



Pride in Protection



Annual Report 2019

THE DEVES INSURANCE PUBLIC COMPANY LIMITED

Entrance hall



Building 1

99 Deves Insurance Building, Ratchadamnoen Klang Avenue, Borwornnives, Bangkok 10200

Customer Centric

“Giving all our attention to and focusing on the needs of internal and external clients while always being ready to provide the best possible, unbiased service in ensuring customer satisfaction towards constructive benefits for all our customers and the organization”

Dignified

“Feeling honoured and proud to be a part of a reputable, well-established organization and thus vowing to work and conduct ourselves respectably with integrity, conscientiousness and a stand against all forms of corruption and be ready to fulfil our duty efficiently and transparently towards ourselves, the organization and all our customers”

Masterly

“Seeking to broaden skills, knowledge and expertise, being open to new ways and ideas so as to achieve mastery and be able to effectively share the know-how with others, and having unyielding devotion to work, with the ultimate aim of strengthening teamwork and enhancing corporate competitiveness”

Assuring

“Discharging our duties with honesty and transparency and firmly honouring our obligations to gain the trust and confidence of customers and promote the good image of Deves Insurance”



Pride in Protection



สำนักพระราชวัง

ตราตั้งฉบับนี้ให้ไว้แก่ บริษัท เทเวศประกันภัย จำกัด (มหาชน) เป็นสำคัญว่า
นายกรัฐมนตรีได้รับพระบรมราชโองการ ตั้งให้ บริษัท เทเวศประกันภัย จำกัด (มหาชน)
ผู้ดำเนินธุรกิจด้านการประกันภัย เป็นบริษัทในพระบาทสมเด็จพระเจ้าอยู่หัว ตั้งแต่บัดนี้
ของมีความเจริญสถาพร สืบไปชั่วกาลนานเทอญ.

วันที่ ๒๖ เมษายน พุทธศักราช ๒๕๔๗



His late Majesty the King's most gracious bestowal
of the Royal Warrant of Appointment upon
The Deves Insurance Public Company Limited is considered
the highest honour for the Company that shall always be preserved
by the Board of Directors and all executives and staff.

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Chairman's Statement

Dear Shareholder

The Deves Insurance Public Company Limited was granted by His Majesty King Bhumibol Adulyadej the Great the royal Garuda emblem, symbol of a Royal Warrant appointing the Company as provider of insurance services to His Majesty the King. Throughout more than 73 years of operations, the Company has gone from strength to strength. The Board of Directors and all members of the Management and the staff have been fully committed to operating by good governance principles with fairness, transparency and accountability and to fulfilling their duty and responsibility towards the country and society. This commitment has been demonstrated through our response to such economically destructive disasters as the 2004 tsunami and the 2011 massive floods when the Company, as an insurer of the risks, promptly settled claims for the damage in accordance with insurance and governance principles. We have thus earned the trust and confidence of our shareholders and all our business partners and customers. **Recognizing this specific distinction of Deves Insurance, the Board of Directors together with the Management and the staff pledge to always conduct the Company's business with good governance standards.**

The Thai economy expanded by approximately 2.5% in 2019 as a consequence of trade war and the persistently appreciating baht. Production for exports declined following global economic deceleration. The tourism business saw a slight contraction, consequently impacting employment, consumption and investment. During the second half of the year, a number of economic stimuli were implemented by the government. These include measures introduced to accommodate overseas entrepreneurs' move of manufacturing base which had been beneficial to private investment. Domestic consumption for the year increased at a slow pace. With positive growth factors, the non-life insurance sector took steps to raise industry capacity to ensure standards and responsiveness to changing innovations and, as a result, registered a 6.1% increase in gross premiums which totalled around Baht 245,450 million for 2019.

With regard to 2019 results, the Company reported Baht 4,950.51 million in gross premiums or a 7% rise over 2018. Net profit was down by 12% to Baht 227.64 million due to exceptional expenditure items ranging from political crisis related indemnity paid to a large client to the provisioning of retirement severance pay under the Labour Protection Act. Through managing and operating within good governance framework, we succeeded in building up our strength and in providing greater assurances for all our customers and business partners.

On corporate social responsibility (CSR), we maintained our focus on doing good and philanthropic deeds with a view to ensuring that the Company's engagement continued to meet the goal of bringing genuine benefit to society. We pursued the objective through such initiatives as social and community enrichment programme, education and youth development programme, with emphasis on Deves volunteering spirit and Doing Good for Nation-Religion-Monarch programmes.

On behalf of the Board of Directors, may I take this opportunity to express our sincere thanks to all our customers, business allies and partners for the continued vital role in supporting the business and for placing valuable trust in the Company. I would also like to thank the Management and the staff for always dedicating such talents and efforts to the fulfillment of corporate policies and good governance principles in achieving steady growth and success for the organization.

Air Chief Marshal



(Satitpong Sukvimol)

Chairman of the Board

The Deves Insurance Public Company Limited

Profile - History - Background - Milestones

Striding towards prosperity, Progressing towards glory



Your ever dependable and friendly insurer

Service-focused

Equitable

Socially responsible

Forward-looking



Pride in Protection

Customer Centric

Dignified

Masterly

Assuring

Logo of The Deves Insurance Public Company Limited in the early days of operations



1947 - 1996

Your ever dependable and friendly insurer

Service-focused

Equitable

Socially responsible

Forward-looking

New logo of The Deves Insurance Public Company Limited after rebranding



1997 - Present

“Deves Insurance - Pride in Protection”

Customer Centric

Dignified

Masterly

Assuring



Building 2

97 Deves Insurance Building, Ratchadamnoen-klang Avenue, Borwornnives, Phranakorn District, Bangkok 10200

Profile, History-Background and Milestones

Striding towards prosperity Progressing towards glory



Striding towards prosperity

Incorporation

Deves Insurance was founded after the Second World War in response to the then government's policy of having an insurance establishment underwrite the risk of loss of or damage to property and structures caused by fire and perils arising from the War. In 1946, the Crown Property Bureau (CPB), as an office under the "former" Finance Ministry with high liquidity to assume such risk, decided to help ease the government's burden of assisting the public and tenants and therefore held an **incorporation** meeting to establish Deves Insurance Company at the Finance Ministry's boardroom on **14 October 1946**.

Adoption of company name

The meeting adopted the name "**Deves**" as the auspicious name of the Company. This was because "**Deves**" meant supreme deva or deity and the Company's office was to be located in the Crown Property Bureau Building at No. 173, Ladawan Palace in the subdistrict called "**Dheves**". It was therefore deemed appropriate to use the name "**Deves**" and to adopt the English name "**Deves Insurance**". The office at Ladawan Palace was thus **considered the first place of business** of the Company.

Logo

The logo with the image of "**deity pouring water over fire**" was used as the official, legally binding seal of the Company.

Commencement of business

Deves Insurance commenced its insurance business on **17 January 1947**, which was **regarded as the Company's founding day**, with an initial registered capital of Baht 4.0 million comprising 40,000 shares at Baht 100 each. Within only **the first six months**, the operations showed satisfactory results with policyholders/the insured numbering 119, aggregate sum insured of Baht 4,529,800, premiums totalling Baht 71,944 and a profit of Baht 3,191.37. As the business looked set to be doing well, it was necessary to find a new office separate from the CPB Building. **The Company therefore had its first capital increase in 1967, i.e. from Baht 4.0 million to Baht 20.0 million.**

Our first home

The year 1972 was the 26th year that Deves Insurance had based its office at the CPB Building. With expansion prospects and the need to find a new office better suited to the business, the Company therefore had a new building of its own constructed next to the then CPB Club, using Deves' own funds as per the CPB's policy. The Company also paid rent to the CPB in the same way as general tenants. In 1975, we opened a **Marine Insurance Department** and this was followed by a **Miscellaneous Insurance Department** in 1978.

Our first home: The insurance underwriting that gained us reputation in the early stage was in 1980 when we insured boxers against accidents for three stadiums, i.e. Rajadamnern Boxing Stadium, Lumpinee Boxing Stadium and Channel 7 Boxing Stadium. We were the first insurer to provide insurance for boxers, and had the opportunity to receive such visitors to Deves office like the world champions Khaosai Galaxy and Chatchai Chiewnoi.

Our second home: 99 Deves Insurance Building 1

Thai Niyom-Phanfa Building was a five-storey sharp-edged building opposite Mahagan Fort and the Golden Mount, near the foot of Phanfa Bridge and a junction where nine roads met: Phra Sumen Road, Parinayok Road, Ratchadamnoen Nok Avenue, Nakhon Sawan Road, Larn Luang Road, Damrongrak Road, Boripat Road, Maha Chai Road, and Ratchadamnoen Klang Avenue.

Thai Niyom Building was originally intended to be used as the office of the Crown Property Bureau and was constructed at a cost of one million baht by Christiani & Nielsen as the general contractor. It was a grand, elegant building with spiral staircase and impressive dome. However, the building's original purpose was changed according to the then government's policy which required it to be used as the office of **Thai Niyom-Phanfa Company Limited**, a business set up to help reduce people's cost of living. The building was thus called "**Thai Niyom-Phanfa Building**". Later, Thai Niyom Company suffered a crisis and had to close down. It was during this time that Deves, having identified four possible sites for new office and in response to the CPB's policy for Deves to help cover rent and cost of painting Thai Niyom-Phanfa Building overdue since the Rattanakosin Celebrations, decided to take the building as its new office. In return, Deves paid a concession fee of Baht 5.7 million and gave its first home next to the Club to the CPB for their own use. The Company then had the building refurbished in preparation for the addition of motor underwriting to the business. The Company renamed the now even more imposing building "**Deves Insurance Building**", while **also advertising Deves company name** by decorating it with fairy lights on important occasions when buildings and streets around the area were illuminated. The name **Deves** soon attracted public attention through the images of the light-festooned Building 1 in the media. Deves moved into its new home on the auspicious day of **30 November 1987**, before **5 December 1987** when state ceremonies were held by the government to mark the special occasion of the 60th birthday anniversary of His Majesty King Rama IX.

The **Board of Directors** used the new office for its first meeting on 18 March 1988, with the Company's policy, principle and ideal of being **your ever dependable and friendly insurer** and the four corporate values of **service-focused, equitable, socially responsible, forward-looking** that guided Deves to growth, progress and stability. **Deves Building 1** was where Deves brand image was created and our relations with foreign clients, users/consumers and other relevant businesses were developed. We also had Heath Hudig Langeveldt or currently Aon, a large international insurance brokerage as our neighbour on the fourth floor.

1988: Deves was rated among the top-tier insurers for underwriting of construction and petrochemical risks as well as business of financial institutions and leading firms. The Company was also (and has been) the insurer of the **Royal Thai Army's** housing loan scheme. With a unique prominent new home conveying confidence to clients, **Deves Insurance entered a tender for the underwriting of twelve F-16 fighters of the Royal Air Force, competing twice with another three leading insurers. It represented a mark of achievement in the industry's history and the highest prestige for us when Deves won the tender and was further awarded contracts for insurance of two C-130 transport planes and Boeing 737/737-326 aircrafts - royal aircrafts of Her Royal Highness Princess Maha Chakri Sirindhorn (former royal title). The achievement led to exponential growth for the Company.**

1989: Deves opened a **motor insurance department**. A ten-for-one share split was implemented, increasing the number of shares from 200,000 to 2.0 million and changing par value from Baht 100 to Baht 10. It was part of the preparations for listing of the Company's shares on the Stock Exchange.

1990: It was the CPB's policy to expand the business in order for Deves to be a leading insurer ready to compete in bids and tenders for insurance contracts. The Company therefore applied to list part of its shares on the Stock Exchange with the aim of gaining stronger reputation and increasing stability, profitability and ability to deliver steady appropriate returns.

1991: The Company's capital was increased for **the third time by Baht 20.0 million to Baht 40.0 million** to accommodate expansion of insurance business. In **1994**, Deves became a public company and adopted the ISO 9001:2000 standard for human resource management and modern IT systems.

1995: The Company's capital was increased for **the fourth time, from Baht 40.0 million to Baht 120.0 million.** There was a complex, significant matter arising during the year: Deves refused to indemnify for damage in relation to a lost cargo ship under a marine insurance contract, and the judgement by the Supreme Court dismissed the lawsuit against Deves, meaning that the Company, as the defendant, **won the case.** This was all because Deves always adhered to the principles of integrity and fairness while meeting all contractual and statutory requirements, thus earning the trust and support from our overseas co-insurers.

On economy, there were fluctuations in the global economic environment. The country saw flow of investment, natural disasters, liberalization of the insurance industry and many newly licensed insurers entering the market.

1996: The impact from 1995 continued into this year, resulting in a stagnant economy, current account deficit, foreign currency shortage and downgrading of financial institutions' credit ratings. All of these would have an effect on 1997.

This year was the special year when the nation held celebrations and ceremonies to mark the **Golden Jubilee** of His late Majesty King Bhumibol Adulyadej the Great's accession to the throne on 9 June 1996. **Deves Insurance had a part in the building of the Royal Barge "Narai Song Suban - HM King Rama IX"** and attended a ceremony for the offering of the royal barge at the Rajakij Winitchai Royal Pavilion.



Progressing towards glory

97 Deves Insurance Building 2

1997: Deves Insurance Building 2 was set up for expansion of Motor Insurance Department.

1999: Deves was awarded ISO 9001:2000 certification by the accreditation body, RWTU.

2001: Losses from the World Trade Center attacks on 11 September 2001 impacted enormously on worldwide insurance business.

2004: On 26 April, a **Royal Warrant of Appointment was bestowed by HM the King upon** The Deves Insurance Public Company Limited. During the year, we underwent a rebranding exercise aimed at identifying the qualities of our corporate image in line with and appropriate to the new corporate strategies. Four brand attributes were defined: **Customer Centric, Dignified, Masterly and Assuring.**

These four attributes would help foster, among all Deves personnel, the spirit and commitment to delivering on the Company's brand promise of "Pride in Protection".

2005: The company logo was restyled, for external communication, with the Thai word "Deves" written in navy-blue script on yellow square background, on top of the English lettering "DEVES INSURANCE" set in blue rectangular background. The redesign was to achieve harmony with modern communication and increase the Company's visibility in the retail market.

2006: The Company applied to delist its shares from the stock market, as there had been no movement in trading. This was due to the fact that our investors treated their shares as inheritance shares and therefore never traded them. Since such practice was not consistent with the Stock Exchange's intention, Deves had to prepare for delisting so as to be able to announce proudly to society that **Deves Insurance was owned by the Crown Property Bureau.** The meeting of shareholders on 18 December 2006 passed a resolution to approve the delisting of Deves shares from the Stock Exchange.

2007: The CPB started making tender offers to buy shares back from other shareholders in order to apply for voluntary delisting.

2008: Approval was given for delisting from the Stock Exchange on 22 August. The non-life insurance sector slackened due to uncertainties in the global and Thai economics, coupled with domestic political strife and currency volatility.

2011: The Company's capital was increased for **the fifth time, from Baht 120.0 million to Baht 300.0 million.** The non-life insurance industry was hit by the disaster in Japan, the massive floods in the country and the European financial crisis. Our underwriting profit dropped, resulting in a loss of Baht 224.0 million.

2012: The Company's capital was increased for **the sixth time, from Baht 300.0 million to Baht 500.0 million,** so as to build up confidence and financial strength in ensuring greater underwriting capacity.

2013: This was the year when Company was faced with the challenges of internal and external economic slowdown, unending political conflicts, and the US' uncertain fiscal policy. However, we had taken steps to gear ourselves for the situation, e.g. developing staff capacity; enhancing information technology and products; adopting proactive approach to marketing; and focusing on viable and sustainable goals.

2014: Although the Thai economy was impacted by the expiration of the government's economic stimuli relating to agricultural policy and consumer goods,

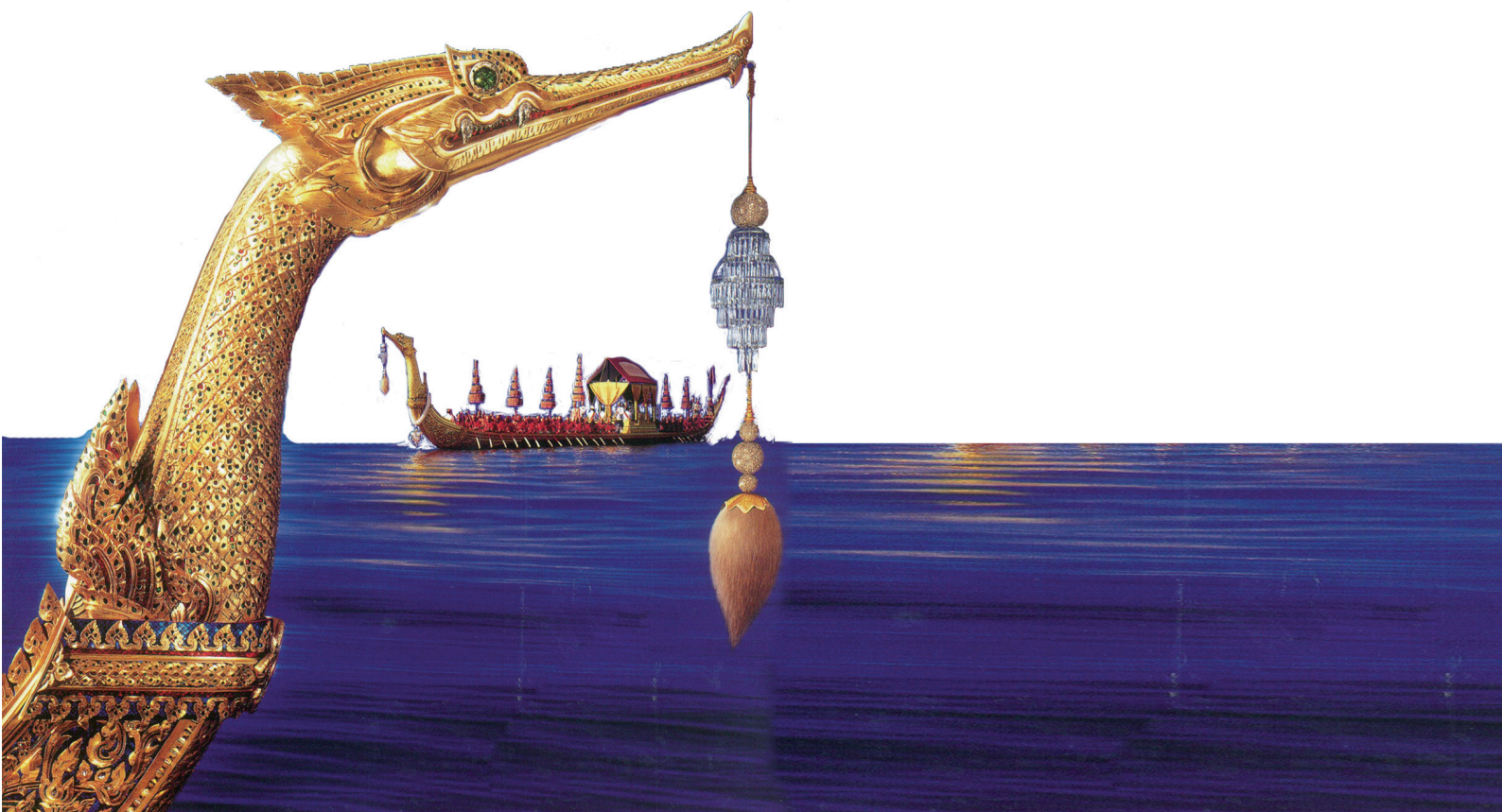
Deves had prepared itself from 2012 to 2013 and therefore recorded successful results for 2014 with four new branches opened to accommodate increased retail business.

2016: Amid aggressive competition in the non-life insurance market, the Company had to realign its strategies to ensure its stability as well as customer trust and confidence.

2017: The country's overall economy improved on 2016's performance, while the non-life insurance sector grew at a faster pace. The Company made a net profit of Baht 260.0 million, up on 2016 by 31.1%. We registered a 0.9% increase in premiums written, and had a capital adequacy ratio (CAR) that reflected our robust financial base. The Company also received, from the Office of Insurance Commission (OIC), an e-Claim Award 2016 for its outstanding electronic claims system. Furthermore, Deves had joined Thailand's Private Sector Collective Action Coalition against Corruption (CAC) to provide assurance that our business activities conformed with good governance principles and that we had an ethical duty to treat our customers, business partners, stakeholders and interested parties with fairness.

2018: Despite natural disasters, annual sales of private passenger cars were up exponentially, resulting in sustained growth in the non-life insurance business. The Company reported Baht 4,626.0 million in premiums written and a net profit of Baht 257.0 million.

2019: The national economy expanded at a slow rate due to trade war and decline in production and tourism. The stimulative measures introduced by the state were of benefit to private businesses and domestic consumption, thereby providing the drivers of growth for the non-life insurance industry.



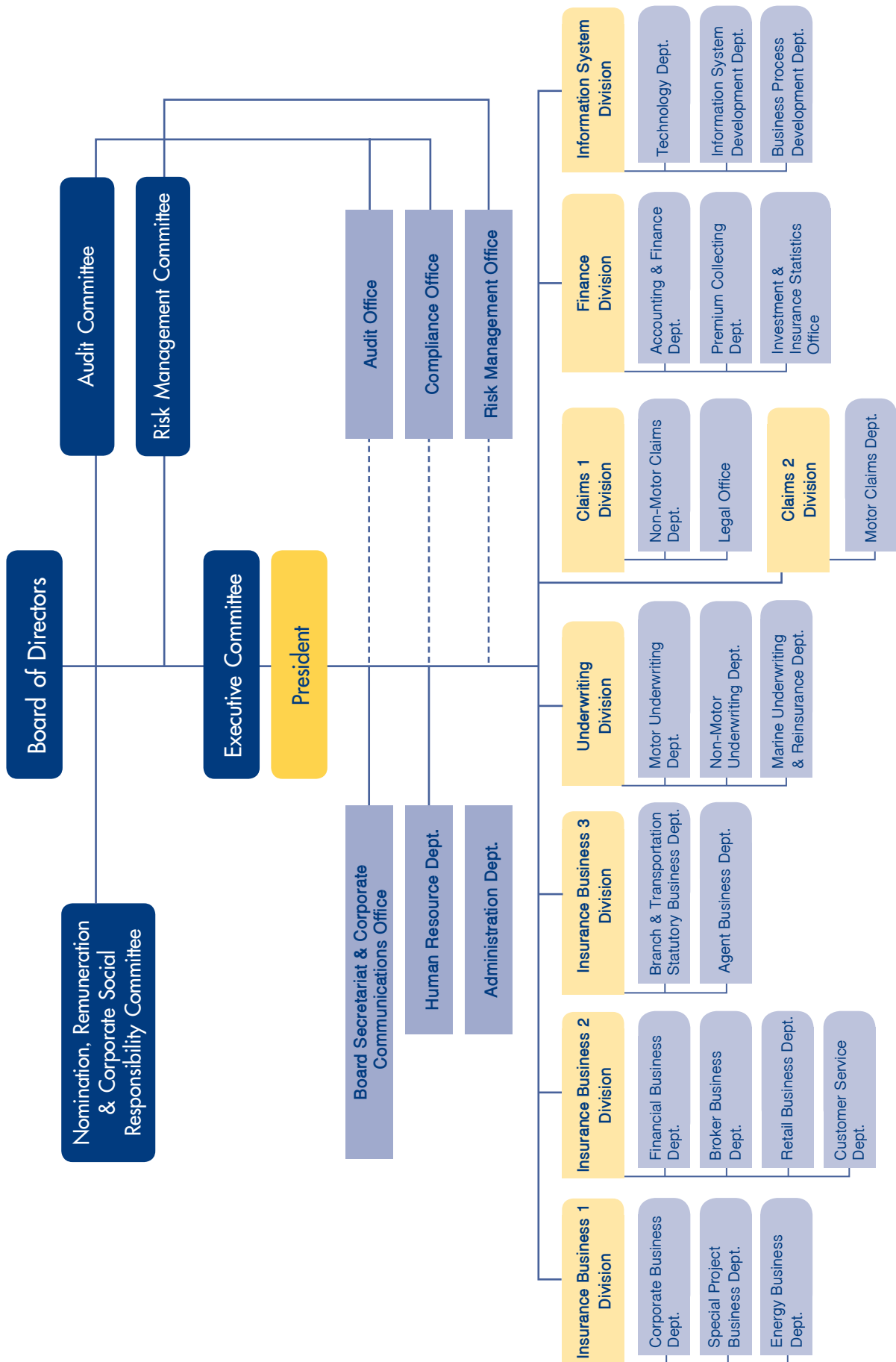


Structure of Shareholders

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

Name of Shareholders		Number of Shares	% of Shareholding
1.	His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua	49,341,264	98.68
2.	Other Shareholders	658,736	1.32
Total Issued Share Capital		50,000,000	100.00

The Deves Insurance Public Company Limited Organization Chart





Air Chief Marshal Satitpong Sukvimol

Chairman of the Board

Positions held / Experience:

- 2017-present
- Private Secretary to His Majesty King Maha Vajiralongkorn
 - Chairman of the Board, The Crown Property Bureau
 - Vice Chairman, Royal Project Foundation
 - Executive Vice Chairman, Rajaprajanugroh Foundation under Royal Patronage
- 2018-present
- Lord Chamberlain, Bureau of the Royal Household
 - Chief Courtier
 - Trustee of HM Private Property, HM Private Property Office
 - Director-General, The Crown Property Bureau
 - Chairman of the Board and Member of the Governance and Nomination Committee, Siam Cement Public Company Limited
 - Director and Member of the Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited
 - Chairman, Banbung Vejchakij Company Limited
 - Chairman, Sripthath Company Limited
 - Chairman, Sridharani Company Limited
 - Chairman, Siam Sindhorn Company Limited
 - Chairman, CPB Equity Company Limited
 - Chairman, Siam Bioscience Company Limited
 - Chairman, Apexcela Company Limited
 - Chairman, Doi Kham Company Limited
- Education
- Bachelor of Arts (Mass Communication), Chiang Mai University



Lieutenant Colonel Somchai Kanjanamanee

Vice Chairman

Positions held / Experience:

- 2017-present
 - Grand Chamberlain for Policy Administration and Operations, Bureau of the Royal Household
 - Director, The Crown Property Bureau
 - Vice Chairman, Royal Project Foundation
 - Executive Vice Chairman, Rajaprajanugroh Foundation under Royal Patronage
- 2018-present
 - Vice Chairman, Banbung Vejchakij Company Limited
 - Vice Chairman, Suvarnachad Company Limited
 - Chairman, Mongkhon Chaipattana Company Limited
 - Vice Chairman, Sriphath Company Limited
 - Vice Chairman, Sridharani Company Limited
 - Vice Chairman, Siam Sindhorn Company Limited
 - Vice Chairman, CPB Equity Company Limited
 - Vice Chairman, Siam Bioscience Company Limited
 - Vice Chairman, Apexcela Company Limited
- Education
 - Bachelor of Political Science, Chiang Mai University



Police Colonel Thumnithi Wanichthanom

Vice Chairman

Positions held / Experience:

- 2017-present
 - Director of the Office of the Privy Purse, Bureau of the Royal Household
 - Director, The Crown Property Bureau
 - Director, Royal Project Foundation
 - Executive Vice Chairman, Rajaprajanugroh Foundation under Royal Patronage
- 2018-present
 - Director, Siam Commercial Foundation
 - Director and Member of the Governance and Nomination Committee, Siam Cement Public Company Limited
 - Director and Member of the Corporate Social Responsibility Committee, The Siam Commercial Bank Public Company Limited
 - Chairman, Suvarnachad Company Limited
 - Vice Chairman, Banbung Vejchakij Company Limited
 - Vice Chairman, Mongkhon Chaipattana Company Limited
 - Vice Chairman, Sriphath Company Limited
 - Vice Chairman, Sridharani Company Limited
 - Vice Chairman, Siam Sindhorn Company Limited
 - Vice Chairman, CPB Equity Company Limited
 - Vice Chairman, Siam Bioscience Company Limited
 - Vice Chairman, Apexcela Company Limited
 - Vice Chairman, Doi Kham Company Limited
- Education
 - Master of Public Administration, Western Kentucky University, USA
 - Bachelor of Public Administration, Royal Police Cadet Academy



Air Marshal Pakdee Saeng-Xuto

Director

Positions held / Experience

- 2017-present
 - Assistant Private Secretary to His Majesty King Maha Vajiralongkorn
 - Deputy Director, Royal Secretarial Department
 - Director, The Crown Property Bureau
 - Director and Treasurer, Royal Project Foundation
 - Executive Director and Secretary-General, Rajapranugroh Foundation under Royal Patronage
- 2018-present
 - Executive Director and Secretary-General, Distance Learning Foundation
 - Director and Treasurer, The Foundation for The Crown Prince Hospitals
 - Director, Saha Cinema Company Limited
 - Vice Chairman, Suvarnachad Company Limited
 - Vice Chairman, Mongkhol Chaipattana Company Limited
 - Director, Siam Sindhorn Company Limited
 - Director, CPB Equity Company Limited
 - Director, Siam Bioscience Company Limited

- Education
 - Bachelor's Degree, Royal Thai Air Force Academy



Admiral Pavit Rujites

Director

Positions held / Experience

- 2017-present
 - Deputy Commander, Royal Security Command
 - Acting Commander, Royal Special Operations Office
 - Director, The Crown Property Bureau
 - Executive Vice Chairman, Rajapranugroh Foundation under Royal Patronage
- 2018-present
 - Director, Royal Project Foundation
 - Executive Director, Distance Learning Foundation
 - Executive Director, The Royal Endowment for Development Study Centers
 - Director, HM Queen Sirikit Park Foundation
 - Director, The Foundation for The Crown Prince Hospitals
 - Director, Siam Sindhorn Company Limited
 - Director, CPB Equity Company Limited
 - Director, Siam Bioscience Company Limited

- Education
 - Bachelor's Degree, Royal Thai Naval Academy



Mr Aviruth Wongbuddhapitak

Director

Chairman of the Executive Committee

Positions held / Experience

- 2010-2019 • Director, S&P Syndicate Public Company Limited
- 2003-2018 • Director, Thai Plastic and Chemicals Public Company Limited
- 2006-2015 • Director, Advance Info Service Public Company Limited

Education • Master of Business Administration, New York University, USA

Training from the Thai Institute of Directors

- Director Certification Program
- Role of the Compensation Committee



Mr Montri Mongkolswat

Director

Member of the Nomination, Remuneration and CSR Committee

Positions held / Experience

- 1995-2003 • Chairman of the Executive Committee,
The Deves Insurance Public Company Limited
- 1994-2002 • Assistant Director General, The Crown Property Bureau
- 1986-1992 • Managing Director, Doi Kham Food Products Company Limited
- Executive Chairman, Doi Kham Food Products Company Limited
- Chairman / Director, finance and securities companies and banks
- Chairman of the Audit Committee,
Aromatics (Thailand) Public Company Limited (of PTT Group)
- Director, Grand Hyatt Erawan Hotel / Hilton Hotel / JW Marriott Hotel /
Siam Intercontinental Hotel
- Member of the Audit Committee / Member of the Compensation Committee /
Member of the Corporate Governance and Nomination Committee,
Banpu Public Company Limited
- Stadium Manager and Director, Rajadamnern Boxing Stadium
- 2002 • Adviser to the Senate's Subcommittee on the Assessment and
Monitoring of Tax Restructuring and Evasion
- 2001 • Adviser to the Senate's Finance and Banking Commission
- 2000 • Specialist / Member of the Senate's Commission on Finance,
Banking and Financial Institutions
- Education • Bachelor of Commerce and Accountancy, Thammasat University
- Diploma, National Defence College Joint Public-Private Course (Class 355)
- Certified Public Accountant Number 2004

Training from the Thai Institute of Directors

- Chairman 2000 Program (Class 3)



Mr Sak Euarchukiati

Independent Director

Chairman of the Audit Committee

Positions held / Experience

- 2007-2012 • Independent Director, Member of the Nomination and Remuneration Committee, and Member of the Audit Committee, Thoresen Thai Agencies Public Company Limited
- 1990-2012 • Director, and Member of the Remuneration Committee, Thai Plastic and Chemicals Public Company Limited
- 2005-2007 • Director of Compliance, GE Money
- 2003-2004 • Member of the Board and Manager, The Institute of Internal Auditors of Thailand
- 2000-2003 • Chief Operating Officer, Alpha Capital Company Limited (of GE Commercial Finance Group)
- 1975-1999 • Management of IT and treasury operations, Bank of Asia
- Education • Bachelor of Science (Management Science), Colorado State University, USA

Training from the Thai Institute of Directors

- Director Accreditation Program



Mr Virasak Tokakuna

Independent Director

Member of the Nomination, Remuneration and CSR Committee

Positions held / Experience

- 2003-2004 • Head of Business Promotion Department, The Crown Property Bureau
- Education • Master of Business Administration, Long Island University, USA

Training from the Thai Institute of Directors

- Director Certification Program



Mr Na Bhengbhasang Krishnamra

Independent Director

Member of the Audit Committee

Positions held / Experience

- 1993-present • Chairman of the Executive Board,
The Cambodian Commercial Bank Company Limited
- 2006-present • Vice President,
Siam Administrative Management and Security Guards Company Limited

- Education • Master of Engineering – Mechanical, University of Pennsylvania, USA
- Diploma, National Defence College Joint Public-Private Course
(Class 4212)

Training from the Thai Institute of Directors

- Director Certification Program



Dr Charnchai Musignisarkorn

Independent Director

Member of the Nomination, Remuneration and CSR Committee

Positions held / Experience

- 2002-present • Member of the Board of Trustees,
Fiscal Policy Research Institute Foundation
- 2005-2009 • Vice Chairman, and Chairman of the Executive Committee,
ACL Bank Public Company Limited

- Education • Ph.D. (Agricultural Economics), Kyoto University, Japan

Training from the Thai Institute of Directors

- Director Certification Program
- Director Accreditation Program



Mrs Phansopit Likitthammanit

Independent Director

Member of the Audit Committee

Positions held / Experience

- 1999-July 2019 • Accountant, The SUPPORT Foundation of Her Majesty
Queen Sirikit of Thailand

- 1974-1998 • Internal Auditor, Bank of Asia

- Education • Bachelor of Accountancy (Second - Class Honoured),
Chulalongkorn University

Training from the Thai Institute of Directors

- Director Certification Program



Miss Supaporn Treesaen

Director

Positions held / Experience

- 2018-present • Deputy Director-General of Crown Property Bureau
- 2015-2018 • Assistant Director General of Crown Property Bureau
- 2013-2015 • Senior Head, Corporate Communications Department
- 2010-2013 • Senior Head, Business Promotion Department
- 2005-2010 • Head, Business Promotion Department
- 2005 • Senior Chief, Customer Relations Division, Business Promotion Department
- 2000-2004 • Chief, Customer Relations Division, Business Promotion Department
- 1989-1992 • Analyst, Investment Analysis Section, Investment Analysis Division
- 1988-1989 • Accountant, Audit Section, Investment Analysis Division

The Crown Property Bureau

- Education • Master of Development Administration,
National Institute of Development Administration



Mr Chatchai Chinvetkitvanit

President

Executive Director

Positions held / Experience

- 2012-present • President, The Deves Insurance Public Company Limited
- July 2013-present • Director, Road Accident Victims Protection Company Limited
- 2015-present • Executive Director, The Insurance Premium Rating Bureau
- 2016-present • Director, Thai Insurers Datanet Company Limited
- April 2019-present • Executive Director, Chairman of the Accident and Health Insurance Committee
Thai General Insurance Association

- Education • Master of Insurance, Georgia State University, USA
• Columbia University, Graduate School of Business
• SCG Executive Development Program IV
• Advance Insurance Institute, Office of Insurance Commission (All 1)
• Top Executive Program in Commerce and Trade (TEPCoT9)
• National Defence College of Thailand (NDC), Class 60

Training from the Thai Institute of Directors

- Director Certification Program



Miss Wilairat Tiwawong

Secretary to the Board of Directors
Secretary to the Executive Committee



Mrs Nichapat Pavaluksanawat

Secretary to the Audit Committee



Mrs Navarat Teekhasaenee

Secretary to the Nomination,
Remuneration and CSR Committee



CORPORATE FUNCTIONS

Mr Chatchai Chinvetkitvanit

President

Mrs Nichapat Pavaluksanawat

Vice President : Audit Office

Mrs Navarat Teekhasaenee

Vice President : Human Resources Department

Mr Sakchai Sakdarat

Vice President : Administration Department

Mr Noppadol J.Jitcharoenchai

Vice President : Risk Management Office

Mr Siriphot Orbaiyokvijit

Assistant Vice President : Compliance Office

Miss Wilairat Tiwawong

Manager : Board Secretariat & Corporate Communication Office



INSURANCE BUSINESS 1 DIVISION

Mrs Chutatip Sirimajan

Executive Vice President : Insurance Business 1 Division

Miss Warakan Suwanward

Vice President : Corporate Business Department and Acting Vice President : Energy Business Department

Miss Suthinun Julajerm

Assistant Vice President : Corporate Business Department

Miss Aimorn Thanyacharoen

Assistant Vice President : Special Project 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

Mr Pa-obtien Mongkolsri

Vice President : Financial Business Department

Mr Therdsak Pungvichar

Assistant Vice President : Financial Business Department

Mr Paitoon Traisathidworn

Vice President : Broker Business Department

Mr Pongsathorn Thananurakwong

Vice President : Retail Business Department

Mr Utain Srisai

Assistant Vice President : Customer Service Department



INSURANCE BUSINESS 3 DIVISION

Mr Sombat Tanjaturon

Executive Vice President : Insurance Business 3 Division

Miss Kanyakorn Thiraprapa	Assistant Vice President : Branch & Transportation Statutory Business Department
Mr Somchai Suernak	Regional Manager - Southern & Northeast Area : Branch & Transportation Statutory Business Department
Miss Orawan Yutsapremanon	Assistant Vice President : Branch & Transportation Statutory Business Department
Mrs Pussadee Sangkhat	Assistant Vice President : Branch & Transportation Statutory Business Department
Mrs Natchawan Aramdee	Assistant Vice President : Agent Business Department



UNDERWRITING DIVISION

Mrs Aem-orn Jirasaowaphark

Executive Vice President : Underwriting Division

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 Jutatip Jivaramonaiikul	Assistant Vice President : Non-Motor Underwriting Department
Mrs Sirinuch Nilparisut	Vice President : Marine Underwriting and Reinsurance Department
Miss Jarunya Prapakas	Assistant Vice President : Marine Underwriting and Reinsurance Department
Miss Chanunya Mahuntrakool	Assistant Vice President : Marine Underwriting and Reinsurance Department



CLAIMS 1 DIVISION

Mr Ariya Jakranurak

Acting Executive Vice President : Claims 1 Division

Mr Pramote Sawangchaeng	Vice President : Non-Motor Claims Department
Mr Maiyatat Rittichai	Assistant Vice President : Non-Motor Claims Department
Mrs Siriporn Chankaew	Assistant Vice President : Legal Office



CLAIMS 2 DIVISION

Mr Ariya Jakranurak

Executive Vice President : Claims 2 Division

Mr Somchit Rungruengchotsakul	Vice President : Motor Claims Department
Mr Amornchart Siripattananuntakul	Assistant Vice President : Motor Claims Department
Mr Palipon Kerdswang	Assistant Vice President : Motor Claims Department
Mrs Srwi Thongsook	Assistant Vice President : Motor Claims 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 & Insurance Statistics Office
Mrs Ruemolrat Putichaisiri	Assistant Vice President : Accounting & Finance Department
Miss Nutthanicha Assavanon	Assistant Vice President : Accounting & Finance Department
Miss Parinsaya Namkul	Vice President : Premium Collecting Department
Mr Pipop Vongsarojchana	Assistant Vice President : Premium Collecting Department



INFORMATION SYSTEM DIVISION

Miss Chanthat Tongcharoen

Executive Vice President : Information System Division

Miss Chanthat Tongcharoen	Acting Vice President : Business Process Development Department
Mr Surasee Puntien	Assistant Vice President : Technology Department
Mr Chanon Thepthai	Assistant Vice President : Information System Development Department

Report of the Nomination, Remuneration and CSR Committee

The Deves Insurance Public Company Limited has always conducted its business in conformity with the principles of good governance and internal controls. Thus, in 2003, the Board of Directors resolved to establish a Remuneration Committee, as a new committee of the Board, to be responsible for determining and ensuring fair, appropriate basis and structure of remuneration and benefits for Directors and Board committees. In 2005, the Board agreed to extend the scope of the Committee's responsibility to include the function of selecting and nominating suitably qualified persons as directors and president, and that the Committee be renamed the "Nomination and Remuneration Committee". In 2010, it was resolved by the Board that the Nomination and Remuneration Committee be assigned the additional role of social responsibility committee. The function involves: setting policies, plans and budgets for all of the Company's corporate social responsibility (CSR) programmes; monitoring progress of implementation and evaluating outcomes to ensure maximum benefit to society at large; and reporting results to the Board. In 2019, the Board resolved that the Committee be called the "**Nomination, Remuneration and CSR Committee**" to properly reflect the added CSR role.

During 2019, the Nomination, Remuneration and CSR Committee held a total of six meetings to consider matters within the scope of its responsibility 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 2019:

The Committee drew up its proposal to recommend that all five Directors due to retire by rotation, as listed, be re-appointed to the Board. The recommendation was made in accordance with the provisions of the Public Limited Companies Act, the guidelines of the Ministry of Commerce's Department of Business Development and the Office of Insurance Commission's notifications. The Committee's proposal was endorsed by the meeting of the Board and consequently approved by the 2019 Annual General Meeting.

The five Directors who retired by rotation in 2019 and were re-appointed to the Board were as follows:

- | | |
|--------------------------------|---------------------------------|
| 1. Mr Sansern Wongcha-um | 2. Mr Aviruth Wongbuddhapitak |
| 3. Mr Montri Mongkolswat | 4. Mrs Phansopit Likitthammanit |
| 5. Mr Charnchai Musignisarkorn | |

However, Mr Sansern Wongcha-um expressed his wish not to be re-elected as Director with effect from the 2019 Annual General Meeting.

2. Considering and nominating suitably qualified persons for vacant directorships:

The Board resolved, at its meeting no. 1/2019 held on 22 February 2019, to appoint Mr Montri Mongkolswat to fill the vacant chairmanship of the Nomination, Remuneration and CSR Committee with effect from the 2019 Annual General Meeting.

The Nomination, Remuneration and CSR Committee proposed at the meeting of the Board no. 4/2019 on 28 November 2019 that, in light of the passing of Mr Sompoch Intranukul - Chairman of the Audit Committee and member of the Nomination, Remuneration and CSR Committee and in ensuring efficient and uninterrupted function of both committees,

1. Mr Sak Euarchukiati be appointed as Chairman of the Audit Committee, and
2. Mr Na Bhengbhasang Krishnamra be appointed as Member of the Audit Committee

It was also proposed that Mr Virasak Tokakuna stand down as Member of the Audit Committee to serve as Member of the Nomination, Remuneration and CSR Committee.

Hence, the Audit Committee shall be composed of three Independent Directors, namely:

- | | |
|----------------------------------|--------------------|
| 1. Mr Sak Euarchukiati | Committee Chairman |
| 2. Mr Na Bhengbhasang Krishnamra | Committee Member |
| 3. Mrs Phansopit Likitthammanit | Committee Member |

The Nomination, Remuneration and CSR Committee shall consist of three Independent Directors, namely:

- | | |
|--------------------------------|--------------------|
| 1. Mr Montri Mongkolswat | Committee Chairman |
| 2. Dr Charnchai Musignisarkorn | Committee Member |
| 3. Mr Virasak Tokakuna | Committee Member |

The Board of Directors resolved to approve the proposed changes to both committees to be effective from 28 November 2019.

3. Reviewing the tenure of Board committees:

Subsequent to the 2019 general meeting, the Nomination, Remuneration and CSR 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, Remuneration and CSR 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

Having considered the appropriateness and scope of responsibility as well as the Company's results, the Nomination, Remuneration and CSR Committee recommended that annual bonus on 2018 results be adjusted up to take account of all Directors' thorough fulfilment of the obligations and requirements additionally imposed by the notifications of the Office of Insurance Commission (OIC). The 2019 Annual General Meeting held on 2 April 2019 therefore resolved to approve the proposed adjustment to the basis of annual bonus, i.e. each member of the Board to be paid Baht 350,000 and the Chairman of the Board to be paid 1.5 times the rate for Board member and that such annual bonus be payable to the Directors on the date of the annual general meeting. The Committee also proposed that the monthly and per-meeting stipends be paid at the same rates as approved by the 2016 Annual General Meeting on 21 April 2016 and that the rates remain in effect until otherwise resolved by a general meeting.

Corporate Social Responsibility (CSR)

The Deves Insurance Public Company Limited was established on 17 January 1947 in accordance with the government's policy that intended the Company to serve as an insurance institution assuming risks and losses from fires, perils or property of the public and to **lay down a broad principle of contributing to the general public in other ways**. Deves Insurance has since pursued such policy with public-spiritedness and firm intention to create genuine and continuing benefit for society and has therefore collaborated with state agencies, the private sector, foundations, schools, society and communities in running various programmes and activities which have been a source of pride to the organization.

The Nomination, Remuneration and CSR Committee has formulated, in line with the Company's key policy, a corporate social responsibility (CSR) policy that seeks to deliver sustainable and balanced development. It gives priority to developing quality, efficient, right-minded, disciplined and knowledgeable individuals, and to improving the environment to ensure better living conditions as well as promoting creativity, simple originality, application of natural means and community participation. Our CSR efforts focus on the neighbourhood of Ratchadamnoen Avenue and Rattanakosin Island, the communities surrounding the Company's head office and the communities within Phra Nakhon District. The Company's CSR approaches are categorized into five core areas: (1) social and community enrichment - "Clean, Safe Communities Are Deves' Delights"; (2) children and youth development - "Smiles for Us"; (3) education - "Deves Solitude"; (4) volunteering spirit - "Let Us be the Giver"; and (5) moral promotion - "Moral Schools under Bangkok Metropolitan Administration".

The initiatives which have been successfully implemented are the **"Moral Schools under Bangkok Metropolitan Administration"** Project and the **"Wastewater Treatment and Grease Traps"** Project.

The successful “Moral Schools under Bangkok Metropolitan Administration” Project has been funded by the Crown Property Bureau in cooperation with The Deves Insurance Public Company Limited. Providing a success model, the Project has drawn on the styles and experience of expert trainers from the Foundation of Virtuous Youth in conducting workshops for administrators, teachers, pupils, parents, school boards and communities by adopting the four royal ideals of education bestowed by His late Majesty King Bhumibol Adulyadej the Great in 2012, as follows:

1st 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, e.g. first place in class. Kids should be taught to compete with themselves instead.”

2nd 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.”

3rd 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.”

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



Implemented over seven years from 2014 to 2019, the “Moral Schools under Bangkok Metropolitan Administration” Project encompassed organization of process-based activities which promoted involvement of all concerned, i.e. school administrators, instructors, learners, parent networks and community leaders of 11 schools. Wat Tri Thotsathep School was the model school at the core of the Project which was gradually extended to another 10 schools, i.e. Wat Rajabopit School, Wat Mahannapharam School, Wat Mahathad School, Wat Phra Chetuphon School, Wat Suthat School, Wat Ratburana School, Wat Makutkasattriyaram School, Wat Mai Amataros School, Wat Intharawihan

School and Wat Rajanadda School. All 11 schools had a common goal of developing themselves into “Moral Schools under Bangkok Metropolitan Administration” and have shown tangible results. A study visit to Chiangmai Tzuchi School was organized for administrators and teacher leaders of all 11 schools to observe the School’s work and approach so as to adopt them as guidelines for instilling, into the students of all 11 schools, ideal virtuous behaviours and qualities upholding the moral principle of “growing up incorruptible”. The Project has achieved all the established objectives and has since provided a model moral school for observation and study by many other agencies as well as other 426 schools under Bangkok Metropolitan Administration. Taking pride in the success, The Deves Insurance Public Company Limited has handed over the Moral Schools under Bangkok Metropolitan Administration Project to Phra Nakhon District Office for further development since 19 March 2019.

Another successful project has been the “installation of grease traps”.

Grease trap installation under the Unity for Water Reclamation Project is a pilot undertaking in Phra Nakhon District which involves the installation of greast traps for households and shops/stalls by the Banglampoo, Wat Parinayok and Khlong Lort



Wat Ratchabophit canals and in Nanglerng Market. Aimed at raising waterway protection awareness among communities, the Project has been implemented in collaboration with Phra Nakhon District Office, Siam Sanitary Ware Industry Company Limited (Cotto) and Mahidol University’s Faculty of Engineering. Up to now, a total of 142 grease traps have been installed for 98 households and 44 shops/stalls. Progress has been evaluated and monitored while activities have been carried out to encourage wider adoption of such wastewater treatment practices.

In 2019, with our CSR focus being shifted more towards volunteering spirit programmes, we adopted the “Royal Volunteering Spirit (904 VorPorRor) Project” under the Royal Initiative of His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua as guidelines for implementing our CSR work and for promoting staff involvement. In this regard, a meeting was held to communicate our programme implementation approach to all personnel across the organization. There was coordination to arrange for staff to register as volunteers of the Royal Volunteering Spirit (904 VorPorRor) Project. A ceremony was also held where staff received royally bestowed caps and neckerchiefs before HM the King’s portrait, for their use in furthering His Majesty’s Royal Intention of contributing to good causes under the “Deves Volunteers Uniting for Public Causes” Project.



A total of 412 staff members registered under the Royal Volunteering Spirit (904 VorPorRor) “We Do Good from the Heart” project attended a ceremony to receive volunteer caps and neckerchiefs graciously bestowed by HM the King.

The CSR activities of Deves Insurance during 2019 were made up of core programmes and existing ongoing programmes, as follows.

1. Core programmes were those based on corporate policy such as volunteering spirit projects, “Deves Volunteers Uniting for Public Causes” activities and “Let Us be the Giver” volunteering spirit activities. These also include two special projects started in 2020, e.g. “Traffic Volunteers” and “Clearer Water through Microorganisms”.
2. Existing ongoing programmes were projects and activities in the areas of social and community enrichment, Phra Nakhon community youth development, and special needs children development.

Core programmes - Volunteering spirit projects

The “Deves Volunteers Uniting for Public Causes” activities are organized at least once a month in cooperation with the public and private sectors and other organizations such as Friends in Need (of “PA”) Volunteers Foundation, Thai Red Cross Society, Royal Thai Army, Office of the Prime Minister, schools and communities in Phra Nakhon District. During the reporting year, a total of 16 activities were carried out with 4,118 participants and among these were 785 members of Deves volunteer-spirited workforce. The strong participation has demonstrated the unity, solidarity, devotion, public-spiritedness and altruism of our people. The efforts have also led to the development of a “Traffic Volunteers” project which has implemented a number of training activities including training on CPR life-saving first aid, use of automated external defibrillator (AED), traffic law and regulations, traffic signalization, etc. The training sessions were conducted by expert trainers from the Royal Volunteering Spirit (904 VorPorRor) Administration Center, the Royal Thai Police Strategy Office, the Traffic Police, the Metropolitan Police Bureau and a team of physician, nurse and paramedics from the Narenthorn EMS Center of Rajavithi Hospital.



The Opening ceremony of Royal Volunteering Spirit Programme
Traffic Volunteers and Basic CPR First Aid Qualification Training Course
18 - 19 January 2020, Prince Ballroom 1, Prince Palace Hotel



Traffic volunteers and basic CPR first aid training course conducted by Royal Volunteering Spirit (904 VorPorRor) Administration Center with Royal Thai Police Strategy Office and Metropolitan Police Bureau (Traffic Police)



Basic Life Support and AED Training by a team of physician, nurse and paramedics from Narenthorn EMS Center, Rajavithi Hospital



Deves Insurance volunteers came together to clean the area surrounding the Company (Ratchadamnoen Klang Avenue and Phra Sumen Road) in preparation for the Royal Coronation Ceremony



Deves Insurance volunteers joined together to clean the area surrounding the Company (Ratchadamnoen Klang Avenue and Phra Sumen Road) after the Royal Coronation Ceremony



Deves Insurance volunteers teamed up to clean the area around Wat Suthat and nearby traffic islands.



Deves volunteers helped load royal relief packages for distribution to flood-affected victims.



Deves volunteers joined together to clean Wat Indharaviharn compound.

“Deves Volunteers Uniting for Public Causes” Activities in 2019

- | | |
|---|--|
| <ul style="list-style-type: none"> • 1st activity King Rama I Memorial (Phra Phuttayotfa Bridge) • 2nd activity Wat Mai Amataros • 3rd activity Prior to Royal Coronation Ceremony Area surrounding the Company (Ratchadamnoen Klang Avenue and Phra Sumen Road) • 4th activity After Royal Coronation Ceremony Area surrounding the Company (Ratchadamnoen Klang Avenue and Phra Sumen Road) • 5th activity Wat Makutkasattriyaram • 6th activity Wat Tri Thotsathep Canal • 7th activity Na Song Canal, Din Daeng District • 8th activity Wat Indharaviharn | <ul style="list-style-type: none"> • 9th activity Loading royal relief packages for distribution to flood-affected victims • 10th activity Wat Ratburana Ratchaworawihan • 11th activity Parinayok Canal • 12th activity Improving and cleaning the landscape around Santichaiprakarn Park section of Chao Phraya River embankment • 13th activity Phra Sawasdi Canal • 14th activity Wat Sungwej Canal • 15th activity Wat Sam Phraya Worawihan • 16th activity Wat Rajanaddaram Woravihara |
|---|--|



1st activity



2nd activity



3rd activity



4th activity



5th activity



6th activity



7th activity



8th activity



9th activity



10th activity



11th activity



12th activity



13th activity



14th activity



15th activity



16th activity

Volunteering spirit - “Let Us be the Giver”

Blood donation is another project which has seen active participation by Deves personnel for over 13 years, from 2007 to 2019. More than 2,500 members of our workforce take turns to donate blood to the Thai Red Cross Society quarterly and have so far given over 1 million cc of blood altogether. Some of us have also signed up as donors of stem cells and single-donor plasma.



Existing ongoing programmes consist of the following three projects:

1. Social and community enrichment:
 - “Unity for Water Reclamation” activity
 - “From Waste to Worth” activity
 - “Phra Nakhon District’s Safety-Health Promotion and Sustainable Development” activities:
 - Safety promotion – supply of items necessary for authorities’ work
 - Health promotion – “Deves Insurance Nurturing Love & Cheer for the Elderly”
 - Sustainable development “With Unity Comes Achievement”
2. Phra Nakhon community youth development
 - “Volunteer-Minded Youth Leaders” activities
3. Special needs children development
 - “Aqua therapy” activities
 - “Equestrian therapy” activities

Social and community enrichment :

Deves Insurance recognizes the need to protect the environment, especially over Phra Nakhon District – an old-town heritage area with cultural and historical attractions. We are also aware that the addressing and prioritizing of communities’ social, environmental and hygiene issues require cooperation from all concerned as well as serious, continuing action. Deves Insurance has therefore played a major role in supporting local authorities, the public sector, private organizations and community members to protect and improve the District’s environment and create pleasant living conditions.

“Unity for Water Reclamation” activity

- A “Beautiful Canals – Clear Water” walk by Wat Parinayok Canal and along Baan Phantom Alley to campaign for protection of waterways in Phra Nakhon District.



“From Waste to Worth” activity

- The “7am Litter Pick Brightens up Phra Nakhon” exercise engaged pupils in cleaning public spaces with the aim of inculcating a sense of maintaining cleanliness among the youngsters.



“Phra Nakhon District’s Safety-Health Promotion and Sustainable Development” activities

Safety promotion: We furnished supplies and items necessary for officials’ work and communities such as necessities for southern border military personnel and reflective raincoats for the safety of outdoor workers.



Deves Insurance executives presented necessities for southern border military personnel, as part of “Deves’ Thoughts to Our Southern Border Guards” project in its fifth year.



The executives of Deves Insurance presented reflective raincoats to Phra Nakhon District Office and Nang Loeng Metropolitan Police Station.

Health promotion: As part of our “Deves Insurance Nurturing Love & Cheer for the Elderly” initiative, we paid visits and provided basic necessities to bedridden seniors in Phra Nakhon communities, and organized a training session on “Elderly Mental Wellbeing and Welfare” for elders in Phra Nakhon District.



Sustainable development: Our “With Unity Comes Achievement” programme organizes four livelihood workshops each year, particularly on handicraft training. We also support the craft products of community members and students by displaying them for sale at our offices and by procuring the products for use as company gifts and souvenirs for clients.



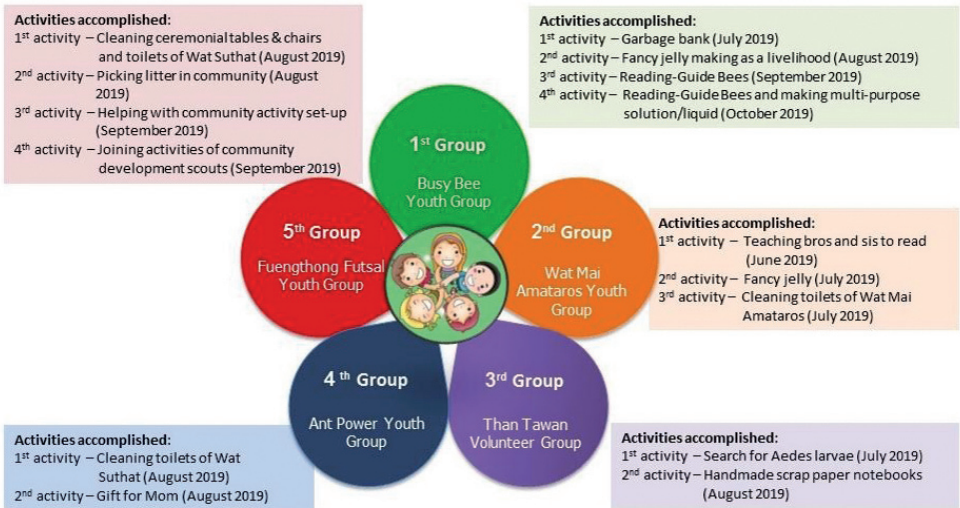
Corrugated paper hat making



Products of communities and schools

Phra Nakhon community youth development

The “Volunteer-Minded Youth Leaders” development project is made up of 1. Busy Bee Youth Group; 2. Wat Mai Amataros Youth Group; 3. Than Tawan Volunteer Group; 4. Ant Power Youth Group; and 5. Fuengthong Futsal Youth Group. Deves Insurance has provided support for the weekend activities carried out in the communities by each group, i.e. the “Reading-Guide Bees” activity of teaching smaller kids to read and revise, the “Search for Aedes Larvae” activity of looking for and destroying breeding places of dengue causing mosquitoes, the “Keeping Temples and Canal-side Clean” activity, and other activities of helping out in the communities.



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 to be more disciplined, responsible for themselves and empathetic towards others. 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.



“Volunteer-Minded Youth” Workshop



Volunteer-minded youngsters putting their spare time to good use

Special needs children development

Deves Insurance attaches importance to human capital development which requires ongoing and unrelenting efforts, particularly among children with special needs. A “Smiles for Us” project was therefore launched in 2010 for the development of pupils of Wat Mahathad School’s special education class. The project employed “aqua therapy” and “equestrian therapy” in its early stages and has continuously improved and expanded its implementation methods where appropriate. These include the “Deves Insurance Taking Little Bros on Learning Tour” activities and training for teachers and parents of special class pupils, which are all aimed at creating as many opportunities as possible for these children to develop and prepare themselves so as to be self-dependent and be able to live with others in society.

The classroom learning and external activities organized by Deves Insurance have resulted in the children’s significantly improved physical, mental and emotional development. They have been able to communicate with and adjust themselves better to the surrounding society, and have become satisfactorily less dependent on those around them in their daily life.



Equestrian therapy, in its 10th year, is a way to treat disorders/difficulties of special class pupils of Wat Mahathad School and Wat Ratchabophit School by using horses as the instrument for helping the children to learn to concentrate, balance themselves on horseback and move different parts of their body.



Aqua therapy, in its 9th year, aims to improve physical development of special class pupils of Wat Mahathad School and Wat Ratchabophit School by using the properties of water and the technique of balance and movement exercises in water as therapeutic mediums.

Regional CSR Programmes

The President is responsible for managing the Company's regional CSR programmes in line with the Board's policy by collaborating with state agencies and local communities in CSR efforts as a way to forge closer relationships with communities. There has been more cooperation from other units / departments, especially from agents, brokers and other relevant organizations which have shown greater interest in joining regional branches in implementing the programmes. Such regional activities have also been publicized in the local media, thereby helping to enhance the Company's reputation.

Our regional CSR projects during 2019 included:

- **Safety promotion projects:** Regional branches provided agencies/authorities with safety gear and devices, i.e. rubber cones (pylons), reflective vests and raincoats, first-aid cases, marquees, pedestrian crossing flags, and emergency number stickers.
- **Children and youth development projects:** Regional branches provided support to local organizations in regard to development of and living skills training for children with special needs through aqua therapy, distribution of school supplies to pupils/students, and support for children's day and teachers' day activities.

The Deves Insurance Public Company Limited is a non-life insurer that has long gained the trust of corporate and individual customers, partners and alliances, business organizations, financial institutions, as well as non-life insurance brokerage firms and agents. With more than 73 years of operations, we are committed to developing products and enhancing service quality to keep pace with changing conditions and to delivering the best experience for our customers and business partners.

2019 Review of Thailand's Economy and Non-Life Insurance Industry

As the country has entered the age of digital society and economy, the insurance industry has obviously had to be prepared for the constantly changing technology. The Office of Insurance Commission (OIC), as the insurance regulator, has therefore collaborated with the industry in setting up an Insurance Regulatory Sandbox as a powerful force for driving the insurance sector to enhance information technology in response to changing social contexts. Various forms of products have been developed to meet emerging needs, such as insurance products for ageing society, micro insurance, health insurance policies, crop insurance policies, obligatory accident insurance products and tourist accident insurance. A Regulatory Reform or Regulatory Guillotine has also been introduced to increase industrywide capacity. On capital adequacy, Phase II Risk-Based Capital Framework has been developed, while Own Risk and Solvency Assessment has been carried out. In tune with the industry's direction, the Company has participated in all such projects in the contexts defined by state rules and regulations in developing insurance services for the benefit and confidence of all customers under the slogan of "Deves Insurance - Pride in Protection".

Deves Insurance remained committed to raising its service excellence and to improving its customer relationship management (CRM) for motor claims and service provision. We continued to promote the use of technologies to provide our customers with additional channels of communication with us such as LINE and official Facebook page. Enhancements were also made to IT infrastructure to ensure effective support for new form of expansion in the future. The Company's approach to business expansion has been shifted towards a focus on retail market and on yearly expansion of the current service network of 25 branches and 18 Deves Stations. We further engaged in a number of annually planned marketing campaigns and activities to publicize our products and services as well as promoting consumer confidence in our brand.

Wholehearted Service

With a commitment to providing maximum convenience and satisfaction for the insured, the Company continuously expands its service channels by setting up branches and Deves Stations in commercial and community districts in Bangkok and the provinces. We now operate in 40 locations across the country, including the two new Deves Stations, detailed below, which were opened during 2019 in a large shopping mall and an office building. Our nationwide locations offer a one-stop service to customers - from processing applications and premium payments for different types of insurance to providing help and information relating to insurance claims and enquiries, thus ensuring that our services are accessible to as many individual customers as possible.

1. **Deves Station** : Interlink Tower Bangna Sub-Branch
Location : 1st Floor, Interlink Tower, Room S3
 Bangna-Trad Road (km 4.5), Bangna Sub-District,
 Bangna District, Bangkok
Tel : 0-2080-1315
Email : interlink_bangna@deves.co.th



2. **Deves Station** : Seacon Square Srinakarin Sub-Branch
Location : 3rd Floor (Banking Zone), Section MK3/19
 (in front of escalator and next to Siam Commercial Bank)
Tel : 0-2080-1316
Email : seacon_srinakarin@deves.co.th



Apart from offering one-stop service through branches and Deves Stations, we take part in marketing activities held in public events by having them planned out for each year to ensure that our services are extended to as many customers as possible. Activities during the year included exhibiting at major events to publicize the Company and its products, such as the 40th Bangkok International Motor Show at IMPACT Challenger Hall of Muang Thong Thani (25 March - 7 April 2019), the 21st Travel Thailand Travel the World Fair (Thong Thai Thong Loke) at Fashion Island Shopping Mall (2-6 October 2019), and the 36th Thailand International Motor Expo at IMPACT Arena of Muang Thong Thani (29 November - 10 December 2019).



Advertising / Publicity

To increase recognition of the “Deves” image and to expand our customer reach, we employed advertising and publicity mediums such as digital media billboards at Siam Square One shopping centre and MRT Ladprao Parking and commercials on FM 100.5 MCOT Radio Network and 96.5 Thinking Radio. The aim was to publicize the Company's services and to attract and reach more diverse target audiences.

Claims Service Efficiency Drive

We continued to improve our claims services in alignment with the corporate policy of boosting retail market expansion. Our focus during the year remained on delivering prompt, fair and quality service to better serve the needs of different groups as follows:

Customers:

- Increasing the number of accident assessors and adopting a strategy for defining and allocating geographical areas to each assessor to ensure that all areas – in Bangkok and in the regions – are covered;
- Streamlining work processes to improve speed and efficiency of services and achieve greater customer satisfaction;
- Increasing efficiency in regional provision of claims services: allowing branch offices to process their own claims to ensure flexible and speedy handling and increase satisfaction of regional customers;
- Engaging local loss surveying firms to cover areas across the country in accommodating the expanded regional service operations;
- Holding meetings with approved surveying firms to discuss ways to develop good client relationships and to review working policies and guidelines for supporting customer service and achieving customer satisfaction.

Business partners:

- Employing Electronic Motor Claim Solutions (EMCS) to improve the efficiency of the operations between the Company and partners in ensuring accuracy, uniformity and cost-effectiveness;
- Selecting approved garages which are of high quality and meet the standards set for Bangkok garages and countrywide regional garages, and providing those selected with our Endorsed Garage sign so as to strengthen brand image and relationships with partners as well as building up customers' confidence in their services;
- Planning visits to approved garages and spare parts suppliers, both in Bangkok and the provinces, to inspect their work against the Company's standards and to develop good business relationships.

Employees:

- Developing personnel to be highly professional in terms of service; training staff on coverage conditions and insurance policies in order for them to have thorough understanding and be able to create a good impression on customers and gain their confidence;
- Adopting Deves-Motor Claim Service System to bring processes into the digital age of efficient, smooth-running operations. The Company maintains its service standards through continuing commitment and conformity to the guidelines of the Office of Insurance Commission (OIC) in ensuring fairness and transparency for all parties.

Information Technology Enhancements

The Company has always given priority to improving information technology systems as well as other areas which are all intended to increase its competitiveness, facilitate transactions of partners and customers, shorten processes and turnaround times, reduce operational costs, boost efficiency and service quality and to provide better experiences for all customers and business partners. Our projects over the last few years have led to gradual enhancements of products and services for our customers and partners, and the progress achieved during 2019 included the following:

1. Enhancement of the agent/broker component of the Microsoft CRM system to increase efficiency in the management of brokers/agents and their compensation;
2. Development of new sale systems for selling direct to customers and selling through agents and brokers by using modern technologies and linking the systems to the back end online;

3. Development of a mobile application and website through which customers can report accidents, access policy information, buy car insurance, take and upload photographs for inspection, and search for approved garages/hospitals;
4. Launching of digital insurance policies, starting with the car insurance E-policy which features forgery-proof digital signature and helps save time on delivering policies to customers;
5. Setting up of a data warehouse by linking it with various systems and applying the latest tools to analyse various aspects of customer information for product and service innovation;
6. Development of digital channels like LINE and Facebook as additional modes of communication between the Company and customers.

On security infrastructure, we have, over the past year, formulated our IT security policy and installed advanced tools for managing network and safety systems to protect against external malicious threats or attacks. There are also controls on internal use, assigning access rights appropriate to each individual. In addition, the Company has geared up for compliance with the National Cybersecurity Strategy and the Cybersecurity Act.



The Deves Insurance Public Company Limited 2019

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. News and information of which shareholders should be informed are posted on the corporate website (www.deves.co.th) and Facebook page (DEVES Insurance). Information on our business and community-benefiting activities is also provided under 'Corporate News' on the website 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 Department of Business Development, 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 agenda to enable the shareholders to make informed decision when voting on the respective resolutions. The notice is sent out at least seven days in advance as statutorily required 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 by attending 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 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 are able to exercise their rights fully to make decisions over matters proposed at general meetings.

Promotion of Shareholder Participation in Meetings

The Company facilitates shareholders' attendance at the meeting by arranging conference facilities as well as adequate reception and registration staff to ensure that all shareholders and proxies can register quickly and conveniently at least two hours before 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 each meeting, the Company would publish on its website the resolutions and minutes of the meeting within at least 14 days of the meeting date so that the information is promptly available to all shareholders, investors and the interested public.

Protection of Shareholder Value

It remains our priority to protect the rights and benefits to which our shareholders are entitled. The Company has continuously implemented the dividend 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 2019, the meeting of the Board set the date for the share register to be closed for transfers on Tuesday 12 March 2019 in determining those shareholders entitled to attend the Annual General Meeting, which was scheduled to be held on Tuesday 2 April 2019 at Seminar Room, 6th Floor, Deves Insurance Building 1, Ratchadamnoen Klang Avenue, Phra Nakhon, Bangkok - the location of the Company's head office. Notice of the meeting was sent to all shareholders by registered mail on Wednesday 18 March 2019, and was also placed in daily newspapers between 22 and 24 March 2019.

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 46 shareholders, representing an aggregate of 49,469,267 shares or 98.94% 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 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 11 April 2019 and were duly submitted to all relevant authorities as per statutory requirements.

The 2019 General Meeting passed a resolution to approve the appropriation of profits and the payment of dividend on 2018 results of Baht 3.20 per share on Thursday 18 April 2019. The announcement of dividend payment was published in daily newspapers from 3 to 5 April 2019.

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 proxy forms A and B, which follow the formats of the Commerce Ministry's Department of Business Development, 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 unit responsible for organizing the meeting would keep all ballots together in case of enquiries into the accuracy and transparency of the votes taken.

Roles 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 as guidelines for ensuring equality of protection and treatment for all of our stakeholders.

Shareholders : All shareholders are given equal importance and are treated equally 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 deliver shareholder value.

Customers : To achieve the aim of being a non-life insurer recognized for product quality and prompt fair service and for increasing customer confidence, the Company has implemented a quality management programme by applying Total Quality Management (TQM) as the approach to organization-wide planning and responsibility allocation. The aim is to continuously improve organizational capabilities, with a focus on 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 9001:2015 quality policy of:

"seeking to enhance quality through service and product innovations to increase efficiency and satisfaction of customers and business alliances"

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 protected in a fair manner.

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 Department. Functional competencies have also been identified as the basis for staff development planning, thus allowing all personnel to receive specialist, technical 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 staff member and 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 Public Company Limited has defined its corporate vision and mission as follows:

Vision

To be the insurer of your choice and trust that develops long-lasting ties through service-product innovations designed to deliver maximum customer satisfaction

Mission

- To enhance and maintain an 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 systems;
- 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, sustainable benefits and growth. We therefore treat and work with all partners with honesty and equitableness, operating with transparency as well as safeguarding the organization's reputation and credibility.

Competitors : The Company always adheres to the rule of fair and ethical competition and engages in transparent business practices.

Creditors : We strictly honour our obligations and agreements to all the insured, beneficiaries and business partners.

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 play a major part in caring for the communities and in contributing to society's improvement. We have therefore initiated and run various projects that are designed to be ongoing and bring real benefits to society. All programmes are monitored and evaluated to ensure that they are socially beneficial over the long term. Our initiatives include public-spirited groups such as Deves volunteers, community development volunteers, school and youth development volunteers, blood donation volunteers, etc.

State/regulatory agencies : The Company complies rigorously with all the policies, rules, regulations and legal requirements of state agencies and regulators, and is always ready to cooperate fully with any statutory requests for information.

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 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 information on the Company's anti-corruption policies and measures as well as its financial statements - duly certified by the auditors as correct in material aspects as per generally accepted accounting principles and endorsed by the Audit Committee and the Board of Directors. The disclosures also include the corporate governance policy; annual performance reports of the Directors and Board committees, directors' and executive remuneration

policy and details which reflect the duties and responsibilities of the Company Directors.

Additionally, the Company has always complied strictly with the rules of other regulating agencies concerning reporting and disclosures. We regard such practices as 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 assurances that the Company operates with integrity and 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 of Directors shall consist of not less than five members.

At the 2019 Annual General Meeting (73rd Year) held on 2 April 2019, there were fifteen members on the Company's Board of Directors. This was because Mr Sansern Wongcha-um, whose term of office ended at the Meeting, expressed his wish not to stand for re-election as Director with effect from the 2019 Annual General Meeting, and it was then resolved by the Meeting not to nominate any person to fill the vacated directorship. In this regard, the Board resolved, at its meeting no. 1/2019 held on 22 February 2019, that Mr Montri Mongkolswat be appointed as Chairman of the Nomination, Remuneration and CSR Committee to replace Mr Sansern Wongcha-um effective from the 2019 Annual General Meeting. Later, at its meeting no. 4/2019 on 28 November 2019 when the Board was informed of the passing on 26 November 2019 of Mr Sompoch Intranukul - Chairman of the Audit Committee and member of the Nomination, Remuneration and CSR Committee, it resolved to appoint Mr Sak Euarchukiati, member of the Audit Committee, to replace Mr Sompoch Intranukul as Chairman of the Audit Committee effective from 28 November 2019. As a result, the number of Directors on the Board now stands at fourteen, while the maximum Board membership approved by the 2018 Annual General Meeting remains seventeen.

The term of appointment for Directors is governed by the Company's Articles of Association, with all Directors being eligible for re-election at the end of their term.

Independent Director Requirements

The Company has defined the eligibility requirements for independent directors in accordance with the guidelines of the Office of Insurance Commission (OIC) as detailed below:

1. Not holding more than 1% of the total number of voting shares of the Company or its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties. The number of shares held shall include those owned by any person related to the independent director.
2. Neither being, nor having previously been, an executive director, employee, staff member or adviser receiving regular compensation from or being a controlling person of the Company or its parent company or any of its subsidiaries, associated companies, affiliates, major shareholders or controlling parties, unless no longer in such status for at least two years prior to appointment as independent director. This does not include cases of the independent director's previous position in or capacity as adviser to a civil service/ government body which is/was a major shareholder or controlling party of the Company.
3. Not being a relation, either by blood or by law, of any director, executive, major shareholder, controlling person or any individual being nominated as a director, executive or controlling person of the Company or

any of its subsidiaries. A relation shall include father, mother, spouse, sibling and child including son- or daughter-in-law.

4. Neither having, nor having had, any business relationships with the Company or its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties in such a way that may interfere with the exercise of his/her independent judgement, and neither being nor having previously been a substantial shareholder or a controlling person of any party that has business relationships with the Company or its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties unless no longer in such status for at least two years prior to appointment as independent director. 'Business relationships' shall include: normal commercial transactions for purposes of running the business or renting or renting out of immovable property; transactions relating to assets or services or in connection with provision or securing of funding through borrowing or lending, guarantee, pledging of asset as collateral for debts including other similar acts, all of which result in the Company or the party involved incurring debt obligations to the other party equal to 3% or more of its net tangible assets or totalling 20 million baht or more, whichever is the lower.
5. Neither being, nor having previously been, an auditor to the Company or its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties, and not being a substantial shareholder, a controlling person or a partner of an audit firm which is the affiliation of the auditor to the Company or its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties, unless no longer in such status for at least two years prior to appointment as independent director.
6. Neither being, nor having previously been, a provider of any professional services, including legal or financial advice that receives payments exceeding two million baht per year from the Company or from its parent company or any of its subsidiaries, associated companies, major shareholders or controlling parties, and not being a substantial shareholder, a controlling person or a partner of such professional service provider unless no longer in such status for at least two years prior to appointment as independent director.
7. Not being a director who has been appointed as a representative of any director or major shareholder of the Company, or any shareholder related to the major shareholder of the Company.
8. Neither engaging in any business of the same nature as or in significant competition with the business of the Company or its subsidiaries, nor being a substantial partner, executive director, employee, staff member, adviser/consultant who receives regular compensation from or hold more than 1% of the voting shares of other legal entity engaging in any business of the same nature as or in significant competition with that of the Company or its subsidiaries.
9. Not having any characteristics which could interfere with the exercise of his/her independent judgement on the Company's operations.

Once an independent director who meets all the above requirements has been appointed, he/she may be delegated by the Board of Directors to make decisions in respect of the business of the Company, or of its parent company, subsidiaries, associated companies, affiliates, major shareholder or controlling party, which shall be collective decisions made by the Board as a whole. For the purpose of paragraphs 5 and 6, "partner" shall include a person authorized by an audit firm or by a provider of professional services to sign audit reports or professional services reports (as the case may be) on behalf of such legal entity.

2. 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 targets, business and financial plans, identifying risks and ensuring the established policies and plans are efficiently and effectively implemented by the Management.

The Board has formulated, in writing, a "Corporate Governance Policy" and a "Corporate Code of Conduct" and has ensured strict, consistent compliance within the organization. The Policy and the Code are also posted on the corporate intranet 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 their 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 competition with the Company's business. Overall benefits for the Company and the shareholders shall be the primary consideration in 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 corporate structure, an Audit Office which serves as the implementation function of and reports directly to the Audit Committee. It has responsibility for: overseeing the financial reporting process and the accurate, complete and reliable disclosure of financial information; ensuring that the Company maintains an effective and appropriate system of internal controls and internal audit; monitoring and reviewing internal controls as well as conducting annual assessments of internal control adequacy of all units. The Audit Office submits its audit plans to the Audit Committee for approval, and presents to the Board, at least annually, its reports on the Company's overall internal control assessments accompanied by the Audit Committee's opinions.

Moreover, a corporate unit has been set up to be responsible for assessing business and market environments and for analyzing useful data and incidents to create an early warning system. The Company has also established a Risk Management Committee to be in charge of developing and reviewing risk management policies, assessing the adequacy and efficiency of the risk management system, monitoring risk status and changes, and overseeing the organization's activities involving risks - all with a view to providing assurances that the Company can operate effectively under the established risk management policies. The Committee is also responsible for devising a risk-mitigation contingency plan, and for reporting risk status to the Board meeting annually at a minimum or whenever significant changes arise.

It is the duty and responsibility of the Board to establish the corporate governance framework and core policies and strategies, to oversee the organization's effective control mechanisms and to continuously monitor the Company's operations in ensuring that the business is conducted fairly, transparently and responsibly towards all stakeholders under good governance principles and a commitment to long-term value creation for the Company.

The authority and responsibilities of the Board are therefore defined as follows:

1. Determining the direction, policies and strategies of the Company, as detailed below:
 - 1.1. Setting the Company's overall strategic direction and goals; approving corporate business policies and strategies; and overseeing and ensuring the Company's achievement of sustainable growth within acceptable levels of risk;

- 1.2. Overseeing and ensuring that the Company has a clear policy governing conflicts of interests to prevent any acts which are intended for personal gain or gain for friends or families or which may give rise to conflict of interest or which disregard the Company's major risks;
- 1.3 Overseeing the Company's effective whistle-blowing policy and procedure for guarding against and reporting any acts that are potentially in breach of any law, policy, rule, internal process or business code;
- 1.4 Ensuring that the Company has a remuneration policy in writing which: appropriately covers all directors, executives, key personnel in control functions and major risk-taking staff; reflects the objectives of and the risks associated with each function; takes account of the Company's long-term stability; and does not induce transactions that entail too much risk to the Company's stability and to the insured's benefits;
- 1.5 Ensuring that the Company establishes sets of standards in relation to business code and ethics as well as a code of conduct for directors, executives and staff as guidelines to be followed within the organization.
2. Overseeing the Company's effective processes and mechanisms for controls, monitoring and auditing, as detailed below:
 - 2.1 Setting a corporate structure that separates the governance role from the management role and defines clearly the duties and responsibilities of the Board of Directors, executives and key personnel in control functions in ensuring proper governance of the management and the organization;
 - 2.2 Overseeing the Company's risk management and internal control systems that are appropriate to the size, nature and complexity of the organization: the Board shall ensure that the risk management system is effective in handling major risks and controlling risks within acceptable levels and that the Company's internal controls and internal audit are effective;
 - 2.3 Appointing committees, as appropriate to the size, nature and complexity of the business, to help discharge the Board's functions, and adjusting the composition of such committees or making changes significant for their performance;

The committees to be appointed shall include at least an audit committee, a risk management committee and an investment committee. The Board may appoint other committees/ subcommittees as necessary and appropriate, such as a remuneration committee, a nomination committee, or an information technology committee, etc.
 - 2.4 Overseeing audits of the Company, which cover the following:
 - 2.4.1 Considering the appointment and removal of independent persons as external auditors to the Company, and approving their appropriate remuneration;
 - 2.4.2 Ensuring that the management letter from the external auditors' and the responses by the Company's senior management are duly presented to the Board of Directors;
 - 2.4.3 Ensuring that the Board of Directors or the Audit Committee meets with the external auditors once a year at the minimum, without the participation of the management/ executives;

The auditor appointment process must consider and ensure: that the external auditors have knowledge and understanding, at least, of the insurance industry, assessments of underwriting reserves and insurance business operations; and, most importantly, that they are on the list of auditors approved by the Office of the Securities and Exchange Commission.

2.4.4 Ensuring annual evaluation of the Board' performance to provide assurances that the Board continues to be able to effectively fulfil its mandated responsibilities; such appraisal can be conducted of the performance of the Board as a whole or of individual Directors.

2.4.5 Overseeing the Company's disclosure of corporate governance practices to the public;

2.4.6 Ensuring that the Company has processes for accurate and reliable financial reporting and for timely and adequate disclosure of accurate, material information to the public and regulators as per applicable laws and standards.

3. Overseeing and monitoring the Company's operations on a continuous basis, as detailed below:

- 3.1 Overseeing compliance of the Company with all the laws, rules and regulations applicable to its business;
- 3.2 Overseeing and monitoring the Management's efficient and effective implementation of the established policies and strategies;
- 3.3 Ensuring that the Company maintains a strong and sufficient level of capital to meet its current and future operational needs and regularly monitors its capital position while having a process or tool for ensuring robust capital adequacy;
- 3.4 Ensuring that significant matters of the Company are reported by the Management and that an information reporting process is in place to keep the Board sufficiently informed so as to be able to fully discharge its duties and responsibilities;
- 3.5 Ensuring that the Company treats all customers fairly, and maintains procedures or processes for offering products for sale and for settling claims which are defined clearly and neither cause misunderstandings nor take advantage of customers' misunderstanding;
- 3.6 Overseeing the formulation of anti-corruption policy and guidelines as well as abiding by the Company's anti-corruption policy and measures.

Other company directorships

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

Board members' directorships with other companies (as disclosed under "Board of Directors" Section of the annual report) have no effect on the fulfilment of their duties as Directors of the Company. All Directors attend Board meetings regularly except in cases of unavoidable, pressing obligations. 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 defined clearly 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, Remuneration and CSR 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 the Company’s successful performance.

Company Secretary : The Company has appointed a Company Secretary and set up a “Board Secretariat and Corporate Communication Office” to be responsible: for preparing and keeping the Director Register, notices and minutes of Board meetings, the Company’s annual reports, and notices and minutes of general meetings; and for maintaining the Declarations of Interest made by Directors and executive officers. Other functions are to liaise between the Board and the Management Team, and to update the Directors on applicable laws and regulations in providing assurances that their performance complies strictly with all regulatory requirements and that the Management works to Board resolutions.

3. Board Committees

At present, the Company has three committees of the Board, i.e. the Executive Committee, the Audit Committee, and the Nomination, Remuneration and CSR 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 meets regularly, as scheduled in its work plans, to consider and review matters, and after each meeting, the secretary would send 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 improvements as 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.

The term of office for two committees of the Board, i.e. the Audit Committee; and the Nomination, Remuneration and CSR Committee, shall be for three years. Such tenure of all members on each of the committees shall expire simultaneously and be subject to review by the meeting of the Board every year following the shareholders’ meeting. The purpose is to ensure that the Board structure is appropriate to the Company’s strategic operations and in line with regulatory requirements.

Authority and Responsibilities of Board Committees

The Executive Committee, currently consisting of two members, is responsible for managing the Company 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 to the committees of the Board and further to the management hierarchy.

The Audit Committee, appointed by the Board, is comprised of three independent Directors, each having a three-year term of office. The authority and responsibilities of the Audit Committee are as follows:

1. Reviewing and ensuring the completeness, objectivity and reliability of the Company’s financial reports as well as their full disclosure of significant information and conformity with generally accepted accounting standards;
2. Selecting the Company’s external auditors and recommending their appointment and approval of their fees for consideration by the Board and for further approval by the general meeting;
3. Overseeing the efficient management of corporate units and their conformity with good governance principles;
4. Ensuring the adequacy of risk management systems;
5. Reviewing and promoting the quality of internal controls as well as giving opinions, to the Board, in the Committee’s report on overall assessment of the Company’s internal controls;
6. Overseeing and supporting the independence of the work of the internal audit unit;
7. Considering and revising the Internal Audit Charter;
8. Reviewing and ensuring compliance by the Company with all laws, regulations and directives applicable to its operations;
9. Ensuring appropriate compliance with the Corporate Governance Policy and Code of Business Ethics;
10. Reviewing and ensuring the organization’s effective and efficient anti-corruption policies, processes and measures in line with regulatory guidelines to provide assurances that the anti-corruption systems maintained by the Company meet the requirements of the Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC);
11. Considering the appointment, transfer, termination and performance evaluation of the head of internal audit;
12. Considering and reviewing the audit findings and recommendations from both external and internal auditors as well as monitoring to ensure the recommendations have been actioned appropriately by all concerned within an acceptable timescale;
13. Having the authority to call upon staff and executives at all levels to report or furnish information, or to take part in a meeting, or to supply any documentation the Committee deems relevant or necessary;
14. Reviewing and amending the Audit Committee Charter to ensure it is appropriate and up to date at all times and submitting such amendments to the Board for approval;
15. Preparing, for disclosure in the Company’s annual report, an audit committee report which includes information on the performance and opinions of the Committee;
16. Having the authority to enlist the help of or engage the services of specialists as counsel, where necessary;
17. Performing any other tasks or functions delegated by the Board.

The Nomination, Remuneration and CSR Committee, is composed of three Independent Directors and is appointed for a three-year term of office. The Committee has the following authority and responsibilities:

1. Setting and recommending, for the Board’s consideration, the eligibility criteria and methods/procedures for nominating company directors and members of committees of the Board;

2. Nominating a suitably eligible and qualified individual for appointment by the Board as a director of the Company, where a vacancy arises for reasons other than retirement by rotation;
3. Nominating a suitably eligible and qualified individual, for the Board's consideration and for final approval by the general meeting, to fill a directorship vacated due to retirement by rotation;
4. Determining the structures of remuneration and other benefits for the Company's Directors, Board Committees, and top executives from the rank of President to level/grade 10;
5. Determining budgets for pay rises and annual bonuses awarded to all personnel as well as budgets for remuneration and other benefits for Directors and committees of the Board;
6. Overseeing corporate social responsibility (CSR) programmes and undertaking any other tasks delegated by the Board.

4. Board Meetings

Board meetings are scheduled to consider and approve the Company's quarterly financial statements in accordance with 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 number of Directors must be present at a Board meeting and such quorum has been met for every meeting of the Board to date.

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. All supporting documents are circulated in advance of the meeting to allow every Director sufficient time for perusal, and the format and contents of all materials are clearly and comprehensibly presented. During 2019, a total of four meetings of the Board were held, and they lasted about 60 minutes 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 attend 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

In 2018, the Board resolved, at its meeting no. 4/2018 held on Tuesday 15 May 2018, to assent to a "Board Performance Self-Assessment Form" to be used for appraising the Board. The resolution was also to reflect the Company's participation in the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

The Assessment Form has been designed to allow the Directors to collectively evaluate the Board's performance in ensuring the effective discharge of its mandated responsibilities and to use the assessment results to constructively improve performance efficiency.

6. Remuneration of Directors and Executives

The Nomination, Remuneration and CSR Committee determines and recommends Directors' remuneration, through Board meeting, for approval by a shareholders' meeting. Remuneration and benefits for Directors and members of every committee of the Board require the approval of a general meeting. 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 of as well as the expected contribution from the individual members.

At present, the Directors' remuneration comprises annual bonus 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.

Remuneration packages of senior executives are determined by the Nomination, Remuneration and CSR 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 use a set of criteria of tangible success indicators based on pre-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 comparability with peer companies in the industry.

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 the 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 offered an induction programme to introduce them to the Company's business activities, direction and objectives and to help them gain a good understanding of the operations which is useful for the directors' duties.

With regard to executive development, our senior officers are required to take training courses which help the individual members to sharpen their business management skills or gain know-how of domestic and international business, so that they can apply the knowledge and experience acquired to the benefit of the Company.

8. Anti-Corruption Framework/Standards

Upholding the ideal of bona fide, transparent and ethical conduct of business, The Deves Insurance PCL is committed to its responsibility towards society and all of its stakeholders under the established Corporate Governance Principles and Code of Conduct. We are therefore resolute in joining the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) to demonstrate our intent and determination to fight against all forms of corruption, recognizing that corruption presents a peril to free and fair competition and that it also harms the nation's social and economic development.

At its meeting no. 5/2017 held on 10 August 2017, the Board of Directors resolved that the Company apply for certification of participation in the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company therefore declared its intention to join the CAC on 4 September 2017, and was, in time, granted certification of CAC membership on 4 February 2019. We have since reviewed our Board-approved anti-corruption policy on an annual basis, while revising our whistle-blowing policy and guidelines as well as reviewing corruption-related risks and anti-corruption procedures to respond to changing situations.

Our anti-corruption policy prohibits everyone in the Company - from Directors and executive officers to all employees - from soliciting, allowing, making, partaking in, conniving at or accepting any form of corrupt offers either directly or indirectly and either for the Company's benefit or for personal gain or gain of family, friends or acquaintances, or in order to gain business advantages. No staff/employee shall be demoted, disciplined or negatively affected for rejecting a corrupt offer, even though such action would result in a lost business opportunity for the Company. The Policy covers business activities in all countries, and applies to all agencies/entities that deal with or relate to the Company as well as all business partners, customers and stakeholders of the Company.

The Board of Directors is required to oversee policy compliance and to keep the Policy under regular review. Corruption risks are assessed on an annual basis, and compliance is reviewed regularly. Guidelines and procedural rules are also revised in response to changes in business or statutory requirements. Any breach constituting support for or cooperation with corrupt practices shall be subject to disciplinary action according to the Company's rules, including dismissal if necessary.

Our whistle-blowing policy makes it possible for staff, business partners or third parties to report any suspicious instances of corruption involving the Company through different channels, e.g. by letter or by email to fraud_corruption@deves.co.th. All information received will be directed to the Audit Office Director and the Audit Committee. Regardless of the channel of reporting, the identity of an informant or whistle-blower shall remain confidential and never be revealed. Security and confidentiality measures are in place to protect whistle-blowers from detriment or repercussions. The Company shall deal with all concerned in a fair manner. Any employee found to be committing or engaging in fraud must face disciplinary procedure under the Company's rules and could also receive legal punishment if the act is against the law.

Related Definitions and Policies

"Corruption" means any form of bribery, be it offering, promising, giving, pledging, soliciting or accepting of money, things or any other improper benefits either to or from an official of a state, public or private agency or a person with direct/indirect authority as a means to persuade them to act or not to act in a certain way so as to obtain, retain or introduce business for the Company or to enable the Company to win business, gain competitive advantage or retain any other improper business advantage, except where such behaviour is permitted by local laws, rules, orders, regulations or traditions or by trade norms/practices.

"Political Contributions": The Company conducts its business by upholding political neutrality. We have neither affiliation to nor alignment with any political party or any person with political power, and shall never use our funds or resources to support any political party or politician. We deem our staff members to have the right and duty, as a good citizen, to promote democracy and express their opinions or political force freely in their own name, as long as their behaviour does not affect the performance of their duties as an employee of the Company.

"Charitable contributions/donations": A charitable contribution/donation under the Company's rules must be a donation - in cash or in kind to support a good cause/project - that is made in the name of the Company only. All contributions and donations must be aimed at promoting the business, good image and reputation of the Company. Each case is subject to a transparent consideration process, as per delegated authority, which ensures no conflict of interest is present. Disbursement records must have the purpose(s) clearly stated and must be accompanied by solid, provable documentation. Our charitable spending follows an authorization procedure that can be reviewed, controlled and approved by the authorized officer(s). Such procedures can also be evaluated and audited in line with the internal control process to provide assurance that none of our charitable donations/contributions is exploited as the pretext for corruption and that there would be no implication for the Company's image.

“Gifts or entertainment” and expenses relating to business obligations are permitted but must be for business and customary purposes only. The costs of gifts and entertainment must be appropriate and they must never be intended to influence decision-making or induce breach of duty. All expenses must be auditable and conform to the Company's established rules/criteria.

Additional Guidelines on Corruption Involvement Prevention

The Company has introduced additional guidelines on the prevention of involvement in fraud and corruption, as follows:

1. Corruption risk assessment: We have maintained a risk management system appropriate to the nature of our business by identifying those activities/events containing high corruption risks and by assessing such risks as well as developing measures to control the risks assessed. Implementation of risk management measures and plans are also monitored and evaluated.
2. The following guidelines have been issued for overseeing the prevention and monitoring of corruption risks:
 - 2.1 A process is in place for reviewing internal control and risk management systems which cover all core functions, so that corruption risks could be prevented and monitored and recommendations for appropriate remedial measures could be made.
 - 2.2 Channels have been set up for whistle-blowing or reporting of breaches of the law or the Company's Code of Business Ethics. There are measures to ensure the security and confidentiality of informants or whistle-blowers as well as measures to verify information received.
3. The Company has set down procedures for monitoring and evaluating compliance with the Guidelines on Corruption Involvement Prevention, as follows:
 - 3.1 The Audit Office is to be responsible for providing advice about frauds and corruption, for evaluating the internal control systems against the annual audit plan approved by the Audit Committee and for reporting its evaluation findings to the Audit Committee.
 - 3.2 The Risk Control and Management Office is to assess fraud and corruption risks jointly with units/departments on a regular basis to ensure effective implementation of the anti-corruption measures. It is also required to submit such risk assessments to the Risk Management Committee, the Audit Committee and the Board of Directors, respectively.
 - 3.3 If the facts of the complaint or the investigation findings provide credible evidence that there is any act or transaction that could materially impact the Company's financial position or performance or that there is any breach of the law or the Code of Business Ethics, the Audit Committee shall report such act to the Board of Directors in ensuring that remedial action is taken within such a timescale as the Committee sees fit.

Our anti-corruption and whistle-blowing policies are communicated through such internal and external mediums as email, corporate intranet and website, and annual report to ensure that all executives, staff and business partners are well informed and comply accordingly. The Company has also given training to executives and staff at all levels under the “Ethical Organizations” Project. The training is aimed at encouraging all personnel to maintain good working behaviours, and to embrace the Sufficiency Economy Philosophy of His Majesty King Bhumibol Adulyadej the Great as guiding principle of conduct.

Benefit of Director Year 2019

	Benefit of Director Year 2019 (Baht)					
	Board of Directors	The Executive Committee	The Audit Committee	Nomination, Remuneration and CSR Committee	Bonus	Total
Air Chief Marshal Satitpong Sukvimol	-				-	-
Lieutenant Colonel Somchai Kanjanamanee	-				-	-
Police Colonel Thumnithi Wanichthanom	-				-	-
Air Marshal Pakdee Saeng-Xuto	-				-	-
Admiral Pavit Rujites	-				-	-
Dr Chirayu Isarangkun Na Ayuthaya	-				163,973	163,973
Mr Sansern Wongcha-um	75,833			25,000	350,000	450,833
Mr Aviruth Wongbuddhapitak	300,000	960,000			350,000	1,610,000
Mr Sompoch Intranukul	275,000		275,000	70,000	350,000	970,000
Mr Montri Mongkolswat	300,000			142,500	350,000	792,500
Mr Virasak Tokakuna	298,000		220,000		350,000	868,000
Mr Na Bhengbhasang Krishnamra	300,000		22,000		350,000	672,000
Mrs Phansopit Likitthammanit	300,000		240,000		350,000	890,000
Dr Charnchai Musignisarkorn	300,000			105,000	350,000	755,000
Mr Sak Euarchukiati	300,000		245,500		350,000	895,500
Mr Chatchai Chinvetkitvanit	300,000	300,000			350,000	950,000
Miss Supaporn Treesaen	-				350,000	350,000
Mr Chusiri Kaiyanan	-				81,507	81,507
Total	2,748,833	1,260,000	1,002,500	342,500	4,095,480	9,449,313

- Notes:**
1. Mr Sansern Wongcha-um expressed his wish to resign as company director on 2 April 2019.
 2. Mr Sompoch Intranukul's directorship ceased on his passing on 26 November 2019.
 3. Mr Sak Euarchukiati was appointed Chairman of the Audit Committee on 28 November 2019.
 4. Mr Na Bhengbhasang Krishnamra was appointed Member of the Audit Committee on 28 November 2019.
 5. Mr Virasak Tokakuna resigned as Member of the Audit Committee and was appointed Member of the Nomination, Remuneration and CSR Committee on 28 November 2019.

Besides the emoluments stated above, the Company did not pay any other benefits to the Directors, and none of the Directors and executives held any shares in the Company during the 2019 financial year.

The Board of Directors proposes to appropriate the earnings

(Unit : Baht)

	December 31, 2019	December 31, 2018
Unappropriated retained earnings brought forward	441,758,085	347,496,867
<u>Less</u> - Actuarial loss	(9,503,280)	(3,055,964)
Net profit for the year	227,636,877	257,317,182
Total earnings available for appropriation	659,891,682	601,758,085
Appropriated of earnings		
1. Dividend	160,000,000	160,000,000
2. Legal reserve	-	-
3. Other reserve	-	-
4. Expansion reserve	-	-
Total Appropriated retained earnings	160,000,000	160,000,000
Unappropriated retained earnings carried forward	499,891,682	441,758,085

We are pleased to propose for the shareholder's 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 three Independent Directors, namely:

- | | |
|----------------------------------|---------------------------------|
| 1. Mr Sak Euarchukiati | Chairman of the Audit Committee |
| 2. Mr Na Bhengbhasang Krishnamra | Member of the Audit Committee |
| 3. Mrs Phansopit Likitthammanit | Member of the Audit Committee |

The Audit Committee has discharged its duties and responsibilities as delegated by the Board. In 2019, the Committee held a total of four meetings with the Company's senior management and these were also attended by the external auditors. The performance of the committee meetings can be summarized as follows.

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

Reviews of quarterly and annual financial statements were carried out and clarifications were sought from external auditors and senior executives as to the objectivity and adequacy of financial disclosures: Through such reviews, 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

By endorsing audit plans, considering internal auditors' reports as well as conferring with and advising the Management on implementation of major audit recommendations, 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 legal compliance of related-party transactions or transactions with potential conflict of interest

By receiving reports of related-party transactions which all represented transactions arising in the normal and justifiable course of business, the Audit Committee agreed that the Company complied fully with the requirements of the law.

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

The Audit Committee considered the selection and recommendation, to the Board for further approval by shareholders, of the appointment of Dr Supamit Techamontrikul and/or Mr Chawala Tienprasertkij and/or Mr Wallop Wilaiworawit of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited as the Company's external auditors for the 2019 financial year, as well as the approval of their fees at Baht 2,630,000. In this regard, the Committee agreed that the proposed auditors were suitable for appointment.

5. Others

- Receiving updates on the organization's risk management; discussing with and making recommendations to the Management on how to prevent and control those risks with impact on the Company's operations to be within acceptable levels;
- Monitoring and ensuring good corporate governance so as to build up the confidence of shareholders, investors, stakeholders and all concerned;

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



(Sak Euarchukiati)

Chairman of the Audit Committee

Summary of 2019 operating result

In 2019, the Company had net earned premium of Baht 3,168.8 million, increased by Baht 375.3 million or 13.4%, and investment income of Baht 278.5 million, increased by Baht 124.6 million or 80.9%.

The Company has 2 major types of expenses which are underwriting expenses and operating expenses. In 2019, the Company incurred underwriting expenses of Baht 3,322.2 million, increased by Baht 659.8 million due to increase in net claims of Baht 508.6 million. Operating expenses of Baht 196.4 million, decreased by Baht 124.1 million, mainly due to a reversal of allowance for doubtful accounts amounting to Baht 100.6 million in 2019.

In 2019, the Company had loss from underwriting of Baht 14.5 million, and net profit of Baht 227.6 million.

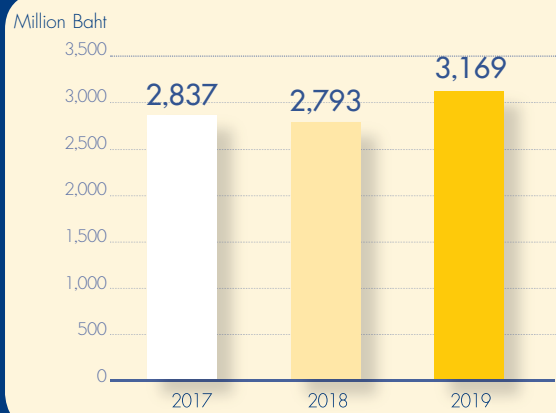
As at 31 December 2019, the Company had total assets of Baht 8,246.3 million decreased by 26.5%. The total assets consisted of cash and cash equivalents, investments, properties, reinsurance receivables, accrued investment income, premium receivables, intangible assets, deferred tax assets, and other assets. The reasons of the change in assets are as follows;

1. Reinsurance assets of Baht 1,109.7 million, representing 13.5% of the total assets, were decreased by Baht 2,913.3 million or 72.4% due to decrease in claim recoverable from the reinsurers.
2. Premium receivables of Baht 638.6 million, representing 7.7% of the total assets, were decreased by Baht 244.5 million or 27.7% due to there were the major insurance policy with high sum insured in the last year.

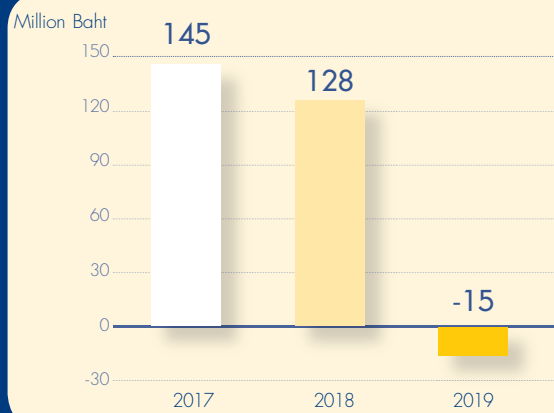
As at 31 December 2019, the Company had liabilities of totaling Baht 5,333.8 million, decreased by Baht 3,022.0 million or 36.2%. This was mainly due to decreases in claim reserves by insurance contract liabilities.

The shareholders' equity as at 31 December 2019 was Baht 2,912.5 million, increased by Baht 46.3 million or 1.6%.

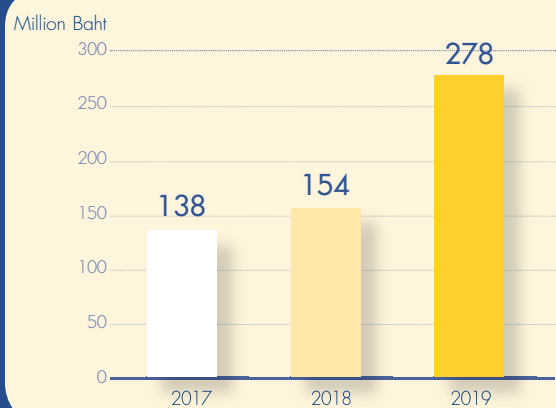
Net earned premium



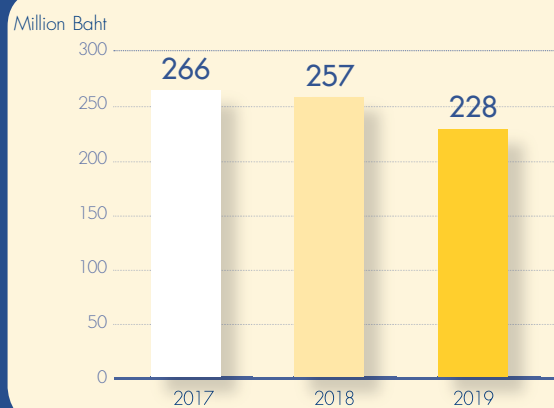
Profit (loss) from underwriting



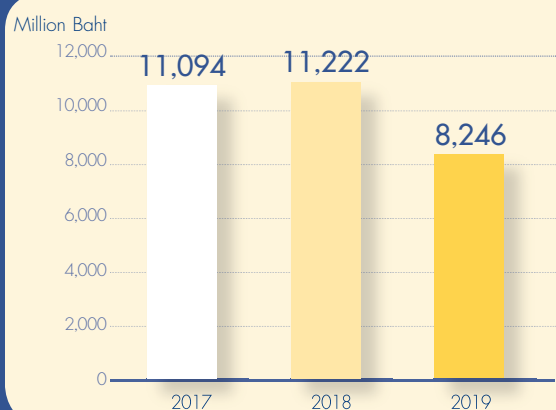
Investment income



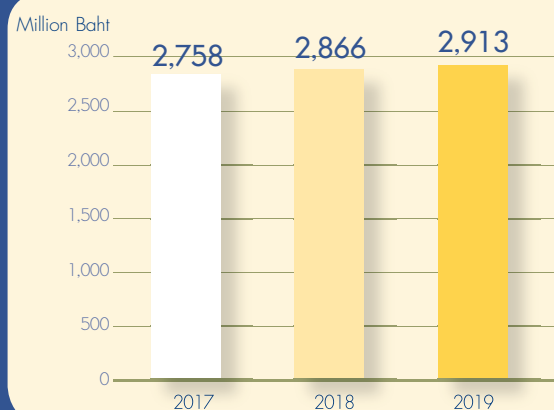
Net Profit



Total assets



Equity



Summarized Financial Statements



(Unit : Million Baht)

FINANCIAL STATUS AT YEAR END

Total Assets	8,246.30	11,222.04
Total Liabilities	5,333.79	8,355.82
Equity	2,912.51	2,866.22

OPERATING PERFORMANCE FOR THE YEAR

Premium income	4,950.52	4,626.11
Net earned premium	3,168.76	2,793.45
Profit (loss) from underwriting	(14.54)	128.22
Investment income	278.49	153.91
Other income - net	49.55	66.63
Operating expenses	196.39	320.46
Income tax	54.86	62.63
Net Profit for the year	227.64	257.32

FINANCIAL RATIOS

Return on premium income	4.60%	5.56%
Return on equity	7.82%	8.98%
Return on total assets	2.76%	2.29%
Earnings per share (Baht)	4.55	5.15
Book value per share (Baht)	58.25	57.32
Weighted average number of ordinary shares (million shares)	50.00	50.00

Report of the Independent Certified Public Accountants

To the Board of Directors
The Deves Insurance Public Company Limited

Opinion

We have audited the financial statements of The Deves Insurance Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2019, and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Deves Insurance Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)

Registration No. 3356

BANGKOK
February 29, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Report and Financial Statements

The Deves Insurance Public Company Limited

For the Year Ended December 31, 2019



Statement of Financial Position

As at December 31, 2019

		Unit : Baht	
	Notes	2019	2018
ASSETS			
Cash and cash equivalents	5	172,996,080	130,457,055
Premium receivables	6	638,610,309	883,062,171
Accrued investment income	7	19,527,628	20,576,977
Reinsurance assets	8	1,109,747,832	4,023,067,812
Amount due from reinsurance	9	171,398,838	189,188,479
Investment assets			
Investments in securities	10	5,110,587,417	5,025,160,790
Loans	11	6,519,192	4,627,212
Property, plant and equipment	12	59,683,169	72,561,138
Leasehold rights	13	16,388,497	18,226,789
Intangible assets	14	90,135,288	84,165,903
Deferred tax assets	15	236,254,630	243,285,434
Prepaid premium ceded		370,254,188	290,432,835
Other assets	16	244,195,235	237,227,741
TOTAL ASSETS		8,246,298,303	11,222,040,336

Note to financial statements form an integral part of these statements

Statement of Financial Position (continued)

As at December 31, 2019

		Unit : Baht	
	Notes	2019	2018
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	17	3,553,575,263	6,413,824,656
Amounts due to reinsurers	18	614,883,987	831,770,419
Income tax payable		12,430,045	28,391,339
Employee benefit obligations	19	111,123,277	76,320,582
Premiums received in advance		642,494,140	593,087,567
Other liabilities	20	399,286,864	412,423,795
TOTAL LIABILITIES		5,333,793,576	8,355,818,358
EQUITY			
Share capital			
Authorized share capital			
50,000,000 ordinary shares of Baht 10 each		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
Premium on share capital		620,000,000	620,000,000
Retained earnings			
Appropriated			
Legal reserve	21	50,000,000	50,000,000
General reserve		970,000,000	970,000,000
Business expansion reserve		111,563,781	111,563,781
Unappropriated			
		659,891,682	601,758,085
Other components of equity		1,049,264	12,900,112
TOTAL EQUITY		2,912,504,727	2,866,221,978
TOTAL LIABILITIES AND EQUITY		8,246,298,303	11,222,040,336

Note to financial statements form an integral part of these statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

		Unit : Baht	
	Notes	2019	2018
Revenues			
Gross premiums written	22	4,950,515,748	4,626,105,253
<u>Less</u> Premiums ceded	22	(1,642,528,445)	(1,719,593,203)
Net premiums written		3,307,987,303	2,906,512,050
<u>Less</u> Unearned premium reserve increase from previous year	22	(139,225,453)	(113,063,588)
Net premium earned		3,168,761,850	2,793,448,462
Fee and commission income	22	335,257,569	317,594,691
Net investment income		151,873,547	146,087,648
Gains on investment		126,616,998	7,818,268
Fair value losses		(132)	(116)
Other income		50,821,043	68,012,121
Total revenues		3,833,330,875	3,332,961,074
Expenses			
Gross claims	22	2,223,540,862	2,045,207,021
<u>Less</u> Claim recovered from reinsurers	22	(149,171,002)	(479,399,178)
Commissions and brokerages expenses	22	523,347,464	461,852,148
Other underwriting expenses	22	755,453,224	663,512,990
Operating expenses	23	296,943,588	315,356,611
Bad debt and allowance for doubtful (reversal)		(100,551,549)	5,108,031
Other expenses		1,269,959	1,377,449
Total expenses		3,550,832,546	3,013,015,072
Profit before income tax expense		282,498,329	319,946,002
Income tax expense	15	(54,861,452)	(62,628,820)
Net profit		227,636,877	257,317,182

Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended December 31, 2019

		Unit : Baht	
	Notes	2019	2018
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain (loss) on revaluation of available-for-sale securities	26	(14,813,560)	17,900,861
Income tax relating to items that will be reclassified subsequently	26	2,962,712	(3,580,172)
		(11,850,848)	14,320,689
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss in defined employee benefit plans	26	(11,879,100)	(3,819,955)
Income tax relating to items that will not be reclassified subsequently	26	2,375,820	763,991
		(9,503,280)	(3,055,964)
Other net comprehensive income (loss) for the years - net of income tax		(21,354,128)	11,264,725
Total comprehensive income for the year		206,282,749	268,581,907
Earnings per share	27		
Basic earnings per share	Baht	4.55	5.15

Notes to financial statements form an integral part of these statements

Statement of Changes in Equity

For the year ended December 31, 2019

Unit : Baht

Note	Issued and paid-up share capital	Premium on share capital	Retained earnings				Unappropriated	Other component of owners' equity		Total equity
			Appropriated		Expansion reserve	Revaluation surplus (deficit) on available-for-sale investment				
			Legal reserve	Other reserve						
Beginning balance as at January 1, 2018	500,000,000	620,000,000	50,000,000	970,000,000	111,563,781	507,496,867	(1,420,577)		2,757,640,071	
Dividend paid	-	-	-	-	-	(160,000,000)	-		(160,000,000)	
Profit for the year	-	-	-	-	-	257,317,182	-		257,317,182	
Other comprehensive income										
Gain on revaluation of available-for-sale securities										
- net of income tax	-	-	-	-	-	-	14,320,689		14,320,689	
Actuarial loss in defined employee benefit plans										
- net of income tax	-	-	-	-	-	(3,055,964)	-		(3,055,964)	
Total comprehensive income for the year	-	-	-	-	-	254,261,218	14,320,689		268,581,907	
Ending balance as at December 31, 2018	500,000,000	620,000,000	50,000,000	970,000,000	111,563,781	601,758,085	12,900,112		2,866,221,978	

Note

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Statement of Changes in Equity (continued)

For the year ended December 31, 2019

Note	Issued and paid-up share capital	Premium on share capital	Retained earnings					Unappropriated	Other component of owners' equity	Total equity
			Appropriated		Expansion reserve					
			Legal reserve	Other reserve	Expansion reserve	Revaluation surplus (deficit) on available-for-sale investment				
Beginning balance as at January 1, 2019	500,000,000	620,000,000	50,000,000	970,000,000	111,563,781	601,758,085	12,900,112	2,866,221,978		
Dividend paid	-	-	-	-	-	(160,000,000)	-	(160,000,000)		
Profit for the year	-	-	-	-	-	227,636,877	-	227,636,877		
Other comprehensive income	-	-	-	-	-	-	(11,850,848)	(11,850,848)		
Loss on revaluation of available-for-sale securities	-	-	-	-	-	-	-	-		
- net of income tax	-	-	-	-	-	-	-	-		
Actuarial loss in defined employee benefit plans	-	-	-	-	-	(9,503,280)	-	(9,503,280)		
- net of income tax	-	-	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	-	-	218,133,597	(11,850,848)	206,282,749		
Ending balance as at December 31, 2019	500,000,000	620,000,000	50,000,000	970,000,000	111,563,781	659,891,682	1,049,264	2,912,504,727		

Unit : Baht

Notes to financial statements form an integral part of these statements

Statement of Cash Flows

For the year ended December 31, 2019

		Unit : Baht	
	Notes	2019	2018
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Direct premium written		5,197,879,995	3,912,424,451
Cash paid for reinsurers		1,459,737,376	(234,170,756)
Interest income		139,457,501	126,822,062
Dividend income		13,880,915	16,001,924
Other income		50,821,043	67,486,853
Gross claim on direct insurance		(4,972,644,094)	(2,232,524,297)
Loss adjustment expenses on direct insurance		(84,989,080)	(82,059,057)
Commissions and brokerages on direct insurance		(484,282,674)	(408,079,169)
Other underwriting expenses		(734,646,788)	(663,420,489)
Operating expenses		(333,831,021)	(193,203,389)
Other expenses		(995,490)	(1,377,449)
Income tax expenses		(58,453,410)	(26,811,569)
Investments in securities		647,194,624	(319,550,566)
Loans		(1,891,980)	(905,332)
Deposits at financial institutions with maturity over 3 months		(600,000,000)	149,999,900
Net cash provided by operating activities		237,236,917	110,633,117
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Sales of equipment		1,774,009	536,710
Purchases of equipment		(22,541,899)	(26,190,826)
Purchases of intangible assets		(13,930,002)	(17,378,192)
Net cash used in investing activities		(34,697,892)	(43,032,308)

Statement of Cash Flows (continued)

For the year ended December 31, 2019

		Unit : Baht	
	Notes	2019	2018
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividend paid		(160,000,000)	(160,000,000)
Net cash used in financing activities		(160,000,000)	(160,000,000)
Net increase (decrease) in cash and cash equivalents		42,539,025	(92,399,191)
Cash and cash equivalents as at January 1,		130,457,055	222,856,246
Cash and cash equivalents as at December 31,	5	172,996,080	130,457,055

Notes to financial statements form an integral part of these statements

Notes to the Financial Statements

For the year ended December 31, 2019

1. General Information and Operation of the Company

The Deves Insurance Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua. The Company is principally engaged in the Non-Life Insurance. The registered office of the Company is at 97 and 99 Ratchadamnoen Klang Road, Bawornnivet, Phranakorn, Bangkok 10200.

2. Basis for Preparation and Presentation of the Financial Statements

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2019 onward, and the Notification of the Office of Insurance Commission (OIC) regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. 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 material impact on the Company’s financial statements.

- 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. 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 Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follow:

Thai Financial Reporting Standards No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company's management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

Group of Financial Instruments Standards

Thai Accounting Standards ("TAS")

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

Thai Financial Reporting Standard No.4 (Revised 2018) "Insurance Contracts"

This TFRS determines the option for insurance industry to temporary exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting

Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 “Insurance Contracts” becomes effective.

The Company’s management has assessed eligibility to apply such temporary exemption and concluded that the Company is eligible to apply such temporary exemption.

The accounting guidelines for financial instruments and disclosures on insurance business

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The Company’s management elects to apply the accounting guidelines for financial instruments and disclosures on insurance business. As a result, the Company’s management has not yet apply Thai Financial Reporting Standard No. 9 “Financial Instruments” and Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures” for the period beginning on January 1, 2020 which is on the process of assessing the impact of the accounting guidelines for financial instruments and disclosures on insurance business on the financial statements of the Company in the period of initial application.

3. Significant Accounting Policies

3.1 Insurance contracts classification

The Company classified the insurance contracts and reinsurance contracts based on the nature of the insurance contract. Insurance contracts are those contracts which the insurer has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares of the benefits payable after an insured event occurs with the payment obligation if the insured event does not occur. If the criteria are not met, the Company classifies it as an investment contract. Investment contracts have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. The financial risk is the risk of change in interest rate, foreign exchange rate and financial instrument price risk.

The Company classified 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.

3.2 Revenue recognition

(1) 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 as income 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 unearned items and recognised as income over the coverage period each year.

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

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 each year.

(2) 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 unearned items and recognised as income over the coverage period each year.

(3) Investment income

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.

Interest income on loan

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

(4) Gain (loss) on investment

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

3.3 Expenses recognition

(1) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of 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), and claim recovery from reinsurers.

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 when the reinsurer places the loss advice with the Company.

(2) Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

(3) 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 each year.

(4) 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.

(5) Operating expenses

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

3.4 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.

3.5 Premium receivables and allowance for doubtful accounts

Premium receivables of both direct and reinsurance are 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 and the current status of the premium receivables as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recognised as an expense during the year.

3.6 Reinsurance assets and allowance for impairment

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

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 recognised as an expense during the year.

3.7 Receivables on reinsurance contracts and amounts due to reinsurers

(1) 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 current status of receivables from reinsurers as at the end of the reporting period.

- (2) 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.

3.8 Investment assets

3.8.1 Investments in securities

- (1) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- (2) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (3) 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.
- (4) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are 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.

3.8.2 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 during the year.

3.9 Property, plant and equipment and depreciation

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

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

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

Depreciation is included in determining operating income.

No depreciation is provided on land and assets under construction.

An item of property, plant 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.

3.10 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 5 years and 10 years.

No amortisation is provided on computer software under installation.

3.11 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. The ownership of this building still belong to the lessor at the end of lease term. 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.

3.12 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 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.

3.13 Insurance contract liabilities

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

(1) Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are 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 however, not 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).

(2) Premium reserves

Premium reserves consist of unearned premium reserve and unexpired risk reserve.

(2.1) Unearned premium reserve

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

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

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2.2) 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.

3.14 Long-term leases

Leases of property, plant 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 asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant 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.

3.15 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 profit or loss.

3.16 Impairment of assets

At the end of each reporting period, the Company performs impairment review in respect of the property, plant 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 immediately.

3.17 Employee benefits

(1) 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.

(2) 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 immediately in other comprehensive income.

3.18 Income tax

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

Current income tax

Current 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 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 owners' equity if the tax relates to items that are recorded directly to owners' equity.

3.19 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.

3.20 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.

4. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards 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:

4.1 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 reinsurance contracts and occurred event that may result in the Company being unable to receive the entire amount under the terms of the contracts.

4.2 Fair value of financial instruments

In determining the fair value of financial instruments 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.

4.3 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.

4.4 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 calculated 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. 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.

4.5 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.

4.6 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.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

4.7 Litigation

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

5. Cash and Cash Equivalents

5.1 Cash and cash equivalents

Cash and cash equivalents as at December 31, 2019 and 2018, consisted of the following:

	Unit : Baht	
	2019	2018
Cash on hand	3,961,776	2,979,241
Deposits at banks with no fixed maturity date	169,034,304	127,477,814
Cash and cash equivalents	172,996,080	130,457,055

As at December 31, 2019 and 2018, the Company placed deposit at bank of Baht 0.39 million as collateral for issuance of letter of guarantee on behalf of the Company for normal operation (see Notes 32 and 34.3).

5.2 Non-cash items

- (1) Cash proceed (paid) for equipment for the years ended December 31, 2019 and 2018 are as follows:

Unit : Baht

	2019	2018
Cash proceeds from equipment		
Receivable from sale of equipment - beginning	-	-
Sales of equipment	1,774,009	536,710
<u>Less</u> Cash proceeds from equipment	(1,774,009)	(536,710)
Receivable from sale of equipment - ending	-	-
Cash paid for equipment		
Payable from purchase of equipment - beginning	1,534,009	-
Purchases of equipment	21,026,390	27,724,835
<u>Less</u> Cash paid for equipment	(22,541,899)	(26,190,826)
Payable from purchase of equipment- ending	18,500	1,534,009

- (2) Cash paid for intangible assets for the years ended December 31, 2019 and 2018 are as follows:

Unit : Baht

	2019	2018
Cash paid for intangible assets		
Payable from purchase of intangible assets - beginning	1,418,000	-
Purchases of intangible assets	13,633,002	18,796,192
<u>Less</u> Cash paid intangible assets	(13,930,002)	(17,378,192)
Payable from purchase of intangible assets - ending	1,121,000	1,418,000

6. Premium Receivable

Premium receivable from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as at December 31, 2019 and 2018, consisted of the following:

Unit : Baht

	2019	2018
Within credit terms	482,496,294	730,999,824
Less than 30 days	68,926,755	56,430,053
31 - 60 days	38,323,171	30,752,677
61 - 90 days	5,692,827	7,713,924
Over 90 days	44,541,985	58,875,996
Premium receivable	639,981,032	884,772,474
<u>Less</u> Allowance for doubtful accounts	(1,370,723)	(1,710,303)
Total premium receivable	638,610,309	883,062,171

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.

7. Accrued Investment Income

Accrued investment income as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Accrued investment income	19,527,628	20,992,498
<u>Less</u> Allowance for doubtful accounts	-	(415,521)
Total accrued investment income	19,527,628	20,576,977

8. Reinsurance Assets

Reinsurance assets as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Insurance reserve refundable from reinsurers		
Claim reserves	424,687,314	3,339,246,054
Unearned premium reserve		
- Unearned reinsurance premium reserve	685,060,518	787,007,073
<u>Less</u> Allowance for impairment	-	(103,185,315)
Total reinsurance assets (see Note 17)	1,109,747,832	4,023,067,812

9. Amounts Due from Reinsurers

Amounts due from reinsurers as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Amounts due from reinsurers	176,069,591	189,188,479
<u>Less</u> Allowance for doubtful accounts	(4,670,753)	-
Total amounts due from reinsurers	171,398,838	189,188,479

The balances of the amounts due from reinsurers are classified by aging as follows:

	Unit : Baht	
	2019	2018
Within credit term	108,154,646	55,527,873
Not over 12 months	55,208,786	123,234,849
Over 1 year to 2 years	577,596	1,164,856
Over 2 years	12,128,563	9,260,901
Amount due from reinsurers	176,069,591	189,188,479
<u>Less</u> Allowance for doubtful accounts	(4,670,753)	-
Total amounts due from reinsurers	171,398,838	189,188,479

10. Investments in Securities

Investments in securities as at December 31, 2019 and 2018 consisted of the following:

Unit : Baht

	2019		2018	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Held-for-trading investments				
Equity securities	805	1,184	805	1,316
Add Unrealized gain	379	-	511	-
Total trading investments	1,184	1,184	1,316	1,316
Available-for-sale investments				
Unit trusts	157,992,839	159,304,418	564,478,240	580,603,379
Add Unrealized gain	1,311,579	-	16,125,139	-
Total available-for-sale securities	159,304,418	159,304,418	580,603,379	580,603,379
Held-to-maturity securities				
Government and state enterprise securities	2,267,394,605		2,281,500,911	
Private sector debt securities	777,000,000		864,363,588	
Deposits at financial institutions with				
Maturity over 3 months	1,899,651,300		1,299,651,300	
Total	4,944,045,905		4,445,515,799	
Less Allowance for impairment	-		(7,100,000)	
Total held-to-maturity investments	4,944,045,905		4,438,415,799	
General investment				
Equity securities	7,327,910		7,327,910	
Less Allowance for impairment	(92,000)		(1,187,614)	
Total general investment	7,235,910		6,140,296	
Total investment in securities	5,110,587,417		5,025,160,790	

Debt securities classified by the remaining maturity as at December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Government and state enterprise securities				
Government bonds	-	-	1,437,394,602	1,437,394,602
Debentures	-	530,000,000	300,000,003	830,000,003
Total	-	530,000,000	1,737,394,605	2,267,394,605
Debt securities				
Debentures	35,000,000	492,000,000	250,000,000	777,000,000
<u>Less</u> Allowance for impairment	-	-	-	-
Total	35,000,000	492,000,000	250,000,000	777,000,000
Total held-to-maturity debt securities - net	35,000,000	1,022,000,000	1,987,394,605	3,044,394,605

Unit : Baht

	2018			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Government and state enterprise securities				
Government bonds	14,003,765	-	1,437,497,143	1,451,500,908
Debentures	-	530,000,000	300,000,003	830,000,003
Total	14,003,765	530,000,000	1,737,497,146	2,281,500,911
Debt securities				
Debentures	87,363,588	507,000,000	270,000,000	864,363,588
<u>Less</u> Allowance for impairment	(7,100,000)	-	-	(7,100,000)
Total	80,263,588	507,000,000	270,000,000	857,263,588
Total held-to-maturity debt securities - net	94,267,353	1,037,000,000	2,007,497,146	3,138,764,499

As at December 31, 2019 and 2018, the Company placed bonds and fixed deposits amounting to Baht 3.25 million and Baht 3.30 million, respectively, as a bank guarantee for bail bond in cases where insured drivers have been charged with criminal offence (see Notes 32 and 34.3).

As at December 31, 2019 and 2018, the Company placed government bonds and state enterprise bonds of Baht 40.25 million and Baht 49.77 million, respectively, as collateral for letter of bank guarantee on behalf of the Company for normal operation (see Notes 32 and 34.3).

As at December 31, 2019 and 2018, the Company placed government bonds with carrying value of Baht 369.14 million and Baht 369.23 million, respectively, as the securities pledged and assets reserved with the Registrar in accordance with the Non-Life Insurance Act (see Note 31).

11. Loans

Loans and interest receivables aged by principle and accrued interest as at December 31, 2019 and 2018, consisted of the following:

Unit : Baht

2019							
Outstanding period	Mortgaged loans		Other loans		Total		
	Interest		Interest		Interest		
	Principal	receivables ⁽¹⁾	Principal	receivables ⁽¹⁾	Principal	receivables ⁽¹⁾	Total
Not yet due	3,896,442	2,928	2,622,750	1,081	6,519,192	4,009	6,523,201
Loans and interest receivables	3,896,442	2,928	2,622,750	1,081	6,519,192	4,009	6,523,201

Unit : Baht

2018							
Outstanding period	Mortgaged loans		Other loans		Total		
	Interest		Interest		Interest		
	Principal	receivables ⁽¹⁾	Principal	receivables ⁽¹⁾	Principal	receivables ⁽¹⁾	Total
Not yet due	1,891,424	1,286	2,735,788	997	4,627,212	2,283	4,629,495
Loans and interest receivables	1,891,424	1,286	2,735,788	997	4,627,212	2,283	4,629,495

⁽¹⁾ This amount is included as a part of "Accrued investment income" in the statement of financial position.

The details of loans to employee are as follows:

Project	Collateral / Guarantee	Credit line	Interest rate
Emergency loan	Person	Not exceeding 5 or 10 times of 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	2.0% per annum plus 1-year fixed deposit rate for personal accounts
		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	0.5% per annum plus MLR

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

12. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2019 and 2018 consisted of the following:

Unit : Baht

	Land	Buildings and improvements	Furniture fixtures and office equipment	Motor vehicles	Assets under construction	Total
Cost:						
January 1, 2018	11,088,422	148,308,909	190,788,305	32,133,998	429,447	382,749,081
Additions	-	868,262	9,026,394	-	17,830,179	27,724,835
Transfer in (out)	-	2,600,257	15,448,077	-	(18,048,334)	-
Disposals/write-off	-	-	(36,885,306)	(32,119,998)	-	(69,005,304)
December 31, 2018	11,088,422	151,777,428	178,377,470	14,000	211,292	341,468,612
Additions	-	1,263,473	14,328,338	1,877,850	3,556,729	21,026,390
Transfer in (out)	-	3,170,677	449,844	-	(3,620,521)	-
Disposals/write-off	-	(86,696)	(17,056,243)	(1,877,850)	-	(19,020,789)
December 31, 2019	11,088,422	156,124,882	176,099,409	14,000	147,500	343,474,213
Accumulated depreciation:						
January 1, 2018	-	129,042,763	145,170,346	32,133,996	-	306,347,105
Depreciation for the year	-	7,258,408	24,296,083	-	-	31,554,491
Accumulated depreciation on disposals/write-off	-	-	(36,874,125)	(32,119,997)	-	(68,994,122)
December 31, 2018	-	136,301,171	132,592,304	13,999	-	268,907,474
Depreciation for the year	-	6,860,394	25,154,208	90,548	-	32,105,150
Accumulated depreciation on disposals/write-off	-	(86,695)	(17,044,337)	(90,548)	-	(17,221,580)
December 31, 2019	-	143,074,870	140,702,175	13,999	-	283,791,044
Net carrying value						
December 31, 2018	11,088,422	15,476,257	45,785,166	1	211,292	72,561,138
December 31, 2019	11,088,422	13,050,012	35,397,234	1	147,500	59,683,169

As at December 31, 2019 and 2018, the Company's certain buildings and equipment items have been fully depreciated but are still in use. The cost of those assets amounted to approximately Baht 219.90 million and Baht 198.78 million, respectively.

Depreciation for the years ended December 31, 2019 and 2018 amounting to Baht 32.11 million and Baht 31.55 million, respectively, were included in operating expenses.

13. Leasehold Rights

Leasehold rights as at December 31, 2019 and 2018 consisted of the following:

Unit : Baht

	Leasehold right - building
Cost	
January 1, 2018	70,479,640
December 31, 2018	70,479,640
December 31, 2019	70,479,640
Accumulated amortisation	
January 1, 2018	(50,414,559)
Amortisation charged for the year	(1,838,292)
December 31, 2018	(52,252,851)
Amortisation charged for the year	(1,838,292)
December 31, 2019	(54,091,143)
Net carrying value	
December 31, 2018	18,226,789
December 31, 2019	16,388,497

Amortisation for the years ended December 31, 2019 and 2018 amounting to Baht 1.84 million were included in operating expenses.

14. Intangible Assets

Intangible assets as at December 31, 2019 and 2018 consisted of the following:

Unit : Baht

	Computer software		
	Computer software	under installation	Total
Cost			
January 1, 2018	128,097,208	19,209,350	147,306,558
Additions	3,806,500	14,989,692	18,796,192
Transfer in (out)	7,355,292	(7,355,292)	-
December 31, 2018	139,259,000	26,843,750	166,102,750
Additions	5,663,400	7,969,602	13,633,002
Transfer in (out)	9,530,700	(9,530,700)	-
December 31, 2019	154,453,100	25,282,652	179,735,752
Accumulated amortisation			
January 1, 2018	75,071,114	-	75,071,114
Amortisation charged for the year	6,865,733	-	6,865,733
December 31, 2018	81,936,847	-	81,936,847
Amortisation charged for the year	7,663,617	-	7,663,617
December 31, 2019	89,600,464	-	89,600,464
Net carrying value			
December 31, 2018	57,322,153	26,843,750	84,165,903
December 31, 2019	64,852,636	25,282,652	90,135,288

As at December 31, 2019 and 2018, the Company's certain computer software items have been fully amortised but are still in use. The cost of those assets amounted to approximately Baht 65.26 million and Baht 64.14 million, respectively.

Amortisation for the years ended December 31, 2019 and 2018 amounting to Baht 7.66 million and Baht 6.87 million, respectively, were included in operating expenses.

15. Deferred Tax Assets and Income Tax Expense

Deferred tax assets as at December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019	2018
Deferred tax assets	236,254,630	243,285,434

Movements of deferred tax assets for the years ended December 31, 2019 and 2018 consisted of tax effects from the following items:

Unit : Baht

	As at January 1, 2019	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2019
Deferred tax assets				
Unearned premium reserves	74,101,095	(4,272,930)	-	69,828,165
Allowance for doubtful accounts - premium receivables	260,684	-	-	260,684
Allowance for doubtful accounts - reinsurance assets	20,637,063	(20,637,063)	-	-
Allowance for doubtful accounts - claim receivables from litigants	3,228,429	(255,896)	-	2,972,533
Allowance for doubtful accounts - other receivables	1,443,799	(508,420)	-	935,379
Claim reserves	122,291,138	7,960,352	-	130,251,490
Obligations and accrued employee benefits	16,259,443	4,593,912	2,375,820	23,229,175
Accrued underwriting expenses	4,064,109	(63,784)	-	4,000,325
Sale promotion payable	7,504,580	659,035	-	8,163,615
Others	2,790,321	(293,075)	-	2,497,246
Deferred tax assets	252,580,661	(12,817,869)	2,375,820	242,138,612
Deferred tax liabilities				
Claim reserves of claims incurred but not reported	(6,070,199)	448,533	-	(5,621,666)
Unrealised gain on changes in value of available-for-sale investments	(3,225,028)	-	2,962,712	(262,316)
Deferred tax liabilities	(9,295,227)	448,533	2,962,712	(5,883,982)
Deferred tax assets/ liabilities - net	243,285,434	(12,369,336)	5,338,532	236,254,630

Unit : Baht

	As at January 1, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2018
Deferred tax assets				
Unearned premium reserves	61,339,279	12,761,816	-	74,101,095
Allowance for doubtful accounts - premium receivables	260,684	-	-	260,684
Allowance for doubtful accounts - reinsurance assets	20,637,063	-	-	20,637,063
Allowance for doubtful accounts - claim receivables from litigants	2,253,126	975,303	-	3,228,429
Allowance for doubtful accounts - other receivables	1,513,532	(69,733)	-	1,443,799
Claim reserves	152,093,313	(29,802,175)	-	122,291,138
Obligations and accrued employee benefits	15,271,866	223,586	763,991	16,259,443
Accrued underwriting expenses	4,970,744	(906,635)	-	4,064,109
Sale promotion payable	6,050,031	1,454,549	-	7,504,580
Others	3,546,193	(755,872)	-	2,790,321
Deferred tax assets	267,935,831	(16,119,161)	763,991	252,580,661
Deferred tax liabilities				
Claim reserves of claims incurred but not reported	(9,621,114)	3,550,915	-	(6,070,199)
Unrealised gain on changes in value of available-for-sale investments	355,144	-	(3,580,172)	(3,225,028)
Deferred tax liabilities	(9,265,970)	3,550,915	(3,580,172)	(9,295,227)
Deferred tax assets/ liabilities - net	258,669,861	(12,568,246)	(2,816,181)	243,285,434

Income tax expense for the years ended December 31, 2019 and 2018, consisted of the following:

Unit : Baht

	2019	2018
Income tax expense per income tax return	42,541,531	50,067,529
Adjustment of prior years' corporate income tax	(49,415)	(6,955)
Deferred tax expenses relating to the origination and reversal of temporary differences	12,369,336	12,568,246
Income tax expense per the statements of profit or loss and other comprehensive income	54,861,452	62,628,820

Reconciliation of effective tax rate for the years ended December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019		2018	
	Tax Rate	Amount	Tax Rate	Amount
	(%)		(%)	
Accounting profit before income tax expenses		282,498,329		319,946,002
Applicable corporate income tax rates	20.00	56,499,665	20.00	63,989,200
Adjustment of prior years' corporate income tax	(0.02)	(49,415)	(0.01)	(6,955)
Tax effect from non-deductible income or expense	(0.56)	(1,588,798)	(0.42)	(1,353,425)
Income tax expense per the statements of profit or loss and other comprehensive income	19.42	54,861,452	19.57	62,628,820

16. Other Assets

Other assets as at December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019	2018
Other receivables	18,510,175	16,224,116
<u>Less</u> Allowance for doubtful accounts	(4,676,895)	(7,218,996)
Other receivables - net	13,833,280	9,005,120
Claim receivables from litigants	94,741,316	127,180,296
<u>Less</u> Allowance for doubtful accounts	(14,862,665)	(16,142,144)
Claim receivables from litigants - net	79,878,651	111,038,152
Prepaid commission expenses	57,463,513	65,419,042
Deposits and guarantees	16,380,074	22,918,201
Prepaid expenses	13,946,694	15,345,087
Deposit on rice field insurance scheme	46,386,826	7,451,223
Deposit on corn field insurance scheme	6,738,614	-
Others	9,567,583	6,050,916
Total other assets	244,195,235	237,227,741

17. Insurance Contract Liabilities

Insurance contract liabilities as at December 31, 2019 and 2018 consisted of the following:

Unit : Baht

	2019		
	Insurance contract liabilities	Reinsurance liabilities (see Note 8)	Net
Claim reserves			
Claim incurred and reported	1,162,320,187	(362,720,175)	799,600,012
Claim incurred but not reported	33,858,810	(61,967,139)	(28,108,329)
Premium reserve			
Unearned premium reserve	2,357,396,266	(685,060,518)	1,672,335,748
Total	3,553,575,263	(1,109,747,832)	2,443,827,431

Unit : Baht

	2018		
	Insurance contract liabilities	Reinsurance liabilities (see Note 8)	Net
Claim reserves			
Claim incurred and reported	4,046,852,611	(3,158,855,066)	887,997,545
Claim incurred but not reported	46,854,677	(77,205,673)	(30,350,996)
Premium reserve			
Unearned premium reserve	2,320,117,368	(787,007,073)	1,533,110,295
Total	6,413,824,656	(4,023,067,812)	2,390,756,844

17.1 Insurance reserve for short-term insurance contract

17.1.1 Claim reserves

Claim reserves as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Balance as at beginning years	4,093,707,288	4,272,426,426
Claim incurred and loss adjustment expenses during the years	2,456,462,085	2,057,867,786
Changing on estimated loss and assumptions used in calculating loss reserve	(119,346,721)	91,173,547
Claim paid during the years	(5,234,643,655)	(2,327,760,471)
Balance as at ending years	1,196,178,997	4,093,707,288

17.1.2 Unearned premium reserve

	Unit : Baht	
	2019	2018
Balance as at beginning years	2,320,117,368	2,207,556,819
Premium written for the years	4,950,515,748	4,626,105,253
Earned premium for the years	(4,913,236,850)	(4,513,544,704)
Balance as at ending years	2,357,396,266	2,320,117,368

17.1.3 Unexpired risk reserve

As at December 31, 2019 and 2018, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 1,340.78 million and Baht 1,168.14 million, net of reinsurance (As at December 31, 2018 : amounting to Baht 1,343.15 million and Baht 1,082.49 million, respectively), which is lower than the unearned premium reserve.

17.2 Claims development tables

17.2.1 Analysis of claims development - gross

As at December 31, 2019

Unit : Thousand Baht

Accident year/ Reported year	Before 2014	2014	2015	2016	2017	2018	2019	Total
Estimate of ultimates:								
- End of accident year	18,266,338	1,411,299	2,051,011	2,139,343	2,126,492	2,017,992	2,446,900	
- One year later	17,618,870	1,451,575	2,043,722	2,171,655	2,194,423	2,000,933		
- Two year later	17,794,305	1,340,777	1,941,784	2,018,965	2,106,170			
- Three year later	17,916,946	1,346,995	1,927,889	2,014,439				
- Four year later	13,239,699	1,345,497	1,922,455					
- Five year later	13,328,614	1,342,869						
- Six year later	13,051,822							
Absolute estimated claim reserve								
and outstanding claim	13,051,822	1,342,869	1,922,455	2,014,439	2,106,536	1,976,814	2,486,508	24,901,443
Accumulative claim paid	(13,042,334)	(1,337,933)	(1,912,885)	(2,000,265)	(2,041,659)	(1,901,351)	(1,587,021)	(23,823,448)
Total	9,488	4,936	9,570	14,174	64,877	75,463	899,487	1,077,995
Others								118,184
Total claim reserves								1,196,179

As at December 31, 2018

Unit : Thousand Baht

Accident year/ Reported year	Before 2014	2014	2015	2016	2017	2018	2019	Total
Estimate of ultimates:								
- End of accident year	15,867,579	1,197,241	1,411,299	2,102,930	2,252,446	2,205,967	2,017,992	
- One year later	17,069,096	1,232,003	1,451,575	2,119,059	2,283,982	2,201,911		
- Two year later	16,386,866	1,175,030	1,340,777	2,000,639	2,121,144			
- Three year later	16,619,275	1,169,894	1,346,995	1,986,015				
- Four year later	16,747,052	1,171,476	1,345,497					
- Five year later	12,068,223	1,171,379						
- Six year later	12,164,987							
Absolute estimated claim reserve								
and outstanding claim	12,173,987	1,171,379	1,345,497	1,986,015	2,121,300	2,149,532	2,090,580	23,038,290
Accumulative claim paid	(9,207,056)	(1,165,096)	(1,338,672)	(1,968,197)	(2,095,870)	(1,960,995)	(1,309,936)	(19,045,822)
Total	2,966,931	6,283	6,825	17,818	25,430	188,537	780,644	3,992,468
Others								101,239
Total claim reserves								4,093,707

17.2.2 Analysis of claims development - net

As at December 31, 2019

Unit : Thousand Baht

Accident year/ Reported year	Before 2014	2014	2015	2016	2017	2018	2019	Total
Estimate of ultimates:								
- End of accident year	5,720,151	1,124,687	1,391,469	1,684,421	1,728,239	1,612,218	1,886,278	
- One year later	5,723,238	1,151,493	1,445,298	1,756,116	1,715,233	1,542,963		
- Two year later	5,650,887	1,075,219	1,355,481	1,634,360	1,650,321			
- Three year later	5,653,740	1,077,990	1,349,669	1,636,053				
- Four year later	5,649,228	1,077,225	1,349,135					
- Five year later	5,641,177	1,076,356						
- Six year later	5,637,277							
Absolute estimated claim reserve								
and outstanding claim	5,637,277	1,076,356	1,349,135	1,636,053	1,650,353	1,518,434	1,864,662	14,732,270
Accumulative claim paid	(5,642,377)	(1,073,302)	(1,345,002)	(1,628,348)	(1,600,607)	(1,486,847)	(1,263,632)	(14,040,115)
Total	(5,100)	3,054	4,133	7,705	49,746	31,587	601,030	692,155
Others								79,337
Total claim reserves								771,492

As at December 31, 2018

Unit : Thousand Baht

Accident year/ Reported year	Before 2013	2013	2014	2015	2016	2017	2018	Total
Estimate of ultimates:								
- End of accident year	4,914,844	849,659	1,124,687	1,443,389	1,797,524	1,738,877	1,610,112	
- One year later	4,870,493	915,035	1,151,493	1,520,635	1,868,443	1,722,722		
- Two year later	4,808,202	845,024	1,075,219	1,414,337	1,736,539			
- Three year later	4,805,885	845,248	1,077,990	1,407,796				
- Four year later	4,807,906	846,657	1,077,225					
- Five year later	4,801,985	844,687						
- Six year later	4,796,324							
Absolute estimated claim reserve								
and outstanding claim	4,805,324	844,687	1,077,225	1,407,796	1,736,595	1,669,916	1,606,020	13,147,563
Accumulative claim paid	(4,795,502)	(843,446)	(1,074,007)	(1,400,404)	(1,726,049)	(1,573,043)	(1,050,980)	(12,463,431)
Total	9,822	1,241	3,218	7,392	10,546	96,873	555,040	684,132
Others								70,330
Allowance for doubtful accounts - claim reserves refundable from reinsurers								103,185
Total claim reserves								857,647

17.3 Methodology applied for claims estimation

17.3.1 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 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.

17.3.2 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.

17.4 Assumptions applied to estimate claims reserves

17.4.1 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.

17.4.2 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.

17.4.3 Unallocated loss adjustment expenses (ULAE)

In order to ensure claim reserves cover claims handling expenses, the reserves include the Company's estimate of unallocated loss adjustment expenses, which are expenses that cannot be clearly attributed to the processing of a specific insurance claim, particularly salaries and operating expenses of the Claims Department. The estimate was based on comparison of Claims Department expenses for the financial year 2019 with claims incurred.

17.4.4 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.

18. Amounts Due to Reinsurers

Amounts due to reinsurers as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Amount withheld on reinsurance	258,168,378	242,518,691
Reinsurance payables	356,715,609	589,251,728
Total amounts due to reinsurers	614,883,987	831,770,419

19. Employee Benefit Obligations

Movements in the present value of employee benefit obligations as at December 31, 2019 and 2018 were as follows:

	Unit : Baht	
	2019	2018
Present value of obligation at the beginning of the years	76,320,582	71,412,789
Current service cost of the years	7,392,906	5,383,161
Past service cost of the years	22,945,998	-
Interest cost	2,961,360	2,071,177
Actuarial (gain) loss in defined employee benefit plans		
- From demographic assumptions changes	7,425,213	1,162,128
- From financial assumptions changes	10,235,006	(1,354,162)
- From experience adjustments	(5,781,119)	4,011,989
Benefit paid during the years	(10,376,669)	(6,366,500)
Present value of obligation at the end of the years	111,123,277	76,320,582

The Company calculated employee benefit obligations by an actuary using the Projected Unit Credit Method. The assumptions consisted of the following:

	2019	2018
Financial assumptions		
Discount rate (percent per year)	1.89	3.15
Expect rate of salary increase (percent per year)	5.30 - 6.40	5.00 - 7.00
Demographic assumptions		
Turnover rate (percent per year)	0 - 17	0 - 15
Retirement age (years)	60	60
Mortality rates	Thailand Mortality Ordinary table 2017	Thailand Mortality Ordinary table 2017

Analysis of significant actuarial assumptions which impact on increase (decrease) in defined benefit obligation

Unit : Baht

	2019	2018
Financial assumptions		
Discount rate		
1% increase	(11,628,057)	(6,732,662)
1% decrease	13,915,396	7,968,608
Expected rate of salary increase		
1% increase	12,655,909	8,043,971
1% decrease	(10,881,124)	(6,949,696)
Demographic assumptions		
Turnover rate		
10% increase	(4,053,108)	(2,748,880)
10% decrease	4,369,438	2,995,750

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019	2018
Within 1 year	6,949,706	11,087,393
Over 1 to 5 years	26,056,111	19,786,391
Over 5 years	78,117,460	45,446,798
Total	111,123,277	76,320,582

20. Other Liabilities

Other liabilities as at December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Accounts payable – claims	1,656	12,648,979
Accrued commission of direct insurance	65,435,272	55,793,611
Commission of reinsurance received in advance	79,284,127	88,487,444
Other payables	35,455,919	37,587,508
Suspense accounts to settle with premium receivables	37,661,836	35,702,116
Accrued expenses	152,782,554	159,029,873
Others	28,665,500	23,174,264
Total other liabilities	399,286,864	412,423,795

21. Legal Reserve

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must allocate to a reserve fund from the annual net profit of the year, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the authorized capital. Such reserve fund is not available for distribution as dividend. At present, the statutory reserve has fully been set aside.

22. Financial Information by Segment

The business segment results are prepared based on the Management of the Company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Financial Reporting Standard.

The Company has five reportable segments, which represent the major products that the Company underwrites and consists of fire, marine, motor, personal accident and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2019 and 2018, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the years ended December 31, 2019 and 2018 were as follows:

Unit : Baht

	2019					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Gross premiums written	128,417,629	111,378,146	3,204,777,699	247,062,614	1,258,879,660	4,950,515,748
<u>Less</u> Premiums ceded	(60,564,198)	(78,779,239)	(313,874,486)	(139,595,688)	(1,049,714,834)	(1,642,528,445)
Net premiums written	67,853,431	32,598,907	2,890,903,213	107,466,926	209,164,826	3,307,987,303
<u>Add (less)</u> Unearned premium reserve (increase) decrease from previous year	(3,920,317)	(869,626)	(142,928,418)	5,575,409	2,917,499	(139,225,453)
Net premium earned	63,933,114	31,729,281	2,747,974,795	113,042,335	212,082,325	3,168,761,850
Fee and commission income	18,755,031	17,922,753	161,069,439	31,616,035	105,894,311	335,257,569
Total underwriting income	82,688,145	49,652,034	2,909,044,234	144,658,370	317,976,636	3,504,019,419
Underwriting expenses						
Gross claims	11,847,958	21,930,562	1,772,196,261	131,324,368	286,241,713	2,223,540,862
<u>Add (less)</u> Claim recovered from reinsurers	100,370	(10,405,407)	(128,509,384)	(77,949,915)	67,593,334	(149,171,002)
Commissions and brokerages expenses	29,542,975	4,404,026	407,265,376	27,388,763	54,746,324	523,347,464
Other underwriting expenses	17,555,972	8,725,673	639,008,022	22,370,218	67,793,339	755,453,224
Total underwriting expenses	59,047,275	24,654,854	2,689,960,275	103,133,434	476,374,710	3,353,170,548
Profit (loss) on underwriting	23,640,870	24,997,180	219,083,959	41,524,936	(158,398,074)	150,848,871

Unit : Baht

	2018					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Gross premiums written	114,569,521	102,550,858	2,785,049,129	272,390,022	1,351,545,723	4,626,105,253
<u>Less</u> Premiums ceded	(48,343,264)	(73,674,152)	(297,218,878)	(153,835,654)	(1,146,521,255)	(1,719,593,203)
Net premiums written	66,226,257	28,876,706	2,487,830,251	118,554,368	205,024,468	2,906,512,050
<u>Add (less)</u> Unearned premium reserve (increase) decrease from previous year	4,600,355	(40,706)	(110,031,443)	(4,272,212)	(3,319,582)	(113,063,588)
Net premium earned	70,826,612	28,836,000	2,377,798,808	114,282,156	201,704,886	2,793,448,462
Fee and commission income	11,173,361	20,293,882	151,596,836	33,099,351	101,431,261	317,594,691
Total underwriting income	81,999,973	49,129,882	2,529,395,644	147,381,507	303,136,147	3,111,043,153
Underwriting expenses						
Gross claims	21,066,287	32,628,922	1,451,848,475	108,562,119	431,101,218	2,045,207,021
<u>Less</u> Claim recovered from reinsurers	(6,545,051)	(13,522,075)	(132,599,029)	(69,582,850)	(257,150,173)	(479,399,178)
Commissions and brokerages expenses	31,161,546	4,484,049	344,364,473	32,213,734	49,628,346	461,852,148
Other underwriting expenses	11,794,183	7,814,009	569,912,960	15,674,087	58,317,751	663,512,990
Total underwriting expenses	57,476,965	31,404,905	2,233,526,879	86,867,090	281,897,142	2,691,172,981
Profit on underwriting	24,523,008	17,724,977	295,868,765	60,514,417	21,239,005	419,870,172

The Company does not present the assets and liabilities of each segment because the chief operating decision maker manages the Company's assets as a whole, and not separately based on business segment.

23. Operating Expenses

Operating expenses for the years ended December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Employee benefit expense	140,199,133	161,027,118
Premises and equipment expense	98,621,039	87,285,331
Tax and duties	379,456	368,420
Advertising and promotion expenses	15,037,661	16,212,199
Other operating expenses	42,706,299	50,463,543
Total operating expenses	296,943,588	315,356,611

24. Expenses by Nature

Expenses by nature for the years ended December 31, 2019 and 2018 consisted of the following:

	Unit : Baht	
	2019	2018
Claim and loss adjustment expenses	1,924,684,089	1,434,069,654
Personal expenses	437,986,933	413,612,864
Commissions and brokerage expenses	523,347,464	461,852,148
Other underwriting expenses	520,302,056	459,249,313
Premises and equipment expenses	185,670,179	170,701,451
Advertise and promotion expenses	15,037,661	16,212,199
Bad debt and doubtful account (reversal)	(100,551,549)	5,108,031
Other operating expenses	44,355,713	52,209,412
Total expenses	3,550,832,546	3,013,015,072

25. 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 9% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year 2019, the Company contributed Baht 15.05 million to the fund (2018: Baht 14.85 million).

26. Effect from Income Tax Relating to Components of other Comprehensive Income

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2019 and 2018, were as follows:

Unit: Baht

	2019			2018		
	Before tax	Income tax (expense) income	Net of tax	Before tax	Income tax (expense) income	Net of tax
Item that will be reclassified subsequently to profit or loss						
Gain (loss) on remeasuring available-for-sale investment	(14,813,560)	2,962,712	(11,850,848)	17,900,861	(3,580,172)	14,320,689
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on defined employee benefit plans	(11,879,100)	2,375,820	(9,503,280)	(3,819,955)	763,991	(3,055,964)
Total	(26,692,660)	5,338,532	(21,354,128)	14,080,906	(2,816,181)	11,264,725

27. Earnings per Share

Basic earnings per share for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Net profit (Baht)	227,636,877	257,317,182
Number of share capital (shares)	50,000,000	50,000,000
Basic earnings per share (Baht)	4.55	5.15

28. Dividend Paid

On April 24, 2018, the Annual General Meeting of the Shareholders passed a resolution to pay dividend from operating result for the year 2017 of Baht 3.20 per share totaling Baht 160 million and such dividend was paid on May 8, 2018.

On April 2, 2019, the Annual General Meeting of the Shareholders passed a resolution to pay dividend from operating result for the year 2018 of Baht 3.20 per share totaling Baht 160 million and such dividend was paid on April 18, 2019.

29. Transactions with Related Parties

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of Business
Crown Property Bureau	Major shareholders (Before July 2018)	-
Crown Property Bureau	Some common directors (Since July 2018 - present)	-
The Siam Commercial Bank Pcl.	Some common shareholders and directors	Bank
The Siam Cement Pcl. and its related companies	Some common shareholders and directors	Material construction
Siam Sinthorn Co., Ltd.	Some common shareholders and directors	Property
Siam Administrative Management Co., Ltd.	Some common directors	Services
Road Accident Victims Protection Co., Ltd.	Some common directors	Insurance

During the years ended December 31, 2019 and 2018, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties, were as follows:

		Unit : Thousand Baht	
		2019	2018
Transactions with related parties			
Premium written	- Major shareholders	-	272
	- Some common shareholders and directors	1,718,111	1,575,611
	- Some common directors	60,239	58,240
Interest income	- Some common shareholders and directors	2,579	1,929
Other income	- Some common directors	22,403	13,432
Claims	- Major shareholders	-	1,087
	- Some common shareholders and directors	563,194	1,005,670
	- Some common directors	110,785	100,900
Commission paid from	- Some common shareholders and directors	137,405	120,290
direct premium written	- Some common directors	21	-
Underwriting expenses	- Some common shareholders and directors	60,980	100,369
	- Some common directors	73,504	67,040
Operating expenses	- Major shareholders	-	1,045
	- Some common shareholders and directors	760	486
	- Some common directors	5,451	4,533

Pricing policies

Transactions with related parties

Premium written	Normal commercial terms for insurance
Interest income	0.5% - 4.4% per annum which is the rate that financial institutions provide to normal customers
Other income	As indicated in the agreement
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 December 31, 2019 and 2018, the Company presented the following significant balances of assets and liabilities with its related parties were as follows:

	Unit : Baht	
	2019	2018
Cash and cash equivalent		
Some common shareholders and directors	100,401,659	81,704,032
Investments in securities - private sector debt securities		
Some common shareholders and directors	-	30,000,000
Investments in securities - Deposits at financial institutions with maturities of more than three months		
Some common shareholders and directors	1,117,451,300	17,451,300
Premium receivables		
Some common shareholders and directors	168,730,995	454,170,455
Some common directors	16,080,645	58,412,608
Accrued investment income		
Some common shareholders and directors	173,789	353,155
Other assets - other receivables		
Some common directors	21,797,000	25,183,970
Insurance contract liabilities - claim reserves		
Some common shareholders and directors	260,200,380	320,602,375
Some common directors	3,381,017	3,986,810
Commission and brokerages payable		
Some common shareholders and directors	8,641,053	10,224,052
Other liabilities - accrued expense		
Some common shareholders and directors	2,866,763	2,055,025
Some common directors	17,041,959	17,243,360

30. Directors and Key Management Personnel's Remuneration

During the years ended December 31, 2019 and 2018, the Company had employee benefit expenses incurred on their directors and key management as below:

	Unit : Baht	
	2019	2018
Short-term employee benefits	36,386,251	40,253,980
Long-term employee benefits	1,863,261	1,246,653
Director's remuneration	9,839,730	9,985,000
Total directors and key management personnel's remuneration	48,089,242	51,485,633

31. Securities Pledged and Assets Reserved with the Registrar

As at December 31, 2019 and 2018, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 10) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively, as follows:

	Unit : Baht	
	2019	2018
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Government securities	14,000,000	14,003,765
Assets reserved with the registrar		
Government securities	355,141,038	355,224,935
Total investment in securities of pledged	369,141,038	369,228,700

32. Restricted and Collateral Assets

The Company pledged deposit at bank and its investment as guarantee as at December 31, 2019 and 2018 as follows:

	Unit : Baht	
	2019	2018
Deposit at bank placed for issuance letter of bank guarantee of the Company for normal operation (see Notes 5 and 34.3)	393,225	393,225
Bonds and fixed deposits placed as bail bond in case where insured drivers have been charged with criminal offence (see Notes 10 and 34.3)	3,250,000	3,300,000
Bonds placed for issuance letter of guarantee of the Company for normal operation (see Notes 10 and 34.3)	40,253,564	49,772,208
Total	43,896,789	53,465,433

33. Contribution to Non-Life Guarantee Fund

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2019 and 2018 as follows:

	Unit : Baht	
	2019	2018
Accumulated contribution at the beginning of the years	93,750,703	82,328,020
Contribution during the years	12,253,833	11,422,683
Accumulated contribution at the end of the years	106,004,536	93,750,703

34. Commitments and Contingent Liabilities

34.1 Capital commitments

As at December 31, 2019 and 2018, the Company had capital and computer software commitments of Baht 0.14 million and Baht 4.74 million, respectively (as at December 31, 2018 were Baht 1.52 million and Baht 7.93 million, respectively).

34.2 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 to 30 years.

As at December 31, 2019 and 2018, the Company have commitment to pay rentals and service expenses in the future as follows:

Unit : Baht

Type	Remaining periods			Total rental payments for the remaining periods
	Within 1 year	Over 1 year but under 5 years	More than 5 years	
As at December 31, 2019				
Related company	2,849,904	8,357,856	8,183,734	19,391,494
Others	31,155,276	21,465,661	-	52,620,937
	34,005,180	29,823,517	8,183,734	72,012,431
As at December 31, 2018				
Related company	2,849,904	8,357,856	10,273,198	21,480,958
Others	32,639,824	23,924,426	-	56,564,250
	35,489,728	32,282,282	10,273,198	78,045,208

For the years ended December 31, 2019 and 2018, the Company recognized rental expense derived from the operating leases in the statements of profit or loss and other comprehensive income as follows:

	Unit : Baht	
	2019	2018
Rental expense from operating leases	44,690,662	46,643,647

34.3 Letter of guarantees

- (1) As at December 31, 2019 and 2018, the Company placed deposit at bank of Baht 0.39 million as collateral for issuance of letter of guarantee on behalf of the Company for normal operation (see Notes 5 and 32).
- (2) As at December 31, 2019 and 2018, the Company placed bonds and fixed deposits of Baht 3.25 million and Baht 3.30 million, respectively, as bail bond in case where insured drivers have been charged with criminal offence (see Notes 10 and 32).
- (3) As at December 31, 2019 and 2018, the Company placed government and state enterprise bonds of Baht 40.25 million and Baht 49.77 million, respectively, as collateral for letter of bank guarantee on behalf of the Company for normal operation (see Notes 10 and 32).

34.4 Litigations

- (1) As at December 31, 2019, lawsuits have been brought against the Company of Baht 116.65 million (as at December 31, 2018: Baht 146.50 million), as insurer, as following:
 - (1.1) Lawsuit amounting to Baht 0.11 million (as at December 31, 2018: Baht 7.37 million), is still under consideration of the Supreme Court which the Company considered and recorded loss reserves in the portion of the Company after deductible by loss reserve refundable from reinsurers.
 - (1.2) Lawsuit amounting to Baht 116.54 million (as at December 31, 2018: Baht 139.30 million), is still under consideration of Civil Court and Appeal Court which the Company considered and recorded loss reserves in the portion of the Company after deductible by loss reserve refundable from reinsurers Baht 26.27 million (as at December 31, 2018: Baht 9.02 million). These cases are not finalized and the Company's management believes that the reserve amounts are adequate.
- (2) On May 19, 2010, lawsuits have been brought against the Company as insurer from event of fire caused during the political unrest. As at December 31, 2018, the Company recorded loss reserve from such lawsuits Baht 1,693.02 million plus its related interest of Baht 816.98 million and punitive damages with its interest of Baht 387.24 million, totally Baht 2,897.24 million.

During the year 2019, the Supreme Court has passed a verdict to pay some insurance claim to the insurer of Baht 37.74 million and its interest of Baht 12.07 million in March 2019, Baht 12.32 million and interest of Baht 3.67 million in May 2019. Later, in November 2019, the Company and the insured were able to come into an agreement to make compensation for such case which was still being considered by the Supreme Court. The case is terminated. The Company paid the compensation to the insured from such case by Baht 1,642.96 million including related interest by Baht 968.94 million, totally Baht 2,611.90 million.

35. Capital Management

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.

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 December 31, 2019 and 2018 by type of insurance are as follows:

Unit : Thousand Baht

	2019			2018		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	71,680	(21,448)	50,232	59,531	(13,218)	46,313
Marine and Hull	27,287	(13,938)	13,349	31,456	(18,978)	12,478
Motors	1,598,354	(144,708)	1,453,646	1,446,739	(136,021)	1,310,718
Personal accident	101,501	(41,174)	60,327	123,570	(57,730)	65,840
Miscellaneous	558,574	(463,792)	94,782	658,821	(561,060)	97,761
Total	2,357,396	(685,060)	1,672,336	2,320,117	(787,007)	1,533,110

Unit : Thousand Baht

	2019			2018		
	Claim reserves			Claim reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	5,034	(879)	4,155	12,819	(7,365)	5,454
Marine and Hull	33,661	(23,530)	10,131	41,473	(31,286)	10,187
Motors	685,855	(47,274)	638,581	659,583	(62,400)	597,183
Personal accident	34,607	(19,373)	15,234	34,689	(21,327)	13,362
Miscellaneous	437,022	(333,631)	103,391	3,345,143	(3,113,682)	231,461
Total	1,196,179	(424,687)	771,492	4,093,707	(3,236,060)	857,647

The Company performed analysis of the sensitivity of insurance liabilities to changes in the assumptions used in the calculation, which will affect the claims obligations both before and after reinsurance. This is a risk that the frequency and severity of loss events or the related claims management expenses may differ from expectations.

The impact of changes to assumptions that are significant to the claims obligations recorded as of December 31, 2019 and 2018 are as follows:

Unit : Million Baht

2019					
Claim liabilities					
	Change in assumptions	Gross claim increase (decrease)	Net reinsurance increase (decrease)	Profit before tax increase (decrease)	Owner's equity increase (decrease)
Lastest 4 quarters' ULR ⁽¹⁾	+2% (additive)	112	72	(72)	(58)
	-2% (additive)	(112)	(72)	72	58
Lastest 4 quarters' LDF ⁽²⁾	+2% (multiplicative)	131	104	(104)	(83)
	-2% (multiplicative)	(127)	(100)	100	80
ULAE Ratio ⁽³⁾	+20% (multiplicative)	4	4	(4)	(3)
	-20% (multiplicative)	(4)	(4)	4	3

Unit : Million Baht

2018					
Claim liabilities					
	Change in assumptions	Gross claim increase (decrease)	Net reinsurance increase (decrease)	Profit before tax increase (decrease)	Owner's equity increase (decrease)
Lastest 4 quarters' ULR ⁽¹⁾	+2% (additive)	106	66	(66)	(53)
	-2% (additive)	(106)	(65)	65	52
Lastest 4 quarters' LDF ⁽²⁾	+2% (multiplicative)	122	91	(91)	(73)
	-2% (multiplicative)	(117)	(88)	88	71
ULAE Ratio ⁽³⁾	+20% (multiplicative)	4	4	(4)	(3)
	-20% (multiplicative)	(4)	(4)	4	3

⁽¹⁾ ULR = Ultimate loss ratio

⁽²⁾ LDF = Loss development factor

⁽³⁾ 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 120 percent, currently stipulated by the OIC.

36.2 Financial risks

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 its obligations, 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, reinsurance assets, receivables on reinsurance contracts, claim receivables from litigants 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. The risk of concentrations of credit risk from premium receivables 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.

(1) Interest rate risk

Interest rate risk is the risk that value of assets and liabilities will fluctuate due to changes in market interest rate.

As at December 31, 2019 and 2018, significant assets classified by type of interest rates as follows:

Unit : Baht

	2019			
	Fixed interest rate	Floating interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	-	169,034,304	3,961,776	172,996,080
Investment in securities				
Government and state				
enterprise securities	2,267,394,605	-	-	2,267,394,605
Private enterprise debt securities	777,000,000	-	-	777,000,000
Deposit	1,899,651,300	-	-	1,899,651,300
Equity securities/ Unit trusts	-	-	166,541,512	166,541,512
Loans	-	6,519,192	-	6,519,192
Assets under insurance contracts				
Premium receivables	-	-	638,610,309	638,610,309
Reinsurance assets				
- claim reserves	-	-	424,687,314	424,687,314
Amount due from reinsurance	-	-	171,398,838	171,398,838
Claim recovery from litigants	-	-	79,878,651	79,878,651
Liabilities under insurance contracts				
Claim reserves	-	-	1,196,178,997	1,196,178,997
Due to reinsurers	-	-	614,883,987	614,883,987

Unit : Baht

2018				
	Fixed interest rate	Floating interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	-	127,477,814	2,979,241	130,457,055
Investment in securities				
Government and state				
enterprise securities	2,281,500,911	-	-	2,281,500,911
Private enterprise debt securities	857,263,588	-	-	857,263,588
Deposit	1,299,651,300	-	-	1,299,651,300
Equity securities/Unit trusts	-	-	586,744,991	586,744,991
Loans	-	4,627,212	-	4,627,212
Assets under insurance contracts				
Premium receivables	-	-	883,062,171	883,062,171
Reinsurance assets				
- claim reserves	-	-	3,236,060,739	3,236,060,739
Amount due from reinsurance	-	-	183,927,858	183,927,858
Claim recovery from litigants	-	-	111,038,152	111,038,152
Liabilities under insurance contracts				
Claim reserves	-	-	4,093,707,288	4,093,707,288
Due to reinsurers	-	-	831,770,419	831,770,419

As at December 31, 2019 and 2018, the 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 as follow:

Unit : Baht

2019					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Investment in securities					
Government and state					
enterprise securities	-	530,000,000	1,737,394,605	2,267,394,605	2.33 - 5.90
Private enterprise debt securities	35,000,000	492,000,000	250,000,000	777,000,000	3.09 - 5.04
Deposit	1,899,651,300	-	-	1,899,651,300	1.00 - 1.90

Unit : Baht

	2018				
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Investment in securities					
Government and state enterprise securities	14,003,765	530,000,000	1,737,497,146	2,281,500,911	2.33 - 5.90
Private enterprise debt securities	80,263,588	507,000,000	270,000,000	857,263,588	3.09 - 5.04
Deposit	699,651,300	600,000,000	-	1,299,651,300	1.00 - 1.95

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.

(2) 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 December 31, 2019 and 2018, the balances of assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2019 (Thousand)	2018 (Thousand)	2019 (Baht per 1 foreign currency unit)	2018
US dollar	2.0	2.0	29.9767	32.2848

(3) 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 and investments, the sales are required to be pre-approved by the Investment Committee.

As at December 31, 2019 and 2018, 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 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 assets and liabilities held as at December 31, 2019 and 2018 are as follow:

Unit : Thousand Baht

	2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	172,996	-	-	-	-	172,996
Investment in securities	159,304	1,934,651	1,022,000	1,987,395	7,237	5,110,587
Loans	-	-	3,020	3,499	-	6,519
<u>Assets under insurance contracts</u>						
Premium receivables	-	638,610	-	-	-	638,610
Reinsurance assets						
- claim reserves	-	424,687	-	-	-	424,687
Amount due from reinsurance	-	171,399	-	-	-	171,399
Claim recovery from litigants	-	-	79,879	-	-	79,879
<u>Liabilities under insurance contracts</u>						
Claim reserves	-	992,829	203,350	-	-	1,196,179
Due to reinsurers	-	614,884	-	-	-	614,884

Unit : Thousand Baht

	2018					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	130,457	-	-	-	-	130,457
Investment in securities	580,603	793,919	1,637,000	2,007,497	6,142	5,025,161
Loans	-	3	2,733	1,891	-	4,627
<u>Assets under insurance contracts</u>						
Premium receivables	-	883,062	-	-	-	883,062
Reinsurance assets						
- claim reserves	-	3,126,552	109,508	-	-	3,236,060
Amount due from reinsurance	-	183,928	-	-	-	183,928
Claim recovery from litigants	-	-	111,038	-	-	111,038
<u>Liabilities under insurance contracts</u>						
Claim reserves	-	869,570	3,224,137	-	-	4,093,707
Due to reinsurers	-	831,770	-	-	-	831,770

37. Fair Value

As at December 31, 2019 and 2018, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

Unit : Thousand Baht

	2019				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
Held-for-trading investments					
Equity securities	1	-	-	1	1
Available-for-sale investments					
Unit trust	-	159,304	-	159,304	159,304
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	172,996	-	-	172,996	172,996
Held-to-maturity securities					
Debt securities	-	3,590,401	-	3,590,401	3,044,395
Fixed deposit at banks with maturity period over 3 months	1,899,651	-	-	1,899,651	1,899,651
General investments	-	-	25,866	25,866	7,236
Loans	-	-	6,953	6,953	6,519

Unit : Thousand Baht

	2018				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
Held-for-trading investments					
Equity securities	1	-	-	1	1
Available-for-sale investments					
Unit trust	-	580,603	-	580,603	580,603
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	130,457	-	-	130,457	130,457
Held-to-maturity securities					
Debt securities	-	3,268,732	-	3,268,732	3,138,764
Fixed deposit at banks with maturity period over 3 months	1,299,651	-	-	1,299,651	1,299,651
General investments	-	-	24,688	24,688	6,140
Loans	-	-	4,713	4,713	4,627

The method and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- (1) Equity security, their fair values are generally derived from last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand.
- (2) Unit trusts, their fair values are generally derived from net asset value at the last working day of the reporting period.

The fair value hierarchy of financial assets presents according to Note 3.20 to the financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- (1) 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.
- (2) 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, which are estimated by discounting expected future cash flow by the current market interest rate of the debt securities with similar terms and conditions.
- (3) Fixed deposit at banks with maturity period over 3 months, their fair valued are estimated based on the carrying amount in the statement of financial position.
- (4) General investment are the non-marketable securities, their fair values are determined by discounting expected future cash flow by rate of return and related risks.
- (5) Loans are presented at fair values, which are estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions. Thus, carrying value presented in the financial statements is closely to fair value.

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

38. Event After the Reporting Period

On February 29, 2020, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders which will be held on April 2020, subject to dividend payment to Shareholders from the operating results for the year 2019 of Baht 3.20 per share totaling Baht 160 million.

Such dividend will be paid and recorded after the approval from the Annual General Meeting of shareholders.

39. Approval of the Financial Statements

These financial statements were approved for issuance by the Board of Directors on February 29, 2020.

The Company's Information

Registration Number	- 0107537002478 (or previously Bor Mor Jor 494)
Establishment	- January 17, 1947
Registered Capital	- Baht 500 Million (comprising 50 million ordinary shares at Baht 10 each)
Type of Business	- Non-Life Insurance
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Shareholder Service	- Board Secretariat and Corporate Communications Office Tel : 0-2080-1599 ext 8201, 8206 and 8208 Fax : 0-2629-4221 E-mail : pr_deves@deves.co.th

Share Registrar	<p>The Thailand Securities Depository Company Limited</p> <p>93 Ratchadapisek Road, Dindaeng,</p> <p>Bangkok 10400</p> <p>Tel : 0-2009-9000</p> <p>Fax : 0-2009-9476</p>
Trustee	-None-
Auditor	<p>Dr Suphamit Techamontrikul</p> <p>C.P.A. (Thailand) Registration No. 3356</p>
and/or	<p>Mr Chavala Tienpasertkij</p> <p>C.P.A. (Thailand) Registration No. 4301</p>
and/or	<p>Mr Wonlop Vilaivaravit</p> <p>C.P.A. (Thailand) Registration No. 6797</p> <p>Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd.</p> <p>AIA Sathorn Tower, 23rd - 27th Floor</p> <p>11/1 South Sathorn Road, Yannawa, Sathorn</p> <p>Bangkok 10120, Thailand</p> <p>Tel : 0-2034-0000</p> <p>Fax : 0-2034-0100</p>
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