

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 26 February 2020

The information of 2019



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Muang Thai Insurance Public Company Limited
Head Office • 252 Rachadaphisek Road, Huaykwang, Bangkok 10310 • Registration: 0107551000151

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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.

In 2019, the Company established a new creative thing for customers', partners' and alliances' needs. Also, MTI developed the method of working operations in order to adapt with an unpredictable challenging environment, especially in e-commerce platform which has become a game changer to customers' behaviour. Furthermore, the Company launched a new application, Muang Thai Friends Club, to improve its relationship between the corporate and clients, also focusing on advanced opportunity to tap new customer base.



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Under the leadership of Mrs. Nualphan Lamsam, President and Chief Executive Officer, has represented the Company as reliability and reputation organisation that also benefits the Company in a positive way which having more attention from customers with the campaign “Chuer Pang” or “Believe in Pang”. It is a CEO Marketing for building consumers’ trust that the Company promises to lighten customers’ burden when it comes to an accident as well as strongly commit to achieve further success while giving a smile on every customer’s expression as the slogan says, “Smile Over Trouble.”

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 to create credibility and gain trust from customers. The Company continuously improves 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”. Thus, 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. Besides, the company aims to achieve highest customer satisfaction by developing its products to meet the needs of target customers in various sales channels. In addition, the Company continuously controls and monitors quality of service along with customer satisfaction on products and services in order to achieve the Company’s 5 missions.



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Short-term goal

The short-term goal of Muang Thai Insurance Public Company Limited in 2020 still focuses on growth of profitable products especially for retail customers through various sale channels such as broker partners and Bancassurance via Bank by expanding service channels through branches in order to reach new target customers. The Company also focuses on service differentiation for the growth of direct premiums of products for retail customers such as, voluntary motor insurance, household fire insurance and health and personal accident insurance.

The Company has expanded work to the group of retail customers, who are Smartphone owners as they are potential buyers with a lot of purchasing power and more likely to use the services via Smartphone or via other digital channels, by improving its website to be more efficient and easier for customers to access for service and information. Moreover, the Company carries on developing mobile applications focusing on its performance and also via digital channels, offering new products together with providing product information, including after-sales service to increase customer satisfaction in respond to the digital era

Overall, the Company aims to conduct the business for sustainable growth with quality service by developing fundamental factors in business operations to be strong and stable and focuses on product development and human resource development in order to keep up with competitors in the market as well as designs new channel for the customers to access the Company service easily in this digital age. The company emphasizes on managing projects which are key drive on Company's growth together with managing operating cost, generating profit from underwriting to support the business growth and providing fast and convenient services to all customers in every distribution channel nationwide.

Apart from that, The Company has control and risk management for both insurance and reinsurance management to diversify the risk and reducing volatility from damages. In addition, with awareness of the importance of customer service excellence and customer satisfaction, the Company has studied new innovations and applying computer software technologies to the management, making work process more efficient, which can help reduce operational expenses and increase Company's net profit.

Long-term goal

Muang Thai Insurance Public Company Limited aims to operate its business with stability to create credibility and gain trust from customers and maintain the leading position in non-life insurance business. The main goals are to respond to customer needs and give a satisfactory return to the shareholders. So far the Company has many progressions including:



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1. **Internal process improvement:** The Company has improved internal work process to simplify work processes, reduce costs and increase service efficiency to meet customer needs as customer behavior changed according to advancement in technology. The Company therefore, has to improve its services consistently to serve every group of customers in respond with the rapid change of business and to be able to compete in the market. This also creates an impression and credibility in the service provided for customers, allowing the Company to maintain leadership in the non-life insurance business and able to grow sustainably. This work process development has applied Lean Methodology that brainstormed and submitted directly by each department. The key idea is to emphasize on quality of services provided for both internal and external customers for a better customer experience. The Company has studied new innovation and technologies and applied software technologies to the operation to increase the efficiency of work process. The new technologies such as Business Process Management, Robotic Process Automation, Web Applications or Mobile Applications are used to enhance the organization work process, making service faster and more convenient for customers and moreover, reducing the operational cost as well.

2. **Personnel Development in Workplace:** The Company provides training courses for employees at all levels, whether about knowledge of insurance or work management to improve their customer service skills. Employees are encouraged to participate in a variety of internal and external training programs every year. The Company has Career Path Management Plan and determines to promote organizational culture and corporate core values, "Muang Thai Service Mind", to employees and set it as a key point for all employees to adhere and comply for highest achievement of Service Excellence.

3. **Improving IT system:** Since IT system is a core part that supports the operations in the organization, the Company has been constantly evolving IT system and various software programs for recording, processing, analyzing data Including IT development for customer service, for internal and external operations by developing E-Commerce system, E-Policy, E-Claim, E-Service as assisting tools of sales and general services for agents, brokers and customers.

4. **Promoting the Company's Brand Image:** This includes giving confidence in the service of the Company through various media and expand further to digital channel. Additionally, using CRM activity as a medium for brand awareness, increasing engagement between the Company and customers as well as business partners in order to expand and maintain current customer base.



5. **Promoting Corporate Social Responsibility:** By continuously supporting money to the chosen social activities raised by employees. The Company has also established campaigns to promote family relationships and promote opportunities for youths and people with disabilities. Besides, the Company is the main sponsor of the Thailand women's national football team and has been supporting the team in competition programs continuously. As for charity and other volunteer activities, the company has set up a project "MTI Newcomer Volunteers" and giving them budget to carry out volunteer activities in many places such as schools, communities and foundations during weekends.

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.

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 repair 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.

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.



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1.4.7 Special Products - It is the special type of insurance which is developed 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 2019, 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 2019

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	1,293	35	126	323	6,588	1,478	198	250	2,148	97	732	13,268
Proportion or premium (percentage)	10	0	1	2	50	11	1	2	16	1	6	100

Remark: Information as stated in the annual report

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



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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

Muang Thai Insurance Public Company Limited realised the importance of ethical good corporate governance and committed to operate the business, following the good corporate governance framework and emphasised on responsibility for duty to ensure transparency and fairness. The company has established the Corporate Governance Policy 2018 according to the Corporate Governance Code for listed companies 2017 (CG Code), provided by the office of Securities and Exchange Commission.

MTI Corporate Governance Code

- Establish Clear Roles and Responsibilities
- Effective Risk Appetite Management
- Adequate Internal Control Measures
- Develop Information and Communication system to meet the standards
- Monitor and Evaluate for Improvement within the timeframe.
- Increase Value added to the Business Operation.
- Expense Reduction which is a foundation of sustainable growth

Anti-Corruption Policy

Fraud Corruption is a major problem of the country and has an impact on the economy and society. The Company has given importance to the preventive measures against fraud corruption, money laundering and terrorism financing, which have been carried on since the merging. In 2018, the Company had revised the anti-corruption policy and received certified approval from Thailand's Private Sector Collective Action Coalition against Corruption (CAC) and from Thai Institute of Directors (IOD). The approval is valid for two years (2018- 2019).

Anti-Money Laundry and Terrorism Prevention Policy

Before every transaction, the company has always been requesting the customers' details to identify themselves and verify the customers' facts in order to check risky group of people and personnel collaborated with Anti-Money Laundering Office via the electronic system. Furthermore, in order to show the responsible awareness, the company has established an educational training, specialising in anti-money laundering law as well as the prevention of supportive finance backup to terrorists and spreading a weapon of mass destruction to all staff and executives.



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No Gift Policy is an anti-corruption policy by refraining from taking and giving any gifts during a festival and special occasion to and from our employees. This policy, in 2019, will be launched for the first time in order to make sure the company's earnestness following the good corporate governance.

Internal control

The Board of directors has set the Company's business direction and policy together with good control environment and risk management. They also supervise the management's operations and provide adequate internal control systems and having it revised regularly to be consistent with the company's operational guidelines and updated to the laws and the government regulations. Regarding this, the Company has internal control assessment at least once a year according to the SEC's Internal Control Sufficiency Evaluation Form and the OIC's announcement on rules, procedures and conditions on Money Receiving and Paying, internal audit and control of non-life insurance companies B.E.2557 (2014).

5 components of internal control are as follows:

1. Control Environment: this includes setting business goals, organizational structure and procedures in writing, determining corporate ethics that focus on honest and transparent management, operating business under principles of good governance and making sure employees are comprehended with scope of duties and the importance of customers.

2. Risk Assessment: this includes defining activity objectives to respond appropriately to the budget and resources. The Management has to identify risks both from internal and external factors that may affect the achievement of the organization's objectives and organize risk analysis and risk management including communicate with related employees for acknowledgement and follow up results as per Company requirements.

3. Control Activities: this involves defining policy and procedures, and clearly delegate responsibilities and approval limit to executives as well as monitoring the operation to comply with relevant law and to ensure management's directives in operating are carried out effectively.

4. Information and Communications: The Company should have an information system that is suitable and sufficient for the operation therefore, carry out a regular control over accounting records and back up data which can be used as financial information or operational information. The Company has applied new technologies to the information system to support the continuous growth of business along with services for users including customers.



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5. Monitoring: this involves in how managements, supervisors and related persons monitor in the internal control in all departments by comparing the results of the performance assessment with the Company's goals and reporting the results to the board of directors every quarter. Apart from that, the audit committees also review the compliance of internal control system which covers various activities according to the structure of the company, the review of financial statements, auditor selection and remuneration, performance evaluation, fraud investigation, compliance with rules and regulations of the Company and the specified Government Regulatory Agency. The results will be reported to the board of committee for consideration and acknowledgement.



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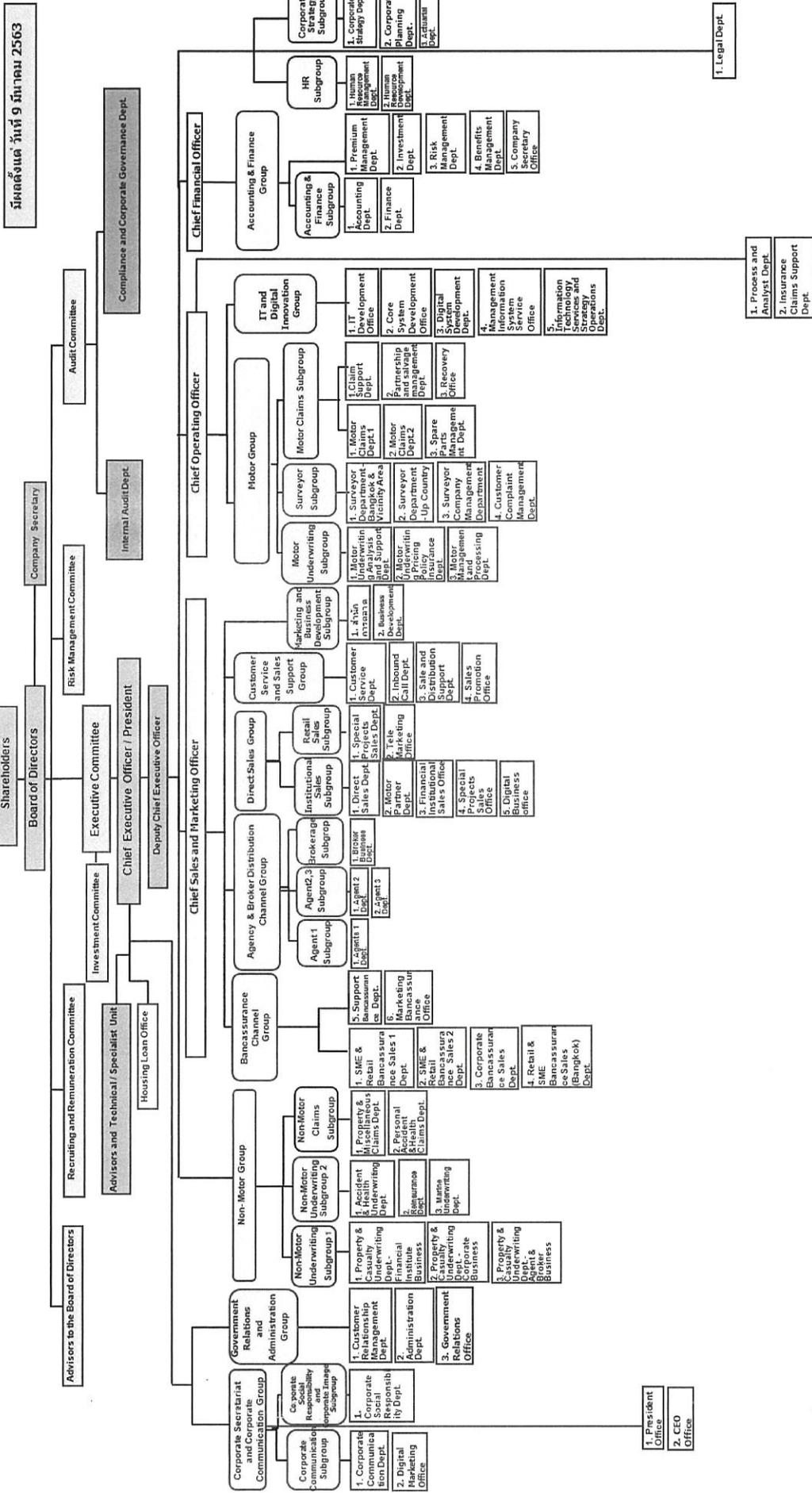
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2.2 Organization chart

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ยิ้มได้ เมื่อภัยมา



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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. Sujitpan Lamsam ¹	Vice Chairman
4. Mrs. Nualphan Lamsam	Director
5. Mr. Sara Lamsam	Director
6. Mr. Chusak Direkwattanachai	Independent Director
7. Mr. Asoke Wongcha-um	Independent Director
8. Mr. Kim Chee Yip ²	Director
9. Mr. Somkiat Sirichatchai	Director
10. Mrs. Puntrika Baingern	Director
11. Mr. Pilas Puntakosol	Independent Director
12. Mr. Krisada Chinavicharana	Director
13. Mr. Frank Johan Gerard Van Kempen	Director
14. Mr. Pravej Ongartsittigul	Independent Director
15. Mr. Boonchai Chokwatana ³	Independent Director
16. Mr. Han Mong Siew ⁴	Director

¹ Had been appointed as Vice Chairman on March 1, 2019

² Resigned from the Director on August 15, 2019

³ Had been appointed as Independent Director and Member of Nomination and Remuneration Committee on February 27, 2019

⁴ Had been appointed as the Director on August 29, 2019

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, Mr. Pilas Puntakosol Mr. Pravej Ongartsittigul and Mr. Boonchai Chokwatana are not authorized to sign and except Mr. Frank Johan Gerard Van Kempen and Mr. Han Mong Siew who cannot jointly sign.¹

¹ As revision of the Company affidavit certificated by Department of Business Development, Ministry of Commerce, on September 16, 2019

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



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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;
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 Committee¹

1. To review the Company's financial reporting process to ensure that it is adequate, accurate, and reliable with adequate disclosure of important information in accordance with the general accounting standards.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable, efficient and concise according to the standard framework, to define the authorities, duties and responsibilities, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the Head of an Internal Audit unit or any other units in charge of an Internal Audit.
3. To review the Company's compliance with the law on Non-Life insurance, the regulations of the Office of Insurance Commission, the law on securities and exchange, the Exchange's regulations, and the law relating 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 an Auditor at least once a year.

5. To provide suggestions to the management to ensure effective and efficient operational supervision and to report on the Audit Committee's operations to the Company's Board of Directors at the time the Audit Committee deems appropriate, in case there are any suspicious transactions or actions as follows:

5.1 transactions that may lead to conflicts of interests

5.2 corruption, irregularity, or significant deficiency in the Internal Control,

5.3 violation of the Law on Non-Life insurance, the law on securities and exchange, the Exchange's regulations, and the law relating to the Company's business. If the Board of Directors or the executives do not proceed with the revision within the time specified by the Audit Committee, the Audit Committee must report to the Office of Insurance Commission without delay.

6. To provide an overall opinion on the Company's Internal Control performance report to the Board of Directors.

7. To review the effectiveness of the Company's Fraud Risk Management to ensure it follows the standard operation procedure. If it is found or suspected that there is fraud or any acts that has material impact on the financial position or the reputation of the Company, the Audit Committee shall report to the Board of Directors for rectification within the appropriate time, without delay, and as the Audit Committee deemed appropriate. If the Board of Directors or the executives fails to make a rectification within the time specified by the Audit Committee, the Audit Committee shall report on such fraud to the Office of Insurance Commission thereafter

8. To review the connected transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations and to ensure that such transactions are reasonable and for the highest benefit of the Company.

9 To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information as follows:

9.1 an opinion the accuracy, completeness and creditability of the Company's financial report,

9.2 an opinion on the adequacy of the Company's internal control system,

9.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the law relating to the Company's business,

9.4 an opinion on the suitability of an Auditor,

9.5 an opinion on the transactions that may lead to conflicts of interests,

9.6 the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,



9.7 an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and

9.8 other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

10. To review the accuracy of reference documents and self-assessment form regarding the Company's measures against corruption according to the Private Sector Collective Action Coalition against Corruption Program.

11. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee. If it considers necessary, the Audit Committee may seek advice, from external consultants or audit specialists at the Company's expense.

In the case that the Audit Committee's duties are changed, the Company shall disclose a resolution to change its duties and name list of members and scope of work of the audit committee according to such change in the form as prescribed by the Stock Exchange of Thailand within 3 (three) business days and in the form prescribed by the Office of Insurance Commission within 15 (fifteen) business days from the date on which the change is made.

1 The Amendment of Audit Committee Charter has been approved by the Board of Directors Meeting No.4/2019, held on August 29, 2019

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 ¹	Member
6. Mr. Suthee Mookhavesa	Member
7. Mr. Han Mong Siew	Member
8. Mr. Adrian Lim	Member
9. Mrs. Aem-Orn Jirasaowaphark ²	Member
10. Mr. Wasit Lamsam	Member
11. Mr. Harvey Chamberlain	Member
12. Mr.Prawith Jimarkorn ³	Member



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- | | |
|--|--------|
| 13. Mr. Surachai Traiwittayangoon ⁴ | Member |
| 14. Mr. Surat Srisomboonkul ⁵ | Member |
| 15. Mr. Tanawan Chaiwatana ⁶ | Member |

By having Mrs. Punrika Baingern, Acting First Vice President of Risk Management Department, as the Secretary.

1 Resigned from Member of the Risk Management Committee on August 15, 2019

2 Due to retire from Member of Risk Management Committee as resigned from the Company on September 9, 2019

3 Had been appointed as Member of the Risk Management Committee on February 27, 2019

4 Had been appointed as Member of the Risk Management Committee on February 27, 2019 and Due to retire from Member of Risk Management Committee as resigned from the Company on October 11, 2019

5 Had been appointed as Member of the Risk Management Committee on August 29, 2019

6 Had been appointed as Member of the Risk Management Committee on November 28, 2019

Scope of Authorities and Responsibilities of the Risk Management Committee¹

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 the Company's activities that related to Risk Management to ensure the Company operates its business under the Risk Management Policy.
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 establish Risk Mitigation Plan to handle the risk of emergencies.
11. To perform any other acts as assigned by the Board of Directors.

1 The amendment of Risk Management Committee Charter has been approved by the Board of Directors Meeting, held on July 1, 2019



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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. Han Mong Siew | 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.

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. Asoke Wongcha-um | Chairman |
| 2. Mr. Chusak Direkwattanachai | Member |
| 3. Mr. Boonchai Chokwatana ¹ | Member |

By having Ms. Wimol Limsuwansilp, Deputy Executive Vice President, Head of Human Resource Subgroup, as the Secretary.

1 Had been appointed as Independent Director and Member of the Nomination and Remuneration Committee on February 27, 2019

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.

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;



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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 ¹	Chairman
2. Mr. Somkiat Sirichatchai ²	Chairman
3. Mrs. Nualphan Lamsam	Member
4. Mr. Sara Lamsam	Member
5. Ms. Chupun Gowani ³	Member
6. Mr. Han Mong Siew	Member
7. Mr. Wasit Lamsam	Member
8. Mr. Adrian Lim	Member
9. Mr. Surat Srisomboonkul ⁴	Member
10. Mr. Tanawan Chaiwatana ⁵	Member
11. Mrs. Puntrika Baingern	Member and Secretary

1 Resigned from Chairman and Member of the Executive Committee on March 1, 2019

2 Had been appointed as Chairman of the Executive Committee on March 1, 2019

3 Due to retire from Member of Executive Committee as resigned from the Company on June 30, 2019

4 Had been appointed as Member of the Executive Committee on August 29, 2019

5 Had been appointed as Member of the Executive Committee on November 28, 2019

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;

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.



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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



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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.

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

2.6.1 Consider remuneration of the Board of Directors

(1) The Board is responsible for considering structure and rate of remuneration of directors to be in line with the same industry and fit the directors' responsibility, in order to motivate the Board to lead the Company to achieve both short-term and long-term goals.

(2) The Board establishes Nomination and Remuneration Committee to primarily consider remuneration and propose to the Board 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.

(3) Shareholders must approve the Board remuneration structure, both cash-based and non-cash compensation. The Board should consider the appropriateness of each pay component, in terms of fixed rates and remuneration paid according to the Company's performance.

(4) The Board should disclose the directors' remuneration policy that reflects the duties and responsibilities of each individual, including the pay components and level received by each director

2.6.2 Consider remuneration of the President, key executives and staff.

The Board should ensure that the compensation structure rewards individual performance, incentivises the President, key executives and staff at all levels to act in support of the Company's objectives and values, and fosters long-term commitment by aligning incentives with future Company's performance through:

- Appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation)
- Ensure that the director total compensation takes into account industry standards and Company's performance, and
- Predetermined and communicated performance evaluation criteria.

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, Procedures, and Conditions for Supervising Enterprise Risk Management and Own Risk and Solvency Assessment of Non-Life insurance Companies B.E. 2562 (2019). 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



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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 set in writing and brought to review and update every year before annual submission to the Office of Insurance Commission (OIC). 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 and in accordance with the Vision and Mission which includes a clear and straightforward risk assessment. 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
- 3.1.7 Reputation Risk
- 3.1.8 Information Technology Risk
- 3.1.9 Catastrophe Risk
- 3.1.10 Emerging Risk
- 3.1.11 Group Risk

3.1.1 Strategic Risk

Strategic risk means risks and uncertainties that arisen from policy, strategic plan, operational plan and improper implementation or non-correspondence with internal factors and also external scenarios, including social development, technological innovation and public expectation.

Risk Management Guideline

The Corporate Strategy Group is the main unit with direct responsibility of defining the company's strategy and operational plan, therefore, its duties include constantly monitoring, performing research and analysis together with managing strategic risk factors and reporting the results to the top management, including the related groups and departments on 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. The important components are as follows.



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- **Product Development and Premium Pricing**

New products and the premium rates must be firstly 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 premiums in both amount and proportion to be in line with the Company's target. Sales Department is responsible for presenting products to the prospective 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 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.

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 setup 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:

- 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.

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

Beside, the company also considers a minor activity at least 3 other activities as listed below.

- 1) Digital Marketing service
- 2) Under writing
- 3) Investment

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.

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 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 Model 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 does not yet have any policy to invest in neither derivative nor 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 overseas 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 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.

3.1.7 Reputation Risk

Reputation risk means risks of loss resulting from damages to a company's reputation due to customers, business partners, shareholders, and/or regulators have negative perspective on the company.



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Risk Management Guideline

The Customer Support and Sales Division has a direct responsibility for coordinating with the department that deals with complaint management to ensure all customers and partners are most satisfied, which will enhance the company's reputation. Beside the company has established the Crisis Communication to manage social media news that causes negative feelings to the organization such as Facebook, Pantip etc.

3.1.8 Information Technology (IT) Risk

Information technology risk means risks that result from using technology to operate a business and that technology has an impact on operational system, including risk of cyber threat.

Risk Management Guideline

IT group has direct responsibility for monitoring, analyzing, and evaluating IT related risks which including the risk from System Recovery (under BCM guideline), Data & Cyber Security and the risk arise from delay of key IT Projects. The action plans must be prepared in order to cope with all these risks.

3.1.9 Catastrophe Risk

Catastrophe risk means risks that circumstances or important ongoing events cause a company to pay actual compensation more than their expectation.

Risk Management Guideline

The company conducts a stress test annually, one of which is catastrophic events such as floods, earthquakes and big claims from risk accumulation of each product type. The Stress test results will be used to review reinsurance strategies and framework including risk accumulation, to ensure that companies are able to handle this risk.

3.1.10 Emerging Risk

Emerging risk means new risks that become apparent in new or unfamiliar conditions and the risks are quite difficult to estimate emerging trends, possibilities and a level of consequent damages because of uncertainty of the conditions, such as politics, law, society, technology, physical factors and natural changes.

Risk Management Guideline

The Company regularly reviews the key risk register in order to be up-to-date and able to handle the risks that may occur at every moment of business operation, including following news and trends of various factors which may result in new risks to the insurance industry. However, if the company is aware of the aforementioned risks. The



Company will add those risks into the Company's risk register and establish risk management procedures to prevent or reduce risks to an acceptable level. (Risk Appetite)

3.1.11 Group Risk

Group risk means risks that arisen among business group and normally caused by negative financial and non-financial situations. Moreover, the risks are also including solvency risk of the whole group or some companies in a group that received the effect from negative conditions. The negative situations could be an internal or external event.

Risk Management Guideline

The Company realizes the possibility that the company has to provide financial support to assist within business group. As a consequence, the financial support plan has been established by specifying the minimum capital adequacy ratio criteria. In other words, if the companies within the business group have capital adequacy ratio lower than the threshold set by the Company, the Company will find out a solution by considering financial support and/ or other suitable alternatives. In this regard, the Company must carefully consider the impact on the Company's CAR, and to take the financial support plan to stress test in order to ensure that the financial support plan will not have a significant impact on the company's CAR.

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, various risk preventive tools are used to prevent loss and monitor stock market fluctuation during bear market situation whereby consideration and approval from the Investment Committee is required.



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Quantitative information is as below table

Unit: Million baht

Item	2019		2018	
	Book value	Appraised value	Book value	Appraised value
Total Investment Assets	12,160	12,299	11,365	11,440
Total Liquid Assets	12,104	12,197	11,258	11,334
Total Liabilities	17,640	17,183	16,640	16,428
Insurance Contract Liabilities	11,216	10,785	10,707	10,536

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.

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, 2019, 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



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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	5,624
Amount due from reinsurance	622
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 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.



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Quantitative information is as below table

Unit: Million Baht

Item	2019		2018	
	Book value	Appraised value	Book value	Appraised value
Insurance contract liabilities				
- Unearned premium reserve (Premium liabilities)	6,610	5,558	5,874	4,928
- Loss reserves (Claim liabilities)	4,607	5,227	4,833	5,608

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 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.



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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			
	2019		2018	
	Book value	Appraised value	Book value	Appraised value
Deposit and certificates of deposit at financial institution	1,185	1,172	789	761
Fixed incomes (bond, debenture, promissory note, bill of exchange, convertible bond and Government Saving Tickets)	6,612	6,725	6,605	6,665
Equities (excluding investment in subsidiary company and joint venture company)	1,667	1,706	1,619	1,662
Unit trust	2,690	2,690	2,342	2,342
Loans, Hire purchasing loans and rent asset under leasing contract	6	6	10	10
Warrants, debentures, investment units	-	-	-	-
Derivatives	-	-	-	-
Other Investments	-	-	-	-
Net Investment Assets	12,160	12,299	11,365	11,440

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



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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

At year-end 2019, overall position of Non-Life insurance business presented total direct premium of Baht 245,450 million, with growth rate of 5.5%. The Company had direct premium of Baht 13,221 million, a grow rate at 7.2% with no. 4

The Company's gross premium comprised direct premium and assumed / inward premium received. In the year 2019, gross premium of all products was Baht 13,354 million, increased by Baht 932 million or 7.5%. Net premium was Baht 7,343 million, increased by 7.4% from last year. The Company's retention ratio was 55.0%, same ratio as previous year. However, the Company continues to manage its portfolio mix with balancing of risk and return. Earned premium for the year was Baht 6,903 million, decreased by 0.2% from last year. Commission and brokerage income increased from Baht 1,618 million to Baht 1,638 million, increased by 1.2% from previous year.

In the year 2019, the Company had claims and loss adjustment expenses of Baht 4,107 million with loss ratio on earned premium at 59.5%. The decrease in loss ratio from 61.2% in 2018 was due to fewer number of claims during the year. Other underwriting and operating expenses decreased by Baht 13 million due to tight control on various expenses. In addition, there was increase in long-term employee benefit expenses due to The New Labor Protection Act (No.7) B.E. 2562

The Company's annual net profit in 2019 as presented in the statement of comprehensive income was Baht 426 million, an increase of Baht 10 million or 2.5% from 2018. Investment income and profit was higher than previous year amounting to Baht 9 million or 1.8%. 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	2019	2018
Gross Premium Written	13,354	12,422
Earned Premium (Net)	6,903	6,919
Investment Income and Other Incomes	555	522
Net Profit (Loss)	426	416



Key Financial Ratios (Percentage)

Ratio	2019	2018
Loss Ratio	60	61
Expense Ratio	17	17
Combined Ratio	99	99
Liquidity ratio	267	238
Return on equity	8	8

8. The Company's capital adequacy

The Company, as a public company, has focused on overseeing and managing its business and building up confidence for insureds, shareholders, investors and any related parties. This is considered the essential part of its operation and a crucial responsibility, including risk management as specified in the notification of the Office of Insurance Commission (OIC) on the Criteria, Procedures, and Conditions for Supervising Enterprise Risk Management and Own Risk and Solvency Assessment of Non-life Insurance Companies B.E. 2562 (2019), as well as risk management in various areas that could affect related parties (the Company's stakeholders). The Company's risk management is based on Risk Based Capital Framework whereby Investment Risk Appetite is set as a guideline to maintain the Company's capital adequacy ratio throughout business operations. In addition, stress testing has been performed to analyze events and scenarios that may have negative impact on the Company's performance and capital, for example, major claim payments, disaster, loss from investment, etc. The 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, 2019, the Company's Solvency Ratio was 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.



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Quantitative information is as below table

Unit: Million Baht

item	As of 31 December	
	2019	2018
Total Assets	23,207	21,905
Total Liabilities	17,640	16,640
- Insurance contract liabilities	11,216	10,707
- Other Liabilities	6,424	5,933
Equity	5,568	5,265
Capital Adequacy Ratio (percentage)	310	362
Total Capital Available: TCA	4,999	4,703
Total Capital Required: TCR	1,612	1,298

Remarks:

- *Since Office of Insurance Commission (OIC) has reviewed and revised the 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 B.E. 2558 (2015) to be B.E. 2562 (2019) which has revised the procedure to calculate the Capital Adequacy Ratio (CAR) to be in line with risks in the present including adding the operational risk capital charge. It has taken the company's CAR about 50 percentage.
- The registrar may set a minimum requirement for monitoring the companies with CAR lower than 120%. (140% in previous year)
- 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/2562.pdf>



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