well as preserving the natural ecosystems.

A day out on a mangrove nature trail at Pranburi Estuary Forest Development Project, Prachuap Khiri Khan Province intended to cultivate, among youngsters, an awareness of the need to treasure their surrounding nature, to protect and improve the environment and to conserve the natural ecosystems.



## Always concerned and thoughtful

**Children and youth - “Smiles for Us” Project** - Deves Insurance is determined to bring smiles and laughter to children and hopes the mirth and happiness will remain forever among the youngsters. During 2016, we continued to run the children and youth-oriented activities implemented earlier to maintain long-term successes, while also expanding the scope of the development to ensure our efforts over the years lead to genuine and sustainable benefit.





Deves Insurance provided pupils of Bangkok Metropolitan Administration schools with raincoats and soap bars, the latter of which being an eco-friendly product made by Phra Nakhon District communities and youth groups. The gift was aimed at encouraging children to be conscious of hygiene and cleanliness and was part of the “Deves’ Care for Youth” project.

## Special Needs Development

Deves Insurance attaches importance to human capital development which requires ongoing and unrelenting efforts, particularly among children with special needs. This is reflected in our support to Wat Mahathad School for the therapy, rehabilitation and development of pupils in the special education programme.

Launched in 2010, the above project employed aqua and equestrian therapeutic exercises in its early stages, and since then the implementation methods have been enhanced and expanded constantly as appropriate. The project’s objective is to create as many opportunities as possible for these special needs children to develop and prepare themselves so as to be self-dependent and be able to live with others in society.

In addition, we have organized training for parents on “Care and Promotion of Emotional and Behavioural Development” conducted by specialist pediatricians from Mahidol University. The Company has also supported the setting up of booths at fairs/exhibitions for selling handicrafts made by special needs members of the Thai Autism Foundation. By promoting the products of their livelihood training, we hope to have a part in assisting the weak and disadvantaged in society to become self-sustaining.



Aqua Therapy in its 6<sup>th</sup> Year

Equestrian Therapy in its 7<sup>th</sup> Year



An educational tour of PTT's Forest in the City- an activity to stimulate the development of pupils with special needs while strengthening their learning and promoting their lifelong self-reliance.



A visit to Dusit Zoo to study animals and nature provided an extracurricular learning opportunity for the pupils in special and inclusive classes of Wat Mahathad School.



Booths, set up at fairs and events, selling crafts made by special needs members of the Thai Autism Foundation

Since the start of this Wat Mahathad School special needs development project in 2010, a total of thirty pupils have participated in the programme to date. Of these, four have been able to move to regular schools and another four to inclusive schools, while nine have joined the school's regular classes and two have since graduated and worked close to home. Six currently attend Wat Mahathad's special education classes and five continue their developmental process at home and in hospital/ medical centres. Three members have been enrolled in the Thai Autism Foundation's six-month vocational training programme starting April 2017.



## Always bringing happiness and wellbeing

**“Volunteer-Minded Youth”** – True and sustainable development is a process that must come from within. Our steady collaboration on social development endeavours with agencies, organizations and communities in Phra Nakhon District since 2011 has allowed us to gain a deeper understanding of the communities’ living conditions and way of life. Deves Insurance has therefore initiated a **“Volunteer-Minded Youth”** development project by empowering youth leaders in the target areas to become champions of change through cultivation of selflessness and public-spiritedness. The aim is to bring about deep-rooted change or development in the communities that meet their contextual needs. Community leaders and Deves Insurance-as a local private organization-have played a part in guiding and advising on the implementation of the project as well as providing knowledge input and other support as necessary and appropriate.

Currently, the “Volunteer-Minded Youth” project is made up of the “Busy Bee Youth Group” of Baan Phanthom Community and the “Ant Power Youth Group” of Fuengthong-Wisoot Alley Community. The groups have played an effective role in supporting the efforts of their respective communities. These include: the “Volunteer Bees” initiative of delivering basic health services to the elderly; the “Reading-Guide Bees” initiative of teaching smaller children in the community to read and revise, telling them stories and running activities suitable for their development; and the “Voluntary Ant Power” initiative of keeping canalside areas clean and collecting litter in the canals.

All these endeavours have allowed the children not only to spend their free time constructively to their own and the common good, but also to learn to plan, solve problems, work as a team, and learn to be more disciplined, responsible for themselves and empathetic towards others. And most importantly, they have learned to foster a volunteering spirit which will develop them into quality members of society and role models for the next generations of youths.



“Doing Good as Tribute to Father” voluntary services by the Busy Bee Youth and the Ant Power Youth groups at Sanam Luang grounds

**“Let Us be the Giver”** refers to the volunteering spirit programme of Deves people who give up time and energy to do philanthropic deeds out of altruism. We hope the results of our good deeds would make possible a benevolent, harmonious and unselfish society that values the virtue of giving.



The Board of Directors of Deves Insurance PCL presented living necessities for southern border military personnel as part of the “Deves’ Thoughts to Our Southern Border Guards” project in its second year.





Our volunteers partook in the “Insurers’ Gift of Rice” project, launched by the Thai General Insurance Association, by buying and ordering rice direct from the farmers.



Our staff volunteers took part in the “Big Cleaning Day” to collect litter and clean up Ratchadamnoen Klang Avenue and the area around Sanam Luang.



**Blood donations** Since 2007 to 2016, Deves Insurance personnel have continuously made blood donations to the Thai Red Cross Society on a quarterly basis, having given until now 740,000 cc of blood altogether. Our people have also signed up as potential donors of stem cells.

All these development processes, implemented to the Board’s CSR policy and overseen by the Nomination and Remuneration Committee, have directly produced the desired results, i.e. improvement in environmental quality, improvement in community members’ quality of life, education promotion, and youth development-particularly among the special-needs group. Such direct outcomes could pave the way for powerful self-dependence and sustainable social development. Indirectly, the above processes have also helped refine the minds of those involved in the CSR efforts so that they have become self-sacrificing, patient and public-spirited.

## Moral Schools under Bangkok Metropolitan Administration Project - Year 2

In 2016, the Moral Schools Project was driven forward through its second year under three strategies, i.e. administrator-teacher development strategy, pupil development strategy, and school development strategy. The aims of the development were of two levels. At individual level, the strategies aimed to involve administrators, teachers, education personnel, pupils, parents and communities at all levels in driving moral schools across the board. At organizational level, the strategies sought to enable educational institutions to create a knowledge base within the moral school development process and to serve as sources of learning. The indicators established were: that moral schools were developed and driven forward across the board; and that behavioural change was achieved at all levels (administrators, teachers, education personnel, pupils, parents and communities) and in all educational institutions. A moral school drive model discovered during the first year, called “Main Moral Model”, was used as the approach to informing and engaging administrators, teachers, pupils, parents and school-community committees. Together, they set the three goals of: (1) school moral identity development; (2) pupil behaviour development; and (3) parent participation development.

### Outcomes of Moral School Drive - Year 2

#### Administrator-teacher development strategy

In organizing year-2 administrators’ workshops, the Project Working Group embraced and adopted His Majesty King Bhumibol Adulyadej’s ideals of education, bestowed in 2012, as development guidelines as follows:

**1<sup>st</sup> Royal Ideal :** “Teachers must train their students to be helpful: for example, fast learners should help explain lessons to friends who lag behind. They should never teach kids to think only about competing with friends, or so that the smart ones could take good place, say 1<sup>st</sup> place in class. Kids should be taught to compete with themselves instead.”

**2<sup>nd</sup> Royal Ideal :** “Teachers need not have much technological knowledge. They must, however, inculcate virtues in their young pupils and train them to be good citizens. And the same should go for older children.”

**3<sup>rd</sup> Royal Ideal :** “We must train students to work more as a group or a team, so that they can learn to be united, to help and take care of each other, and to share their knowledge and experience.”

**4<sup>th</sup> Royal Ideal :** “Set an example of well-doer to the pupils. Students love their teachers. Teachers love their students.”

As a result of the drive, three levels of learning framework were outlined by school administrators and teaching staff:

**Content level:** Learn the elements of a moral school; learn each main moral model in determining the moral goals; learn to identify positive behaviour indicators; learn to undertake virtue promotion activities; learn religious morals; learn His Majesty King Rama IX’s intentions for Thai education; and learn the work principles of His Majesty King Rama IX.

**Process level:** Use activity as the starting point for training and for moral promotion initiatives, with a view to fostering participation and process ownership.

**Tool level:** Refers to such tools as the moral project, the virtues notebook, the moral goal self-review checklist, and the positive behaviour indicators.

Also achieved under this strategy were the integration of working methods, and increased participation and shared ownership as shown, for instance, in the development of administrators and teachers. Consequently, the process of developing the spirit of teaching and setting an example to pupils has allowed the teachers to find out the appropriate ways to develop their students and counsel them on virtue promotion activities.





As the saying goes:

**“A good example is worthier than teachings”**

In developing a moral school, administrators, teachers and education personnel need to conduct themselves in such a way as to set a good example to the pupils while also being available to advise and help them when needed.

## Pupil development strategy

The pupil development strategy has adopted the royal guidance of His Majesty King Bhumibol Adulyadej, given to be published in the 1987 Children's Day Book:

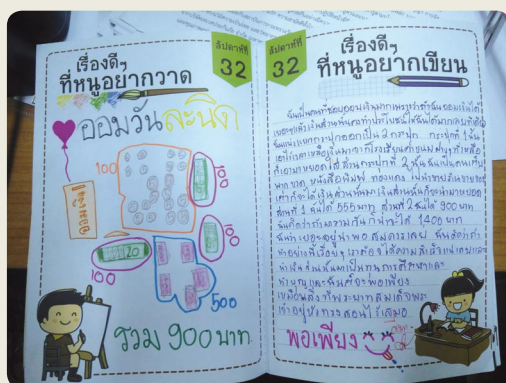
“Children not only have to learn knowledge, but should also learn to work and do good deeds. This is because work will make one capable, diligent, patient and independent, while good deeds will make one happy, progressing and keep one from decline.”

The life skills development drive enabled the pupils to join in planning and putting ideas into action. This has led to a dual-faceted virtue promotion activity, i.e. doing good together - being the best together”. The pupils have been trained to work in groups, thus allowing them to develop unity, helpfulness, generosity and willingness to share and exchange knowledge and experience with each other.

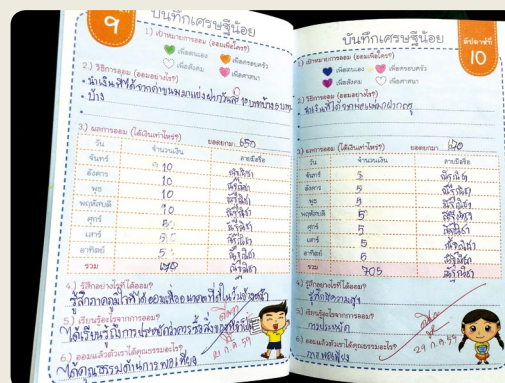
After accomplishing virtue promotion activities, the children would record their good deeds and behaviours each week in their own virtues notebook. The notebook would serve as the ties that strengthen the bonds and relationships between parents, pupils and schools. It is also designed to find out the pupils' interests and to improve their life skills through their own virtuous activities.



**“Teaching little bro/sis” Project**



**Virtues Notebook “Knowledge with Morals”**  
Chapter, primary grades 1-4



**Virtues Notebook “Little Millionaire”**  
Chapter, primary grades 4-6

## School development strategy

As an outcome of the drive, parents and school-community committee have been well informed of the across-the-board process of moral school drive. Parents have understood the importance of school development and been interested in being a part of the process. They have therefore helped in the planning and carrying out of dual-faceted virtue promotion activities: those activities contributing to school development; and those contributing to pupil behaviour development. This can be seen in the following examples of parents' feedback on the pupils following the implementation of the Moral School Project.

"(He's) been more gentlemanly. Always asks if he could help out with anything. Been more polite than before. Knows when to help the elders, and has been quite patient."

Parent of Nong Wachirawit Sohsawaeng  
primary grade 4, Rajabopit School

"(He's) been better organized and obedient. Pays attention to homework. Gets up early. Knows his duties, and keen to go to school."

Parent of Nong Prach Chumrod,  
primary grade 2, Wat Rajanadda School

## Positive impact of moral school drive

The use of the moral school drive model discovered in the project's first year as the approach to pupils' long-term behavioral change has enabled the children to develop positive, distinctly changed behaviours. These are in line with the conditions of the sufficiency economy principles, i.e. knowledge conditions and moral conditions, as shown in the following examples.



The "Food Sufficiency" Project has reduced the large amount of food waste each day. A leftover weighing challenge was held every day to see which class had the least leftovers by weight. Today, there are no more leftovers. The weighing challenges has allowed the pupils to practise sums, thus promoting their arithmetical learning.



The "Moral Heart" Project originated from visit to pupils' homes. When having the chance to visit their schoolmates' families, the children found that some of them lived in difficult conditions due to financial disparities. The pupils then learned that saving did not only mean to save for oneself, but it should also aim to help society. They have therefore allotted their savings for society by sparing one baht a day until little by little these coins added up to thousands. They then used the money to buy necessities and bring them to the families in need. The money also included contributions from their teachers.





A moral project to promote reading skills has been initiated in the form of teaching by older brother/sister. Those pupils who read properly would give up their free time to teach the younger children who are unable to read or cannot read well. The project has been run under different titles, e.g. “Arn Plian Loke” (Reading changes the world), “Arn Daai Wai Cheewit” (Reading saves our life), “Arn Hai Loke Fung” (Read to the world), “Paa Nong Rian Dee” (Make little bro/sis good at school), “Rak Nong Sorn Arn” (We teach ‘cause we care), “Arn Plian Pradesh” (Reading changes the country), etc.

The above moral development efforts have improved the pupils’ learning. Upon comparing the overall achievement test results for academic year 2014-2015, it was found that the average achievement results went up among the schools participating in the project. Each school has achieved a satisfactory level of academic results when compared with the BMA schools’ mean and the national mean. The outcome has partly been attributed to the ‘doing good together-being the best together’ virtue promotion activity and the planning-doing by kids project. Such moral development exercises have helped broaden the children’s life skills and allowed them to learn to work and do good deeds.

The BMA Moral Schools Project in its second year has received a great deal of interest from the BMA senior executives who have given their close support and encouragement to the drive process. They also joined, with Phra Nakhon District executives as well as administrators and teachers of all schools, in the meeting on “**Direction of BMA Moral Schools Project Implementation, Year 2**” held at the district office. Moreover, the City Administration has had the knowledge of all moral school models disseminated and instituted as the policy for a total of 438 BMA schools to be developed into moral schools. In this regard, each of the 11 moral schools in Phra Nakhon District has been designated as a Phra Nakhon Moral School Learning Centre (Model), and assigned to put up an exhibition publicizing the knowledge on moral school drive. An announcement on the designation of the 11 schools as **Phra Nakhon Moral School Learning Centre** was made by the Phra Nakhon District Office on 1 September 2016.

Furthermore, in preparing for the moral schools project expansion to cover the 438 schools identified by the BMA policy and in recognition of the significance of such project advancement, the Chairman of the Nomination and Remuneration Committee, together with members of the Committee, has introduced a policy to develop leader trainers for the project. A **moral school drive leader trainer course** has since been designed and a moral school drive leader trainer workshop has been held. The objectives are to develop the trainers who would train the persons leading the moral school drive, and to develop the knowledge of the moral school drive leader training process. The training programmes are aimed at preparing administrators and teachers of the BMA schools for their efficient role as moral school driver leader trainers.



The Project drive leade trainers, 1<sup>st</sup> batch are giving a session on moral school drive pocess to a visiting group from Kingpetch School, Ratchathewi District Office.



At present, the leader trainers who have completed this training programme are serving as volunteer trainers for the Foundation of Virtuous Youth in communicating the moral school drive knowledge. They also act as trainers for any group on study visit to their own school. To date, all 11 learning centres have welcomed a large number of interested groups, as detailed below.

Visiting agency	Number
Schools under the Bangkok Metropolitan Administration	12 districts, 28 schools
Schools under local administration organizations	2 schools
Other agencies	3 agencies

## Summary

In conclusion, the adoption of His Majesty King Bhumibol Adulyadej's ideals of education as guidelines for driving the BMA Moral Schools Project - Year 2 has resulted in the lessons learned during the year being directed at the identification of a "model for driving pupil's sustainable moral identity development process" for each school. The knowledge gained from implementing the following three goals has been used as the basis for collaborative learning of lessons: (1) school moral identity development process; (2) pupil behaviour development process; and (3) parent participation development process.

It can be seen from all of the above that the Moral Schools Development Process - Year 2 has fulfilled the development aim at both levels: the aim at individual level which seeks to involve administrators, teachers, education personnel, pupils, parents and communities at all levels in driving moral schools across the board; and the aim at organizational level which seeks to enable educational institutions to create a knowledge base within the moral school development process and to serve as learning sources. It has successfully met the established indicators: that moral schools have been developed and driven forward across the board; and that behavioural change, especially in terms of participation and ownership, has been achieved at all levels - either administrators, teachers, education personnel, pupils, parents or communities - and in all educational institutions.



Mr Sansern Wongcha-Um, Nomination and Remuneration Committee Chairman, along with Committee members, conducted a ceremony to present Phra Nakhon Moral School Learning Centre signs to Phra Nakhon District executives and administrators of all 11 schools, at the main auditorium on 3<sup>rd</sup> floor of Deves Insurance Building 2 on 27 February 2017.

**Outcome communication and enhancement** - The implementation of all our CSR programmes and the BMA Moral Schools Project described above has, as part of the process, been communicated through various channels, thereby enhancing the success of our work and the path towards such success. In addition, we have been contacted by state agencies, organizations, private companies and schools interested in observing our processes for implementing the CSR and moral school projects, with a view to building on the successful outcomes. We hope the success developed from our achievements will be of benefit to any groups other than those in the Phra Nakhon area, and thus contribute to promoting our organization's image.

And, under the promise of "**Deves Insurance - pride in protection**", we will remain committed to operating with integrity and responsibility to all stakeholders and to ensuring our CSR approach continues to sustainably benefit our society in general.

# Corporate Governance Principles

The Deves Insurance Public Company Limited 2016

## Rights of Shareholders

The Company recognizes the shareholders' ownership and rights which are exercised through the appointed Board of Directors. It has therefore been committed to respecting and protecting the basic rights of all shareholders in accordance with applicable laws and regulations. In all actions taken by the Board, the Directors have always given primary consideration to the rights and interests of the shareholders and have set down the following guidelines for promoting the rights and equality of all shareholders.

### Access to Information

The Company ensures that complete information is accessible to all shareholders in a timely and equitable manner. All forms of communications with shareholders comply, in every respect, with regulatory requirements. News and information of which shareholders should be informed are posted on the Company's website [www.deves.co.th]. These include resolutions of Board meetings, annual reports, notices of general meetings and forms of proxy. Supplementary information is made available prior to the dispatch of meeting notice to provide all shareholders with sufficient details for perusal in advance of the meeting. Minutes of general meetings are also published on the website within fourteen days of each meeting.

Additionally, information about the Company's business and community-benefiting activities is provided under 'Corporate News' on our website and Facebook page which is regularly updated by the responsible unit.

### Convening of Shareholders' Meeting

For every general meeting convened, the Company would send to all shareholders a written notice together with supporting documents and forms of proxy stipulated by the Ministry of Commerce. The documents provide complete information relevant to the meeting as well as facts and rationale and the Board's opinion for each item on the order of business to enable the shareholders to make informed decision when voting on the respective resolutions. The notice is sent out in advance within the statutory period and is also published in the newspapers for three consecutive days at least three days prior to the date of the meeting.

### Shareholders' Meeting

The Board of Directors places great significance on the Company's general meetings of shareholders. All members of the Board, especially the Chairman, attend every general meeting to receive the statements of the Executive Board and the Management and to respond to shareholders' questions, except where the exigencies of commitment prevent their participation. The attendance of Directors is recorded as part of the minutes of the meeting. The Company's auditors and legal advisers also take part in these meetings to answer any queries relevant to and within their responsibilities.

During the meeting, shareholders are offered the opportunity to comment and raise questions without any time restriction. All queries, observations and suggestions from shareholders as well as the Management's clarifications are thoroughly recorded in the minutes of each meeting. Constructive suggestions will be considered and feed into operational improvement. Shareholders can fully exercise their voting rights in every decision made at general meetings.

The main business of the meeting is dealt with in its itemized order. No significant matters other than those specified in the notice of meeting would be added to the agenda. Only questions and observations of shareholders are put forward as any other business of the meeting.

## Promotion of Shareholder Participation

The Company facilitates shareholders' attendance at the meeting by arranging conference facilities as well as adequate reception and registration staff to ensure convenient registration by all shareholders and proxies, a process which can now be done two hours in advance of the meeting.

All previous shareholders' meetings have been held in the district where the Company's head office is located. To facilitate and encourage maximum attendance, a map of the meeting venue has also been appended to the notice of meeting. After the holding of each meeting, the Company would publish on its website the resolutions and minutes of the meeting so that the information is promptly available to shareholders, investors and the interested public.

## Protection of Shareholder Value

It remains our priority to protect the rights of and benefits for all shareholders. The Company has continuously implemented the policy announced at its application for listing on the Stock Exchange of Thailand in 1990, i.e. to distribute at least 50% of its net profit to shareholders as dividends.

In 2016, the meeting of the Board set the date for the share register to be closed for transfers on Friday 1 April 2016 in determining those shareholders entitled to attend the Annual General Meeting scheduled to be held on Thursday 21 April 2016 at Seminar Room, 6<sup>th</sup> Floor, Deves Insurance Building 1, Ratchadamnoen Klang Avenue, Pranakorn, Bangkok - the location of the Company's head office. Notice of the meeting was sent to all shareholders by registered mail on Friday 8 April 2016, and was also placed in daily newspapers between 11 and 13 April 2016.

On the day of the meeting, participating shareholders and proxies were able to register and receive additional information, i.e. copies of printed annual report, from 0900 hours. The meeting, which started at 1100 hours as scheduled and closed at 1125 hours, was attended in person and by proxy by 44 shareholders, representing an aggregate of 49,319,691 shares or 98.64% of all issued shares. Also present were 11 members of the Board of Directors, together with the Company's auditors, legal advisers as well as all senior executives and heads/managers of the units concerned.

The meeting of the shareholders considered and voted on all eight proposed agenda items as per the order of business given in the notice. The minutes of the meeting were posted on the corporate website on 16 May 2016 and were submitted to all relevant agencies as statutorily required.

The 2016 General Meeting passed a resolution to approve the appropriation of profits and the payment of dividend on 2015 results of Baht 3.60 per share on Wednesday 4 May 2016. The announcement of dividend payment was published in daily newspapers from 22 to 24 April 2016.

## Equitable Treatment of Shareholders

The Company respects and promotes equitable treatment for all shareholders by adhering to the following practices.

1. Each general meeting is conducted in accordance with the agenda set out in the notice of meeting so that all shareholders can have advance information of the matters to be discussed and decided. No business shall be added onto the agenda without prior notification to the shareholders.
2. To protect the voting rights of all shareholders, the Company would send out with the notice of meeting forms of proxy that include the name of at least one Independent Director as the recommended proxy. The forms, which follow the Ministry of Commerce formats, allow those shareholders unable to attend the meeting to appoint a proxy and to indicate the way in which the proxy should be voting on their behalf. The shareholders are offered the alternative of appointing any person to attend in their place, or to appoint the Audit Committee Chairman or any Independent Director to vote according to their intention.

3. There has been an open and transparent system of voting at all previous meetings. Shareholders can use the ballot papers provided by the Company to cast votes at their discretion. After the votes have been counted, the Chairman would announce the outcome to the Meeting. The voting outcome of each resolution is also recorded in the minutes of the meeting. The unit responsible for organizing the meeting would keep all ballots together in case of future queries about the accuracy and transparency of the votes taken.

The Company ensures that the Ministry of Commerce's prescribed proxy forms A and B are included in the meeting documents dispatched to all shareholders. This is so that any shareholders unable to participate but wishing to appoint a person to act as their proxy could indicate their specific voting choices beforehand. For the 2016 general meeting, two independent Directors were designated by the Company as shareholders' proxies to attend and vote as per their instructions.

## Role of Stakeholders

The Company is committed to treating all stakeholders equitably and to conducting business with responsibility towards all interested parties. Appreciating the importance of progressing steadily and sustainably together, we have established within the Company's Code of Conduct the guidelines for ensuring equality of protection and treatment for all of our stakeholders.

**Shareholders** : All shareholders are given equal importance and are treated with fairness. In addition to protecting shareholders' basic rights under statutory requirements, the Board of Directors always gives prime consideration to the best interests of the shareholders, while aiming to promote long-term success so as to create shareholder value.

**Customers** : To reach the vision of being the provider of superior non-life insurance service, the Company has implemented a quality management programme by applying Total Quality Management [TQM] as guidelines for allocating plans and responsibilities across the organization. The aim is to ensure continuing improvement in organizational capabilities and to focus on meeting the needs of customers and interested parties. Quality policy has been developed and adjusted gradually through operational progression. Currently, the Company is pursuing the ISO 9001 : 2008 quality policy of: "seeking to enhance product and service quality through efficiency-boosting technologies and to increase customer and alliance satisfaction."

The Company has since 1998 been granted the ISO certification of quality management system from the accreditation body, TUV NORD.

Such ISO system represents an approach to maintaining operational consistency within recognized standards. It also provides all customers and partners, as our business stakeholders, the assurance that their rights and interests shall be properly protected.

**Employees** : The Company believes that the staff have a vital role to play in the growth and success of the organization. We therefore attach importance to developing the capacity and competences of our personnel at all levels. The Company has in place a sound and constantly developed system of human resource management and a long-term human resource development plan formulated by the Personnel and Administration Department. Functional competencies have also been identified as the basis for staff development planning, thus allowing all personnel to receive specialist and skills training necessary for their work and career advancement.

We maintain an operational environment conducive to pleasant working atmosphere. The use of advanced systems and technology has always been promoted to ensure greater efficiency in processes and coordination. Moreover, the Company has built up on the intranet a collection of information and articles about business and organizational management, so that staff members can study or learn about new management concepts for professional self-development as well as increased efficiency.

The Company takes into consideration factors essential to the living conditions of staff and thus provides employee benefits such as provident fund, health insurance and annual check-up. We also encourage staff to keep healthy through regular exercises and by supporting their participation in friendly matches/competitions between the Company and its customers, business partners or professional associations.

Staff compensation scheme is drawn up on the basis of industry comparables. Annual salary increases are subject to individual staff 's performance which is evaluated against a pre-determined set of criteria. The performance review needs to be agreed upon by the staff member and the line manager to ensure fairness and transparency. The system is designed to motivate employees to work towards goals and objectives.

To reinforce its core values in line with organizational attributes, Deves Insurance has defined its vision and mission as follows:

## Vision

To be a provider of quality non-life insurance services operating under good governance principles and being recognized as “the insurer of choice”.

## Mission

- To enhance and maintain image of a good organization.
- To operate under good governance principles.
- To achieve successful performance so as to deliver long-term shareholder value.
- To achieve maximum customer satisfaction through improved service quality.
- To promote effective human resource management practices.
- To enhance operational efficiency and competitiveness through modern technology.

**Business partners** : It is our key priority to operate to trade terms and conditions while respecting mutual benefits. We therefore treat and work with all partners with honesty and equitableness, taking care to maintain the reputation and credibility of the organization.

**Competitors** : The Company always adheres to the rule of fair and ethical competition.

**Creditors** : We strictly honour all obligations to our creditors.

**Society and the environment** : The Board of Directors as well as the Management Team and all staff recognize that business organizations are part of society. With available capacity and resources, businesses can have a vital role to play in caring for the communities and in contributing to society's improvement. We have therefore undertaken various socially beneficial projects, with the objective of promoting their sustainability and long-term benefits. All programmes are monitored and evaluated to ensure that they truly contribute to and serve the interests of targeted sectors of society. The Company has also acted as the focal point for initiating and encouraging our people's grouping together for or participation in activities designed to support social causes. Examples include the setting up of Deves Volunteer Group to provide development support to rural schools and youths, and the Group's blood donations to the Thai Red Cross Society.



## Disclosure and Transparency

The Board of Directors fully recognizes its ethical and statutory responsibility to all shareholders and has discharged its duties with integrity and prudence in protecting the Company's interests, which mean the overall interests of the shareholders. It is therefore a key responsibility of the Board to ensure that the Company prepares and discloses complete, accurate financial and non-financial information in a timely and transparent manner through channels easily and equally accessible to all shareholders as well as interested parties. These include disclosures in the annual report and on the Company's website at [www.deves.co.th](http://www.deves.co.th) which is regularly updated and welcomes all enquiries. The Board Secretariat and Corporate Communication Office is responsible for coordinating and ensuring timely responses to such enquiries.

The above disclosures refer to the Company's financial statements which have been certified by the auditors as correct in material aspects in accordance with generally accepted accounting principles and which have been endorsed by the Audit Committee and the Board of Directors. Also included are the Company's corporate governance policy, annual performance reports of the Directors and Board committees, directors' and executive remuneration policy and details which reflects the duties and responsibilities of the Company Directors.

Additionally, the Company has always complied strictly with the rules of other regulating agencies regarding submission of returns/reports and information disclosure. We deem that such practices are integral to good corporate governance.

## Responsibilities of the Board

The Board of Directors represents all shareholders in the oversight and control of the Company to ensure strong and sustainable business returns. With a duty to all shareholders, the Board is responsible for setting corporate vision and business policies and for providing assurance that the Company operates with the highest responsibility towards all stakeholders while meeting statutory requirements as well as its obligations to all concerned.

### 1. Composition of the Board

The Articles of Association of the Company stipulates that the Board should comprise not less than five members. The Board's membership and composition over 2016 were in accordance with the Articles and the relevant requirements, with one member being an executive Director and the others being non-executive Directors.

Directors' term of appointment is governed by the Company's Articles of Association. All Directors are eligible for re-election at the end of their term.

#### Independent Director Standards

The Company has defined the standards of independent directors in accordance with the guidelines of the Office of Insurance Commission (OIC) which prescribe that an independent director shall not engage in any business or work relating to the insurance company in such a way that could interfere with the exercise of his/her independent judgement and that he/she shall meet the following requirements:

- Not having more than 0.5% holding in the paid-up capital of the insurance company or any of its affiliated, associated or related companies; this shall include shareholdings by any person related to the independent director.
- Not being involved in the management of, nor engaging in any paid regular employment with the insurance company or any of its affiliated, associated or related companies or its major shareholder(s), nor being an adviser or consultant receiving regular compensation from the insurance company or any of its affiliated, associated or related companies or its major shareholder(s);

- Having no interest, directly or indirectly, in the finance and management of the insurance company or any of its affiliated, associated or related companies or its major shareholder(s);
- Not being related to nor being a family member of any senior executive or major shareholder of the insurance company.

The meeting of the Board no. 1/2554 held on 4 March 2011 resolved to endorse the recommendation by all three Board committees, i.e. the Nomination and Remuneration Committee, the Audit Committee, and the Executive Committee, that the term limit for independent directors should be stipulated as follows:

“Each independent director shall serve no more than two terms of office consecutively. Extension of such limit for any director shall be determined case by case by the Board based upon the suitability, independence and efficiency of the director’s performance. This applies to any term of service that ends in 2011 onwards.”

### **Other company directorships**

The Board of Directors is composed of individuals who represent a breadth of expertise, each holding key executive posts with various organizations. Their distinct backgrounds and knowledge can contribute efficiently to the shaping of corporate policies and direction and to the achievement of maximum returns and benefits for the Company and all shareholders.

Board members’ directorships with other companies [as disclosed under “Board of Directors” Section] have no effect on the fulfilment of their duties as the Company Directors. All members of the Board attend every regularly scheduled meeting. They are also fully committed to studying all materials required for decision-making at meetings and to providing constructive guidance to the Management on a regular basis.

### **Separation of Roles**

The Chairman of the Board is not the same person as the President of the Company, both being two separate positions. Their distinct roles and responsibilities are clearly defined in the “Delegation of Authority” which sets down specifically the scope of authority and duties of the Board of Directors, each committee of the Board and each level of the Management Team.

The Directors elect one suitable member as Chairman of the Board who chairs the meetings of the Board and of the shareholders. The Chairman is a non-executive Director, thus allowing the Company to establish and maintain an appropriate balance of power. Furthermore, with thorough understanding of and continued commitment to good governance practices, the Chairman has encouraged all Directors to exercise independent judgement in the best interests of the Company and the shareholders.

The position of President is subject to an identification and nomination process led by the Nomination and Remuneration Committee before being recommended for approval and appointment by the Board. The President has responsibility for leading the Management Team in implementing the approved policies and strategies within the agreed framework towards successful performance of the Company.

**Company Secretary:** The Company has appointed a Company Secretary and set up a Board Secretariat and Corporate Communication Office to be responsible for liaising between the Board and the Management Team. Other responsibilities are to update the Directors on applicable laws and regulations to provide assurance of strict compliance by their performance to all regulatory requirements and to ensure that the Management works to Board resolutions.

## 2. Board Committees

At present, the Company has three committees of the Board, i.e. the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee. These Committees are independent in the performance of their duties within the authority and responsibility delegated by the Board, while providing the Board with useful recommendations on the respective areas. Each of the three committees meet regularly, as scheduled in its work plans, to consider and review matters, and after each meeting, the secretary would send the minutes of the meeting to all directors. The aim is to keep members of the Board informed on important matters and developments, and to enable them to continuously monitor any improvement determined by Board policy. "To acknowledge reports of the Board committees" has also been made one of the main items on the agenda for quarterly meetings, so that problems and recommendations can be communicated directly by the responsible parties.

### Authority and Responsibilities of Board Committees

**The Executive Committee** was appointed on 25 June 1992. It is currently composed of two members and is responsible for the operational management within the authority and duties mandated by the Board of Directors in the "Delegation of Authority". This written Delegation describes how the Board's authority and responsibility are delegated down to the committees of the Board and to the next level of management.

**The Audit Committee**, appointed on 31 August 1999, consists of four independent Directors. It is responsible for discharging the tasks assigned by the Board. The main duties of the Committee are to oversee the objectivity, completeness and reliability of the Company's financial reporting and disclosures; to ensure an effective and appropriate system of internal control within the Company; to prevent conflicts of interest while ensuring compliance with all applicable laws and requirements; and to select and recommend the appointment of the Company's auditors and the approval of their fees. Members of the Audit Committee have a three-year term of office.

**The Nomination and Remuneration Committee** is presently comprised of four members, with the Chairman and most members being independent Directors. It was originally established as the "Remuneration Committee" by the resolution of the Board in its meeting on 21 February 2003. The Committee was mandated to consider and recommend to the Board the compensation structure and system as well as the limit and budget for remuneration and benefits for Directors, Board Committees and top executives from the rank of Executive Vice President to President. Members of the Committee have been appointed for a three-year term of office.

In 2005, the Board of Directors extended the scope of the Committee's responsibility to include the nomination function and renamed it the "Nomination and Remuneration Committee". The Committee has thus assumed the additional duty of selecting and nominating qualified persons as the Company's new directors as well as considering the re-election of directors retiring by rotation. The Committee would then recommend such nominations for the approval of the Board of Directors or the shareholders' meeting. Later in 2010, the Board determined in its meetings that Corporate Social Responsibility (CSR), through honest and ethical business conduct to participation in social/community improvement and environment conservation, had such an important part to play in social development and action. It was therefore resolved that the Nomination and Remuneration Committee be assigned the additional role of CSR Committee. The responsibility of this new committee is to set policies, plans and budgets for all the Company's CSR programmes and to monitor progress against established plans and timeframes. Currently, the Committee has a membership of four who are independent Directors and non-executive Directors.

In this regard, the Board of Directors agreed, in its meeting no. 5/2555 held on Tuesday 14 August 2012, to add a rider to the provisions governing the terms of appointment of two committees of the Board, i.e. the Audit Committee, and the Nomination and Remuneration Committee, so that the original stipulation of a three-year term of office should read “Each appointment shall be for a term of three years and the term shall be reviewed by the meeting of the Board every year after the shareholders’ meeting.”

At its meeting no. 5/2557 held on Tuesday 11 November 2014, the Board resolved to approve that the provisions governing the “roles and responsibilities of the Audit Committee” and the “roles and responsibilities of the Nomination and Remuneration Committee” be amended to include clauses requiring the terms of office of all members on each of the committees to expire simultaneously and requiring that the three-year term of appointment of members on both committees be adjusted to start from May 2014 onwards.

### 3. Roles and Responsibilities of the Board

The Board of Directors recognizes the significance of its role and accountability to shareholders and has thus performed its duties honestly and prudently to safeguard the Company’s interests, which represent the interests of all shareholders. The Board takes responsibility for determining and approving all important matters relating to the Company’s operations, such as setting corporate vision and mission, strategies, financial goals as well as business and financial plans, and ensuring the established policies and plans are efficiently and effectively implemented by the Management.

The Board has drawn up and introduced a “Corporate Governance Policy”, a “Code of Business Ethics” as well as a “Code of Conduct for Staff” and has ensured strict and consistent compliance within the organization. The Policy and the Codes are also published on the intranet and the corporate website to promote among Directors, officers, employees and all concerned a better understanding of the ethical standards for the Company’s business conduct.

To avoid potential conflicts of interest, the Board deems it essential to ensure that no one uses his position as a director, executive or staff member of the Company for personal gain or advantage. All Directors are therefore not permitted any activity which is in conflict or competition with the Company’s business. Overall benefits for the Company and the shareholders will be taken chiefly into account for the conduct of any transactions in which a conflict of interest might arise and in such cases all interested parties will be excluded from the decision making process.

The Board has established, within the organizational structure, an Audit Office which serves as the implementation function of and reports directly to the Audit Committee. The Audit Committee has responsibility for overseeing the financial reporting process as well as the accurate, complete and reliable disclosure of financial information. The Committee also ensures that the Company maintains an effective and appropriate system of internal control and internal audit. The Audit Office is responsible for preparing and submitting annually its audit plan and internal control appraisal plan for endorsement by the Board.

Moreover, a Corporate Strategy Department has also been set up within the Company’s management structure to take responsibility for assessing business and market environments and for analyzing useful information as well as unusual signs to create an early warning system. The Company has also established a Risk Management Committee to assess and identify the scope of the risks facing the organization and their likelihood of occurrence, with a view to devising control measures to mitigate potential losses or damage to the Company. The Committee provides a regular risk report to the Board meeting on a quarterly basis.

## 4. Board Meetings

Board meetings are scheduled for consideration and approval of the Company's quarterly financial statements as per the provisions of the Public Limited Companies Act. In addition to these meetings, the Board also meets to discuss and approve annual business and financial plans, evaluate in-year performances as well as reviewing issues arising.

The Company's Articles of Association require that not less than half of the total number of directors must be present at Board meeting and such quorum has been met for every previous meeting of the Board.

A schedule of Board meetings for the entire year is planned in advance. The main business or agenda is also clearly specified for each meeting, although additional items can be put forward by Directors or relevant parties. The Company ensures the agenda and supporting documents are circulated in advance of the meeting to allow every Director sufficient time for perusal and that the format and contents of all meeting materials are clear and comprehensibly presented. During 2016, a total of six meetings of the Board were held, and they lasted about one and a half hours each on average.

Senior executives, who are not members of the Board but are related to the business of the meeting, will be invited to the meeting to provide additional information on the issues relevant to them. To avoid conflicts of interest and ensure transparency for all concerned, the Board has stipulated that any Director who has an interest in any matter being considered may not vote on such matter and that Directors are not to be involved in the day-to-day management of the Company.

## 5. Board Self-Assessment

The Company has not engaged in self-assessment of the Board of Directors. However, the Board's overall performance can be evaluated against annual business plans and goals. In this regard, the Company has to date posted strong and consistent results while complying with all regulatory requirements.

## 6. Remuneration of Directors and Executives

The Nomination and Remuneration Committee is responsible for determining and recommending Directors' remuneration, through Board meeting, for approval of shareholders' meeting. Remuneration and benefits for Directors and members of every committee of the Board are subject to approval by shareholders. Members of Board Committees are remunerated more for their additional duties and responsibilities.

In determining Directors' remuneration, the Committee would make comparison of the current remuneration for Board members against the annual compensation survey conducted by the Thai Institute of Directors. This is to ensure that the remuneration packages for Company Directors are at a level appropriate and comparable to industry practices and can reflect the experience, accountability and responsibility as well as expected contribution of the individual members.

At present, the Directors' remuneration comprises annual fees and monthly or per-meeting stipends at the rate fixed for each committee and as approved by the shareholders' meeting. Details of such remuneration of each Director are disclosed by the Company in its Annual Report every year.

In 2012, the Annual General Meeting passed a resolution, as recommended by the Nomination and Remuneration Committee and the Board of Directors, that no Directors' annual fees should be paid in respect of 2012 results in which losses were made due to the flood claims estimated and recognized in full in 2012 accounting year.



The 2012 Annual General Meeting also resolved to raise the remuneration of the Executive Committee Chairman by Baht 100,000 per month to Baht 125,000 per month. The resolution was proposed by the Nomination and Remuneration Committee and the Board of Directors on consideration that the Executive Committee Chairman had played a crucial role in shaping corporate direction and in monitoring and reporting performance through significant involvement in the management of the Company in a semi-executive capacity. However, subsequent to the meeting, the Executive Committee Chairman indicated in writing his wish to waive his right to the added remuneration, considering that the Company's financial results and position had yet to be brought back to normal: the Committee Chairman thus offered to continue to receive the original rate of remuneration and has since been giving written confirmation of such wish to the Company.

At the Annual General Meetings for 2013 and 2014, resolutions were passed approving payment of Directors' annual fees on 2012 and 2013 results respectively as per the established basis. Nevertheless, the Chairman of the Board and the Executive Committee Chairman stated to both meetings that, as Directors representative of the Crown Property Bureau, they wished to waive their rights to receive such approved annual fees.

At the 2016 General Meeting held on 21 April 2016, the Nomination and Remuneration Committee proposed that annual fees on 2015 results - as per the basis approved by shareholders' meeting - amounting to Baht 4.0 million be paid to the Board of Directors and that the Chairman should receive 1.5 times the rate paid to all other Directors. It was also proposed that the monthly stipend for the Chairman of the Board be raised by Baht 7,500 per month and the monthly and per-meeting stipends for all other members of the Board and for the chairs and members of Board committees be increased by Baht 5,000 per month or per meeting attended. Both proposals were duly approved by the General Meeting.

Remuneration packages of senior executives are determined by the Nomination and Remuneration Committee in consultation with the Executive Committee who is responsible for appraising the performance of senior management members from the level of Executive Vice President to President. Such performance reviews are based on a set of realistic and measurable criteria aimed at achieving agreed long-term strategic objectives.

Apart from the performance factor of the individual members, the remuneration of senior management will take account of the Company's annual results along with the comparability with peer companies in the industry. The results of the determinations will then be submitted to the Board meeting for approval.

## 7. Director and Executive Development

How the Board and the Management perform their roles and duties are crucial to the Company's activities and its achievement of business objectives. The Board of Directors has therefore placed importance on personal development and development of staff at all levels. The Board has also encouraged its members and Company Secretary to attend seminars and courses organized by the Thai Institute of Directors which are beneficial to their performance.

Upon appointment, new directors are provided with an induction pack containing documents which introduce the business activities, direction and objectives of the Company and other information necessary for director's duties.

With regard to executive development, our senior officers are required to take training courses which help the individual members to develop their business management skills or gain expertise in domestic and overseas business operations, so that they can apply the knowledge and experience acquired to the benefit of the Company.

# Benefit of Director

	Benefit of Director in Year 2016 [Baht]					
	Board of Directors	The Executive Committee	The Audit Committee	The Nomination and Remuneration Committee	Bonus	Total
Dr Chirayu Isarangkun Na Ayuthaya	420,000	-	-	-	480,000	900,000
Mr Sansern Wongcha-um	280,000	-	-	140,000	320,000	740,000
Mr Aviruth Wongbuddhapitak	280,000	340,000	-	-	320,000	940,000
Mr Sompoch Intranukul	280,000	-	280,000	77,500	320,000	957,500
Mr Montri Mongkolswat	280,000	130,000	-	95,000	320,000	825,000
Mr Virasak Tokakuna	280,000	-	220,000	-	320,000	820,000
Mr Na Bhengbhasang Krishnamra	280,000	-	-	-	320,000	600,000
Mr Arrak Soontaros	230,000	-	-	-	320,000	550,000
Mrs Phansopit Likitthammanit	280,000	-	220,000	-	320,000	820,000
Dr Charnchai Musignisarkorn	280,000	-	-	95,000	320,000	695,000
Mr Sak Euarchukiati	280,000	-	220,000	-	320,000	820,000
Mr Chatchai Chinvetkitvanit	280,000	280,000	-	-	320,000	880,000
<b>Total</b>	<b>3,450,000</b>	<b>750,000</b>	<b>940,000</b>	<b>407,500</b>	<b>4,000,000</b>	<b>9,547,500</b>

Remark : Mr Arrak Soontaros has passed away on October 18, 2016.

Besides the benefits stated above, the Company did not pay any other benefits to Directors. As for the shareholding in 2016, none of the directors and executives hold the Company's shares.

# Board's Meeting

## Directors' Attendance in Year 2016 [6 Board of Directors' Meetings were held.]

	Name	No. of Attendance
1	Dr Chirayu Isarangkun Na Ayuthaya Chairman	4/6
2	Mr Sansern Wongcha-um	6/6
3	Mr Aviruth Wongbuddhapitak	6/6
4	Mr Sompoch Intranukul	5/6
5	Mr Montri Mongkolswat	5/6
6	Mr Virasak Tokakuna	5/6
7	Mr Na Bhengbhasang Krishnamra	6/6
8	Mr Arrak Soontaros	4/6
9	Mrs Phansopit Likitthammanit	5/6
10	Dr Charnchai Musignisarkorn	6/6
11	Mr Sak Euarchukiati	5/6
12	Mr Chatchai Chinvetkitvanit	5/6

Remark : Mr Arrak Soontaros has passed away on October 18, 2016.

## Executive Directors' Attendance in Year 2016 [13 Executive Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Aviruth Wongbuddhapitak Chairman of the Executive Committee	13/13
2	Mr Chatchai Chinvetkitvanit	13/13

## Audit Directors' Attendance in Year 2016 [4 Audit Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Sompoch Intranukul Chairman of the Audit Committee	3/4
2	Mrs Phansopit Likitthammanit	3/4
3	Mr Virasak Tokakuna	3/4
4	Mr Sak Euarchukiati	4/4

## Nomination and Remuneration Directors' Attendance in Year 2016

[6 Nomination and Remuneration Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Sansern Wongcha-um Chairman of the Nomination and Remuneration Committee	6/6
2	Dr Charnchai Musignisarkorn	6/6
3	Mr Sompoch Intranukul	5/6
4	Mr Montri Mongkolswat	6/6

# Appropriate the Earnings

The Board of Directors proposes to appropriate the earnings

(Unit : Baht)

	31 December 2016	31 December 2015
Unappropriated retained earnings brought forward	175,164,588	88,092,169
Less - Actuarial loss	(907,442)	(2,367,397)
Profit for the year	202,602,675	285,439,816
Total earnings available for appropriation	376,859,821	371,164,588
Appropriated of earnings		
1. Dividend	120,000,000	180,000,000
2. Legal reserve	11,000,000	16,000,000
3. Other reserve	-	-
4. Expansion reserve	-	-
Total Appropriated retained earnings	131,000,000	196,000,000
5. Unappropriated retained earnings carried forward	245,859,821	175,164,588

We are pleased to propose for the shareholders' approval



# Report of the Audit Committee

## to the Shareholders of The Deves Insurance Public Company Limited

The Board of Directors of The Deves Insurance Public Company Limited has appointed the Company's Audit Committee comprising four Independent Directors as follows:

- |                                 |                          |
|---------------------------------|--------------------------|
| 1. Mr Sompoch Intranukul        | Audit Committee Chairman |
| 2. Mrs Phansopit Likitthammanit | Audit Committee Member   |
| 3. Mr Virasak Tokakuna          | Audit Committee Member   |
| 4. Mr Sak Euarchukiati          | Audit Committee Member   |

The Audit Committee has discharged its duties and responsibilities as delegated by the Board. During 2016, the Committee held a total of four meetings with participation of the Company's senior management and two of these committee meetings were also attended by the external auditors. The business of the meetings can be summarized below.

### 1. Reviewing the objectivity and adequacy of the Company's financial reports:

- Reviewing the 2015 annual financial statements and the 1<sup>st</sup>-3<sup>rd</sup> quarterly financial statements for 2016 by conferring with the external auditors and senior executives as to the objectivity and adequacy of financial disclosures.

**Opinion:** The Audit Committee concurred with the external auditors that all the financial statements were materially accurate in accordance with generally accepted accounting standards and that there was complete, adequate and reliable disclosure of information.

### 2. Reviewing the adequacy and appropriateness of the Company's internal control systems and compliance with statutory requirements:

- Endorsing audit plans, considering reports or findings of the internal auditors, as well as discussing with and advising the Management on implementation of significant audit recommendations;

**Opinion:** The Audit Committee agreed that proper and adequate systems of internal control and internal audit were in place within the organization, and that the Company complied consistently with all statutory requirements.

### 3. Considering and ensuring legal compliance of related-party transactions or transactions with potential conflict of interest:

- Keeping updated on related-party transactions which represented transactions arising in the normal and justifiable course of business.

**Opinion:** The Audit Committee concluded that the Company's activities were in compliance with applicable laws.

### 4. Selecting external auditors and recommending their appointment and approval of their fees:

- Considering, selecting and recommending, to the Board for further approval by shareholders' meeting, the appointment of Mrs Nongluck Phumnoi / Miss Somjai Khunpasut / Miss Ratana Jala of EY Office Limited as the Company's external auditors for 2016 financial year, as well as the approval of their fees at 2.10 million baht.

**Opinion:** The Audit Committee agreed that the proposed auditors were suitable for appointment.

### 5. Others

- Keeping updated on the organization's risk management; exchanging views with and making recommendations to the Management to prevent possible impact of risks on the Company's operations;
- Monitoring adherence to corporate governance policies to promote the confidence of shareholders, investors and all stakeholders.

In conclusion, the Audit Committee has performed the responsibilities delegated to it by the Board by reviewing various aspects as described above and by providing observations and recommendations as and when appropriate. Through the fulfilment of its duties, the Committee has reached the opinion that over the reporting year the Company continued to maintain compliance with corporate governance principles as well as full and proper disclosures of information.



Sompoch Intranukul  
Chairman of the Audit Committee

# Keys Financial Ratios

(Unit : Million Baht)

## FINANCIAL STATUS AT YEAR END

	2016	2015
Total Assets	15,520.55	16,408.23
Total Liabilities	12,903.41	13,811.60
Equity	2,617.14	2,596.63

## OPERATING PERFORMANCE FOR THE YEAR

Premium income	4,602.36	4,894.59
Net earned premium	3,091.30	2,727.76
Profit from underwriting	45.69	152.88
Investment income	142.55	151.33
Net other income	90.87	77.51
Operating expenses	274.00	172.83
Income tax	47.12	63.54
Net Profit for the year	202.60	285.44

## FINANCIAL RATIOS

Return on premium income	4.40%	5.83%
Return on equity	7.74%	10.99%
Return on total assets	1.31%	1.74%
Earnings per share (Baht)	4.05	5.71
Book value per share (Baht)	52.34	51.93
Weighted average number of ordinary shares (million shares)	50.00	50.00

# Operating Performance and Financial Status

## Summary of 2016 operating result

In 2016, the Company had total Net earned premium of Baht 3,091.3 million, increased by Baht 363.5 million or 13.3%, and investment income of Baht 142.5 million, decreased by Baht 8.8 million or 5.8%.

The Company has 2 major types of expenses which are underwriting expenses and operating expenses. In 2016, the Company incurred underwriting expenses of Baht 2,958.0 million, increased by Baht 327.7 million due to an increase in direct claims of Baht 263.3 million. Operating expenses of Baht 273.9 million, increased by Baht 101.2 million, mainly due to a reversal of allowance for doubtful accounts amounting to Baht 82.9 million in 2015.

The Company had profit from underwriting of Baht 45.7 million, decreased by Baht 107.2 million or 70.1%, and net profit of Baht 202.6 million, decreased by Baht 82.8 million or 29.0%.

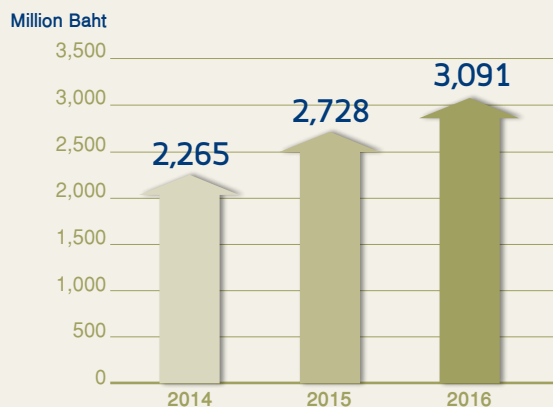
As at 31 December 2016, the Company had total assets of Baht 15,520.6 million decreased by 5.4%. The total assets consisted of cash and cash equivalents, investments, properties, reinsurance receivables, accrued investment income, premium receivables, intangible assets, deferred tax assets, and other assets. The reasons of the change in assets are as follows;

1. Investments of Baht 4,794.5 million, representing 30.9% of the total assets, were decreased by Baht 169.0 million or 3.4% due to dividend payment and investment in fixed assets.
2. Premium receivables of Baht 421.3 million, representing 2.7% of the total assets, were decreased by Baht 161.5 million or 27.7% due to debt collected from insurance policy with high sum insured.
3. Prepaid reinsurance premium ceded of Baht 547 million, representing 3.5% of the total assets, was decreased by Baht 364.6 million or 40.0%, due to decrease in premium income and ceded premium for long-term policy.
4. Receivables on reinsurance contracts of Baht 120.8 million, representing 0.8% of the total assets, were decreased by Baht 198.5 million or 62.2% due to debt collected from reinsurers.

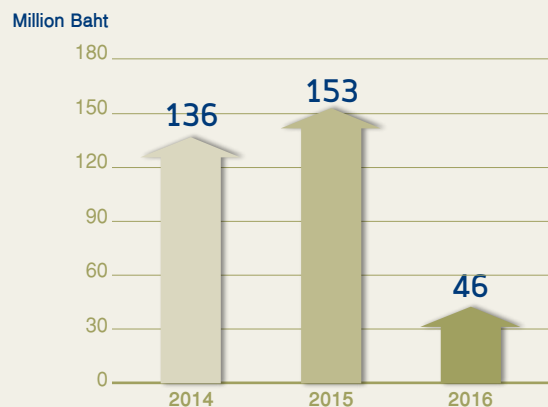
As at 31 December 2016, the Company had liabilities of totaling Baht 12,903.4 million, decreased by Baht 908.2 million or 6.6%. This was mainly due to decreases in reinsurance payable and premium received in advance.

The shareholders' equity as at 31 December 2016 was Baht 2,617.1 million, increased by Baht 20.5 million or 0.8%.

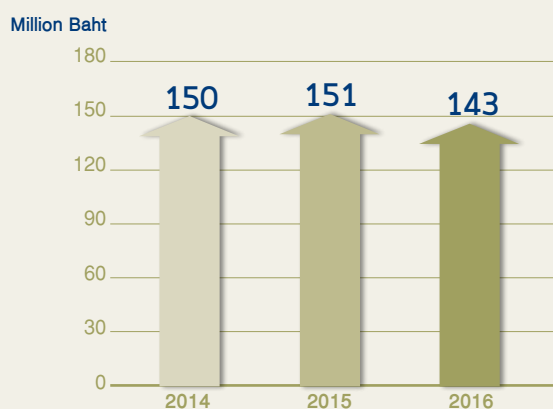
## Net earned premium



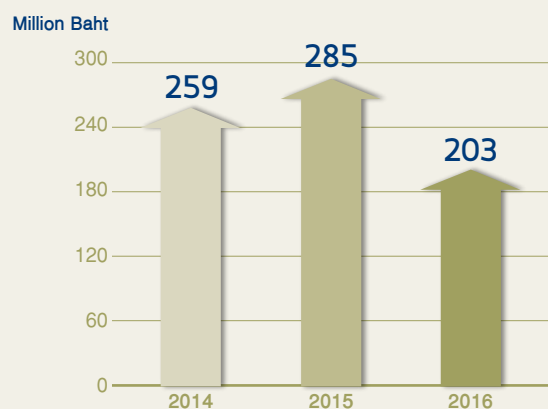
## Profit from underwriting



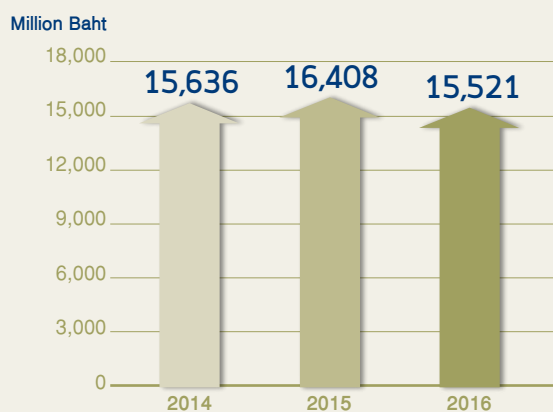
## Investment income



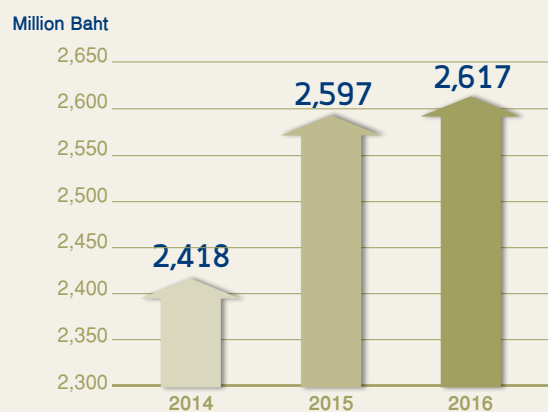
## Net Profit



## Total assets



## Equity





# Report and Financial Statements



THE DEVES INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2016

# Independent Auditor's Report

## To the Shareholders of The Deves Insurance Public Company Limited

### Opinion

I have audited the accompanying financial statements of The Deves Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Deves Insurance Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matters

I draw attention to the following matters.

1. As described in Notes 2 and 3 to the financial statements, during the current year, the presentation of the Company's financial statements are presented in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which was effective as from 1 January 2016 onwards, and the adoption of the revised and new financial reporting standards as issued by the Federation of Accounting Professions.
2. As described in Note 6 to the financial statements, regarding the prior year adjustments made in respect of underwriting and tax expenses, the Company has restated the financial statements as at 31 December 2015, presented herein for comparative purposes.

My opinion is not qualified in respect of these matters.

## 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 Thai Financial Reporting Standards, 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement 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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Nonglak Pumnoi.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No 4172

EY Office Limited

Bangkok: 27 February 2017

The Deves Insurance Public Company Limited

# Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015	1 January 2015
			(Restated)	
<b>Assets</b>				
Cash and cash equivalents	7	284,381,864	334,373,914	285,580,432
Premium receivables	8	421,268,904	582,722,034	403,186,142
Accrued investment income	9	25,905,681	25,854,316	26,355,780
Reinsurance assets	10	8,591,266,918	8,584,361,409	8,542,345,475
Receivables on reinsurance contracts	11	120,769,305	319,256,077	414,210,117
Investment assets				
Investments in securities	12	4,794,538,840	4,963,529,356	4,465,230,064
Loans	13	4,679,666	6,547,417	9,376,297
Property, buildings and equipment	14	79,593,322	67,097,752	48,440,660
Leasehold right	15	21,903,372	23,741,664	25,579,956
Intangible assets	16	45,263,153	16,245,587	7,270,581
Deferred tax assets	17	276,472,335	268,698,267	234,661,529
Prepaid premium ceded		546,983,401	911,624,894	858,294,559
Other assets	18	307,527,021	304,179,703	313,997,631
<b>Total assets</b>		<b>15,520,553,782</b>	<b>16,408,232,390</b>	<b>15,634,529,223</b>

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



# Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015	1 January 2015
			(Restated)	
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Insurance contract liabilities	19	11,116,075,775	11,127,006,917	10,510,926,851
Amounts due to reinsurers	20	369,470,950	649,611,545	746,158,007
Income tax payable		18,571,284	34,857,461	-
Employee benefit obligations	21	62,946,875	59,396,515	56,567,451
Premiums received in advance		939,601,450	1,402,715,788	1,456,736,365
Other liabilities	22	396,744,813	538,015,704	445,722,475
<b>Total liabilities</b>		<b>12,903,411,147</b>	<b>13,811,603,930</b>	<b>13,216,111,149</b>
<b>Owners' equity</b>				
Share capital				
Registered				
50,000,000 ordinary shares of Baht 10 each		500,000,000	500,000,000	500,000,000
Issued and paid-up share capital				
50,000,000 ordinary shares of Baht 10 each		500,000,000	500,000,000	500,000,000
Premium on share capital		620,000,000	620,000,000	620,000,000
Retained earnings				
Appropriated				
Statutory reserve		50,000,000	39,000,000	23,000,000
Other reserve		970,000,000	970,000,000	970,000,000
Expansion reserve		111,563,781	111,563,781	111,563,781
Unappropriated		365,859,821	355,164,588	188,092,169
Other component of owners' equity		(280,967)	900,091	5,762,124
<b>Total equity</b>		<b>2,617,142,635</b>	<b>2,596,628,460</b>	<b>2,418,418,074</b>
<b>Total liabilities and equity</b>		<b>15,520,553,782</b>	<b>16,408,232,390</b>	<b>15,634,529,223</b>

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

# Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015 (Restated)
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premiums written		4,602,360,642	4,894,590,259
Less: Premiums ceded to reinsurers		(1,619,112,274)	(1,802,435,423)
Net premiums written		2,983,248,368	3,092,154,836
Add (Less): Unearned premium reserves decrease (increase) from prior year		108,048,587	(364,393,534)
Net earned premium		3,091,296,955	2,727,761,302
Fee and commission income		186,366,504	228,203,825
Net investment income		140,198,953	132,112,384
Gains on investment		2,346,485	19,218,351
Fair value loss on investment		(60)	(28)
Other income		97,412,173	82,134,932
<b>Total revenues</b>		<b>3,517,621,010</b>	<b>3,189,430,766</b>
<b>Expenses</b>			
Gross claims		2,393,939,124	2,130,655,539
Less: Claim recovery from reinsurers		(499,942,844)	(684,298,428)
Commissions and brokerages		441,633,370	463,971,908
Other underwriting expenses		651,726,265	752,657,426
Operating expenses	24	273,998,772	172,832,165
Other expenses		6,543,491	4,627,440
<b>Total expenses</b>		<b>3,267,898,178</b>	<b>2,840,446,050</b>
<b>Profit before income tax expenses</b>		<b>249,722,832</b>	<b>348,984,716</b>
Income tax expenses	17	(47,120,157)	(63,544,900)
<b>Profit for the year</b>		<b>202,602,675</b>	<b>285,439,816</b>

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

# Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015 (Restated)
<b>Other comprehensive income:</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Loss on changes in values of available-for-sale investments	17	(1,476,323)	(6,077,541)
Less: Income tax effect		295,265	1,215,508
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(1,181,058)	(4,862,033)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	17		
Actuarial loss		(1,134,302)	(2,959,246)
Less: Income tax effect		226,860	591,849
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		(907,442)	(2,367,397)
<b>Other comprehensive income for the year</b>		<b>(2,088,500)</b>	<b>(7,229,430)</b>
<b>Total comprehensive income for the year</b>		<b>200,514,175</b>	<b>278,210,386</b>
<b>Earnings per share</b>	27		
Basic earnings per share			
Profit for the year		4.05	5.71

# Statement of changes in owners' equity

For the year ended 31 December 2016

(Unit: Baht)

	Retained earnings						Other component of owners' equity	
	Issues and paid-up share capital	Premium on share capital	Appropriated			Unappropriated	Revaluation surplus (deficit) on available- for-sale investment -net of income taxes	Total owners' equity
			Statutory reserve	Other reserve	Expansion reserve			
Balance as at 1 January 2015	500,000,000	620,000,000	23,000,000	970,000,000	111,563,781	188,092,169	5,762,124	2,418,418,074
Profit for the year (restated)	-	-	-	-	-	285,439,816	-	285,439,816
Other comprehensive income for the year	-	-	-	-	-	(2,367,397)	(4,862,033)	(7,229,430)
Total comprehensive income for the year	-	-	-	-	-	283,072,419	(4,862,033)	278,210,386
Dividend paid (Note 28)	-	-	-	-	-	(100,000,000)	-	(100,000,000)
Statutory reserve (Note 23)	-	-	16,000,000	-	-	(16,000,000)	-	-
Balance as at 31 December 2015	500,000,000	620,000,000	39,000,000	970,000,000	111,563,781	355,164,588	900,091	2,596,628,460
Balance as at 1 January 2016								
- as previously reported	500,000,000	620,000,000	39,000,000	970,000,000	111,563,781	389,422,442	900,091	2,630,886,314
Cumulative effect of adjustments of prior year errors (Note 6)	-	-	-	-	-	(34,257,854)	-	(34,257,854)
Balance as at 1 January 2016 - restated	500,000,000	620,000,000	39,000,000	970,000,000	111,563,781	355,164,588	900,091	2,596,628,460
Profit for the year	-	-	-	-	-	202,602,675	-	202,602,675
Other comprehensive income for the year	-	-	-	-	-	(907,442)	(1,181,058)	(2,088,500)
Total comprehensive income for the year	-	-	-	-	-	201,695,233	(1,181,058)	200,514,175
Dividend paid (Note 28)	-	-	-	-	-	(180,000,000)	-	(180,000,000)
Statutory reserve (Note 23)	-	-	11,000,000	-	-	(11,000,000)	-	-
Balance as at 31 December 2016	500,000,000	620,000,000	50,000,000	970,000,000	111,563,781	365,859,821	(280,967)	2,617,142,635

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



# Statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

	2016	2015 (Restated)
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	4,230,447,777	4,607,557,175
Cash paid for reinsurers	(812,534,378)	(1,030,811,378)
Interest income	143,692,311	151,832,171
Other income	95,126,490	77,646,815
Gross claim on direct insurance	(1,951,920,685)	(1,553,204,541)
Loss adjustment expenses on direct insurance	(223,900,292)	(202,075,161)
Commissions and brokerages on direct insurance	(379,770,315)	(390,108,059)
Other underwriting expenses	(647,162,745)	(602,315,590)
Operating expenses	(351,911,957)	(297,657,104)
Other expenses	(6,543,491)	(4,627,440)
Income tax expenses	(70,885,137)	(60,916,822)
Investments in securities	(417,346,484)	431,186,744
Loans	1,867,751	2,828,880
Deposits at financial institutions	583,662,378	(935,563,577)
<b>Net cash from operating activities</b>	<b>192,821,223</b>	<b>193,772,113</b>
<b>Cash flows from (used in) investing activities</b>		
Disposals of equipment	2,298,801	664,182
Purchases of equipment	(33,639,908)	(35,570,314)
Purchases of intangible assets	(31,472,166)	(10,072,499)
<b>Net cash used in investing activities</b>	<b>(62,813,273)</b>	<b>(44,978,631)</b>
<b>Cash flows from (used in) financing activities</b>		
Dividend paid	(180,000,000)	(100,000,000)
<b>Net cash used in financing activities</b>	<b>(180,000,000)</b>	<b>(100,000,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(49,992,050)</b>	<b>48,793,482</b>
Cash and cash equivalents at beginning of year	334,373,914	285,580,432
<b>Cash and cash equivalents at end of year</b>	<b>284,381,864</b>	<b>334,373,914</b>

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

# Notes to financial statements

For the year ended 31 December 2016

## 1. General information

### 1.1 General corporate information

The Deves Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is the Crown Property Bureau. The Company is principally engaged in the non-life insurance. The registered office of the Company is at 97 and 99 Ratchadamnoen Road, Bawornnivet, Phranakorn, Bangkok 10200.

## 2. Basis for the preparation of financial statements

These financial statements are prepared in accordance with Thai Financial Reporting Standard enunciated under the Accounting Profession Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016, which became effective since 1 January 2016 onwards. Such format of the above financial statements has been changed and as a result items in the statements of financial position, comprehensive income, and cash flows of the prior year, presented as comparative information, have needed reclassified to be consistent with the current year’s classification. In addition, the statement of financial position as at 1 January 2015 is also presented as comparative information.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 3. New financial reporting standards

### 3.1 Financial reporting standards that became effective in the current year

During the year, the Company adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements, the Financial Reporting Standards that has key changes in principle and directly relates to the Company as follows.

## **TFRS 4 (revised 2015) Insurance Contracts**

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited amendments in accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets, including determination for the insurers to maintain insurance contract liabilities in their financial position statements until their obligations under insurance contracts are discharged, cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this standard also stipulates consideration of characteristic of insurance contracts whereby an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the insured) by agreeing to compensate the insured if a specified uncertain future event adversely affects the insured. Determination of whether or not a significant insurance risk has been accepted is based on comparison of the amount of benefits payable to the insured under the contract if an insured event occurs with the amount of obligation to the insured if the insured event does not occur.

The first time adoption of this standard has no significant impact on the Company's financial statements since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and can be concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the recognition of loss reserves, the liability adequacy test of recognised insurance contract liabilities, the impairment test for reinsurance assets and the recognition of insurance contract liabilities have no impact on the Company's financial statements since the Company has always implemented the similar treatment before this standard became effective. In addition, the Company has disclosed additional information for insurance contracts related to assets, liabilities, revenue and expenses recognised in the financial statements and the nature and extent of insurance risk arising from insurance contracts in the relevant notes to the financial statements.

## **3.2 Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

## 4. Significant accounting policies

### 4.1 Insurance contracts classification

The Company classifies insurance contracts and reinsurance contracts based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. The financial risk is the risk of a possible future change in interest rate, foreign exchange rate and financial instrument price risk.

The Company classifies contracts based on an assessment of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at the inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

### 4.2 Revenue recognition

#### (a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policy holders and adjust with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related revenues are recorded as "Premiums received in advance" and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

#### (b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as income when services have been rendered.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as "Commission of reinsurance received in advance" and recognised as income over the coverage period.

#### (c) Interest income and dividends on investments

Interest income is recognised on an accrual basis based on the effective interest rate. Dividends are recognised when the right to receive the dividends is established.

#### (d) Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

#### (e) Interest income on loan

Interest income on loan is recognised on accrual basis, based on the amount of principal outstanding.



## 4.3 Expenses recognition

### (a) Ceded premium

Ceded premium is recognised as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expense and recognised as expense over the coverage period.

### (b) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any).

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

### (c) Claim recovery from reinsurers

Claims recovery from reinsurers is recognised in proportion to the ceded portion of claims and loss adjustment expenses recognised as expenses, on the basis of estimates made with reference to the ceded reinsurance contract. The Company presents the claims recoverable amount as a deduction from gross claims.

### (d) Commission and brokerage fees expenses

Commissions and brokerages are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period.

### (e) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

### (f) Operating expenses

Operating expenses are operating expenses, not related to underwriting and claim, which are recognised as expenses on accrual basis.

## 4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## 4.5 Premium receivables and allowance for doubtful accounts

Premium receivables from both direct and reinsurance is stated at net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium due as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recognised as expenses throughout the year.

## 4.6 Reinsurance assets and allowance for loss on impairment

Reinsurance assets are stated at insurance reserve refundable, which are estimated based on the related reinsurance contracts of premium reserve, claim reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

At the end of the reporting period, the Company performed impairment reviews in respect of the reinsurance assets. Reinsurance assets are considered to be impaired whenever there are object evidences as a result of events that occurred after the initial recognition of reinsurance assets, and the Company may not receive whole of reinsurance receivable amount according to reinsurance conditions and the effect of such amount can be measured with reliability.

An impairment loss is recognised in statement of income.

## 4.7 Receivables on reinsurance contracts and amounts due to reinsurers

- (a) Receivables on reinsurance contracts are stated at the outstanding balance of amount due from reinsurers, and amounts deposit on reinsurance from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

- (b) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (receivables on reinsurance contracts or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

## 4.8 Investment assets

### 4.8.1 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair values of these securities are recorded in profit or loss. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair values of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The debt securities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on the yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.8.2 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense throughout the year.

## 4.9 Property, buildings and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment items are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	5 years and 20 years
Fixtures and office equipment	3 years and 5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 4.10 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of computer software with finite useful life are 3 years and 10 years.

No amortisation is provided on computer software under installation.

## 4.11 Leasehold right

The Company entered to building lease agreement by making key money or advance lease payments to obtain the right to lease the building. And the ownership of this building is still at the lessor. The Company (lessee) is not transferred substantially all the risks and rewards of ownership. The Company classified this lease as operating lease and the advance lease payments are recognised as leasehold right and amortised over 30 years of lease term. The Company reviews the impairment at the end of each reporting period, whenever there are indicators that leasehold right may be impaired.

## 4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include an associate and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 4.13 Insurance contract liabilities

Insurance contract liabilities consist of loss reserves, outstanding claims and unearned premium reserve.

### **Loss reserves and outstanding claims**

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

Claim reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occur before or as at the reporting date, covering both reported and not reported loss, and including claim handling expenses, after deducting salvage values and other recoverable values. Difference between the calculation claims reserves and the claims already recognised are recorded as incurred but not reported claims (IBNR).

### **Premium reserve**

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Fire, marine and transportation (Hull),	- Daily average basis
Motor and Miscellaneous	(the one-three hundred sixty-fifth basis)
Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage

(b) Unexpired risk reserve

Unexpired risk reserve is the reserve for the future claims and related expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

## 4.14 Long-term leases

Leases of property, building or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and lease period.

Leases of property, building or equipment which do not transfer substantially all risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## 4.15 Foreign currency

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## 4.16 Impairment of assets

At the end of each reporting period, the Company performs impairment review in respect of the property and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.



In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 4.17 Employee benefits

### **Short-term employee benefits**

Salaries, wages, bonuses, annual leave, and contributions to the social security fund are recognised as expenses when incurred.

Annual leave benefits are calculated based on simple estimation method using the assumption that all unused leaves as at the end of the year will be used within the following fiscal year.

### **Post-employment benefits**

#### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised in other comprehensive income.

## 4.18 Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

### **Current income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to owners' equity.

## 4.19 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **Recognition and derecognition of assets and liabilities**

In determining whether to recognize or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on best knowledge of the current events and arrangement.

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risks and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates expected loss to be incurred for each debtor based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

#### **Allowance for impairment on reinsurance assets**

In determining allowance for impairment on reinsurance assets, the management needs to exercise judgement and estimate losses on reinsurance assets based on conditions in contracts and occurred event that may result in the Company being unable to receive the entire amount under the terms of the contracts.

#### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

#### **Impairment of investment in securities**

The Company treats investments in securities as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

#### **Property, buildings and equipment and depreciation**

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that its recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Intangible assets and amortisation**

The initial recognition and measurement of intangible assets and subsequent impairment testing require management to make estimates of cash flows to be generated by the assets and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Insurance contracts classification

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standards, the Company is required to test whether the contracts transfer significant insurance risk to the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

### Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The IBNR reserve is calculating by using an international standard actuarial method.

The key assumptions underlying these techniques relate to historical experience, including loss development factors, ultimate loss ratio and unallocated loss adjustment expenses.

To perform the calculation, the Company uses independent actuary to perform analysis based on the type of insurance. Nevertheless, the estimation requires the management's judgements reflecting the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual results could differ.

### Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims and related expenses expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgement, with reference to historical data and the best estimates available at the time.

### Post-employment benefits under defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period.

## 6. Cumulative effect of prior years' adjustments

During the year, the Company discovered errors in the other underwriting expenses and tax expenses that had occurred in 2015. The amounts of the corresponding adjustments that affected the statement of financial position as at 31 December 2015 as follows:

	31 December 2015	
	Before adjustments	After adjustments
<b>Statement of financial position</b>		
Deferred tax assets	263,715,536	268,698,267
Other liabilities <sup>(1)</sup>	513,102,050	538,015,704
Income tax payable	20,530,530	34,857,461
Retained earnings (unappropriated)	389,422,442	355,164,588

(Unit: Baht)

#### Statement of comprehensive income

Other underwriting expenses<sup>(1)</sup>

Income tax expenses

For the year ended 31 December 2015	
Before adjustments	After adjustments
727,743,771	752,657,426
54,200,701	63,544,900

(1) Amounts of other liabilities and other underwriting expenses before adjustments are presented at the amounts as reclassified as described in Note 35 to financial statements.

## 7. Cash and cash equivalents

(Unit: Baht)

Cash on hand

Deposits at banks with no fixed maturity date

Cash and cash equivalents

2016	2015
3,779,578	1,012,771
280,602,286	333,361,143
284,381,864	334,373,914

As at 31 December 2016 and 2015, saving deposits carried interest between 0.13% and 1.00% per annum and Baht 6.2 million (2015: Baht 6.5 million) of deposits at bank have been placed for issuance letter of bank guarantee on behalf of the Company.

## 8. Premium receivables

As at 31 December 2016 and 2015, the balances of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

Not yet due

Not over 30 days

Overdue 31 days to 60 days

Overdue 61 days to 90 days

Overdue 90 days

Total premium receivables

Less: Allowance for doubtful accounts

Premium receivables - net

2016	2015
344,441,059	504,322,366
28,980,004	27,336,102
23,963,122	22,784,194
3,969,154	8,106,814
21,925,919	26,436,626
423,279,258	588,986,102
(2,010,354)	(6,264,068)
421,268,904	582,722,034

The Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.



## 9. Accrued investment income

(Unit: Baht)

Accrued investment income
Less: Allowance for doubtful accounts
Accrued investment income - net

2016	2015
26,321,202	26,269,837
(415,521)	(415,521)
25,905,681	25,854,316

## 10. Reinsurance assets

(Unit: Baht)

Claim reserves
Unearned premium reserves
Less: Allowance for doubtful accounts
Reinsurance assets - net

2016	2015
8,176,910,996	8,056,207,545
580,515,335	697,423,864
(166,159,413)	(169,270,000)
8,591,266,918	8,584,361,409

## 11. Receivables on reinsurance contracts

(Unit: Baht)

Amounts due from reinsurers
Less: Allowance for doubtful accounts
Receivables on reinsurance contracts - net

2016	2015
120,769,305	387,043,431
-	(67,787,354)
120,769,305	319,256,077

As at 31 December 2016 and 2015, the balances of the amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

Not yet due
Not over 12 months
Over 1 year to 2 years
Over 2 years
Total amounts due to reinsurers

2016	2015
87,883,318	87,875,160
25,960,655	207,513,568
6,651,377	17,302,173
273,955	74,352,530
120,769,305	387,043,431

## 12. Investments in securities

### 12.1 Classified by investment types

As at 31 December 2016 and 2015, the book value of investments in securities can be classified by investment types as follows:

	(Unit: Baht)	
	2016	2015
Trading investments	1,376	1,436
Available-for-sale investments	642,792,653	127,922,492
Held-to-maturity investments	4,144,508,901	4,828,369,518
Other investments	7,235,910	7,235,910
<b>Total investments in securities</b>	<b>4,794,538,840</b>	<b>4,963,529,356</b>

The details are as follows:

	(Unit: Baht)			
	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	805	1,376	805	1,436
Total	805	1,376	805	1,436
Add : Unrealised gains	571	-	631	-
<b>Total trading investments</b>	<b>1,376</b>	<b>1,376</b>	<b>1,436</b>	<b>1,436</b>
<b>Available-for-sale investments</b>				
Unit trusts	643,143,864	642,792,653	126,797,379	127,922,492
Add: Unrealised gain (loss)	(351,211)	-	1,125,113	-
<b>Total available-for-sale investments</b>	<b>642,792,653</b>	<b>642,792,653</b>	<b>127,922,492</b>	<b>127,922,492</b>
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	861,729,912		963,351,582	
Private sector debt securities	840,227,789		838,804,358	
Deposits at financial institutions	2,449,651,200		3,033,313,578	
Total	4,151,608,901		4,835,469,518	
Less: Allowance for impairment	(7,100,000)		(7,100,000)	
<b>Total held-to-maturity investments - net</b>	<b>4,144,508,901</b>		<b>4,828,369,518</b>	
<b>Other investments</b>				
Equity securities	7,327,910		7,327,910	
Less: Allowance for impairment	(92,000)		(92,000)	
<b>Total other investments - net</b>	<b>7,235,910</b>		<b>7,235,910</b>	

## 12.2 Remaining periods to maturity of debt securities

(Unit: Baht)

	2016		
	Period to maturity		Total
	With in 1 year	1 - 5 years	
<b>Held-to-maturity investments</b>			
<b>Government and state enterprise securities</b>			
Government bonds	9,997,476	14,043,225	537,689,208
Debentures	-	-	300,000,003
Total	9,997,476	14,043,225	837,689,211
<b>Private enterprise securities</b>			
Debentures	252,314,799	215,912,990	372,000,000
Total	252,314,799	215,912,990	372,000,000
Less: Allowance for impairment	(7,100,000)	-	-
Total	245,214,799	215,912,990	372,000,000
<b>Deposits at banks</b>			
Deposits at commercial banks	1,699,651,200	750,000,000	-
Total	1,699,651,200	750,000,000	-
<b>Total investments in debt securities-net</b>	<b>1,954,863,475</b>	<b>979,956,215</b>	<b>1,209,689,211</b>

(Unit: Baht)

	2015		
	Period to maturity		Total
	With in 1 year	1 - 5 years	
<b>Held-to-maturity investments</b>			
<b>Government and state enterprise securities</b>			
Government bonds	101,518,341	24,054,137	537,779,101
Debentures	-	-	300,000,003
Total	101,518,341	24,054,137	837,779,104
<b>Private enterprise securities</b>			
Debentures	157,100,000	361,704,358	320,000,000
Total	157,100,000	361,704,358	320,000,000
Less: Allowance for impairment	(7,100,000)	-	-
Total	150,000,000	361,704,358	320,000,000
<b>Deposits at banks</b>			
Deposits at commercial banks	2,883,313,578	150,000,000	-
Total	2,883,313,578	150,000,000	-
<b>Total investments in debt securities-net</b>	<b>3,134,831,919</b>	<b>535,758,495</b>	<b>1,157,779,104</b>

## 12.3 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	2016	2015
Surplus on changes in value - beginning of the year	900,091	5,762,124
Change during the year		
Unrealised gains (loss) during the year	(351,211)	1,125,113
Realised gain included in profit or loss	(1,125,112)	(7,202,654)
Other comprehensive income (loss)	(1,476,323)	(6,077,541)
Less: related income tax	295,265	1,215,508
Net other comprehensive income for the year (loss)	(1,181,058)	(4,862,033)
Surplus (deficit) on changes in value - end of the year	(280,967)	900,091

## 12.4 Investments subject to restrictions

As at 31 December 2016, bonds and fixed deposits totalling Baht 3.2 million (2015: Baht 3.4 million) have been placed as bail bond in cases where insured drivers have been charged with criminal offence and to secure against the issuance of bank guarantees by the bank on behalf of the Company.

As at 31 December 2016, Baht 42.4 million (2015: Baht 53.2 million) of government and state enterprise bonds have been placed as securities in respect of certain performance bonds as required in the normal course of business of the Company.

As at 31 December 2016 and 2015, the Company placed and reserved some of its investments in securities with the Registrar in accordance with the non-life insurance Act as described in Notes 30 and 31 to the financial statements.

## 13. Loans and interest receivables

13.1 As at 31 December 2016 and 2015, loans and interest receivables aged by principle and accrued interest are as follows:

(Unit: Baht)

2016							
Outstanding period	Mortgaged loans		Other loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
		receivables		receivables		receivables	
Not yet due	2,636,391	1,430	2,043,275	604	4,679,666	2,034	4,681,700
Loans and interest receivables	2,636,391	1,430	2,043,275	604	4,679,666	2,034	4,681,700

(Unit: Baht)

2015							
Outstanding period	Mortgaged loans		Other loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
		receivables		receivables		receivables	
Not yet due	4,711,393	3,189	1,836,024	793	6,547,417	3,982	6,551,399
Loans and interest receivables	4,711,393	3,189	1,836,024	793	6,547,417	3,982	6,551,399

### 13.2 The details of loans to employee are as follows:

Project	Collateral	Credit line	Interest rate
Emergency loan	Person	Not exceeding 5 or 10 times monthly salary, based on the length of employment, with a limit of Baht 100,000	0.5% per annum plus 1-year fixed deposit rate for personal accounts
Housing loan	Pledged assets	First credit line which is not exceeding 60 times of monthly salary with a limit at Baht 1.2 million, and not exceeding 80% of the appraised value of the collateral Second credit line which is exceeding 60 times of monthly salary or Baht 1.2 million, and is not exceeding 80% of the appraised value of collateral. Sum of both credit lines must not exceed Baht 5 million.	2.0% per annum plus 1-year fixed deposit rate for personal accounts MLR plus 0.5% per annum

Note: The Company used interest rate of Siam Commercial Bank Public Company Limited.

## 14. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
<b>Cost:</b>						
1 January 2015	11,088,422	130,647,523	142,700,104	39,732,627	584,947	324,753,623
Additions	-	698,211	25,183,815	-	9,688,287	35,570,313
Transfer in (out)	-	4,931,980	3,756,080	-	(8,688,060)	-
Disposals/write-off	-	-	(1,543,069)	(1,800,914)	-	(3,343,983)
31 December 2015	11,088,422	136,277,714	170,096,930	37,931,713	1,585,174	356,979,953
Additions	-	1,975,318	22,242,958	-	9,704,335	33,922,611
Transfer in (out)	-	3,475,469	186,916	-	(3,662,385)	-
Disposals/write-off	-	-	(353,441)	(5,797,715)	(282,702)	(6,433,858)
31 December 2016	11,088,422	141,728,501	192,173,363	32,133,998	7,344,422	384,468,706
<b>Accumulated depreciation:</b>						
1 January 2015	-	108,373,697	128,926,166	39,013,100	-	276,312,963
Depreciation for the year	-	7,364,755	8,777,276	689,866	-	16,831,897
Accumulated depreciation on disposals/write-off	-	-	(1,491,397)	(1,771,262)	-	(3,262,659)
31 December 2015	-	115,738,452	136,212,045	37,931,704	-	289,882,201
Depreciation for the year	-	6,555,137	14,576,082	-	-	21,131,219
Accumulated depreciation on disposals/write-off	-	-	(340,328)	(5,797,708)	-	(6,138,036)
31 December 2016	-	122,293,589	150,447,799	32,133,996	-	304,875,384
<b>Net book value:</b>						
31 December 2015	11,088,422	20,539,262	33,884,885	9	1,585,174	67,097,752
31 December 2016	11,088,422	19,434,912	41,725,564	2	7,344,422	79,593,322

#### Depreciation for the year

2015	16,831,897
2016	21,131,219

As at 31 December 2016, certain buildings and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 223 million (2015: Baht 209 million)

## 15. Leasehold right

(Unit: Baht)

	Leasehold right - building
<b>Cost</b>	
31 December 2015	70,479,640
31 December 2016	70,479,640
<b>Accumulated amortisation</b>	
31 December 2015	46,737,976
Amortisation charged for the year	1,838,292
31 December 2016	48,576,268
<b>Net book value</b>	
31 December 2015	23,741,664
31 December 2016	21,903,372

## 16. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Baht)

	Computer software	Computer software under installation	Total
As at 31 December 2016:			
Cost	96,466,268	19,464,720	115,930,988
Less: Accumulated amortisation	(70,667,835)	-	(70,667,835)
Net book value	25,798,433	19,464,720	45,263,153
As at 31 December 2015:			
Cost	81,566,021	2,892,800	84,458,821
Less: Accumulated amortisation	(68,213,234)	-	(68,213,234)
Net book value	13,352,787	2,892,800	16,245,587

Reconciliation the net book value of intangible assets for the years 2016 and 2015 are presented below.

(Unit: Baht)

	2016	2015
Net book value at beginning of year	16,245,587	7,270,581
Acquisition of computer software	31,472,166	10,072,499
Amortisation	(2,454,600)	(1,097,493)
Net book value at end of year	45,263,153	16,245,587



## 17. Income tax expenses

The income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Baht)

### Current income tax:

Corporate income tax charge

Adjustment of prior years' corporate income tax

### Deferred income tax:

Deferred income tax relating to origination and reversal of temporary differences

**Income tax expenses as reported in profit or loss**

	2016	2015
		(Restated)
Corporate income tax charge	54,598,960	100,320,320
Adjustment of prior years' corporate income tax	-	(4,546,038)
Deferred income tax relating to origination and reversal of temporary differences	(7,478,803)	(32,229,382)
<b>Income tax expenses as reported in profit or loss</b>	<b>47,120,157</b>	<b>63,544,900</b>

The amounts of income taxes relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

### For the years ended 31 December

	2016		2015		
	Amount before tax	Tax revenue (expense)	Amount net of tax	Amount before tax	Tax revenue (expense) Amount net of tax
Unrealised gain (loss) on revaluation of available-for-sale securities	(1,476,323)	295,265	(1,181,058)	(6,077,541)	1,215,508 (4,862,033)
Actuarial gain (loss) from employee benefit plan	(1,134,302)	226,860	(907,442)	(2,959,246)	591,849 (2,367,397)
<b>Total</b>	<b>(2,610,625)</b>	<b>522,125</b>	<b>(2,088,500)</b>	<b>(9,036,787)</b>	<b>1,807,357 (7,229,430)</b>

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

Accounting income before income tax expenses

Applicable tax rate

Accounting income before income tax expenses multiplied by applicable tax rate

Adjustment of prior years' corporate income tax

Tax effect at exempted income and non-deductible expenses

**Income tax expenses reported in profit or loss**

	2016	2015
		(Restated)
Accounting income before income tax expenses	249,722,832	348,984,716
Applicable tax rate	20%	20%
Accounting income before income tax expenses multiplied by applicable tax rate	49,944,566	69,796,943
Adjustment of prior years' corporate income tax	-	(4,546,038)
Tax effect at exempted income and non-deductible expenses	(2,824,409)	(1,706,005)
<b>Income tax expenses reported in profit or loss</b>	<b>47,120,157</b>	<b>63,544,900</b>

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	2016	2015
		(Restated)
<b>Deferred tax assets</b>		
Unearned premium reserves	56,119,181	69,016,381
Allowance for doubtful accounts - premium receivables	320,694	2,154,209
Allowance for doubtful accounts - reinsurance assets	30,000,000	30,000,000
Allowance for doubtful accounts - claim receivables from litigant	2,301,078	2,234,709
Allowance for doubtful accounts - other receivables	1,698,863	758,715
Loss reserves	151,792,294	116,976,421
Loss reserves of claims incurred but not yet reported	3,023,995	5,434,809
Employee benefit obligations	13,480,882	12,730,722
Others	17,735,348	29,617,450
<b>Total deferred tax assets</b>	<b>276,472,335</b>	<b>268,923,416</b>
<b>Deferred tax liability</b>		
Unrealised gains on changes in values of investments	-	(225,149)
<b>Total deferred tax liability</b>	<b>-</b>	<b>(225,149)</b>
<b>Deferred tax assets - net</b>	<b>276,472,335</b>	<b>268,698,267</b>

## 18. Other assets

(Unit: Baht)

	2016	2015
Other receivables	25,155,199	32,206,492
Less: Allowance for doubtful accounts	(8,494,313)	(8,707,439)
Other receivables - net	16,660,886	23,499,053
Claim receivable from litigant	69,061,482	63,560,140
Less: Allowance for doubtful accounts	(11,505,391)	(11,173,544)
Claim receivable from litigant - net	57,556,091	52,386,596
Prepaid commission expenses	123,958,143	174,796,702
Deposits and guarantee	28,680,140	15,680,630
Prepaid expenses	6,997,430	6,015,512
Revenue department receivable	-	22,480,400
Deposit on rice field insurance scheme	62,832,509	-
Others	10,841,822	9,320,810
<b>Total other assets</b>	<b>307,527,021</b>	<b>304,179,703</b>

## 19. Insurance contract liabilities

(Unit: Baht)

	2016			2015		
	Insurance contract liabilities	Reinsurance on liabilities	Net	Insurance contract liabilities	Reinsurance on liabilities	Net
Claim reserves						
- Claims incurred and reported	8,986,425,569	(7,950,631,941)	1,035,793,628	8,772,701,779	(7,839,173,156)	933,528,623
- Claims incurred but not reported	75,239,616	(60,119,642)	15,119,974	74,937,432	(47,764,389)	27,173,043
Premium reserves						
- Unearned premium reserves	2,054,410,590	(580,515,335)	1,473,895,255	2,279,367,706	(697,423,864)	1,581,943,842
Total	11,116,075,775	(8,591,266,918)	2,524,808,857	11,127,006,917	(8,584,361,409)	2,542,645,508

### 19.1 Claim reserves

(Unit: Baht)

	2016	2015
Beginning balance	8,847,639,211	8,599,392,664
Claim incurred for the year	2,286,548,973	2,102,930,087
Changes in claim of prior years	127,048,776	(84,548,305)
Claim paid during the year	(2,199,571,775)	(1,770,135,235)
Ending balance	9,061,665,185	8,847,639,211

### 19.2 Unearned premium reserves

(Unit: Baht)

	2016	2015
Beginning balance	2,279,367,706	1,911,534,187
Premium written for the year	4,602,360,642	4,894,590,259
Premium earned for the year	(4,827,317,758)	(4,526,756,740)
Ending balance	2,054,410,590	2,279,367,706

## 19.3 Claims development table

### (a) Gross claims table

(Unit: Thousand Baht)

Accident year/Reporting year	Before 2011	2011	2012	2013	2014	2015	2016	Total
Estimated of cumulative								
ultimate claims incurred	7,663,763	2,021,515	2,785,543	1,197,241	1,411,299	2,102,930	2,252,446	
- At end of accident year	7,656,660	1,556,341	2,905,522	1,232,003	1,451,575	2,119,059		
- One year later	11,723,563	1,409,311	1,903,243	1,175,030	1,340,777			
- Two years later	12,952,130	1,402,190	1,914,040	1,169,894				
- Three years later	13,279,300	1,503,620	1,908,461					
- Four years later	13,399,483	1,511,903						
- Five years later	13,524,553							
Current estimate of cumulative								
ultimate claims incurred	13,524,553	1,511,903	1,908,461	1,169,920	1,341,427	2,051,039	2,395,030	23,902,333
Cumulative payment to date	(5,980,833)	(1,346,440)	(1,865,767)	(1,160,301)	(1,334,236)	(1,840,394)	(1,312,697)	(14,840,668)
Total claim reserves and outstanding claims	7,543,720	165,463	42,694	9,619	7,191	210,645	1,082,333	9,061,665

### (b) Net claims table

(Unit: Thousand Baht)

Accident year/Reporting year	Before 2011	2011	2012	2013	2014	2015	2016	Total
Estimated of cumulative ultimate								
claims incurred	3,273,722	1,077,285	811,439	849,659	1,124,687	1,443,389	1,797,524	
- At end of accident year	3,342,417	1,062,313	842,226	915,035	1,151,493	1,520,635		
- One year later	3,265,806	980,126	785,716	845,024	1,075,219			
- Two years later	3,272,855	976,646	786,561	845,248				
- Three years later	3,270,554	974,211	787,212					
- Four years later	3,269,826	975,589						
- Five years later	3,269,763							
Current estimate of cumulative								
ultimate claims incurred	3,269,763	975,589	787,212	845,251	1,075,294	1,449,331	1,883,869	10,286,309
Cumulative payment to date	(3,074,122)	(944,528)	(774,245)	(838,781)	(1,070,589)	(1,361,233)	(1,171,898)	(9,235,396)
Total claim reserves and outstanding claims	195,641	31,061	12,967	6,470	4,705	88,098	711,971	1,050,913

## 19.4 Methodology applied for claims estimation

### 19.4.1 Claims estimation method

#### Claims from direct insurance and inward facultative reinsurance

The Company estimates claims reserves using three actuarial methods, as follows:

- (1) Chain Ladder method ("CL") based on both claims paid and claims incurred;
- (2) Bornhuetter-Ferguson method ("BF") based on both claims paid and claims incurred; and
- (3) Expected Loss Ratio method ("ELR")

In determining the best estimate of the claims expected to be paid to insured parties in respect of losses that occurred before or as at the reporting date, the Company elected to rely principally on the Chain Ladder method. The Bornhuetter-Ferguson method and Expected Loss Ratio method (ELR) are also used where appropriate.

#### **Claims from inward treaty reinsurance**

The Company applies a simple approach in estimating claims incurred but not reported (IBNR) for inward treaty reinsurance. It uses the same ratio as the ratio of claims incurred but not reported to the outstanding case reserves for direct and facultative business.

#### **19.4.2 Unallocated Loss Adjustment Expenses (ULAE) Estimation method**

The ULAE is estimated using the Kittel method, which is an actuarial method that calculates the ULAE as a proportion of total claims incurred. The ULAE ratios are computed separately for motor class and other classes.

## 19.5 Assumptions applied to estimate claims reserves

#### **19.5.1 Loss development factors**

The Company selects loss development factors ("LDF") based on a range of criteria which include the historical claims paid and claims incurred pattern. In most instances, the loss development factors are selected based on the average loss development factors for each quarter. In addition, the Company takes into consideration whether the averages may not be appropriate, such as when they do not reflect operational changes, are distorted by large claims, and are contrary to a trend in recent ratios.

Both qualitative and quantitative factors are taken into consideration in the selection of loss development factors (LDFs) in order to produce claims incurred but not reported reserves that appropriately reflect the Company's future claims liabilities as at the valuation date.

#### **19.5.2 Ultimate loss ratio**

The ultimate loss ratio for each class of insurance, classified by accident quarter, is determined based on earned premium development factors using the Chain Ladder method. The Ultimate Loss Ratio is ultimate cost of claims paid as a proportion of earned premium.

#### **19.5.3 Unallocated loss adjustment expenses - ULAE**

Unallocated loss adjustment expenses are expenses that cannot be clearly attributed to the processing of a specific insurance claim, such as salaries and operating expenses of the Claims Department, when determining reserves for claims handling expenses. They are estimated based on comparison of Claims Department expenses for the financial year 2016 to claims incurred.

#### **19.5.4 Other assumptions**

The Company has assumed that claims development patterns are generally consistent and stable over the years. In addition it has been assumed that claims of the accident year 2006 and before have reached their ultimate loss levels and no reserve is needed for any additional related claims incurred but not reported.

## 20. Amounts due to reinsurers

(Unit: Baht)

	2016	2015
Amounts withheld on reinsurance	133,812,710	120,229,950
Other reinsurance payables	235,658,240	529,381,595
Total amounts due to reinsurers	369,470,950	649,611,545

## 21. Employee benefit obligations

Provision for long-term employee benefits which is compensations on employee's retirement, was as follows:

(Unit: Baht)

For the years ended 31 December		
	2016	2015
<b>Defined benefit obligation at beginning of year</b>	59,396,515	52,291,283
Included in profit or loss:		
Current service cost	4,510,327	3,980,959
Interest cost	1,879,531	1,891,827
Included in other comprehensive income:		
Actuarial gain (loss) arising from		
- Demographic assumptions changes	(8,075,111)	-
- Financial assumptions changes	8,037,685	2,959,246
- Experience adjustments	1,171,728	-
Benefits paid during the year	(3,973,800)	(1,726,800)
<b>Defined benefit obligation at end of year</b>	62,946,875	59,396,515

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Baht)

For the years ended 31 December		
	2016	2015
Other underwriting expenses	1,962,794	2,533,102
Loss adjustment expenses	919,740	846,762
Selling and administrative expenses	3,507,324	2,492,922
Total expense recognised in profit or loss	6,389,858	5,872,786

The Company expects to pay Baht 2.92 million of long-term employee benefits during the next year (2015: Baht 3.72 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 14 years (2015: 19 years).



Significant actuarial assumptions are summarised below:

	2016	2015
	Percent per annum	Percent per annum
Discount rate	2.7	3.1
Future salary increase rate	5 - 7.5	4 - 7.5
Staff turnover rate	0 - 16	0 - 16

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	Assumption increase	Amount increase (decrease)	Assumption increase	Amount increase (decrease)
	Percent per annum	Million Baht	Percent per annum	Million Baht
Discount rate	1	(5.4)	1	6.4
Future salary increase rate	1	6.4	1	(5.6)
Staff turnover rate	10	(2.5)	10	2.8

## 22. Other liabilities

(Unit: Baht)

	2016	2015
		(Restated)
Accounts payable - claims	1,926,763	11,330,126
Accrued commission of direct insurance	41,293,154	50,293,134
Commission of reinsurance received in advance	131,462,404	182,824,407
Other payables	21,699,880	21,417,802
Suspense accounts to settle with premium receivables	64,627,802	86,343,526
Accrued expenses	110,256,073	161,667,738
Others	25,478,738	24,138,971
Total other liabilities	396,744,814	538,015,704

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. During the year 2016, the Company set aside net income of Baht 11 million to the statutory reserve (2015: Baht 16 million).

## 24. Operation expenses

	(Unit: Baht)	
	2016	2015
Personnel expenses	143,763,770	125,799,714
Premises and equipment expenses	64,049,934	54,792,114
Taxes and duties	426,883	558,437
Bad debts and doubtful accounts (reversal)	282,660	(79,561,657)
Advertising expenses	12,771,903	8,808,514
Other operating expenses	52,703,622	62,435,043
Total operating expenses	273,998,772	172,832,165

## 25. Expenses by nature

Expenses by nature are comprised significant expenses as follows:

	(Unit: Baht)	
	2016	2015
		(Restated)
Claim and loss adjustment expenses	1,778,296,405	1,341,613,404
Personal expenses	381,841,178	351,694,784
Commissions and brokerage expenses	441,633,370	463,971,908
Other underwriting expenses	443,303,938	547,064,448
Premises and equipment expenses	150,094,728	139,233,729
Advertise and promotion expenses	20,977,812	18,210,928
Bad debt and doubtful account (reversal)	282,660	(79,561,657)
Other operating expenses	51,468,087	58,218,506
Total expenses	3,267,898,178	2,840,446,050

## 26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% to 10% of basic salary. The fund, which is managed by Siam Commercial Bank Plc., will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 13 million to the fund (2015: Baht 12 million).

## 27. Earning per share

Basic earning per share is calculated by dividing profit for the year (excluding other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the year.

## 28. Dividends

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	100,000,000	2.00
Final dividends for 2015	Annual General Meeting of the shareholders on 21 April 2016	180,000,000	3.60

## 29. Related party transactions

The relationship between the Company and the related parties are summarised below:

Company's name	Relationship
Crown Property Bureau	98.54% of shares held in the Company and common director
The Siam Commercial Bank Pcl.	Common directors
The Siam Cement Pcl. and its related companies	Common directors
Siam Administrative Management Co., Ltd.	Common directors
Siam Sinthorn Co., Ltd.	Common directors

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

		For the years ended 31 December	
		2016	2015
<b>Transactions with related parties</b>			
Premium written	- Crown Property Bureau	9,908	45,153
	- The Siam Commercial Bank Pcl.	450,137	821,085
	- Siam Administrative Management Co., Ltd.	15,633	13,334
	- Siam Sinthorn Co., Ltd.	5,008	19,995
	- The Siam Cement Pcl. and its related companies	913,746	679,810
Interest income	- The Siam Commercial Bank Pcl.	852	854
	- The Siam Cement Pcl. and its related companies	1,324	1,320
Commission paid from	- Crown Property Bureau	225	-
direct premium written	- The Siam Commercial Bank Pcl.		
	(Non-life insurance broker)	80,862	149,310
	- Siam Administrative Management Co., Ltd.	2	-
	- Siam Sinthorn Co., Ltd.	99	2,940
	- The Siam Cement Pcl. and its related companies	1,408	-
Underwriting expenses	- The Siam Commercial Bank Pcl.	73,789	92,221
Operating expenses	- Crown Property Bureau	2,089	2,089

	Pricing policies
<b>Transactions with related parties</b>	
Premium written	Normal commercial terms for insurance for major customers
Interest income	0.5% - 4.4% per annum
Commission paid from direct insurance	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Underwriting expenses	Normal commercial terms for insurance
Operating expenses	As indicated in the agreement

As at 31 December 2016 and 2015, the Company presented the following significant balances of assets and liabilities with its related parties as follows:

	(Unit: Baht)	
	2016	2015
<b>Investments in securities - private sector debt securities</b>		
The Siam Cement Pcl. and its related companies	30,000,000	30,000,000
Total	30,000,000	30,000,000
<b>Cash and cash equivalent</b>		
The Siam Commercial Bank Pcl.	154,445,485	193,596,964
Total	154,445,485	193,596,964
<b>Premium receivables</b>		
Crown Property Bureau	3,896,850	43,321,952
The Siam Commercial Bank Pcl. <sup>(1)</sup>	40,859,462	29,537,581
Siam Sinthorn Co., Ltd.	855,651	14,835,110
Siam Administrative Management Co., Ltd.	13,243,580	12,763,909
The Siam Cement Pcl. and its related companies	102,233,642	15,968,725
Total	161,089,185	116,427,277
<b>Accrued investment income</b>		
The Siam Commercial Bank Pcl.	60,606	69,258
The Siam Cement Pcl. and its related companies	292,932	292,932
Total	353,538	362,190
<b>Accrued commissions and brokerages</b>		
Crown Property Bureau	225,000	-
The Siam Commercial Bank Pcl.	6,851,748	4,838,928
Siam Sinthorn Co., Ltd.	-	2,465,775
The Siam Cement Pcl. and its related companies	128,999	-
Total	7,205,747	7,304,703

<sup>(1)</sup> Premium receivables between the Company and The Siam Commercial Bank Pcl. ("SCB") consist of direct premium receivables from an insurance policy of SCB and premium receivables from a policy in which SCB is a non-life insurance broker for the Company.

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses incurred on their directors and key management as below.

	(Unit: Baht)	
	2016	2015
Short-term employee benefits	43,793,679	32,551,910
Long-term employee benefits	870,351	816,098
Total	44,664,030	33,368,008

## 30. Securities placed with the Registrar

As at 31 December 2016 and 2015, the Company has placed its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

	(Unit: Million Baht)			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Government bonds	14.04	14.52	14.06	14.75

## 31. Assets reserved with the Registrar

As at 31 December 2016 and 2015, the Company has placed its securities as non-life insurance reserve with the Registrar under the Non-life Insurance Act as follows:

	(Unit: Million Baht)			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Government bonds	355.38	410.37	355.96	396.14

## 32. Restricted and collateral assets

As at 31 December 2016 and 2015, the Company pledged its investment as guarantee as follows.

	(Unit: Baht)	
	2016	2015
Bonds and fixed deposits placed as bail bond in case where insured drivers have been charged with criminal offence	3,150,000	3,400,000
Deposits at bank placed for issuance letter of bank guarantee	6,166,300	6,455,009
Total	9,316,300	9,855,009

## 33. Commitments and contingent liabilities

### 33.1 Capital Commitments

As at 31 December 2016, the Company had capital commitments of Baht 29.6 million (2015: Baht 1.15 million), relating to the acquisition of software computer.

### 33.2 Operating lease commitments

The Company has entered into several lease agreements of office building spaces, motor vehicles and equipment and other related services. The terms of the agreements are generally between 1 and 30 years.

Future minimum rentals and service charges payable under these leases and service agreements as at 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)	
	2016	2015
Payable:		
In upto 1 year	19	28
In over 1 year and up to 5 years	22	31
In over 5 years	17	19

### 33.3 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 6.2 million (2015: Baht 6.5 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

### 33.4 Litigations

- (1) As at 31 December 2016, the Company was sued for being the insurer for claims totalling approximately Baht 250 million (2015: Baht 310 million). The outcome of those litigation cases have not yet been finalised. However, the Company's management already considered and set aside provision for losses that may be arisen amounting to Baht 76 million (2015: Baht 75 million) in these financial statements. The Company's management believes that the amounts of provision are adequate.
- (2) As at 31 December 2016, the Company was sued by the insured parties for the compensation totaling Baht 5,707 million (2015: Baht 5,722 million) for the fire incident caused by political unrest in May 2010. During 2013, the Court of First Instance (the Civil Court) ordered the Company to pay to the insured insurance claims under the insurance policies together with interest amounting to approximately Baht 5,738 million, plus interest of Baht 658 million, totaling approximately Baht 6,396 million.



- (2.1) During 2013 - 2014, the insured parties who lost the cases in the Court of First Instance filed appeal the judgment of the Court of First Instance with the Court of Appeal. And during June 2014 to November 2014, the Court of Appeal ordered a dismissal of the cases brought by the insured against the Company, in which they had sought damages amounting to Baht 86 million, and so the Company does not need to pay compensation to the insured. During 2015 some of the insured filed appeals of the judgment of the Court of Appeal with the Supreme Court, with claims amounting to Baht 12 million, and the cases are being considered by the Supreme Court. Currently, it is correctly not reach a conclusion.
- (2.2) During 2013 - 2014, the Company filed appeals of judgments of the Court of First Instance with the Court of Appeal. Subsequently, between April 2014 and February 2015, the Court of Appeal handed down judgments in the cases brought against the Company. For the first group of cases, for which the Court of First Instance had ordered the Company to pay compensation of Baht 1,977 million with Baht 630 million interest calculated up to 31 December 2016 (2015: Baht 506 million), the Court of Appeal upheld the judgments of the Court of First Instance but reduced the amount of insurance compensation and interest payable to the insured to Baht 392 million. For the second group of cases, for which the Court of First Instance had ordered the Company to pay compensation of Baht 3,761 million with Baht 981 million interest, the Court of Appeal reversed the judgments of the Court of First instance and so the Company does not have to pay any compensation to the insured.

Since 2015, the Company filed appeals of the judgments of the Court of Appeal with the Supreme Court and the cases are being considered by the Supreme Court. In addition, some insured parties who lost their cases in the Court of Appeal have filed appeals of the judgments of the Court of Appeal with the Supreme Court, with claims amounting to Baht 4,077 million. The cases are being considered by the Supreme Court. Currently, it is correctly not reach a conclusion.

Since the cases are not finalised and the judgments of the Court of Appeal are inconsistent, for reasons of prudence, in the preparation of the financial statement the Company's management recorded loss reserve for its share of the claims and loss reserve refundable from reinsurers in the full amounts in the statement of financial position.

## 34. Capital management

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The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure in order to continue its business as a going concern, to provide a return to its owners and other related parties and to maintain risk-based capital in accordance with Declaration of the OIC.

## 35. Reclassification

The Company has presented the current year financial statements to conform with new Declaration of OIC. Therefore, the Company reclassified certain items in the prior year's financial statements for comparative purposes to consistent with the current year's classifications. The reclassifications do not have any impact to profit or owner's equity as previously reported. The reclassifications are summarised below.

(Unit: Baht)

31 December 2015	
	As reclassified
	As previously reported
<b>Statement of financial position</b>	
<b>Assets:</b>	
Premium receivables	582,722,034
Reinsurance assets	8,584,361,409
Receivables on reinsurance contracts	319,256,077
<b>Liabilities:</b>	
Employee benefit obligations	59,396,515
Other liabilities	513,102,050

(Unit: Baht)

For the year ended 31 December 2015	
	As reclassified
	As previously reported
<b>Statement of comprehensive income</b>	
<b>Profit or loss:</b>	
<b>Revenues</b>	
Gross premiums written	4,894,590,259
Premiums ceded to reinsurers	(1,802,435,423)
Unearned premium reserves increase from prior year	(364,393,534)
Net earned premium	-
<b>Expenses</b>	
Gross claims	2,130,655,539
Claim recovery from reinsurers	(684,298,428)
Claims and loss adjustment expenses	-
Other underwriting expenses	727,743,771
Contribution to Road Accident Victims Protection	-
Contribution to the Office of Insurance Commission	-
Contribution to General Insurance Fund	-
Contribution to the Victims Compensation Fund	-

## 36. Risk and risk management policies

### 36.1 Insurance risk

Insurance risk is the risk that the frequency and severity and timing of loss events will deviate from the assumptions applied in determining insurance premiums, calculating insurance reserves and making underwriting decisions.

The Company manages insurance risk as follows:

- Constantly monitors movements in the insurance market through comparative analysis of performance data and market share in the insurance industry each month and researches customer needs so that it can improve the Company's products to meet these needs, and enhance its competitiveness in the industry. In addition, the Company focuses on the importance of using information technology to optimize efficiency in the provision of service and development of insurance products.
- Sets clear insurance policies dealing with all types of disasters for which the Company can provide insurance, carefully reviews the proportion of each class of insurance that the Company can retain based on consideration of how the claims ratio compares to the industry as a whole. The Company also sets appropriate insurance premium rates with reference to the rates stipulated by the OIC and in making underwriting decisions it takes into account its risk appetite and the transfer of risk into various forms that are appropriate to given the Company's level of capital adequacy and category of risk. The Company also sets limits on acceptable risk levels for each insurance type.

Details of insurance contract liabilities as at 31 December 2016 and 2015 by type of insurance are as follows:

(Unit: Thousand Baht)

	2016			2015		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	69,906	(16,232)	53,674	69,621	(20,875)	48,746
Marine and Hull	28,674	(15,575)	13,099	26,856	(16,416)	10,440
Motors	1,252,476	(3,504)	1,248,972	1,340,245	(5,173)	1,335,072
Personal accident	150,637	(82,644)	67,993	185,911	(90,602)	95,309
Miscellaneous	552,717	(462,560)	90,157	656,735	(564,358)	92,377
Total	2,054,410	(580,515)	1,473,895	2,279,368	(697,424)	1,581,944

(Unit: Thousand Baht)

	2016			2015		
	Claim reserves			Claim reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	15,105	(5,222)	9,883	13,001	(1,633)	11,368
Marine and Hull	32,041	(24,828)	7,213	48,195	(39,711)	8,484
Motors	754,476	(13,620)	740,856	639,659	(18,875)	620,784
Personal accident	34,499	(18,501)	15,998	45,009	(22,704)	22,305
Miscellaneous	8,225,544	(7,948,580)	276,964	8,101,775	(7,804,014)	297,761
Total	9,061,665	(8,010,751)	1,050,914	8,847,639	(7,886,937)	960,702

The Company performed analysis of the sensitivity of insurance liabilities to fluctuations in the assumptions used in the calculation, which will affect the claims obligation, both before and after reinsurance. Risks may arise due to disparities between the frequency and severity of the events resulting in losses and claims management expenses and expectations.

The impact of changes to assumptions that are significant to the claims obligations recorded as of 31 December 2016 is as follows:

(Unit: Million Baht)

		2016		
		Claim liabilities		
	Change in assumptions	Increase on gross (decrease)	Increase on net (decrease)	Profit before tax decrease
				Owens' equity decrease
Lastest 4 quarters' ULR <sup>(1)</sup>	+2% (additive)	115	72	(72)
Lastest 4 quarters' LDF <sup>(2)</sup>	+2% (multiplicative)	106	79	(79)
ULAE Ratio <sup>(3)</sup>	+20% (multiplicative)	3	3	(3)

(Unit: Million Baht)

		2016		
		Claim liabilities		
	Change in assumptions	Increase on gross (decrease)	Increase on net (decrease)	Profit before tax increase
				Owens' equity increase
Lastest 4 quarters' ULR <sup>(1)</sup>	-2% (additive)	(115)	(72)	72
Lastest 4 quarters' LDF <sup>(2)</sup>	-2% (multiplicative)	(102)	(76)	76
ULAE Ratio <sup>(3)</sup>	-20% (multiplicative)	(3)	(3)	3

<sup>(1)</sup> ULR = Ultimate loss ratio

<sup>(2)</sup> LDF = Loss development factor

<sup>(3)</sup> ULAE Ratio = Unallocated loss adjustment expense ratio

In addition, the Company has a policy to maintain a capital adequacy ratio at a level higher than the ratio of 140 percent in each quarter currently stipulated by the OIC.

## 36.2 Financial risks

### Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, amounts due from reinsurers, investments in securities, loans and amounts due to reinsurers. The financial risks associated with these financial instruments and how they are managed are described below.

### 36.2.1 Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument, including the chance that a counterparty's credit rating may be revised down.

Credit risk in the form of the risk that collections of principal and/or interest on investments in debt instruments may not equal the face value of the instrument is managed by assigning the Investment Department to make an annual investment plan. This defines the criteria for selecting investments in debt securities, equities and other assets, including criteria for determining the Company's maximum acceptable losses. It is required in accordance with the criteria of the OIC framework and is to be approved by the Board of Executive Directors of the Company.

Credit risk relating to premium receivables, amounts due from reinsurers and mortgage loan is managed by setting a policy and methodology for controlling credit limits and allocating reinsurance to reinsurers. These are based on ranking the reliability of each foreign reinsurance company based on a credit rating of not lower than A-, taking into consideration the capital adequacy ratios of domestic reinsurance companies, and consistent monitoring of the status of refund claims from reinsurance companies. In addition, the Company manages reinsurance so that risk is appropriately spread and manages the risk of concentrations of credit risk from premium receivables to ensure it is not significant because the Company's customers are spread among a variety of different industries and different domestic regions.

Furthermore, the Company has set guidelines for evaluating the credit risk of counterparties, reinsurers and the debt issuer, who may not be able to meet their agreed obligations, and the risk that the credit rating of the reinsurer or the issuer of debt will be revised down.

The Company does not expect to have exposure to credit risk arising from the provision of mortgage loans since in its provision of loans to employees the value of the security mortgaged as collateral is sufficient to ensure that the Company will receive full settlement of the debt, and the ratio of loan value to collateral value is in accordance with the requirements of the OIC.

The Company therefore expects its maximum exposure to credit risk to be the book value of assets less any allowance for doubtful accounts as presented in statement of financial position.

### 36.2.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position.

#### a. Interest rate risk

Interest rate risk is the risk that value of financial instruments will fluctuate due to changes in market interest rate.

As at 31 December 2016 and 2015, significant financial assets classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

	2016						(Unit: Euro)
	Fixed interest rates			Floating interest rate	None-interest bearing	Total	
	Within 1 year	Over 1-5 years	Over 5 years				
	Interest rate (% p.a.)						
Financial assets							
Cash and cash equivalents	-	-	-	280,602,286	3,779,578	284,381,864	0.3 - 1.00
Investments in securities							
Government and state enterprise securities	9,997,476	14,043,225	837,689,211	-	-	861,729,912	3.25 - 5.90
Private enterprises debt securities	245,214,799	215,912,990	372,000,000	-	-	833,127,789	3.09 - 5.04
Deposits at commercial banks	1,699,651,200	750,000,000	-	-	-	2,449,651,200	1.00 - 2.30
Loans	-	-	-	4,679,666	-	4,679,666	1.80 - 3.30
	1,954,863,475	979,956,215	1,209,689,211	285,281,952	3,779,578	4,433,570,431	

(Unit: Baht)

	2015						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	None-interest bearing	Total	
	Within 1 year	Over 1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	333,361,143	1,012,771	334,373,914	0.3 - 1.00
Investments in securities							
Government and state enterprise securities	101,518,341	24,054,137	837,779,104	-	-	963,351,582	3.10 - 5.90
Private enterprises debt securities	150,000,000	361,704,358	320,000,000	-	-	831,704,358	3.34 - 5.04
Deposits at commercial banks	2,883,313,578	150,000,000	-	-	-	3,033,313,578	1.15 - 2.30
Loans	-	-	-	6,547,417	-	6,547,417	2.00 - 7.03
	3,134,831,919	535,758,495	1,157,779,104	339,908,560	1,012,771	5,169,290,849	

The Company manages the risk by stipulating an investment policy and annual business plan that mitigate potential risks and keep operating results in line with plans and targets.



**b. Foreign currency risk**

The Company is exposed to foreign currency risk in respect of reinsurance transactions with foreign reinsurers denominated in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk. However, the Company determines that these transactions do not have any significant impact on the financial statements.

As at 31 December 2016 and 2015, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2016 (Thousand)	2015 (Thousand)	2016 (Baht per 1 foreign currency unit)	2015
US dollar	2.0	2.0	35.6588	36.2538

**c. Equity position risk**

Equity position risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenues and in the values of financial assets.

The Company manages the risk by defining criteria to be applied in selecting the fund managers, unit trusts and other equity investments, and guidelines for determining the maximum losses the Company is able to accept. In addition, as part of the process of selling unit trusts/investments, the sales are required to be pre-approved by the Investment Committee.

As at 31 December 2016 and 2015, the Company has risk from its investments in securities of which the price will change with the reference to market conditions.

## 36.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, or be able to procure sufficient funds but with the exceeding acceptable level cost, resulting in the occurrence of a financial loss and impact on revenue and the Company's capital fund.

The Company manages liquidity risk by investing in liquid securities that are appropriately matched to the nature of its liabilities and obligations, and ensuring its assets are sufficiently liquid to cope with cases where cash is needed, by monitoring and measuring the quantity of liquid assets on a monthly basis. In addition, the Company focuses on sustaining liquidity at a level that meets OIC requirements.

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2016 and 2015 are as follow:

(Unit: Thousand Baht)

	2016					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	284,382	-	-	-	-	284,382
Premium receivables	-	421,269	-	-	-	421,269
Investment in securities	642,794	1,954,863	979,956	1,209,689	7,236	4,794,538
Loans	-	100	1,943	2,636	-	4,679
<b><u>Reinsurance assets</u></b>						
Receivables on reinsurance contracts	-	120,769	-	-	-	120,769
Claim reserves refundable from reinsurers	-	7,837,651	173,101	-	-	8,010,752
<b><u>Financial liability</u></b>						
Amounts due to reinsurers	-	369,471	-	-	-	369,471
<b><u>Insurance liabilities</u></b>						
Claim reserves and outstanding claims	-	1,121,483	7,940,182	-	-	9,061,665

(Unit: Thousand Baht)

	2015					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	334,374	-	-	-	-	334,374
Premium receivables	-	582,722	-	-	-	582,722
Investment in securities	127,923	3,134,832	535,759	1,157,779	7,236	4,963,529
Loans	-	229	3,158	3,160	-	6,547
<b><u>Reinsurance assets</u></b>						
Receivables on reinsurance contracts	-	319,256	-	-	-	319,256
Claim reserves refundable from reinsurers	-	7,726,272	160,666	-	-	7,886,938
<b><u>Financial liability</u></b>						
Amounts due to reinsurers	-	649,612	-	-	-	649,612
<b><u>Insurance liabilities</u></b>						
Claim reserves and outstanding claims	-	776,640	8,070,999	-	-	8,847,639

## 36.4 Fair value of financial instruments

As at 31 December 2016 and 2015, The Company had the following assets that were measured at fair value and assets for which fair value are disclosed are classified by fair value level as follows:

(Unit: Thousand Baht)

2016					
	Carrying amount		Fair value		
	Total	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>					
Held for trade investments					
Equity securities	1	1	1	-	-
Available-for-sale investments					
Equity securities	642,793	642,793	-	642,793	-
<b>Assets for which fair value are disclosed</b>					
Held for maturity investments					
Debt securities	1,694,858	1,842,244	-	1,842,244	-
Fixed deposit at banks with maturity period over 3 months	2,449,651	2,449,651	2,449,651	-	-
Other investments	7,236	23,976	-	-	23,976
Loans	4,680	4,680	-	-	4,680

(Unit: Thousand Baht)

2015					
	Carrying amount		Fair value		
	Total	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>					
Held for trade investments					
Equity securities	1	1	1	-	-
Available-for-sale investments					
Equity securities	127,922	127,922	-	127,922	-
<b>Assets for which fair value are disclosed</b>					
Held for maturity investments					
Debt securities	1,795,056	1,950,314	-	1,950,314	-
Fixed deposit at banks with maturity period over 3 months	3,003,314	3,033,314	3,033,314	-	-
Other investments	7,236	30,037	-	-	30,037
Loans	6,547	6,722	-	-	6,722

The fair value hierarchy of financial assets presents according to Note 4.20 to the financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) Financial assets maturing in the short-term, which consist of cash and cash equivalents, their fair values are estimated based on the carrying amount in the statement of financial position.
- b) Investments in equity securities which are marketable securities, presented at fair value based on the last bid price of the last working day of the year. Non-marketable unit trusts, the fair values are determined by using the net assets value per unit as quoted by the fund manager. In case of non-marketable securities, the fair values are determined by discounting expected future cash flow by rate of return and related risks.
- c) Investments in debt securities are presented at fair values based on prices determined using the yield curve as quoted by the Thai Bond Market Association.
- d) Loans are presented at fair values, which are estimated by discounting expected future cash flow by the current market interest rate.

During the current year, there were no transfers within fair value hierarchy.

## 37. Event after the reporting period

On 27 February 2017, a meeting of the Company's Board of Directors passed a resolution to propose the Annual General Meeting of the Shareholders to be held in April 2017 for approval a dividend of Baht 2.4 per share, or a total of Baht 120 million, to the shareholders in respect of the 2016 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

## 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.

# The Company's Information

<b>Registration Number</b>	- 0107537002478 [or previously Bor Mor Jor 494]
<b>Establishment</b>	- January 17, 1947
<b>Registered Capital</b>	- Baht 500 Million [comprising 50 million ordinary shares at Baht 10 each]
<b>Type of Business</b>	- Non-Life Insurance
<b>Major Shareholder</b>	- The Crown Property Bureau
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Level 4, Beacon Zone, Booth No. K-B-406,  
Rajdamri Road, Pathumwan, Bangkok 10330  
Tel 0-2646-1084, 083-097-5031  
Fax 0-2646-1415  
[centralworld1@deves.co.th](mailto:centralworld1@deves.co.th)

## The Government Complex Commemorating His Majesty the King's 80<sup>th</sup> Birthday Anniversary, 5 December 2007

Building B, Level G, Booth No. BM-1-077,  
Chaengwattana Road, Laksi, Bangkok 10210  
Tel 0-2143-8412, 083-097-5033  
Fax 0-2143-8413  
[government@deves.co.th](mailto:government@deves.co.th)

## SCB Park Plaza

West Building, G/Floor, Room No. 2120,  
Rachadapisek Road, Chatuchak, Bangkok 10900  
Tel 0-2937-6056, 083-097-5034, 081-343-3010  
Fax 0-2937-6055  
[Scbstation@deves.co.th](mailto:Scbstation@deves.co.th)

## The Mall Ngamwongwan

2<sup>nd</sup> Floor, Ngamwongwan Road, Bangkhen,  
Muang, Nonthaburi 11000  
Tel 0-2550-0440, 083-097-5032  
Fax 0-2550-0441  
[Themall\\_ngam@deves.co.th](mailto:Themall_ngam@deves.co.th)

## The Paseo Mall [Lardkrabang]

Room K 136, 1<sup>st</sup> Floor, Lardkrabang Road,  
Lardkrabang, Bangkok 10520  
Tel 0-2346-4380, 088-002-8540  
Fax 0-2346-4382  
[Paseo@deves.co.th](mailto:Paseo@deves.co.th)

## SME Bank

SME Bank Building, U Floor, Room 14,  
Paholyothin Road, Samsennai, Phyathai, Bangkok 10400  
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[Sme@deves.co.th](mailto:Sme@deves.co.th)

## Seacon Bangkai

MKB/1-01, MKB/1-02, Level B, Petchkasem Road,  
Bangwa, Pasicharoen, Bangkok 10160  
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Fax 0-2458-2481  
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