

Disclosure form 1: yearly

Information disclosure form (attached to the registrar's notification no. 48/2018)  
concerning Information disclosure of non-life insurance company B.E. 2561(2018)

Muang Thai Insurance Public Company Limited has thoroughly reviewed the information disclosed and the Company certifies that such information is complete and accurate which other persons will not mistake of fact, or essential information is not lacking. Therefore, the Company hereby certifies the accuracy of all company's information disclosed herein.



(Mrs. Nualphan Lamsam)

Director




(Mrs. Puntrika Baingern)

Director

The disclosure is made on 28 February 2018

The information of 2017



## Section 2: Details of information disclosure

1. The Company's history, policy, objective and strategy in operating its business and achieve to Company's objective. This also includes information about business characteristic, details of products and services, contact channels of the Company, claim procedure and duration under the insurance contact.

### 1.1 The Company's history

20 June 2008 marked the first step of "Muang Thai Insurance Public Company Limited" as a leading Non-Life insurance company in Thailand. Born out of "the amalgamation between Phatra Insurance Public Company Limited and Muang Thai Insurance Company Limited", Muang Thai Insurance Public Company Limited is a milestone in the country's Non-Life insurance history because it has perfectly combined the expertise of the two firms boosting both strength and potential therein. So, the Company is indeed clearly well prepared for the policy to liberalize insurance industry in the near future

Muang Thai Insurance Public Company Limited has "an objective and commitment to become the leading company in Thai Non-Life insurance industry, stay on as a stable firm, listed on the SET with the registered capital of THB 590 Million, be a true professional in non-life insurance, and remain a Thai-owned Non-Life insurance company which has operated its business in line with ethics, transparency and good corporate governance."

Throughout its operation, Muang Thai Insurance Public Company Limited has reinforced public confidence in it via its constant development and safeguarded identity as a Thai-owned Non-Life insurance company which has upheld transparency, good corporate governance, and corporate social responsibility. The Company's executives and staff have also collaborated to maintain its outstanding strength. Due to the efficient operation and honest service, Muang Thai Insurance Public Company Limited has now won the trust of its customers and enjoyed good reputation among the public.

The Company received the "Prime Minister's Insurance Award 2016" (3rd place), an honorable award of the insurance industry, from the Office of Insurance Commission. Additionally, MonoGraph Magazine conducted a research on a subject 'Thailand's Most Admired Company 2017' and the Company received the highest score for company image and social responsibility, business operation and success and management and team. This survey has highlighted the Company success as the 4th ranking Non-Life insurance company. Moreover, it deliberately aims to firmly step up to a better rank.

Today, Muang Thai Insurance Public Company Limited still strongly commit to achieve further success and to give everyone smiles in accordance with its slogan "Muang Thai Insurance... Smile Over Trouble."



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## 1.2 Policy, objective and business strategy

### Vision

"To be the most preferred insurance partner providing outstanding solutions"

### Mission

- Be a customer centric organization
- Optimize shareholder's value through sustainable and profitable growth with sound risk management
- Emphasize continuous improvement through value added products, service excellence and operational efficiency
- Commit to corporate governance and social responsibility
- Be an employer of choice

### The Company's business goal

Muang Thai Insurance Public Company Limited aims to operate its business with stability and creditability received from the customers and to continuously improve various work processes based on integrity, honesty and fairness that will lead it to become number one non-life insurance company in every customer's heart and in the industry. The Company has its vision "To be the most preferred insurance partner providing outstanding solutions". So, it has many internal policies to improve and develop its internal work processes to be faster and more accurate, using new technologies that can serve its customers under the current competitive situation. Also, the company aims to develop its products to meet the need of its target customers via various sales channels that achieve highest customer satisfaction with excellent service and products.

In addition, Muang Thai Insurance Public Company Limited has 5 main missions as follows.

1. Be a customer centric organization
2. Optimize shareholder's value through sustainable and profitable growth with sound risk management
3. Emphasize continuous improvement through value added products, service excellence and operational efficiency
4. Commit to corporate governance and social responsibility
5. Be an employer of choice

### Short-term goal

The short-term goal of Muang Thai Insurance Public Company Limited in 2019 still focuses on growth of every product for every group of customers especially retail customers and maintain current customer base, boosting sales of high-demand products and launching new products by designing new or different products that



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can serve the need of each customer group. Besides, the Company wants to provide distinctive and excellent service to the customers in order to expand the existing base of customers and tap into new group of customers. It also focuses on strengthen relationship with business partners to build up and expand the customer base and continues to improve its internal management and speed up work processes by applying lean methodology which is developed by each department directly emphasizing on improving quality of services to be better, faster and more convenient for both internal and external customers. Additionally, the Company has been studying new innovations and applying new technologies to the management and to help improve work processes to be more sufficient such as business process management, web application or mobile application. These technologies will help reduce the length of work process that will make the customers or users more convenient and reduce operational expenses.

In the year 2018, the Company has expanded its business to Asian countries such as Laos where the Company, Muang Thai Life Assurance Public Company Limited and a commercial bank in Laos jointly invests to establish ST- Muangthai Insurance Company. This company has received the non-life insurance license already and started operating its business since 2016. Besides, the Company has been preparing to open a representative office in Myanmar in 2018. Moreover, the Company focuses to improve the quality of its product development and internal and external work process in order to compete in current competition. It designs new channel for the customers to access the Company's service easier in this digital age and emphasizes on managing projects which are a key drive on growth of the Company, operational cost reduction, profit generation and risk management.

Additionally, the Company focuses on Customer Relationship Management (CRM) and Corporate Social Responsibility (CSR) by helping and supporting people in need and give back to society and other people such as environment projection, sport sponsor and supporting people in need in the society.

#### Long-term goal

Muang Thai Insurance Public Company Limited aims to operate its business with stability and credibility received from the customers and to continuously improve various work processes based on integrity, honesty and fairness that will lead it to become number one non-life insurance company in every customer's heart and in the industry and give the appropriate return to the shareholders. The Company focuses to improve various aspects as follows:

1. Internal process improvement: The Company has improved work process to simplify work processes, reduce costs and increase service sufficiency to serve the need of every customer group, as customer's behavior changes in line with the fast-paced technological world. So, the Company has to improve its service to serve every group of customers, catch up with the rapid change, compete in the market and maintain its ranking in the top 4 of



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non-life insurance industry. In order to grow with sustainability, the Company has improved its risk management, been prepared for world and local economic situation and unforeseen natural disasters.

2. Upskilling the employees both non-life insurance knowledge and work management in order to achieve excellent service and become a professional in non-life insurance business to strive in current competition and fast moving industry.

3. Improving IT system to support data processing, recording and analyzing in order to make the customers satisfy with its products and services, and to support both internal and external work operation by developing E-Commerce, E-Policy, E-Claim, E-Service system for sales and service support to agents, brokers and customers.

4. Strengthening relationship with the customers and business partners using CRM activities and projects to expand and maintain current customer base which is more than 1 million customers. The Company sets plans and customer satisfactory target on order to increase engagement and tap into new customer groups in the future. It focuses on the customers to provide privileges that fit each customer group and serve the need of them through various activities. Besides, the Company has been seeking for new sales channel at least 1 channel a year based on the trend of customer behavior change.

5. Promoting Corporate Social Responsibility Policy and activities such as activities for building up family relationship, activities for children in need and sport activity sponsorship which appropriate annual budget is set.

### 1.3 Business characteristic

Muang Thai Insurance Public Company Limited has been operating its non-life insurance business both direct insurance and fronting insurance through various channels such as agent channel, broker channel, bancassurance channel, telemarketing channel, walk-in channel or digital channel.

### 1.4 Details of products and services and proportion of premium classified by types of product

Types of Company's insurance are classified into 7 categories as follows.

1.4.1 Property Insurance – This insurance covers property which belongs to both personal sector and business sector. The Insurance provides various plans of insurance which come with variety of coverage to serve different needs of the insured in each segment such as fire insurance, industrial all risks insurance, etc.

1.4.2 Motor Insurance - It covers an insured's car and liability arising from car usage. The insurance consists of compulsory insurance and voluntary insurance. In order to fully serve the insured's needs, the Company provides different plans of voluntary insurance in order to serve different needs of the insured such as type1, type2, type3 and special insurance which covers travel compensation paid to an insured during car reparation in case of being the right party and car damaged from flood.



1.4.3 Marine and Transportation Insurance - The coverage is provided specially for the entrepreneur. The Insurance covers sea and air transportation, domestic transportation, carrier liability and hull.

1.4.4 Personal Accident and Health Insurance - This type of insurance covers in case of loss of life, dismemberment, total disability and medical expense due to accident and illness for individual, group and corporate insurance. There are more than 100 plans for the customers to select as they desire based on their age such as family plan, kid plan or insurance for working age.

1.4.5 Engineering Insurance - The insurance is suitable for contractors and erection contractors. It covers damage to the machines, engines, electronic devices, boilers and pressure tanks

1.4.6 Liability and Miscellaneous Insurance - This insurance is excluded from 5 categories mentioned above. It consists of public liability insurance, golfer insurance, fidelity guarantee insurance and bicycle insurance, etc.

1.4.7 Special Products - It is the special type of insurance which is designed to serve specific group of customer or business who seeks for insurances that are not available in the market such as terrorism insurance (for big-size business), trade credit insurance and director and officer liability insurance, etc.

In 2017, the Company main income is from non-life insurance business consisting of 4 main insurances: Fire Insurance, Marine Insurance, Motor Insurance and Miscellaneous Insurance.

Main income of the Company shows in below table.

Proportion of premium classified by type of products in 2017

Unit: Million Baht

Item	Fire	Marine		Motor		Miscellaneous						Total
		Hull	Carrier liability	Compulsory	Voluntary	Property all risks	Third party liability	Engineer	Personal accident	Health	Others	
Direct Premium	1,218	34	113	290	6,044	1,319	174	175	2,081	166	489	12,103
Proportion or premium (percentage)	10	0	1	2	51	11	1	1	17	1	5	100

Remark: Information as stated in the annual report



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## 1.5 Contact channel and claim procedure

1.5.1 Procedure, duration, document and process of claim under the insurance contact – please visit following link <https://www.muangthaiinsurance.com/th/service/>

1.5.2 Contact channel of the Company and related departments in case of dispute or complaint – please contact a customer service center at head office building, G floor, 252 Rachadaphisek Road, Huaykwang, Bangkok 10310 Tel: 0-2665-4000, 0-2290-3333 , Fax: 0-2665-4166, 0-2274-9511, or Call center no. 1484 for 24 hours

## 2. Good Corporate Governance Framework and Internal Control Process including related details that the Company comply with such framework and process

### 2.1 Good Corporate Governance and Internal Control

The Company has been aware of the importance of internal control which is a key mechanism for the good corporate governance and an essential tool for sound risk management, supporting business competition, product design that can meet needs of the customer and technology development. Besides, the Company has instilled its staff to work with honesty, responsibility and service mindset and transparent management under the good corporate governance, at the same time, with regard to benefit of customers and stakeholders.

The Board of Directors has established an internal policy and set up an audit committee to review the internal control system and regulatory compliance of the Stock Exchange of Thailand or other government offices. It also ensures sound risk management by selecting and appointing qualified and independent persons to be the Company's auditors who review and give an opinion on financial statement reports, investment or any other transactions that may cause any loss to the Company financial status and stability. If any the auditors have any opinion on potential risk, it will be reported to the Board of Directors and shareholders.

Additionally, the Company has established an internal audit department which is an independent unit reporting directly to the audit Committee. Its duty is to review the operations and internal control systems in the Company in order to ensure effective and efficient work operations under the Company's goal. Authorization of the internal audit department is must be defined clearly. The risk management must be in acceptable level. Internal control activities must be sufficient. Information and communication are developed under an acceptable standard. Performance monitoring and evaluation are conducted and improved within a reasonable period of time. It will create value for the performances and reduce costs which are a foundation of sustainable growth.

The Company has established a corporate governance policy according to the Corporate Governance Code 2017 (CG Code) for listed companies and the Board of Directors charter, in order to create sustainable



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business and build confidence for investors. Also, the Company has set up a guideline according to a business ethics to protect and preserve the right of stakeholders such as shareholders, staff, customers, peers, creditors, business partners and society. The guideline for the stakeholders is as follows:

1. Shareholder: The Company is committed to operate its business to maximize shareholder returns which the Company will continue to add value to premiums and generate more profits, as it is the important mission, and it has disclosure information to the shareholder with transparency and credibility.

2. Staff: The Company has a policy to provide appropriate benefits and welfares to its staff. It has focuses on keeping environment in the workplace safe, clean and tidy by strictly complying with the laws and labor laws.

3. Customer: The Company has honestly committed to its customers to create good products that meet needs of the customers and provide excellent services to satisfy them.

4. Peer: The Company believes in fair competition under legal requirements by providing excellent, quality and efficient services.

5. Creditor: The Company has strictly followed terms and conditions set forth in the contracts.

6. Business Partner: The Company selects its business partners based on quality and performance of products and services. The Company has conducted the business with its partners with fairness and strictly complied with commercial terms and conditions in the contracts.

7. Society: The Company continues to work on social responsibility activities with a concern on the society. The guideline for business ethics has been disclosed on the Company's intranet and printed in to a handout. This will share knowledge and build understanding for the Management and all staff in the Company under the same principle. In addition, new staff will receive a training is during orientation program to make them understand and sign on the policy for acknowledgement.

#### Internal control

The Company has set up a system or process for effective internal control which are monitored monthly by the Risk Management Department. The annual auditing and control system is conducted by the Internal Audit Department and the auditor of the Company to ensure that assets of the company will not be stolen or corrupted. In addition, it will ensure a balance between level of the control and expected benefits and effective monitoring control system as follows.

1. Structure of the Investment Department is categorized by type of securities. Duties in securities trading, operation and accounting are separated

2. Review and reconciliation of assets with the custodian regularly.

3. Delegation of authority and responsibility to the subordinates are clear.





4. Authorization in approving trade and purchase of securities is based on the level of responsibility of the approver and risk of each type of asset.

5. Computer systems for registration of securities and measurement of investment return can be reviewed any time.

6. Operation manuals are always prepared and reviewed.

7. Financial and investment reports are sent to responsible executives, senior executives, Investment Committee, Accounting Department, Risk Management Department, Internal Audit Department, Auditors, the Office of Insurance Commission on a monthly and yearly basis for acknowledgement of performance and risk and prompt monitoring.



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### 2.3 Management Structure

The structure of the Directors consists of the Board of Directors per the following list:

1. Mr. Photipong Lamsam	Chairman
2. Mr. Jingjai Hanchanlash	Vice Chairman
3. Mrs. Nualphan Lamsam	Director
4. Mrs. Sujitpan Lamsam	Director
5. Mr. Sara Lamsam	Director
6. Mr. Banyong Pongpanich <sup>1</sup>	Independent Director
7. Mr. Chusak Direkwattanachai	Independent Director
8. Mr. Asoke Wongcha-um	Independent Director
9. Mr. Kim Chee Yip	Director
10. Mr. Somkiat Sirichatchai	Director
11. Mrs. Puntrika Baingern	Director
12. Mr. Krisada Chinavicharanaz	Independent Director
13. Mr. Pilas Puntakosol	Independent Director
14. Mr. Krisada Lamsam	Director
15. Mr. Frank Johan Gerard Van Kempen	Director

<sup>1</sup> Due to retire from the Director and various Sub Committees on April 27, 2017

<sup>2</sup> Resigned from the Independent Director and Member of the Nomination and Remuneration Committee on December 31, 2017

### Authorized signers to Bind the Company

Any two directors jointly sign and affix the Company's seal except Mr. Chusak Direkwattanachai, Mr. Asoke Wongcha-um, Mr. Somkiat Sirichatchai, and Mr. Pilas Puntakosol are not authorized to sign and except Mr. Kim Chee Yip and Mr. Frank Johan Gerard Van Kempen who cannot jointly sign.<sup>1</sup>

<sup>1</sup> As revision of the Company affidavit certificated by Department of Business Development, Ministry of Commerce, on January 18, 2018

### Scope of Authorities and Responsibilities of the Board of Directors

1. To determine the policies and the directions of the Company's operations in compliance with the laws, the objectives and the Articles of Association and the resolutions from the Shareholders' Meeting
2. To control and monitor the management to proceed per the stipulated policies effectively and efficiently in order to protect the benefits of the Company, the shareholders, the policyholders and other stakeholders;



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3. To coordinate between the shareholders and the management to avoid the conflict of interests between the Company and the management;

4. To supervise the investment, business expansion, procurement, sales or asset transfer that significantly affects the Company;

5. To attend the Board of Directors' meeting, to appoint and dispose the Executive Officer(s), and to screen and propose qualified person(s) to be considered and appointed as the Director(s) by the shareholders

6. To propose an auditor for consideration and appointment by the shareholders;

7. To disclose the accurate information and in compliance to the regulations stipulated by laws;

8. To have the authorities to act as prescribed in the Memorandum of Association, rules and regulations required by laws.

## 2.4 The Committees

### 2.4.1 Audit Committee

is the knowledgeable person in reviewing the Financial Statements. Has the period in office of 3 years per the following list

- |                                |          |
|--------------------------------|----------|
| 1. Mr. Chusak Direkwattanachai | Chairman |
| 2. Mr. Asoke Wongcha-um        | Member   |
| 3. Mr. Pilas Puntakosol        | Member   |

By having Ms. Kanoktorn Pramthai, First Vice President, Internal Audit Office, as the Secretary.

### Scope of Authorities and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;

2. To review the Company's internal control system and the internal audit system to ensure that they are suitable and efficient, and to determine the independence of the internal audit unit, as well as the approval for the appointment, transfer and dismissal the Head of Internal Audit unit or any other units which are responsible for the Internal Audit;

3. To review the Company's compliance to the Securities and Exchange Act, the Exchange's regulations, and the related laws to the Company's business;

4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;

5. To review the related party transactions or the transactions which may lead to the conflict of interests, to ensure the compliance to the laws and the Exchange's regulations;





6. To prepare and disclose the report of the Audit Committee in the Company's annual report. Such report must be signed by the

Chairman of the Audit Committee and consist of at least the following information:

- 6.1 Opinion on the accuracy, completeness and creditability of the Company's financial report;
- 6.2 Opinion on the adequacy of the Company's internal control system;
- 6.3 Opinion on the compliance to the Securities and Exchange Act, the Exchange's regulations, or the related laws to the Company's business;
- 6.4 Opinion on the suitability of the auditor;
- 6.5 Opinion on the transactions which may lead to the conflict of interests;
- 6.6 No. of the Audit Committee meeting, and the attendance of each audit committee member;
- 6.7 Opinion or overall observation received by the Audit Committee from their execution per the charter; and
- 6.8 Any other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and the general investors, within the scope of authorities and responsibilities assigned by the Board of Directors

7. To report on the operations of the Audit Committee to the Board of Directors for acknowledgement at least twice a year;

8. To review any investment or transaction which may be detrimental to the Company's financial condition and stability per the recommendations of the Company's auditor;

9 To immediately report to the Board of Directors and the Shareholders in every matter which cannot be solved or have not been solved satisfactorily;

10.To perform any other acts assigned by the Board of Directors with the approval from the Audit Committee.

#### 2.4.2 Risk Management Committee

Has the period in office of 3 years per the following list

- |                             |          |
|-----------------------------|----------|
| 1. Mr. Somkiat Sirichatchai | Chairman |
| 2. Mrs. Sujitpan Lamsam     | Member   |
| 3. Mrs. Nualphan Lamsam     | Member   |
| 4. Mrs. Puntrika Baingern   | Member   |
| 5. Mr. Kim Chee Yip         | Member   |
| 6. Mr. Suthee Mokkhavesa    | Member   |
| 7. Mr. Mong Siew Han        | Member   |



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8. Mr. Thanodom Lokaphadhana	Member
9. Mr. Raymond Tam <sup>1</sup>	Member
10. Mr. Adrian Lim	Member
11. Ms. Pannee Pitikultang	Member
12. Mrs. Aem-Orn Jirasaowaphark	Member
13. Mr. Wasit Lamsam	Member
14. Mr. Chairit Songpalangtham <sup>2</sup>	Member
15. Mr. Harvey Chamberlain <sup>3</sup>	Member

By having Mr. Chaovatas Chobsaengchan, First Vice President, Risk Management Department, as the Secretary.

*1 Resigned from the Member of the Risk Management Committee on June 1, 2017*

*2 Had been appointed as Member of the Risk Management Committee on October 25, 2017*

*3 Had been appointed as Member of the Risk Management Committee to replace Mr. Raymond Tam on February 28, 2018*

#### Scope of Authorities and Responsibilities of the Risk Management Committee

1. To assist the Board of Directors to determine the Risk Appetite;
2. To review and recommend the Risk Management Strategies, Policies and Risk Tolerance for the Board of Directors' consideration and approval;
3. To determine and seek endorsement from the Board of Directors on the overall Risk Management Policies which must cover various major risks such as insurance risk, credit risk, liquidity risk, market risk, operational risk, investment risk and reputation risk;
4. To review the adequacy of the Risk Management Policies and Framework for identifying, measuring, monitoring and controlling risks and to provide recommendations to the Board of Directors as deemed necessary;
5. To ensure adequate infrastructure, resources, systems and documentation are in place for effective risk management;
6. To review the management's periodic reports on risk exposure, capital efficiency, risk portfolio composition and risk management activities;
7. To provide recommendation to the Board of Directors periodically concerning the solvency position of the Company at present and expect to be in the future;
8. To ensure clear delineation of lines of authority and responsibilities for managing risks.;
9. To ensure that the risk governance procedures fully comply with the prevailing corporate governance regulations of Thailand, and to advise the Board of Directors on any risk of potential breach of such regulations;
10. To perform any other acts assigned by the Board of Directors or the Audit Committee.



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### 2.4.3 Investment Committee

Has the period in office of 3 years per the following list

- |                                |          |
|--------------------------------|----------|
| 1. Mrs. Sujitpan Lamsam        | Chairman |
| 2. Mrs. Nualphan Lamsam        | Member   |
| 3. Mrs. Puntrika Baingern      | Member   |
| 4. Mr. Mong Siew Han           | Member   |
| 5. Mr. Chaovatas Chobsaengchan | Member   |

By having Mr. Wuttisak Udompornpadung, First Vice President, Investment Department, as the Secretary.

### Scope of Duties, Authorities and Responsibilities

1. To set Investment Policy Framework, Investment Plan and strategies that comply with any laws or regulations in order to adapt with the Investment Management Guideline. The investment approach has to be considered and approved by the Board of Directors to be in line with Investment Policy and the Risk Management Policy of the company.

2. To propose Investment Policy Framework and Investment Plan to the Board of Directors annually and revise the policies to be up-to-date with latest regulations following the proposal from the Head of Investment Department and advice from the Risk Management Committee.

3. To monitor the investments to be consistent with the Investment Policy, the Risk Management Policy, OIC Investment regulation and related laws and make a suitable decision by top investment officers. If there is any breach which is found and cannot be resolve, the coordination with Insurance Commissioner is required as to find the proper solution to deal with the situation.

4. To monitor the corporate governance, transparency and prevention of conflict of interest in overall investment transactions of the company.

5. To monitor investment procedure, staff and information relating to company investment to be sufficient for operation processes.

6. To manage investment fund under the Investment Policy Framework and Investment Plan approved by the Board of Directors.

7. To monitor the compliance of the Investment Management Guideline and make a suitable decision by top investment officers when any breaches are found. If the breaches cannot be resolved, the solution will be taken based solely on the best interest of all stakeholders.

8. To coordinate with financial institutions, external fund managers and responsible custodians approved by the Board of Directors.



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9. To provide recommendation to the Risk Management Committee at least once per year on the revision of the Investment Policy Framework and Investment Plan before presenting to the Board of Directors.

10. To verify to have sufficient and efficient operating processes, internal control and systems which evaluate, monitor and control investment risks in order to meet the policy and standards approved by the Board of Directors.

11. To verify information systems for management to be efficient in ensuring that accurate information will be beneficial and timely and supports activities covering all areas of investment.

12. To ensure that the authority and responsibility in investment management are clearly stated.

13. To perform any other tasks delegated by the Executive Committee who has taken order from the Board of Directors.

#### 2.4.4 Nomination and Remuneration Committee

Has the period in office of 3 years as per the following list

- |  |          |
|--|----------|
| 1. Mr. Bangyong Pongpanich <sup>1</sup>    | Chairman |
| 2. Mr. Asoke Wongcha-um <sup>2</sup>       | Chairman |
| 3. Mr. Chusak Direkwattanachai             | Member   |
| 4. Mr. Krisada Chinavicharana <sup>3</sup> | Member   |

By having Mr. Apithorn Amatyakul, Executive Vice President, Acting as Head of Human Resource Group, as the Secretary;

*1 Due to retire from the Director and various Sub Committees on April 27, 2017*

*2 Had been appointed as Chairman of the Nomination and Remuneration Committee on July 26, 2017*

*3 Resigned from the Independent Director and Member of the Nomination and Remuneration Committee on December 31, 2017*

#### Scope of Authorities and Responsibilities of the Nomination and Remuneration Committee

1. To determine and seek endorsement from the Board of Directors on the policies, criteria, and method to recruit the Directors and the Members of various Committees with the authorities and responsibilities directly assigned by the Board of Directors, and the nomination of the Executives Officers from the President level and higher;

2. To nominate, select, and seek endorsement from the Board of Directors on the qualified persons to hold the positions of Directors, Members of the Committees and Executive Officers from the President level and higher;

3. To determine the policies for remuneration payment and other benefits which will be offered to the Directors, Members of the Committees, and Executive Officers from the President level and higher to propose to the Board of Directors for considerations.



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4. To determine the guidelines to evaluate the performance of the Directors and the Executive Officers from the President level and higher for the purpose of an annual review, by taking into account of their authorities, responsibilities and related risks, and value the long-term incremental value of the Shareholders' Equity to support the assessment too;

5. To consider and provide recommendations regarding the policies of Human Resources Management and policies related to the remuneration structure of the employees;

6. To perform any other acts assigned by the Board of Directors.

#### 2.4.5 Other Committees

##### Executive Committee

Has the period in office of 3 years per the following list

1. Mrs. Sujitpan Lamsam	Chairman
2. Mrs. Nualphan Lamsam	Member
3. Mr. Sara Lamsam	Member
4. Mr. Somkiat Sirichatchai	Member
5. Ms. Chupun Gowanit	Member
6. Mr. Mong Siew Han	Member
7. Mr. Wasit Lamsam	Member
8. Ms. Pannee Pitikultang	Member
9. Mr. Adrian Lim	Member
10. Mr. Chairit Songpalangtham <sup>1</sup>	Member
11. Mrs. Puntrika Baingern	Member and Secretary

*1 Had been appointed as Member of Executive Committee on October 25, 2017*

##### Scope of Authorities and Responsibilities of the Executive Committee

1. To coordinate with the Management on all aspects of the day-to-day operations of the Company and on the implementation per the business plan and budget by the Management;

2. To consider and decide on certain issues assigned by the Board of Directors which shall be subject to annual review and revision as the Board of Directors shall see fit;

3. To consider and approve and/or endorse various issues in the ordinary course of business that are referred to them by the Management;



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4. To consider all other issues not in the ordinary course of business and/or beyond the scope of the approved business plan and budget which will significantly affect the financial condition, performance, or reputation of the Company.

## 2.5 Selection and nomination of Directors, Independent directors and Executives

### Selection and nomination of Directors

The Annual General Meeting of Shareholders must approve the appointment of directors. The Nomination and Remuneration Committee will nominate qualified persons to be elected as the director to the Board of Directors per Public Limited Companies Act and Securities and Exchange Act, and such qualified persons will be nominated to the Annual General Meeting of Shareholders to elect to be the directors. Besides, the Nomination and Remuneration Committee is open for the shareholders to nominate the qualified persons to be elected as the director. However, the shareholders nominate no one in the year 2018.

### Qualifications of the Board of Directors

1. Has knowledge, skill, competent and experience. Understand Company's business and can give useful comments to the Company
2. Has integrity, honesty and ethics.
3. Has qualification as specified by Public Limited Companies Act, Non-Life Insurance Act and the Company's Article of Association, and does not possess any prohibited characterize as specified by the Stock Exchange of Thailand and Security and Exchange Commission of Thailand.
4. Has a leadership, vision and freedom to make decision for the benefit of the Company and shareholders
5. Be able to fully devote time to perform a director's duty and responsibility and attend meeting regularly

### Qualifications of the Independent Directors

1. Hold not more than 1% of the total no. of voting shares of the Company, the parent company, the subsidiary companies, the joint ventures, the major shareholders or the person who has the control authority of the Company by counting the shareholding of the related parties of each Independent Director too.
2. Do not be or have never been the Director who participates in the management, employee, staff, advisor who receives the salary or the person who has the control authority of the Company, the parent company, the subsidiaries, the joint ventures or the subsidiary in the same order, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office. Such prohibition does not include the case where the Independent Director was the civil servant or the advisor of the government agency which is the major shareholder or the person with the control authority of the Company.





3. Do not be the person who has the blood relation or by legal registration as the parents, the spouse, brother and sister, and children, including the spouse of the children of the Executive, the major shareholder, the person who has the control authority or the person who will be proposed to be the Executive or the person who has the control authority of the Company or the subsidiaries.

4. Do not have or never have the business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company in the manner which may be the obstruction for using own independent judgment, including do not be or have never been the strategic shareholder or the person who has the control authority of the person who has business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.

The business relationship in the previous interval includes the making of the normal trade transaction to carry out the business for leasing or renting the real estate, the item related to properties or services or to provide or receive financial assistance through borrowing or lending, guarantee, pledging the asset as collateral, including other behavior in the same manner, which results in the Company or the party to the contract to have the debt burden to pay to another party from 3% of the net tangible assets of the Company or from Twenty Million Baht upward, whichever will be lesser. The calculation of such debt burden will be adapted per the calculation method for the value of the related transaction items per the notification of the Capital Market Commission concerning the criteria in making the related transaction item. However, the consideration for such debt burden will include the debt burden which incur during the year before the date which has the business relationship with the same person.

5. Do not be or have never been the Auditor of the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, and do not be the strategic shareholder or the person who has the control authority of the person who has business relationship with the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company belong to, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.

6. Do not be or have never been the person who provides any professional service which includes the service to be the legal advisor or the financial advisor who received the service fee more than Two Million Baht per year from the Company, the parent company, the subsidiaries, the joint ventures, the major shareholders or the person who has the control authority of the Company, and do not be the strategic shareholder or the person who has the control authority or the partner of that professional service provider, except that he/she passed from such characteristic not less than two years before the date to submit the application to the Office.



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7. Do not be the Director who has been appointed as the nominee of the Director, the major shareholder or the shareholder who is related to the major shareholder

8. Do not operate the same business and has significant competition to the business of the Company or the subsidiaries or do not be the strategic partner in the Partnerships, or be the director who participates in the management, employee, staff, advisor who receives the salary or has the shareholding more than 1% of total no. of voting shares of other companies which operate the business which has the same liquidity and has significant competition with the business of the Company or the subsidiaries.

9. Do not have any other characteristics which are unable to provide independent opinion concerning the operations of the Company.

#### Criteria and procedure on the election of director through Annual General Meeting of the Shareholders

1. In voting to elect the director, each shareholder will have the number of votes equal to the total number of shares held.

2. The shareholder will vote to elect each director nominated in this election individually.

3. Persons who receive the highest number of votes in descending order will be elected as directors per the number of directors required or to be elected at that time. In the case where the persons elected in descending order receive equal number of votes more than number of directors required or to be elected at that time, the Chairman shall vote to definite final result.

In case of vacancies in the Board of Directors for any reason other than retiring on rotation, the Board of Directors shall elect a person to be a replacement for the next Board of Directors' meeting, unless the term of such director is less than two months. The Annual General Meeting of the Shareholders shall elect the director to replace the vacant position. The person elected shall meet the requirements of Public Limited Companies Act and Non-life Insurance Act which defines that term of office of the person to be replaced the vacant position will equal to the remaining term of office of the director replaced. The resolution of the Board of Directors under paragraph one must consist of not less than three quarters (3/4) of the remaining directors.

#### Selection of the President

The Nomination and Remuneration Committee is responsible to select and nominate the Board of Directors to consider and approve appointing the qualified person who is knowledgeable and skillful with useful experience that will benefit the company operation, has good understanding in the business and be able to operate the business to achieve the goal set by the Board of Directors.



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## 2.6 Remuneration policy

Criteria for determining remuneration of the Directors and the Executives

- Remuneration of the Directors: The Nomination and Remuneration Committee is responsible to primarily consider remuneration and propose to the Board of Directors meeting for consideration and the shareholders' meeting for approval. The remuneration must be at an appropriate level, in line with industry standard, fit responsibilities of the directors, sufficient to retain qualified directors. The Committee, at the same time, must consider the company's performance as well.

- Remuneration of the Executives: The Nomination and Remuneration Committee is responsible to provide suggestion to the Board of Directors concerning determining remuneration and welfare of the Executives which is Executive President level and above. The Company will periodically take a survey on the remuneration in order to keep updated and in line with the industry standard.

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

### 3.1 Enterprise Risk Management : ERM

The Company has provided the comprehensive risk management per the notification of the Office of Insurance Commission (OIC) on the criteria, procedure and condition for determining the minimum standard of risk management in the Non-Life insurance business B.E. 2551 (2008). The Board of Directors has assigned the Risk Management Committee to define the policies with the approval from the Board of Directors and assigned the Risk Management Department to communicate the defined policies and monitor within the Company in order to comply with the guideline and to continuously report to the Board of Directors. The risk management policy has been reviewed, set in writing and submitted to the Office of Insurance Commission (OIC) annually. The Committee must ensure that the risk management of the Company has been implemented appropriately per the policy requirement and conformed to the Company's strategies and assure that the policy thoroughly covers the risks and the important issues of the Company. Types of risk are classified as follows:

- 3.1.1 Strategic Risk
- 3.1.2 Insurance Risk
- 3.1.3 Liquidity Risk
- 3.1.4 Operational Risk
- 3.1.5 Market Risk
- 3.1.6 Credit Risk



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### 3.1.1 Strategic Risk

Strategic Risk means the risk which may arise from the determination of policies, strategies, business plans and the improper implementation or the inconsistency with the internal factors and external environment.

#### Risk Management Guideline

The Corporate Strategy and Business Development Group has main responsibility for the continuous monitoring, study, analysis and research on the strategic risk factors and the results will be presented to the top management, including the related groups and departments on the periodic basis. All the important issues will be prudently discussed among all of the related parties in order to reach the best solution among the changing environment.

- **Product Development and Premium Pricing**

New products and premium rates must be prior approved by the Product Development Committee (PDC) which consists of the representatives from all relevant departments. The Committee will review the suitability of the coverage, including the use of widely-accepted actuarial methods to determine the premium rate to ensure that the premium rate is adequate, suitable and competitive. Once launched, each product performance will be monitored to see if there is any necessity to revise the coverage or premium rate. Moreover, when a new product is requested, the related units will provide all necessary information in order to help assessing all risk factors associated with the new product and find suitable method to ensure that the product can be developed and the sales volume target can be achieved.

- **Sales and Distribution Channel Management**

Sales and distribution channel management are critical to acquire and control premium in line with the Company's target for both amount and proportion. Sales Department takes the main role in presenting products to the prospect insured via all distribution channels and coordinating with the related parties to ensure that the sales target can be achieved. In this regard, the Sales Department has to monitor the business volume from the channels that they are responsible and to regularly report to the Group Head. The problem and obstacle will be identified and communicated among all related functions to ensure that such problem will be solved efficiently.



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### 3.1.2 Insurance Risk

Insurance Risk means the risk which may arise from the fluctuation in the frequency, severity and timing of loss which may be deviated from the assumption used in determining the premium rate, reserve calculation and underwriting.

#### Risk Management Guideline

- **Underwriting**

The Company will thoroughly consider the acceptable level of risk taken by referring to the handbook and the predefined premium rates, to monitor and control the proper risk diversification, not aggregate by geography and size of risk. Risk that has the level higher than the Company can retain will be ceded to the reinsurers, through annual treaty reinsurance contract and facultative reinsurance, which the Company will select the reinsurers by considering their financial stability as the first priority. The Company also prudently manages the proportion of insurance portfolio, for both underwriting result and in line with the strength and the target of the Company.

- **Claim Management and Claim Reserve**

Reserves are calculated based on the widely-accepted actuarial methods and certified by the licensed actuary. The Company has been regularly monitoring and analyzing the changes of reserves, has set up the Non-Motor Claims Committee and has regularly considered the factors which may affect the set up of Company's reserves in order to ascertain that all reserves are justifiable and adequate for the Company's liability toward the Insured in the future.

- **Reinsurance Management Strategy**

The Company has provided the reinsurance management strategy in writing and conformed to the rules and regulations of the Office of Insurance Commission (OIC), which is part of the risk management framework of the Company and must be approved by the Reinsurance Committee, Risk Management Committee, Executive Committee and the Board of Directors, respectively. The strategy consists of selecting suitable reinsurance plan, implementing, auditing and monitoring, reviewing, controlling and providing related reinsurance documents by considering the Company's risk appetite, financial cost compares with liquidity, tendency of reinsurance market and the Company's business plan which are suitable for the characteristic, size and complexity of the Company's business.

- **Concentration Risk**

The Company has set the limit of concentration for the risk with each reinsurer as follows:



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- To set the concentration level of the reinsurers who participate in the reinsurance treaty by considering the size of the treaty, financial rating and share to be allocated to each reinsurer to prevent the concentration risk that may arise from the particular reinsurer.
- To consider appropriate share to be allocated to the reinsurer who will be the leader in each treaty to be suitable with the size of risk to be ceded.

### 3.1.3 Liquidity Risk

Liquidity risk means the risk which may arise from the Company's inability to pay the debt or obligation which becomes due, because of the inability to convert the assets into cash or cannot obtain adequate source of fund or can obtain the required source of fund but at higher cost which is not acceptable.

#### Risk Management Guideline

- **Financial Management**

To maintain adequate liquidity, the Company has invested in highly liquid assets. The efficient financial management allows the Company to consistently maintain cash or cash equivalent at an appropriate level. In case of a big claim arises which the total amount to be paid is likely to exceed the daily cash on hand, the Finance Department will immediately notify Investment Department in advance to adequately liquidate the investment assets to meet such demand of cash and to make sure that the liquidity risk is under control.

- **Premium Receivable Management**

As the Office of Insurance Commission (OIC) has set up the guideline for monitoring and controlling the financial status and the operation of the Non-Life insurance companies by using quantitative and qualitative measure, the ratio of premium receivable to Appraised value of premium receivable per accounting value which is one of the ratios on qualitative measure to assess the liquidity risk which arise from the inability of the Company to collect the premium receivable. The OIC's requirement on this ratio must not be less than 80% and Company continues to maintain the ratio at level above the OIC's threshold.

- **Investment Management**

The Company has considered to invest in the liquid assets in accordance with the Company's liability and obligations suitably and maintained adequate liquid assets in case of extra cash required.

### 3.1.4 Operational Risk

Operational Risk means the risk which may arise from the failure, inadequacy or unsuitability of staff, internal process, work process or from external factors.



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### Risk Management Guideline

- **Risk Report and Assessment under CRSA Framework (Control and Risk Self Assessment)**

The Company has continuously emphasized on the operational risk management by providing risk report and assessment under CRSA framework (Control and Risk Self Assessment) in the main operation of the Company such as the process of income acquire from underwriting and the process of claim management. The result of risk assessment has been presented to the Company's President and Chief Executive Officer and the Risk Management Committee. Risk owner will jointly determine the risk response measure with the Risk Management Committee after the assessment has been done. Once the measure has been implemented, the risk owner must report the progression and performance to the Risk Management Department within the stipulated time. The specific working team will be set up to monitor the joint corporate risk and improve the work process to be more concise and efficient all the time.

- **Business Continuity Plan: BCP**

The Company has prepared the Business Continuity Plan (BCP) for the important systems to retrieve the operation to return to the normal situation which will assist the business to operate continuously in case of business interruption. Also, the plan has been tested in order to prepare for the emergency situation which may arise. There are four predominant systems which have been ranked according to the priority as follows:

1. Call Center service (Customer service through telephone and claim notification)
2. Motor claim service
3. Property and casualty claim service
4. Personal accident claim service

### 3.1.5 Market Risk

Market Risk means the risk which may arise from the change in the market price of the invested assets, interest rate, exchange rate, equity price and commodity price.

### Risk Management Guideline

- **Investment**

The Company controls its investment activity by having the Investment Management Guideline (IMG) in writing which lays down the investment framework and direction for each calendar year. Limits are set for every class of investment assets, taking into consideration the target returns on investment and desired level of liquidity and the impact on the Company's capital requirement under the risk-based capital supervision.



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The Investment Department has closely monitored and reported the investment performance to the top management including the Investment Committee. In addition, the Risk Management Department has assessed participated in the investment risk assessment by using several methods and models such as to measure the potential loss to the investment portfolio by using Value at Risk and to measure the potential loss under the abnormal situation by using Stress Test to enhance the Company's confidence to cope with the investment risk factors properly and timely.

The Company has no policy to invest in neither derivative nor the foreign currency.

### 3.1.6 Credit Risk

Credit Risk means the risk which may arise from the counterparties cannot comply with the agreed obligations with the Company including the opportunity which the counterparties may be downgraded on their credit rating.

#### Risk Management Guideline

- Reinsurance Selection Criteria

1. Have acceptable reputation on both domestic and overseas reinsurance markets.
2. Have the secured and acceptable financial position with the minimum Reinsurer's Financial Rating prepared by S&P, Fitch, Moody's and/or A.M. BEST which are updated monthly. The Company has set the financial rating for the oversea reinsurers per minimum requirement as follows.
  - S&P, Fitch and A.M. Best: minimum A-
  - Moody's: minimum A3

In case that there is reinsurance ceded to any reinsurer which does not meet the minimum criteria of the Financial Security Rating, the approval must be taken as special case. For domestic reinsurers, their Capital Adequacy Ratio (CAR) must meet the requirement stipulated by the Office of Insurance Commission (OIC) and the Company

3. Having the clarity in the accounting system and the document.
4. Having good claim recovery payment history

- Consideration of Credit Rating for Investment

The Investment Committee is responsible to consider and review various influential factors regularly in order to accompany the Company's consideration in investment and control the investment to be in line



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with scope and regulation of the Office of Insurance Commission (OIC) which is a significant mechanism of investment and the Company's asset management. The Company has invested in various securities which their portfolio has been classified by credit rating. Also, the Company has no policy to invest in below A- credit rating counterparties.

### 3.2 Asset Liability Management : ALM

As insurance contract liability of the Company is a short-term liability, the Company has maintain sufficient cash to support daily business operations and invests in the investment assets that have liquidity and be able to trade in secondary market and exchangeable to cash immediately under its investment policy. For example, the Company will invest in ordinary shares which must be listed in SET 100, mutual funds which must be opened – end fund or has a secondary market for trading and fixed income security which must has A- credit rating. It also set an average duration of the Fixed income portfolio not to be more than 3.5 years.

For loss prevention measure, the Investment Department regularly reports the investment performance to the Investment Committee. The Company set a stop loss policy as a trigger point for the Investment Committee to make a decision when the performance reaches the loss point. Besides, there are other risk prevention tools to prevent loss and monitor stock market fluctuation during the bear market situation.

*Quantitative information is as below table*

Unit: Million baht

Item	2017		2016	
	Book value	Appraised value	Book value	Appraised value
Total Investment Assets	11,169	11,301	10,771	10,851
Total Liquid Assets	11,062	11,194	10,677	10,758
Total Liabilities	14,702	14,243	14,993	14,462
Insurance Contract Liabilities	9,076	8,643	9,183	8,721

- Remark:**
- Book value refers to the Company's assets and liabilities assessed under the financial reporting standards.
  - Appraised value refers to assets and liabilities estimated under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract.



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4. Insurance risk that can be anticipated and has significant impact on the financial status of the Company, reinsurance management, relation between the capital and insurance risk and underwriting concentration

Insurance risk that can be anticipate and has significant impact on the financial status of the Company and reinsurance risk and underwriting concentration can be found under no. 3.1.2 Insurance Risk and no. 3.1.6 Credit risk.

Details about relation between the capital and insurance risk and underwriting concentration are as follows. Apart from risk managements mentioned above, the Company has been aware of risks that might affect investment of the shareholders. So, principal of Capital Management based on Risk Level has been applied in risk management by defining the risk appetite for capital fund which will be used as a guideline for maintaining Company's capital level during its business operation. In addition, stress test had been done for analyzing incidents and events, once they occur, they might negatively affect the Company's operation and capital such as huge amount of claim payment, natural disasters and loss in investment, etc. Therefore, result of the study will be used for planning and setting strategies of the Company such as underwriting strategy, reinsurance strategy and investment strategy, etc.

On December 31, 2017, the Company had the Capital Ratio required by law higher than the minimum requirement of the Office of Insurance Commission (OIC). Proven by result of the stress test, it could be concluded that capital level of the Company is adequate and higher than the requirement prescribed by law and can withstand severe incidents as set in the assumption.

*Quantitative information is as below table*

Unit: Million Baht

item	Amount
Insurance recoverable from reinsurance companies	4,338
Amount due from reinsurance	359
Amount Deposit on reinsurance	-

5. Value, process and assumption for assessing insurance contract liability

a. Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's



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management. The maximum value of claims estimate shall not exceed the sum-insured of the related insurance policies.

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

b. Unearned premium reserve

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

Transportation (cargo), travelling accident with coverage periods of not over six-months - 100% of premium as from the date policy is effective, throughout the period of insurance coverage

Others - Monthly average basis (the one-twenty fourth basis)

Unearned premium reserve of reinsurance is calculated based on ceded premium for reinsurer as the same method with direct insurance that transfer insurance risk to reinsurer throughout the period of insurance coverage.

*Quantitative information is as below table*

Unit: Million Baht

Item	2017		2016	
	Book value	Appraised value	Book value	Appraised value
<b>Insurance contract liabilities</b>				
- Unearned premium reserve (Premium liabilities)	5,866	4,890	5,967	4,967
- Loss reserves (Claim liabilities)	3,209	3,752	3,216	3,754

**Remark:** - Book value refers to insurance contract liability assessed per accounting standard with the main purpose for investors and financial analysts to be able to understand the economic value of insurance contract liability which is acceptable per accounting standard in Thailand. Such value is certified by the certified public accountant.

- Appraised value refers to assessed under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract. This assessment shall be conducted by a certified and licensed actuarial under the acceptable actuarial standard. The assumptions used must be based on real experience or in case where the Company has insufficient information based on experience of the



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industry. Such assumptions must be adjusted to be appropriate and fit the nature of underwriting portfolio of the company. Moreover, such reserve must include Provision of Adverse Deviation (PAD) as required by OIC.

**Note:** In some period, financial statement and insurance contract liability might be different from book value and appraised value significantly because of different purpose and assessment method as aforementioned. To use this information, please thoroughly study and understand the purpose and guideline of this insurance contract liability assessment.

## 6. Investment

The Company has set the investment policy framework, investment plan, SAA, stress test to test capital adequacy ratio (CAR%) and asset back ratio (ABR%) and set the investment budget and review the exposure limit for each year which have been considered by the Investment Committee and Risk Management Committee and approved by the Board of Directors. The Company will strictly invest under the investment policy framework and investment plan and payment authorization limits. The investment performance will be regularly report to the Investment Committee on a daily, monthly, quarterly and yearly basis. In order to company with the internal control, the Risk Management department is assigned to make a report to monitor on investment risk and exposure limit every month, including internal audit review by Internal audit department.

Moreover, the Company regularly reviews the investment procedures and working instructions to be up-to-date.

The investment assets will be assessed value based on applicable accounting standard such as market value, bidding price, amortized cost, initial cost or book value. The impairment test is set for unlisted financial instrument based on widely acceptable financial theory.

*Quantitative information is as below table*

Unit: Million Baht

Type of Investment Assets	The information as of 31 December			
	2017		2016	
	Book value	Appraised value	Book value	Appraised value
Deposit and certificates of deposit at financial institution	1,001	984	1,184	1,124
Fixed incomes (bond, debenture, promissory note, bill of exchange, convertible bond and	6,227	6,335	6,086	6,187



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Type of Investment Assets	The information as of 31 December			
	2017		2016	
	Book value	Appraised value	Book value	Appraised value
Government Saving Tickets)				
Equities (excluding investment in subsidiary company and joint venture company)	1,622	1,663	1,232	1,271
Unit trust	2,307	2,307	2,253	2,253
Loans, Hire purchasing loans and rent asset under leasing contract	12	12	14	14
Warrants, debentures, investment units	-	-	2	2
Derivatives	-	-	-	-
Other Investments	-	-	-	-
<b>Net Investment Assets</b>	<b>11,169</b>	<b>11,301</b>	<b>10,771</b>	<b>10,851</b>

**Remark:**

- Book value refers to the Company's assets and liabilities assessed under the financial reporting standards.
- Appraised value refers to assets and liabilities assessed under the notification of the Office of Insurance Commission concerning the asset and liability valuation of non-life insurance company, with the purpose to monitor financial stability of non-life insurance company and to ensure that the company has ability to pay claim under the insurance contract.

## 7. Performance and related financial ratios analysis

For the year 2017, overall position of Non-Life insurance business presented total direct premium of Baht 219,581 million, an increase of Baht 3,854 million or 1.8% from previous year. The Company had direct premium of Baht 12,103 million, with growth rate of -0.8% while remaining at No. 4 in term of market share as reported by the OIC.

The Company's gross premium comprised of direct premium and assumed/inward premium received. In the year 2017, gross premium of all products was Baht 12,321 million, decreased by Baht 86 million or 0.7%. Net premium was Baht 6,948 million decreased 0.1% from last year. The Company's retention ratio was 56.4%, lower than previous year which had retention of 56.9%. This was due to reinsurance management strategy. However, the Company continues to manage its portfolio mix with balancing of risk and return. Earned premium for the year was Baht 6,968 million, increased 2.4% from last year. Commission and brokerage income decreased from Baht 1,637



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million to Baht 1,600 million, decreased by 2.3% from previous year. This was due to reduction of reinsurance commission rates received in some products.

In the year 2017, the Company had claims and loss adjustment expenses of Baht 4,082 million with loss ratio on earned premium at 58.6%. The increase in loss ratio from 54.6% in 2015 was due to booking of motor claims from flooding incurred in second and fourth quarters of the year. Other underwriting and operating expenses decreased by Baht 141 due to reinsurance profit commission received and reversal of doubtful accounts from receiving payment from receivable from reinsurance contracts.

The Company's annual net profit in 2017 as presented in the statement of comprehensive income was Baht 618 million, a decrease of Baht 15 million or 2.3% from 2016. Investment income and profit was higher than previous year amounting to Baht 32.5 million or 7.0%. The income mainly derived from interest income of bonds and debentures, capital gain and dividend from property funds and REITS.

Quantitative information is as below table

Unit: Million Baht

item	2017	2016
Gross Premium Written	12,321	12,407
Earned Premium (Net)	6,968	6,804
Investment Income and Other Incomes	518	491
Net Profit (Loss)	618	633

#### Key Financial Ratios (Percentage)

Ratio	2017	2016
Loss Ratio	59	55
Expense Ratio	16	17
Combined Ratio	97	95
Liquidity ratio	356	342
Return on equity	12	13

#### 8. The Company's capital adequacy

The Company, as a public company, has focused on overseeing and managing business and building up confidence for insured, shareholder, investor and any related parties. This is considered as essential part of its operation and a responsibly. In addition to risk management specified in the Notification of the Office of Insurance



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Commission on regulation, procedure and condition for determining minimum standard for insurance business risk management B.E. 2551. Besides, the Company has various risk managements that may affect related parties, using Risk Based Capital Framework, Risk Appetite, stress testing to analyze events and scenarios that may have a negative impact on the Company's performance and capital, for example, major claim payments, disaster, loss from investment, etc. After that, results of the study will be used for planning and applying to the Company's operational strategies such as underwriting strategy, reinsurance strategy and investment strategy.

The Company's capital adequacy ratio required by the law was higher than the minimum requirement of the Office of Insurance Commission (OIC). According to the stress test results, the Company's capital level was sufficient and higher requirement of the law, even any disastrous events occur as specified in the assumptions.

Quantitative information is as below table

Unit: Million Baht

item	As of 31 December	
	2017	2016
Total Assets	20,059	19,949
Total Liabilities	14,702	14,993
- Insurance contract liabilities	9,076	9,183
- Other Liabilities	5,626	5,810
Equity	5,358	4,956
Capital Adequacy Ratio (percentage)	414	395
Total Capital Available: TCA	5,068	4,584
Total Capital Required: TCR	1,226	1,160

- Remarks:**
- Notification of the Office of Insurance Commission on categorizing type of the capital including procedure, process and condition for calculating the capital of non-life insurance company specifies that the registrar may set a minimum requirement for monitoring the companies which their Capital Adequacy Ratio (CAR) is lower than 140%.
  - Capital refers to the capital per appraisal costs according to the Office of Insurance Commission about asset and liability valuation of non-life insurance company.
  - Such items above are calculated using appraisal costs according to the Office of Insurance Commission about asset and liability valuation of non-life insurance company.

9. Financial statements and note to financial statements for the last calendar cycle which has been reviewed by the auditor as below link.

<https://www.muangthaiinsurance.com/upload/F/en/2560.pdf>



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