

ANNUAL REPORT 2016

KRUNGTHAI PANICH INSURANCE
PUBLIC COMPANY LIMITED

ENDURING STABILITY TOWARDS SUSTAINABLE HAPPINESS



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CONTENTS

01	VISION MISSION
02	FINANCIAL HIGHLIGHTS
10	MESSAGE FROM THE BOARD OF DIRECTORS
12	BOARD OF DIRECTORS
16	BOARD OF DIRECTORS' PROFILE
23	SUMMARY OF THE MEETINGS PARTICIPATION
24	THE EXECUTIVES
26	THE EXECUTIVES' PROFILE
30	MAJOR SHAREHOLDERS
31	GENERAL INFORMATION
32	ACHIEVEMENT OF THE YEARS
34	CORPORATE SOCIAL RESPONSIBILITY (CSR)
38	ORGANIZATION CHART
40	BUSINESS CHARACTERISTICS
41	NETWORK SERVICES
43	AUDIT COMMITTEE'S REPORT
45	INDEPENDENT AUDITOR'S REPORT
47	FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

Krungthai Panich Insurance Public Company Limited has committed to grow our organization towards greater stability alongside the heightened sense of happiness among Thais with the world renowned Thai smiles. We believe it's our responsibility to provide the utmost peace of mind to our customers for their fulfilled and prosperous lives. Our solutions are, thus, to safeguarding them for any possible risk that could disrupt their lives from achieving the highest advantage possible.

Vision

To be Thailand's leading non-life insurance company with high-caliber personnel, modernized work process and system with strong financial foundation equipped to provide service excellence to our customers and values to our business alliances; offering equitable returns to our shareholders while supporting the progress of Thai society and its sustainable development.

Mission

- Employees** : Develop our personnel to reach their maximum capabilities and the professional level of proficiency
- Corporate** : Continue to improve system of operation for greater efficiency by utilizing state-of-the-art technology
- Customers** : Maximize customer satisfaction by offering quality products and solutions
- Business Partners** : Attentive to our business alliances by building trustworthiness and strong cooperation towards long lasting business development
- Shareholders** : Offer constant and sustainable growth in profits and returns
- Thai Society** : Provide support with participation toward building quality Thai society



FINANCIAL HIGHLIGHTS

Unit : Million Baht (Except Earnings Per Share Unit : Baht)

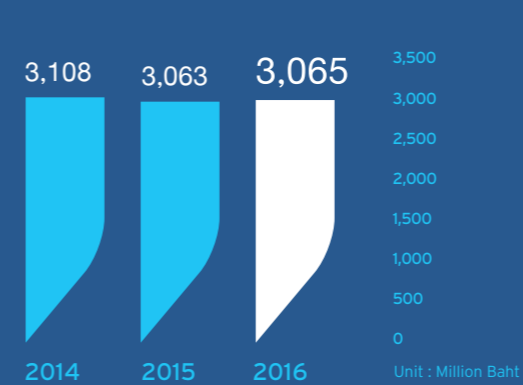
ITEMS	2014	2015	2016
Gross Written Premium	3,108	3,063	3,065
% Change	0.54	(1.42)	0.03
Net Written Premium	2,597	2,711	2,582
% Change	3.26	4.36	(4.73)
Underwriting Income	597	388	372
% Change	205.93	(33.14)	(4.18)
Investment Income	309	336	314
% Change	(0.57)	8.67	(6.50)
Net Profit	711	587	566
% Change	77.67	(17.45)	(3.50)
Earnings Per Share	64.61	53.33	51.47
% Change	77.67	(17.45)	(3.50)
Total Liabilities	3,091	3,178	3,243
% Change	(43.02)	2.82	2.04
Shareholder's Equity	4,909	5,123	5,718
% Change	17.15	4.35	11.62
Total Assets	8,000	8,301	8,961
% Change	(15.21)	3.76	7.95

Unit : Percentage

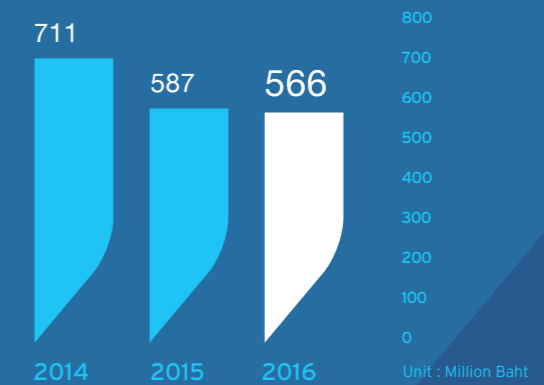
FINANCIAL RATIO	2014	2015	2016
Net Profit / Net Written Premium	27.36	21.64	21.92
Net Profit / Total Assets (ROA)	8.88	7.07	6.32
Net Profit / Shareholder's Equity (ROE)	14.48	11.45	9.90
Total Liabilities / Shareholder's Equity	62.97	62.05	56.72
Capital Adequacy Ratio (CAR Ratio)	753.55	690.87	698.78*

Note : * CAR Ratio 2016 is prior to submission to the Office of Insurance Commission (OIC)

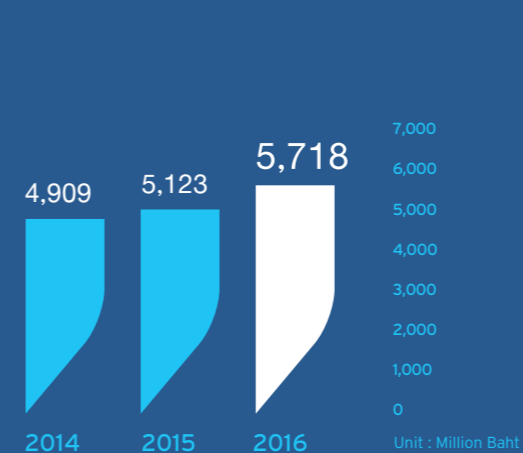
GROSS WRITTEN PREMIUM



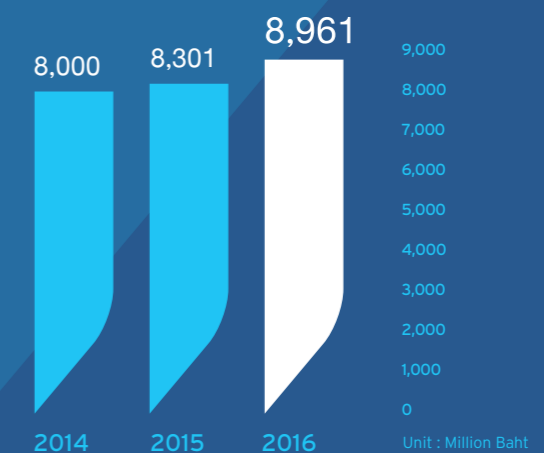
NET PROFIT



SHAREHOLDER'S EQUITY



TOTAL ASSETS



STRENGTHENED ORGANIZATION CAPABILITY TOWARDS SUSTAINABLE HAPPINESS

Our focus is not only to see our company thriving with strong and stable financial foundation but also to be the importance part contributing to the improvement in the quality of life for all Thais. We believe these two factors are the vital part of a healthy society therefore we commit to continually develop our people's capability to work more creatively and efficiently. Their responsibilities are to produce quality work with the highest level of professionalism, transparency driving Thai society towards prosperous future with sustainable happiness and stability.



HEIGHTENED QUALITY PEOPLE FOR STRONGER ORGANIZATION

Our commitment to Thai society is to adhere firmly to the principle of social responsibility. We strongly encourage our staff to pursue lifelong learning in order to gain knowledge, wisdom and professional proficiency. These high quality personnel will perform their own responsibilities with the unsurpassed professionalism while instilling in them a social conscience by contributing and participating in social causes for the betterment of Thai society as a whole.



SOLID EDUCATION LEADING TO THE NATION'S ADVANCEMENTS

We firmly advocate our nation's education agenda by providing education opportunities to young generations in remote areas throughout the country. Our important mission is to instill the basis of the quality of life at an early age in hoping that they will grow up to be quality population in the future. Therefore, it's been our focus for many years to lay solid education foundation for the future of our society. We strongly believe that the dedication will lead to a more developed and informed society founded on strength and sustainability.



MESSAGE FROM THE BOARD OF DIRECTORS



According to Fiscal Policy Office's announcement, it forecasted the growth rate of Thai economy in 2016 at 3.2 percent accelerated against the previous year's growth rate at 2.8 percent (data as of 30th January 2017). The main factors for such increase stemmed from the anticipated rise in the government spending, which was the result of accelerating the disbursement of the budget as well as the continuation of the government mega project in transport infrastructure investment plan. Domestic consumption was expected to rise from previous year due to the government's various stimulus packages such as money transfer measure for low income earners and economic stimulus package at the last quarter of 2016. While the inflation and the oil price had remained low, the private sector's investment was also expected to rise from 2015. With the low interest rate coupled with the clarity and progress in the government's infrastructure investment plan resulting in 2016, our company's written premium amounted to 3,065 million baht. Its underwriting income amounted to 372 million baht, the income from net investment amounted to 314 million baht and the net profit from normal operation after deducting corporate income tax amounted to 566 million baht.

For 2017, Fiscal Policy Office forecasts that the overall economic situation of Thailand will grow at approximately 3.6 percent. As for the non-life insurance business, the Thai Reinsurance Public Company Limited forecasts that this year the direct premiums will grow at the rate of 3.0 - 3.5 percent resulting from the government's economic stimulus package with the government's spending and investment in transport infrastructure plan coupled with the economic recovery in

countries that are our strategic trading partners. And the growth could be up to 15 percent if the government has decided to implement the private sector's insurance system replacing the existing welfare system for civil servants by the end of 2017 amounted to the total premium of 60,000 million baht. The company continued to foster good relationship with our customers and referrers in order to maximize renewal rate of our existing insurance policies. We will continue to analyze and assess the profiles of our customers to identify opportunities for upselling new insurance products and offering more comprehensive solutions. Furthermore, we will keep on improving our distribution channels, ensuring that all insurance products can be introduced in easy, convenient and efficient manner. Our information technology system has been constantly up-to-date to accommodate the ever changing consumer behaviors that have been relying more on online channel. In 2017, we will further improving our customer service quality while maintaining business profits at a sustainable level. Besides the business growth we also firmly uphold our corporate social responsibilities and encourage our staffs to participate as much as possible in our CSR projects and activities.

On behalf of our Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, business partners as well as our employees for your strong support in our business operations throughout 2016. Looking ahead this year, we fully commit to maintain steady business growth in a sustainable manner with competitive advantage for greater business performance.

A handwritten signature in blue ink, appearing to read 'Boonsong Srifuengfung'.

Mr. Boonsong Srifuengfung
Honorary Chairman of the Board of Directors

BOARD OF DIRECTORS



Mr. Boonsong Srifuengfung
Honorary Chairman



Mr. Udomsak Rojviboonchai
Director /
Chairman of Executive Director



Prof. Dr. Pornchai Chunhachinda
Director /
Chairman of Audit Committee



Mr. Kasem Paeyai
Director /
Executive Director



Mr. Werapong Suppasedsak
Director



Mr. Suwat Nestsawat
Director /
Audit Committee



Mr. Warawut Sitthiyos
Director

BOARD OF DIRECTORS



Mrs. Valaiwan Srfuengfung
Director /
Executive Director /
Audit Committee

Mr. Sakdee Cheablam
Director

Dr. Dhiraphorn Srfuengfung
Director

Mr. Kerati Panichewa
Director /
Executive Director

Mr. Tanet Phanichewa
Director

Mr. Somboon Wongrassamee
Director /
Executive Director

BOARD OF DIRECTORS' PROFILE

Dr. Boonsong Srifuengfung Honorary Chairman

Education

- Honorable Doctorate Degree in Business Administration from Sripatum University

Training

- None

No. of Shares

- None

Relevant Important Position

- Chairman Pimai Salt Co., Ltd.
- Chairman Thai Refined Salt Co., Ltd.
- Chairman Patong Beach Hotel (Phuket) Co., Ltd.
- Chairman Baan Samui Resort Co., Ltd.
- Chairman Pim Associates Co., Ltd.
- Chairman Srisiam Properties Co., Ltd.
- Chairman Sriwan Co., Ltd.
- Chairman Boonsong Co., Ltd.
- Chairman Boonsri Parnich Co., Ltd.
- Chairman Sriboon Co., Ltd.
- Chairman Ngamboon Co., Ltd.
- Chairman Ackchai Export Import Co., Ltd.
- Chairman Ackchai Eagle Co., Ltd.
- Chairman Bann Phurua Properties and Development Co., Ltd.
- Chairman Chemical Enterprise Co., Ltd.
- Chairman Thep Enterprise Co., Ltd.
- Chairman Daratorn Co., Ltd.
- Chairman Rattorn Co., Ltd.
- Chairman Thai Kakuta Co., Ltd.
- Chairman Phunamkang Co., Ltd.
- Chairman B.trans International Co., Ltd.
- Chairman K.C. Salt International Co., Ltd.
- Chairman Underground Storage (Thailand) Co., Ltd.
- Chairman SPS Management Co., Ltd.
- Chairman Thun Srisiam Co., Ltd.
- Chairman Boonpermpoon Co.,Ltd.

Mr. Udomsak Rojviboonchai Director / Chairman of Executive Director

Education

- Master of Commerce, Chulalongkorn University

Training

- The Leadership Grid - The Power to Change
- Modern Management Strategy (2008)
- Financial Executive Development Program (Finex)
- Fiscal Management Program
- TLCA Executive Development Program (EDP)
- Advanced Certificate Course in Public Economics Management for Executives
- Corporate Governance for Capital Market Intermediaries (CGI)
- Leader Program (CMA)
- Institute of Business and Industrial Development for top executive (IBID 3)

No. of Shares

- None

Relevant Important Position

- Ktzmico Securities Co., Ltd.

Prof.Dr. Pornchai Chunhachinda Director / Chairman of Audit Committee

Education

- Ph.D. (Finance) Florida International University
- M.S. (Finance) Florida International University
- M.B.A. Thammasat University
- B.S. (Accounting: Honour) Chulalongkorn University

Training

- Role of the Chairman Program Class 27 / 2012 Thai Institute of Directors Association (IOD)
- Role of Nomination and Compensation Committee Class 12 / 2011 Thai Institute of Directors Association (IOD)
- Leadership Program Class 11 / 2010 Capital Market Academy (CMA) , The Stock Exchange of Thailand
- Audit Committee Program Class 4 / 2005 Thai Institute of Directors Association (IOD)
- Director Certificate Program Class 36 / 2003 Thai Institute of Directors Association (IOD)

No. of Shares

- None

Relevant Important Position

- Chairman of Phol Dhanya Public Company Limited
- Chairman of Ausiris Futures Company Limited
- Independent Director/Audit Committee of Bangkok Commercial Asset Management Public Company Limited

Mr. Kasem Paeyai Director / Executive Director

Education

- Master of Public and Private Management Program , National Institute of Development Administration
- BA, (Economics), University of the Thai Chamber of Commerce

Training

- Influencer, PacRim Leadership Center Class 1 / 2012
- Executive Program for Senior Management (EX-PSM3) Class 3 / 2012
- Fiscal Policy Research Institute Foundation (FPRI)
- Leadership Program 2010, PacRim Leadership Center
- Behavioral Science Psychology Human Behavior Modification & Development Center (HMDC)
- Director Certification Program Class 177 / 2013, Thai Institute of Directors Association

No. of Shares

- None

Relevant Important Position

- None

BOARD OF DIRECTORS' PROFILE

(CONTINUED)

Mr. Suwat Nestsawat

Director / Audit Committee

Education

- Master Degree of Business Administration, Kasetsart University
- Bachelor Degree of Economics, Ramkhamhaeng University
- Bachelor Degree of Law, Ramkhamhaeng University

Training

- None

No. of Shares

- None

Relevant Important Position

- None

Mr. Werapong Suppasedsak

Director

Education

- Master of Economics (Finance), National Institute of Development Administration (NIDA)
- Bachelor of International Economics, Ramkhamhaeng University

Training

- Executive Leadership Development Program (ELDP) 2015
- Interest rate Indexed and Derivatives 2015
- Act Amending the Civil and Commercial Code on the Guarantees and Mortgages 2015
- TLCA Executive Development Program

No. of Shares

- None

Relevant Important Position

- Director, Bangkok Expressway and Metro Public Company Limited
- Director / Chairman of the Audit Committee at Suvarnabhumi Airport Hotel Company Limited

Mr. Warawut Sitthiyos

Director

Education

- Master Degree MBA, Ramkhamhaeng University
- Bachelor Degree Business Administration, Ramkhamhaeng University

Training

- Executive Leadership Development Program (ELDP)

No. of Shares

- None

Relevant Important Position

- None

Mrs. Valaiwan Srifuengfung

Director / Executive Director / Audit Committee

Education

- Master Degree MBA Boston University, USA

Training

- Advanced Audit Committee Program, Thai Institute of Directors Association (IOD)
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

No. of Shares

- None

Relevant Important Position

- None

BOARD OF DIRECTORS' PROFILE

(CONTINUED)

Mr. Sakdee Cheablam Director

Education

- Master degree of Business Administration, Kasetsart University

Training

- Financial Executive Development Program - FINEX VI 18/06/2010 TIBFA
- Pacific RIM Executive Bank's Program
- Modern Management Program.
- Executive Leadership Development Program , Cornell University

No. of Shares

- None

Relevant Important Position

- None

Dr. Dhiraphorn Srifuengfung Director

Education

- Ph.D. Civil Engineering University of Missouri, USA

Training

- National Defence Course for public, private and political defence class 1, National Defence College
- Directors Accreditation Program (DAP) Thai Institute of Directors Association (IOD)

No. of Shares

- None

Relevant Important Position

- Chief Executive Officer of Pimai Salt Company Limited
- Chairman of Goodyear (Thailand) Public Company Limited
- President of Patong Beach Hotel (Phuket) Company Limited
- President of Baan Samui Resort Company Limited
- Executive Director of Thai Refined Salt Company Limited
- Director of Boonsong Company Limited
- Director of Boonpermpoon Company Limited
- Director of TTL Industries Public Company Limited

Mr. Kerati Panichewa Director / Executive Director

Education

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

Training

- Director Certification Program, Class 1/2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

No. of Shares

- None

Relevant Important Position

- Director of Thai Reinsurance Public Company Limited
- Director of TTL Industries Public Company Limited
- Director of Kiarti Thanee Country Club Company Limited
- Director of Thai Public Port Company Limited

Mr. Tanet Phanichewa Director

Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Bangkok, Thailand
- Bachelor of Industrial Engineering, School of Engineering, Newcastle University, NSW, Australia

Training

- Capital Market Academy (CMA)
- Future Entrepreneurs Forum (FEF)
- Academy of Business Creativity (ABC)

No. of Shares

- 30,089

Relevant Important Position

- Present Chairman Kiarti Thanee Country Club Company Limited
- Director TTL INDUSTRIES Public Company Limited

BOARD OF DIRECTORS' PROFILE

(CONTINUED)

Mr. Somboon Wongrassamee

Director / Executive Director

Education

- Master of Business Administration (Honour), National Institute of Development Administration (NIDA)
- Master of Chemical Engineering, Oklahoma State University, USA
- Bachelor of Engineering, Chulalongkorn University

Training

- Audit Committee Program
- Director Certification Program

No. of Shares

- None

Relevant Important Position

- None

SAMMARY OF THE MEETING PARTICIPATION

(January-December 2016)

Krungthai Panich Insurance Public Company Limited

#	LIST OF DIRECTORS	APPOINTED DATE	NO. OF PARTICIPATIONS ⁽¹⁾
1	Mr. Boonsong Srifuengfung	April 10, 2014	0 / 6
2	Mrs. Kittiya Todhanakasem ⁽²⁾	April 9, 2013	1 / 2
3	Mr. Udomsak Rojviboonchai	April 17, 2015	6 / 6
4	Prof.Dr. Pornchai Chunhachida	September 24, 2014	6 / 6
5	Mr. Kasem Paeyai	April 19, 2016	5 / 6
6	Mr. Suwat Nestsawat	April 10, 2014	5 / 6
7	Mr. Werapong Suppasedsak ⁽³⁾	April 19, 2016	4 / 4
8	Mr. Warawut Sitthiyos	April 17, 2015	3 / 6
9	Mr. Sakdee Cheablam	April 10, 2014	5 / 6
10	Dr. Dhiraphorn Srifuengfung	April 19, 2016	6 / 6
11	Ms. Sirima Phanichewa	April 17, 2015	4 / 6
12	Mrs. Valaiwan Srifuengfung	April 17, 2015	6 / 6
13	Mr. Kerati Panichewa	April 19, 2016	6 / 6
14	Mr. Somboon Wongrassamee	September 1, 2015	6 / 6

Note

⁽¹⁾ No. of Participation / No. of Total Meeting

⁽²⁾ Retirement by rotation in April 19, 2016

⁽³⁾ Assigned in April 19, 2016

THE EXECUTIVES



Mr. Kerati Panichewa
Chief Executive Officer

Mr. Somboon Wongrassamee
President

Ms. Suchavadee Sanganong
Senior Executive Vice President

Mr. Putthinun Plangkull
Executive Vice President

Mr. Pichit Chitnelawong
Executive Vice President

Mr. Sirichai Praphanturakit
Executive Vice President

Mr. Chawanat Ajcharyavanich
Executive Vice President

THE EXECUTIVES' PROFILE

Mr. Kerati Panichewa Chief Executive Officer

Education

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

Work Experience

- None

Training

- Director Certification Program, Class 1/2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

Mr. Somboon Wongrassamee President

Education

- Master of Business Administration (Honour), National Institute of Development Administration (NIDA)
- Master of Chemical Engineering, Oklahoma State University, USA
- Bachelor of Engineering (C.E.), Chulalongkorn University

Work Experience

- President, The Platinum Group Public Company Limited.
- Managing Director of Financial Business and Golf Business, MBK Group
- Senior Executive Vice President Business Development, MBK Public Company Limited.

Training

- Top Executive Program, Capital Market Academy (CMA)
- Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)

Ms. Suchavadee Sanganon Senior Executive Vice President

Education

- MBA (Finance), University of Hartford, Connecticut, USA
- MS (Insurance), University of Hartford, Connecticut, USA
- BBA (General Management), Assumption University, Thailand
- BBA (Insurance and Risk Management), Assumption University, Thailand

Work Experience

- Thai Reinsurance Public Company Limited.
- American Reinsurance, NY. & NJ., USA
- Kasikorn Asset Management Company Limited.
- Muang Thai Life Assurance Public Company Limited.

Lecture Experiences

- Thai Insurance Institution (Lecturer)
- Assumption University (Lecturer)

Training

- Cyber Conference (2016), Korea
- Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDP), 2016
- Successful of Formulation and Execution of Strategy (SFE), Thai Institute of Directors (2015)
- Director Certification Program (DCP), Thai Institute of Directors (2014)
- Enterprise Risk Management Workshop (ERM) - (2014), Munich, Germany
- Advance Insurance Institution (All), Office of Insurance Commission
- Leadership Program, PacRim Group (2012)
- East Asian Insurance Congress (EAIC) - (2004 - Current)
- Singapore Reinsurance Conference (SIRC) - (2003 - Current)

Mr. Putthinun Plangkull Executive Vice President

Education

- Bachelor of Laws Program, Ramkhamhaeng University

Work Experience

- Auto Claims Officer, The Siam Commercial Samaggi Insurance Public Company Limited.

Training

- Director Certification Program (DCP), Thai Institute of Directors
- Leadership: Great Leaders, Great Teams, Great Results, FranklinCovey and PacRim Group
- Car Damage Assessment, (THATCHAM INTVDA 03), THATCHAM AUTOMOTIVE ACADEMY INTERNATIONAL VEHICLE DAMAGE ASSESSOR TRAINING
- Insurance Management Development Program (IMDP 14), Faculty of Commerce and Accountancy, Chulalongkorn University.
- Auto Claims Management, Department of Investigation, Royal Police Cadet Academy
- Program Staff Claims class 5, Department of Insurance, Ministry of Commerce
- Management Problem Solving and Decision Making Program, KEPNER TREGOE, INTERNATIONAL, PRINCETON, NEW JERSEY, U.S.A.
- Attorney-at-Law Certificate, Lawyers Council of Thailand Class 9

THE EXECUTIVES' PROFILE

(CONTINUED)

Mr. Pichit Chitnelawong Executive Vice President

Education

- Master of Business Administration Thammasart University
- B. Eng. (Electrical Engineering) Chulalongkorn University

Work Experience

- Program Director Ericsson Thailand Company Limited
- Senior Project Manager DataOne Asia (Thailand) Company Limited
- Project Manager Hewlett-Packard Thailand Company Limited
- Project Manager and Deputy Manager, System Integration Ericsson Thailand Company Limited
- Assistant Senior Vice President - Information Technology Development Government Housing Bank
- Manager - Development Department Siam Teltech Computer Company Limited
- Managing Director 662 Systems Development Company Limited
- Assistance Project Manager Philips Electrical Company of Thailand

Training

- HPS Trade Compliance Awareness, HP, October 2007
- Project Management: Risk Management, ESI International, October 2007
- HPS RM 101 - Intro to Risk Management Concepts and Processes, September 2007
- HPS RM 201 - Using Risk Management in HPS, August 2007
- Standards of Business Conduct: Ethical Leadership: Our Responsibility - HP Ethics and Compliance Office, April 2007
- HP Customer Experience Standard, HP Workforce Development, September 2006
- HP Information Security Policies and Standards, HP Information Security Group and Workforce Development, February 2005
- HP Environmental, Health Safety, and Security Policies and Standards, Real Estate and Workplace Services (REWS), February 2005
- Putting Customer First, HP Total Customer Experience & Quality and Workforce Development, January 2004
- HP Project Management University (PMU) - HP, 2003
- Ken Blanchard's Situational Leadership Style Model II - Ericsson Thailand, 2003

Mr. Sirichai Praphanturakit Executive Vice President

Education

- Mini MBA Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor Degree Faculty of Economics, Kasertsart University

Work Experience

- Executive Vice President Property Management and Marketing The Platinum Group Public Company Limited
- Director of Human Resources Central Retail Corporation Company Limited
- Senior Manager of Human Resources and Administration, Central Department Store Company Limited, Central Chidlom Branch
- Assistant Director Business Development, Pak Kred Vetchakarn Hospital

Training

- Insurance Management Development Program (IMDP) Class 14
- RE : IRCA ISO 9000 Lead Auditor Training Course Class 2
- Advance Personnel Management Class 17
- Training Management
- Personnel Management Class 209

Mr. Chawanat Ajchariyavanich Executive Vice President

Education

- Master of Business Administration, Florida Institute of Technology, U.S.A.
- Bachelor of Engineering (Chemical), Chulalongkorn University

Work Experience

- Executive Vice President, Krungthai Panich Insurance Public Company Limited
- Chief Finance Officer, Satit Bilingual School of Rangsit University
- Chief Finance Officer, Grande Asset Hotels and Properties Public Company Limited
- Executive Vice President - Corporate Lending, Advance Finance Public Company Limited

Training

- None

MAJOR SHAREHOLDERS

NAME	SHARES	% SHARE
Krungthai Bank Public Company Limited	4,950,000	45.00
Paibul Capital Company Limited	2,887,091	26.25
Boonpermpoon Company Limited	1,574,622	14.31
Mr. Sombath Phanichewa	442,573	4.02
Sri Brothers Company Limited	306,216	2.78
Others	839,498	7.63
Total	11,000,000	100.00

GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited was established on 1st September 1953 under Ror Sor Por Insurance Co., Ltd. with a registered capital of 3 million baht. The company was led by General Pramarn Adireksarn and the main business was motor insurance. In 1954, the cabinet of Field Marshal Plaek Phibunsongkhram announced that the government would take Ror Sor Por Insurance Co., Ltd. under its patronage. It is the first and only insurance company in Thailand to be bestowed the honor.

In 1971, the company had increased its business capability and expanded its business to provide total solutions in non-life insurance in accordance with Non-life Insurance Act (1967) while developing its service to be on par with international standard.

On 1st August 1995, the company had decided to jointly invest with Thailand's leading financial institution, Krung Thai Bank PCL, by holding 40% of 100 million Thai baht registered capital and has changed its name to Krungthai Panich Insurance Co., Ltd. In 2007, the company had increased registered capital to 110 million baht with Krung Thai Bank PCL., and increased share holding to 45%.

On 1st June 2012, the company has been registered as public company limited in accordance with Non-life Insurance Act (2nd Ed.) 2008, Article 56, Clause 2, which is stated that non-life insurance company in the form of "Company Limited" must change into "Public Company Limited" from the promulgation date of the Act since 5th February 2008 with the approval by the Company's Board of Directors. In the 59th annual general meeting, an extraordinary resolution has been agreed to transform "Krungthai Panich Insurance Co., Ltd." into the registered name as "Krungthai Panich Insurance Public Company Limited".

KPI has continued its commitment in product and service innovations in response to our customers' evolving needs. Throughout the company history, we have conducted our business with integrity, transparency and good corporate governance in order to achieve strong and sustainable growth. As the result we have increasingly gained trust from our customers, business alliances and other organizations alike. For many consecutive years, KPI has proven its quality and high working standards by winning several industry's prestigious awards. We have developed our service standard to be fast and efficient whilst elevating our staffs' capabilities and professionalism. It's our unwavering belief that non-life insurance business could ease the burden to any loss and damage to life and asset and thus lead Thai society toward greater happiness and sustainable growth in the future.

Krungthai Panich Insurance Public Company Limited

The Well-established and Secure Non-life Insurance Company for All Thais

Head Office

1122 KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand.

Tel: 0 2624 1111

Fax: 0 2624 1234

Website: www.kpi.co.th

ACHIEVEMENT OF THE YEARS



2015

THE WINNER

for Non-Life Insurance with Outstanding Development



2014

THE THIRD PRIZE

for Non-Life Insurance with Excellent Management



2013

THE THAI CHAMBER

of Commerce Business Ethics Standard Test Award (TCC BEST Award)

2011

THE SECOND PRIZE

for Non-Life Insurance with Excellent Management

2010

THE SECOND PRIZE

for Non-Life Insurance with Excellent Management

2008

THE SECOND PRIZE

for Non-Life Insurance with Excellent Management

2007

THE THIRD PRIZE

for Non-Life Insurance with Excellent Management

2006

HONORARY MENTION

for Non-Life Insurance with Excellent Management

2005

HONORARY MENTION

for Non-Life Insurance with Excellent Management

2004

HONORARY MENTION

for Non-Life Insurance with Excellent Management



CORPORATE SOCIAL RESPONSIBILITY (CSR)



2016 Social Activities

Corporate Social Responsibility

At Krungthai Panich Insurance Public Company Limited, the main mission in our business operation is to provide non-life insurance solutions that aims to decrease burden to any loss and damage to life and asset for all Thais. It has also been our continual commitment to value our customers as we firmly believe that our efforts will significantly be the driving force toward building a stronger and more sustainable society. Additionally, it's in accordance to our company's objective to always be a "Good Citizenship" organization, therefore, we encourage our staffs to be more socially conscious and generous with their contributions for the betterment of Thai society.

Business for Social Responsibility

Good Corporate Governance is the pillar to an organization's sustainable growth. At KPI, we strongly believe that Good Corporate Governance practice is the important factor in building business foundation with integrity and transparency. It is also our responsibility to treat all stakeholders such as shareholders, customers and business alliances with respect and fairness. In addition, we are not only follow the official good governance framework practice but also adhere to social and environmental responsibilities. It has been our company's policy to instill social awareness among our staffs as a small step but a significant contribution toward building civil society.

CSR Activities

We operate and grow our non-life insurance business with total confidence because it is similar to the future planning as it's the way to manage both life and business aspects on risks that may occur in the future. Our CSR projects have been carefully planned with the core concept focused on helping Thai society to be more prepared and always be

ready to move forward. An example can be seen in "The Ready Step" project as it's a plan toward a more stable and secure future for all Thais. These CSR projects have significant objectives to foster greater assistance with exceptional outcome and benefits to recipients throughout the country. We, therefore, encourage our staffs to participate in these activities, which will instill social awareness in them by sacrificing and assisting others. KPI has defined some guidelines in many facets of social activities as follows:

1. **Initiative Plan for Thai Children** is to promote and support education in schools and young Thai generations and to provide assistance to disabled and underprivileged children
2. **Initiative Plan for Life's Safety** is to promote awareness on safety issue to general public
3. **Initiative Plan for Conscience Cultivation** is to raise awareness on Energy Saving and Environmental Preservation in Office as well as Natural Disasters Relief Assistance

"The Ready Steps" Project for the Future of Young Thai Generations

The project aims to nurture the reading habit among Thai generations by opening the world of learning in school library. We advocate better education by building good library filled with good books equipped with modern learning medium under decent learning environment. Since 2013 until present, KPI has continued to organize activities on "The Living Library" project. This year would be the 4th year with budget for library improvement was no less than 600,000 baht per school per annum. In 2016, KPI handed over the improved library to Wat Sri Soontorn School (Mittapap 15), Tambon Sri Soontorn, Amphoe Thalang, Phuket on 23 - 25 November 2016.



"Give Blood, Give Life" Project

The biannual blood donation project for Thai Red Cross aims to encourage generous social contribution among KPI staffs by giving back to the society and sacrificing for the betterment of the society as a whole. The event was held at KPI Tower, 24/F.

"KPI Safe Drive" Project

This safe drive campaign has been amplified since its beginning in 2015 promoting from inside the organization to general public following the policy of the Office of Insurance Commission (OIC) and other organizations in insurance industry under the slogan "Building a safe drive culture, your safety is our prime concern". The main objective of this campaign is to educate internal staffs about safety on the road as well as to reinforce a good culture among personnel within the organization. The project has started as a pilot project focused on internal staffs before launching the campaign to family members and society at large. Some awareness campaigns are active in special holiday seasons such as Songkran festival,



New Year's celebration and other public holidays. The campaign has extended to cover daily commute with the following guidelines:

1. Safety helmet must be worn at all time while driving
2. Safety belt must be worn at all time while driving
3. Keeping close watch and give warning to any staff who does not follow the company's safety rules
4. Stop using mobile phone, chat app while driving
5. Etiquette in using public roads with others

"KPI Chang Noi Roi Jai" Project

The project has been established with the cooperation from high level executives and staffs with volunteer spirit as a small contribution to patients with paralysis and mental disorders. The project had sewn some 583 elephant dolls and donated to Department of Rehabilitation Medicine, Rajavithi Hospital on 29th December 2016.



"We Care KPI" Project

This energy saving project is our commitment toward environmental preservation through awareness campaign among KPI staffs. The campaign focuses on energy usage as well as essential procedures around the office that could lead to reduce global warming. The campaign has been organized by using internal PR exercise and some activities with the following criteria:

1. Save Energy
2. Save Water
3. Keep Clean
4. Eco Friendly



"Good Health with Yoga" Project

This internal awareness campaign is to promote good health among our staffs with yoga exercise. This project has gained tremendous interest as it's not only foster better relationship among our staffs but also it's a tool to connect and strengthen their relationships. The beneficial outcomes are happiness and good health to all.

"Social Contribution in Mangrove Planting" Project

On 4th June 2016, KPI had joined force with Krungthai Bank Pcl. in a mangrove planting activity celebrating "50th Years Krungthai's Social Contribution in Mangrove Planting Project" at Bang Poo Recreational Retreat, Samut Prakan province. The project aims to maintain and restore local environment while providing beneficial end result to Thai society as well as to develop good conscience among staffs in both organizations. This social contribution activity will instill in them the spirit to sacrifice for greater public good while strengthening unity among staffs.



"50th Year Krungthai Planting Trees in Forest @Nan" Project

On 24th September 2016, Krungthai Panich Insurance and Krungthai Bank organized a tree planting activity to celebrate "50th Year Krungthai Planting Trees in Forest @Nan" project at Baan Huay Som Poy, Tambon Pa Sing, Amphoe Muang, Nan. The activity aims to restore trees in the forest and create awareness on conservation and on social contribution for public good.

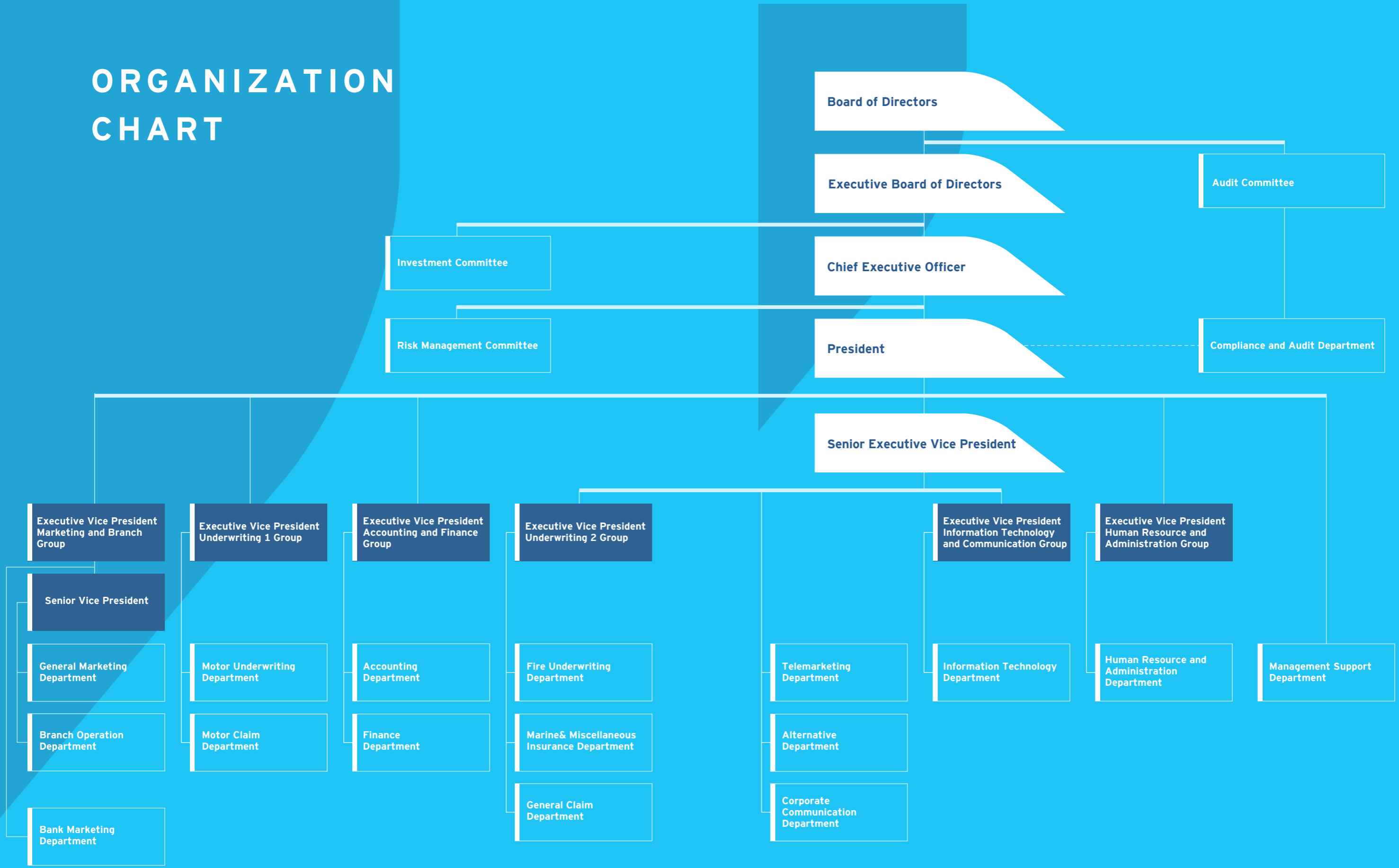


Joint activities with Krungthai Bank PCL: Joint Donation for Lunch Expense and Sports Equipment

Joint donation for lunch expense and sports equipment as well as luncheon for children were organized for Wat Obtom School (Obtom Wittaya Prachanukul) Moo 5, Baan Obtom, Tambon Yeeson, Amphoe Wisetchaicharn, Ang Thong province on Saturday 8th October 2016. The event was also joined by staffs from Collateral Function Department, Krungthai Bank.



ORGANIZATION CHART



Board of Directors

Executive Board of Directors

Audit Committee

Investment Committee

Chief Executive Officer

Risk Management Committee

President

Compliance and Audit Department

Senior Executive Vice President

Executive Vice President Marketing and Branch Group

Executive Vice President Underwriting 1 Group

Executive Vice President Accounting and Finance Group

Executive Vice President Underwriting 2 Group

Executive Vice President Information Technology and Communication Group

Executive Vice President Human Resource and Administration Group

Senior Vice President

General Marketing Department

Branch Operation Department

Bank Marketing Department

Motor Underwriting Department

Motor Claim Department

Accounting Department

Finance Department

Fire Underwriting Department

Marine & Miscellaneous Insurance Department

General Claim Department

Telemarketing Department

Alternative Department

Corporate Communication Department

Information Technology Department

Human Resource and Administration Department

Management Support Department

BUSINESS CHARACTERISTICS

The Company's main business is to insure all classes of Non - Life insurance which can be classified as follows :

1

FIRE INSURANCE

- Residential Fire Insurance
- Residential "Saving" Fire Insurance
- Commercial Fire Insurance

2

MARINE AND TRANSPORTATION INSURANCE

- Cargo Insurance (Sea & Air)
- Inland Transit Insurance
- Hull Insurance
- Carrier's Liability Insurance

3

MISCELLANEOUS INSURANCE

3.1 Accidental and Health Insurance

- Individual and Group Personal Accident Insurance
- Individual and Group Travel Accident Insurance
- Hospital Income Insurance
- Cancer Insurance
- Critical Illness Insurance

3.2 Commercial and Industrial Insurance

- Industrial All Risks Insurance
- Public Liability Insurance
- Business Interruption Insurance
- Leasehold Insurance
- SMEs Package Insurance

3.3 Contractor's Insurance

- Contractor's All Risks Insurance
- Erection All Risks Insurance
- Contractor's Plant and Machinery Insurance

3.4 Others

- Burglary Insurance
- Golfer's Indemnity Insurance

4

MOTOR INSURANCE

- Compulsory Motor Insurance
- Voluntary Motor Insurance Type 1
- Voluntary Motor Insurance Type 2
- Voluntary Motor Insurance Type 2+
- Voluntary Motor Insurance Type 3
- Voluntary Motor Insurance Type 3+

NETWORK SERVICES

HEAD OFFICE

1122 KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok 10400

Tel. 0 2624 1111

Fax. 0 2624 1234

KHON KAEN

138 / 27 - 28 Miltraphap Road, T.Naimuang, A.Muang, Khon Kaen 40000

Tel. 0 4334 8848, 0 4334 8850

Fax. 0 4334 8852

CHONBURI

64 / 32 - 33 M.4 Sukhumwit Road, T.Huaykapi, A.Muang, Chonburi 20130

Tel. 0 3838 1503, 0 3838 6497

Fax. 0 3838 1215

CHIANG MAI

9 / 17 - 18 M.3 Super Hiway Road, T.Changpuak, A.Muang, Chiang Mai 50300

Tel. 0 5340 9503-4

Fax. 0 5340 9505

CHIANG RAI

756 Phahon Yothin Road, T.Waing, A.Muang, Chiang Rai 57000

Tel. 0 5371 8373, 0 5371 8375

Fax. 0 5371 8376

NAKHON PATHOM

366 Tesa Road, T.Phra Prathon, A.Muang, Nakhon Pathom 73000

Tel. 0 3421 2125-6

Fax. 0 3421 1976

NAKHON RATCHASIMA

2112/12-13 Miltraphap Road, T.Naimuang, A.Muang, Nakhon Ratchasima 30000

Tel. 0 4435 1273-4

Fax. 0 4434 1275

NAKHON SI THAMMARAT

50, 52 Wandeekositkulporn Road, T.Naimuang, A.Muang, Nakhon Si Thannarat 80000

Tel. 0 7543 2150-1

Fax. 0 7543 2154

NAKHON SAWAN

605 / 390 - 2 M.10 Sai Nakhon Sawan-Phitsanulok Road, T.Nakhon Sawan Tuk, A.Muang, Nakhon Sawan 60000

Tel. 0 5623 1771-2

Fax. 0 5622 4561

PATTAYA

265 / 5 M.1 T.Banglamung, A.Banglamung, Chonburi 20150

Tel. 0 3819 6720-1

Fax. 0 3819 6722

PHITSANULOK

338 M. 2 Singhawat Road, T.Braklong, A.Muang, Phitsanulok 65000

Tel. 0 5523 1421-2

Fax. 0 5523 1424

PHUKET

22 / 3 - 4 Luongpovatchalong Road, T.Taladyai, A.Muang, Phuket 83000

Tel. 0 7623 2965-6

Fax. 0 7623 2967

MUKDAHAN

19 / 14 Charangoon Road, T.Mukdahan, A.Muang, Mukdahan 49000

Tel. 0 4261 1884-5

Fax. 0 4261 1886

ROI ET

84 / 8 - 9 Tevaphibal Road, T.Naimunag, A.Muang, Roi Et 45000

Tel. 0 4351 6727-8

Fax. 0 4351 6745

NETWORK SERVICES

(CONTINUED)

RAYONG

300 / 41 - 42 M. 5 T.Chengnean, A.Muang, Rayong 21000
Tel. 0 3891 5795
Fax. 0 3891 5645

LAMPANG

589 Super Highway Lampang-Ngao Road, T.Hua Wiang,
A.Muang, Lampang 52000
Tel. 0 5422 8261, 0 5422 8264
Fax. 0 5422 8115

SAKON NAKHON

59 / 24 I.T.U. Road, T.Thatcherngchoom, A.Muang,
Sakon Nakhon 47000
Tel. 0 4271 5682-3
Fax. 0 4271 5685

SARABURI

95 / 1 Pahon Yothin Road, T.Pak Phraio, A.Muang,
Saraburi 18000
Tel. 0 3621 1803, 0 3622 1975
Fax. 0 3631 0669

SUPHANBURI

292 - 292 / 1 M. 4 T.Sanamchai, A.Muang, Suphanburi 72000
Tel. 0 3550 1462-3
Fax. 0 3550 1465

SURIN

176 M. 6 T.Nokmuang A.Muang, Surin 32000
Tel. 0 4451 1461
Fax. 0 4451 1465

SURAT THANI

12 / 28 - 29 Bypass Road, T.Makhamtia, A.Muang,
Surat Thani 84000
Tel. 0 7726 4204-5
Fax. 0 7726 4206

HUA HIN

14 / 16 Petch Kasem Road, T.Hua Hin, A.Hau Hin,
Prachuab Khiri Khan 77110
Tel. 0 3254 7393, 0 3254 7399
Fax. 0 3254 7398

HADYAI

17, 19 Soi 10 Petch Kasem Road, T.Hadyai, A.Hadyai,
Songkhla 90110
Tel. 0 7434 5313, 0 7434 5315-6
Fax. 0 7434 5314

UDON THANI

969 / 30 - 31 M. 7 Soi Baannonpibon, Bypass Road,
T.Mak Khaeng, A.Muang, Udon Thani 41000
Tel. 0 422 2661-2
Fax. 0 4221 2665

UBON RATCHATHANI

233 Satidnimankan Road, T.Warinchamrap, A.Warinchamrap,
Ubon Ratchathani 34190
Tel. 0 4526 9281-2
Fax. 0-4526 9283

AUDIT COMMITTEE'S REPORT

Krungthai Panich Insurance Public Company Limited's Audit Committee consists of 3 directors as follows:

1. Prof. Dr. Pornchai Chunchachinda, the Committee's Chairman
2. Mrs. Valaiwan Srifuengfung, the Committee's member
3. Mr. Suwat Nestsawat, the Committee's member

The Audit Committee had performed their duty in accordance to the Audit Committee's Charter assigned by the Company's Board of Directors in lieu with the OIC's rules and regulations.

In 2016, the Audit Committee had convened six meetings to consider matters and issues in accordance to the scope of responsibilities including other duties that were assigned by the company's Board of Directors. All three of the Committee members were present at all meetings by consulting with the Management, the auditor and the internal auditor on the related agenda. The report of the Audit Committee was presented to the Board of Directors with main points as follows:

Review of Annual Financial Report

The review of 2016 Quarterly and annual financial report was conducted together with the auditor and the management from accounting department to discuss the validity of the financial report, financial adjustments effecting the financial report in order to ascertain that the accounting system and the financial report were produced according to general certified accounting standards with appropriate level of disclosure, its entirety and reliability.

Furthermore, at least one meeting was held with the auditor but without the management in order to discuss the independence in working process and in expressing opinion of the auditor. The auditor had already reported all issues found during the audit to the Audit Committee for consideration.

Transactions Relating to or with Possible Conflict of Interest

The review and the opinion on transactions relating to or with possible conflict of interest including the consideration for accurate and full public disclosure will adhere to the principles of transparency and appropriate disclosure and in complying with the principles of Good Corporate Governance.

Review of Risk Management

The Company's risk management policy and risk assessment for 2016 had been approved from the first meeting of the Company's Board of Directors on Monday 1 February 2016. The follow-up on the result of the risk management was discussed in the meeting between the management supporting team, who had taken responsibility in the Company's risk management quarterly. This was to ascertain that all aspects of the Company's risk management was appropriate, efficient and at an acceptable level.

Auditor Selection

Auditors who are knowledgeable, competent, experienced, trustworthy, independence and with appropriate remunerations had been selected for the Board of Directors' consideration and the appointment was presented in the company's shareholder meeting for approval.

AUDIT COMMITTEE'S REPORT

(CONTINUED)

Review the Effectiveness of the Internal Control System

The review of the internal control system for 2016 was conducted by KPMG Phoomchai Business Advisory Company including the follow-up on the improvement of the internal control system to ensure the adequacy and the effectiveness of the system.

Review of Regulations Compliance

The review of Regulations Compliance had been carried out by the Compliance Section to ascertain the validity of all transactions in accordance to the relevant law and regulations of the insurance industry. While meetings had been held together with the management of the department to ensure the conduct was abided by the law and regulations of the insurance industry.

Internal Audit Monitoring and Control

The Company had appointed the internal auditors from KPMG Phoomchai Business Advisory Company Limited to perform the audit and the review of the internal control system for 2016 including the follow-up on the audit to ascertain its validity according to the approved plan. Further recommendations had been put forward in order to increase proficiency in the business operation by coordinating with the Compliance Section to ascertain the quality of the Audit Committee. There was the review of the Audit Committee's Charter including individual self-evaluation, the Committee's work performance as a whole as well as the follow-up on the Committee's evaluation by Thai Institute of Director (IOD) to ensure the effectiveness of the Committee. As stated in the Audit Committee's Charter, the Committee must perform and achieve their appointed tasks with prudence, independence, honesty, transparency, accountability according to the Good Corporate Governance principles. The Committee had confidence that the Company's financial report, transactions pertaining to or with possible conflict of interest, and information disclosure were complete, reliable and in lieu with general certified accounting standards. The risk management and the internal control system were effective and satisfactory. The internal audit was independent and covered the high risk operation procedures and the audit procedures was in line with the auditing standards. Additionally, the Company has uphold the principles of Good Corporate Governance, and conducted its business in accordance to the industry's relevant law and regulations suitable to today's business environment.



Prof. Dr. Pornchai Chunhachinda
The Committee's Chairman

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Krungthai Panich Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Krungthai Panich Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krungthai Panich Insurance Public Company Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Notes 2 and 3.1 to the financial statements relating to the presentation of the Company's financial statements in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016, and the adoption of the revised and new accounting standards as issued by the Federation of Accounting Professions. My opinion is not modified in respect of these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Nonglak Pumnoi.



Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 29 March 2017

STATEMENTS OF FINANCIAL POSITION

Krungthai Panich Insurance Public Company Limited

As at 31 December 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015	1 January 2015
			(Restated)	
Assets				
Cash and cash equivalent	6	153,674,126	255,538,866	385,732,975
Premium receivables	7	271,091,122	305,518,664	447,160,719
Accrued investment income		15,703,679	23,690,421	25,050,783
Reinsurance assets	8	330,452,716	321,139,091	389,274,534
Reinsurance receivables	9	68,517,464	70,330,944	213,571,465
Investment assets				
Investments in securities	10	6,905,797,630	6,215,146,993	5,386,415,911
Loans	11	608,371	791,353	641,457
Investment properties	12	227,595,928	234,223,354	240,832,672
Property, buildings and equipment	13	702,264,186	717,736,232	752,504,027
Intangible assets	14	64,007,751	61,753,463	52,765,323
Other assets	16	221,291,442	95,276,103	106,274,487
Total assets		8,961,004,415	8,301,145,484	8,000,224,353

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

STATEMENTS OF FINANCIAL POSITION

(CONTINUED)

Krungthai Panich Insurance Public Company Limited
As at 31 December 2016

	Note	31 December 2016	31 December 2015	1 January 2015
			(Restated)	
Liabilities and equity				
Liabilities				
Insurance contract liabilities	17	2,129,363,464	2,142,013,953	2,047,176,599
Reinsurance payables	18	314,017,561	189,033,062	190,007,557
Income tax payable		40,832,971	112,345,575	94,329,406
Employee benefit obligations	19	37,500,694	34,874,696	30,268,929
Deferred tax liabilities	15	163,212,400	77,930,085	152,035,535
Premiums received in advance		275,738,279	353,691,005	344,400,575
Other liabilities	20	282,497,053	268,521,318	233,010,872
Total liabilities		3,243,162,422	3,178,409,694	3,091,229,473
Equity				
Share capital				
Registered				
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000	110,000,000
Issued and paid up				
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000	110,000,000
Premium on share capital		934,570,000	934,570,000	934,570,000
Retained earnings				
Appropriated				
Legal reserve	21	11,000,000	11,000,000	11,000,000
General reserve		249,120,176	249,120,176	213,583,186
Unappropriated		3,099,402,942	2,881,213,861	2,682,066,835
Other components of equity	10.3	1,313,748,875	936,831,753	957,774,859
Total equity		5,717,841,993	5,122,735,790	4,908,994,880
Total liabilities and equity		8,961,004,415	8,301,145,484	8,000,224,353

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

STATEMENTS OF COMPREHENSIVE INCOME

Krungthai Panich Insurance Public Company Limited
For the year ended 31 December 2016

	Note	2016	2015
			(Restated)
Income			
Gross premium written		3,064,506,629	3,063,487,726
Less: Premiums ceded to reinsurers		(482,096,260)	(352,942,200)
Net premium written		2,582,410,369	2,710,545,526
Add (less): Unearned premium reserves (increase) decrease			
from prior year		67,869,462	(99,630,167)
Net earned premium		2,650,279,831	2,610,915,359
Fee and commission income from reinsurers		111,008,839	91,700,295
Net investment income		244,138,228	232,750,782
Profit from investments		17,512,116	11,704,066
Other income		52,458,846	91,479,018
Total income		3,075,397,860	3,038,549,520
Expenses			
Claim expenses		1,310,244,464	1,260,871,671
Less: Claim recovery from reinsurers		(75,724,267)	(100,182,266)
Commission and brokerage expenses		410,271,399	428,953,632
Other underwriting expenses		439,897,783	422,060,672
Operating expenses	22	304,399,097	302,455,334
Total expenses		2,389,088,476	2,314,159,043
Profit before income tax expenses		686,309,384	724,390,477
Income tax expenses	15	(120,165,981)	(137,706,461)
Profit for the year		566,143,403	586,684,016

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

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

Krungthai Panich Insurance Public Company Limited
For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015 (Restated)
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Gain (loss) on changes in value of available-for-sale investments		471,146,402	(26,178,883)
Less: Income tax effect	15	(94,229,280)	5,235,777
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of tax (loss)		376,917,122	(20,943,106)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods			
Actuarial gain		5,057,098	-
Less: Income tax effect	15	(1,011,420)	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of tax		4,045,678	-
Total comprehensive income for the year (loss)		380,962,800	(20,943,106)
Total comprehensive income for the year		947,106,203	565,740,910
Earnings per share			
Basic earnings per share	25		
Profit for the year		51.47	53.33

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

STATEMENT OF CHANGES IN EQUITY

Krungthai Panich Insurance Public Company Limited
For the year ended 31 December 2016

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Other components of equity	Total
			Legal reserve	General reserve			
Balance as at 1 January 2015	110,000,000	934,570,000	11,000,000	213,583,186	2,682,066,835	957,774,859	4,908,994,880
Profit for the year	-	-	-	-	586,684,016	-	586,684,016
Other comprehensive income for the year	-	-	-	-	-	(20,943,106)	(20,943,106)
Comprehensive income for the year	-	-	-	-	586,684,016	(20,943,106)	565,740,910
Transferred to general reserve	-	-	-	35,536,990	(35,536,990)	-	-
Dividend paid (Note 26)	-	-	-	-	(352,000,000)	-	(352,000,000)
Balance as at 31 December 2015	110,000,000	934,570,000	11,000,000	249,120,176	2,881,213,861	936,831,753	5,122,735,790
Balance as at 1 January 2016	110,000,000	934,570,000	11,000,000	249,120,176	2,881,213,861	936,831,753	5,122,735,790
Profit for the year	-	-	-	-	566,143,403	-	566,143,403
Other comprehensive income for the year	-	-	-	-	4,045,678	376,917,122	380,962,800
Comprehensive income for the year	-	-	-	-	570,189,081	376,917,122	947,106,203
Dividend paid (Note 26)	-	-	-	-	(352,000,000)	-	(352,000,000)
Balance as at 31 December 2016	110,000,000	934,570,000	11,000,000	249,120,176	3,099,402,942	1,313,748,875	5,717,841,993

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

STATEMENTS OF CASH FLOWS

Krungthai Panich Insurance Public Company Limited
For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
		(Restated)
Cash flows from operating activities		
Direct premium written	2,980,927,289	3,150,715,577
Cash paid for reinsurance	(84,330,805)	(44,937,714)
Interest income	85,184,987	101,577,246
Dividend income	166,939,982	132,533,898
Other income	49,987,438	87,039,515
Gross claims on direct insurance	(1,307,002,467)	(1,152,233,929)
Commissions and brokerages on direct insurance	(408,276,343)	(403,599,110)
Other underwriting expenses	(432,047,720)	(423,610,566)
Operating expenses	(362,225,159)	(152,281,032)
Corporate income tax	(201,285,499)	(188,566,770)
Investments in securities	(655,249,848)	(579,643,782)
Loan	182,982	(149,896)
Deposits at financial institutions	460,475,906	(273,475,423)
Net cash from operating activities	293,280,743	253,368,014
Cash flows from investing activities		
Purchase of property and equipment	(35,940,197)	245,670
Disposals of property and equipment	2,803,931	(16,406,717)
Purchase of intangible assets	(10,021,633)	(15,324,827)
Net cash used in investing activities	(43,157,899)	(31,485,874)
Cash flows from financing activities		
Dividend paid	(351,987,584)	(352,076,249)
Net cash used in financing activities	(351,987,584)	(352,076,249)
Net decrease in cash and cash equivalents	(101,864,740)	(130,194,109)
Cash and cash equivalents at beginning of year	255,538,866	385,732,975
Cash and cash equivalents at end of year (Note 6)	153,674,126	255,538,866

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

NOTES TO INTERIM FINANCIAL STATEMENTS

Krungthai Panich Insurance Public Company Limited
For the year ended 31 December 2016

1. GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Krung Thai Bank Public Company Limited, existing under Thai laws. The Company is principally engaged in the provision of non-life insurance. The registered office of the Company is at 1122, KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016, which became effective as from 1 January 2016 onwards. Such format of the financial statements has been changed and as a result items in the statements of financial position, statement income, comprehensive income and cash flows of the prior year, presented as comparative information, have needed reclassified to be consistent with the current year’s classifications. In addition, the statement of financial position as at 1 January 2015 is also presented as comparative information.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statement, significant accounting policies.

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

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal year beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. The Financial Reporting Standards that has key changes in principle and directly relates to the Company are as follows:

IFRS 4 (revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (IFRS 4) is to specify the financial reporting for insurance contracts issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited improvements to accounting for insurance contracts until the second phase of the project on insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. In addition, it requires insurers to test for the adequacy of recognised insurance liabilities and perform an impairment test for reinsurance assets, and require insurers to keep insurance liabilities in the statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. This standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this financial reporting standard also deals with the nature of insurance contracts and requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements, and the nature and scope of the insurance risk arising from insurance contracts.

The first time adoption of this standard has no significant impact on the Company's financial statements, since the Company's management has already reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the stipulations on recording of claim reserves, liability adequacy testing for recognised insurance liabilities, impairment testing for reinsurance assets and recording insurance contract liabilities have no impact on the Company's financial statements since the Company has always implemented these before this standard became effective.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the Company's financial statements when they are initially applied.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

(a) Premium income

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

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than one year, related premium is recorded as "premium received in advance", and recognised as income over the coverage period each year.

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

(b) Fee and commission income from reinsurers

Fee and commission income from reinsurers are recognised as income when services have been rendered.

Fee and commission income from reinsurers with coverage periods longer than one year are recorded as unearned items and recognised as income over the coverage period each year.

(c) Interest and dividend income

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

(d) Gain (loss) on investment

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

(e) Interest on loan

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

4.2 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expenses when the insurance risk is transferred to another insurer.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expenses and recognised as expenses over the coverage period.

(b) Claims and loss adjustment expenses

Claims and loss adjustment expenses consist of claims and loss adjustment expenses of direct insurance and reinsurance for both reported and not reported, and include the amounts of claims, related expenses, and claims adjustments of current and prior periods incurred during the year, less residual value and other recoveries (if any), and claims recovery from reinsurers.

Claims recovery from reinsurers are recognised when claims and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.

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

Claims and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

(c) Commission and brokerage fees expenses

Commissions and brokerage fees are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepayment items and recognised as expenses over the coverage period.

(d) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(e) Operating expenses

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

4.3 Classification of insurance contracts

The Company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an assessment of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance for doubtful accounts

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

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

4.6 Reinsurance assets

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claims in accordance with the law regarding insurance reserve calculation, and unearned premium reserves.

The Company records allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience, aging and the status of receivables from reinsurers as at the end of reporting period. Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

4.7 Reinsurance receivables and due to reinsurers

- (a) Receivables from reinsurance contracts consist of amounts due from reinsurers and amounts deposits on reinsurance.

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

- (b) Amounts due to reinsurers consist of amounts withheld on reinsurance and reinsurance payable.

Reinsurance payable consist of reinsurance premiums and other items payable to reinsurers, excluding loss reserves.

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

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

4.6 Investments in securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.

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

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

The fair value of marketable securities is based on the latest bid price of the last working day of the year of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at reclassification date. The difference between carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

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

4.9 Loans and allowance for doubtful accounts

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

4.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 40 years. Depreciation of the investment properties is included in determining income.

4.11 Property, buildings and equipment and depreciation

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

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

Buildings, Building improvement	10 - 40 years
Office furniture, fixture and equipment	5 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

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

4.12 Intangible assets

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

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

The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 10 years.

4.13 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.14 Insurance contract liabilities

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

(a) Claim reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Claim 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 claim 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) Premium reserves

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

(1) 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	-	A daily average basis

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

(2) Unexpired risk reserve

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

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

4.16 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income, and for other long-term benefits are immediately recognised in profit or loss.

4.18 Provisions

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

4.19 Income tax

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

Current tax

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

Deferred tax

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

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

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

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

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

5.1 Leases

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

5.2 Allowance for doubtful accounts

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

5.3 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.4 Impairment of equity investments

The Company treats investments as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

5.5 Property, buildings and equipment and depreciation

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

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

5.6 Intangible assets

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

5.7 Claim reserves and outstanding claims

At the end of each reporting period, the Company has to estimate claim reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, claims incurred and paid, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.8 Unexpired risk reserve

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

5.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.10 Post-employment benefits under defined benefit plans

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

5.11 Litigation

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

6. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	2016	2015
Cash on hand	1,741,005	1,748,801
Deposits at banks with no fixed maturity date	151,933,121	253,790,065
Total cash and deposits at banks	153,674,126	255,538,866

As at 31 December 2016, saving account carried interest between 0.13 and 1.25 percent per annum (2015: between 0.13 and 3.30 percent per annum).

7. PREMIUM RECEIVABLES

The balances as at 31 December 2016 and 2015 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2016	2015
Not yet due	223,196,306	258,880,749
Not over 30 days	30,847,238	32,117,779
Over due 30 days to 60 days	10,178,885	5,053,710
Over due 60 days to 90 days	2,875,958	3,647,300
Overdue longer than 90 days	17,154,618	18,858,094
Total premium receivables	284,253,005	318,557,632
Less: Allowance for double account	(13,161,883)	(13,038,968)
Premium receivables - net	271,091,122	305,518,664

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

8. REINSURANCE ASSETS

(Unit: Baht)

	2016	2015
Insurance reserve refundable from reinsurers		
Loss reserves	76,039,164	186,461,348
Unearned premium reserves	254,413,552	134,677,743
Total reinsurance assets	330,452,716	321,139,091

9. REINSURANCE RECEIVABLES

(Unit: Baht)

	2016	2015
Amount withheld from reinsurers	2,609,477	2,907,241
Amounts due from reinsurers	65,907,987	67,423,703
Total reinsurance receivables	68,517,464	70,330,944

The balances as at 31 December 2016 and 2015 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2016	2015
Not yet due	3,609,736	34,544,660
Not over 12 months	43,575,639	15,856,683
Over 1 year to 2 years	18,722,612	17,022,360
Total amounts due from reinsurers	65,907,987	67,423,703

10. INVESTMENTS IN SECURITIES

10.1 Classified by type of investments

(Unit: Baht)

	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	14,306,523	14,945,000	-	-
Total	14,306,523	14,945,000	-	-
Add: Unrealised gains	638,477	-	-	-
Trading investments	14,945,000	14,945,000	-	-
Available-for-sale investments				
Government and state enterprise securities	69,822,988	71,045,541	163,080,211	165,222,989
Private enterprises debt securities	991,056,493	1,006,940,379	1,210,409,547	1,239,469,492
Equity securities	581,420,388	2,194,436,837	583,365,301	1,782,144,571
Unit trusts	2,632,129,063	2,639,892,269	1,708,421,485	1,649,479,184
Total	4,274,428,932	5,912,315,026	3,665,276,544	4,836,316,236
Less: Allowance for impairment	(4,300,000)	-	-	-
Add: Unrealised gains	1,642,186,094	-	1,171,039,692	-
Total available-for-sale investments	5,912,315,026	5,912,315,026	4,836,316,236	4,836,316,236
Held-to-maturity investments				
Government and state enterprise securities	30,000,000		49,892,658	
Private enterprises debt securities	258,578,394		178,502,983	
Deposits at banks	678,980,000		1,139,455,906	
Total held-to-maturity investments	967,558,394		1,367,851,547	
Other investments				
Equity securities	27,672,460		27,672,460	
Less: Allowance for impairment	(16,693,250)		(16,693,250)	
Total other investments	10,979,210		10,979,210	
Total investments in securities	6,905,797,630		6,215,146,993	

10.2 Maturity of debt securities

Investments in debt securities and deposit at financial institutions as at 31 December 2016 and 2015 will be matured redemption as follows:

(Unit: Baht)

	2016			
	Period to maturity			Total
	1 year	1 - 5 years	Over 5 years	
Available-for-sale investments				
Government and state enterprise securities	21,068,209	48,754,779	-	69,822,988
Private enterprises debt securities	520,574,721	470,481,772	-	991,056,493
Total	541,642,930	519,236,551	-	1,060,879,481
Add: Unrealised gains	6,121,245	10,985,194	-	17,106,439
Total available-for-sale investments	547,764,175	530,221,745	-	1,077,985,920
Held-to-maturity investments				
Government and state enterprise securities	-	30,000,000	-	30,000,000
Private enterprises debt securities	258,578,394	-	-	258,578,394
Deposits at banks	527,180,000	151,800,000	-	678,980,000
Total held-to-maturity securities	785,758,394	181,800,000	-	967,558,394

(Unit: Baht)

	2015			
	Period to maturity			Total
	1 year	1 - 5 years	Over 5 years	
Available-for-sale investments				
Government and state enterprise securities	100,015,328	31,167,686	31,897,197	163,080,211
Private enterprises debt securities	351,041,502	859,368,045	-	1,210,409,547
Total	451,056,830	890,535,731	31,897,197	1,373,489,758
Add: Unrealised gains	3,822,241	26,896,729	483,753	31,202,723
Total available-for-sale investments	454,879,071	917,432,460	32,380,950	1,404,692,481
Held-to-maturity investments				
Government and state enterprise securities	19,892,658	30,000,000	-	49,892,658
Private enterprises debt securities	178,502,983	-	-	178,502,983
Deposits at banks	1,138,455,906	1,000,000	-	1,139,455,906
Total held-to-maturity securities	1,336,851,547	31,000,000	-	1,367,851,547

10.3 Other components of equity - revaluation surplus on changes in value of investments

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	936,831,753	957,774,859
Changes during the year		
Unrealised gain (loss) during the year	488,694,630	(13,786,620)
Realised gain that included in statement of income	(17,548,228)	(12,392,263)
Relating income tax	(94,229,280)	5,235,777
Net comprehensive income for the year	376,917,122	(20,943,106)
Balance - end of the year	1,313,748,875	936,831,753

10.4 Investments subject to restriction

As at 31 December 2016 and 2015, the Company has placed the following securities as collateral.

(Unit: Million Baht)

	2016	2015
Fixed deposits have been pledged with the Court	2.0	3.6
Saving lottery have been pledged with the Court	2.6	-
Bank quarantines issued by the banks as required in the normal course of business	5.0	5.0
Bonds have been pledged as a security in the electricity usage	3.4	3.3
Total	13.0	11.9

The Company pledged its securities with the Registrar as discussed in Notes 28 and 29 to the financial statements.

On 15 June 2016, the authorised directors of the Company approved the reclassification of all equity securities under private funds from available-for-sale investment to trading investment for profit from trading activities. The Company recorded the difference between the carrying amount and fair value as of the reclassification date, amounting to Baht 0.8 million, as gain on reclassification of investment in the statement of comprehensive income for the nine-month year ended 31 December 2016.

11. LOANS

As at 31 December 2016 and 2015, the balances of loans are aged by principal as follows:

(Unit: Baht)

Outstanding period	Loans provided to employees	
	2016	2015
Not yet due	608,371	791,353

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. The interest rates for the loans charge at the rates of 6.50 - 8.50 percent per annum. As at 31 December 2016, loans to the Company's employees Baht 0.6 million (2015: Baht 0.8 million). At the end of year the Company has no accrued interest.

12. INVESTMENT PROPERTIES

The investment properties of the Company, which are offices for rent, as at 31 December 2016 and 2015 are presented below.

(Unit: Million Baht)

Name of project	2016		2015	
	Cost	Fair values	Cost	Fair values
KPI Tower	227.6	322.9	234.2	323.4
Total	227.6	322.9	234.2	323.4

The fair values of the above investment properties, office building for rent, have been determined based on valuations performed by an accredited independent valuer. The fair value of the office building for rent has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

A reconciliation of the net book value of investment properties for the years ended 31 December 2016 and 2015 is presented below.

(Unit: Baht)

	2016	2015
Cost	264,553,784	264,553,784
Less: Accumulated depreciation	(36,957,856)	(30,330,430)
Net book value	227,595,928	234,223,354

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Net book value at beginning of the years	234,223,354	240,832,672
Depreciation charged	(6,627,426)	(6,609,318)
Net book value at end of the years	227,595,928	234,223,354

Revenues and expenses related to investment properties are recognised in profits or losses as below:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Rental income	36,627,304	33,318,200
Direct operating expenses which caused rental income	21,814,828	18,296,432

13. PROPERTY, BUILDINGS AND EQUIPMENT

(Unit: Baht)

	Land	Buildings and Buildings improvement	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost						
1 January 2015	250,373,250	539,123,853	185,820,960	27,364,223	560,000	1,003,242,286
Additions	3,030,000	2,148,360	1,426,835	1,673,900	8,124,943	16,404,038
Transfers in (out)	-	7,783,997	-	-	(7,783,997)	-
Disposals / write-off	-	-	(3,410,429)	(954,000)	-	(4,364,429)
31 December 2015	253,403,250	549,056,210	183,837,366	28,084,123	900,946	1,015,281,895
Additions	-	348,962	9,382,759	10,243,449	15,965,027	35,940,197
Transfers in (out)	-	6,619,970	3,764,048	-	(10,384,018)	-
Transfers type of asset	-	-	245,000	-	-	245,000
Disposals / write-off	-	(376,350)	(11,149,337)	(12,988,523)	-	(24,514,210)
31 December 2016	253,403,250	555,648,792	186,079,836	25,339,049	6,481,955	1,026,952,882
Accumulated depreciation						
1 January 2015	-	121,728,480	111,904,444	17,105,335	-	250,738,259
Depreciation on disposals	-	-	(3,410,391)	(953,999)	-	(4,364,390)
Depreciation for the year	-	24,695,979	23,436,278	3,039,537	-	51,171,794
31 December 2015	-	146,424,459	131,930,331	19,190,873	-	297,545,663
Depreciation on disposals	-	(376,346)	(11,036,481)	(12,872,058)	-	(24,284,885)
Depreciation for the year	-	25,395,846	22,290,972	3,741,100	-	51,427,918
31 December 2016	-	171,443,959	143,184,822	10,059,915	-	324,688,696
Net book value						
31 December 2015	253,403,250	402,631,751	51,907,035	8,893,250	900,946	717,736,232
31 December 2016	253,403,250	384,204,833	42,895,014	15,279,134	6,481,955	702,264,186
Depreciation for the year						
2015						51,171,794
2016						51,427,918

As at 31 December 2016, certain motor vehicles and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets amounted to approximately Baht 133.5 million (2015: Baht 110.0 million).

14. INTANGIBLE ASSETS

(Unit: Baht)

	Computer software	Work in process	Total
Cost			
1 January 2015	68,398,708	51,445,261	119,843,969
Additions	1,190,640	14,134,187	15,324,827
Transfers in (out)	20,200,600	(20,200,600)	-
31 December 2015	89,789,948	45,378,848	135,168,796
Additions	465,799	10,122,833	10,588,632
Transfer in (out)	8,412,900	(8,412,900)	-
Transfers type of asset	-	(245,000)	(245,000)
Write-off	-	(442,052)	(442,052)
31 December 2016	98,668,647	46,401,729	145,070,376
Amortisation			
1 January 2015	31,227,916	-	31,227,916
Amortisation on write-off for the year	6,336,688	-	6,336,688
31 December 2015	37,564,604	-	37,564,604
Amortisation on write-off for the year	7,647,292	-	7,647,292
31 December 2016	45,211,896	-	45,211,896
Allowance for impairment loss:			
1 January 2015	-	35,850,729	35,850,729
31 December 2015	-	35,850,729	35,850,729
31 December 2016	-	35,850,729	35,850,729
Net book value			
2015	52,225,344	9,528,119	61,753,463
2016	53,456,751	10,551,000	64,007,751

As at 31 December 2016, the Company has computer software which has been fully amortised but are still in use, with the gross carrying amount before deducting accumulated amortisation, amounting to approximately Baht 20.9 million (2015: 20.9 million).

15. DEFERRED TAX LIABILITIES/INCOME TAX EXPENSES

Corporate income tax was calculated on profit before income tax for the year, using the estimated effective tax rate for the year. Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Baht)

	2016	2015
Current income tax:		
Current corporate income tax charge	130,124,366	206,576,134
Deferred tax:		
Relating to origination and reversal of temporary differences	(9,958,385)	(68,869,673)
Income tax expense reported in the statements of comprehensive income	120,165,981	137,706,461

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Deferred tax relating to:		
Gain (loss) on changes in value of available-for-sale investments	(94,229,280)	5,235,777
Actuarial gain	(1,011,420)	-
Total comprehensive income for the year (loss)	(95,240,700)	5,235,777

Reconciliation between the accounting profits and income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	2016	2015
Accounting profits before income tax expenses	686,309,384	724,399,477
Applicable corporate income tax rates	20%	20%
Income taxes at the applicable corporate income tax rates	137,261,877	144,878,096
Adjustment of prior year's corporate income tax	-	(242,201)
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(17,095,896)	(6,929,434)
Income tax expenses reported in the statements of comprehensive income	120,165,981	137,706,461

As of 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	2016	2015
Deferred tax assets		
Allowance for doubtful accounts	2,632,377	2,607,794
Allowance for loss on impairment of investments	4,198,650	3,338,650
Allowance for loss on impairment of assets	7,170,146	7,170,146
Premium reserves	27,694,924	31,018,004
Provision for losses incurred but not yet reported (IBNR)	22,767,437	19,778,268
Loss reserves	89,295,284	82,259,134
Employee benefit obligations	7,500,138	6,974,939
Difference between accounting and taxation relating to depreciation expenses	4,093,558	3,130,918
Total	165,352,514	156,277,853
Deferred tax liabilities		
Gains on changes in values of investments - trading securities	(127,696)	-
Gains on changes in values of investments - available-for-sale securities	(328,437,218)	(234,207,938)
Total	(328,564,914)	(234,207,938)
Deferred tax liabilities - net	(163,212,400)	(77,930,085)

16. OTHER ASSETS

(Unit: Baht)

	2016	2015
Input VAT returned	26,431,830	5,977,398
Advance to employees	5,562,353	1,005,026
Prepaid commission expenses	53,541,812	59,904,115
Deposits and guarantee	5,631,615	8,097,403
Prepaid expenses	8,338,111	4,358,388
Deposits on rice field insurance scheme	114,881,623	-
Others	6,904,098	15,933,773
Total other assets	221,291,442	95,276,103

17. INSURANCE CONTRACT LIABILITIES

(Unit: Baht)

	Note	2016		Net
		Insurance contract liabilities	Reinsurance on liabilities	
Loss reserves				
Claims incurred and reported		571,210,060	(57,575,265)	513,634,795
Claims incurred but not reported		132,301,085	(18,463,899)	113,837,186
Total loss reserves	17.1	703,511,145	(76,039,164)	627,471,981
Premium reserves				
Unearned premium reserve	17.4	1,425,852,319	(254,413,552)	1,171,438,767
Total		2,129,363,464	(330,452,716)	1,798,910,748

(Unit: Baht)

	Note	2015		Net
		Insurance contract liabilities	Reinsurance on liabilities	
Loss reserves and outstanding claims				
Claims incurred and reported		639,643,536	(156,968,242)	482,675,294
Claims incurred but not reported		128,384,445	(29,493,106)	98,891,339
Total loss reserves	17.1	768,027,981	(186,461,348)	581,566,633
Premium reserves				
Unearned premium reserve	17.4	1,373,985,972	(134,677,743)	1,239,308,229
Total		2,142,013,953	(321,139,091)	1,820,874,862

During the years 2016 and 2015, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, the management still requires to disclose insurance contract liabilities on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Loss reserves

(Unit: Baht)

	2016	2015
Balances - beginning of the year	768,027,981	761,644,783
Claims incurred in the current accident year	1,304,462,153	1,270,666,980
Change in claim reserves	(2,050,971)	(31,196,921)
Change in assumption for calculating claim reserves	7,833,282	21,401,612
Claims paid during the year	(1,374,761,300)	(1,254,488,473)
Balance - end of the year	703,511,145	768,027,981

As at 31 December 2016 and 2015, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve under such contracts of Baht 39.4 million and Baht 60.5 million, respectively.

17.2 Claims development table

(a) Gross claims table

(Unit: Baht)

Accident year/Reporting year	Prior year 2012	2012	2013	2014	2015	2016	Total
Claims estimates:							
- As at accident year	3,391,036,469	1,422,782,055	1,351,491,271	1,189,977,226	1,247,299,384	1,376,515,340	
- Next one year	3,489,346,479	1,403,195,035	1,374,129,756	1,185,185,376	1,276,215,842		
- Next two years	3,476,253,921	1,371,801,606	1,348,257,836	1,159,529,873			
- Next three years	3,477,964,519	1,378,827,846	1,352,012,680				
- Next four years	3,475,625,028	1,382,513,635					
- Next five years	3,482,427,953						
Ultimate claims reserves	3,482,427,953	1,382,513,635	1,352,012,680	1,159,529,873	1,276,215,842	1,376,515,340	10,029,215,323
Cumulative payment to date	(3,471,239,211)	(1,377,903,345)	(1,340,038,177)	(1,147,468,721)	(1,221,261,831)	(827,429,322)	(9,385,340,607)
Total claims reserves	11,188,742	4,610,290	11,974,503	12,061,152	54,954,011	549,086,018	643,874,716
Unallocated loss adjustment expenses							16,104,299
Claim for inward treaty							35,298,060
Other claim reserve							8,234,070
Total claim reserves and outstanding claims before reinsurance							703,511,145

(b) Net claims table

(Unit: Baht)

Accident year/Reporting year	Prior year 2012	2012	2013	2014	2015	2016	Total
Claims estimates:							
- As at accident year	2,540,401,556	931,887,715	1,155,312,917	1,127,980,157	1,128,821,373	1,272,928,448	
- Next one year	2,551,224,934	958,777,292	1,192,527,613	1,122,411,439	1,163,575,187		
- Next two years	2,541,497,790	935,169,755	1,167,361,853	1,096,003,277			
- Next three years	2,543,575,174	942,594,657	1,173,202,737				
- Next four years	2,542,741,787	946,350,320					
- Next five years	2,545,930,891						
Ultimate claims reserves	2,545,930,891	946,350,320	1,173,202,737	1,096,003,277	1,163,575,187	1,272,928,448	8,197,990,860
Cumulative payment to date	(2,541,793,857)	(941,802,217)	(1,162,808,092)	(1,084,966,052)	(1,110,917,351)	(787,867,739)	(7,630,155,308)
Total claims reserves	4,137,034	4,548,103	10,394,645	11,037,225	52,657,836	485,060,709	567,835,552
Unallocated loss adjustment expenses							16,104,299
Claim for inward treaty							35,298,060
Other claim reserve							8,234,070
Total claim reserves and outstanding claims after reinsurance							627,471,981

17.3 Assumption

Assumptions for insurance contract liabilities are as follows:

(a) Assumptions regarding incurred claim and paid claim development

The incurred claim development method assumes that the relative change in a given accident quarter's cumulative incurred claim estimates from one development quarter to the next is constant, which can imply that the relative adequacy of the Company's outstanding reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported and paid. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter and to estimate the ultimate loss.

The paid claim development method assumes that the relative change in a given accident quarter's cumulative paid claims from one development quarter to the next is constant, which can imply that there are no material changes in the rate at which claims have been paid. However, the paid claim development method could lead to erratic and unreliable projections if the coverage payment is delayed because the movement in claim payments during the initial period is too small. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter, and to estimate the ultimate loss. This method differs from the incurred claim development method in that the Company's case reserves are excluded from the analysis. As a result, this method has the advantage of avoiding the distortions which might be reflected in the incurred claim development method from abnormal reserve increases or decreases due to either changes to reserve policy or errors in determination of claim reserve.

The appropriate development factors are selected by referring to the historical development pattern, observed trends in historical claim development, changes in claim management personnel or policy, changes in underwriting control, and reinsurance arrangements. However, the calculation does not reflect the time value of money. For inward treaty reinsurance, the IBNR reserve is calculated by assuming the IBNR reserve and case reserve of treaty business share a similar relationship with the direct business.

(b) Assumptions regarding unallocated loss adjustment expenses (ULAE)

The ratio of unallocated loss adjustment expenses (ULAE) to the total gross claims paid is based on the historical information for the period from 2011-2016, and selected to broadly reflect the Company's actual experience in the past few years, taking into consideration any observed trends and distortion as a result of the 2011 floods. The assumption that half of the unallocated claims expenses are incurred when the claims file is opened and the remaining half are incurred when the claims are closed is used to derive the ULAE liability.

17.4 Unearned premium reserve

(Unit: Baht)

	2016	2015
Beginning balance	1,373,985,972	1,285,531,816
Premium written for the year	3,064,506,629	3,063,487,726
Premium earned for the current year	(3,012,640,282)	(2,975,033,570)
Ending balance	1,425,852,319	1,373,985,972

18. DUE TO REINSURERS

(Unit: Baht)

	2016	2015
Outward premium payables	101,874,353	74,296,780
Amounts withheld on reinsurance	196,500,042	99,920,784
Others reinsurance payables	15,643,166	14,815,498
Total due to reinsurers	314,017,561	189,033,062

19. EMPLOYEE BENEFIT OBLIGATIONS

(Unit: Baht)

	2016	2015
Long-term employee benefit	37,500,694	34,874,696

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

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Provision for long-term employee benefits at beginning of year	34,874,696	30,268,929
Current service cost	4,234,028	3,825,018
Interest cost	1,572,088	1,408,349
Loss from benefits paid	3,200,080	-
Actuarial (gain) loss arising from		
Demographic assumptions changes	(3,366,828)	-
Financial assumptions changes	3,336,783	-
Experience adjustments	(5,027,053)	-
Benefits paid during the year	(1,323,100)	(627,600)
Provision for long-term employee benefits at end of year	37,500,694	34,874,696

Long-term benefit expense included in the profit or loss was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Current service cost	4,234,028	3,825,018
Interest cost	1,572,088	1,408,349
Loss from benefits paid	3,200,080	-
Total expense recognised in profit or loss	9,006,196	5,233,367

The Company expects to pay Baht 0.6 million of long-term employee benefits during the next year (2015: Baht 1.3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2015: 15 years).

Principal actuarial assumptions at the valuation date were as follows:

	2016	2015
	(% Per annum)	(% Per annum)
Discount rate	3.06	4.20
Future salary increase rate	6.60	6.50
Staff turnover rate (depending on age)	0 - 27.00	0 - 25.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	2016			
	Change	Increase Amount (decrease)	Change	Increase Amount (decrease)
Discount rate	Increase 1%	(2.98)	Decrease 1%	3.42
Salary increase rate	Increase 1%	3.21	Decrease 1%	(2.86)
Turnover rate	Increase 20%	(3.25)	Decrease 20%	4.08

(Unit: Million Baht)

	2015			
	Change	Increase Amount (decrease)	Change	Increase Amount (decrease)
Discount rate	Increase 1%	(2.97)	Decrease 1%	3.42
Salary increase rate	Increase 1%	3.97	Decrease 1%	(3.49)
Turnover rate	Increase 20%	(3.34)	Decrease 20%	4.11

20. OTHER LIABILITIES

(Unit: Baht)

	2016	2015
Accrued commission expense	69,199,304	106,551,394
Accounts payable - others	57,439,367	67,742,394
Accounts payable - Revenue Department	7,133,675	18,548,190
Accrued contribution to the Victims Compensation Fund	1,892,035	1,553,525
Accounts payable - construction guarantee	75,000	75,000
Undue output tax	9,807,953	8,889,664
Accrued expenses	74,336,433	41,305,262
Endorsement payable	18,754,361	15,133,800
Accrued bonus	33,135,308	-
Dividend payable	505,563	-
Others	10,218,054	8,722,089
Total other liabilities	282,497,053	268,521,318

21. STATUTORY RESERVE

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

22. OPERATING EXPENSES

(Unit: Baht)

	2016	2015
Personnel expenses	128,191,295	111,748,143
Premises and equipment expenses	87,160,902	71,260,451
Taxes and duties	10,563,381	17,028,475
Bad debts and doubtful accounts	122,915	32,133,978
Other operating expenses	78,360,604	70,284,287
Total operating expenses	304,399,097	302,455,334

23. EXPENSES BY NATURE

Expense by nature are comprised significant expense as follows:

(Unit: Baht)

	2016	2015
Claims expenses	1,173,553,540	1,107,778,519
Personnel expenses	307,601,657	278,160,059
Commissions and brokerage expenses	410,271,399	428,953,632
Other underwriting expenses	142,669,921	157,591,709
Premises and equipment expenses	139,517,112	135,682,489
Promotion expenses	79,484,319	38,876,685
Other expenses	135,990,528	167,115,950
Total expenses	2,389,088,476	2,314,159,043

24. PROVIDENT FUND

The Company and its employees jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the employees and the Company contribute to the fund monthly, at rates ranging from 3% to 7% of the employees' basic salaries, based on the length of employment. The fund which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 9.4 million (2015: Baht 8.9 million) to the fund.

25. EARNINGS PER SHARE

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

26. DIVIDEND PAID

Dividend declared during the periods 2016 and 2015 consist of the following:

Approved by		Total Dividend	Dividend per share
		(Million Baht)	(Baht)
The interim dividend for 2016	Meeting of Board of Directors on 28 September 2016	110	10
Final dividends for 2015	Annual General Meeting of the Shareholder on 19 April 2016	242	22
Total dividend for the period 2016		352	32
The interim dividend for 2015	Meeting of Board of Directors on 30 September 2015	110	10
Final dividends for 2014	Annual General Meeting of the Shareholder on 17 April 2015	242	22
Total dividend for the period 2015		352	32

27. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
Krung Thai Bank Plc.	Related by way of shareholding
Thai Reinsurance Plc.	Related by way of common directors and shareholding
Dhipaya Insurance Plc.	Related by way of shareholding
Rabidham Co., Ltd	Related by way of shareholding
Krungthai Card Plc.	Related by way of common directors

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

(Unit: Baht)

	For the years ended 31 December		Pricing policy
	2016	2015	
Premium written	1,178,064,297	853,038,651	Normal commercial terms for underwriting for major customers
Premium ceded	21,317,851	31,094,928	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Inward premium	3,527,918	10,230,866	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Fee and commission income	4,205,972	3,671,029	At a mutually agreed percentage of premium written
Claim recoverable from reinsurer	4,525,661	(267,523)	At a mutually agreed percentage of reinsurance premium
Commissions and brokerages	139,076,029	75,314,148	At a mutually agreed percentage of premium written
Claim payment	791,711	1,169,372	Normal commercial terms for underwriting
Interest income - deposits at bank, promissory notes and debentures	11,421,493	20,071,203	Same as financial institutions and related companies offer to other customers
Dividend income	83,150,550	68,310,450	The declared amount
Other fees	16,282,791	5,637,628	Mutually agreed

The Company had the following significant balances of assets and liabilities with its related companies.

(Unit: Baht)

	2016		2015	
	Cost	Fair value	Cost	Fair value
Investments in listed stocks				
Thai Reinsurance Plc.	82,525,447	68,784,762	82,525,447	90,610,696
Dhipaya Insurance Plc.	203,393,196	1,505,500,050	203,393,196	1,116,017,450
Krung Thai Bank Plc.	17,464,590	17,600,000	17,464,590	16,700,000
	<u>303,383,233</u>	<u>1,591,884,812</u>	<u>303,383,233</u>	<u>1,223,328,146</u>
Investments in debentures				
Krung Thai Bank Plc.	-	-	20,000,000	20,000,000
Krungthai Card Plc.	170,250,459	174,315,494	221,302,060	229,542,023
	<u>170,250,459</u>	<u>174,315,494</u>	<u>241,302,060</u>	<u>249,542,023</u>

(Unit: Baht)

	2016	2015
Investments in non-listed stocks		
Rabidham Co., Ltd.	595,650	595,650
Investments in notes		
Krungthai Card Plc.	-	79,488,027
Deposits at financial institution		
Krung Thai Bank Plc.	82,269,536	178,860,189
Premium receivables		
Krung Thai Bank Plc.	178,226,428	177,890,056
Accrued investment income		
Krung Thai Bank Plc.	48,563	400,966
Krungthai Card Plc.	1,117,808	1,466,810
	<u>1,166,371</u>	<u>1,867,776</u>
Amounts due from reinsurers		
Thai Reinsurance Plc.	5,406,399	3,450,764
Dhipaya Insurance Plc.	3,767,399	14,774,497
	<u>9,173,798</u>	<u>18,225,261</u>

(Unit: Baht)

	2016	2015
Outward premium payables		
Thai Reinsurance Plc.	10,663,989	4,527,472
Dhipaya Insurance Plc.	524,917	15,290,932
	<u>11,188,906</u>	<u>19,818,404</u>
Accrued commission		
Krung Thai Bank Plc.	26,107,749	28,977,410

Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses to its directors and management as below.

(Unit: Baht)

	2016	2015
Short-term employee benefits	85,553,023	76,876,776
Long-term employee benefits	3,899,250	2,030,053
Total	<u>89,452,273</u>	<u>78,906,829</u>

28. ASSETS PLEDGED WITH THE REGISTRAR

As at 31 December 2016 and 2015, the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Million Baht)

	2016		2015	
	Cost	Fair value	Cost	Fair value
Fixed deposit	20.00	20.00	20.00	20.00

29. ASSETS RESERVED WITH THE REGISTRAR

As at 31 December 2016 and 31 December 2015, the following assets have been pledged as non-life insurance reserve with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Million Baht)

	2016		2015	
	Cost	Fair value	Cost	Fair value
Fixed deposit	250.00	250.00	260.00	260.00
Government and state enterprise securities	30.00	32.14	30.00	32.38
Total Assets reserved with the Registrar	<u>280.00</u>	<u>282.14</u>	<u>290.00</u>	<u>292.38</u>

30. CONTRIBUTION TO THE GENERAL INSURANCE FUND

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Accumulated General Insurance fund at the beginning of the year	39,750,637	32,224,842
Contribution during the year	7,521,639	7,525,795
Accumulated General Insurance fund at the end of the year	47,272,276	39,750,637

31. COMMITMENTS AND CONTINGENCIES

31.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and other services.

As at 31 December 2016, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	Million Baht
Payable within:	
Less than 1 year	4.17
1 - 5 years	3.64

31.2 Litigation

As at 31 December 2016, the Company had been sued as insurer, with the total sum insured per relevant policies is Baht 68.8 million (2015: Baht 77.5 million). Judgement has yet to be handed down in these cases. The Company has recorded provisions for potential losses amounting to Baht 2.3 million (2015: Baht 3.4 million), which is the full sum insured, in the financial statements. The Company's management believes that such provision is adequate.

32. NON-LIFE INSURANCE COMPANY'S RISKS

32.1 Underwriting risk

The Company determines the type of basic information required for the consideration of various types of insurance underwriting. The insurer must ensure that the insured person's information is accurate and that the actual condition of the property or the individual applying for insurance is correct. The insured must sign to confirm the accuracy of the information submitted to the Company. It must be clear that the assignment of insurance authority of the staff is consistent with the basic knowledge and experience of personnel at each level. The development of the Company's database system must be sufficient for the decision making by the insurer, and the insurer must always arrange for allocation and / or reinsurance prior to underwriting.

Insurance contract liabilities segregated by insurance type as follows:

(Unit: Million Baht)

	2016			2015		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	194	(16)	178	194	(21)	173
Marine and transportation	2	(1)	1	2	-	2
Motor	596	(19)	577	671	(3)	668
Personal accident	376	(1)	375	30	-	30
Miscellaneous	258	(217)	41	477	(111)	366
Total	1,426	(254)	1,172	1,374	(135)	1,239

(Unit: Million Baht)

	2016			2015		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	18	(5)	13	52	(34)	18
Marine and transportation	8	(3)	5	9	(4)	5
Motor	478	(6)	472	440	(8)	432
Personal accident	93	(2)	91	103	-	103
Miscellaneous	107	(60)	47	164	(140)	24
Total	704	(76)	628	768	(186)	582

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of change in assumptions used in calculation, which may impact on both gross and net loss reserves. The risks may be caused by the frequency of loss, value of loss and claims, or loss adjustment expenses that are not as expected.

The impact on the best estimate of insurance liabilities of changes in key variables as at 31 December 2016 are summarised below.

(Unit: Million Baht)

	2016				
	Assumption change	Increase (decrease) in gross claim liabilities	Increase (decrease) in net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity
Loss ratio	+10%	153	140	140	112
Loss ratio	-10%	(149)	(136)	(136)	(109)
Loss development factor	+1%	32	29	29	23
Loss development factor	-1%	(32)	(29)	(29)	(23)
ULAE ratio	+1%	4	4	4	3
ULAE ratio	-1%	(4)	(4)	(4)	(3)

32.2 Financial instruments and risk management

The Company's financial instruments principally comprise cash and cash equivalents, premium receivables, reinsurance receivables, investments in securities, and reinsurance payables. The financial risks associated with these financial instruments and how they are managed is described below.

(a) Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument. The Company is exposed to credit risk primarily with respect to premium receivables, loans, reinsurance assets and reinsurance receivables. The Company's maximum exposure to credit risk is limited to the book value less allowance for doubtful debt as presented in the statement of financial position.

The Company has set criteria for credit approval and updated the criteria to reflect current circumstances and business environment. It has also performed an evaluation and assessment of past issues and limitations to ensure more appropriate operational practices. In addition, the Company ensures that the risk management performance is reported to its Risk Management Committee or Investment Committee on a monthly basis.

The Company prepares reports on reinsurance statistics by treaty contract to review the performance of each contract on a quarterly basis. The Company also prepares reports on the credit rating of the insurance and reinsurance companies under the insurance contracts, together with the distribution of reinsurance by risk level on a monthly basis, security review of insurance and reinsurance companies in the form of an annual report or financial report before preparation and/or renewal of reinsurance contracts. In addition, the Company prepares and submits a report on the investment portfolio to the Board of Directors and the Investment Committee on a regular basis.

(b) Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

The Company has set up an investment policy, investment objectives, criteria for consideration, types of investments, investment limits and conditions of each type of investment in accordance with the related notifications of the Office of Insurance Commission, and the Company's investment policy and other business policies which are approved by the Board of Directors after rigorous review on a yearly basis. It also monitors, appraise and reports on the performance of its investments to the Board of Directors on a monthly basis.

(1) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

Significant financial assets and financial liabilities as at 31 December 2016 and 2015 classified by type of interest rate are summarised in the table below, with those financial assets and financial liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date

(Unit: Million Baht)

	2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Maturity date or repricing date						
Within 1 year	1 - 5 years	Over 5 years					(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	138	16	154	0.13 - 1.25
Premium receivables	-	-	-	-	271	271	-
Reinsurance receivables	-	-	-	-	69	69	-
Investments in securities							
Government securities	21	80	-	-	-	101	3.53 - 5.50
Private enterprise securities	785	481	-	-	-	1,266	2.00 - 6.34
Deposits at banks which amounts maturing in over 3 months	527	152	-	-	-	679	0.90 - 2.30
Loans	-	1	-	-	-	1	6.50 - 8.50
Financial liabilities							
Due to reinsurers	-	-	-	-	314	314	-

(Unit: Million Baht)

	2015						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Maturity date or repricing date						
Within 1 year	1 - 5 years	Over 5 years					(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	242	13	255	0.13 - 1.25
Premium receivables	-	-	-	-	306	306	-
Reinsurance receivables	-	-	-	-	70	70	-
Investments in securities							
Government securities	121	62	32	-	-	215	3.53 - 5.50
Private enterprise securities	532	886	-	-	-	1,418	3.50 - 6.34
Deposits at banks which amounts maturing in over 3 months	1,138	1	-	-	-	1,139	1.10 - 3.30
Loans	-	1	-	-	-	1	6.00 - 8.50
Financial liabilities							
Due to reinsurers	-	-	-	-	189	189	-

(2) Equity price risk

Equity price risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2016 and 2015, the Company has risk from its investments in securities of which the price will change with reference to market conditions

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company clearly establishes the rules, procedures and authority levels for approval of various transactions, in accordance with the requirements of the Office of Insurance Commission. The Company prepares monthly reports on cash flow estimates, which are then compared to the actual cash flows, so that the causes of transactional irregularities can be determined and reported to the management for quick resolution. A monthly liquidity report is also prepared to report any early warning signals detected. Moreover, the Company transfers certain risk to reinsurers, in order to pay claims to customers and mitigate financial liquidity risk, and has prepared a contingency plan in case of a financial crisis.

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	2016					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	154	-	-	-	-	154
Premium receivables	-	271	-	-	-	271
Reinsurance receivables	-	69	-	-	-	69
Investments in securities	-	1,333	713	-	-	2,046
Loans	-	-	1	-	-	1
Reinsurance assets						
Claims reserves refundable from reinsurers	-	45	30	1	-	76
Financial liabilities						
Due to reinsurers	-	314	-	-	-	314
Insurance liabilities						
Claims reserves	-	423	279	2	-	704

(Unit: Million Baht)

	2015					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	255	-	-	-	-	255
Premium receivables	-	306	-	-	-	306
Reinsurance receivables	-	70	-	-	-	70
Investments in securities	-	1,791	949	32	-	2,772
Loans	-	-	1	-	-	1
Reinsurance assets						
Claims reserves refundable						
from reinsurers	-	112	73	1	-	186
Financial liabilities						
Due to reinsurers	-	189	-	-	-	189
Insurance liabilities						
Claims reserves	-	462	304	2	-	768

32.3 Fair value of financial instruments

As of 31 December 2016 and 2015, the Company had financial assets measured at fair value, and had financial assets measured at cost but have to disclose fair value, using different levels of inputs as follows:

(Unit: Million Baht)

	2016				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Available-for-trading					
Equity instruments	15	15	-	-	15
Available-for-sale investments					
Equity instruments	2,194	2,194	-	-	2,194
Unit trusts	2,640	789	1,851	-	2,640
Debt instruments	1,078	-	1,078	-	1,078
Assets which fair value are disclosed					
Held-to-maturity investments					
Debt instruments	289	-	289	-	289
Cash at banks	679	679	-	-	679
Other investment	11	-	-	161	161
Investment properties	227	-	-	323	323

(Unit: Million Baht)

	2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Available-for-sale investments					
Equity instruments	1,782	1,782	-	-	1,782
Unit trusts	1,649	579	1,070	-	1,649
Debt instruments	1,405	-	1,405	-	1,405
Assets which fair value are disclosed					
Held-to-maturity investments					
Debt instruments	229	-	229	-	229
Cash at banks	1,139	1,139	-	-	1,139
Other investment	11	-	-	111	111
Investment properties	234	-	-	323	323

The fair value hierarchy of financial assets as at 31 December 2016 and 2015 presents according to Note 4.20 to the financial statements.

The method used for fair value measurement depends upon the characteristics of the financial instruments. The Company establishes the fair value of its financial instruments by adopting the following methods:

- For financial assets maturing in the short-term, which consist of cash and cash equivalents and deposits at banks, the fair value is estimated based on the book value presented in the statements of financial position.
- For investments in debt instruments, fair value is derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or other market.
- Investment in non-marketable securities, fair value is determined using valuation technique i.e. use a current market value of another security that is substantially the same term and characteristics, or discounted cash flow analysis with discount rates equal to prevailing rate of return for similar securities and relevant risks.

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

33. CAPITAL MANAGEMENT

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

34. RECLASSIFICATION

The Company has presented the current year financial statements to conform with new Notification of the OIC. Therefore, the Company reclassified certain items in prior year's financial statements for comparative purposes to consistent with the current year's classifications. The reclassification does not have impact to profit or owner's equity as previously reported. The reclassifications are summarised below.

(Unit: Baht)

	31 December 2015	
	As reclassified	As previous reported
Statements of financial position		
Assets		
Premium receivables	305,518,664	325,784,273
Reinsurance assets	321,139,091	371,204,426
Reinsurance receivable	70,330,944	-
	<u>696,988,699</u>	<u>696,988,699</u>

(Unit: Baht)

	For the years ended 31 December 2015	
	As reclassified	As previous reported
Statement of income		
Income		
Gross premium written	3,063,487,726	-
Less: Premiums ceded to reinsurers	(352,942,200)	-
Less: Unearned premium reserves increase from prior year	(99,630,167)	-
Earned premium	-	2,610,915,359
Expenses		
Claim expenses	1,260,871,671	1,160,689,405
Less: Claim recoverable from reinsurers	(100,182,266)	-
Other underwriting expenses	422,060,672	399,854,073
Contribution to Road Accident Victims Protection Company Limited	-	6,152,744
Contribution to the Office of Insurance Commission	-	8,025,795
Contribution to the General Insurance Fund	-	7,525,795
Contribution to the Victims Compensation Fund	-	502,265
	<u>4,193,665,436</u>	<u>4,193,665,436</u>

35. EVENTS AFTER THE REPORTING PERIOD

On 29 March 2017, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the shareholders for approval for the payment of a dividend from net profit to the ordinary shareholders totaled 11,000,000 shares at a rate of Baht 22 per share, a total of Baht 242 million.

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Boards of Directors on 29 March 2017.