



ไทยประกันภัย  
Thai Insurance

# Annual Report 2011







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 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.



The Company was awarded as the 2nd Outstanding Development Non-Life Insurer of the year 2010 by the Office of Insurance Commission.

Presently, the company's headquarter is located at Thai Insurance Building, 34/3 Soi Lung Suan, Ploenchit Road, Pathumwan, Bangkok and has 10 branches in Rayong, Chonburi, Khon Kaen, Nakorn Ratchsrima, Chiang Mai, Phitsanulok, Nakhon Phathom, Chiang Rai, Udon Thani and Nakhon Sawan.

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## Financial Highlights

		2554	2553
		2011	2010
1	Current Ratio (Times)	1.13	1.40
2	Turnover of Premium Receivables (Days)	40.95	41.15
3	Retention Rate (%)	71.73	78.07
4	Loss Ratio (%)	63.99	57.17
5	Earnings on Underwriting to Net Premium Written (%)	10.78	19.04
6	Underwriting Expenses and Operating Expenses Ratio (%)	56.69	52.19
7	Return on Investment (%)	5.97	5.44
8	Shareholders' Equity to Net Premium Written Ratio (Times)	0.55	0.68
9	Net Profit Margin (%)	(2.80)	4.21
10	Return on Equity (%)	(6.56)	8.43
11	Return on Total Assets (%)	(1.57)	3.27
12	Total Assets Turnover (Times)	0.56	0.78
13	Debt Equity Ratio (Times)	4.87	1.69
14	Unearned Premium Reserve to Capital Fund (Times)	1.23	0.90
15	Unearned Premium Reserve to Total Assets (%)	20.97	33.63
16	Earnings Per Share (Baht)	0.00	1.97
17	Dividend Per Share (Baht)		
	Ordinary Share	0.25	0.50
	Preferred Share	1.00	1.25
18	Book Value Per Share (Baht)	21.79	25.00

## Message from the Chairman

In the 4th quarter of 2011 with the Severe Flooding, it made a loss known to Thailand and cause to reduce the GDP in the 4th quarter to negative 9% and the GDP grew only 0.1% throughout the year 2011 resulting in damage to Insurance Business not less than Baht 400 billion. From the Violent Flood, Thai Government has launched the measurement to revive and stimulate the economy to normal situation. The momentum of the economy will continually improve in 2012. For the General insurance, the trend is likely to grow in line with the economic condition with expectation that the growth in the year 2012 will be not less than 12%.

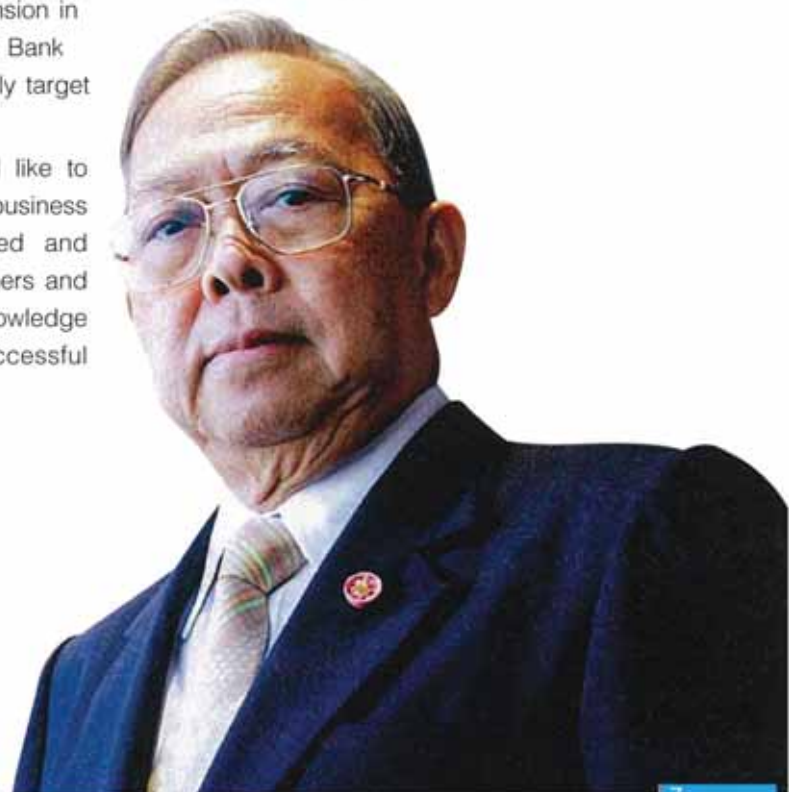
In 2011, the Company recorded Gross Written Premium in the amount of Baht 1,289.9 million, the growth rate is 17.4% which is higher than industry where growth rate is around 11.8%. Nevertheless, from the severe flood incurred, the company has been affected in the amount of Baht 121.5 million in which comprises loss incurred from the business that the Company has been underwriting in the amount of Baht 35.6 million and loss incurred from Retrocession Treaty in accordance with general insurance market agreement in the amount of Baht 85.9 million. This has resulted to underwriting loss of Baht 81.1 million. By the way, the Company investment and other incomes recorded at Baht 68.7 million which resulted to loss before tax of 19.6 million. The tax expense recorded at Baht 16.4 million which was resulting from the reduction of tax rate from 30% to 23% in accordance with the Deferred Tax methodology, therefore, the company net loss was Baht 36 million. By the way, excluding such loss incurred from Retrocession Treaty, the Company would have profit before tax of Baht 66.3 million which would be higher than previous year where the Company profit before tax was 45.4 million which is in accordance with the company's target to focus on quality and efficiency of operations continuously. Although this severe flood crisis has impacted the company which resulting to operating loss in 2011, the Company is able to maintain adequate capital under Risk based Capital (RBC) to be higher than the requirements of the Office of Insurance Commission. Also with the continuous development under good monitoring and supervision framework, the Company was awarded as the 2nd Outstanding Development Non-Life Insurer of the year 2010 by the Office of Insurance Commission.

For the direction of the Company in 2012, the Company targets the growth of insurance premium approximately 23% by continually focusing on the quality and efficiency of operation and also focusing on the retail marketing by product and services development to meet customer needs through Telemarketing, agents, including through market expansion in Bancassurance in which cooperation with Thai Military Bank in order to expand distribution channels and continually target our retail customer.

On behalf of the Board of Directors, I would like to express gratitude to the shareholders, customers, business alliances, agents and brokers 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 Ansavananda)  
Chairman



## Board of Directors

### 1. Mr. Kavi Ansvananda Chairman



*Other Positions*

Chairman  
Mongkolchai Pattana Co., Ltd.  
Suvarnachad Co., Ltd.  
Pure Sammakorn Development Co., Ltd.  
Chairman of the Executive Board  
Sammakorn 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 Directors

### 2. Mr. Phinyo Ekaraphanich Director



*Other Positions*

Director  
Office of the Privy Purse

*Education*

Bachelor of Business Administration,  
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 Position*

Managing Director  
President Hotel and Tower Co.,Ltd.  
Independent Director /  
Member of the Audit Committee Member /  
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 Directors

### 4. 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 Directors

## Board of Directors

### 5. 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 Company Limited  
Danu Thai Holding Co., Ltd.  
Independent Director / Audit Committee Member  
Rayong 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 Directors

### 6. Ms. Koonthala Sasamit



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 Directors

### 7. Miss Panita Tuchinda



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

#### Other Positions

Director  
Danu Thai Holding Co., Ltd.

#### Education

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

### 8. Mr. Tikumporn Pongsawasdi



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

#### Education

Bachelor Degree in Business Administration,  
Major in Accounting  
Ramkhamhaeng University  
Training : Thai Institute of Directors

**1. Miss Panita Tuchinda**  
Managing Director



*Experiences*

The Thai Insurance Public Company Limited  
Since 1991

*Education*

Master of Public Administration,  
New York University, U.S.A.

Training : Thai Institute of Directors

**2. Mr. Sombat Anunta**  
Deputy Managing Director



*Experiences*

The Thai Insurance Public Company Limited  
Since 1997

*Education*

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

**3. Mr. Tikumporn Pongsawasdi**  
Director and Assistant Managing Director



*Experiences*

The Thai Insurance Public Company Limited  
Since 2000

*Education*

Bachelor Degree in Business Administration,  
Major in Accounting  
Ramkhamhaeng University

Training : Thai Institute of Directors

**4. Mr. Wichan Pansrimangkorn**  
Assistant Managing Director



*Experiences*

The Thai Insurance Public Company Limited  
Since 1997

*Education*

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

**5. Mr. Ranisom Phoungvarintara**  
Vice President Corporate  
Sales Management Line 1,  
Commercial Business Line



*Experiences*

The Thai Insurance Public Company Limited  
Since 1997

*Education*

Bachelor of Laws,  
Ramkhamhaeng University

**6. Mrs. Piyanch Preecha**  
Vice President  
Underwriting Department



*Experiences*

The Thai Insurance Public Company Limited  
Since 1999

*Education*

Master of Business Administration,  
Khon Kaen University

## Executive Officers

### 7. Mr. Suthat Kunchonmanee Vice President Information Technology Department



#### Experiences

The Thai Insurance Public Company Limited  
Since 2011  
Vice President - Information Technology,  
Ocean Life Insurance Co. Ltd.  
Vice President - Information Technology,  
ACE Life Assurance Co. Ltd.  
Assistant Vice President' Information Technology,  
AXA Insurance Co. Ltd.

#### Education

Bachelor of Science,  
Ramkhamhaeng University  
Master of Business Administration,  
Ramkhamhaeng University

### 8. Miss Siriwan Vorasupat Vice President Finance Accounting and Investment Department



#### Experiences

The Thai Insurance Public Company Limited  
Since 2011  
Manager, Accounting and Finance Department  
IAG Insurance (Thailand) Limited  
Manager, Accounting and Finance Department  
Safety Insurance Public Company Limited  
New Petchburi Road Branch

#### Education

Master of Science Business Administration  
Strayer College, U.S.A.

### 9. Mrs. Piyamaporn Kookittimaitri Vice President People Management & Development Department



#### Experiences

The Thai Insurance Public Company Limited  
Since 2009  
Manager  
Factory Human Resources  
Nestle (Thai) Ltd.  
Manager  
Human Resources Services  
F&N Dairies (Thailand)

#### Education

B.A. History (Tourism),  
Naresuan University

### 10. Mr. Phong Nivespathomwat Assistant Vice President Marketing Management Personal Line



#### Experiences

The Thai Insurance Public Company Limited  
Since 2011  
Bancassurance marketing manager,  
Tokio Marine Life Co.Ltd.  
Assistant Manager corporate planning,  
Mitsui sumitomo insurance Co.Ltd.

#### Education

Master of Business Administration,  
University of Wisconsin-White water, U.S.A

## Major Shareholders

As at the share registered book closing date, 28 March 2012

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	1,417,404	6.03%
4	MISS PANITA TUCHINDA	678,036	2.89%
5	THANPUYING DHASANAWALAYA SORNSONGKRAM	648,494	2.76%
6	THITIKORN SETTHALIKHIT	563,100	2.40%
7	MR. VORAVIT ROJRAPITADA	541,825	2.31%
8	MR. PHAISAN THANESANUKUL	530,010	2.26%
9	MR. VACHIRA TAYANARAPORN	500,000	2.13%
10	OFFICE OF THE PRIVY PORSE / PHRA SRIRATANA	456,168	1.94%

(The Company has determined to fix the share registration book closing date on March 28th, 2012 which shareholders have the right to attend the AGM 1/2012)

\* shareholding is calculated from both preferred and ordinary shares

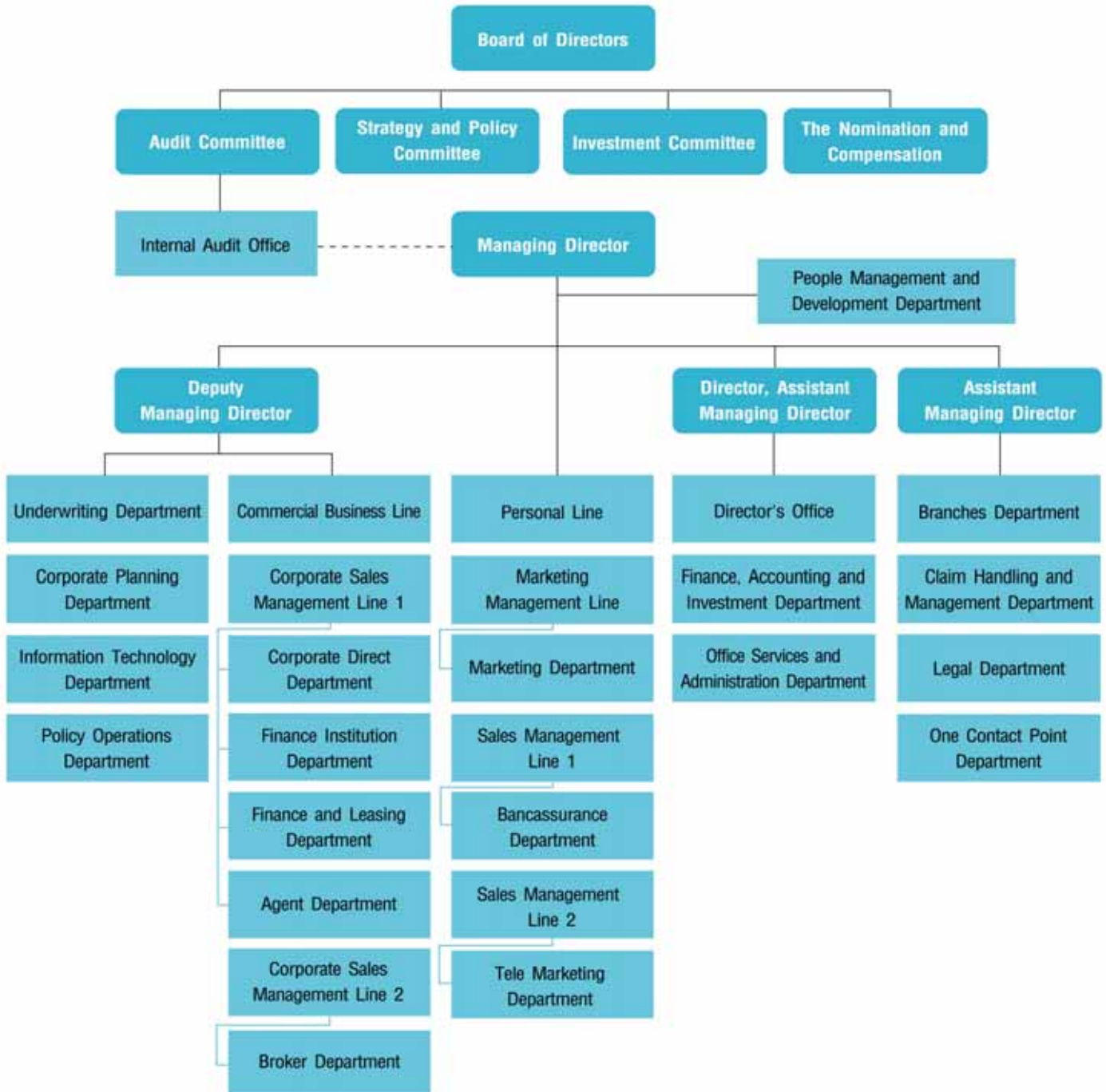
Ordinary Shares : Registered Capital 190 Million Baht / Paid-up Capital 190 Million Baht

Preferred Share : 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.

# Organization Structure



## Management and Corporate Governance

### Structure of The Board of Directors

The Company's structure of management consists of the Board of Directors, Audit Committee, 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](http://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.	Mrs.Koonthala Sasasmit	Director	Independent Director
7.	Miss Panita Tuchinda*	Director	Executive Director
8.	Mr.Tikumporn Pongsawasdi*	Director	Executive Director

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

### The company's Board of Directors comprise of :

Managerial director	2 persons
Non-managerial directors	3 persons
Independent directors	3 persons

The company board of directors consists of 3 independent directors, exceeding one third of the total number of directors, which is currently a total of 8. 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 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 the 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 and 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 of 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 in each quarter. All directors have independently 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 meeting for future inspection by related officers. In 2011, the members of the Board of Directors attended the usual 4 meetings. Meeting participants are as follows:

Total number of meetings attended...Times From...Times			Total number of meetings attended...Times From...Times		
1	Mr. Kavi Ansvananda	4/4	6	Mrs. Koonthala Sasasmit	4/4
2	Mr. Phinyo Ekaraphanich	2/4	7	Miss Panita Tuchinda	4/4
3	Mr. Paisit Tuchinda	4/4	8	Mr. Tikumporn Pongsawasdi	4/4
4	Mr. Bibit Bijaisoradat	4/4	9	Mr. Luecha Sukrasebya	1/1
5	Dr. Chatchawin Charoen-Rajapark	4/4			

- Notes :
- Directors No. 1-8 are in the positions throughout the year
  - Director No. 9 was retired by rotation, effective from April 27, 2011

The Audit Committee meeting is held on at least one time per quarter the members attended 5 meetings. Meeting participants are as follows:

Total number of meetings attende...Times From...Times		
1	Dr. Chatchawin Charoen-Rajapark	5/5
2	Mr. Bibit Bijaisoradat	5/5
3	Mrs. Koonthala Sasasmit	5/5

The Nomination and Compensation Committee held one meeting. Meeting participants are as follows:

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

Strategy and Policy Committee held 10 meetings. Meeting participants are as follows:

Total number of meetings attende...Times From...Times		
1	Mr. Bibit Bijaisoradat	10/10
2	Mr. Paisit Tuchinda	10/10
3	Dr. Chatchawin Charoen-Rajapark	10/10
4	Miss Panita Tuchinda	10/10
5	Mr. Tikumporn Pongsawasdi	10/10

Investment Committee held weekly meeting totaling 48 meetings. Meeting participants are as follows:

Total number of meetings attende...Times From...Times		
1	Mr. Paisit Tuchinda	47/48
2	Miss Panita Tuchinda	47/48
3	Mr. Tikumporn Pongsawasdi	47/48

## 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 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 Executive Committee will receive remuneration for their additional duties and responsibilities have already been approved by the shareholders' meeting.

In 2011, the Board of Directors and the Management has received the remuneration from the Company, as follows:

Remuneration for 8 directors, amounted to 3,665,000 Baht. This amount of money shall include the meeting allowance, which was already paid, totally 2,185,000 Baht and directors' 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.

Meeting Allowances for the year 2011 and shareholdings as at 28 March 2012 are as follow :-

	Director	Audit Director	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	-
3 Mr.Paisit Tuchinda	120,000.00	-	7,500.00	120,000.00	360,000.00	607,500.00	227,692.31	835,192.31	2,742,100	-
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.Chatchawn 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 Sassamit	120,000.00	120,000.00	-	-	-	240,000.00	227,692.31	467,692.31	-	-
8 Miss Panita Tuchinda	120,000.00	-	-	-	-	120,000.00	-	120,000.00	678,036	-
9 Mr.Tikumporn Pongsawasdi	120,000.00	-	-	-	-	120,000.00	-	120,000.00	-	-
	<b>1,020,000.00</b>	<b>420,000.00</b>	<b>25,000.00</b>	<b>360,000.00</b>	<b>360,000.00</b>	<b>2,185,000.00</b>	<b>1,480,000.00</b>	<b>3,665,000.00</b>		

Remuneration for 9 executives officer ( " The Executives Officer " means the executives officer at under Managing Director levels comprising " Deputy Managing Director " " Assistant Managing Director " and " Vice President " of every department) totally cost Baht 24.78 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 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 2011. The company totally paid to Ernts and Young Co., Ltd. Baht 835,000 as Audit Fee. However, during 2011, 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 2011, The Audit Committee have agree to hire the auditor from ASV & Associates Co.,Ltd.for other services with exclude from regular services to verify normal financial statement audit to evaluate the assessment of internal control and investment policies to the Office of Insurance Commission for the year 2011 the Audit fee of Bath 85,000

## Corporate Governance

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](http://www.thaiins.com))

Moreover, the Board instituted creates a form, namely group assessment, for proposing the assessment to each director. These assessments 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 2011, the company held one annual ordinary shareholders' meeting on April 27, 2011. 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 2012, the Company gives the importance in the right and equitable treatment of Shareholders. The company informed the minor shareholder via IT 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 16, 2011, and then inform the mentioned proposal back within January 16, 2012.

## 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](http://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.
Staff	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 KPI: 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.
Trade Partners	The Company had concentrated on making mutual good relationship with its trade 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.

In 2011, the Audit Committee and management of the Company has realized the benefit of internal audit and risk assessment for internal control. In this regard, the Company has hired KPMG Phoomchai Business Advisory Ltd. to provide internal audit service by co-source the Company's Internal Audit Office in order to ensure that the Company has an appropriate internal control system as well as completely comply with the company policy and relevant laws and regulations. This is also to get advice and recommendation for process improvement to be more efficiency.

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.

The Audit Committee evaluated the management with the evaluation form prepared by the auditor which covered five areas : organization and operating environment, risk management, operational management and control, information technology / communication system, and monitoring / evaluation system. The Board of Directors believes that the company has adequate and appropriate risk management system. However, the company must continuously develop and improve its internal control system to support the changing and growing business needs.

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 office of Insurance Commission 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 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.

	Portion
Thai Insurance PLC.'s shares held by Danu Thai Holding Co.,Ltd.	1.87%
Thai Insurance PLC.'s shares held by the TMB Bank PLC.	***
Danu Thai Holding Co.,Ltd.'s share held by the Thai Insurance PLC.	16.22%

\*\*\* As at April 18, 2011, TMB Bank PLC. sold all of Thai Insurance PLC.'s ordinary shares. As a result, TMB Bank PLC.'s is no longer an affiliate since that date hereof.

### 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. Miss Panita Tuchinda Director of Danu Thai Holding Co., Ltd., was Managing Director of The Thai Insurance Public Company Limited.
4. 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

1. 2011 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.	5,694,744	328,953	1,313,413
Danu Thai Holding Co.,Ltd.	330,843	-	-

2. Office Lease Contract : As at December 31, 2011 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
		Sqm. per month	Total	
Fl. 1 , 2 ,5	1,414.00	400	1,131,200	3 Years/ March 1, 2008 – February 28, 2011
		420	5,938,800	3 Years/ March 1 ,2011 – February 28, 2013
Fl. 4	445.62	370	1,978,552	3 Years/ April 1, 2010 – 31 March 31, 2013
Fl. 7	350.00	300	840,000	3 Years/ September 1, 2008 – August 31, 2011
		330	462,000	3 Years/ September 1, 2008 – March 31, 2013
	2,209.62		10,350,552	

#### **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 before 18 April 2011 and Danu Thai Holding Co.,Ltd. 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 Transaction**

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.

#### **Transaction Tendency 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.

#### **Corporate Social Responsibility : CSR**

The Company realizes that Company is part of the society which has continually supported the Public Activities since then. In 2011, the Company put emphasis on Corporate Social Responsibility (CSR) by including it in the corporate strategic plans.

In 2011, the Company organized various social activities as follows:

1. To encourage staff to have a volunteer mind in association with the company to donate to Southern Flood Victims through The Thai Red Cross Society.
2. To encourage staff to have a volunteer mind by participating in the project 'Thai Stock Market Flood Relief' to fill Life Aid Bag in order to assist the Severe Flood Victim.
3. To provide shelter for staff and their family who got the affect from this Severe Flood.

#### **Nature 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, 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, public liability insurance and, health insurance etc.

## Business Operation

### Income Structure

Types of business	Gross Premium					
	2011	%	2010	%	2009	%
Fire	292,365	22.67%	230,452	20.97%	230,413	21.47%
Marine	21,674	1.68%	20,238	1.84%	21,077	1.96%
Miscellaneous	286,047	22.18%	241,707	21.99%	238,912	22.26%
Automobile	689,799	53.48%	606,567	55.19%	582,982	54.31%
<b>Total</b>	<b>1,289,885</b>	<b>100.00%</b>	<b>1,098,964</b>	<b>100.00%</b>	<b>1,073,384</b>	<b>100.00%</b>

Remark : All Risk Insurance is included in Fire.

### Significance developments in 2011

1. In the year 2011, the Company put emphasis on underwriting quality and most efficient cost management rather than insurance premium growth. The Company still expands in retail customer base, focusing on personal line via financial institutions and telemarketing, including Bancassurance Channel. The company has tried to maintain the existing customer base along with cross selling. Furthermore, the company improves and expands branch operation and covers wide 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.

2. The Company has applied insurance statistic from IT system for selecting type 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. Information Technologies The Company has continuously improving the Business Process to support the reduction of Operation Expenses strategies and also expanding the business in the future. Structure of Business Process Improvement team, Objectives and expectation, IT Strategy plan are clearly defined, and will be completed by early 2014.

4. Management and 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.

## Risk Factors

In the 4th quarter of 2011 with the Severe Flooding, it made a loss known to Thailand which resulting in damage to Insurance Business up to Baht 400 billion in which the industrial estate in the Central area has been highest affected.

Such damage is the importance factor to stimulate the importance of risk management in order to be ready to cope with the unanticipated future circumstance. The Company then must pay attention to the preparation of readiness to be able to manage the affect from risk appropriately. The Company has concentrated on good governance principle, trusting service, financial strength, and taking full responsibility for our insureds and shareholders by considering risks relevant to each operation area as follows:

### 1. Strategic Risk

In the year 2011, 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.

To reduce the risk, the Company set its annual strategic and operation plans carefully which in line with the vision of the Company 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 sets the premium rating appropriately to the level of risk. The statistic and assumption of the frequency and severity of peril according to standard actuary methodology is using to define the pricing of each product which is the key factor to set appropriate pricing and competitively.

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, the Company has set an effective internal control system and allocate sufficient staff which qualified to each job to be able to work efficiently. Also improving working process to cope with the business change and support the Company's operation.

In addition, 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

The impact and risk from external factor, The Company has set up Business Continuity Plan to be able to have continuity operating in case of any interruption situation.

#### **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**

With effective from September 2011, the Office of Insurance Commission has enforced the Risk Based Capital for capital adequacy requirement as follows.

During September 1, 2011 – December 31, 2012 : not less than 125%

January 1, 2013 onwards : not less than 140%

For the first exercise as at September 30, 2011, the Company had the Capital Adequacy Ratio (CAR) of 425% and 378% as at December 31, 2011 which is higher than OIC's requirement.

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 19 million to Baht 23.5 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 2009, 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

For the operation results of 2011, the Company recorded Gross Written Premium in the amount of Baht 1,289.9 million, the growth rate is 17.4% which is higher than industry where growth rate is around 10–12%. Nevertheless, the severe flood incurred during the 4th quarter of 2011 has seriously impacted overall general insurance industry not less than Baht 400 billion, approximately. The company has been affected in the amount of Baht 121.5 million in which comprises loss incurred from the business that the Company has been underwriting in the amount of Baht 35.6 million and loss incurred from Retrocession Treaty in accordance with general insurance market agreement in the amount of Baht 85.9 million. This has resulted to underwriting loss of Baht 81.1 million. By the way, the Company investment and other incomes recorded at Baht 68.7 million which resulted to loss before tax of Baht 19.6 million. The tax expense recorded at Baht 16.4 million which was resulting from the reduction of tax rate from 30% to 23% in accordance with the Deferred Tax methodology, therefore, the company net loss was Baht 36 million. By the way, excluding such loss incurred from Retrocession Treaty, the Company would have profit before tax of Baht 66.3 million which would be higher than previous year where profit before tax was 45.4 million which is in accordance with the company's target to focus on quality and efficiency of operations continuously.

Although this severe flood crisis has impacted the company which resulting to operating loss in 2011, the Company is able to maintain adequate capital under Risk based Capital (RBC) to be higher than the requirements of Office of Insurance Commission.

## Business goals in the next 3–5 years

**1. Marketing** The company has chiefly aims to expand customer base into Personal Lined and Commercial Line emphasizing retail 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 and Up Selling. The company has also improved Telemarketing system continuously and has also emphasized Bancassurance Channel for expanding the customer base to Personal Line, in addition to expanding the branch network in Nation-wide also improve the efficiency of services to customer.

**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 such as Business Intelligent will improve the level of speed and accuracy for decision making and also considering to upgrade or replace Core Insurance Application to be able to handle business growth and supports with minimal costing.

**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 high degree of customers' requirements and more convenience 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. Clearly define the KPI will help all employee to have the same understanding for expectation from the company and focus on the result as the key.

## 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 type 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 compaigns 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 continuously improving the Business Process to support the reduction of Operation Expenses strategies and also expanding the business in the future. Structure of Business Process Improvement team, Objectives and expectation, IT Strategy plan are clearly defined, and will be completed by early 2014.

**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.

<b>Name</b>	: <b>THE THAI INSURANCE PUBLIC COMPANY LIMITED</b>
<b>Symbol</b>	: <b>TIC</b>
<b>Head Office</b>	: 34/3 Soi Langsuan, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330
<b>Telephone Number</b>	: Tel. 0-2613-0100 Fax 0-2652-2870 Call Center 0-2613-0123 <a href="http://www.thaiins.com">www.thaiins.com</a>
<b>Public Company Registration</b>	: Registration Number 156
<b>Type of Business</b>	: Non-life Insurance
<b>Registered Share Capital</b>	: 19.0 million ordinary shares at Baht 10 each, totaling Baht 190 million : 10.0 million preferred shares at Baht 10 each, totaling Baht 190 million totaling Baht 290 million
<b>Issued and Paid-up Share</b>	: 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 totaling Baht 235 million

<b>Entity holding over 10% of shares</b>	: Danu Thai Holding Co., Ltd. 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
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<b>Registrar</b>	: 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
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**Auditor**

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

<b>Internal Audit Service (Co-Source)</b>	: KPMG Phoomchai Business Advisory Ltd. Empire Tower, 48th Floor 195 South Sathorn Road, Bangkok 10120 Tel. 0-2677-2000 Fax. 0-2677-2222
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<b>Law Consultant</b>	: <b>Juristic act, contract and litigation</b> LAWBIZ Law Office 20/3 Arun Amarin Road, Bangkoknoi, Bangkok 10700 Tel. 0-2433-9078-9 Fax. 0 2433-9079 <b>Business Laws &amp; The shareholders' meeting</b> Dn36 Limited 200/3 Narathiwassratchanakarin Road, Chongnonsee, Yannawa, Bangkok 10120 Tel. 0-2294-6914 Fax. 02-294-6913
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Board of Director's Report  
The Report of the Audit Committee  
Report of Independent Auditor

## Board of Director's Report

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 for the year ended December 31, 2011.



( Mr. Kavi Ansvananda )  
Chairman



( Miss Panita Tuchinda )  
Managing Director  
February 22 nd, 2012

# The Report of the Audit Committee

## The Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Thai Insurance Public Co., Ltd., 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 2011, 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.

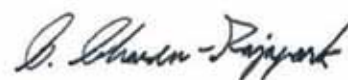
6. Reviewing and considering the disclosure of the related-party transactions or any transaction that might involve conflicts of interest in accordance with the relevant laws and regulations.

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.

In June 2011, the Company has hired KPMG Phoomchai Business Advisory Ltd. to provide internal audit service by co-source with the Company's Internal Audit Office in order to ensure that the Company has an appropriate internal control system as well as completely comply with the company policy and relevant laws and regulations. This is also to get advice and recommendation for process improvement to be more efficiency.

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

## Report of Independent Auditor

### Report of Independent Auditor

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

I have audited the accompanying statements of financial position of The Thai Insurance Public Company Limited as at 31 December 2011 and 2010, the related statements of comprehensive income, changes in 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 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the following:

(1) Note 3 to the financial statements, regarding the Company's adoption of revised and new accounting standards issued by the Federation of Accounting Professions during the current year and Note 2 to the financial statements regarding the Company's preparation and presentation of the financial statements in compliance with the Declaration of the Insurance Commission.

(2) Note 1.2 to the financial statements, regarding the severe flood situation. Although the Company set aside loss reserves based on best estimates, there are inherent uncertainties in the assumptions used by management in estimating the loss reserves, which could affect the amount of claim reserve refundable from reinsurers. Actual results could significantly differ from the estimates.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

## Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	2011	2010
<b>Assets</b>			
Cash and cash equivalent	8, 27	111,569,981	128,457,476
Accrued investment income, net	27	7,805,556	5,561,054
Premium receivables, net	9, 27	167,429,927	122,022,273
Reinsurance assets	10	1,537,879,186	229,588,737
Investment assets			
Investments in securities, net			
Trading investments	11.1	3,905,000	18,889,213
Available-for-sale investments	11.2	474,965,966	526,722,985
Held-to-maturity investments	8, 11.3, 27	497,806,257	326,145,813
Other investments	11.4, 27	8,099,840	24,076,000
Loans, net	12	5,851,226	3,746,810
Property and equipment, net	13	19,392,671	19,678,679
Intangible assets, net	14	26,702,563	23,787,838
Deferred tax assets	15	91,452,051	73,072,974
Other assets			
Prepaid income tax		72,020	5,742,362
Other receivable, net		7,631,643	11,840,029
Others		45,213,791	59,003,415
<b>Total assets</b>		<b>3,005,777,678</b>	<b>1,578,335,658</b>

## Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	2011	2010
<b>Liabilities and equity</b>			
Liabilities			
Due to reinsurers	16	148,432,652	100,206,693
Insurance contract liabilities			
Loss reserves and outstanding claims	17	1,602,914,618	282,238,588
Premium reserve	18	630,264,977	530,839,475
Employee benefit obligations	19	26,059,247	15,710,639
Other liabilities			
Premium received in advance		19,931,771	19,232,072
Accrued commission		20,674,860	16,381,355
Other accounts payable		15,392,054	8,641,153
Others	20	30,148,721	17,605,290
<b>Total liabilities</b>		<b>2,493,818,900</b>	<b>990,855,265</b>

## Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	2011	2010
<b>Equity</b>			
Share capital			
Registered			
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
		<b>290,000,000</b>	<b>290,000,000</b>
Issued and paid up			
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
		<b>235,000,000</b>	<b>235,000,000</b>
Premium on share capital		103,600,111	103,600,111
Retained earnings			
Appropriated			
Legal reserve	21	23,500,000	23,500,000
Other reserve		20,000,000	20,000,000
Unappropriated		156,146,185	217,530,769
Other components of equity		(26,287,518)	(12,150,487)
<b>Total equity</b>		<b>511,958,778</b>	<b>587,480,393</b>
<b>Total liabilities and equity</b>		<b>3,005,777,678</b>	<b>1,578,335,658</b>

## Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	2011	2010
<b>Income</b>			
Net earned premium	22, 27	875,360,832	835,363,126
Fee and commissions income	22	109,130,906	76,963,523
<b>Total income</b>		<b>984,491,738</b>	<b>912,326,649</b>
<b>Expenses</b>			
Underwriting			
Claim expenses			
Claims and losses adjustments expenses	22, 27	560,126,215	477,613,707
Commissions and brokerages expenses	22	195,075,901	172,135,842
Other underwriting expenses	22	120,255,841	91,187,103
Contribution to Road Accident Victims Protection Company Limited	22	9,260,897	8,001,371
Operating expenses	23, 27	180,896,301	172,684,180
<b>Total underwriting expenses</b>		<b>1,065,615,155</b>	<b>921,622,203</b>
<b>Loss from underwriting</b>		<b>(81,123,417)</b>	<b>(9,295,554)</b>
Net investment income	27	38,283,331	28,280,506
Gains on investments		28,144,382	27,684,171
Fair value gains (losses)		(613,033)	10,405
Other income		2,889,914	4,383,203
<b>Profit (loss) from operations</b>		<b>(12,418,823)</b>	<b>51,062,731</b>
Contribution to the Office of Insurance Commission		3,616,730	3,188,607
Contribution to Non-life Guarantee Fund	30	2,838,209	1,856,583
Contribution to the Road Victims Protection Fund		755,992	653,173
<b>Profit (loss) before corporate income tax</b>		<b>(19,629,754)</b>	<b>45,364,368</b>
Less: Corporate income tax	15	(16,423,425)	948,780
<b>Profit (loss) for the year</b>		<b>(36,053,179)</b>	<b>46,313,148</b>

## Statements of comprehensive income (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

### Other comprehensive income:

Gains (losses) on changes in values of  
available-for-sale investments

Income tax relating to components of other  
comprehensive income

Other comprehensive income for the year – net of tax

### Total comprehensive income for the year

### Earnings per share

Basic earnings (loss) per share

Profit (loss) for the year

Diluted earnings per share

Profit for the year

Note	2011	2010
	(16,781,795)	50,898,260
	2,644,764	(11,856,674)
	(14,137,031)	39,041,586
	(50,190,210)	85,354,734
26		
	(2.19)	2.20
	-	1.97

## Statements of changes in equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity		Total equity
				Appropriated		Unappropriated	Other comprehensive income	Total other components of equity	
				Legal reserve	Other reserve				
<b>Balance as at 31 December 2009</b>		235,000,000	103,600,111	21,000,000	20,000,000	182,967,621	(51,192,073)	(51,192,073)	511,375,659
Dividend paid	31	-	-	-	-	(9,250,000)	-	-	(9,250,000)
Unappropriated retained earnings transferred to statutory reserve		-	-	2,500,000	-	(2,500,000)	-	-	-
Total comprehensive income for the year		-	-	-	-	46,313,148	39,041,586	39,041,586	85,354,734
<b>Balance as at 31 December 2010</b>		235,000,000	103,600,111	23,500,000	20,000,000	217,530,769	(12,150,487)	(12,150,487)	587,480,393
<b>Balance as at 31 December 2010</b>		235,000,000	103,600,111	23,500,000	20,000,000	217,530,769	(12,150,487)	(12,150,487)	587,480,393
Cumulative effect of changes in accounting policy for employee benefits	5	-	-	-	-	(10,206,405)	-	-	(10,206,405)
Dividend paid	31	-	-	-	-	(15,125,000)	-	-	(15,125,000)
Total comprehensive income for the year		-	-	-	-	(36,053,179)	(14,137,031)	(14,137,031)	(50,190,210)
<b>Balance as at 31 December 2011</b>		235,000,000	103,600,111	23,500,000	20,000,000	156,146,185	(26,287,518)	(26,287,518)	511,958,778

## Statements of cash flows

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	2011	2010
<b>Cash flows from operating activities</b>		
Direct premium written	1,212,859,231	1,096,495,534
Cash paid for reinsurance	(52,117,588)	(66,575,096)
Losses incurred on direct insurance	(660,764,398)	(537,495,786)
Losses adjustments expenses on direct insurance	(4,302,584)	(5,105,512)
Commissions and brokerages on direct insurance	(175,150,275)	(163,799,036)
Other underwriting expenses	(120,255,841)	(91,187,103)
Net investment income	31,951,612	10,997,537
Other income	2,889,914	4,383,203
Operating expenses	(149,801,662)	(222,520,476)
<b>Net cash from operating activities</b>	<b>85,308,409</b>	<b>25,193,265</b>
<b>Cash flows from investing activities</b>		
Cash flows from		
Investments in securities	444,803,096	602,016,276
Accounts receivable from novation of debentures	–	3,743,383
Loans	1,665,584	1,070,787
Property and equipment	129,849	–
Deposits at financial institutions	342,524,310	495,773,345
<b>Net cash from investing activities</b>	<b>789,122,839</b>	<b>1,102,603,791</b>

## Statements of cash flows (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	2011	2010
<b>Cash flows used in</b>		
Investments in securities	(464,219,979)	(720,595,897)
Loans	3,770,000	(800,000)
Deposits at financial institutions	(398,024,311)	(379,044,310)
Property and equipment	(4,644,524)	(1,088,237)
Intangible assets	(5,534,929)	(2,316,938)
Net cash used in investing activities	(868,653,743)	(1,103,845,382)
<b>Net cash used in investing activities</b>	<b>(79,530,904)</b>	<b>(1,241,591)</b>
<b>Cash flows used in financing activities</b>		
Dividend paid	(15,125,000)	(9,250,000)
<b>Net cash used in financing activities</b>	<b>(15,125,000)</b>	<b>(9,250,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,347,495)</b>	<b>14,701,674</b>
Cash and cash equivalents at beginning of year	128,457,476	113,755,802
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>119,109,981</b>	<b>128,457,476</b>
<b>Supplemental cash flows information</b>		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments – net of income tax	(14,137,031)	39,041,586

# Notes to financial statements

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 1. General information

### 1.1 Corporate information

The Thai Insurance Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance business. The Company has a total of 9 branches located in Bangkok and other provinces. The Company's registered office is at 34/3 Soi Lunguan, Ploenchit Road, Lumpini, Patumwan, Bangkok.

### 1.2 Severe flood situation

In the fourth quarter of 2011, there was severe flooding in Thailand, with many economic areas and industrial zones inundated. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements as follows:

(Unit: Million Baht)

	Gross claims	Claims reserve refundable from reinsurers	Net claim before claim from Quota share retrocession treaty as per market agreement	Gross claim from Quota share retrocession treaty as per market agreement	Net claims
Loss reserves	1,188.55	(919.30)	269.25	83.05	352.30
Claim paid	80.72	(54.51)	26.21	7.09	33.30
Total	1,269.27	(973.81)	295.46	90.14	385.60
Claim reserve refundable under Excess of Loss reinsurance			(279.14)	(4.48)	(283.62)
Net claims expense - the statements of comprehensive income			16.32	85.66	101.98

The Company set up loss reserve based on a best estimate, taking into account the current situation and the latest surveyor reports, as well as various appropriate assumptions and, for claims refundable from reinsurers, with reference to the related reinsurance contracts. However, there are inherent uncertainties in the assumptions used by the management in preparing the loss reserve which could affect the amount of claim reserve refundable from reinsurers. Actual results could significantly differ from the estimates.

## 2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except Thai Accounting Standard No. 12 "Income Taxes" has early been 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 Declaration of the Insurance Commission dated 27 May 2010. The Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows for the current year and reclassified the 2010 financial statements in accordance with the Declaration without the effect to the Company's equity.

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.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

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 year

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

Accounting standards:

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

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

## 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 and other long-term employee benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company have changed this accounting policy in the current year and recognised the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 3.08 million, (0.16 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

## 4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Accounting Standard Interpretations:

SIC 10 Government Assistance – No Specific Relation to Operating Activities

SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

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.

## 5. Cumulative effect of change in accounting policy due to the adoption of new accounting standard

During the current year, the Company made the changes to its significant accounting policy described in Note 3 to the financial statements, as a result of the adoption of new accounting standards. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statement of financial position as at 31 December 2011 are summarised below.

(Unit: Baht)

	<b>2011</b>
Increase in deferred tax assets	4,062,702
Increase in employee benefits obligations	17,663,924
Decrease in unappropriated retained earnings	10,206,405

The amounts of adjustments affecting the statement of comprehensive income for the year ended 31 December 2011 are summarised below.

Increase in personal expenses	3,083,343
Decrease in corporate income tax	709,169
Decrease in basic earnings per share	0.16

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 6. Significant accounting policies

### 6.1 Revenue recognition

#### (a) Premium

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

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

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

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

Commission and brokerage fee from ceded premium are recognised as income when services have been rendered to the reinsurers.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as unearned items and recognised as income over the coverage period.

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

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

#### (d) Interest income on loans

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

#### (e) Gain (loss) on investments

Gain (loss) on investments is recognised as income or expenses on the transaction date.

### 6.2 Expenses recognition

#### (a) Ceded premium

Ceded premium is recognised as expenses when the insurance risk is transferred to another insurer.

#### (b) Commission and brokerage fees expenses

Commissions and brokerages are expended when incurred.

#### (c) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claims refundable from reinsurers.

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

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

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 6.3 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.

### 6.4 Premium receivables and allowance for doubtful accounts

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

### 6.5 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance, and insurance reserve refundable from reinsurers.

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

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve, loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

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

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

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

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

### 6.6 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 in profit or loss. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in equity, and will be recorded in profit or loss when the securities are sold.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

- (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 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.

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

## 6.7 Loans and allowance for doubtful accounts

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

## 6.8 Property, buildings and equipment and depreciat

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:

Buildings	- 20 years
Furniture and fixtures and Office equipment	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

## 6.9 Intangible assets and amortisation

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

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

The useful lives of intangible assets with finite useful lives which are computer software are 5 years and 10 years.

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 6.10 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 and direction of the Company's operations.

### 6.11 Loss reserve and outstanding claims

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

The Company has allocated IBNR, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims. (2010: according to the actuarial method, but it is not to be less than 2.5% of the net premiums written for the previous 12 months).

### 6.12 Premium reserve

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

#### (a) Unearned premium reserve

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

Marine and transportation (cargo)	- Net premium written for the last ninety days
Travel accident	- Net premium written for the last thirty days
Other	- Monthly average basis (the one-twenty fourth basis)

#### (b) Unexpired risk reserve

Since 2011, unexpired risk reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

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

### 6.13 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 profit or loss 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 profit or loss on a straight line basis over the lease term.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 6.14 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

## 6.15 Employee benefits

### (a) Short-term employee benefits

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

### (b) Post-employment benefits

#### **Defined contribution plans**

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

#### **Defined benefit plans**

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, through an adjustment to the beginning balance of retained earnings in the current year.

## 6.16 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.

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 6.17. Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

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

#### **Deferred tax**

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

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward 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 the end of each reporting period, 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.

### 7. Significant accounting judgements and estimates

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

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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 judgement and estimates based upon, among other things, past 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 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 judgement of the management.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## **Property, buildings and equipment/Depreciation**

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

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

## **Loss reserve and outstanding claims**

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). 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 etc. 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.

## **Unexpired risk reserve**

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

## **Post-employment benefits under defined benefit plans**

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

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### Litigation

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

### 8. Cash and cash equivalents

(Unit: Baht)

	2011	2010
Cash on hand	195,000	195,000
Deposits at banks with no fixed maturity date	111,374,981	108,262,475
Deposits at banks with fixed maturity date	304,011,075	268,511,078
Total cash and deposits at financial institutions	415,581,056	376,968,553
Less: Deposits at banks which amounts maturing in over 3 months	(253,000,000)	(191,500,000)
Deposits at banks which subject to restrictions	(51,011,075)	(57,011,077)
Cash and cash equivalents	111,569,981	128,457,476

As at 31 December 2011, bank deposits in saving account and fixed deposit carried interests between 1.80 and 4.81 percent per annum (2010: between 0.25 and 3.00 percent per annum).

### 9. Premium receivables

The balances as at 31 December 2011 and 2010 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2011			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Current	31,328,610	98,174,343	-	129,502,953
Under 30 days	5,505,483	11,547,752	121,498	17,174,733
Over 30 days to 60 days	5,273,624	3,624,364	-	8,897,988
Over 60 days to 90 days	2,843,429	1,431,686	-	4,275,115
Over 90 days to 1 year	3,249,149	5,547,365	31,055	8,827,569
Over 1 year	19	315,170	13,492	328,681
Total premium receivables	48,200,314	120,640,680	166,045	169,007,039
Less: Allowance for doubtful accounts	-	(1,577,112)	-	(1,577,112)
Total premium receivables, net	48,200,314	119,063,568	166,045	167,429,927

# Notes to financial statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	2010			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Current	21,124,599	69,256,474	1,010,351	91,391,424
Under 30 days	3,157,474	13,656,579	–	16,814,053
Over 30 days to 60 days	222,884	9,023,917	(235)	9,246,566
Over 60 days to 90 days	56,186	1,440,782	–	1,496,968
Over 90 days to 1 year	258,129	3,052,351	74,485	3,384,965
Over 1 year	–	7,816	13,492	21,308
Total premium receivables	24,819,272	96,437,919	1,098,093	122,355,284
Less: Allowance for doubtful accounts	–	(333,011)	–	(333,011)
Total premium receivables, net	24,819,272	96,104,908	1,098,093	122,022,273

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

## 10. Reinsurance assets

(Unit: Baht)

	2011	2010
Amounts deposit on reinsurance	8,186,502	6,630,436
Amounts due from reinsurers	43,751,760	739,437
Insurance reserve refundable from reinsurers	1,454,104,681	218,497,334
Other amounts due from reinsurers	31,836,243	3,721,530
Reinsurance assets	1,537,879,186	229,588,737

Insurance reserve refundable from reinsurers as at 31 December 2011 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 1,202.92 million as described in Note 1.2 to the financial statements.

The balances as at 31 December 2011 and 2010 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2011	2010
Not yet due	43,698,034	734,527
Not over 12 months	40,625	122
Over 2 years	13,101	4,788
Total amounts due from reinsurers	43,751,760	739,437

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 11. Investments in securities

### 11.1 Trading investments

(Unit: Baht)

	2011					2010				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
<b>Private enterprises debt securities</b>										
Debtenture - convertible										
debtenture	–	–	–	–	–	10,010,407	228,806	–	10,239,213	0.65
Equity securities	4,360,411	–	(455,411)	3,905,000	0.13	8,721,184	–	(71,184)	8,650,000	0.55
Total	4,360,411	–	(455,411)	3,905,000	0.13	18,731,591	228,806	(71,184)	18,889,213	1.20
<b>Total available-for-sale investments</b>	<b>4,360,411</b>	<b>–</b>	<b>(455,411)</b>	<b>3,905,000</b>	<b>0.13</b>	<b>18,731,591</b>	<b>228,806</b>	<b>(71,184)</b>	<b>18,889,213</b>	<b>1.20</b>

### 11.2 Available-for-sale investments

(Unit: Baht)

	2011					2010				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
<b>Government and state enterprise securities</b>										
Thai government bond	16,358,267	244,738	–	16,603,005	0.55	55,174,275	660,180	(963,338)	54,871,117	3.48
Debtenture - convertible										
debtenture	54,628,328	2,403,050	–	57,031,378	1.90	55,024,117	1,814,771	–	56,838,888	3.60
Total	70,986,595	2,647,788	–	73,634,383	2.45	110,198,392	2,474,951	(963,338)	111,710,005	7.08
<b>Private enterprises debt securities</b>										
Debtenture - convertible										
debtenture	125,135,093	2,413,018	(184,911)	127,363,200	4.24	147,155,822	3,950,944	(200,562)	150,906,204	9.56
Equity securities	260,593,603	9,048,569	(47,894,376)	221,747,796	7.38	230,476,358	13,370,638	(40,655,429)	203,191,567	12.87
Unit trusts	52,390,307	3,393,649	(3,587,529)	52,196,427	1.74	56,313,051	5,896,678	(1,279,080)	60,930,649	3.86
Warrants	–	24,160	–	24,160	0.00	–	47,360	–	47,360	0.00
Total	438,119,003	14,879,396	(51,666,816)	401,331,583	13.36	433,945,231	23,265,620	(42,135,071)	415,075,780	26.29
Less: Allowance for impairment	–	–	–	–	–	(62,800)	–	–	(62,800)	0.00
Total	438,119,003	14,879,396	(51,666,816)	401,331,583	13.36	433,882,431	23,265,620	(42,135,071)	415,012,980	26.29
<b>Total available-for-sale investments</b>	<b>509,105,598</b>	<b>17,527,184</b>	<b>(51,666,816)</b>	<b>474,965,966</b>	<b>15.81</b>	<b>544,080,823</b>	<b>25,740,571</b>	<b>(42,098,409)</b>	<b>526,722,985</b>	<b>33.37</b>

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 11.3 Held-to-maturity investments

(Unit: Baht)

	2011		2010	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
<b>Government and state enterprise securities</b>				
Thai government bonds	146,795,182	4.89	87,645,813	5.55
Saving lottery	1,000,000	0.03	1,000,000	0.06
Total	147,795,182	4.92	88,645,813	5.61
<b>Private enterprises debt securities</b>				
Notes - bill of exchange	47,000,000	1.56	-	-
Total	47,000,000	1.56	-	-
<b>Deposits at banks which amount maturing in over 3 months</b>				
Deposits at commercial banks	233,011,075	7.75	222,500,000	14.10
Deposits at other financial institution	70,000,000	2.33	15,000,000	0.95
Total	303,011,075	10.08	237,500,000	15.05
Total held-to-maturity investments	497,806,257	16.56	326,145,813	20.66

## 11.4 Other investments

(Unit: Baht)

	2011		2010	
	Cost	Percentage of investments to total assets	Cost	Percentage of investments to total assets
Investment in non-listed companies in Thailand	8,934,211	0.30	24,910,371	1.53
Total	8,934,211	0.30	24,910,371	1.53
Less: Allowance for impairment	(834,371)	(0.03)	(834,371)	-
Total other investment	8,099,840	0.27	24,076,000	1.53

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 11.5 Maturity of debt securities

(Unit: Baht)

	2011				2010			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>								
<b>Government and state enterprise securities</b>								
Thai government bonds	-	-	16,358,267	16,358,267	-	-	55,174,275	55,174,275
Debenture - convertible debentures	-	44,628,328	10,000,000	54,628,328	-	15,000,000	40,024,117	55,024,117
Total	-	44,628,328	26,358,267	70,986,595	-	15,000,000	95,198,392	110,198,392
Add : Unrealised gains								
Total	-	516,204	2,131,584	2,647,788	-	196,987	1,314,626	1,511,613
<b>Private enterprises debt securities</b>								
Debenture - convertible debentures	20,000,000	85,000,000	20,135,093	125,135,093	-	138,498,777	8,657,045	147,155,822
Total	20,000,000	85,000,000	20,135,093	125,135,093	-	138,498,777	8,657,045	147,155,822
Add : Unrealised gains	140,504	1,467,766	619,837	2,228,107	-	3,559,998	190,384	3,750,382
Total	20,140,504	86,467,766	20,754,930	127,363,200	-	142,058,775	8,847,429	150,906,204
<b>Total available-for-sale investments</b>	<b>20,140,504</b>	<b>131,612,288</b>	<b>49,244,791</b>	<b>200,997,583</b>	<b>-</b>	<b>157,255,762</b>	<b>105,360,447</b>	<b>262,616,209</b>

(Unit: Baht)

	2011				2010			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity investments</b>								
<b>Government and state enterprise securities</b>								
Thai government bonds	-	10,072,892	136,722,290	146,795,182	50,000	10,122,150	77,473,663	87,645,813
Total	-	10,072,892	136,722,290	146,795,182	50,000	10,122,150	77,473,663	87,645,813
<b>Private enterprises debt securities</b>								
Notes - bill of exchange	47,000,000	-	-	47,000,000	-	-	-	-
Total	47,000,000	-	-	47,000,000	-	-	-	-
<b>Total held-to-maturity investments</b>	<b>47,000,000</b>	<b>10,072,892</b>	<b>136,722,290</b>	<b>193,795,182</b>	<b>50,000</b>	<b>10,122,150</b>	<b>77,473,663</b>	<b>87,645,813</b>

# Notes to financial statements

For the years ended 31 December 2011 and 2010

As at 31 December 2011, the Company has placed bonds of Baht 14 million (2010: Baht 14 million) as a security with the Registrar in accordance with the Non-life Insurance Act, bonds of Baht 20 million (2010: Baht 20 million) has placed as Non-life Insurance policy reserve with Registrar in accordance with the non-life insurance Act and bonds of Baht 3.5 million (2010: Baht 2.5 million) has placed as required in the normal course of business of the Company.

As at 31 December 2011 and 2010, the Company has placed deposits at banks of Baht 10 million to secure credit facilities and deposits at banks and bill of exchange totaling Baht 73 million has placed as non-life insurance policy reserve with the Registrar in accordance with the Non-life Insurance Act.

## 12. Loans

As at 31 December 2011 and 2010 the balances of loans to employees through staff welfare project are aged, based on due date, as follows:

(Unit: Baht)

Outstanding period	2011				2010			
	Principal	Accrued interest	Total	Interest rate	Principal	Accrued interest	Total	Interest rate
Not yet due	5,851,226	–	5,851,226	0.50%–4.45%	3,746,810	–	3,746,810	0.75%–2.50%
Total	5,851,226	–	5,851,226		3,746,810	–	3,746,810	

## 13. Property and equipment

(Unit: Baht)

	Land	Buildings	Furniture, fixture and equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>						
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
Additions	–	–	1,413,968	3,129,000	101,557	4,644,525
Disposals	–	–	(489,700)	(725,000)	–	(1,214,700)
31 December 2011	10,163,636	4,789,000	63,644,828	4,921,300	101,557	83,620,321
<b>Accumulated depreciation</b>						
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
Depreciation on disposals	–	–	(457,181)	(627,670)	–	(1,084,851)
Depreciation for the year	–	239,450	3,893,629	667,605	–	4,800,684
31 December 2011	–	3,735,420	58,977,776	1,514,454	–	64,227,650
<b>Net book value</b>						
31 December 2010	10,163,636	1,293,030	7,179,232	1,042,781	–	19,678,679
31 December 2011	10,163,636	1,053,580	4,667,052	3,406,846	101,557	19,392,671
<b>Depreciation for the year</b>						
2010						4,893,933
2011						4,800,684

## Notes to financial statements

For the years ended 31 December 2011 and 2010

As at 31 December 2011, the Company had vehicles under finance lease agreements with net book values amounting to Baht 0.49 million (2010: Baht 0.84 million).

As at 31 December 2011, 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 60.6 million (2010: Baht 57.9 million).

### 14. Intangible assets – computer software

	(Unit: Baht)
	<b>Computer software</b>
<b>Cost</b>	
1 January 2010	46,518,136
Additions	2,316,938
31 December 2010	48,835,074
Additions	5,636,485
31 December 2011	54,471,559
<b>Accumulated amortisation</b>	
1 January 2010	22,614,558
Amortisation	2,432,678
31 December 2010	25,047,236
Amortisation	2,721,760
31 December 2011	27,768,996
<b>Net book value</b>	
31 December 2010	23,787,838
31 December 2011	26,702,563

### 15. Income tax

Income tax expenses for the years ended 31 December 2011 and 2010 are made up as follows:

	(Unit: Baht)	
	2011	2010
<b>Current income tax:</b>		
Current income tax charge	27,783,564	12,180,150
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(36,803,598)	(1,817,993)
Effects of changes in the applicable tax rates from 30 percent to 23 percent (2010: Tax rates from 25 percent to 30 percent)	25,443,459	–
	–	(11,310,937)
<b>Income tax expense (income) reported in the statements of comprehensive income</b>	<b>16,423,425</b>	<b>(948,780)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	(Unit: Baht)	
	2011	2010
Deferred tax relating to gain on re-measuring available-for-sale investments	10,241,889	5,207,351
Effects of changes in the applicable tax rates	(2,389,774)	–
	<b>7,852,115</b>	<b>5,207,351</b>

# Notes to financial statements

For the years ended 31 December 2011 and 2010

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	2011	2010
Accounting profit before tax	(19,629,754)	45,364,368
Applicable tax rate	30%	25%
Accounting profit before tax multiplied by applicable tax rate	(5,888,926)	11,341,092
Effects of changes in the applicable tax rates from 0 percent to 23 percent (2010: Tax rates from 25 percent to 30 percent)	25,443,459	-
	-	(11,310,937)
Effects of:		
Non-deductible expenses	(3,131,108)	(978,935)
Expenses (Income) tax reported in the statement of comprehensive income	16,423,425	(948,780)

As of 31 December 2011 and 2010, the components of deferred tax assets are as follows:

	(Unit: Baht)	
	2011	2010
<b>Deferred tax assets</b>		
Losses on changes in values of investments		
- available-for-sale securities	7,852,115	5,207,351
Allowance for doubtful accounts	2,152,308	2,438,595
Unearned premium reserves	22,208,545	22,076,239
Provision for losses incurred but not reported (IBNR)	8,842,641	10,163,230
Loss reserve	46,141,835	32,937,248
Post-employment benefit obligation	4,062,702	-
Others	191,905	250,311
Total	91,452,051	73,072,974

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

## 16. Due to reinsurers

	(Unit: Baht)	
	2011	2010
Outward premium payable	14,655,837	10,744,405
Amounts withheld on reinsurance	106,365,552	74,378,988
Others reinsurance payable	27,411,263	15,083,300
Total due to reinsurers	148,432,652	100,206,693

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 17. Loss reserves and outstanding claims

	(Unit: Baht)	
	2011	2010
Beginning balance	282,238,588	269,947,874
Claims and losses adjustments expenses for the year	1,859,961,612	606,597,574
Change in claims and losses adjustments expenses paid of prior year	113,111,931	4,161,915
Claims and losses adjustments expenses paid during the year	(652,397,513)	(598,468,855)
Ending balance	1,602,914,618	282,238,588

As at 31 December 2011 and 2010, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 112.15 million and Baht 8.21 million, respectively.

Loss reserves and outstanding claims as at 31 December 2011 includes loss reserves and outstanding claims from flooding claim amounting to Baht 1,271.60 million as discussed in Note 1.2 to the financial statements.

### 18. Premium reserve

#### 18.1 Unearned premium reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	530,839,475	487,120,651
Premium written for the year	1,289,885,005	1,098,964,858
Premium earned for the current year	(1,190,459,503)	(1,055,246,034)
Ending balance	630,264,977	530,839,475

As at 31 December 2011, the retained earnings of the Company excluded Baht 39.57 million (2010: Baht 8.34 million) on of additional unearned premium reserves which the Company should set aside for the premium ceded to a foreign reinsurer, in compliance with the regulations of the OIC. With reference to the opinion expressed by the Federation of Accounting Professional (FAP) in a letter dated 7 August 2006, the FAP opined that since non-life insurance companies have transferred their risks from insurance to the reinsurers and no longer have commitments in respect of debt settlement, therefore no unearned premium reserve is recorded as liability in the financial statements.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 18.2 Unexpired risk reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	313,170,197	318,047,612
Estimated claims for the year	387,674,391	337,026,739
Risk expired during the year	(314,996,639)	(341,904,154)
Ending balance	385,847,949	313,170,197

## 19. Employee benefit obligations

	(Unit: Baht)	
	2011	2010
Short-term employee benefit	8,395,323	15,710,639
Reserves for retirement benefit	17,663,924	-
Employee benefit obligations	26,059,247	15,710,639

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Baht)
	2011
Defined benefit obligation at beginning of year	14,580,581
Current service cost	2,492,956
Interest cost	590,387
Defined benefit obligation at end of year	17,663,924

Retirement benefit and other long-term benefit expense which recognised immediately as an expense in profit or loss for the year ended 31 December 2011 consist of:

	(Unit: Baht)
	2011
Current service cost	2,492,956
Interest cost	590,387
Reserve for retirement benefit expense, net	3,083,343

Principal actuarial assumptions at the valuation date were as follows:

Discount rate	4.05%
Salary increasing rate	5.00%
Staff turnover rate	0.00% - 23.00%

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 20. Liabilities under finance lease agreements

	(Unit: Baht)	
	2011	2010
Liabilities under finance lease agreements	588,500	1,047,530
Less : Deferred interest expenses	(41,176)	(142,893)
Total	547,324	904,637
Less : Portion due within one year	(391,839)	(412,123)
Liabilities under finance lease agreements -net of current portion	<b>155,485</b>	<b>492,514</b>

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.

As at 31 December 2011 and 2010, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)		
	2011		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	423,720	164,780	588,500
Deferred interest expenses	(31,881)	( 9,295)	(41,176)
Present value of future minimum lease payments	<b>391,839</b>	<b>155,485</b>	<b>547,324</b>

	(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	<b>412,123</b>	<b>492,514</b>	<b>904,637</b>

### 21. Statutory reserve

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

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 22. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2011 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	123,738,229	21,673,822	689,799,501	244,211,396	210,462,057	1,289,885,005
Less: Premium ceded	(67,609,575)	(5,824,888)	(5,140,330)	(102,028,814)	(184,067,187)	(364,670,794)
Net premium written	56,128,654	15,848,934	684,659,171	142,182,582	26,394,870	925,214,211
Add (less): Unearned premium reserve	(2,710,334)	663,903	(38,424,149)	(23,365,108)	13,982,309	(49,853,379)
Earned premium	53,418,320	16,512,837	646,235,022	118,817,474	40,377,179	875,360,832
Fee and commission income	15,700,631	2,342,068	566,993	35,602,767	54,918,447	109,130,906
<b>Total underwriting income</b>	<b>69,118,951</b>	<b>18,854,905</b>	<b>646,802,015</b>	<b>154,420,241</b>	<b>95,295,626</b>	<b>984,491,738</b>
<b>Underwriting expenses</b>						
Claims and losses adjustments expenses	19,778,955	4,354,725	362,024,202	68,839,127	105,129,206	560,126,215
Commissions and brokerages expenses	29,634,195	2,983,115	110,531,420	21,371,726	30,555,445	195,075,901
Other underwriting expenses	13,364,226	897,548	41,997,200	59,407,881	4,588,986	120,255,841
Contribution to Road Accident Victims Protection Co., Ltd.	–	–	9,260,897	–	–	9,260,897
<b>Total underwriting expenses before operating expenses</b>	<b>62,777,377</b>	<b>8,235,389</b>	<b>523,813,718</b>	<b>149,618,735</b>	<b>140,273,636</b>	<b>884,718,854</b>
Operating expenses						180,896,301
<b>Total underwriting expenses</b>						<b>1,065,615,155</b>

## Notes to financial statements

For the years ended 31 December 2011 and 2010

Underwriting information classified by insurance categories for the year ended 31 December 2010 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	104,635,678	20,238,380	606,567,454	146,703,831	220,818,515	1,098,963,858
Less: Premium ceded	(43,543,789)	(4,990,312)	(4,271,926)	(52,974,809)	(135,173,692)	(240,954,528)
Net premium written	61,091,889	15,248,069	602,295,528	93,729,022	85,644,823	858,009,330
Add (less): Unearned premium reserve	(2,065,809)	265,986	(28,555,632)	(26,070,276)	33,779,525	(22,646,206)
Earned premium	59,026,080	15,514,054	573,739,896	67,658,746	119,424,348	835,363,124
Fee and commission income	12,665,917	1,925,719	489,879	19,768,514	42,113,496	76,963,525
<b>Total underwriting income</b>	<b>71,691,997</b>	<b>17,439,773</b>	<b>574,229,775</b>	<b>87,427,260</b>	<b>161,537,844</b>	<b>912,326,649</b>
<b>Underwriting expenses</b>						
Claims and losses adjustments expenses	6,646,546	5,451,898	338,913,280	37,097,477	89,504,506	477,613,707
Commissions and brokerages expenses	26,333,273	2,875,662	97,707,876	13,113,623	32,105,408	172,135,842
Other underwriting expenses	4,169,106	252,710	49,860,003	32,730,811	4,174,473	91,187,103
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	8,001,371	-	-	8,001,371
<b>Total underwriting expenses before operating expenses</b>	<b>37,148,925</b>	<b>8,580,271</b>	<b>494,482,530</b>	<b>82,941,911</b>	<b>125,784,387</b>	<b>748,938,023</b>
Operating expenses						172,684,180
<b>Total underwriting expenses</b>						<b>921,622,203</b>

### 23. Operating expenses

(Unit: Baht)

	2011	2010
Personal expenses which are not expenses for underwriting and claims	82,781,813	86,659,969
Premises and equipment expenses which is not expense for underwriting	54,456,204	52,970,496
Taxes and duties	1,975,863	1,638,487
Bad debts and doubtful accounts (reversal)	1,229,209	(68,535)
Other operating expenses	40,453,214	31,483,763
<b>Total operating expenses</b>	<b>180,896,301</b>	<b>172,684,180</b>

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 24. Employee expenses

	(Unit: Baht)	
	2011	2010
Salary and wages	98,250,933	103,913,596
Social security fund	2,104,663	2,048,295
Contribution to provident fund	3,610,110	3,542,125
Other benefits	4,701,093	834,416
<b>Total employee expenses</b>	<b>108,666,799</b>	<b>110,338,432</b>

## 25. 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 2011, the Company contributed approximately Baht 3.6 million (2010: Baht 3.5 million) to the fund.

## 26. Earnings (losses) per share

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

Diluted earnings (losses) per share is calculated by dividing profit (losses) for the year (excluding other comprehensive income) 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.

Basis earning per share and diluted earnings per share were calculated as follows:

	(Unit: Baht)					
	Profit (losses) for the year (Baht)		Weighted average number of ordinary shares (Shares)		Earnings (loss) per share (Baht)	
	2011	2010	2011	2010	2011	2010
<b>Basic earnings per share</b>						
Income (losses)	(36,053,179)	46,313,148				
Dividend of preference shares	(5,625,000)	(4,500,000)				
Profit for the year after deducting dividend of preference shares	(41,678,179)	41,813,148	19,000,000	19,000,000	(2.19)	2.20
<b>Effect of dilutive potential ordinary shares</b>						
Convertible preference shares	5,625,000	4,500,000	4,500,000	4,500,000		
<b>Diluted earnings (loss) per share</b>						
Profit (loss) for the year of ordinary shareholders assuming the conversion of dilutive preference shares to ordinary shares	(36,053,179)	46,313,148	23,500,000	23,500,000	(1.53)*	1.97

\* There is no disclosure for diluted loss per share in the statement of comprehensive income for the year ended 31 December 2011 as the effect is antidilutive.

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 27. Related party transactions

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

As at 18 April 2011, Thai Military Bank Public Company Limited ("TMB") sold all of the Company's common stocks. As a result, TMB is no longer an affiliate since that date hereof.

(Unit: Baht)

	2011	2010	Transfer pricing policy
<b>Transactions with related companies</b>			
Thai Military Bank Plc.			
Premium written	5,694,744	13,079,675	Normal commercial terms for underwriting
Interest income	328,953	1,086,320	0.75% – 2.70% per annum (2010: 0.65% – 2.50% per annum)
Loss incurred	1,313,413	9,308,931	Actual paid
Danu Thai Holding Co., Ltd.			
Premium written	330,843	331,169	Normal commercial terms for underwriting
Rental and service expenses	10,350,552	9,999,016	Charged at a average rate of Baht 390 per square meter per month (2010: Baht 376 per square meter per month)

The balance of the accounts as at 31 December 2011 and 2010 between the Company and those related companies are as follows:

(Unit: Baht)

	Relationship	2011	2010
<b>Balances with related parties</b>			
Thai Military Bank Plc.			
Deposits at financial institutions	Shareholder	–	176,140,888
Premium receivables		–	3,948,914
Accrued income on investments		–	262,689
Danu Thai Holding Company Limited			
Investments in ordinary shares	Common directors and through mutual shareholdings	6,000,000	6,000,000

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	2011	2010
Short-term employee benefits	26,701,377	25,268,664
Long-term employee benefits	860,800	947,918
<b>Total</b>	<b>27,562,177</b>	<b>26,216,582</b>

## 28. Assets pledged with registrar

As at 31 December 2011 and 2010, the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	2011		2010	
	Cost	Fair value	Cost	Fair value
Government securities	14,000,000	15,496,138	14,000,000	15,363,461

## 29. Assets reserve with registrar

As at 31 December 2011 and 2010, the following assets have been pledged as policy reserve with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	2011		2010	
	Cost	Fair value	Cost	Fair value
Deposits at financial institutions	41,000,000	41,000,000	47,000,000	47,000,000
Bill of exchange	32,000,000	32,000,000	–	–
Government securities	20,000,000	21,153,384	20,000,000	21,313,882
<b>Total</b>	<b>93,000,000</b>	<b>94,153,384</b>	<b>67,000,000</b>	<b>68,313,882</b>

## 30. Contribution to Non-life Guarantee Fund

(Unit: Baht)

	2011	2010
Non-life guarantee fund at the beginning of the year	3,751,466	1,894,883
Contribution during the year	2,838,209	1,856,583
<b>Non-Life guarantee fund at the end of the year</b>	<b>6,589,675</b>	<b>3,751,466</b>

## 31. Dividend

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend from 2010 net income	Annual General Meeting of the shareholders No. 1/2011 on 27 April 2011	15.13	Ordinary share 0.50 per share Preference share 1.25 per share
Final dividend from 2009 net income	Annual General Meeting of the shareholders No. 1/2010 on 21 April 2010	9.25	Ordinary share 0.25 per share Preference share 1.00 per share

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 32. Financial information by segment

The Company's operations involve a single business segment, the 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.

## 33. Commitments and contingent liabilities

### 33.1 Capital commitments

As of 31 December 2011, the Company had capital commitments of approximately Baht 1.70 million, relating to acquisition of computer systems.

### 33.2 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 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	Million Baht
Payable within:	
Less than 1 year	20.83
1 to 5 years	12.37

### 33.3 Litigation

As at 31 December 2011, lawsuits have been brought against the Company, as the insurer, in relation to claims totaling approximately Baht 22.8 million (2010: Baht 23.6 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 15.5 million (2010: Baht 10.4 million). The Company's management believes that such provision is adequate.

## 34. Financial instruments

### 34.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 'Financial Instruments: Disclosure and Presentations', principally comprise cash and cash equivalents, premiums receivable, investments in securities, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to premium receivables, loans and other accounts receivable. 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, concentrations of the credit risk with respect to premiums due and uncollected are insignificant, due to the large number of

# Notes to financial statements

For the years ended 31 December 2011 and 2010

customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful accounts as presented in the statements of financial position.

## 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 2011 and 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.

	2011						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 - 5 years	Over 5 years				
	(Baht)						
<b>Financial assets</b>							
Investments in securities - net							
Government and state enterprise securities	-	55,217,424	165,212,141	-	-	220,429,565	2.80 - 5.13
Private enterprise debt securities	20,140,504	86,467,766	20,754,930	-	-	127,363,200	3.40 - 7.40
Loans	-	-	-	5,851,226	-	5,851,226	3.25
Deposits at financial institutions	211,011,075	92,000,000	-	101,929,516	9,445,465	414,386,056	0.50 - 4.45
Bill of exchange	47,000,000	-	-	-	-	47,000,000	2.90 - 3.59
	<b>278,151,579</b>	<b>233,685,190</b>	<b>185,967,071</b>	<b>107,780,742</b>	<b>9,445,465</b>	<b>815,030,047</b>	

	2010						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 - 5 years	Over 5 years				
	(Baht)						
<b>Financial assets</b>							
Investments in securities - net							
Government and state enterprise securities	50,000	25,319,137	173,986,681	-	-	199,355,818	3.63 - 5.13
Private enterprise debt securities	-	152,297,988	8,847,429	-	-	161,145,417	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
	<b>210,561,078</b>	<b>225,617,125</b>	<b>182,834,111</b>	<b>101,680,599</b>	<b>10,328,686</b>	<b>741,021,598</b>	

## Notes to financial statements

For the years ended 31 December 2011 and 2010

### 34.2 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 values of bonds, treasury bills, notes, debentures 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.

The fair value of non-marketable debt securities is determined by the risk Free Yield Curve adjusted by an appropriate risk factor.

The fair value of other investments cannot be properly calculated, and therefore no disclosure is made.

#### **Loans**

For floating interest rate loans with no significant credit risk, fair value is based on carrying value. The fair value of fixed interest rate loans is estimated using a discounted cash flow method based on the current interest rate.

### 35. Capital management

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

Nevertheless, the OIC have announced a measure to relax the risk-based capital requirements for losses arising from the floods, for a period of 15 months from 31 December 2011 to 31 March 2013.

### 36. Reclassification

To comply with the Declaration of the OIC as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 to the financial statements, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported equity.

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 37. Events after the reporting period

On 22 February 2012, a meeting of the Company's Board of Directors passed the following resolutions:

1. To approve payment of a dividend totaling Baht 9,250,000 from retained earnings, with a dividend of Baht 0.25 per share paid to the holders of the 19,000,000 ordinary shares and a dividend of Baht 1.00 per share to the holders of the 4,500,000 preference shares. The resolution will be proposed to a shareholders' meeting for approval, and is scheduled to be paid on 18 May 2012.
2. To approve the reduction of Company's share capital by Baht 55,000,000 to Baht 235,000,000 by canceling 5,500,000 unissued preference shares.
3. To approve the procedures for conversion of preference shares to ordinary shares, with the first exercise date being 15 June 2012.

## 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2012.

