

**TOKIO MARINE SAFETY INSURANCE (THAILAND)  
PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2023**



## **Independent auditor's report**

To the shareholders of Tokio Marine Safety Insurance (Thailand) Public Company Limited

### **My opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tokio Marine Safety Insurance (Thailand) Public Company Limited (the Company) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year period ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (TFAC Code) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the TFAC Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of management for the financial statements**

The management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs and for such internal control as the 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, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the management in discharging their responsibilities 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 TSAs 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.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism 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 the audit committee and management regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Sakuna Y', with a stylized flourish at the end.

**Sakuna Yamsakul**  
Certified Public Accountant (Thailand) No. 4906  
Bangkok  
26 March 2024

Tokio Marine Safety Insurance (Thailand) Public Company Limited

Statement of Financial Position

As at 31 December 2023

	Notes	2023 Thousand Baht	2022 Thousand Baht
<b>Assets</b>			
Cash and cash equivalents	8	542,920	933,271
Premium receivables, net	9, 28	2,778,414	2,828,625
Accrued investment income		88,288	81,676
Reinsurance assets	10, 18	3,305,512	2,912,017
Amount due from reinsurance, net	11, 28	939,920	1,061,037
Financial assets - Debt instruments	12	20,776,797	19,635,732
Financial assets - Equity instruments	13	98,566	80,568
Loans		43,487	41,300
Land building and equipment, net	14	624,950	598,648
Intangible assets, net	15	65,356	82,673
Deferred tax assets	16	1,815,477	1,667,984
Other assets	17, 28	188,182	181,749
<b>Total assets</b>		<b>31,267,869</b>	<b>30,105,280</b>




Director



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

## Tokio Marine Safety Insurance (Thailand) Public Company Limited

## Statement of Financial Position (Cont'd)

As at 31 December 2023

	<u>Notes</u>	<u>2023</u> Thousand Baht	<u>2022</u> Thousand Baht
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance liabilities	18	18,608,042	17,843,804
Amount due to reinsurance	19, 28	2,742,319	2,611,124
Income tax payable		294,719	194,484
Employee benefit obligation	20	562,599	512,212
Commissions and brokerage payables	28	428,733	468,224
Other liabilities	21, 28	<u>1,199,506</u>	<u>1,057,722</u>
<b>Total liabilities</b>		<u>23,835,918</u>	<u>22,687,570</u>
<b>Equity</b>			
Share capital			
Authorized share capital			
409,695,870 ordinary shares of Baht 10 each	22	<u>4,096,959</u>	<u>4,096,959</u>
Issued and paid-up share capital			
409,695,870 ordinary shares of Baht 10 each	22	4,096,959	4,096,959
Share premium		4,962,744	4,962,744
Deficit from business combination	23	(3,862,000)	(3,862,000)
Retained earnings			
Appropriated			
Legal reserve	24	409,696	409,696
Unappropriated		1,980,632	1,956,564
Other components of equity		<u>(156,080)</u>	<u>(146,253)</u>
<b>Total equity</b>		<u>7,431,951</u>	<u>7,417,710</u>
<b>Total liabilities and equity</b>		<u>31,267,869</u>	<u>30,105,280</u>

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

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2023**

		2023	2022
	Notes	Thousand Baht	Thousand Baht
<b>Income</b>			
Gross written premium	5, 28	21,098,143	21,148,145
<u>Less</u> Ceded premium	28	<u>(4,211,467)</u>	<u>(3,915,594)</u>
Net written premium		16,886,676	17,232,551
<u>Less</u> Increase in unearned premium reserve from previous period		<u>(233,038)</u>	<u>(641,795)</u>
Net premium earned		16,653,638	16,590,756
Fee and commission income	28	1,110,279	1,166,525
Investment income		406,386	345,567
Gain from financial instruments		963	2,767
Gain from remeasurement of financial instruments		2,922	3,665
Other income	28	<u>141,917</u>	<u>107,710</u>
Total Income		<u>18,316,105</u>	<u>18,216,990</u>
<b>Expenses</b>			
Change in long-term insurance liabilities		24,486	362,714
Gross claim	28	10,471,489	9,718,571
<u>Less</u> Claim recovered from reinsurers	28	<u>(1,266,588)</u>	<u>(919,250)</u>
Net claim		9,204,901	8,799,321
Commissions and brokerages	28	3,378,527	3,353,200
Other underwriting expenses	28	1,864,027	2,067,335
Operating expenses	25, 28	<u>1,351,019</u>	<u>1,177,048</u>
Total expenses		<u>15,822,960</u>	<u>15,759,618</u>
<b>Profit before income tax</b>		2,493,145	2,457,372
Income tax expense	26	<u>(494,070)</u>	<u>(489,901)</u>
<b>Net profit for the period</b>		<u>1,999,075</u>	<u>1,967,471</u>

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

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
**Statement of Comprehensive Income (Cont'd)**  
**For the year ended 31 December 2023**

	<b>Notes</b>	<b>2023</b> <b>Thousand Baht</b>	<b>2022</b> <b>Thousand Baht</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Loss on investments in debt instruments measured at fair value through other comprehensive income	26	(32,688)	(165,872)
Changes in the fair value of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	26	1,883	(10,935)
Income tax on items that will be reclassified subsequently to profit or loss	26	6,579	35,114
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(24,226)</b>	<b>(141,693)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Loss from remeasurements of post-employment benefits obligations	20, 26	(25,947)	(15,411)
Loss on investments in equity instruments measured at fair value through other comprehensive income	26	17,999	27,103
Income tax on items that will not be reclassified to profit or loss	26	1,589	(2,338)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(6,359)</b>	<b>9,354</b>
<b>Other comprehensive expense for the period, net of tax</b>		<b>(30,585)</b>	<b>(132,339)</b>
<b>Total comprehensive income for the period</b>		<b>1,968,490</b>	<b>1,835,132</b>
<b>Earnings per share</b>			
Basic earnings per share	27	4.88	4.80

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

Tokio Marine Safety Insurance (Thailand) Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2023

	Note	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Deficit from business combination Thousand Baht	Retained earnings		Other components of equity		Total Thousand Baht
					Legal reserve Thousand Baht	Unappropriated Thousand Baht	Other comprehensive income	Debt and Equity instruments designated at fair value through other comprehensive income Thousand Baht	
Opening balance as at 1 January 2023		4,096,959	4,962,744	(3,862,000)	409,696	1,956,564	(146,253)		7,417,710
Dividends	35	-	-	-	-	(1,954,249)	-		(1,954,249)
Total comprehensive income (expense) for the year		-	-	-	-	1,978,317	(9,827)		1,968,490
Closing balance as at 31 December 2023		4,096,959	4,962,744	(3,862,000)	409,696	1,980,632	(156,080)		7,431,951

	Note	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Deficit from business combination Thousand Baht	Retained earnings		Other components of equity		Total Thousand Baht
					Legal reserve Thousand Baht	Unappropriated Thousand Baht	Other comprehensive income	Debt and Equity instruments designated at fair value through other comprehensive income Thousand Baht	
Opening balance as at 1 January 2022		4,096,959	4,962,744	(3,862,000)	409,696	2,460,726	(27,372)		8,040,753
Dividends	35	-	-	-	-	(2,458,175)	-		(2,458,175)
Total comprehensive income (expense) for the year		-	-	-	-	1,954,013	(118,881)		1,835,132
Closing balance as at 31 December 2022		4,096,959	4,962,744	(3,862,000)	409,696	1,956,564	(146,253)		7,417,710

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



**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2023**

	2023	2022
	Thousand Baht	Thousand Baht
<b>Cash flows provided from (used in) operating activities</b>		
Direct premium written	20,507,049	20,586,915
Payment on reinsurance	(1,809,952)	(1,633,537)
Interest received	414,810	410,829
Other income	128,044	94,086
Claim from direct insurance	(9,687,934)	(8,887,455)
Commissions and brokerages from direct insurance	(3,289,722)	(3,235,234)
Other underwriting expenses	(1,841,441)	(2,072,424)
Operating expenses	(1,070,910)	(1,032,908)
Income tax	(533,161)	(785,334)
Cash received for deposit at financial institutions		
with original maturing more than 3 months	495,900	1,746,000
Cash received from selling and maturity investment in securities	6,143,037	3,698,317
Cash received from loans	12,807	13,420
Cash paid for investment in securities	(7,816,644)	(6,581,382)
Cash paid for loans	(14,993)	(11,739)
<b>Net cash provided from operating activities</b>	<b>1,636,890</b>	<b>2,309,554</b>
<b>Cash flows provided from (used in) investing activities</b>		
Cash flows provided		
Building improvement and equipment	11,759	13,683
<b>Net cash provided from investing activities</b>	<b>11,759</b>	<b>13,683</b>
Cash flows used		
Building improvement and equipment	(42,548)	(36,092)
Intangible assets	(4,644)	(11,888)
<b>Net cash used in investing activities</b>	<b>(47,192)</b>	<b>(47,980)</b>
<b>Net cash used in investing activities</b>	<b>(35,433)</b>	<b>(34,297)</b>
<b>Cash flows from financing activities</b>		
Dividend Paid	(1,953,773)	(2,457,071)
Payments on lease liabilities	(38,035)	(38,016)
<b>Net cash used in financing activities</b>	<b>(1,991,808)</b>	<b>(2,495,087)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(390,351)</b>	<b>(219,830)</b>
Cash and cash equivalents at the beginning of the year	933,271	1,153,101
<b>Cash and cash equivalents at the end of the year</b>	<b>542,920</b>	<b>933,271</b>
<b>Non-cash transaction</b>		
Acquisition of right-of-use assets	98,057	-
Purchases of intangible assets not yet paid	-	-
Dividend payable	4,185	3,709

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

## **1 General information**

Tokio Marine Safety Insurance (Thailand) Public Company Limited ("the Company") is a public limited company which is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

2<sup>nd</sup> - 6<sup>th</sup> Floors, S&A Building, No.302 Silom Road, Suriyawong, Bangrak, Bangkok.

The Company has 93 branches. The principal business operation of the Company is the provision of non-life insurance.

The Company has a shareholding structure as follows:

Shareholder	Country	Type of share	Shareholding portion (%)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Japan	Ordinary	48.83
TMF Holding (Thailand) Limited	Thailand	Ordinary	25.25
NHCT Ltd.	Thailand	Ordinary	25.20
Tokio Marine Asia Pte. Ltd.	Singapore	Ordinary	0.05
Others	Thailand, China, USA, Japan and Singapore	Ordinary	0.67
Total			100.00

The financial statements were authorised for issue by the Company's board of director on 26 March 2024.

## **2 Basis of preparation**

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) issued under the Accounting Profession Act B.E. 2547. In addition, the financial statements presentation are also based on the formats prescribed in the Notification of the Office of Insurance Commission entitled "Standards, methods, rules and deadlines for the preparation and submission of the financial statements of non-life insurers B.E.2566" dated on 8 February 2023 ("OIC Notification").

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 7.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 3 New and amended financial reporting standards

#### 3.1 Amended financial reporting standards that are effective for the accounting period beginning on or after 1 January 2024 and have impacts to the Company.

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Company.

- a) **Amendment to TAS 1 - Presentation of financial statements** revised the disclosure from 'significant accounting policies' to 'material accounting policies'. The amendment also provides guidelines on identifying when the accounting policy information is material. Consequently, immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
- b) **Amendment to TAS 8 - Accounting policies, changes in accounting estimates and errors** revised to the definition of 'accounting estimates' to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events and conditions from the date of that change. Whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period as if the new accounting policy had always been applied.
- c) **Amendments to TAS 12 - Income taxes** require companies to recognise deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, gives rise to equal amounts of taxable and deductible temporary differences. Example transactions are leases and decommissioning obligations.

The amendment should be applied to transactions on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that they can probably be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised at the beginning of retained earnings or another component of equity, as appropriate.

The Company's management is currently assessing the impacts from these standards.

#### 3.2 Amended financial reporting standards that is effective for the accounting period beginning on or after 1 January 2025 and has significant impacts on the Company.

- a) **IFRS 17 Insurance Contracts** IFRS 17 has replaced IFRS 4 Insurance Contracts.

It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Adopting TFRS 17, the Group can choose to recognise any cumulative negative impacts from insurance contract liabilities in retained earnings by applying the straight-line method, using no more than a three-year period from the transition date.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The Company's management is currently assessing the impacts from these standards.

## **4 Accounting policies**

### **4.1 Product classification**

Insurance contracts are contracts which the Company (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. However, a contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract.

Short term insurance contracts are insurance contracts which provide contractual coverage period less than 1 year or insurance contracts which the Company can cancel or increase/decrease of premium including of change in other benefits throughout the contract term.

Long term insurance contracts are insurance contracts providing coverage for dread disease, accident insurance, or health insurance with contractual term over than 1 year which the Company cannot cancel and cannot increase/decrease of premium including of change in other benefits throughout the contract term or insurance contracts providing coverage for dread disease, accident insurance, or health insurance with contractual term less than or equal to 1 year but auto-renewal which the Company cannot cancel and cannot increase/decrease of premium including of change in other benefits throughout the contract term.

### **4.2 Liability adequacy test**

The Company performs a test of adequacy of recognised insurance liabilities at the end of each reporting period, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the liabilities are increased by the entire deficiency and the identified deficiency shall be recognised in profit or loss.

### **4.3 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date.

### **4.4 Premium receivable**

Premium receivable is carried at anticipated realisable value. An estimate is made for doubtful accounts based on a review of all outstanding amounts at the period end. Bad debts are written off during the period in which they are identified. The Company provides allowance for doubtful accounts based on the review of current status of any long past due debts or anticipated uncollectible balances, on the basis of collection experiences.

#### **4.5 Reinsurance assets**

Reinsurance assets are stated at insurance reserve refundable from reinsurers.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve and loss reserve and outstanding claims.

#### **4.6 Amount due from and due to reinsurers**

- (a) Amount due from reinsurance are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

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

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

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

#### **4.7 Financial asset**

##### **a) Classification**

The Company classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Company has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

##### **b) Recognition and derecognition**

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Company receive the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### **c) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**d) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in investment income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**e) Equity instruments**

The Company measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the right to receive payments is established.

**f) Impairment**

The Company assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The Company applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12- month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Company assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Company and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Company reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss.

#### **4.11 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **4.12 Leases - where the Company is the lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

#### 4.13 Insurance liabilities

##### a) Loss reserve and outstanding claims

The loss reserve and outstanding claims include the claims incurred and reported, claims incurred but not reported (IBNR) as well as claim handling costs. Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the independent appraiser or a valuer of the company depending on the case. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

IBNR is calculated using actuarial technique chain ladder or Bornhuetter-Ferguson (BF) or Frequency & Severity (F&S) bases on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting the year. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

##### b) Unearned premium reserve

Unearned premium reserve (UPR) represents the prorated portion of written premiums for insurance that relates to period of unexpired risks from the statement of financial position date to the subsequent dates of expiry of the policies, and are computed as follows:

Type of insurance	Reserve calculation method
- Fire, marine and transportation (Hull), motor and miscellaneous	- Daily prorate basis (the one-three hundred sixty five)
- Marine and transportation (Individual)	- Net premium written for the last ninety days
- Traveling accident	- Daily prorate basis (the one-three hundred sixty five)

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

The Company compares the amounts of unexpired risks reserve with unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

#### 4.14 Employee Benefits

##### Defined contribution plans

The Company has established a provident fund which is a defined contribution plan, and the assets of the provident fund are held separately from those of the Company in funds independently administered by a fund manager who is authorised by the Securities and Exchange Commission. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statements of comprehensive income in the year to which they relate.

##### Defined retirement benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under Thai Labor Law. The Company treats these severance payment obligations as a defined retirement benefit plan. The amounts payable for this benefit in the future depends on base salary and the years of service of respective employees on retirement date.



A defined retirement benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined retirement benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined retirement benefit plan in other comprehensive income and all expenses related to defined retirement benefit plans in personnel expenses in profit or loss.

Past-service cost are recognised immediately in profit or loss.

#### Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **4.15 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### *Current tax*

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred income tax*

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **4.16 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### **4.17 Foreign currency translation**

##### **(a) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

#### **4.18 Recognition of revenues and expenses**

Revenue and expense include all revenues and expenses from ordinary business activities. All ancillary income in connection with non-life insurance services in the course of the Company's ordinary activities are also presented as revenue.

##### **(a) Premium**

Premium income consists of direct premium and reinsurance premium. Premium income is recognised as revenue on the effective date of the related insurance policies net of premium of canceled policies, premiums refunded to policy holders, reinsurance ceded and change in unearned premium reserve. For long-term insurance policies with coverage the years of longer than 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage year.

##### **(b) Ceded premium**

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

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

**(c) Commission and brokerage**

Commission and brokerage are recognised as income or expenses in the year in which they occur.

**(d) Interest and dividends**

Interest is recognised on an accrual basis. Dividends are recognised when the right to receive the dividends is established.

**(e) Losses and other expenses**

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the claim specialist. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy. Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company. All other expenses are recognised on an accrual basis.

**4.19 Dividend distribution**

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

## **5 Financial risk and insurance risk management**

Risk management is an integral part of the internal control system of the Company's business operations. The Company being a member of the Tokio Marine Group (the "Tokio Marine Group") takes into consideration the risk management philosophy and business strategy of the Tokio Marine Group when managing the risk of the Company. A Risk Management Framework is in place under the supervision of the Board of Directors who is committed to maintain sound, robust and effective risk management process as part of good business practice to safeguard the Company's assets and investments as well as to protect the shareholder's and policyholders' interests.

The Company manages and monitors the risk management process, plans and runs its operations in accordance with the 3 Years Business Plan taking into consideration the Thailand market environment and practice, business specialty and domain, size of business operations and capacity, degree of management's commitment, probabilities and impact of risks, and costs. It complies with regulatory principles, recommendations and requirements on risk management in its risk management processes.

The Risk Management Committee comprising the President and senior management staffs, assists the Board of Directors in identifying different types of risk and categories them into relevant risk groups, including establishing appropriate Crisis Management and Business Continuity Plans. The Risk Management Committee formulates appropriate risk management policies and operational guidelines. Including evaluating the adequacy and efficiency of the Company's risk management to provide the opinions and necessary recommendations to manage those risks.

Main risks of the Company are as follows:

**(a) Insurance risk**

Risk which may arise from failure to achieve strategic targets, inadequate planning or research, slow response to business environmental changes, lack of credit control, unsuitable claims or reserve management, poor underwriting, including large and catastrophic events. The inherent uncertainty as to the occurrence, amount and timing of insurance liabilities as well as adverse mortality, morbidity and persistency experience. As well as the inability to settle the claim and financial position instability of reinsurance Company.

**(b) Investment risk**

Risk arising from economic slowdown and change in the market interest rates that will impact to the failure in investment income budget.

## 5.1 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates, exchange rates, market risk in the future and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

### Capital management

The Company maintains its capital fund in accordance with the requirements of the Office of Insurance Commission. The Company's objectives in managing capital are to ensure that it has appropriate financial resources to continue its business as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The board of directors monitors the return on capital, which the Company defines as results from operating activities divided by total equity, and also monitors the level of dividends to ordinary shareholders.

#### 5.1.1 Market risk

Market risk refers to the value or price of assets, such as interest rate, exchange rate, asset in money or capital market, including price volatility of money and capital market securities which affects the value of price of equity and then takes effect to the Company's stability and may negatively result the Company's income.

##### a) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows and it will affect the interest income from investments. The investments include both short-term and long-term investments that have fixed and floating interest rates. The Company manages the investment risk by considering the risk of investments together with the appropriate return on such investments.

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

	For the year ended 31 December 2023						
	Fixed interest rates			Floating Interest rates Thousand Baht	Non- Interest bearing Thousand Baht	Total Thousand Baht	Interest rate (%p.a.)
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht				
Financial assets							
Cash and cash equivalents	-	-	-	471,371	71,549	542,920	0.00 - 0.50
Financial assets - Debt instruments							
Government and state enterprise promissory notes	4,533,787	3,488,856	1,216,129	-	-	9,238,772	0.61 - 4.26
Private enterprise debt securities	2,149,959	5,224,927	1,977,144	-	-	9,352,030	0.96 - 6.80
Unit trust	-	-	-	-	1,112,995	1,112,995	-
Deposit at financial institutions with original maturing more than 3 months	1,073,000	-	-	-	-	1,073,000	0.50 - 2.55
Loans	1,058	17,784	24,645	-	-	43,487	4.00 - 7.00
<b>Total</b>	<b>7,757,804</b>	<b>8,731,567</b>	<b>3,217,918</b>	<b>471,371</b>	<b>1,184,544</b>	<b>21,363,204</b>	

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For the year ended 31 December 2022							
Fixed interest rates							
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Floating Interest rates Thousand Baht	Non- Interest bearing Thousand Baht	Total Thousand Baht	Interest rate (%p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	885,211	48,060	933,271	0.00 - 0.25
Financial assets - Debt instruments							
Government and state enterprise promissory notes	3,567,914	4,023,210	1,624,036	-	-	9,215,160	0.51 - 6.15
Private enterprise debt securities	696,037	5,155,559	2,262,951	-	-	8,114,547	0.96 - 6.80
Unit trust	-	-	-	-	733,985	733,985	-
Deposit at financial institutions with original maturing more than 3 months	1,568,900	-	-	-	-	1,568,900	0.50 - 1.35
Government Saving Bank's lottery tickets	3,140	-	-	-	-	3,140	-
Loans	1,798	15,068	24,434	-	-	41,300	4.00 - 7.00
<b>Total</b>	<b>5,837,789</b>	<b>9,193,837</b>	<b>3,911,421</b>	<b>885,211</b>	<b>782,045</b>	<b>20,610,303</b>	

Interest rate sensitivity

Other components of equity changes as a result of an increase or decrease in the fair value of debt investments at fair value through other comprehensive income.

The table below shows the interest sensitivity for the financial assets and financial liabilities held as at reporting date.

	31 December 2023	
	Interest rate increase 1% Thousand Baht	Interest rate decrease 1% Thousand Baht
Impact to other components of equity	(264,776)	278,137

  

	31 December 2022	
	Interest rate increase 1% Thousand Baht	Interest rate decrease 1% Thousand Baht
Impact to other components of equity	(294,793)	311,216

**b) Foreign exchange risk**

The Company operates internationally and is exposed to foreign currency risk arises from reinsurance with foreign insurance companies that are denominated in foreign currencies. The Company has no forward exchange contract to reduce the exposure. However, the management believes that the Company has no significant effect.

The Company's exposure to foreign currency risk as of 31 December 2023 and 2022, expressed in Baht are as follows:

	2023		
	USD Thousand Baht	SGD Thousand Baht	JPY Thousand Baht
Cash and cash equivalents	17,044	-	-
Amount due from reinsurance, net	40,894	-	-
Other assets	94	-	269
Other liabilities	-	8,543	674
	2022		
	USD Thousand Baht	SGD Thousand Baht	JPY Thousand Baht
Cash and cash equivalents	23,528	-	-
Amount due from reinsurance, net	39,100	-	-
Other assets	-	-	193
Other liabilities	2,015	243	-

**c) Equity price risk**

Equity price risk refers to the loss affecting income and/or equity from a movement in equity price.

The Company's exposure to equity securities price risk arises from investments held by The Company which are classified either as at fair value through other comprehensive income (FVOCI).

Risk

The Company had risk from its investments in securities of which the price will change with reference to market conditions. The Company will manage investment portfolios according to investment plan approved by Investment Committee and Board of Directors, in accordance to investment policies under related Notification of Office of Insurance Commission.

Equity price risk sensitivity analysis

The table below summarises the impact of increase/decrease of these equity indices on the Company's other components of equity for the period. The analysis is based on the assumption that the equity price had increased by 1% or decreased by 1%, respectively.

	31 December 2023	
	Equity price increase 1% Thousand Baht	Equity price decrease 1% Thousand Baht
Impact to other components of equity	986	(986)

  

	31 December 2022	
	Equity price increase 1% Thousand Baht	Equity price decrease 1% Thousand Baht
Impact to other components of equity	806	(806)

Other components of equity would increase or decrease as a result of gains/losses on equity securities classified at FVOCI.

**5.1.2 Credit risk**

The Company is exposed to credit risk primarily with respect to premium receivables, amounts due from reinsurers and financial instrument.

Credit risk is the risk that the customers or the counterparty cannot repay the debt to the Company based on the terms agreed upon when maturity.

Credit risk arises from cash and cash equivalents, contractual cash flows of investment in debt instruments carried at amortised cost and at fair value through other comprehensive income (FVOCI).

Concentrations of credit risk derives from premiums due and uncollected and amounts due from reinsurers which were no significant due to the policy holders of the Company were diffuse into various industries and geographical areas of Thailand.

**a) Risk management**

The Company has the risk management policy that is approved by the Risk Management Committee which consisted of:

Risk reporting

Risk Management team reports results to Risk Management Committee at least on a quarterly basis. Risk Management Committee assesses the appropriateness of risk management policy and adjusts the policy to be consistent with the Company's operation and industry.

**b) Security**

The Company is exposed to credit risk primarily with respect to premium receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of premium receivables as stated in the Statement of Financial Position.

**c) Impairment of financial assets**

The Company has 3 types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalent
- Debt instruments to be measured at amortised cost
- Debt instruments designated at fair value through other comprehensive income

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether the significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired financial asset. The expected credit loss is the discounted product of probability of default, loss given default and exposure at default, defined as follows;

- The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation.
- The exposure at default is based on the amounts that the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- The loss given default represents the Company's expectation of the extent of loss on a defaulted exposure. The loss given default varies by type of borrower, type and seniority of claim and availability of collateral or other credit support. The loss given default is calculated on a 12-month or over the remaining lifetime of the loan.

The expected credit loss is determined by projecting the probability of default, loss given default and exposure at default for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an expected credit loss for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the expected credit loss calculation is the original EIR.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Debt instruments designated at fair value through other comprehensive income (FVOCI)

The Company considers that all debt investments measured at amortised cost has low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.



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The allowance of expected credit loss for investment in debt instruments measured at amortised cost by stage of risk are as follows:

	2023		
	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht
<b>Investment in debt instruments measured through other comprehensive income</b>			
Beginning balance as at 1 January	16,495	-	-
Changes occurred from classification	-	-	-
Changes occurred from measurement	334	-	-
New financial assets purchased or originated	2,984	-	-
Derecognised financial assets	(1,230)	-	-
<b>Ending balance as at 31 December</b>	<b>18,583</b>	<b>-</b>	<b>-</b>
	2022		
	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht
<b>Investment in debt instruments measured through other comprehensive income</b>			
Beginning balance as at 1 January	17,733	-	-
Changes occurred from classification	-	-	-
Changes occurred from measurement	(1,709)	-	-
New financial assets purchased or originated	3,234	-	-
Derecognised financial assets	(2,763)	-	-
<b>Ending balance as at 31 December</b>	<b>16,495</b>	<b>-</b>	<b>-</b>

### 5.1.3 Liquidity risk

Liquidity risk, is the risk that the insurance company will encounter difficulty to settle the obligation related to financial liabilities which must be settled in cash or other financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 471,371,300 (2022 : Baht 885,210,637) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

#### a) Financing arrangements

The Company's policy is to ensure that sufficient financial assets are available to meet financial commitments by performing cash flow analysis regularly to ensure that cash flows generated are sufficient so that financial commitments are met.

The Company's financial assets mainly comprises of cash and deposits at financial institutions and investment in securities. The management believes that such financial assets will be able to be sold quickly at close to their fair value.

#### b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
<b>Maturity of financial liabilities</b>				
<b>As at 31 December 2023</b>				
Commissions and brokerage payables	428,733	-	-	428,733
Other financial liabilities (Notes 21)				
- Lease liabilities	41,584	200,991	-	242,575
- Accrued operating expenses	434,617	17,140	10,303	462,060
- Other payables	238,736	-	-	238,736
<b>Total other financial liabilities</b>	<b>714,937</b>	<b>218,131</b>	<b>10,303</b>	<b>943,371</b>
<b>Total</b>	<b>1,143,670</b>	<b>218,131</b>	<b>10,303</b>	<b>1,372,104</b>
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
<b>Maturity of financial liabilities</b>				
<b>As at 31 December 2022</b>				
Commissions and brokerage payables	468,224	-	-	468,224
Other financial liabilities (Notes 21)				
- Lease liabilities	38,016	107,136	-	145,152
- Accrued operating expenses	379,523	17,437	7,973	404,933
- Other payables	169,601	-	-	169,601
<b>Total other financial liabilities</b>	<b>587,140</b>	<b>124,573</b>	<b>7,973</b>	<b>719,686</b>
<b>Total</b>	<b>1,055,364</b>	<b>124,573</b>	<b>7,973</b>	<b>1,187,910</b>

## **5.2 Capital management**

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain solvency capital as required by the Office of Insurance Commission, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## **5.3 Insurance Risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company faces the possibility of incurring higher claims costs than expected owing to the nature of the claim, their frequency and severity and the risk of change in legal or economic conditions or behavioral patterns affecting pricing and conditions of insurance or reinsurance cover.

The Company seeks to minimize and manage these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Company's underwriting policy supports the seeking of risks in the preferred market of personal and commercial business and adequate pricing commensurate with the risk profiles and claims experience.

### **(a) Management of general insurance risks**

The Company has appropriate risk selection criteria in managing the risk. There are underwriting policies setting the Company's risk appetite, risk management and control. Also in place are underwriting and claims authority limits for each level of responsibility. The Company's strategy limits the total exposure to any one client or location for certain risks covering the consideration on policy renewal criteria and impose deductibles and reject payment of any fraudulent claim. Insurance contracts also entitle the Company to pursue recoveries from tortfeasors who may be third parties or insurance companies.

### **(b) Loss reserves**

Outstanding claims reserves include unpaid losses, loss adjustment expense and estimates of loss reserve for losses incurred but not report ("IBNR") as well as losses incurred but not enough reported ("IBNER").

The reserves represent estimates of future payments of reported and unreported claims for losses and related expense with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimate and judgments. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities. The reserve for losses and loss adjustment expense are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments. The ultimate liabilities are estimated and certified by the Reserving Actuary of the Company.

**(c) Reinsurance**

The Company is to establish an effective and efficient integrated risk management system and also to allocate the resources for the management of risks appropriately to fully comply with the company business obligations which eventually will result in sufficiency of capital and sound financial stability.

Therefore, the Company sets reinsurance risk management framework by considering the capital of the Company and the minimum acceptable capital adequacy ratio to be maintained by the Company under the Risk Based Capital regime in conjunction with the underwriting risks - both Natural Catastrophe and Non-Natural Catastrophe risks undertaken by the Company. Based on these factors, retention levels and reinsurance program are set and underwriting policy is established.

**Concentration of insurance risk**

The concentration of written premium, insurance contract liabilities, gross and net of reinsurance classified by types of insurance underwriting are as follows:

	<b>For the year ended 31 December 2023</b>	
	<b>Gross of reinsurance Thousand Baht</b>	<b>Net of reinsurance Thousand Baht</b>
<b>Written premium</b>		
Motor	14,236,150	14,133,734
Personal accident	1,364,723	1,341,877
Fire and industrial all risk	2,880,992	166,937
Others	2,616,278	1,244,128
<b>Total</b>	<b>21,098,143</b>	<b>16,886,676</b>
<b>Long-term insurance liabilities</b>	<b>3,503,651</b>	<b>3,503,651</b>
<b>Loss reserves and outstanding claims</b>		
Motor	3,319,746	3,285,318
Personal accident	33,829	33,062
Fire and industrial all risk	1,175,479	62,118
Others	941,305	256,613
<b>Total</b>	<b>5,470,359</b>	<b>3,637,111</b>
<b>Unearned premium reserves</b>		
Motor	7,575,301	7,547,553
Personal accident	111,243	109,848
Fire and industrial all risk	1,106,009	151,884
Others	841,479	352,483
<b>Total</b>	<b>9,634,032</b>	<b>8,161,768</b>

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
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	<b>For the year ended 31 December 2022</b>	
	<b>Gross of reinsurance Thousand Baht</b>	<b>Net of reinsurance Thousand Baht</b>
<b>Written premium</b>		
Motor	14,110,639	14,040,004
Personal accident	1,856,738	1,839,392
Fire and industrial all risk	2,774,653	193,157
Others	2,406,115	1,159,997
<b>Total</b>	<b>21,148,145</b>	<b>17,232,550</b>
<b>Long-term insurance liabilities</b>	<b>3,479,165</b>	<b>3,479,165</b>
<b>Loss reserves and outstanding claims</b>		
Motor	3,191,510	3,183,258
Personal accident	26,138	25,427
Fire and industrial all risk	892,927	64,254
Others	905,367	250,954
<b>Total</b>	<b>5,015,942</b>	<b>3,523,893</b>
<b>Unearned premium reserves</b>		
Motor	7,385,057	7,341,071
Personal accident	107,108	104,860
Fire and industrial all risk	1,080,193	145,293
Others	776,339	337,505
<b>Total</b>	<b>9,348,697</b>	<b>7,928,729</b>

## **6 Fair value**

The following table shows fair values and carrying amounts of financial assets as at 31 December 2023 and 2022 by category, excluding those with the carrying amount approximates fair value.

	<b>2023</b>				
	<b>Fair value through profit or loss (FVPL) Thousand Baht</b>	<b>Fair value through other comprehensive income (FVOCI) Thousand Baht</b>	<b>Amortised cost Thousand Baht</b>	<b>Total carrying amount Thousand Baht</b>	<b>Fair value Thousand Baht</b>
<i>Financial assets measured at fair value (FV)</i>					
Financial assets at FVOCI	-	9,787,419	-	9,787,419	9,787,419
Financial assets at FVPL	1,112,995	-	-	1,112,995	1,112,995
	<b>1,112,995</b>	<b>9,787,419</b>	<b>-</b>	<b>10,900,414</b>	<b>10,900,414</b>
<i>Financial assets not measured at fair value</i>					
Financial assets at amortised cost	-	-	9,974,949	9,974,949	9,858,981
	<b>-</b>	<b>-</b>	<b>9,974,949</b>	<b>9,974,949</b>	<b>9,858,981</b>

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	2022				
	Fair value through profit or loss (FVPL) Thousand Baht	Fair value through other comprehensive income (FVOCI) Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
<i>Financial assets measured at fair value (FV)</i>					
Financial assets at FVOCI	-	8,699,736	-	8,699,736	8,699,736
Financial assets at FVPL	733,985	-	-	733,985	733,985
	<u>733,985</u>	<u>8,699,736</u>	<u>-</u>	<u>9,433,721</u>	<u>9,433,721</u>
<i>Financial assets not measured at fair value</i>					
Financial assets at amortised cost	-	-	10,282,579	10,282,579	10,205,229
	<u>-</u>	<u>-</u>	<u>10,282,579</u>	<u>10,282,579</u>	<u>10,205,229</u>

The following table presents fair value of financial assets and liabilities recognised or disclosed by their fair value hierarchy as at 31 December 2023 and 2022.

	2023				Carrying amount Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht	
<i>Debt instruments designated at fair value through other comprehensive income</i>					
Government and state enterprise promissory notes	-	336,823	-	336,823	336,823
Private enterprise debt securities	-	9,352,030	-	9,352,030	9,352,030
<b>Total</b>	<u>-</u>	<u>9,688,853</u>	<u>-</u>	<u>9,688,853</u>	<u>9,688,853</u>
<i>Debt instruments designated at fair value through profit or loss</i>					
Unit trust	-	1,112,995	-	1,112,995	1,112,995
<b>Total</b>	<u>-</u>	<u>1,112,995</u>	<u>-</u>	<u>1,112,995</u>	<u>1,112,995</u>
<i>Equity instruments designated at fair value through other comprehensive income</i>					
Equity securities	-	-	98,566	98,566	98,566
<b>Total</b>	<u>-</u>	<u>-</u>	<u>98,566</u>	<u>98,566</u>	<u>98,566</u>
<i>Debt instruments to be measured at amortised cost</i>					
Government and state enterprise promissory notes	-	8,785,981	-	8,785,981	8,901,949
Deposit at financial institutions with original maturing more than 3 months	-	1,073,000	-	1,073,000	1,073,000
Government Saving Bank's lottery tickets	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>9,858,981</u>	<u>-</u>	<u>9,858,981</u>	<u>9,974,949</u>

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
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	2022				Carrying amount Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht	
<b>Debt instruments designated at fair value through other comprehensive income</b>					
Government and state enterprise promissory notes	-	504,621	-	504,621	504,621
Private enterprise debt securities	-	8,114,547	-	8,114,547	8,114,547
<b>Total</b>	-	8,619,168	-	8,619,168	8,619,168
<b>Debt instruments designated at fair value through profit or loss</b>					
Unit trust	-	733,985	-	733,985	733,985
<b>Total</b>	-	733,985	-	733,985	733,985
<b>Equity instruments designated at fair value through other comprehensive income</b>					
Equity securities	-	-	80,568	80,568	80,568
<b>Total</b>	-	-	80,568	80,568	80,568
<b>Debt instruments to be measured at amortised cost</b>					
Government and state enterprise promissory notes	-	8,633,189	-	8,633,189	8,710,539
Deposit at financial institutions with original maturing more than 3 months	-	1,568,900	-	1,568,900	1,568,900
Government Saving Bank's lottery tickets	3,140	-	-	3,140	3,140
<b>Total</b>	3,140	10,202,089	-	10,205,229	10,282,579

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the last bid price by reference to the Stock Exchange of Thailand.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

Transfer between fair value hierarchy

There was no change in classification of the financial assets for the period ended 31 December 2023 and 2022.

There were no transfers between levels 1 and 2 and no changes in valuation techniques during the period.

## **7 Critical accounting estimates, assumptions, and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

### **7.1 Fair value of certain financial assets**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in note 6.

### **7.2 Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

### **7.3 Impairment of premium receivable and amount due from reinsurers**

The Company sets an allowance for doubtful accounts and amount due from reinsurers to reflect impairment of premium due, uncollected receivables and claim recoveries from reinsurer. The allowance for doubtful accounts and amount due from reinsurers are based on collection experience and a review of current status of the premium due as at the date of statement of financial position.

### **7.4 Reinsurance assets estimation**

Reinsurance assets are determined from estimation using the same methods as the estimation of claims incurred but not yet reported by insured (Note 4.13) and the unearned premium reserve calculation. The reinsurance assets are assessed at the period end date to ensure that the amount shown in financial statement reflects the expected amount to be received in the future by taking into account the credit rating of reinsurance company and the contractual terms of reinsurance contracts.

### **7.5 Premises and equipment and intangible assets**

Management determines the estimated useful lives and residual values for the premises and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete assets that have been abandoned or sold.

### **7.6 Employee benefits obligations**

Employee benefits obligations are determined by independent actuary. The amount recognised in the statement of financial position is determined on an estimation basis utilising various assumptions including the rate of salary inflation and employee turnover. Any change in these assumptions will impact the estimation for employee benefits. On an annual basis the Company determines the appropriate assumptions, which represents the provision expected to be required to settle the employee benefits.



#### **7.7 Deferred tax**

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from year to year may have a material impact on the Company's reported financial position and results of operations.

#### **7.8 Determination of lease terms**

Critical judgement in determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Company considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Company.

#### **7.9 Determination of discount rate applied to leases**

The Company determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

#### **7.10 Loss reserve and outstanding claims**

The Company determines the loss reserves and outstanding claims in accordance with survey information, and also reviews the outstanding claims by monthly which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final outcome could prove to be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. The Company uses actuarial methods to estimate the ultimate cost of claims. The methods mainly are as follows:

- 1) Chain Ladder method (CL) based on both claims paid and claims incurred.
- 2) Bornhuetter-Ferguson method (BF) based on both claims paid and claims incurred.
- 3) Frequency and Severity method (F&S)

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments between Chain Ladder method and Bornhuetter-Ferguson method. For Frequency and Severity method, it has been applied for loan protection contract which has coverage period more than 1 year and sum insured depending on reduction of loan amount.

### 7.11 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.

### 7.12 Liability adequacy test

At the end of each reporting period, the company assesses the adequacy of insurance liabilities recognised in the financial position by comparing to the present value of the estimated future cash flows from insurance contracts. If the assessment shows that the carrying amount of insurance liabilities less related deferred acquisition cost is inadequate when compared to the estimated future cash flows. The liabilities is increased by the deficiency and it is charged to profit or loss.

## 8 Cash and cash equivalents

	2023 Thousand Baht	2022 Thousand Baht
Cash on hand	71,549	48,060
Deposit at banks without fixed maturity date	471,371	885,211
Cash and cash equivalents	542,920	933,271

## 9 Premium receivable, net

The balances as at 31 December 2023 and 2022 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	Premium received from direct insurance	
	2023 Thousand Baht	2022 Thousand Baht
Not yet due	2,053,441	1,960,375
Overdue under 30 days	387,234	315,329
Overdue over 30 days to 60 days	151,623	164,011
Overdue over 60 days to 90 days	45,984	45,568
Overdue over 90 days to 1 year	135,846	336,366
Overdue over 1 year	15,301	17,290
Total premium receivables	2,789,429	2,838,939
Less Allowance for doubtful accounts	(11,015)	(10,314)
Premiums receivable, net	2,778,414	2,828,625

The normal credit term of insureds, agents and brokers granted by the Company ranges 0 - 60 days and 15 - 60 days, respectively.

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

## 10 Reinsurance assets

	2023 Thousand Baht	2022 Thousand Baht
<u>Insurance reserve recovered from reinsurers</u>		
Loss reserves	1,833,247	1,492,049
Premium reserves		
- Unearned premium reserves (UPR)	1,472,265	1,419,968
Reinsurance assets	3,305,512	2,912,017
<u>Claim reserve refundable from reinsurers</u>		
	2023 Thousand Baht	2022 Thousand Baht
Beginning balance for the years	1,492,049	1,310,572
Claim refundable incurred during the years	1,084,749	887,629
Changes in estimation of claim refundable relating to prior years	185,480	(46,099)
Changes in assumptions for claim reserve refundable calculation	(3,642)	77,721
Claim refundable received during the year	(925,389)	(737,773)
Closing balance for the years	1,833,247	1,492,049
<u>Premium reserves refundable from reinsurers</u>		
	2023 Thousand Baht	2022 Thousand Baht
Balance as at beginning of the years	1,419,968	1,373,628
Ceded premium for the years	4,211,467	3,915,594
Ceded premium recognised as expense for the years	(4,159,170)	(3,869,254)
Balance as at end of the years	1,472,265	1,419,968

## 11 Amount due from reinsurance

	2023 Thousand Baht	2022 Thousand Baht
Due from reinsurers	977,921	1,062,258
Amount due from reinsurance	977,921	1,062,258
<u>Less</u> Allowance for doubtful accounts	(38,001)	(1,221)
Amount due from reinsurance, net	939,920	1,061,037

The balance of due from reinsurers is classified by aging as follows:

	2023 Thousand Baht	2022 Thousand Baht
Not yet due	559,481	748,657
Not over 12 months	382,936	293,886
1 - 2 years	57,629	17,004
Over 2 years	1,608	2,711
Total reinsurance premium receivable	1,001,654	1,062,258
<u>Less</u> Due to reinsurer with setoff arrangement	(23,733)	-
<u>Less</u> Allowance for doubtful account	(38,001)	(1,221)
Total due from reinsurers	939,920	1,061,037

## 12 Financial assets - Debt instruments

The details of investment in securities as at 31 December 2023 and 2022 are as follows:

	Fair value	
	2023 Thousand Baht	2022 Thousand Baht
<b><u>Debt instruments designated at fair value through other comprehensive income</u></b>		
Government and state enterprise promissory notes	336,823	504,621
Private enterprise debt securities	9,352,030	8,114,547
Total debt instruments designated at fair value through other comprehensive income	9,688,853	8,619,168
<b><u>Debt instruments designated at fair value through profit or loss</u></b>		
Unit trust	1,112,995	733,985
Total debt instruments designated at fair value through profit or loss	1,112,995	733,985



12.2 Debt securities that are measured at amortised cost

	2023		
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	9,974,949	-	9,974,949
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
<b>Total</b>	<b>9,974,949</b>	<b>-</b>	<b>9,974,949</b>
	2022		
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	10,282,579	-	10,282,579
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
<b>Total</b>	<b>10,282,579</b>	<b>-</b>	<b>10,282,579</b>

**13 Financial assets - Equity instruments**

The details of financial assets - equity instruments as at 31 December 2023 and 2022 are as follows:

	2023 Fair value Thousand Baht	2022 Fair value Thousand Baht
<b><u>Equity instruments designated at fair value through other comprehensive income</u></b>		
Equity securities	180,978	180,978
Add Fair value adjustment	(82,412)	(100,410)
Total equity instruments designated at fair value through other comprehensive income	98,566	80,568
Total financial assets - equity instruments	98,566	80,568

The Company measures all equity investments at fair value. In accordance with TFRS 9 Financial Instruments, the Company has elected to present fair value gains and losses on equity instruments in OCI since equity investments are not held for trading.

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<b>2023</b>			
<b>Investment</b>	<b>Reasons for selecting to present fair value changes in OCI</b>	<b>Fair value Baht</b>	<b>Dividend income Baht</b>
Domestic non-marketable equity securities	Hold as long-term strategic investments	98,566	121

  

<b>2022</b>			
<b>Investment</b>	<b>Reasons for selecting to present fair value changes in OCI</b>	<b>Fair value Baht</b>	<b>Dividend income Baht</b>
Domestic non-marketable equity securities	Hold as long-term strategic investments	80,568	91

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**14 Land building and equipment, net**

	2023											
	Cost					Accumulated depreciation					Net value	
	Beginning Balance Thousand Baht	Addition Thousand Baht	Transfer in/(out) Thousand Baht	Disposal Thousand Baht	Change in contract Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Depreciation Charge Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Ending Balance Thousand Baht
Land	185,558	-	-	-	-	185,558	-	-	-	-	185,558	185,558
Building	297,888	-	-	-	-	297,888	230,532	6,653	-	237,185	67,356	60,703
Building improvement	100,086	4,387	794	-	-	105,267	29,673	9,381	-	39,054	70,413	66,213
Fixture and office equipment	591,097	23,507	-	(29,853)	-	584,751	475,484	47,779	(29,395)	493,868	115,613	90,883
Vehicles	109,804	13,860	-	(22,830)	-	100,834	63,240	17,888	(20,477)	60,651	46,564	40,183
Right-of-use asset	189,461	98,056	-	-	-	287,517	76,317	29,790	-	106,107	113,144	181,410
Work in process	-	794	(794)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,473,894</b>	<b>140,604</b>	<b>-</b>	<b>(52,683)</b>	<b>-</b>	<b>1,561,815</b>	<b>875,246</b>	<b>111,491</b>	<b>(49,872)</b>	<b>936,865</b>	<b>598,648</b>	<b>624,950</b>

  

	2022											
	Cost					Accumulated depreciation					Net value	
	Beginning Balance Thousand Baht	Addition Thousand Baht	Transfer in/(out) Thousand Baht	Disposal Thousand Baht	Change in contract Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Depreciation Charge Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Ending Balance Thousand Baht
Land	185,558	-	-	-	-	185,558	-	-	-	-	185,558	185,558
Building	297,888	-	-	-	-	297,888	223,881	6,651	-	230,532	74,007	67,356
Building improvement	96,085	2,926	1,075	-	-	100,086	21,056	8,617	-	29,673	75,029	70,413
Fixture and office equipment	607,645	11,744	-	(28,292)	-	591,097	448,128	54,402	(27,046)	475,484	159,517	115,613
Vehicles	114,536	20,347	-	(25,079)	-	109,804	69,145	17,967	(23,872)	63,240	45,391	46,564
Right-of-use asset	189,461	-	-	-	-	189,461	46,791	29,526	-	76,317	142,670	113,144
Work in process	-	1,075	(1,075)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,491,173</b>	<b>36,092</b>	<b>-</b>	<b>(53,371)</b>	<b>-</b>	<b>1,473,894</b>	<b>809,001</b>	<b>117,163</b>	<b>(50,918)</b>	<b>875,246</b>	<b>682,172</b>	<b>598,648</b>

For the year ended 31 December 2023, depreciation expense has been charged to gross claim Baht 27 million (2022 : Baht 25.54 million), other underwriting expenses Baht 9.57 million (2022 : Baht 9.3 million), and operation expenses Baht 74.93 million (2022 : Baht 82.32 million).



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As at 31 December 2023 and 2022, right-of-use asset balance are as follows:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Building	181,410	113,144
Total	181,410	113,144

For the year ended 31 December 2023 and 2022, amounts charged to profit or loss and cash flows relating to leases are as follows:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
<b>Total cash outflow for leases</b>		
Payment for principle of lease liabilities	30,197	29,871
Payment for interest expense of lease liabilities	7,838	8,145
Total	38,035	38,016

The related lease liabilities are disclosed in Note 21.

For the year ended 31 December 2023 and 2022, the lease payments resulting from lease and service contracts which are not capitalised comprised of expense relating to low-value leases amounting to Baht 43.96 million (2022 : Baht 43.08 million).

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**15 Intangible assets, net**

	2023										
	Cost				Accumulated depreciation				Net value		
	Beginning Balance Thousand Baht	Addition Thousand Baht	Transfer in/(out) Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Amortisation Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Ending Balance Thousand Baht
Computer software	467,117	4,460	4,369	-	475,946	388,998	21,961	-	410,959	78,119	64,987
Work in progress	4,554	184	(4,369)	-	369	-	-	-	-	4,554	369
<b>Total</b>	<b>471,671</b>	<b>4,644</b>	<b>-</b>	<b>-</b>	<b>476,315</b>	<b>388,998</b>	<b>21,961</b>	<b>-</b>	<b>410,959</b>	<b>82,673</b>	<b>65,356</b>
	2022										
	Cost				Accumulated depreciation				Net value		
	Beginning Balance Thousand Baht	Addition Thousand Baht	Transfer in/(out) Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Amortisation Thousand Baht	Disposal Thousand Baht	Ending Balance Thousand Baht	Beginning Balance Thousand Baht	Ending Balance Thousand Baht
Computer software	452,228	2,576	12,490	(177)	467,117	365,158	24,018	(178)	388,998	87,070	78,119
Work in progress	7,732	11,843	(12,490)	(2,531)	4,554	-	-	-	-	7,732	4,554
<b>Total</b>	<b>459,960</b>	<b>14,419</b>	<b>-</b>	<b>(2,708)</b>	<b>471,671</b>	<b>365,158</b>	<b>24,018</b>	<b>(178)</b>	<b>388,998</b>	<b>94,802</b>	<b>82,673</b>

For the year ended 31 December 2023, amortisation expense has been charged to gross claim Baht 0.43 million (2022 : Baht 0.52 million), other underwriting expenses Baht 0.06 million (2022 : Baht 0.10 million), and operation expenses Baht 21.47 million (2022 : Baht 23.40 million).

**16 Deferred tax**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>2023</u>	<u>2022</u>
	Thousand	Thousand
	Baht	Baht
Deferred tax assets:		
Deferred tax assets to be settled within 12 months	982,030	889,487
Deferred tax assets to be settled after 12 months	855,434	795,882
	<u>1,837,464</u>	<u>1,685,369</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	(21,987)	(17,385)
	<u>(21,987)</u>	<u>(17,385)</u>
Deferred tax asset, net	<u>1,815,477</u>	<u>1,667,984</u>

Deferred taxes are calculated on all temporary differences under the liabilities method using a principal tax rate of 20%.

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The movement in deferred tax asset for the year ended 31 December 2023 are as follows:

	Unearned premium reserve, net Thousand Baht	Loss reserves and outstanding claims Thousand Baht	Allowance for impairment on investments Thousand Baht	Employee benefit obligations Thousand Baht	Allowance for doubtful accounts Thousand Baht	Others Thousand Baht	Total Thousand Baht
<b>Deferred tax assets</b>							
As at 1 January 2023	859,814	711,899	3,299	60,103	3,299	46,955	1,685,369
Increase in profit	76,054	29,069	417	4,341	15,476	14,970	140,327
Increase in other comprehensive income	-	-	-	5,189	-	6,579	11,768
As at 31 December 2023	935,868	740,968	3,716	69,633	18,775	68,504	1,837,464

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The movement in deferred tax liabilities for the year ended 31 December 2023 are as follows:

	Change in value of financial assets measured at fair value through profit or loss and other comprehensive income Thousand Baht	Total Thousand Baht
<b>Deferred tax liabilities</b>		
As at 1 January 2023	(17,385)	(17,385)
Decrease in profit	(1,002)	(1,002)
Decrease in other comprehensive income	(3,600)	(3,600)
As at 31 December 2023	(21,987)	(21,987)

### 17 Other assets

	2023 Thousand Baht	2022 Thousand Baht
Suspense Input Value Added Tax	63,594	51,701
Receivable from Revenue Department	-	15,760
Deposits	19,039	19,423
Other receivables	137,278	132,557
Others	16,783	6,639
Total other assets	236,694	226,080
<u>Less</u> Allowance for doubtful accounts	(48,512)	(44,331)
Other assets, net	188,182	181,749

### 18 Insurance liabilities

	2023		
	Insurance liabilities Thousand Baht	Liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Long-term insurance liabilities	3,503,651	-	3,503,651
Loss reserves and outstanding claims			
- Incurred and reported claim reserves	5,150,930	(1,422,572)	3,728,358
- Incurred but not reported claim reserves	319,429	(410,676)	(91,247)
Total claim reserves	5,470,359	(1,833,248)	3,637,111
Premium reserves			
- Unearned premium reserves	9,634,032	(1,472,264)	8,161,768
Total	18,608,042	(3,305,512)	15,302,530

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
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	<b>2022</b>		
	<b>Insurance liabilities</b>	<b>Liabilities recovered from reinsurers</b>	<b>Net</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Long-term insurance liabilities	3,479,165	-	3,479,165
Loss reserves and outstanding claims			
- Incurred and reported claim reserves	4,490,139	(1,077,732)	3,412,407
- Incurred but not reported claim reserves	525,803	(414,317)	111,486
Total claim reserves	5,015,942	(1,492,049)	3,523,893
Premium reserves			
- Unearned premium reserves	9,348,697	(1,419,968)	7,928,729
<b>Total</b>	<b>17,843,804</b>	<b>(2,912,017)</b>	<b>14,931,787</b>

**Long-term insurance liabilities**

	<b>2023</b>	<b>2022</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Beginning balance of the years	3,479,165	3,116,450
Increase in reserve of new insurance policies and inforce insurance policies	1,384,376	2,131,220
Decrease from benefits payment	(287,764)	(523,264)
Change in actuarial assumptions	20,266	22,724
Other changes	(1,092,392)	(1,267,965)
Ending balance of the years	3,503,651	3,479,165

**Short-term insurance liabilities**

1) **Loss reserves and outstanding claims**

	<b>2023</b>	<b>2022</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Beginning balance of the years	5,015,942	4,287,776
Claim incurred in this years	10,064,964	9,324,076
Changes in claim reserves incurred in previous year	(181,347)	(666,542)
Changes in claim reserves assumptions	(206,374)	62,295
Claim paid in this year	(9,222,826)	(7,991,663)
Ending balance of the years	5,470,359	5,015,942

1.1 Maturity analysis of claim reserves settlement

	<u>2023</u>	<u>2022</u>
	Thousand	Thousand
	Baht	Baht
Claims expected to be paid less than a year	4,053,381	3,853,951
Claims expected to be paid between 1- 2 years	674,514	404,418
Claims expected to be paid between 2- 5 years	593,433	555,899
Claims expected to be paid over 5 years	149,031	201,674
	<hr/>	<hr/>
Total claims expected to be paid	5,470,359	5,015,942

1.2 Sensitivity analysis for changes in significant assumptions

	2023				
	Percentage Increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and unallocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht
Loss development factor of the latest accident year	Increase by 0.1	2,569	199,826	(197,258)	(197,258)
	Decrease by 0.1	(2,577)	(200,946)	198,369	198,369
Estimated claim for big loss	Increase by 10	10,711	11,337	(626)	(626)
	Decrease by 10	(10,711)	(11,337)	626	626
Unallocated loss adjustment expense ratio	Increase by 10	-	21,468	(21,468)	(21,468)
	Decrease by 10	-	(21,468)	21,468	21,468
	2022				
	Percentage Increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and unallocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht
Loss development factor of the latest accident year	Increase by 0.1	737	186,261	(185,524)	(185,524)
	Decrease by 0.1	(740)	(187,394)	186,654	186,654
Estimated claim for big loss	Increase by 10	9,791	10,928	(1,137)	(1,137)
	Decrease by 10	(9,791)	(10,928)	1,137	1,137
Unallocated loss adjustment expense ratio	Increase by 10	-	21,036	(21,036)	(21,036)
	Decrease by 10	-	(21,036)	21,036	21,036



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**1.3 Claim development table before reinsurance**

<b>Incident year / Reported year</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated claim (Thousand Baht):						
- At the end of the year	10,983,486	9,042,043	7,927,284	9,601,441	10,245,065	
- After 1 year	10,028,815	8,552,575	7,414,660	9,293,485		
- After 2 year	9,758,972	8,192,632	7,235,535			
- After 3 year	9,740,609	8,208,770				
- After 4 year	9,679,159					
Projected ultimate claims	9,679,159	8,208,770	7,235,535	9,293,485	10,245,065	44,662,014
Cumulative claim paid	(9,648,592)	(8,195,336)	(7,100,633)	(8,294,867)	(6,714,207)	(39,953,635)
<b>Total</b>	<b>30,567</b>	<b>13,434</b>	<b>134,902</b>	<b>998,618</b>	<b>3,530,858</b>	<b>4,708,379</b>
Unallocated loss adjustment expense	715	259	2,794	26,145	170,963	200,876
Claim payable						163,676
Risk adjustment						236,539
Estimated claim for accident year before 2019						160,889
<b>Total claim reserve</b>						<b>5,470,359</b>

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**1.4 Claim development table, net**

Incident year / Reported year	2019	2020	2021	2022	2023	Total
Estimated claim (Thousand Baht) :						
- At the end of the year	9,779,017	7,786,790	6,888,812	8,441,388	8,895,598	
- After 1 year	8,559,594	7,501,490	6,563,279	8,197,979		
- After 2 year	8,375,505	7,202,953	6,374,193			
- After 3 year	8,354,531	7,196,422				
- After 4 year	8,342,949					
Projected ultimate claims	8,342,949	7,196,422	6,374,193	8,197,979	8,895,598	39,007,141
Cumulative claim paid	(8,330,968)	(7,192,397)	(6,328,312)	(7,779,901)	(6,233,373)	(35,864,951)
Total	11,981	4,025	45,881	418,078	2,662,225	3,142,190
Unallocated loss adjustment expense	715	259	2,794	26,145	170,963	200,876
Claim payable						163,676
Risk adjustment						117,507
Estimated claim for accident year before 2019						12,862
Total claim reserve						<u>3,637,111</u>

2) **Unearned premium reserves**

	2023 Thousand Baht	2022 Thousand Baht
Beginning balance of the years	9,348,697	8,660,562
Premium written in the years	19,996,868	19,539,546
Earned premium in the years	(19,711,533)	(18,851,411)
Ending balance of the years	9,634,032	9,348,697

**19 Amount due to reinsurance**

	2023 Thousand Baht	2022 Thousand Baht
Amount withheld on reinsurance	1,191,921	1,227,679
Due to reinsurance	1,550,398	1,383,445
Total	2,742,319	2,611,124

**20 Employment benefit obligation**

	2023 Thousand Baht	2022 Thousand Baht
<b>Statement of Financial Position</b>		
Short - term employee benefits	219,746	215,562
Long - term employee benefits	37,610	29,231
Retirement benefits	305,243	267,419
Employment benefit obligation	562,599	512,212

The movement in the defined retirement benefit obligation over the year is as follows:

	2023 Thousand Baht	2022 Thousand Baht
Beginning balance of the years	267,419	239,975
The amount from transferred staff to related company	-	204
Current service cost	17,838	15,781
Past service cost	-	-
Interest expense	5,437	3,624
Remeasurements :		
Actuarial loss (gain) - financial assumptions	2,470	(2,370)
Actuarial loss - demographic assumptions	16,528	-
Losses from experiences	6,949	17,781
Less Benefit payment during the years	(11,398)	(7,576)
As at 31 December	305,243	267,419

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The retirement employee benefit expenses which are recognised in operating profit in the statement of comprehensive income are determined as follows:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Current service cost	17,838	15,781
Past service cost	-	-
Interest expense	5,437	3,624
<b>Total expenses</b>	<b>23,275</b>	<b>19,405</b>

The retirement employee benefit expenses which are recognised in items that will not be reclassified subsequently to profit or loss in statement of other comprehensive income are determined as follow:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Actuarial loss (gain) - financial assumptions	2,470	(2,370)
Actuarial loss - demographic assumptions	16,528	-
Losses from experiences	6,949	17,781
<b>Total loss from remeasurements of post-employment benefits obligations</b>	<b>25,947</b>	<b>15,411</b>

The principal actuarial assumptions used were as follows:

	<b>2023</b>	<b>2022</b>
Discount rate	2.8%	2.6%
Salary increase rate	4.8%	4.5%
Retirement age	60 years	60 years
Staff turnover rate	2 - 12%	2 - 12%

Sensitivity analysis for each significant assumptions

	<b>Impact on defined retirement benefit obligation (Thousand Baht)</b>					
	<b>Change in assumption</b>		<b>Increase in assumption</b>		<b>Decrease in assumption</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Discount rate	1%	1%	(24,408)	(19,939)	28,491	23,139
Salary increase rate	1%	1%	27,620	22,455	(24,190)	(19,778)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the retirement benefit obligation as at 31 December 2023 is 10 years (2022 : 9 years).

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Expected maturity analysis of undiscounted retirement benefits:

	2023 Thousand Baht	2022 Thousand Baht
Benefits expected to be paid less than a year	10,664	12,573
Benefits expected to be paid between 1 - 2 years	21,606	13,959
Benefits expected to be paid between 2 - 5 years	52,825	48,182
Benefits expected to be paid over 5 years	748,881	586,215
<b>Total benefits expected to be paid</b>	<b>833,976</b>	<b>660,929</b>

**21 Other liabilities**

	2023 Thousand Baht	2022 Thousand Baht
Accrued operating expenses	462,060	404,933
Other payables	238,736	169,601
Suspense deposits	170,112	213,366
Lease liabilities	198,522	130,662
Others	130,076	139,160
<b>Total</b>	<b>1,199,506</b>	<b>1,057,722</b>

**21.1 Lease liabilities**

Maturity of lease liabilities are as follows:

	2023 Thousand Baht	2022 Thousand Baht
<b>Minimum lease liabilities payments</b>		
Not later than one year	41,584	38,016
Later than 1 year but not later than 5 years	200,991	107,136
Over 5 years	-	-
<b>Less</b> Future finance charges on leases	<b>(44,053)</b>	<b>(14,490)</b>
Present value of lease liabilities	198,522	130,662
<b>Present value of lease liabilities:</b>		
Not later than one year	28,536	31,580
Later than 1 year but not later than 5 years	169,986	99,082
Over 5 years	-	-
	198,522	130,662

## 22 Share Capital

	Number of Shares Shares	Ordinary Shares Thousand Baht	Total Thousand Baht
At 1 January 2022	409,695,870	4,096,959	4,096,959
Issue of shares	-	-	-
At 31 December 2022	409,695,870	4,096,959	4,096,959
Issue of shares	-	-	-
At 31 December 2023	409,695,870	4,096,959	4,096,959

As at 31 December 2023, the total number of authorised ordinary shares is 409,695,870 shares with a par value of Baht 10 per share. The total number of issued and fully paid shares is 409,695,870 shares with a par value of Baht 10 per share.

## 23 Deficit from business combination

Deficit from business combination results from the different between the consideration paid and the net asset received from former companies which require by the Guideline for Business Combination under Common Control to separately presented in equity.

## 24 Legal reserve

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable. As at 31 December 2023, the Company's legal reserve is Baht 409,695,870 (2022 : Baht 409,695,870).

## 25 Operating expenses

	2023 Thousand Baht	2022 Thousand Baht
Personnel expenses which do not relate with the underwriting and loss adjustment	706,224	662,958
Premises and equipment expenses which do not relate with underwriting and loss adjustment	332,018	317,890
Audit fee	4,223	4,060
Taxes and duties	38,532	4,465
Bad debt and doubtful accounts expenses (reversal)	50,454	(9,901)
Other operating expenses	219,568	197,576
Total operating expenses	1,351,019	1,177,048

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Detail of total personnel expenses of the Company is presented as follows. They are classified to include under gross claim, other underwriting expenses, and operating expenses in the statement of comprehensive income.

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Salaries, wages and bonuses	1,119,294	1,065,199
Post-employment benefits and other long-term employee benefit	82,445	66,459
<b>Total</b>	<b>1,201,739</b>	<b>1,131,658</b>

## **26 Income tax expense**

Income tax expense for the year ended 31 December 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
<b>Current tax expense:</b>		
Current income tax on profits for the years	633,339	582,188
Adjustment in respect of prior year	57	500
<b>Total tax expense</b>	<b>633,396</b>	<b>582,688</b>
<b>Deferred tax expense:</b>		
Increase in deferred tax assets (Note 16)	(139,326)	(92,787)
<b>Total deferred tax income</b>	<b>(139,326)</b>	<b>(92,787)</b>
<b>Total income tax expense</b>	<b>494,070</b>	<b>489,901</b>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Thai basic tax rate of the Company as follows:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Profit before tax	2,493,145	2,457,372
Tax calculated at a tax rate of 20%	498,629	491,474
Tax effect of:		
Income with tax exemption and expenses not deductible for tax purpose		
Income not subject to tax	(12)	(9)
Expenses not deductible for tax purpose	51,781	62,749
Expenses deductible for tax purpose	(56,385)	(64,813)
Adjustment in respect of prior year	57	500
<b>Income tax expense</b>	<b>494,070</b>	<b>489,901</b>

The weighted average applicable tax rate was 20% (2022 : 20%).

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The tax credited relating to component of other comprehensive income is as follows:

	<b>2023</b>		
	<b>Amount before tax Thousand Baht</b>	<b>Tax (charge) credit Thousand Baht</b>	<b>Amount after tax Thousand Baht</b>
Loss on investments in debt instruments measured at fair value through other comprehensive income	(32,688)	6,956	(25,732)
Changes in the fair value of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	1,883	(377)	1,506
Loss from remeasurements of post-employment benefits obligations	(25,947)	5,189	(20,758)
Loss on investments in equity instruments measured at fair value through other comprehensive income	17,999	(3,600)	14,399
<b>Total</b>	<b>(38,753)</b>	<b>8,168</b>	<b>(30,585)</b>
	<b>2022</b>		
	<b>Amount before tax Thousand Baht</b>	<b>Tax (charge) credit Thousand Baht</b>	<b>Amount after tax Thousand Baht</b>
Loss on investments in debt instruments measured at fair value through other comprehensive income	(165,872)	32,927	(132,945)
Changes in the fair value of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	(10,935)	2,187	(8,748)
Loss from remeasurements of post-employment benefits obligations	(15,411)	3,082	(12,329)
Loss on investments in equity instruments measured at fair value through other comprehensive income	27,103	(5,420)	21,683
<b>Total</b>	<b>(165,115)</b>	<b>32,776</b>	<b>(132,339)</b>

## **27 Basic earnings per share**

The calculations of basic earnings per share were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	<b>2023</b>	<b>2022</b>
Profit for the year (Thousand Baht)	1,999,075	1,967,471
Number of ordinary shares outstanding (Thousand Share)	409,696	409,696
Basic earnings per share (Baht per share)	4.88	4.80

There was no potential dilutive ordinary shares issued for the year ended 31 December 2023 and 2022.



**28 Transactions with related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and other related parties were as follows:

Name of entities/person	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Tokio Marine Holdings, Inc.	Japan	Ultimate parent company of the Group
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Japan	A parent company, 48.83% shareholding
Tokio Marine Asia Pte. Ltd.	Singapore	Shareholder of the Company, 0.05% shareholding and affiliated company of the Group
TMF Holding (Thailand) Limited	Thailand	Shareholder of the Company, 25.25% shareholding and affiliated company of the Group
NHCT Ltd.	Thailand	Shareholder of the Company, 25.20% shareholding and affiliated company of the Group
Tokio Management Services (Thailand) Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine South East Servicing Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine Life Insurance (Thailand) Public Company Limited	Thailand	Affiliated company of the Group
Tokio Marine Insurance Broker Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine Europe Insurance Co., Ltd.	United Kingdom	Affiliated company of the Group
Tokio Marine Global Re Asia Ltd.	Malaysia	Affiliated company of the Group
Tokio Marine Global Re Limited (Ireland)	Ireland	Affiliated company of the Group
TM Claims Service Asia Pte. Ltd.	Singapore	Affiliated company of the Group
Tokio Marine Compania De Seguros S.A. De C.V.	Mexico	Affiliated company of the Group
Tokio Marine Management (Australia) Pty. Ltd.	Australia	Affiliated company of the Group
Tokio Marine Insurans (Malaysia) Berhad	Malaysia	Affiliated company of the Group

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
**Notes to the Financial Statements**  
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Relationships with key management and other related parties were as follows:

<b>Name of entities/person</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Tokio Marine Insurance Singapore Ltd.	Singapore	Affiliated company of the Group
The Tokio Marine and Fire Insurance Co. (HK) Ltd.	Hong Kong	Affiliated company of the Group
PT Asuransi Tokio Marine Indonesia	Indonesia	Affiliated company of the Group
Tokio Marine dR Co., Ltd.	Japan	Affiliated company of the Group
Tokio Marine Insurance Vietnam Co., Ltd.	Vietnam	Affiliated company of the Group
Malayan Insurance Co., Ltd.	Philippines	Affiliated company of the Group
IFFCO - Tokio General Insurance Co., Ltd.	India	Affiliated company of the Group
NHCT Holding (Thailand) Co., Ltd.	Thailand	Affiliated company of the Group

Revenue and expense transactions with related parties for the year ended 31 December 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
<b>Revenues</b>		
Gross written premium		
Affiliated company of the Group	34,823	23,991
<b>Total</b>	<b>34,823</b>	<b>23,991</b>
Commission and brokerage income		
Parent company	350,692	399,017
Affiliated company of the Group	242,582	274,837
<b>Total</b>	<b>593,274</b>	<b>673,854</b>
Other income		
Parent company	26,918	24,177
Affiliated company of the Group	41,623	40,660
<b>Total</b>	<b>68,541</b>	<b>64,837</b>
Insurance claim expense recovered from reinsurers		
Parent company	213,197	155,550
Affiliated company of the Group	190,492	144,144
<b>Total</b>	<b>403,689</b>	<b>299,694</b>

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
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	2023 Thousand Baht	2022 Thousand Baht
<b>Expenses</b>		
Ceded premium		
Parent company	1,209,251	1,358,478
Affiliated company of the Group	856,247	697,963
<b>Total</b>	<b>2,065,498</b>	<b>2,056,441</b>
Gross claim		
Parent company	142	-
Affiliated company of the Group	12,487	20,606
<b>Total</b>	<b>12,629</b>	<b>20,606</b>
Commissions and brokerage expenses		
Affiliated company of the Group	462,723	532,064
Other underwriting expenses		
Affiliated company of the Group	87,115	125,685
Operating expenses		
Affiliated company of the Group	33,744	41,882

Balances with the related parties as at 31 December 2023 and 2022 consist of:

	2023 Thousand Baht	2022 Thousand Baht
<b>Assets</b>		
Premium receivables, net		
Affiliated company of the Group	519	365
Due from reinsurers, net		
Parent company	72,724	58,374
Affiliated company of the Group	197,390	256,944
<b>Total</b>	<b>270,114</b>	<b>315,318</b>
Other assets		
Parent company	69,631	13,561
Affiliated company of the Group	10,204	14,869
<b>Total</b>	<b>79,835</b>	<b>28,430</b>

**Tokio Marine Safety Insurance (Thailand) Public Company Limited**  
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Balances with the related parties as at 31 December 2023 and 2022 consist of:

	2023 Thousand Baht	2022 Thousand Baht
<b>Liabilities</b>		
Insurance liabilities		
Affiliated company of the Group	47	542
Amount due to reinsurance		
Parent company	668,292	784,516
Affiliated company of the Group	608,524	555,052
Total	1,276,816	1,339,568
Commission and brokerage payables		
Affiliated company of the Group	79,615	114,930
Other liabilities		
Parent company		
Affiliated company of the Group	15,374	41,339

**Commitments with related parties**

**Service agreements**

- (a) The Company entered into an agreement with a related company whereby the related company will provide the service related to management of health insurance claims. The Company was charged a service fee at 4% - 5% of total premium received under the insurance policies of policyholders. The term of the agreements is for 1 year from 1 April 2021 to 31 March 2022 and from 1 April 2022 to 31 March 2023. The Company has renewed the agreement for 1 year from 1 April 2023 to 31 March 2024. Either party may terminate this agreement at any time by giving not less than 30 days prior written notice to another party.
- (b) The Company entered into an agreement with a related company whereby the related company will provide the necessary human resource for risk engineering services. The Company was charged a service fee of Japanese Yens 10.4 million for the agreement period from 1 April 2021 to 31 March 2022 and 11.2 million for the agreement period from 1 April 2022 to 31 March 2023. The Company has renewed the agreement which was charged a service fee of Japanese Yens 11 million from 1 April 2023 to 31 March 2024.
- (c) The Company entered into an agreement with a related company whereby the related company will provide the necessary human resource for risk management services. The Company was charged a service fee of Japanese Yens 5.4 million. The term of the agreement is from 1 July 2021 to 30 June 2022 and from 1 July 2022 to 30 June 2023. The Company has renewed the agreement for the period from 1 July 2023 to 30 June 2024. The agreement will be automatically renewed.

### Directors and management's remuneration

For the year ended 31 December 2023 and 2022, the Company had employee benefit expenses payable to their directors and management as below.

	2023 Thousand Baht	2022 Thousand Baht
Short-term employee benefits	78,519	66,519
Other long-term employee benefits	45	28
Post-employment benefit	2,672	944
Total	81,236	67,491

## 29 Securities placed with the Registrar and assets reserved with the Registrar

### 29.1 Securities placed with the Registrar

The Company's investments in debt securities were pledged with the Registrar in accordance with Section 19 of the Non-Life Insurance Act B.E. 2535 and the Non-Life Insurance Act (No. 2) B.E. 2551 as follows:

	2023		2022	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Government and state enterprise bonds and Bank of Thailand bonds	15,027	15,000	15,034	15,000
Total	15,027	15,000	15,034	15,000

### 29.2 Assets reserved with the Registrar

The Company's investments in debt securities were allocated to the reserve fund in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non-Life Insurance Company B.E.2558" as follows:

	2023		2022	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Government and state enterprise bonds and Bank of Thailand bonds	1,827,910	1,786,000	1,839,113	1,796,000
Total	1,827,910	1,786,000	1,839,113	1,796,000

### 30 Investment in securities with restrictions to make commitments

As at 31 December 2023 and 2022, investment in securities with restrictions to make commitments appropriation as backup assets with banks in accordance with Section 27/4 of the Insurance Act, B.E. 2535" are as follows:

	2023	
	Book value Thousand Baht	Face value Thousand Baht
Deposit at financial institutions with original maturing more than 3 month	1,073,865	1,073,865
Debt securities	18,575,775	18,524,300
Equity securities	98,566	327,560
Unit trust	1,112,995	1,097,766
Accrued investment income	88,282	88,282
<b>Total</b>	<b>20,949,483</b>	<b>21,111,773</b>
	2022	
	Book value Thousand Baht	Face value Thousand Baht
Deposit at financial institutions with original maturing more than 3 month	1,760,667	1,760,667
Debt securities	17,314,673	17,161,400
Equity securities	80,568	327,560
Unit trust	733,985	723,766
Accrued investment income	81,670	81,670
<b>Total</b>	<b>19,971,563</b>	<b>20,055,063</b>

### 31 Restricted assets

	2023 Thousand Baht	2022 Thousand Baht
<b>Restricted deposit at financial institutions</b>		
Collateral against court cases	813	545
Credit lines of bank overdrafts letter of guarantee and other matters	4,000	5,900
<b>Total</b>	<b>4,813</b>	<b>6,445</b>
<b>Government Saving Bank's saving lottery</b>		
Bail bonds	-	1,870
<b>Total</b>	<b>-</b>	<b>1,870</b>
<b>Total restricted assets</b>	<b>4,813</b>	<b>8,315</b>

### 32 Contribution to non-life guarantee fund

	2023 Thousand Baht	2022 Thousand Baht
Accumulated Contribution at the beginning of the year	520,537	468,762
Contribution during the year	64,359	51,775
Accumulated Contribution at the end of the year	584,896	520,537

### 33 Commitments

The Company entered into service agreement. The Company's obligation for future payments as at 31 December 2023 and 2022 are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Within 1 year	32,265	26,748
Within 2 - 5 years	50,807	44,632
Total	83,072	71,380

### 34 Contingent liabilities

As at 31 December 2023, lawsuits have been brought against the Company, in relation to insurance claims in the normal course of business, approximately in amount of Baht 576 million (2022 : Baht 590 million). The Company's management cannot assess potential losses since there is uncertainty with respect to the outcome of the cases. Thus, the provision was not set up as at 31 December 2023.

As at 31 December 2023, the Company had letters of guarantee with a bank amounted to Baht 1 million (2022 : Baht 1.6 million).

### 35 Dividends

The Annual Shareholders meeting for the year 2022 held on 26 April 2023 approved dividend payment for the year 2022 with a dividend of Baht 4.77 per share which was totalling amounting to Baht 1,954 million. The dividend was paid to shareholders in May 2023.

The Annual Shareholders meeting for the year 2021 held on 27 April 2022 approved dividend payment for the year 2021 with a dividend of Baht 6 per share which was totalling amounting to Baht 2,458 million. The dividend was paid to shareholders in May 2022.

### 36 Subsequent events

On 26 March 2024, the Board of Directors Meeting of the Company approved the resolution regarding the payment of dividend for the year of 2023 at the rate of Baht 4.82 per share which have total amount of Baht 1,975 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for fiscal year 2023 that will be held on 25 April 2024.