



Annual Report 2010





ไทยประกันภัย

Thai Insurance

Vision (วิสัยทัศน์)

เราจะเป็นบริษัทประกันภัยที่ลูกค้าให้ความไว้วางใจมากที่สุด

To Be The Most Trusted Insurance Company

Mission (ภารกิจ)

มุ่งมั่นพัฒนาสินค้าและบริการที่มีคุณภาพ ควบคู่กับการพัฒนาพนักงานให้มีความรู้และจริยธรรม รวมถึงกระบวนการปฏิบัติงานที่ดีเลิศ เพื่อตอบสนองความพึงพอใจของลูกค้า และสร้างความมั่นคงทางการเงินของบริษัท

To strive for product and service quality through skills and ethics development and through operational excellence, in order to achieve customer satisfaction and sustain financial strength.

Values (ค่านิยม)

- สร้างความพึงพอใจให้แก่ลูกค้า และเพื่อนร่วมงาน
Customer Satisfaction
- มุ่งผลสำเร็จ
Achievement

TIC Way

- มุ่งมั่นทำให้เกิดผลสำเร็จ
Achievement
- มุ่งมั่นทำตามคำสัญญา
Commitment
- มีความคิดสร้างสรรค์และใฝ่รู้
Creative and Continuous Learning
- มีความสุขและสนุกกับการทำงาน
Happiness

HISTORY

of The Thai Insurance Public Company Limited

The Thai Insurance Public Company Limited was established from the royal initiation of Somdej Prapanwasa Auiyikachao, His Majesty the King's grandmother, that the Thai-owned insurance company should be established in order to keep money in the country and help the Thai's during distress in claim situation. The company then started its operation on January 10, 1938 (72th anniversary in 2010) rendering all type of non-life insurances services. It became the first biggest Thai insurance company, and was awarded a garuda emblem and was designated as a company "Under Royal Patronage" from His Majesty the King.



In 1976, the company was registered with the Stock Exchange of Thailand under the trading symbol "TIC" being the first insurance company in Thailand to be registered with the Stock Exchange of Thailand and became a public company in August, 1993.



In 2003, the company won the Best Corporate Governance Report Award from SET Award 2003 by the Stock Exchange of Thailand.

Presently, the company's headquarter is located at Thai Insurance Building, 34/3 Soi Lung Suan, Ploenchit Road, Lumpini, Pathumwan, Bangkok and has 8 branches in Rayong, Chonburi, Khonkan, Nakorn Ratchsrima, Chiang Mai, Phitsanulok, Nakornpathom and Chiang Rai.

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Financial Highlights

	2553	2552	2551
	2010	2009	2008
1. Current Ratio (Times)	1.58	1.47	1.23
2. Turnover of Premium Receivables (Days)	40.96	60.57	76.22
3. Retention Rate (%)	78.07	79.11	81.98
4. Loss Ratio (%)	55.13	63.91	60.14
5. Earnings on Underwriting to Net Premium Written (%)	22.74	21.23	18.58
6. Underwriting Expenses and Operating Expenses Ratio (%)	46.66	38.58	40.33
7. Return on Investment (%)	5.39	4.58	1.93
8. Shareholders' Equity to Net Premium Written Ratio (Times)	0.68	0.60	0.37
9. Net Profit Margin (%)	4.21	1.64	0.13
10. Return on Equity (%)	8.43	3.89	0.38
11. Return on Total Assets (%)	3.58	1.38	0.12
12. Total Assets Turnover (Times)	0.85	0.84	0.97
13. Debt Equity Ratio (Times)	1.27	1.46	2.31
14. Unearned Premium Reserve to Capital Fund (Times)	0.71	0.77	1.30
15. Unearned Premium Reserve to Total Assets (%)	31.24	31.39	39.27
16. Earnings Per Share (Baht)	1.97	0.78	0.09
17. Dividend Per Share (Baht)			
Ordinary Share	0.50	0.25	Unpaid
Preferred Share	1.25	1.00	
18. Book Value Per Share (Baht)	25.00	21.76	20.73

In 2010, Thailand's economic stability revealed the signs of an improvement evidencing in the GDP growth at 7.8%, export rebound, utilization acceleration in industrial sector, sale expansion in property sector, record-breaking car sales with 45% growth rate and household expenditures recovery partly resulting from the government stimulus packages.— General insurance in 2011 is expected to grow at the rate over 7% in line with Thailand economic growth.

In 2010, the Company recorded net profits of Baht 46.3 million increased from previous year by 163% with Baht 195.1 million underwriting profits as claim expenses reduced by 25% or Baht 157.3 million leading to the significant contraction of loss ratio from 64% in 2009 to 56% according to the Company objective in continuous emphasis on work qualities and efficiencies. Regarding investment perspective, the Company investment income recorded at Baht 56 million, an increase by 29% or Baht 12.7 million in consequence of effective portfolio management and favorable stock market environment. In addition, the Company was able to maintain all financial ratios above the Office of Insurance Commission requirements and passed the RBC test in 2008 and 2009 indicating the adequate capital against risks.

For 2011, the Company aims to have the insurance premium growth of approximately 25% and continues to put emphasis on work qualities and efficiencies and retail market expansion via product development and excellent services to meet clients' demands and Bancassurance with the Thai Military Bank.

On behalf of the Board of Directors, I would like to express gratitude to the shareholders, customers, business alliances and agents who have entrusted and supported us continuously. I would like to thank partners and employees as well who have devoted all their knowledge and abilities to the company resulted in successful performance and pave the way for stabilized growth.



(Mr.Kavi Ansvananda)
Chairman





1. Mr. Kavi Ansvananda

Chairman

Other Positions

Chairman
Mongkolchai Patana Co., Ltd.
Suvarnachad Co., Ltd.
Pure Sammakorn Development Co.,Ltd.
Chairman of the Executive Board
Summakorn Public Company limited
Director
Sribathana Co., Ltd.
Sripavidh Co., Ltd.
Danacom and Development Co., Ltd.
Sridharani Co., Ltd.
Ban Bung Vejjakij Co., Ltd.
Independent Director/ Audit Committee Member
Chairman of the Nomination and Remuneration Committee
The Siam Industrial Credit Public Company limited
Manager
His Majesty Private Property Office
Director
His Majesty Private Development Project

Education

B.A (Accountancy) Chulalongkorn University
Training : Thai Institute of Director

2. Mr. Phinyo Ekaraphanich

Director

Other Positions

Director
Office of The Privy Purse

Education

Bachelor of Business Administration, U.S.A.
Parsons College , IOWA , U.S.A

3. Dr.Chatchawin Charoen-Rajapark

Independent Director /

Chairman of the Audit Committee /

Member of the Strategy and Policy Committee /

Member of the Nomination and Compensation Committee

Other Positions

Managing Director
President Hotel and Tower Co.,Ltd.
Independent Director/
Member of the Audit Committee/
Chairman of the Nomination and Remuneration Committee
Ocean Glass Public Company Limited
Executive Director
Eastern Star Real Estate Public Company Limited
Vice Chairman of the Board
Rajapark Development Company Limited

Education

Ph.D. in Management
Massachusetts Institute of Technology,
Cambridge, Massachusetts, U.S.A.
Training : Thai Institute of Director

4. Mr. Luecha Sukrasebya

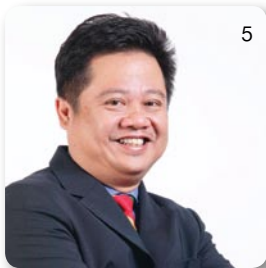
Director

Other Positions

Executive Vice President
Head of Alternative Channels Group
TMB Bank Public Company Limited
Director
TMB Asset Management Co.,Ltd.

Education

Bachelor Degree in Business Administration,
Major in Personal Management,
Bangkok University.
Training : Thai Institute of Director



5. Mr. Paisit Tuchinda

**Director /
Chairman of the Investment Committee /
Member of the Nomination and Compensation Committee /
Member of the Strategy and Policy Committee**

Other Positions

Director
Sanong Tuchinda Co., Ltd.
Managing Director
Danu Thai Holding Co., Ltd.

Education

Master of Marketing (International Languages),
Thammasat University
Training : Thai Institute of Director

6. Mr. Bibit Bijaisoradat

**Independent Director /
Member of the Audit Committee /
Chairman of the Strategy and Policy Committee /
Chairman of the Nomination and Compensation Committee**

Other Positions

Director
Summakorn Public Co., Ltd.
Danu Thai Holding Co., Ltd.
Independent Director / Audit Committee Member
Rayoung Purifier Public Company Limited
Singer Thailand Public Company Limited
Managing Director
Mongkolchai Patana Co., Ltd.
Deputy Director
His Majesty Private Development Project
Assistant Manager
His Majesty Private Property Office

Education

Master of Business Administration,
National Institute of Development Administration (NIDA)
Training : Thai Institute of Director

7. Ms. Koonthala Sasasmit

**Independent Director /
Member of the Audit Committee**

Education

Bachelor of Accounting,
University of the Thai Chamber of Commerce
Master of Science (Finance),
University of Arizona, U.S.A.
Training : Thai Institute of Director

8. Miss Panita Tuchinda

**Managing Director /
Member of the Strategy and Policy Committee /
Member of the Investment Committee**

Education

Master of Public Administration
New York University, U.S.A
Training : Thai Institute of Director

9. Mr. Tikumporn Pongsawasdi

**Director and Assistant Managing Director /
Member of the Strategy and Policy Committee /
Member of the Investment Committee /
Corporate Secretary**

Experiences

Vice President Accounting Office
Dhana Nakorn Finance & Securities
Public Company Limited

Education

Bachelor of Business Administration (Accounting)
Ramkhamhaeng University
Training : Thai Institute of Director



1. Miss Panita Tuchinda

Managing Director

Education

Master of Public Administration
New York University, U.S.A
Training : Thai Institute of Director

2. Mr. Sombat Anunta

Deputy Managing Director

Experiences

Vice President, Underwriter
The Thai Commercial Insurance
Public Company Limited

Education

Master of Business Administration
National Institute of Development
Administration (NIDA)

3. Mr. Tikumporn Pongsawasdi

Director and Assistant Managing Director

Experiences

Vice President Accounting Office
Dhana Nakorn Finance & Securities
Public Company Limited

Education

Bachelor of Business Administration (Accounting)
Ramkamhaeng University
Training : Thai Institute of Director

4. Mr. Wichan Pansrimangkorn

Assistant Managing Director

Experiences

Vice President for Administrative Department
The Thai Commercial Insurance
Public Company Limited

Education

Master of Business Administration
Thammasat University
Barrister at Law
Institute of Legal Education of Thai Bar Association



5. Mr. Ranisorn Phoungvarintara

Vice President

Corporate Sales Management Line 1,
Commercial Business Line

Experiences

Assistant Vice President, Marketing Department
Insurance One Co., Ltd

Education

Bachelor of Laws,
Ramkhamhaeng University

6. Mrs. Piyanuch Preecha

Vice President

Underwriting Department

Experiences

Assistant Vice President ,
Underwriting Department
Safety Insurance Public Company Limited.

Education

Master of Business Administration
Khonkaen University

7. Mrs. Piyamaporn Kookittimaitri

Vice President

People Management & Development Department

Experiences

Human Resources Administrator
Kimberly-Clark Thailand Ltd.
Manager - Factory Human Resources
Nestle (Thai) Ltd.
Manager - Human Resources Services
F&N Dairies (Thailand) Ltd.

Education

B.A. History (Tourism)
Naresuan University

8. Mr. Seree Meksereekul

Vice President

Sales Management Line 1,
Personal Line

Experiences

AVP - Business Development Department
Thai Reinsurance Public Co.,Ltd.

Education

Master Of Business Administration
Strayer University, USA

Major Shareholders

As at March 15, 2011

No.	Name	Unit	% *
1	HIS MAJESTY KING BHUMIBOL ADULYADEJ	5,382,654	22.90%
2	MR. PAISIT TUCHINDA	2,742,100	11.67%
3	MRS. PAIROH TUCHINDA	800,000	3.40%
4	MRS. SUPAPORN CHANSEREEVITTAYA	710,000	3.02%
5	MISS PANITA TUCHINDA	678,036	2.89%
6	THANPUYING DHASANAWALAYA SORNSONGKRAM	648,494	2.76%
7	MR. VACHIRA TAYANARAPORN	500,000	2.13%
8	MR. VORAVIT ROJRAPITADA	478,925	2.04%
9	MR. PHAISAN THANESANUKUL	460,410	1.96%
10	OFFICE OF THE PRIVY PURSE / PHRA SRIRATANACHEDI	456,168	1.94%

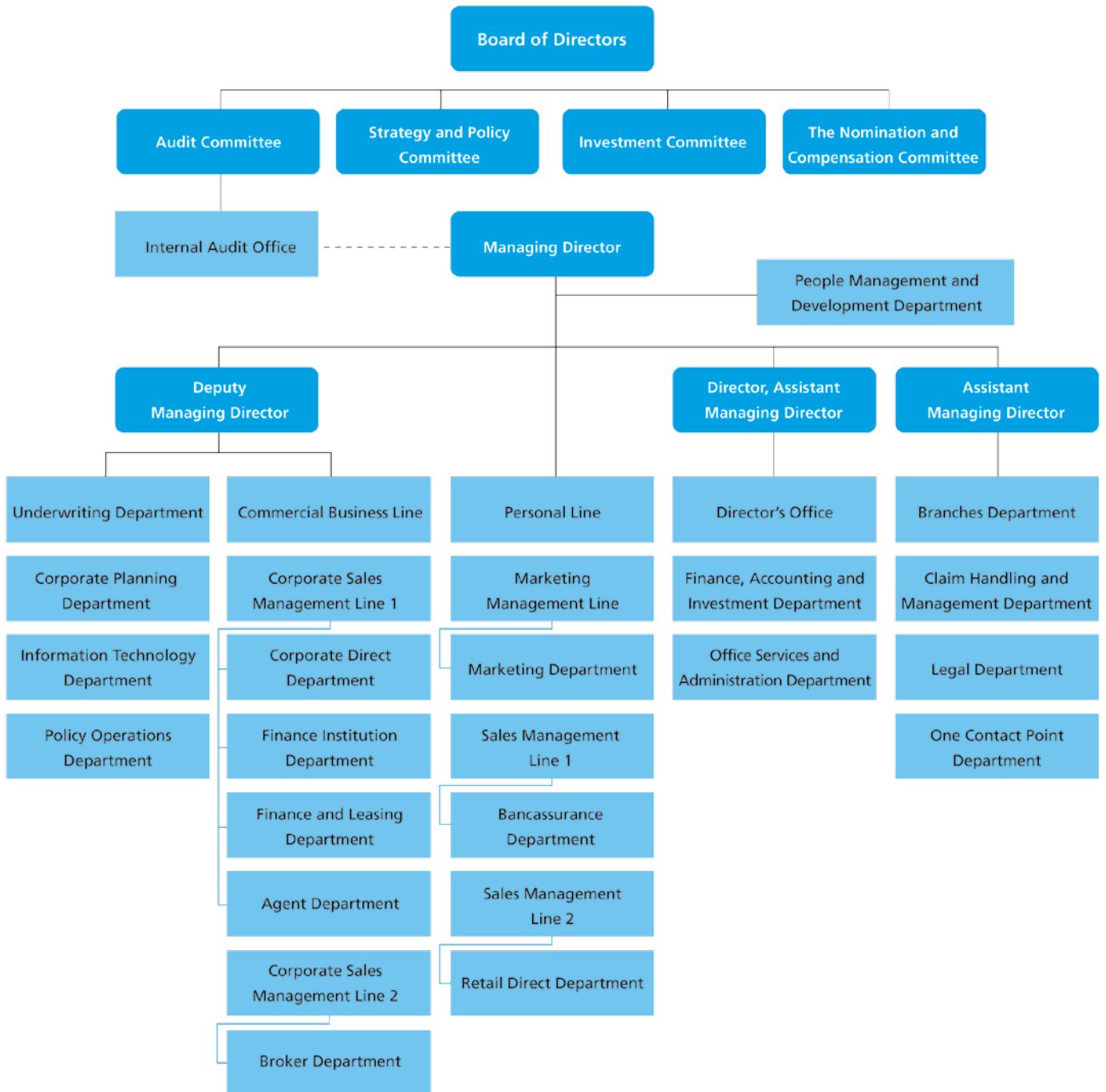
* % shareholding is calculated from both preferred and ordinary shares

Ordinary Shares : Registered Capital 190 Million Baht / Paid-up Capital 190 Million Baht

Preferred Shares : Registered Capital 100 Million Baht / Paid-up Capital 45 Million Baht

Dividend Payment Policy

The company will pay dividend to the shareholders of no less than 40% of net profit after corporate income tax determined in accordance with the guidelines of the Revenue code.



Structure of The Board of Directors

The Company's structure of management consists of the Board of Directors, the Audit Committee, the Nomination and Compensation Committee, Strategy and Policy Committee, Investment Committee and Management. Duties and responsibilities of each committee are summarized as follows:

1. Board of Directors - comprises of 9 directors authorized to formulate the company's business / management policies and to monitor / supervise activities of the management to ensure efficiency and attainment of corporate objectives. Two board of directors' signatures accompanied by an official company seal allows the directors to engage in legally binding agreement on behalf of the company.

2. Audit Committee - is responsible for ensuring effective corporate internal controls system, accurate financial disclosures, compliance with accepted accounting standards, prevention of potential conflict of interests within the scope of business / related persons and specify compensation for auditor. (Can see Charter of the Audit Committee in detail on www.thaiins.com)

3. Nomination and Compensation Committee - has its duties to determine criteria relating to personnel management, to determine remuneration of the Board of Directors, the Management, employees and consultant, and to propose the method to evaluate the work performance of directors and the Board of Directors, and to follow up the result of evaluation. Moreover, has its duties to nominate qualified persons to be directors

4. Strategy and Policy Committee - has been responded to support the Board and Management. The Board has given the advices in policy, target and strategic determination, direction of business operation, monitoring and evaluation throughout given the advices to the management for good corporate governance policy.

5. Investment Committee - to comply with the declaration of investments of the Office of Insurance Commission (OIC), the Board of Director had the resolution to establish the Investment Committee on February 17, 2010 to be responsible for investment policy, considering the investment regulations and procedure and considering investment approval as well as monitoring the status of its investments according to investment policy and OIC's investment regulation.

No.	Name	Position	Remark
1	Mr.Kavi Ansvananda*	Chairman	Non Executive Director Shareholder representative : His Majesty Private Property Office
2	Mr.Phinyo Ekaraphanich*	Director	Non Executive Director Shareholder representative : Office of The Privy Purse
3	Mr.Paisit Tuchinda*	Director	Non Executive Director Major Shareholder
4	Mr.Bibit Bijaisoradat	Director	Independent Director
5	Dr.Chatchawin Charoen-Rajapark	Director	Independent Director
6	Mr.Luecha Sukrasebya	Director	Non Executive Director Shareholder representative : TMB Bank (Plc.)
7	Mrs.Koonthala Sasasmit	Director	Independent Director
8	Miss Panita Tuchinda*	Director	Executive Director
9	Mr.Tikumporn Pongsawadi*	Director	Executive Director

* To be the authorized directors of company obligation in a affidavit's Ministry of Commerce

The Board of Directors comprise of :

Executive directors 2 persons

Non-Executive directors 4 persons

Independent directors 3 persons

The company board of directors consists of 3 independent directors, equal to one third of the total number of directors, which is currently a total of 9. The components of the company board of directors have the suitability to enable the board of directors to perform its functions efficiently. The board chairman is not the same person as the managing director and does not have any relation with the management.

Qualifications of Independent Committee members

1. Not over 65 years old.
2. Be in the position of committee no more than 3 consecutive terms.
3. Have at least Bachelor's Degree.
4. Have the Independent Director's qualification in accordance with the determined of Office of the Securities Exchange Commission or the Stock Exchange of Thailand.

Corporate Secretary

The committee has had the resolution on February 13, 2008 to elect Mr.Tikumporn Pongsawasdi, Director and Assistant Managing Director, to be Secretary of Company. Scope of his work and responsibility has been as follows:

- To give advice, principle, rule, regulation and legal, which the committee has to know on the Listed Company's duty.
- To arrange and preserve the documents as follows
 - Director registration
 - Written notice calling the Committee Meeting, Minute of Committee Meeting and Annual report
 - Written notice calling for an Annual General Meeting and Minute of Annual General Shareholder's Meeting.
 - Preserving the interest as reported by Director or Management.
- To look after the Committee's activities according to assignment.

Board of Directors' Meeting

The Board of Directors' meeting is held on at least once a times per quarterly. All directors have independly to propose the meeting agendas, basis with meeting agendas specified in advance. The Board of Directors' secretary is responsible for distributing the meeting notices meeting agenda and attachments to members of the Board of Directors at least 7 days prior to the meeting date. The Board of Directors' secretary is also responsible for recording and filing the minutes of future inspection by related officers. In 2010, the members of Directors attended the usual 5 meetings. Meeting participants are as follows:

Total number of meetings attended.....Times From.....Times		
1	Mr.Kavi Ansvananda	5/5
2	Mr.Phinyo Ekaraphanich	3/5
3	Mr.Paisit Tuchinda	5/5
4	Mr.Bibit Bijaisoradat	5/5
5	Dr.Chatchawin Charoen-Rajapark	5/5

Total number of meetings attended.....Times From.....Times		
6	Mr.Luecha Sukrasebya	4/5
7	Mrs.Koonthala Sasasmit	5/5
8	Ms.Panita Tuchinda	5/5
9	Mr.Tikumporn Pongsawasdi	5/5

The Audit Committee held a total of 4 quarterly meeting which the member are as follows.

Total number of meetings attended.....Times From.....Times		
1	Dr.Chatchawin Charoen-Rajapark	4/4
2	Mr.Bibit Bijaisoradat	4/4
3	Mrs.Koonthala Sasasmit	4/4

The Nomination Compensation Committee held one time meeting which all members attended the meeting.

Total number of meetings attended.....Times From.....Times		
1	Mr.Bibit Bijaisoradat	1/1
2	Mr.Paisit Tuchinda	1/1
3	Dr.Chatchawin Charoen-Rajapark	1/1

Notes : - Person No.2 appointed as the Chairman of the Nomination and Compensation on February 2010.
 - Person No.3 as the member of the Nomination and Compensation on January 2010.

The Strategy and Policy Committee held a total of 12 meetings which the member are as follows.

Total number of meetings attended.....Times From.....Times		
1	Mr.Bibit Bijaisoradat	12/12
2	Mr.Paisit Tuchinda	12/12
3	Dr.Chatchawin Charoen-Rajapark	11/12
4	Ms.Panita Tuchinda	12/12
5	Mr.Tikumporn Pongsawasdi	12/12

Leadership and Vision

The Board of Directors has a role in approving the company's vision, mission, objectives, business plans and budgets, as well as monitoring the management to ensure that business plans are undertaken within the specified budgets in an effective and efficiency manner under the framework of a good internal control system.

Vision

To Be The Most Trusted Insurance Company

Mission

To strive for product and service quality through skills and ethics development and through operational excellence, in order to achieve customer satisfaction and sustain financial strength.

Values

- Customer Satisfaction
- Achievement

TIC Way

- Achievement
- Commitment
- Creative and Continuous Learning
- Happiness

The Nomination of the Directors and Executive Officers

Board of Directors: Minimum of 5 directors with no maximum limit. At least half of the total members of the Board of Directors must reside in Thailand. Every shareholder has equal voting rights of 1 vote per share. Shareholders can cast total votes held for an individual, or a group of people. However, the votes cannot be unevenly distributed when casting votes for a group of people. Candidates with the most votes will be selected as per the ranking order up to the specified total number of directors. In an event of a tie for the last candidate seat, a draw will held to select the last candidate.

In event of a vacancy other than normal term expiration, the Board of Directors will select a qualified person as per the legal specifications to fill the position for the next board of directors' if more than 2 months remain in the vacant position. Such appointment must be approved by voting process involving a minimum of 75% of the total remaining board of directors' votes. The director appointed to fill a vacant position will only serve the remaining term of that vacant position. Any board of director can be removed prior to expiration of his/ her board member term at the shareholders' meeting if supported by at least three-fourths of the total eligible shareholders present at the meeting. Moreover, that 75% majority shareholders must together hold at least 50% of the eligible shareholders' votes present at such meeting.

The Nomination and Compensation Committee has its duties to nominate qualified persons to be directors replacing the directors retiring from their positions as determined or retiring from their positions in other cases, to be proposed to the Board of Directors, and/or shareholders' meeting to have resolution to appoint as directors. The nomination will be made from qualified persons having ability, leadership, vision and persons having code of ethics

Audit Committee: Minimum of 3 persons. A chairman one of them is Audit Committee members who meet the specified job prerequisites are selected and appointed by the Board of Directors and along with the term of the directors of the company.

Management Remuneration

The Board of Directors has clearly specified the remuneration structure for the company's top management in the corporate governance policy. In 2004, the Board of Directors had appointed the Nomination and Compensation Committee, in order to determine the remuneration of directors, top management, employees and consultants by considering industrial practice and the company's operation results. The directors who are also members of the Audit Committee, members of Nomination and Compensation Committee and members of the Strategy and Policy Committee will receive remuneration for their additional duties and responsibilities have already been approved by the shareholders' meeting.

In 2010, the Board of Directors and the Management has received the remuneration from the Company, as follows:

Remuneration for 9 directors, amounted to 3,635,000 Baht. This amount of money shall include the retainer remuneration, which was already paid, totally 2,155,000 Baht and variable remuneration, of which payment will be approved by shareholders, amounted to 1,480,000 Baht. Since the Company has considered the equality among shareholders, the payments of directors' remuneration will be made after the Shareholders' Meeting has considered the dividend payments.

Director's remuneration for the year 2010 and shareholdings as at 15 March 2011

	Director	Audit Committee	Nomination & Compensation Committee	Strategy & Policy Committee	Investment Committee	Total	Variable Remuneration 2010	Total Director's remuneration	Shareholdings of Director as at 15 Mar 2011	Increase (Decrease) from 2009	
1	Mr.Kavi Ansvananda	180,000.00	-	-	-	180,000.00	341,538.45	521,538.45	-	-	
2	Mr.Phinyo Ekaraphanich	120,000.00	-	-	-	120,000.00	227,692.31	347,692.31	20,266.00	-	
3	Mr.Paisit Tuchinda	120,000.00	-	7,500.00	120,000.00	330,000.00	577,500.00	227,692.31	805,192.31	2,742,100.00	22,100.00
4	Mr.Bibit Bijaisoradat	120,000.00	120,000.00	7,500.00	120,000.00	-	367,500.00	227,692.31	595,192.31	-	-
5	Dr.Chatcharin Charoen-Rajapark	120,000.00	180,000.00	10,000.00	120,000.00	-	430,000.00	227,692.31	657,692.31	-	-
6	Mr.Luecha Sukrasebya	-	-	-	-	-	-	-	-	-	-
7	Ms.Koonthala Sasasmit	120,000.00	120,000.00	-	-	-	240,000.00	227,692.31	467,692.31	-	-
8	Ms.Koonthala Sasasmit	120,000.00	-	-	-	-	120,000.00	-	120,000.00	678,036.00	5,036.00
9	Mr.Tikumporn Pongsawasdi	120,000.00	-	-	-	-	120,000.00	-	120,000.00	-	-
		1,020,000.00	420,000.00	25,000.00	360,000.00	330,000.00	2,155,000.00	1,480,000.00	3,635,000.00		

Notes : - No.3 is in the position of Chairman of the Investment Committee. (Established February, 2010)

- No.6 was the director who represented the shareholder from TMB Bank and do not receive any remuneration according to the bank's policy.

- No 8-9 was executive director who did not receive Board Committees' retainer and variable remuneration

Remuneration for 10 executive officers ("The Executive Officers" mean the executive officers at under Managing Director levels comprising "Deputy Managing Director" and "Assistant Managing Director" of every department) totally cost Baht 23.03 million (This number includes executives who enter or resign during the year) as salary, bonus and Provident Fund subsidiary.

Other non-recuniary compensations, the Company provided the following insurance to the Committee.

- Group Life and Medical Insurance Program for death benefit and medical expenses.
- Directors and Officers Insurance Program to protect directors and officers of the Company who are personally liable for their act.

Remuneration for Audit

Referring to the shareholders meeting's resolution; the company assigned Mrs.Nonglak Pumnoi on behalf of Ernst & Young Office Limited. to be the company's auditor of 2010. The company totally paid to Earnings and Young Co., Ltd. Baht 835,000 as Audit Fee, the annual financial statement and the quarter financial statements. However, during the year, there was no recruitment for other services and Non-Audit Fee payment to the auditor, the audit company, other persons or incorporations relating to the auditor and the audit company.

During 2010, The Audit Committee have agree to hire the auditor from ASV & Associates Co.,Ltd. for other services with excluded from regular services to verify normal financial statements audit to evaluate the assessment of Internal Control and Investment Policies to the Department of Insurance for the year 2010 the audit fee of Baht 85,000.

Corporate Governance Policy

The Board of Directors recognizes the importance of good corporate governance and has specified a corporate governance policy in writing to serve as business operations guidelines with emphasis and coverage on the followings:

- Rights and equality of shareholders and interest groups
- The structure, roles and responsibilities of the Board of Directors
- Transparent disclosure of information
- Internal control system
- Good business ethics and conducts

(Can see Corporate Governance Policy in detail on www.thaiins.com)

Moreover, the board instituted creates a form, namely group assessment, for proposing the assessment to each director. These assessment reflect an attempt to help the Directors review and consider his or her performance together with issues and obstacles identified last year. Furthermore use the results of assessments to analyze and recommendations made for performance improvements.

Shareholders Rights and Shareholders' Meeting

In 2010, the Company held one shareholder meetings, the Annual General Shareholders' Meeting on April 21, 2010. The Board of directors, including the Audit Committee Chairman have attended this meeting. The company's president chaired the shareholders' meeting agendas and proxies to all the shareholders 7 days in advance. Each meeting agenda had been approved by the Board of Directors.

For this shareholders' meeting, the agenda relating to the appointment of the directors to replace the ones who retired by rotation, the company had provided comprehensive work experience profile of each director for shareholders for consideration. The Company had disclosed information same as the documents sent to the shareholders 1 month prior the meeting date. The Chairman had provided the shareholders the opportunity to freely express their opinions. Upon the end of the shareholders' meeting, the shareholders, completed of meeting was prepared accordingly.

For Annual General Shareholders' Meeting (AGM) in year 2011, the Company gives the importance in the right and equitable treatment of Shareholders. The company informed the minor shareholder via

information of SET for observing the right and gives the chance to propose agenda of AGM and propose agenda to nominate qualified person to be elected as Directors in advance of AGM on November 19, 2010 and then inform the mentioned proposal back within January 15, 2011.

Investor Relations

The company recognizes the importance of good investor relations in line with its good corporate governance policy which requires accurate and complete information disclosures (covering financial status, new developments and products) to the shareholders and potential investors via the Stock Exchange of Thailand online computer system and through the company website at www.thaiins.com. As for investor relation, the company has assigned the Director's Office to communicate with the shareholders and prospective investors at telephone number 0-2613-0100 extension 519, 541.

Rights of Various Interest Groups

The company had focused on rights of each stakeholder: shareholders, employees, executives, customers, trade partners and society. The company has realized the responsibilities for them by arranging practical ethics for its staff to respond to benefits of all stakeholders with fairness and integrity as follows:

- Shareholders** The company had concentrated on maintaining shareholder's benefits to meet with their ultimate satisfaction with good returns and continuous growth, and disclosing correct, complete, transparent and credible information to investors and shareholders equally.
- Staffs** The company had provided equal opportunity for every staff and had been aware on morality and fairness in personnel management and development on their knowledge, skill and good values at work. The company also used Balanced Scorecard to assess staff's competency and used KPIs: Key Performance Indicators to measure success of staff comparing with the company's target.
- Customers** The company had focused on building satisfaction and confidence of customers by offering its standard policy for their proper protection at an appropriate expense as well as providing them with good services. Besides, the company had provided convenience, attention and direct responsibility for customers by monitoring and sending out questionnaires to customers to improve its services according to the their needs.
- Business Partners** The company had concentrated on making mutual good relationship with its business partners, agents, and reinsurance companies to maintain their rights with utmost good faith. The company also concerned on trade partners' confidential.
- Competitors** The company had focused on trade competition in good business manners under justified laws, quality and effectiveness of services for the utmost benefits of customers. The company shall not ruin good reputation of its competitors for its

own benefits. At the same time, the company considered other insurance companies as its trade partners and co-professionals who shared the same ratification. The company shared common activities and protected benefits of the same profession to maintain good images of insurance business as a whole.

Creditors	The company had strictly followed the conditions of the contract or searched for new approach to solve problems for the sake of their common benefits.
Society	The company is aware that the company is a part of society and continuously supported charity activities. In 2011, the company put an emphasis on Corporate Social Responsibility (CSR) by including it in the corporate strategic plans.

Inside Information Management

In accordance to the Securities Exchange Commission (SEC) regulations for listed companies, the Board of Directors and every management executives must keep company-related information (e.g. operations results, vital business data) confidential prior to authorized official release of such information to the public.

Management executives must report changes in equity interest to the SEC and SET, then submit a copy of that report to the company as well as notify the Board of Directors at the monthly meeting.

Internal Control

The company recognizes the importance of effective internal control for both management and operational levels and has clearly specified in writing the roles, responsibilities and scope of authority. Office of the internal audit set up independently reports its findings directly to the Audit Committee and the Managing Directors. The office is responsible for conducting internal audit of the business operations, financial and compliance with applicable commercial laws and regulations. Objectives, roles and responsibilities and guidelines have been clearly stated in the charter of the Internal Audit Office. Moreover, the Internal Audit Office also provided the audit manual covering the regulations of the Office of Insurance Commission.

As a property/casualty insurer, the proper risk management is very important. The company manages its risks through appropriate loss retention and selection of reputable foreign reinsurance companies.

Moreover, The Audit Committee request the service from other external auditor who is not in the same firm with the auditor who audits the Company's financial statements to evaluate the report of Assessment of Internal Control and Investment Policies to the Office of Insurance Commission for to ensure that the assessment of internal control is independently performed and to issue the report of Assessment of Internal Control and Investment Policies to the Office of Insurance Commission.

Connected Transactions

The Board of Directors has overseen and put emphasis on conflict of interest by writing in corporate good governance policy in connected transaction section. Given possible conflict of interest, the Company has been aware of deserved ultimate benefit therefore connected transactions have been considered carefully, fairly and transparently by requesting an approval from the Board of Directors and shareholders according to the Stock Exchange of Thailand rules.

Cross Share Holdings

	<u>Portion</u>
Thai Insurance PLC.'s shares held by Danu Thai Holding Co.,Ltd.	1.60%
Thai Insurance PLC.'s shares held by the TMB Bank PLC.,s	8.08%
Danu Thai Holding Co.,Ltd.'s share held by the Thai Insurance PLC.	16.22%

Relationship among Executives

1. Mr. Paisit Tuchinda, Managing Director of Danu Thai Holding Co., Ltd., was director of The Thai Insurance Public Company Limited and brother of Miss Panita Tuchinda, Managing Director of The Thai Insurance Public Company Limited.
2. Mr. Bibit Bijaisoradat director of Danu Thai Holding Co., Ltd., was director of The Thai Insurance Public Company Limited.
3. Mr. Luecha Sukrasebya, the executive officer of TMB Bank PLC., was director of The Thai Insurance Public Company Limited.

Related Party Business Transactions and Price Determination

Related Party Business Transactions is shown at note 6 of the financial statement.

1. The Investment : The Company has investment transaction with the connected companies at the arm's length as follows;

- (1) The Thai Insurance Public Company Limited has saving accounts and current accounts with the TMB Bank at various branches in many provinces. As at December 31, 2010 the balance of saving and current accounts were Baht79,418,408.80 and Baht 9,211,401.81 respectively with an annual interest rate of 0.50-1.125% and 0.00-0.375% respectively.
- (2) The Thai Insurance Public Company Limited has fixed deposit accounts with the TMB Bank with the balance of Baht87,511,077.60 offering annual interest rate of 0.70-2.50% as at December 31, 2010.

2. 2010 business transactions : The Company has business transaction with the connected companies at the arm's length as follows;

	Premium Written	Interest Income	Loss Incurred
TMB Bank PLC.	13,073,675	1,086,320	9,308,931
Danu Thai Holding Co.,Ltd.	331,169	-	-
	Premium due and Uncollected	Accrued Interest	Outstanding Claim
TMB Bank PLC.	3,948,914	262,689	9,313,190
Danu Thai Holding Co.,Ltd.	-	-	-

3. Office Lease Contract : As at December 31, 2010 the Company has leased the office located at 34/3 Soi Lang Suan, Ploenchit road, Lumpinee, Pathumwan, Bangkok, from Danu Thai Holding Co.,Ltd. as the Company head office with lease area of 2,209.62 square meters at the arm's length.

Floor	Square Meter	Rental and Service		Lease Contract
		Sq.m. per month	Total	
Fl. 1, 2, 5	1,414.00	400	6,787,200	3 Years/ March 1, 2008 - February 28, 2011
Fl. 4	445.62	350	467,901	3 Years/ April 1, 2007 - March 31, 2010
		370	1,483,915	3 Years/ April 1, 2010 - March 31, 2013
Fl. 7	350.00	300	1,260,000	3 Years/ September 1, 2008 - August 31, 2011
	2,209.62		9,999,016	

The Necessity and Reasoning of Connected Transactions

Both investment and business transactions with connected companies have been done at the arm's length.

The Comment of the Audit Committee

The Company's audit committee has verified the connected transaction mentioned above and has commented that the connected transactions regarding deposits, investments and business transactions between the Thai Insurance Public Company Limited and the TMB Bank and Danu Thai Holding Co.,Ltd. Care at the arm's length. The interest rate the TMB Bank offered to the Thai Insurance Public Company Limited was reasonable under given money market conditions. The insurance premium the Thai Insurance Public Company Limited charged the TMB Bank and Danu Thai Holding Co.,Ltd. were standard rates determined by the Office of Insurance Commission (OIC). The term and price in lease contract between the Thai Insurance Public Company Limited and Danu Thai Holding Co.,Ltd. followed normal business practices and gained approval by the Board of Director and disclosed to the Stock Exchange of Thailand.

An Approval Process for Connected Transactions

Interrelated transactions with person(s) that may result in conflicts undergo company's normal practices & regulations such as, company's deposit and investment fund. The Company analyzed the various investment options, time frame, rate of return in relation to risk level to comply with the company's investment plans, and Ministry of Commerce's regulations governing investment activities of insurance companies. Furthermore, the Company must properly match premiums to risk exposure in accordance to the Office of Insurance Commission (OIC).

As for the lease of office building, the Company has analyzed the details of leased terms, rental and services rate which is similar to other tenants at the normally business. The Audit Committee has proved the appropriateness of the Lease and presented to the Board of Directors requesting approval and disclosing to the Stock Exchange of Thailand.

Transactions Tendency of Transacting the Connected Transactions in a Future

Future related transactions between people, who may have conflicts, shall be in accordance with normal course of business and the market prices shall be applied to business transactions.

Director has approved the principle relating to trading agreements having general trading conditions transacted between the Company and directors, management or related person so that operation department will be able to carry out such transactions, provided that such transactions have general trading terms and conditions similar to which other general parties would have made under the same circumstance, with bargaining power that is without the influence as being director, management or related person.

Business Ethics

With the approval of the Board of Directors, the company has established in writing a business ethics and conducts which all employees should acknowledge and follow in their dealings with the company and its customers, trade partners, and society in general. Employees are encouraged to always be honest, fair, responsible and respectable to the rights of others. (Can see Business Ethics in detail on www.thaiins.com)

Corporate Social Responsibility : CSR

The Company is aware that the Company is a part of Society and continuously supports charity public activities. In 2011, the Company put an emphasis on Corporate Social Responsibility (CSR) by including it in the corporate strategic plans.

In 2010, the Company organized various social activities as follows:

1. Donated to “Good Will for Society” project (Fake legs).
2. Donated to “Smile for Society” project (Maimed Face operation).
3. Donated the reflected traffic jackets to traffic police at Lumpini police station.
4. Donated for house constructions for flood victims with the Ministry of Finance.

Types of business

The company provides 4 types of property casualty insurance:

1. Fire Insurance – coverage for residential homes, buildings, factories, furniture, inventories etc. against potential risks from fire, lightning, explosion, including additional coverage for wind storm, flood, earthquake and electricity related risks, etc.

2. Marine Insurance – coverage against loss or damage to import / export goods during transportation by sea, damage from nature related risks and additional coverage against theft, war, riot and strike. Insurance for local inland transportation is also available.

3. Motor Insurance – coverage against loss or damage to vehicle and accessories, theft and loss of life, property of driver, passengers in the insured vehicle, including life, property of third party. Special coverage (voluntary / compulsory insurance) include bail insurance for driver facing criminal charge.

4. Miscellaneous Insurance – coverage against various risks apart from the aforementioned three types of insurance, such as personal accidents insurance, travel insurance, all-risks insurance, theft insurance, machinery installation insurance, fidelity insurance, money insurance, contract work insurance, computer insurance, business interruption insurance, neon sign insurance, golf and golf equipment insurance and public liability insurance etc.

Income Structure

(Unit: Thousand Baht)

Types of business	Gross Premium					
	2010	%	2009	%	2008	%
Fire	230,451	20.97%	230,413	21.47%	242,595	18.61%
Marine	20,238	1.84%	21,077	1.96%	21,077	1.87%
Miscellaneous	241,707	21.99%	238,912	22.26%	238,317	18.28%
Automobile	606,567	55.19%	582,982	54.31%	798,448	61.25%
Total	1,098,964	100.00%	1,073,384	100.00%	1,303,690	100.00%

Significance developments in 2010

In the year 2010, the Company put emphasis on underwriting quality and most efficient cost management more than insurance premium growth. The Company has continuously developed its organization in various aspects via service improvements in term of convenience and rapidness, the usages of information technology for sales and services and channel distribution expansions to cope with existing customers and potential customer group. In addition, the Company focused on branch expansion by improvements of work systems, coordination, branches' human development and information technology development to connect the information between the headquarters and branches and expanding retails business through Bancassurance, telemarketing and agents.

Besides, the Company continuously improves information technology systems for the benefits of better work efficiency, verifiability and efficient information access. As a result, the Company services can meet our customers' needs and keep our promises either convenience or correctness with speed for preparation of future business expansion.

For the management perspective, the Balance Scorecard was put in place as management tool and performance evaluations. The Company realizes an importance of human developments so many projects were initiated including trainings, skill and knowledge enhancements both underwriting and management and core value development. These developments aimed for enhancement of skills and positive work attitudes. Moreover, the Company determined its core values that focused on customer satisfaction (creation of customers and colleagues satisfaction), result-oriented management and creation of TIC way; achievement, commitment, creativity and continuous learning and happiness. This is to cultivate the same values and work guidelines among staffs and encourage them to conduct their duties with honesty and ethic.

Risk Factors

The Company has concentrated on good governance principle, trusting service, financial strength and taking full responsibility for our insured and shareholders by considering risk relevant to each operating sides as follow;

1. Strategic Risk

In the year 2010, all external environments changed rapidly. For instance, economics, politics, industry competitions (marketing, human, consumers' behavior) and the global climate changes which had a drastic impact on the Company's achievements. As a result, the Company set its annual strategic and operation plans carefully and put various risk factors both past and foreseeable events into our consideration. Movements were regularly throughout the year in the areas of economic conditions, politics, market and competitiveness conditions to change operation plan accordingly. Given all these efforts, the company would be able to conduct business more effectively and with higher chance to achieve the determined targets.

2. Underwriting Risk

The Company operates under our insured's various risk cover. Hence to protect its insured, it has put in place the policies of underwriting risk protections including reinsurance. Regular reviews are

carried out on the underwriting policy and underwriting operation. The underwriting department is responsible to evaluate, survey, and analyze risk with caution in order to fit with the Company's acceptable risk and prepare the regular underwriting reports to the Top Management for the objective of verification and giving valuable suggestions to gain highest operation efficiency. Then the Company can be able to keep its promises to insured with prompt and fair treatments.

The Company diversified all of its underwritings risk especially the high insured policies via internal and foreign reinsurance companies, in which the Company selected mostly the reinsurance company with credit rating "AAA" or "A+". This is to ensure the insured will not effect by the catastrophes either in term of amount of money or frequency and also the Company risk protections.

3. Operation Risk

The operation risk arises from internal-operation process, human, work system and the external circumstances. All of them can have an impact on the Company's various operations and may bring casualties to the Company. Therefore, every unit prepared its risk registration list expressing risks of particular department, causes of risk, risk indicators, risk control measurements and implemented for their own risk protections. In addition, the Board of Directors set risk management policy covering risk management processes. All units have to report their operating results to the Management in regular basis to ensure the effectiveness and efficiency of risk management in accordance to rules and regulations of both the Company and all regulators.

4. Investment Risk

The Company operates its investing policy according to the restriction set by the Office of Insurance Commission (OIC) and under related laws and the Company treats them as an importance mechanism in the Company's portfolio management.

The investment income can be in forms of interests, dividends and profit/loss from securities trading. Any changes in internal and external economics, politics and monetary policies will have a direct impact on its investment income. Hence, the Company established a unit with a direct responsibility for managing portfolio, monitoring all situations, evaluating risks and adjusting investment strategy to cope with such changes.

The Board of Directors reviews the investment policy continuously to ensure the prudent and highest efficiency portfolio management with an acceptable risk.

5. Solvency Risk

As at December 31, 2010, the Company had the solvency ratio of 455.52% well above the minimum requirement of the Office of Insurance Commission at 150%. The Company also qualified the RBC test criteria to prepare the Risk-Based Capital (RBC) in which the Office of Insurance Commission will enforce on the year 2011 as the company had ability to manage both accrued premiums and portfolio investments efficiently. The favorable stock market conditions and stock price appreciation benefited our investment. Moreover, the Company continuously maintains its capital reserve status. On January 9, 2009, the shareholder meeting had the resolution on capital increase via an issuance of preferred shares for our existing shareholders. This decision supports the Company in having an adequate registered capital base to meet international standards. Given such capital mobilization, the Company increased its paid-up shares from Baht 190 million to Baht 235 million.

6. Other Risks

Apart from underwriting and investment risks, the other risks can also effect the Company financial position and operation, for instance the risk of payment default or disasters.

In the year 2010, the company developed Enterprise Risk Management (ERM) whereby every unit evaluated and controlled risk by itself. This is to improve work process accordingly and continuously. The Company also created a mutual understanding regarding risk and internal controls. This is by having operational evaluation by performance indicators to ensure all operation results achieve determined objectives under acceptable risks.

Operating Results and Financial Status in 2010

In 2010, the Company recorded an insurance premium of Baht1,099 million and net profits of Baht 46.3 million, an increase by 163%, as the claim expenses reduced by 25% or Baht 157.3 million and the loss ratio declined from 64% in 2009 to 56% in 2010. The underwriting profits were Baht 195.1 million. The reason for this was that the Company put an emphasis on operating qualities and efficiencies. In addition, investment income recorded at Baht 56 million, an increase by 29% or Baht 12.7 million due to effective portfolio management and favorable stock market condition. As a result, the Company's net profits recorded at Baht 46.3 million with the net profits to earned premium ratio of 5.54% against 1.82% in 2009 and the return to equity stood at 8.43% compared to 3.89% in 2009

Given the above favorable operating result, the Company then was able to maintain all financial ratios above the Office of Insurance Commission (OIC) requirements and passed the Risk Based Capital (RBC) test that will put into effect in 2011. The Company's Capital Adequate Ratio was equal to 151.19% and 385.85 at the end of 2008 and 2009.

Business goals in the next 3-5 years

1. Marketing The Company has chiefly aims to expand customer base into Personal Line and Commercial Line emphasizing retails and SME, distributed via channels with properly acquisition cost for increasing profitability, reducing pressure from pricing competition and being able to self retention. It is expected that this strategy will contribute to corporate image and create brand awareness among the target group customers to support market expansion into new customer groups and create brand loyalty to maintain existing customers by product development and marketing activities for the target groups.

2. Underwriting The Company has planned to improve underwriting policy, processes and increase knowledge in insurance constantly to advance efficiency in implementing underwriting. The company considers internal and external insurance data to reduce risks likely to take place, and reinsures with other insurers for proper risk distribution.

3. Distribution Channels The Company has maintained the existing customer base and expanded other insurance channels to propose the new products to serve the customers' needs by Cross Selling. The company has improved Telemarketing system continuously and has also emphasized Bancassurance Channel for expanding the customer base to Personal Line.

4. Information Technologies The Company has realized the importance of IT system to build its potential for competitiveness to efficiently improve information systems. The Company used the E-Claims system to contact subsidiaries garage and parts store, to develop the management reports, to build information warehouse for beneficial in the competitive strategy and to lead the new tool for increasing information performance.

5. Development of Policy and Services The Company aims to incessantly improve the existing insurance policy, develop new pattern of policy and increase additional services in order to satisfy the customers' requirements retrieved from surveying to develop the policy and including the policy as assigned by the government. Moreover, the company has also doing evaluation of each kind of policy to be used as development guidelines later on.

6. Human Resources The Company has arranged continuously training courses for the employees to develop their knowledge, skill and competency in insurance knowledge base and after sale services to give proper advice and services to the customers. In addition, the Company defined Core Values by focusing on Customer Satisfaction (to satisfy customers and colleagues) and Achievement (to aim for success) as well as leading to the TIC way which consist of Achievement (commitment to deliver results), Commitment (commitment to follow the contract), Creative & Continuous Learning (creative and want to know) and Happiness. (good pleasure). So that, all employees will be embedded values and ways of working in the same direction as well as to impart moral and ethical for working. The company has made ethics and best practices to guide staff.

Progress of the business plan

1. Marketing The Company still expands retail customer base, focusing on personal and SME lines via financial institutions and telemarketing, including Bancassurance Channel. The company has tried to maintain the existing customer base along with cross selling by offering new products responding the need of this group of customers. Furthermore, the company improves and expands branch operation and covers additional areas, by developing working process, coordination, branch staff and IT system to link data between Head Office and Branch Office development along with extending from bank (Bancassurance) and agents. And definitely the company has always conducted survey on customers' satisfaction continuing from the past years and additionally the company surveys the customers' satisfaction relating to convenience to provide service so there is more development further.

2. Underwriting The Company has applied more insurance statistic from IT system for selecting types of risks and considering for underwriting. The Underwriting Division has been restructured to improve efficiency and manage risks in terms of underwriting. Moreover, the company also considers new form of reinsurance for appropriate risk distribution.

3. Increase of Distribution Channels The Company jointly with bank (Bancassurance) had arranged campaigns and sold policy via telemarketing channel. The company has conducted research for new distribution channels for the customers' convenience and quick expansion of customer base.

4. Information Technologies The Company has been improving IT system on order to support the Business Process Improvement (BPI), starting in year 2005. Most IT system improvement has been used in the 2009 which its process has more efficiency and being able for monitoring. Moreover, its work process based on IT system which could be stored all data in the system as well as efficiently in assessment. Besides, the company had also developed Business Intelligence Program (BI), as data base center and accounting system to collect enough information base for analysis and planning to help improve and increase work efficiency for convenient, precise, faster services and its insurance expansion in the near future

5. Development of Policy and Services The company has always been doing survey and assessment of services to develop products and services in accordance with customers satisfaction upon on economic and social condition. The company has also improved the existing policy and followed up and assessed policies' success to be used as development guides in the future.

6. Human Resources The Company has successively developed the staff's ability via external training division chief officers and data output for self-assessment and improvement. The company has used Balanced Scorecard and KPIs. Beside their behaviors related to the core values. Generally speaking, this can help the staff to be alert and develop their knowledge, skills, values, morality and ethics according to the company's policy.

Name	: THE THAI INSURANCE PUBLIC COMPANY LIMITED
Symbol	: TIC
Head Office	: 34/3 Soi Langsuan, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330
Telephone Number	: 0-2613-0100
Fax Number	: 0-2652-2870-2
Homepage	: www.thaiins.com
Public Company Registration	: Registration Number 156
Type of Business	: Non-life Insurance
Registered Share Capital	: 19.0 million ordinary shares at Baht 10 each, totaling Baht 190 million 10.0 million preferred shares at Baht 10 each, totaling Baht 100 million <u>totaling Baht 290 million</u>
Issued and Paid-up Share	: 19.0 million ordinary shares at Baht 10 each, totaling Baht 190 million 4.5 million preferred shares at Baht 10 each, totaling Baht 45 million <u>totaling Baht 235 million</u>

Entity holding over 10% of shares : Danu Thai Holding Co., Ltd. Address : 933 Mahachai Road, Panakorn, Bangkok 10200 Tel. 0-2223-4171-5 Fax. 0-2225-3400
Type of Business : Real Estate No. of shares held : 60,000
% of shares held to shares issued : 16.22

Registrar : Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building,
Floor 4, 7, Rachadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2359-1200-1 Fax. 0-2359-1259

Auditor

Financial Statements Auditor : Ernst & Young Office Limited
33 rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road Bangkok 10110
Tel. 0-2264-0777 Fax. 0-2264-0789

Internal Control Assessment Auditor : ASV & Associates Co.,Ltd.
Assessment Auditor 47 Soi 53 Rama3 Road, Bangpongpan, Yannawa, Bangkok 10120
Tel. 0-2294-8504 Fax. 0-2294-2345

Law Consultant : LAWBIZ Law Office
20/3 Arun Amarin Road, Bangkoknoi, Bangkok 10700
Tel. 0-2433-9078-9 Fax. 0-2433-9079



ไทยประกันภัย
Thai Insurance

The Board of Directors is responsible for the company's financial statements and financial informations presented in annual report. The financial statements are prepared in accordance to generally accepted accounting standards and in compliance with the Accounting Act of 2000. The comprehensive financial statements are prepared in a consistent, appropriate and accurate manner with adequate disclosures of significant information and notes to financial statements.

The Board of Directors has established effective internal control system to ensure proper record of all required accounting information to ensure that the company's assets are fully disclosed and to prevent fraud, or materially adverse business conduct.

An Audit Committee comprising of non-managerial directors has been appointed by the Board of Directors to ensure quality financial reporting and implementation of effective internal control system. The opinions of the Audit Committee on these issues are included in the annual report.

The Board of Directors is satisfied with the company's internal control system and is confident that the company financial statements accurately reflected the company's financial standing as of December 31, 2010.



(Mr. Kavi Ansvananda)
Chairman



(Miss Panita Tuchinda)
Managing Director
February 23rd, 2011

Dear Shareholders,

The Audit Committee of Thai Insurance Public Company Limited, has been appointed by the Board of Directors of the Company. The Audit Committee currently consists of three independent directors who have qualifications as required by the Stock Exchange of Thailand, namely:

1. Dr. Chatchawin Charoen-Rajapark Chairman of the Audit Committee,
2. Mr. Bibit Bijaisoradat Member of the Audit Committee, and
3. Ms. Koonthala Sasasmit Member of the Audit Committee.


The Secretary of the Audit Committee is Mr. Tikumporn Pongsawasdi.

During the year 2010, the Audit Committee held four quarterly meetings, which were attended by the Company's auditor. After the meetings, meeting resolutions were presented to the Board of Directors. The Audit Committee's activities were as follows:

1. Considering and approving the audit work plan, and acknowledging the reports from the Audit Bureau as well as suggesting and following up the improvements thereof.
2. Reporting its activities and providing valuable suggestions to the Board of Directors.
3. Reviewing the correctness and completeness of the Company's financial statements to assure that they were in accordance with the accounting standard and disclosure requirements, and, together with the auditor, complying with the requirements of the authority.
4. In connection with the assessment of internal control and investment practices, procuring an external auditor, who was not from the same firm as that of the certified auditor who certified the Company's financial statements, to independently verify and ensure that the internal control system was adequate and to issue the report thereof to the Office of Insurance Commission.
5. Selecting the independent certified auditor who had experience in the accounting principles of insurance business and proposing such certified auditor with its remuneration to the Board of Directors to further seek the shareholders' approval.
6. Reviewing and considering the disclosure of the related-party transactions or any transaction that might involve conflicts of interest in accordance with the relevant laws and regulations.
7. Reviewing the Company's compliance with the laws relating to securities and exchange, regulations of the Stock Exchange of Thailand, and the Non-Life Insurance Act.
8. Reviewing the Charter of the Audit Committee to cover the business and its mission in supervising and monitoring the Company's activities.

Throughout the year 2010, the Audit Committee performed its duties with care and independence and experienced no limitation in accessing information, resources and opinions. The Audit Committee encouraged the Company to operate its business under the principle of good cooperate governance for the utmost benefit to the Company, and to create value to the organization, shareholders and stakeholders.

The Auditing Committee is of the opinion that Thai Insurance Public Co., Ltd., has good corporate governance, proper transparency and appropriate disclosure practices.



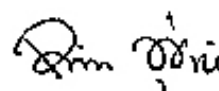
(Dr. Chatchawin Charoen-Rajapark)
Chairman of the Audit Committee

To the Shareholders of The Thai Insurance Public Company Limited

I have audited the balance sheets of The Thai Insurance Public Company Limited as at 31 December 2010 and 2009, the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Thai Insurance Public Company Limited as at 31 December 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited
Bangkok: 23 February 2011

		(Unit: Baht)	
	Note	2010	2009
Assets			
Investments in securities			
Bonds		142,516,930	35,965,028
Notes		-	7,729,035
Stocks		235,854,767	160,859,545
Debentures		217,984,305	200,093,843
Unit trusts		60,930,649	63,825,393
Other securities		47,360	-
Total investments in securities	6, 7	657,334,011	468,472,844
Other loans	8	3,746,810	4,017,597
Accounts receivable from novation of debentures - net	9	-	3,656,118
Cash and deposits at financial institutions	6, 10	376,968,553	468,854,215
Property, buildings and equipment - net	11	19,678,679	23,484,375
Amount deposit on reinsurance treaties		6,630,436	6,471,902
Due from reinsurers		8,054,086	11,717,412
Premium due and uncollected - net	6, 12	120,924,180	125,751,802
Accrued income on investments	6	5,561,054	2,920,190
Deferred tax assets	13	73,072,974	71,800,718
Other assets			
Intangible assets - net	14	23,787,838	23,903,578
Prepaid income tax		5,742,362	15,179,288
Other receivable - net		11,840,029	7,643,145
Others		21,003,948	21,781,921
Total other assets		62,374,177	68,507,932
Total assets		1,334,344,960	1,255,655,105

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

Balance Sheets (continued)

As at 31 December 2010 and 2009



		(Unit: Baht)	
	Note	2010	2009
Liabilities and shareholders' equity			
Liabilities			
Unearned premium reserve		416,791,196	394,144,993
Loss reserve and outstanding claims		144,825,300	164,871,183
Amount withheld on reinsurance treaties		74,378,988	82,309,261
Due to reinsurers		33,298,574	20,696,407
Accrued commission		16,381,355	18,422,333
Premium received in advance		19,232,072	22,496,212
Other liabilities			
Other accounts payable		8,641,153	13,947,978
Others	15	33,315,929	27,391,079
Total other liabilities		41,957,082	41,339,057
Total liabilities		746,864,567	744,279,446

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

		(Unit: Baht)	
	Note	2010	2009
Shareholders' equity			
Share capital			
Registered	16		
10,000,000 non-cumulative preference shares of Baht 10 each		100,000,000	100,000,000
19,000,000 ordinary shares of Baht 10 each		190,000,000	190,000,000
		290,000,000	290,000,000
Issued and fully paid up	16		
4,500,000 non-cumulative preference shares of Baht 10 each		45,000,000	45,000,000
19,000,000 ordinary shares of Baht 10 each		190,000,000	190,000,000
		235,000,000	235,000,000
Share premium		103,600,111	103,600,111
Unrealised loss			
Revaluation deficit on changes in value of investments		(12,150,487)	(51,192,073)
Retained earnings			
Appropriated - statutory reserve	17	23,500,000	21,000,000
- other reserve		20,000,000	20,000,000
Unappropriated	23	217,530,769	182,967,621
Total shareholders' equity		587,480,393	511,375,659
Total liabilities and shareholders' equity		1,334,344,960	1,255,655,105
Off-balance sheet item - commitments			
Commitments	24.2	33,284,456	40,666,339

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

Income Statements

For the years ended 31 December 2010 and 2009



	2010					2009
	Fire	Marine	Motor	Miscellaneous	Total	Total
(Unit: Baht)						
Underwriting income						
Premium written	230,450,956	20,238,380	606,567,454	241,707,068	1,098,963,858	1,073,384,284
Less: Premium ceded	(143,664,267)	(4,990,312)	(4,271,926)	(88,028,024)	(240,954,529)	(224,244,491)
Net premium written	86,786,689	15,248,068	602,295,528	153,679,044	858,009,329	849,139,793
Unearned premium reserve (increase) decrease from previous year	(2,195,630)	265,986	(28,555,632)	7,839,073	(22,646,203)	118,296,254
Earned premium written	84,591,059	15,514,054	573,739,896	161,518,117	835,363,126	967,436,047
Underwriting expenses						
Losses incurred during the year	22,432,065	5,386,554	327,537,620	105,220,506	460,576,745	618,302,236
Loss adjustment expenses	152,181	-	1,685,435	3,267,897	5,105,513	4,729,298
Commissions and brokerages	620,460	949,943	97,217,997	(3,616,081)	95,172,319	101,192,586
Other underwriting expenses	4,390,282	36,379	43,376,298	31,637,128	79,440,087	62,976,981
Total underwriting expenses	27,594,988	6,372,876	469,817,350	136,509,450	640,294,664	787,201,101
Income on underwriting	56,996,071	9,141,178	103,922,546	25,008,667	195,068,462	180,234,946
Net investment income					28,280,506	26,171,862
Gain on investments in securities					27,694,576	17,100,382
Other income					4,383,203	1,598,061
					255,426,747	225,105,251
Operating expenses						
Personnel expenses					110,338,432	108,889,960
Premises and equipment expenses					52,970,496	52,556,997
Taxes and duties					1,638,487	1,243,704
Bad debts and doubtful debts (Reversal)					(68,535)	1,615,645
Directors' remuneration (Note 21)					3,635,000	3,305,000
Other operating expenses					41,548,499	36,694,804
Total operating expenses					210,062,379	204,306,110
Income before corporate income tax					45,364,368	20,799,141
Corporate income tax (Note 13)					948,780	(3,180,100)
Net income for the year					46,313,148	17,619,041
Earnings per share (Note 18)						
Basic earnings per share						
Net income					2.20	0.93
Diluted earnings per share						
Net income					1.97	0.78

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

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Revaluation surplus (deficit) on changes in value of investments	Retained earnings			Total
				Appropriated		Unappropriated	
				Statutory reserve	Other reserve		
Balance as							
at 31 December 2008	190,000,000	103,600,111	(106,029,179)	20,000,000	20,000,000	166,348,580	393,919,512
Income and expenses							
recognised directly in equity:							
Investment in available-for-sale securities							
Gains recognised in							
shareholders' equity	-	-	56,162,976	-	-	-	56,162,976
Transferred to profit and loss							
due to disposals	-	-	16,953,165	-	-	-	16,953,165
Deferred tax recognised/transferred							
out from shareholders' equity	-	-	(18,279,035)	-	-	-	(18,279,035)
Net expenses recognised							
directly in equity	-	-	54,837,106	-	-	-	54,837,106
Net income for the year	-	-	-	-	-	17,619,041	17,619,041
Total income for the year	-	-	54,837,106	-	-	17,619,041	72,456,147
Unappropriated retained earnings							
transferred to statutory reserve	-	-	-	1,000,000	-	(1,000,000)	-
Preference share capital							
issued (note 16)	45,000,000	-	-	-	-	-	45,000,000
Balance as							
at 31 December 2009	<u>235,000,000</u>	<u>103,600,111</u>	<u>(51,192,073)</u>	<u>21,000,000</u>	<u>20,000,000</u>	<u>182,967,621</u>	<u>511,375,659</u>
Balance as							
at 31 December 2009	235,000,000	103,600,111	(51,192,073)	21,000,000	20,000,000	182,967,621	511,375,659
Income and expenses							
recognised directly in equity:							
Investment in available-for-sale securities							
Gain recognised							
in shareholders' equity	-	-	47,261,391	-	-	-	47,261,391
Transferred to profit and loss							
due to disposals	-	-	(12,724,565)	-	-	-	(12,724,565)
Deferred tax recognised/transferred							
out from shareholders' equity	-	-	4,504,760	-	-	-	4,504,760
Net income recognised							
directly in equity	-	-	39,041,586	-	-	-	39,041,586
Net income for the year	-	-	-	-	-	46,313,148	46,313,148
Total income for the year	-	-	39,041,586	-	-	46,313,148	85,354,734
Unappropriated retained earnings							
transferred to statutory reserve	-	-	-	2,500,000	-	(2,500,000)	-
Dividend paid (Note 22)	-	-	-	-	-	(9,250,000)	(9,250,000)
Balance as							
at 31 December 2010	<u>235,000,000</u>	<u>103,600,111</u>	<u>(12,150,487)</u>	<u>23,500,000</u>	<u>20,000,000</u>	<u>217,530,769</u>	<u>587,480,393</u>

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

Cash Flow Statements

For the years ended 31 December 2010 and 2009



	2010	(Unit: Baht) 2009
Cash flows from operating activities		
Direct premium written	1,096,495,534	1,145,668,887
Cash paid from reinsurance	(66,575,096)	(67,322,525)
Losses incurred on direct insurance	(553,552,729)	(698,533,272)
Loss adjustment expenses on direct insurance	(5,105,512)	(4,729,298)
Commissions and brokerages on direct insurance	(163,799,036)	(182,442,305)
Other underwriting expenses	(79,440,087)	(62,976,981)
Net investment income	10,997,537	23,977,715
Other income	4,383,203	1,591,527
Operating expenses	(215,628,023)	(207,134,249)
Income tax	(2,582,526)	418,634
Net cash flows (used in) from operating activities	25,193,265	(51,481,867)
Cash flows from investing activities		
Cash flows from		
Investments in securities	602,016,276	221,954,921
Loans	1,070,787	1,684,790
Accounts receivable from novation of debentures	3,743,383	7,486,766
Deposits at financial institutions	495,773,345	662,374,430
Equipment	-	19,675
Net cash flows from investing activities	1,102,603,791	893,520,582
Cash flows used in		
Investments in securities	(720,595,897)	(355,270,182)
Loans	(800,000)	(1,469,000)
Deposits at financial institutions	(379,044,310)	(631,707,324)
Equipment	(1,088,237)	(1,348,920)
Computer software	(2,316,938)	(5,629,956)
Net cash flows used in investing activities	(1,103,845,382)	(995,425,382)
Net cash flows used in investing activities	(1,241,591)	(101,904,800)

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

Cash Flow Statements

For the years ended 31 December 2010 and 2009

	2010	(Unit: Baht) 2009
Cash flows from financing activities		
Dividend paid	(9,250,000)	-
Proceeds from increase in preference share	-	45,000,000
Net cash flows from (used in) financing activities	(9,250,000)	45,000,000
Net increase (decrease) in cash and cash equivalents	14,701,674	(108,386,667)
Cash and cash equivalents at beginning of year	113,755,802	222,142,469
Cash and cash equivalents at end of year (Note 10)	128,457,476	113,755,802
Supplemental cash flows information:		
Non-cash transactions		
Surplus on changes in values of investments		
- net of income tax	39,041,586	54,837,106

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

1. General information

The Thai Insurance Public Company Limited (“the Company”) is a public company limited incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company has a total of 8 branches located in Bangkok and other provinces. Its registered address is 34/3 Soi Langsuan, Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except Thai Accounting Standard No. 12 “Income Taxes” which the Company has early adopted before the effective date, and in accordance with Thai accounting practices related to insurance, and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”).

The presentation of the financial statements has been made in compliance with the order of the Registrar dated 6 March 2002, issued under the Accounting Act B.E. 2543.

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

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

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- (a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits

TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

(b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Premium

For insurance policies of which the coverage periods are less than one year, premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled. For long-term insurance policies of which the coverage periods are longer than one year, related revenues and expenses are recorded as unearned and prepaid items. The Company recognises unearned and prepaid items as income and expenses over the coverage period.

(b) Reinsurance premium

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

(c) Interest income and dividends

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.

4.2 Cash and cash equivalents

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

4.3 Premiums due and uncollected/Allowance for doubtful accounts

Premiums due and uncollected are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Investments in securities

(a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the income statement. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

(b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate items in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.

(c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.

(d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

The fair value of marketable 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 is recorded as gain or loss in the income statement or recorded as surplus (deficit) from changes in the values of investments in shareholders' 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 as income or expenses in the income statement.

4.5 Loans and allowance for doubtful accounts

Loans are presented at the net realisable value. The Company provides allowance for doubtful accounts on the basis of collection experience, a review of current status of the loan receivables, and the likelihood of settlement of debt, on a specific account basis.

4.6 Property, buildings and equipment/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 is calculated by reference to their costs on the straight-line basis over the following estimated useful lives: :

Building	20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation has been provided on land.

4.7 Intangible assets/Amortization

Acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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 the income statement.

The useful life of computer software with finite useful life are 5 years and 10 years.

4.8 Related party transactions

Related parties comprise enterprises and individuals 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 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 direction of the Company's operations.

4.9 Unearned premium reserve

Unearned premium reserve is set aside, in compliance with OIC's notifications as follows:

Fire, motor and miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Marine (cargo)	- Net premium written for the last ninety days
Travelling accident	- Net premium written for the last thirty days

4.10 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of 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 estimate is not however, to exceed the sum-insured under the relevant policy. In addition, the Company is to allocate a provision for losses incurred but not yet reported (IBNR) according to the actuarial method, but it is not to be less than 2.5% of the net written premium for the previous 12 months in compliance with the OIC guidelines.

4.11 Commissions and brokerages

Commissions and brokerages are expensed when occur.

4.12 Long-term leases

Leases of equipment and vehicles 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 the income statements over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.13 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the premises 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Impairment losses are generally recognised in the income statement.

4.14 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.15 Provisions

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

4.16 Income tax

(a) Current tax

Corporate 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 the Revenue Code.

(b) Deferred tax

Deferred income tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. The significant accounting judgments and estimates are as follows:

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property, buildings and equipment/Depreciation

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

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

Intangible assets

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

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these 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 the future profits.

Loss reserve and outstanding claims

At each reporting date, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the expected ultimate cost of claims reported at the balance sheet date, and the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

The OIC permits members of the Company's management who have been authorised by the OIC to calculate and endorse loss reserve for IBNR.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the balance sheet date.

6. Related party transactions

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

(Unit: Baht)

	2010	2009	Transfer Pricing Policy
Transactions with related parties			
Thai Military Bank Plc.			
Premium written	13,073,675	11,804,002	Normal commercial terms for underwriting
Interest income	1,086,320	1,823,716	0.65 - 2.50% per annum (2009 : 0.75 - 3.80% per annum)
Losses incurred	9,308,931	1,485,133	Actual paid
Danu Thai Holding Company Limited			
Premium written	331,169	324,829	Normal commercial terms for underwriting
Dividend income	330,000	150,000	As declared
Rental and service expenses	9,999,016	9,918,804	Charged at an average rate of Baht 377 per square meter per month (2009 : Charged at a rate of Baht 374 per square meter per month)
Other expense	712,989	633,826	Actual paid

Notes to Financial Statements

For the years ended 31 December 2010 and 2009

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related companies are as follows:

		(Unit: Bath)	
	Relationship	2010	2009
Balances with related parties			
Thai Military Bank Plc.	Shareholder		
Deposits at financial institutions		176,140,888	176,906,152
Premium due and uncollected		3,948,914	4,439,493
Accrued income on investments		262,689	304,521
Danu Thai Holding Company Limited	Common directors and through mutual shareholdings		
Investments in ordinary shares		6,000,000	6,000,000

Directors and management's remuneration

In 2010 the Company had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 26.2 million (2009: Baht 26.8 million).

7. Investments in securities

(Unit: Baht)

	2010		2009	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities				
Debt securities				
Debentures	10,010,407	10,239,213	10,016,407	10,016,567
Gains on changes in values of securities	228,806	-	160	-
	<u>10,239,213</u>	<u>10,239,213</u>	<u>10,016,567</u>	<u>10,016,567</u>
Equity securities				
Ordinary shares	8,721,184	8,650,000	7,191,944	7,339,000
Gains (losses) on changes in values of securities	(71,184)	-	147,056	-
	<u>8,650,000</u>	<u>8,650,000</u>	<u>7,339,000</u>	<u>7,339,000</u>
Available-for-sale securities				
Debt securities				
Bonds	55,174,275	54,871,117	-	-
Debentures	202,179,939	207,745,092	187,131,077	190,077,276
Gains on changes in values of securities	5,261,995	-	2,946,199	-
	<u>262,616,209</u>	<u>262,616,209</u>	<u>190,077,276</u>	<u>190,077,276</u>
Equity securities				
Ordinary shares	230,413,558	203,128,767	218,618,632	145,419,545
Unit trusts	56,313,051	60,930,649	62,600,174	63,825,393
Warrants	47,360	47,360	-	-
Losses on changes in values of securities	(22,667,193)	-	(71,202,297)	-
Allowance for impairment on investments	-	-	(771,571)	-
	<u>264,106,776</u>	<u>264,106,776</u>	<u>209,244,938</u>	<u>209,244,938</u>
Held-to-maturity debt securities				
Bonds	87,645,813		35,965,028	
Notes	-		8,110,215	
Allowance for impairment on investments	-		(381,180)	
	<u>87,645,813</u>		<u>43,694,063</u>	
Other securities				
Ordinary shares	24,810,371		8,001,000	
Preference shares	100,000		100,000	
Allowance for impairment on investments	(834,371)		-	
	<u>24,076,000</u>		<u>8,101,000</u>	
Total investments in securities	<u>657,334,011</u>		<u>468,472,844</u>	

Notes to Financial Statements

For the years ended 31 December 2010 and 2009



Investments in debt securities as at 31 December 2010 and 2009 will be due as follows:

	2010				(Unit: Baht)	
	Due within			Total		
	1 year	1 - 5 years	Over 5 years			
Available-for-sale debt securities						
Bonds	-	21,948,447	32,922,670		54,871,117	
Debentures	-	157,255,762	50,489,330		207,745,092	
Held-to-maturity debt securities						
Bonds	50,000	20,782,203	66,813,610		87,645,813	
Total	50,000	199,986,412	150,225,610		350,262,022	

	2009				(Unit: Baht)		
	Due within			Allowance for impairment on investment	Total		
	1 year	1 - 5 years	Over 5 years				
Available-for-sale debt securities							
Debentures	25,186,445	154,101,645	10,789,186	-		190,077,276	
Held-to-maturity debt securities							
Bonds	18,084,786	7,142,468	10,737,774	-		35,965,028	
Notes	8,110,215	-	-	(381,180)		7,729,035	
Total	51,381,446	171,260,680	21,526,960	(381,180)		243,787,906	

Bonds of Baht 14 million (2009: Baht 14 million) have been pledged as a security with the Registrar in accordance with the Non-life Insurance Act, Baht 20 million have been pledged as Non-life Insurance policy reserve with Registrar in accordance with the Non-life Insurance Act and Baht 2.5 million (2009: Baht 2.6 million) of bonds have been pledged as required in the normal course of business of the Company.

8. Loans

The balances of loans to employees through staff welfare project are aged, based on due date, as follows:

Outstanding period	Credit line		Interest rate		Outstanding balance	
	2010	2009	2010	2009	2010	2009
	Current	6,014,799	5,679,000	0.75%-2.50%	1.00%-5.75%	3,746,810
Total	6,014,799	5,679,000			3,746,810	4,017,597

9. Accounts receivable from novation of debentures

The Company has investments in debentures of a listed company. The Company has transferred these investments and related interest receivable to “Accounts receivable from novation of debentures” in the balance sheet, because in 2002 the company which issued the debentures implemented its rehabilitation plan and transferred the debt to a special purpose vehicle together with certain assets for sale and to make payment of such debt within 30 June 2007. If all of the assets are sold off by 30 June 2007, but not all debt can be settled, the special purpose vehicle is to pay the outstanding portion of the novated debt in five equal installments, on 30 June and 30 December of each year, from 30 June 2008 to 30 June 2010, and interest will be charged on the remaining debt at MLR-3% per annum, commencing on 1 July 2007. Interest will be paid on the same dates as principal is repaid, from 30 June 2008 onwards. As at 31 December 2010, the Company received such accounts receivable from novation of debentures.

10. Cash and deposits at financial institutions/Cash and cash equivalents

	(Unit: Baht)	
	2010	2009
Cash on hand	195,000	195,000
Deposits at banks with no fixed maturity date	108,262,475	79,148,137
Deposits at banks with fixed maturity date	268,511,078	389,511,078
Total cash and deposits at financial institutions	376,968,553	468,854,215
Investments in notes	-	7,729,035
Total	376,968,553	476,583,250
Less: Deposits and notes with maturity of more than 3 months and cash subject to restriction	(248,511,077)	(362,827,448)
Cash and cash equivalents	128,457,476	113,755,802

Included in these balances are fixed deposits of approximately Baht 10 million (2009: Baht 10 million) which have been pledged with banks to secure credit facilities and Baht 47 million have been pledged as non-life insurance policy reserve with the Registrar in accordance with the Non-life Insurance Act.

As at 31 December 2010, bank deposits in saving account, fixed deposit and notes carried interests between 0.25 and 3.00 percent per annum (2009: between 0.25 and 3.00 percent per annum).

11. Property, buildings and equipment

(Unit: Baht)

	Land	Building	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
31 December 2009	10,163,636	4,789,000	61,632,323	2,517,300	79,102,259
Additions	-	-	1,088,237	-	1,088,237
31 December 2010	10,163,636	4,789,000	62,720,560	2,517,300	80,190,496
Accumulated depreciation					
31 December 2009	-	3,256,520	51,382,246	979,118	55,617,884
Depreciation for the year	-	239,450	4,159,082	495,401	4,893,933
31 December 2010	-	3,495,970	55,541,328	1,474,519	60,511,817
Net book value					
31 December 2009	10,163,636	1,532,480	10,250,077	1,538,182	23,484,375
31 December 2010	10,163,636	1,293,030	7,179,232	1,042,781	19,678,679
Depreciation included in income statements for year					
2009					5,835,234
2010					4,893,933

As at 31 December 2010, the Company had vehicles under finance lease agreements with net book values amounting to Baht 0.84 million (2009: Baht 1.19 million).

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 57.9 million (2009: Baht 53.5 million).

12. Premium due and uncollected

The balances of premium due and uncollected as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

	(Unit: Baht)	
	2010	2009
Age of receivables		
Up to 3 months	108,358,025	117,880,109
3 - 6 months	10,276,462	7,157,932
6 - 12 months	1,814,513	1,025,343
Over 12 months	808,191	313,449
Total	121,257,191	126,376,833
Less: Allowance for doubtful accounts	(333,011)	(625,031)
Premium due and uncollected - net	120,924,180	125,751,802

13. Corporate income tax/deferred tax assets

Corporate income tax for year has been calculated on taxable profit have been calculated at the rate of 25% of income before income tax, after adding back certain provisions and expenses which are disallowable for tax computation purposes and deducting dividend income which is exempted from tax. The tax rate for the year 2009 applied is in compliance with the provisions of Royal Decree 475 (B.E. 2551) dated 6 August 2008, issued under the Revenue Code, regarding the reduction of income tax rates.

Corporate income tax for the years 2010 and 2009 comprise the following:

	(Unit: Baht)	
	2010	2009
Income tax for the year in accordance with Revenue Code	12,180,151	-
Effect of change in the applicable tax rate used in tax calculation from 25% to 30%	(11,310,937)	-
(Increase) decrease in deferred income tax	(1,817,994)	3,180,100
Income tax as included in statements of income	(948,780)	3,180,100

Notes to Financial Statements

For the years ended 31 December 2010 and 2009

Reconciliation between tax expense and the product of accounting income multiplied by the applicable tax rate for the years ended 31 December 2010 and 2009 is as follows:

	(Unit: Baht)	
	2010	2009
Accounting income before corporate income tax	45,364,368	20,799,141
Applicable tax rate - 25%	11,341,092	5,199,785
Effect of change in the applicable tax rate used in tax calculation from 25% to 30%	(11,310,937)	-
Tax effect of exempted income and non-deductible expenses	(978,935)	(2,019,685)
Income tax as included in income statement	(948,780)	3,180,100

Components of deferred tax assets are as follows:

	(Unit: Baht)	
	2010	2009
Deficit on revaluation of investments		
- available-for-sale securities	5,207,351	17,064,025
Allowance for doubtful accounts	2,438,595	2,049,296
Unearned premium reserves	22,076,239	13,622,269
Provision for losses incurred but not yet reported (IBNR)	10,163,230	10,569,976
Loss reserve	32,937,248	24,658,708
Accumulated losses carry forward 5 years	-	3,563,244
Others	250,311	273,200
Deferred tax assets	73,072,974	71,800,718

14. Intangible assets

	(Unit: Baht)
	Computer Software
Cost	
At 1 January 2009	40,888,180
Acquisition	5,629,956
At 31 December 2009	<u>46,518,136</u>
Acquisition	2,316,938
At 31 December 2010	<u>48,835,074</u>
Amortisation	
At 1 January 2009	20,164,780
Amortisation	2,449,778
At 31 December 2009	<u>22,614,558</u>
Amortisation	2,432,678
At 31 December 2010	<u>25,047,236</u>
Net book value:	
At 31 December 2010	<u>23,787,838</u>
At 31 December 2009	<u>23,903,578</u>

15. Liabilities under finance lease agreements

	(Unit: Baht)	
	2010	2009
Liabilities under finance lease agreements	1,047,530	1,471,250
Less : Deferred interest expenses	(142,893)	(207,356)
Total	<u>904,637</u>	<u>1,263,894</u>
Less : Portion due within one year	(412,123)	(359,255)
Liabilities under finance lease agreements - net of current portion	<u>492,514</u>	<u>904,639</u>

The Company has entered into the finance lease agreements with leasing company for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Notes to Financial Statements

For the years ended 31 December 2010 and 2009

As at 31 December 2010 and 2009, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)		
	2010		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	459,030	588,500	1,047,530
Deferred interest expenses	(46,907)	(95,986)	(142,893)
Present value of future minimum lease payments	<u>412,123</u>	<u>492,514</u>	<u>904,637</u>
			(Unit: Baht)
	2009		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	423,720	1,047,530	1,471,250
Deferred interest expenses	(64,465)	(142,891)	(207,356)
Present value of future minimum lease payments	<u>359,255</u>	<u>904,639</u>	<u>1,263,894</u>

16. Share capital

On 9 January 2009, the Extra-Ordinary General Shareholders' Meeting passed resolutions for transactions as follows:

- The resolution to approve the decrease of the Company's registered capital by canceling 1,000,000 Company's unpaid issued shares, amounting to Baht 10,000,000. The remaining registered capital of the Company is decreased to Baht 190,000,000. The Company registered the decrease in share capital with the Ministry of Commerce on 9 March 2009.
- The resolution to approve the increase of the Company's registered capital, amounting to Baht 100,000,000 from Baht 190,000,000 to Baht 290,000,000 by issuing new 10,000,000 preference shares, having the par value of Baht 10. The determination of the preferential rights as follows:
 - In the case where distribution of dividends is made, the preference shares shall be entitled to jointly receive the dividends with the ordinary shares of the same rate, except for the first dividends distribution made each year during the calendar year 2010 until the expiry of the preferential rights, the preference shares shall be additionally entitled to receive dividends in an amount of Baht 0.75 per share. The preference shares shall be on a non-cumulative dividend basis;
 - The preference shares shall be entitled to the voting right of one share per one vote;
 - In case of a decrease of registered capital, excluding canceling of unpaid issued shares or if the Company is dissolved and there is surplus asset remaining after payment to all creditors and other deductions to be made by laws, the preference shares shall be entitled to receive a return of paid share capital prior to the ordinary shares; and
 - the preferential rights shall be expired on the 31 May 2012. Upon completion of such period, the preferential rights of the

preference shares shall be ceased forthwith and entitled to the same rights as the ordinary shares. The preferred shares shall be mandatorily converted into ordinary shares at the ratio of 1 preference share to 1 ordinary share.

3. The resolution to approve an allocation of 10,000,000 increased preference shares capital to the existing shareholders at the ratio of 1.9 existing ordinary share to 1 new preference share and round up by deleting decimal of the share at the offering price of Baht 10.00. The Board of Directors and/or person designed by the Board of Directors shall allocate unsubscribed preference shares remaining from share subscription of the existing shareholders, to the existing shareholders who express their intention to subscribe shares more than their right issue.

In February 2009, the Company received payment for 4,500,000 additional preference shares, with a par value of Baht 10 per share, and registered the increase in share capital with the Ministry of Commerce on 17 March 2009.

17. Statutory reserve

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

In 2010, the Company transferred net income amounting to Baht 2.5 million to the statutory reserve (2009: Baht 1 million).

18. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Notes to Financial Statements

For the years ended 31 December 2010 and 2009

The following table sets forth the computation of basic and diluted earnings per share:

	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Net income	46,313	17,619				
Dividend of preference shares	(4,500)	-				
Net income for the year after deducting dividend of preference shares	41,813	17,619	19,000	19,000	2.20	0.93
Effect of dilutive potential ordinary shares						
Convertible preference shares	4,500	-	4,500	3,575		
Diluted earning per share						
Net income for the year of ordinary shareholders assuming the conversion of dilutive preference shares to ordinary shares	46,313	17,619	23,500	22,575	1.97	0.78

19. Financial information by segment

The Company's operations involve a single business segment, non-life insurance business, and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employee contributed to the fund monthly at the rate of 3% of their basic salaries, and the Company contributed at rates of 3% or 5%, based on the length of employment. The fund, which is managed by Tisco Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company contributed approximately Baht 3.5 million (2009: Baht 3.6 million) to the fund.

21. Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

22. Dividends

Dividends	Approved by	Total dividend	Dividend per share
Final dividends for 2009 income	Annual General Meeting of shareholders No. 1/2010 on 21 April 2010	9,250,000	(Unit: Baht) Ordinary share 0.25 per share preference share 1.00 per share

23. Reserve for retained earnings for unearned premium reserves

As at 31 December 2010 the retained earnings of the Company excluding additional reserve amounted to Baht 8.34 million. According to the OIC's notification, when non-life insurance companies set aside unearned premium reserves for reinsurance with foreign reinsurers, whether or not the reinsurance contract indicates that amounts are to be withheld, if the amount to be withheld is lower than the appropriation of unearned premium reserves specified by the OIC, non-life insurance companies are to additionally allocate an amount equal to the deficit to unearned premium reserve. With reference to the opinion expressed by the Federation of Accounting Professions (FAP) in a letter dated 7 August 2006, the FAP opinioned that since non-life insurance companies have transferred their risks from insurance to the reinsurers and no longer has commitments in respect of debt settlement, therefore no unearned premium reserves is recorded as liabilities in the financial statements.

24. Commitments and contingent liabilities

24.1 Capital commitments

As of 31 December 2010, the Company had capital commitments of approximately Baht 1.8 million, relating to acquisition of computer systems.

24.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of building, and equipment and service agreements. The terms of the agreements are generally between 3 and 5 years.

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	16.29
1 to 5 years	16.99

24.3 Litigation

As at 31 December 2010, lawsuits have been brought against the Company, as the insurer, in relation to claims totaling approximately Baht 23.6 million (2009: Baht 24.6 million). The ultimate outcome of these cases is not determinable. However, the Company's management expects the verdicts to be mostly favorable. The Company therefore has recorded a certain amount of provision for potential losses in the financial statements amounting to Baht 10.4 million (2009: Baht 3.4 million). The Company's management believes that such provision is adequate.

25. Financial instruments

25.1 Financial risk management

Credit risk

The Company is exposed to credit risk primarily with respect to premium due and uncollected, loans, due from reinsurers and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of premium due and uncollected, loans and other receivables as stated in the balance sheet.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its investments in securities, loans and deposits at financial institutions.

Significant financial assets as at 31 December 2010 classified by type of interest rate are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Baht)						
Financial assets							
Investments in securities - net							
Bonds	50,000	42,730,650	99,736,280	-	-	142,516,930	3.63 - 5.13
Debentures	-	167,494,975	50,489,330	-	-	217,984,305	3.00 - 7.40
Loans	-	-	-	3,746,810	-	3,746,810	0.75 - 2.50
Deposits at financial institutions	210,511,078	58,000,000	-	97,933,789	10,328,686	376,773,553	0.70 - 3.00
	210,561,078	268,225,625	150,225,610	101,680,599	10,328,686	741,021,598	

25.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by depending on the nature of the instrument. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique if the appropriate market price cannot be determined, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investments in securities / deposits at financial institutions

The fair value of listed securities is based on their quoted market prices.

The fair value of other securities cannot be properly calculated.

The fair values of notes and deposits at financial institutions with maturity periods of less than 90 days are based on their carrying value. For those with maturity periods longer than 90 days, fair values are estimated using a discounted cash flow method based on the current interest rate and the remaining period to maturity.

26. Capital management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

27. Subsequent events

The Company's Board of Directors, held on 23 February 2011, passed a resolution approving the payment of dividend to the ordinary shareholders of 19,000,000 shares at the rate of Baht 0.50 per share and to the preferred shareholders of 4,500,000 shares at the rate of Baht 1.25 per share. The total amount of dividend paid is of Baht 15,125,000, from the 2010 operating results. The dividend payment will be proposed to approve by the Annual General Meeting of the Company's shareholders, and payment will be on 19 May 2011.

28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2011.

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